

## [A Bipartisan Plan for Flood Insurance](#)

Wall Street Journal (Op Ed)

Six U.S. senators agree to fix the troubled federal program. Powerful floods devastate communities across America every year. After these catastrophic natural disasters, too many Americans find themselves facing a man-made calamity: a National Flood Insurance Program that overcharges and underdelivers for policyholders and for taxpayers.

The Sept. 30 expiration of the law authorizing the NFIP represents an opportunity to address the waste, abuse and mismanagement plaguing the system. As members of the Senate Banking and Appropriations committees, which oversee flood insurance and provide federal disaster response, we plan to offer bipartisan landmark legislation to tackle systemic problems with flood insurance and to reframe our entire disaster paradigm.

Today, more homeowners are abandoning national flood insurance policies because their premiums continue to rise, despite the emergency relief measures Congress approved in 2014. With the NFIP becoming more insolvent day by day, we must get this program back on solid fiscal ground. But we cannot build a sustainable system by simply imposing higher premiums on homeowners. We must address the program's critical problems: unsustainability, low participation rates, inaccurate flood maps, indifference to the benefits of flood control infrastructure, agency mismanagement, unsustainable debt service costs and contractor profiteering.

The time has come to make an ambitious national reinvestment in cost-effective flood control and mitigation that reduces risk across the country. Under the current system, FEMA spent more than \$277 billion in disaster aid to rebuild communities after floods from 2005 to 2014, but only a fraction of that on efforts to stop or control floodwaters to avert disasters. Our current system is backward. Rebuilding communities after a disaster is far more expensive than working proactively to reduce or prevent their devastation. FEMA has found that every dollar spent on mitigation generates at least \$4 in future savings, and some major federal flood-control projects have seen a return on investment of approximately 54 to 1.

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Our legislation will apply these lessons by moving us toward proactive flood prevention and mitigation. By ending FEMA's reliance on antiquated flood maps and encouraging the use of cutting-edge technologies, we can create more-accurate nationwide flood-hazard mapping. These changes would improve the NFIP's long-term solvency while better protecting our communities, local economies and the environment.

To pay for these critical investments, we propose three key reforms: a temporary freeze on interest on the NFIP debt; elimination of agency waste, mismanagement and contractor profiteering; and increasing NFIP enrollment.

The NFIP has paid the federal government \$4 billion in interest over the last decade, payments that swallow more than 10% of all premiums. Beyond the folly of the federal government charging itself interest, these dollars would be better spent on premium affordability and cost-effective community flood prevention. Temporarily freezing interest on the debt would not forgive what is owed, but it would free up policyholder-contributed dollars for necessary investments in state-of-the-art flood mapping and property mitigation.

At the same time, our bill will generate savings by eliminating waste in FEMA's Write Your Own program. Currently, private insurers selling NFIP policies pocket at least 31 cents of every premium dollar while bearing no financial risk. Our plan will cap compensation to private insurance companies, putting affordable premiums over runaway industry profits.

Finally, our legislation will put people first. In the aftermath of severe floods, coastal and inland communities across our country have learned that the deck is often stacked against policyholders. In recent years, FEMA and its contractors have spent millions of dollars fighting property owners with legitimate claims. The current system has given rise to a cottage industry of entities that profit by needlessly prolonging costly court disputes over flood claims. Most flood victims cannot afford protracted legal battles, but these entities faced no limit to the time they can spend in court on the taxpayers' dime. To correct this unseemly situation, our plan will give the federal government the tools it needs to remove bad actors and better defend itself in court.

We cannot control the disasters nature sends our way. But we can control how we prepare for and respond to such events. Americans deserve a National Flood Insurance Program that is sustainable for taxpayers, affordable for homeowners, and accountable to everyone. Affordable flood insurance, when

accompanied by effective flood prevention and mitigation tools, helps to achieve this vital mission. In an era of severe flooding, our legislation will better protect our communities and put our National Flood Insurance Program on a more sustainable, affordable and accountable path.

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Mayor Dawn Zimmer, Hoboken:

“I applaud Senator Menendez for leading a bipartisan group of senators to improve the National Flood Insurance Program by placing a strong emphasis on resiliency, increasing mitigation funding, reforming the claims process, and addressing the program’s inherent unfairness to urban areas. Most importantly for cities like Hoboken, the bill would acknowledge the unique challenges faced in urban areas by providing premium reductions for partial mitigation measures, like raising utilities and mechanical equipment where it is not practical to raise an entire building, and by treating existing garden level homes as residential units.”

George Kasimos, President and Founder of StopFEMANow:

“This is what bold legislation looks like. Senator Menendez never forgot the Sandy victims and those along the shore in need of relief. This proposed bill covers all the reforms needed to the NFIP. It is the most policyholder-friendly bill being proposed yet it is fiscally responsible to the budget. This is evident by the widespread support on both sides of the aisle.”

Kevin Walsh, Executive Director of the Fair Share Housing Center:

“This legislation would protect homeowners from the kind of abuses New Jerseyans saw after Superstorm Sandy. The bill would help speed payments to homeowners trying to rebuild after a natural disaster, while also ensuring that they are fairly compensated and giving them avenues to appeal insurance company decisions. This proposal would also keep the Jersey Shore affordable to working families by limiting increases in homeowner insurance premiums.”

Susan Marticek, Executive Director, Ocean County Long-Term Recovery Group:

“Very excited to see Sen Menendez’s legislation because it takes into account all of the hard-learned lessons from Sandy, and implements changes that will directly benefit policyholders in the aftermath of a disaster and expedite recovery for both the individual as well as the community at large. The pre-disaster aspects of this bill will go a long way to make our communities more resilient and save a tremendous amount of tax dollars in disaster recovery aid. The post-disaster reforms show the admirable degree to which Senator Menendez truly listened to the advocates and Sandy victims on the ground, carrying those lessons into his bill to ensure that disaster victims are at the center of FEMA’s response and that the failures of the NFIP claims process following Sandy are not replicated in the future. We fully endorse this bill and need it now more than ever.”

Amy Bach, Esq., Executive Director of United Policyholders:

“Senator Menendez has been in the flood recovery and insurance trenches with home and business owners for many years. His proposed legislation distills lessons learned into reforms that will restore confidence and integrity to this essential program.”

Jay M. Feinman, Distinguished Professor of Law, Rutgers Law School:

“Flood insurance works only when policyholders’ claims are paid fully and promptly in case of loss. This bill gives insurance consumers a fair claims process and effective remedies to guarantee them the protection they have purchased. The reforms in this bill are essential to restore the integrity of the program and keep its promises.”

Amanda Devecka-Rinear: Director, New Jersey Organizing Project:

“After Superstorm Sandy, thousands of families struggled and learned hard lessons about our recovery programs, including the National Flood Insurance Program. Senator Menendez’s legislation applies what we learned in order to make sure no families suffer like ours in the future. It’s forward-looking and invests in mitigation and prevention to safeguard families from losing everything, to ensure protection from flood disasters isn’t out of reach, and to make rates more affordable.”

Melissa H. Luckman, Esq., Director of the Disaster Relief Clinic at Touro Law Center:

“The NFIP reauthorization bill introduced by Senator Menendez speaks directly to the shortfalls of the

NFIP post Sandy. This bill will ensure that the fraud, deceit, and mismanagement of the NFIP faced after Sandy never happen again. Senator Menendez has been relentlessly advocating on behalf of all Sandy survivors since immediately post-Sandy through the Sandy Task Force, which forced FEMA to re-open all 144,000 NFIP insurance claims and to date has paid out over \$208 million. This bill is the culmination of four-and-a-half years of spending countless hours listening to boots-on-the-ground constituent circumstances, and providing real and thorough reforms to ensure that policyholders have a voice and are protected in future flooding events. I completely support all of the protections afforded to homeowners in this bill.”

Jessica Limbacher, Esq., Staff Attorney, Volunteer Lawyers for Justice:

“Based on what we at Volunteer Lawyers for Justice have seen firsthand over the past four-and-a-half years since Superstorm Sandy, dealing with the National Flood Insurance Program has been almost as stressful as the storm itself for so many homeowners. Thousands of storm survivors who relied on the fact that they were fully insured were in fact underpaid by their carriers, either due to widespread fraud or complicated exclusions in their policy that were never made clear to them. The reforms in Senator Menendez’s bill are critical to ensure that future disaster victims are awarded a fair process for filing and appealing claims, that insurance carriers are not incentivized to underpay homeowners, and that the entire program is affordable and sustainable.”

Lisa Sharrard, former So. Carolina NFIP Coordinator, owner of Choice Flood Insurance:

“Senator Menendez’s proposed legislation contains very important consumer protection upgrades. Agents have direct contact with policyholders and by improving training, and having a logical structure to provide feedback to FEMA, the Administrator and companies will greatly improve the policyholder experience.”