

2014 -- S 2293

=====
LC003969
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

SENATE RESOLUTION

RESPECTFULLY REQUESTING THE UNITED STATES CONGRESS TO PASS THE
HOMEOWNERS FLOOD INSURANCE AFFORDABILITY ACT

Introduced By: Senators Bates, Ottiano, Hodgson, Sosnowski, and Kettle

Date Introduced: February 04, 2014

Referred To: Senate Special Legislation and Veterans Affairs

1 WHEREAS, The National Flood Insurance Act of 1968 was enacted to provide
2 previously unavailable flood insurance protection to property owners; and

3 WHEREAS, The National Flood Insurance Program continues to provide important and
4 necessary property coverage for home and business owners throughout parishes, counties, and
5 communities nationwide; and

6 WHEREAS, The Biggert-Waters Flood Insurance Reform Act of 2012 was signed into
7 law on July 6, 2012, and calls for a revision of the flood insurance rate maps; and

8 WHEREAS, The intent of the Biggert-Waters Flood Insurance Reform Act of 2012 was
9 to relieve taxpayers from the recurring need to fund the National Flood Insurance Program
10 through both pre-event premiums and post-event debt; and

11 WHEREAS, The Biggert-Waters Flood Insurance Reform Act of 2012 calls for an
12 evaluation of the use of private reinsurance to protect against catastrophic losses and to stabilize
13 the National Flood Insurance Program's results and financial position; and

14 WHEREAS, Such revised flood insurance rate maps do not include the discounts granted
15 by the current rate maps to property owners who have taken action to mitigate property damage
16 by installing and maintaining flood control features, in conformity with the most current federal
17 law available to them, and in conformity with current flood insurance rate maps; and

18 WHEREAS, Countless property owners have built and purchased homes and businesses
19 in accordance with the current flood rate insurance maps which, under the provisions of the

1 Biggert-Waters Flood Insurance Reform Act of 2012, will soon enter obsolescence; and

2 WHEREAS, The act also includes provisions, located in Section 207 of such act, that
3 eliminate the "grandfathering" of homes that were built after the existing flood insurance rate
4 maps in accordance with then existing laws; and

5 WHEREAS, By purchasing homes and businesses in accordance with the provisions of
6 the former flood rate insurance maps and by investing in previously owned property to install
7 flood mitigation features, property owners relied on their strict compliance with federal and state
8 law to protect their purchases and investments; and

9 WHEREAS, In light of the provisions of the Biggert-Waters Flood Insurance Reform Act
10 of 2012, the reliance on existing flood insurance rate maps that those property owners
11 demonstrated is now to their personal and financial detriment; and

12 WHEREAS, The passage of the Biggert-Waters Flood Insurance Reform Act of 2012
13 substantially and immediately devalued the investments made in all properties endowed with
14 flood damage mitigation measures and to properties receiving subsidized insurance premium
15 rates; and

16 WHEREAS, The Biggert-Waters Flood Insurance Reform Act of 2012 also includes
17 provisions that permit the National Flood Insurance Program to increase premium rates for many
18 policyholders; and

19 WHEREAS, The elimination of these discounts combined with the certainty of general
20 premium rate increases will result in a premium increase of up to twenty-five percent per year for
21 certain property owners over the next four years; and

22 WHEREAS, Under the changes to the National Flood Insurance Program caused by the
23 Biggert-Waters Flood Insurance Reform Act of 2012, certain property owners will struggle to pay
24 exorbitant amounts of money or will lose their flood insurance; and

25 WHEREAS, A change in the ability of property owners to insure their homes from flood
26 damage without bearing the burden of such a violent rise in cost may lead to financial distress for
27 residents and property owners around this nation; and

28 WHEREAS, The premium increases to the National Flood Insurance Program, as
29 mandated by the Biggert-Waters Flood Insurance Reform Act of 2012, will affect the entire
30 nation's real estate market and the nation's banking and mortgage industry; and

31 WHEREAS, The premium increases to communities and property owners who made
32 their best efforts to comply with federal law by building property in accordance with soon to be
33 outdated flood insurance rate maps will affect consumer confidence and the entire nation's
34 economy; and

1 WHEREAS, On October 29, 2013, H.R. 3370 and SB 1610, the Homeowner Flood
2 Insurance Affordability Act of 2013, were introduced in the respective houses of Congress to
3 delay the implementation of certain provisions of the Biggert-Waters Flood Insurance Reform
4 Act of 2012; and

5 WHEREAS, The Biggert-Waters Flood Insurance Reform Act of 2012 provides that an
6 affordability study be conducted by the Federal Emergency Management Agency on the impact
7 of rate increases, which study has not been conducted; and

8 WHEREAS, The Federal Emergency Management Agency is currently undertaking a
9 flood risk insurance study that will entail, among other things, the development of a flood
10 catastrophe model to enable financial analysis of the National Flood Insurance Program and a
11 study of the availability and benefits of risk transfer through the use of private reinsurance; and

12 WHEREAS, The United States Congress should consider passage of the Homeowner
13 Flood Insurance Affordability Act of 2013 that would delay the provisions of the Biggert-Waters
14 Flood Insurance Reform Act of 2012 that provide for the increase of premium fees for
15 policyholders of the National Flood Insurance Program, in order to prevent the unduly hazardous
16 effects it will have on home and business owners who invested in property prior to the adoption
17 of the new federal legislation and flood insurance rate maps; now, therefore be it

18 RESOLVED, That this Senate hereby respectfully supports and urges the United States
19 Congress to pass the Homeowners Flood Insurance Affordability Act currently pending before
20 Congress as H.R. 3370 and SB 1610, which will delay the implementation of the National Flood
21 Insurance Program changes until two years after the Federal Emergency Management Agency
22 completes the affordability study on the impact of the rate increases; and be it further

23 RESOLVED, That this Senate hereby supports and urges the United States Congress and
24 the Federal Emergency Management Agency to actively and expeditiously explore the use of
25 private reinsurance to protect against catastrophic losses and to stabilize the National Flood
26 Insurance Program's results and financial position; and be it further

27 RESOLVED, That the Secretary of State be and hereby is authorized and directed to
28 transmit duly certified copies of this resolution to Rhode Island's Congressional Delegation, and
29 to the Administrator of the Federal Emergency Management Agency.

=====
LC003969
=====