

## **Sen. Menendez, Rep. Pallone Visit Union Beach to Push Sweeping Flood Insurance Reforms to Fix Problems Exposed by Sandy**

Insurance News Net

U.S. Senator Bob Menendez D-N.J.), chair of the Sandy Task Force and a senior member of the Senate Banking Committee that oversees the National Flood Insurance Program (NFIP), and Congressman Frank Pallone, Jr. N.J.-06), traveled today to Union Beach—a community on Raritan Bay devastated by Superstorm Sandy—to lay out proposed sweeping reforms to address the waste, abuse and mismanagement plaguing the system that led to delayed recovery for Sandy survivors.

In June, Sen. Menendez introduced comprehensive, bipartisan legislation, cosponsored by nearly a dozen Republicans and Democrats including Sen. Cory Booker, to extend the NFIP for six years while instituting a series of sweeping reforms. Reps. Pallone and Bill Pascrell, Jr. N.J.-09) later introduced companion legislation in the House.

“This legislation puts the lessons we learned after Superstorm Sandy into action, levels the playing field for policyholders, and attacks the rampant waste and abuse in the National Flood Insurance Program to create real savings and greater investment in mitigation and resiliency efforts to make our residents and communities safer,” said Sen. Menendez. “If we want a more sustainable system, the answer isn’t to slam homeowners with even higher premiums. Americans deserve a National Flood Insurance Program that is sustainable for taxpayers, affordable for homeowners, and accountable to everyone.”

“Superstorm Sandy devastated many communities in my district. In the wake of the storm, too many of my constituents found that, after responsibly paying for their flood insurance, their policy failed to provide the coverage they needed and deserved when they needed it the most. Many were prevented

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from repairing their homes and resuming their lives by a claims review process that moved too slowly and was riddled with fraud. As this was happening and people were suffering, the flood insurance companies made record profits.” said Rep. Pallone. “The SAFE NFIP Act takes concrete steps to make the program more affordable, increase oversight and transparency of the flood insurance companies, invest in mitigation efforts, and reform the claims process using lessons learned from Sandy. I look forward to working with my colleagues on both sides of the aisle to fight for this bill and our constituents.”

“Americans rely on the National Flood Insurance Program to protect their homes and rebuild their lives in the aftermath of a disaster,” said Sen. Booker. “We already know that NFIP reforms are needed to protect homeowners in New Jersey and across our nation from the waste and mismanagement we witnessed following Superstorm Sandy. This common sense, bipartisan legislation helps extend coverage to those who need it most while investing in resiliency and mitigation efforts that will help protect New Jersey families from future disasters.”

“At every turn my constituents faced obstacles in getting the support needed to repair their businesses and homes after Sandy. And they were frustrated by the waste, fraud, and abuse that plagued the claims review process. I am pleased to find fixes to these issues by joining Senator Menendez and Congressman Pallone on the bipartisan SAFE NFIP Act,” said Rep. Pascrell. “The SAFE NFIP Act creates investments in pre-disaster flood control and mitigation efforts, increases oversight and transparency of the flood insurance companies, and reforms the claims process in order to help protect New Jersey families in the future. We must use the opportunity to reauthorize the National Flood Insurance Program to make smart improvements before the next storm hits our nation’s shores and prevent our constituents from being left holding the bag.”

The Sustainable, Affordable, Fair, and Efficient (SAFE) National Flood Insurance Program Reauthorization Act of 2017 tackles systemic problems with flood insurance, puts it back on solid fiscal ground, and reframes our nation’s entire disaster paradigm to one that focuses more on prevention and mitigation to spare the high cost of rebuilding after flood disasters.

Sen. Menendez and Rep. Pallone stood today on the Union Beach waterfront at a news conference with Mayor Paul Smith, local officials, advocates and Sandy survivors.

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SAFE NFIP addresses critical problems with the program, administered by the Federal Emergency Management Agency (FEMA), following Superstorm Sandy and other disasters: unsustainability, low participation rates, inaccurate flood maps, an indifference to the benefits of flood control infrastructure, agency mismanagement, unsustainable debt service costs and contractor profiteering.

The bipartisan Senate bill led by Sens. Menendez and John Kennedy (R-La.) is cosponsored by Booker, Chris Van Hollen (D-Md.), Marco Rubio (R-Fla.), Elizabeth Warren (D-Mass.), Thad Cochran (R-Miss.), Bill Nelson (D-Fla.), Bill Cassidy (R-La.) and Jack Reed (D-R.I.). The bipartisan House bill is cosponsored by Reps. Pallone, Pascrell, Albio Sires (D-N.J.-08), Bonnie Watson Coleman (D-N.J.-12), Donald M. Payne, Jr. (D-N.J.-10), Mike Johnson (R-La.), Gregg Harper (R-Miss.-3), Steven Palazzo (R-Miss.-4), Charlie Christ (D-Fla.-13), Carlos Curbelo (D-Fla.-26), Alcee Hastings (D-Fla.-20), and Clay Higgins (R-La.-3).

The Sustainable, Affordable, Fair, and Efficient (SAFE)

NFIP Reauthorization Act of 2017

**Long-Term Certainty.** Reauthorizes the NFIP for six years, providing certainty for communities.

**No Exorbitant Rate Hikes.** Ends runaway premium hikes by capping annual increases to 10 percent. Currently, premiums increase by up to 25 percent every year, depressing property values, creating affordability challenges, and discouraging participation in the program.

**Cuts Wasteful Expenses to Pay for Investments.** Freezes interest payments and establishes new controls for private insurance company compensation in order to reinvest in proactive mitigation efforts and affordability measures, including low-interest loans for homeowners' mitigation projects and affordability vouchers.

**Strong Investments in Mitigation.** Provides robust funding levels for large-scale, communitywide mitigation efforts, and mitigation assistance programs, which have a 4:1 return on investment and are the most effective way to reduce flood risk.

**Expanded Increased Cost of Compliance (ICC) Coverage.** Increases the maximum limit for ICC coverage to better reflect the costs of mitigation projects and expands eligibility in order to encourage more proactive

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mitigation before natural disasters strike.

**LiDAR Mapping.** Authorizes funding for Light Detection and Ranging (LiDAR) technology for more accurate mapping of flood risk across the country, reducing confusion and generating better data.

**Oversight of Write Your Own (WYO) Companies.** Caps compensation for WYO companies to 22.4 percent of written premiums, creates new oversight measures for insurance companies and vendors, and provides FEMA with greater authority to terminate contractors that have a track record of abuse.

**Claims and Appeals Process Reforms Based on Lessons from Sandy.** Fundamentally reforms the claims process based on lessons learned after Superstorm Sandy and other disasters, leveling the playing field for policyholders during appeals and litigation by holding FEMA to strict deadlines for payments to homeowners, banning aggressive legal tactics that prevent homeowners from filing legitimate claims and ending FEMA's reliance on outside legal counsel from expensive for-profit entities.

**Better Training.** Provides for increased training and certification of agents and adjusters to reduce mistakes and improve the customer experience.

House Republicans on the Financial Services Committee, which oversees the NFIP, passed a package of legislation last month that would cause premiums to skyrocket, vulnerable families unable to attain coverage, and abuses that occurred in the aftermath of Sandy to continue unabated. Specifically, the House Republican package would cause surcharges on primary homeowners to jump 70%; mandate larger premium increases; kick families that have suffered severe flooding out of the NFIP; penalize families living in coastal communities like the Jersey Shore with higher premiums than those living in at-risk inland communities; end subsidies for families who are moved into higher risk flood zones due to new maps despite them doing everything right; and stunt economic and real estate development by prohibiting NFIP coverage for new construction in flood zones.

Since its introduction in June, SAFE NFIP continues to gain support with the support of several leading experts and flood victims advocates, including: the Association of State Floodplain Managers (ASFPM); Tammie DeVooght, executive director, International Association of Structural Movers; Brick Mayor John Ducey; Hoboken Mayor Dawn Zimmer; Stop FEMA Now President and Founder George Kasimos; Michael J.

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Darcy, CAE, executive director of the New Jersey State League of Municipalities; Fair Share Housing Center Executive Director Kevin Walsh; Ocean County Long-Term Recovery Group Executive Director Susan Marticek; Staci Berger, president and CEO of the Housing & Community Development Network of New Jersey; United Policyholders Executive Director Amy Bach, Esq.; Joseph Della Fave, executive director, Ironbound Community Corporation; Rutgers Law School Distinguished Professor Jay M. Feinman; New Jersey Organizing Project Director Amanda Devecka-Rinear; Touro Law Center Disaster Relief Clinic Director Melissa H. Luckman, Esq.; Volunteer Lawyers for Justice Staff Attorney Jessica Limbacher, Esq.; Choice Flood Insurance Owner and former So. Carolina NFIP Coordinator Lisa Sharrard.

Sen. Menendez, who chaired the Sandy Task Force with Sens. Booker, and Charles E. Schumer and Kirsten Gillibrand both D-N.Y.), first exposed the problem of widespread lowballing of flood insurance claims during Congressional hearings he chaired in 2014, and last year successfully pushed FEMA to reopen every Sandy flood insurance claim for review. The claims review has since compensated Sandy victims more than \$230 million in additional payments they deserved, but were initially denied.

Sen. Menendez authored the Superstorm Sandy Relief and Disaster Loan Program Improvement Act, signed into law last November, which extended and expanded access to federal disaster loans through the U.S. Small Business Administration (SBA). His Homeowner's Flood Insurance Affordability Act was signed into law in 2014 to address skyrocketing rates many Sandy survivors were encountering. In 2013, he shepherded the original \$60 billion federal Sandy aid package through Congress.

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