



## CSFI House Flood Insurance Package Concerns

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The Coalition for Sustainable Flood Insurance (CSFI) strongly supports reauthorization of the National Flood Insurance Program in 2017 and has worked closely with Members of Congress to advocate for sustainable, affordable flood insurance. The following information represents where the House package stands heading into the August recess. The Senate has not yet moved its legislation but is expected to do so in early September.

### House Package Update

A number of changes have been proposed to HR 2874 by Rep. Sean Duffy that move the bill in the right direction:

- Removal of the prohibition on offering new coverage for new construction in the Special Flood Hazard Area
- Preservation of grandfathering for properties in communities who have adopted updated maps
- Decreasing the proposed floor of annual premium increases for pre-FIRM properties from 8% to 6.5% (current law is 5%)

However, several concerns remain with the House package and need to be addressed before the bill comes to a vote, including:

- **Treatment of multiple loss properties with regards to grandfathering and pre-FIRM subsidies** – Section 504 essentially means that any property will lose grandfathered status or pre-FIRM subsidies upon the filing of its second claim, no matter the amount of the claim. This provision is of concern both because it provides a strong disincentive from utilizing the insurance product people pay for and because it could negatively impact home values.
- **Increased surcharges** – The bill increases surcharges for most classifications of policy holders, including increasing the surcharges for primary homeowners from \$25 to \$40, and the surcharges for all second homes and businesses that are not Preferred Risk Policies from \$250 to \$275. These surcharges simply go to offset the cost of the bill to the federal government – not to build up reserves or pay claims.
- **Elimination of coverage for properties with excessive lifetime claims** – Section 505 prohibits any new or renewal of coverage for any multiple loss property where the aggregate amount in claims exceeds twice the replacement cost of the structure.
- **\$10,000 Annual Premium Cap** – The bill puts in place a \$10,000 annual premium cap, which should be lowered and aligned with the value of the policy.

On top of these concerns, the House package does not make significant improvements to increase opportunities for mitigation, will still allow for the private market to cherry pick the NFIP's less risky properties, does not address participation concerns, and does not adequately provide resources to improve the mapping process.

**Please contact your Members of Congress and urge them to **oppose** the bill until additional changes are made.**