

For Immediate Release

March 4, 2014

LoBiondo Praises House Passage of Flood Insurance Legislation

Congressman Part of Task Force Who Crafted Compromise Bipartisan Solution to Ease Premium Increases for Many Homeowners

WASHINGTON, D.C. – After months working behind the scenes to craft a bipartisan compromise, U.S. Representative Frank A. LoBiondo (NJ-02) today praised the 306 to 91 vote in the House tonight on legislation that would lower premium increases mandated under the 2012 Biggert-Waters Flood Insurance Reform law for most homeowners, permanently remove the home sale rate increase trigger to provide certainty to the real estate market, and ensure greater fiscal solvency of the National Flood Insurance Program (NFIP).

“The House acted tonight to remove a major financial hurdle to the tens of thousands of homeowners still rebuilding 18 months after Sandy came ashore. By no means is this legislation all that I have advocated for, however it does represent a fair and workable compromise to assist many South Jersey residents while ensuring the long-term solvency of the NFIP,” said LoBiondo. “To not act today would mean the financial devastation of countless families and communities tomorrow. I applaud my colleagues for choosing the fiscally-sound, long-term solution.”

Previously rate increases of 25 percent mandated under Biggert-Waters will be replaced with premium increases between 5 percent and 18 percent under tonight’s House-approved legislation on primary residence policies until full-risk coverage is reached.

Additionally, an assessment of \$25 per year on primary residence policies in the NFIP and \$250 per year on business and non-primary residence policies in the NFIP will be created. All revenue from the assessments would be placed in the NFIP reserve fund (created under Biggert-Waters), which could be used to transfer extreme catastrophic events to the private market. The assessment benefits all policyholders by building up the NFIP reserve fund. Currently, the reserve fund balance is inadequate to handle future storms like Hurricanes Katrina and Sandy. The assessment would phase-out as premium rates match projected loss.

Furthermore, the Congressional Budget Office reports that the legislation will decrease direct spending by \$165 million over 5 years and have no budgetary affect over 10 years. Other key provisions of H.R. 3370, the “Homeowner Flood Insurance Affordability Act of 2014” as amended, are as follows:

- **Permanently removes the home sale/new policy rate increase trigger for primary residences,** ensuring the person buying the home is treated the same as the person selling it. Removal of these provisions would restore certainty to the real estate markets in communities across the country;

- **Reinstates grandfathered rates by decoupling rate increases with FEMA remapping.** Removal of this provision ensures that policyholders are not penalized who built to code and built to standards of existing Flood Insurance Rate Maps;

- **Provides a refund for the people who purchased a Pre-FIRM subsidized home without the full transparency from FEMA** on the new BW-12 rate structure, which wasn’t made public for a year after BW-12 was signed into law;

- **Provides home improvement protection** by returning the “substantial improvement threshold” (i.e. renovations and remodeling) to the historic 50% of a structure’s fair market value level and ensures that necessary renovations can continue without penalizing homeowners with excessive flood insurance rate hikes and costly mitigation; and,

- **Includes generally accepted affordability measures** such as: high deductible options, flood-proofed basement exemptions, map certification, flood protection funding recognition, optional monthly installment plans, exceptions on escrow requirements, removing the funding cap on the affordability study, etc.

For several months LoBiondo has been part of a task force supported by the House Republican Leadership charged with finding a common-sense solution. There have been several lengthy meetings to hammer out this compromise that was supported by a broad bipartisan group. The new bill passed tonight melded provisions from the previously-introduced legislation by Reps. Michael Grimm (NY-11), Maxine Waters (CA-43) and LoBiondo with proposals from Rep. Bill Cassidy (LA-06).

“From the start, this was a bipartisan effort on behalf of the millions of homeowners facing the real threat of excessive increases. I deeply appreciate the partnership of Bill Pascrell, Michael Grimm, Bill Cassidy, Maxine Waters and those who remained focus on finding a flood insurance fix. Additionally, I deeply grateful to Majority Leader Cantor for his commitment and determination in bringing this national issue to a vote,” concluded LoBiondo. “I call upon the Senate to immediately follow the House’s lead and approve this legislation so that millions of homeowners can finally move forward with their lives.”

#

**** Video of Congressman LoBiondo’s remarks on the House floor prior to tonight’s vote are [available here](#) ****

Robert Geist
Field Representative

Work: 609-625-5008 / 800-471-4450

Congressman Frank A. LoBiondo

Mobile: 609-742-8154

Fax: 609-625-5071

U.S. House of Representatives
5914 Main Street, Suite 103
Mays Landing, NJ 08330-1751

Email: Robert.Geist@mail.house.gov