

Flood insurance premiums will surge under renewal bill

By KEVIN FREIHING
Associated Press

WASHINGTON — The House on Tuesday backed legislation that will increase flood insurance premiums for many property owners to help firm up a program under stress from ever-more frequent and powerful storms.

The bill's passage was secured when sponsors made a variety of changes to accommodate lawmakers determined to protect constituents from even steeper rate hikes or from being booted out of the program altogether. The vote was 237-189.

Just last month, the insurance program needed a \$16 billion bailout to continue paying claims from people hard hit by Hurricane

Harvey. Critics said that demonstrated the need for a major overhaul as Congress considered a long-term extension.

The program is the only flood insurance available to most Americans. Homeowners who live in areas that have a 1 percent chance of being inundated by flood waters in any given year must purchase flood insurance as a condition of having a federally backed mortgage.

But the premiums paid by policyholders are not keeping up with the expense of flood claims. Massive storms such as Hurricane Katrina and Superstorm Sandy generated huge expenses, and with climate change, the scope of flooding



Facts file photo

Bo Franklin, left, and Elmo Howard use coolers to float personal items from Franklin's flooded home Sept. 1 in Rosharon. Water from the Brazos River inundated the neighborhood in the aftermath of Tropical Storm Harvey.

■ See FLOOD, Page 2A

Flood

CONTINUED FROM COVER

seems only to get worse.

The House Financial Services Committee passed legislation in June reauthorizing the National Flood Insurance Program for five years. Some of the changes sought had strong bipartisan support, such as clarifying that flood insurance policies written by private carriers satisfy the government's requirements when it comes to obtaining a federally backed mortgage.

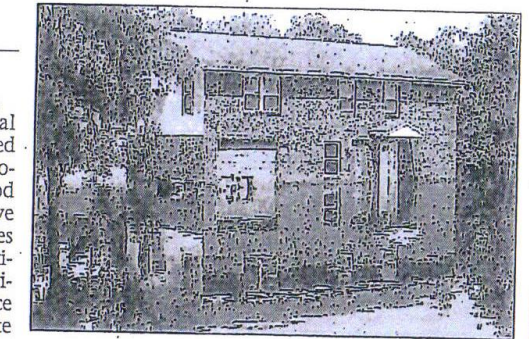
Yet, other aspects of the bill would have increased costs beyond what some Republicans could accept.

Behind the scenes, Texas Rep. Jeb Hensarling, the Republican chairman of the Financial Services Committee, negotiated with Majority Whip Steve Scalise, R-La., on a compromise. The final legislation removed a provision that would have prohibited the program from insuring newly constructed structures after 2021 as well as a provision prohibiting insurance for houses with replacement values exceeding \$1 million.

The lawmakers also agreed that the program would account for frequently flooded properties by increasing premium rates based on future flood claims rather than on past flood claims.

"This bill is important. It has really good reforms for taxpayers. It gives real certainty to policyholders," said Scalise, whose congressional district covers most of southeast Louisiana and was devastated by Hurricane Katrina.

"I'm still very proud that when we get this done, it'll represent in many respects the greatest reform in the history of the program," Hensarling said.



BARCLAY FERNANDEZ/The Facts

Contaminated floodwater enters a Richwood home Sept. 5.

Opposition largely came from Democratic lawmakers.

"In the wake of one of the most disastrous hurricane seasons in history, this bill would make flood insurance more expensive, less available and less fair for millions of Americans," said California Rep. Maxine Waters, the top Democrat on the Financial Services Committee.

Still, how lawmakers viewed the bill often had more to do with regional differences than party.

Rep. Garret Graves, R-La., called the higher premiums a tax increase.

"You can't charge people for things over which they have no control over. You can't charge people whenever they stepped up and did exactly what the government told them to do when they built a home or built a business," Graves said.

Rep. Frank LoBiondo, R-N.J., said he understood the program has problems, but he's "sick and tired of having to defend the people in my district and the people in the Northeast from policies that don't mean the right thing for us."

"I'm angry and I'm disappointed I have to fight with my own party on these issues," LoBiondo

Meanwhile, liberal Earl Blumenauer, D-Ore., spoke in favor of the bill. He said he sympathizes with those who will face higher costs, but the answer was not to continue policies that he said put people in harm's way and encourage them to rebuild in areas that put their property and families at risk.

"It's important we don't lose an opportunity to start changing this," Blumenauer said.

In the end, 14 Republicans voted against the bill while 15 Democratic lawmakers voted for it.

The Senate has yet to take up a long-term extension of the program, which expires on Dec. 8.

Congress passed legislation in 2012 to shore up the program. But an outcry from property owners hit by increasing premiums prompted Congress two years later to give them a reprieve.

Steve Ellis, vice president at Taxpayers for Common Sense, said he didn't want to go through that again and that the House bill represented "an evolution, not a revolution" for the flood insurance program.

"I recognize we have to take this in steps. We can't make leaps if we want it to be durable," Ellis said.