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House Approves Legislation to Reauthorize Flood Insurance Program.

House Republicans voted to reauthorize flood insurance for five years with heavy reforms including new reporting requirement for FEMA

Although the House and the Senate remain at odds over how to advance legislation that would reauthorize the National Flood Insurance Program (NFIP), the House on Nov. 14 approved its measure by a vote of 237–189 along party lines.

The legislation, the 21st Century Flood Reform Act (H.R. 2874), combines a series of bills that, in addition to reauthorizing the NFIP, would bring about considerable reforms to the program. Some of the proposed reforms could raise premium rates for flood insurance policyholders and make insurance less affordable for homeowners. As lawmakers respond to the aftereffects of this year's severe storms, some expressed hesitation to attach controversial reforms to a must-pass reauthorization bill, which the White House had urged Congress to consider earlier this year.

The NFIP is currently operating under a temporary extension that will expire on Dec. 8 if Congress does not act. Facing a busy congressional calendar, the House may have to pass an additional short-term funding extension through the end of December until a longer-term package is approved.

H.R. 2874 includes the following provisions:

- Reauthorize the NFIP for five years, from its Dec. 8, 2017 expiration through Sept. 30, 2022
- Lower the annual cap on premium increases from 18 percent to 15 percent
- Create a new flood insurance affordability program that allows states to subsidize premiums for low-income policyholders
- Require property owners to disclose any known flood damage prior to selling or renting a property, and
- Direct the Federal Emergency Management Agency (FEMA) to provide a mitigation credit for homeowners who have made improvements to their property to reduce the impact of flood damage.

The bill would also enact new reporting requirements for FEMA, which would require the agency to disclose to policyholders the formula used to determine insurance rates and provide property owners with information on flood risk and previous claims. Important to note for counties, the bill would create a new voluntary Community-Based Flood Insurance Pilot Program, which would allow local governments to purchase flood insurance for a portion of properties within their jurisdiction or for all of them.

The bill also contains several provisions of concerns to policyholders, including:

- An increase in the threshold of premium increases from 5 percent to 6.5 percent, meaning whenever rates increase for policyholders, they would do so at no less than 6.5 percent; this represents an increase from what is currently authorized under federal law;
- The cap on annual premiums is set at $10,000, which could limit affordability of the program to

homeowners, and decrease the overall risk pool; and
- The implementation of a $25-$250 surcharge for policyholders who elect to make monthly installments on their annual premiums.

During a Nov. 13 hearing about the bill in the House Rules Committee, Rep. Garret Graves (R-La.) voiced concerns with the legislation, which he said did not adequately address the long-term solvency of the NFIP or the program's leftover debts from the costs incurred by superstorms such as Hurricanes Sandy and Katrina. Graves also argued that much of the NFIP's $24 billion in debt was a result of levee failures, and not due to a lack of coverage among property owners in New Orleans, who could face higher premiums that would go toward paying off the program's debts.

The measure must now be considered in the Senate, which remains divided on significant issues with the NFIP, such as the program's long-term solvency and premium increases for policyholders.

Although NACo applauds lawmakers' efforts to reauthorize the NFIP and implement reporting standards that are beneficial to homeowners, counties remain concerned with proposals that could make flood insurance less affordable, especially at a moment when communities across the country are still engaged in recovery efforts.

NATIONAL ASSOCIATION OF COUNTIES

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