

Reform the Flood Reform Battle Rages

Bills in the U.S. Senate and House want to reform the flood insurance reforming Biggert-Waters Act. The legislation's critics say enacting the increases in the cost of flood insurance in the National Flood Insurance Program (NFIP) in order to bring the price of insurance in line with actuarial rates works on paper say but not in real life.

SmarterSafer.org — a group of businesses, taxpayer organizations and environmental groups — call that logic poppycock and say the harms are exaggerated. Instead of stopping the legislation and waiting four-years for a study and all, Congress ought to instruct the NFIP to do means-testing to see who really needs relief and who doesn't.



Jimi Grande

Group spokesman Jimi Grande of the National Association of Mutual Insurance Companies (NAMIC) says the delay is really engineered to help wealthy property owners. "The old adage of Congress is that it does two things well: they do nothing at all or they overreact, and that is what we are seeing with this legislation that would essentially through a very clever disguise eliminate nearly all the reform that was put into place when what they ought to be doing is fitting reform to the people that are experiencing large increases in a means-tested way," Grande said.

He agrees some may be hurt by Biggert-Waters. Grande said 80% of policyholders pay cost-based rates. Close to 1.1 million out of five-million policies are subsidized. "There are horrible, sad stories out there of people who are facing increases that nobody would say are fair and justifiable but that is not replicable across all policyholders of NFIP," he added.

Another SmarterSafer.org member is Ray Lehman of R Street Institute. He said, "No one should be thrown out of their homes because they can't afford their coverage but a blanket delay is not necessary."

Like Grande, Lehman thinks the premium subsidies help the rich more than the poor and that help comes at the expense of taxpayers. "The response that has motivated a push for a delay is based upon some legitimate concerns about affordability but it should be put in some perspective."

The group points to a Government Accountability Office (GAO) study that says 65% of the subsidized policies are in counties where some of the nation's richest people live or have second homes and those homes are in the top 30% of the nation's home values.



The same study shows just 9% of the subsidized properties are in counties at the bottom 30% in home values. And the group says the wealthiest counties file 3.5 times more claims than the poor counties and get \$1 billion more in payments when claims are filed.

SmarterSafer.org member Taxpayers for Common Sense spokesman Steve Ellis said delaying the legislation is just going to add to the already staggering \$25 billion the NFIP is in debt. He pointed to a Congressional Budget Office (CBO) study that says delaying the reforms will cut \$1.2 billion from NFIP revenues.

“The Congressional Budget Office has put a number on what we've known for months: delaying badly needed flood insurance reforms will exacerbate the shaky finances of the National Flood Insurance Program and push it even closer to the brink of insolvency. The CBO score is just another reason we need to abandon this idea of delaying the reforms and instead focus on modifying them to ensure that we move towards truly sustainable ways to bolster the flood program,” a group statement said.

In the end Grande says of Congress, “They will do bad things for short-sighted politics.”

The Senate bill has 28 sponsors. A bill in the House is pushing for delay and now a second bill has been introduced by Rep. Tom Marino of Pennsylvania who would repeal all except the part that reauthorized the NFIP through September 30, 2017.

It is unsure now exactly when the Senate and House bills will be voted upon.