

Congress of the United States

Washington, DC 20515

July 1, 2013

The Honorable William Craig Fugate
Administrator
Federal Emergency Management Agency
500 C Street SW
Washington, DC 20472

Dear Administrator Fugate:

We are writing today to express deep concern about impending rate increases and affordability issues under the National Flood Insurance Program (NFIP). Last year, Congress passed the first major reauthorization of the flood insurance program. The law, the Biggert-Waters Flood Insurance Reform Act (Public Law 112-141) includes many long overdue reforms to the program, including establishment of a Technical Mapping Advisory Council to ensure that FEMA issues the most accurate maps, increased maximum coverage limits, and the phasing in of actuarial rates. While the law is intended to help the program become financially sound by moving policyholders to actuarial rates and phasing out some subsidies, we have recently become aware of an unintended consequence of this otherwise well-meaning legislation.

A small percentage of homeowners are learning that they may be subjected to flood insurance rates that are ten, a hundred, and in some cases, more than a thousand times higher than their current subsidized rates. These rates, which are upwards of \$28,000 per year, are unaffordable and could have devastating impacts on these homeowners and their communities if they are implemented.

While actuarial rates are critical to the program's success, we strongly believe that we should not burden homeowners with punitive or unaffordable rates that will slow our housing market recovery and force families out of their homes.

Recently, the House passed an amendment to delay implementation of Section 207 of the Act. The Cassidy-Palazzo-Grimm-Garcia-Richmond-Waters-Matsui Amendment to the FY14 Department of Homeland Security Appropriations bill passed the House on a bipartisan basis. Additionally, bipartisan legislation has been proposed both in the House of Representatives and the Senate. This broad bipartisan support is indicative of a consensus that affordability of insurance premiums must be addressed in a timely manner.


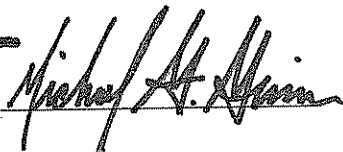
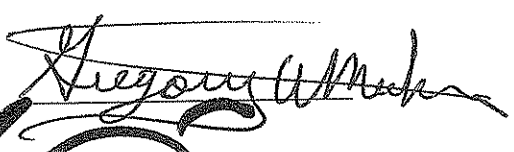



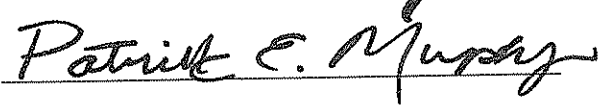


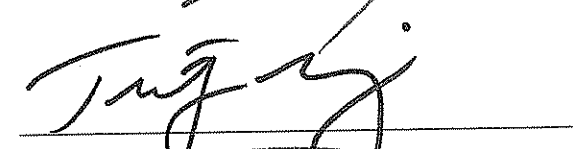





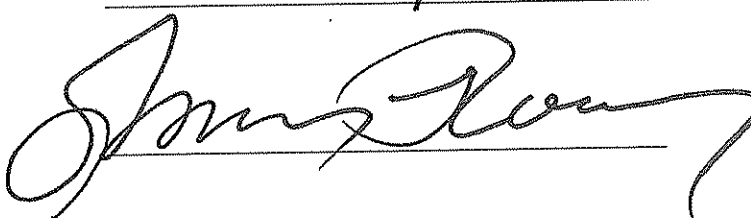
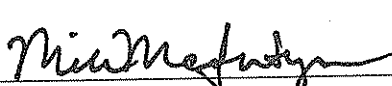
While Congress has shown it is willing to act to address these issues, we believe that FEMA has the authority to administratively address some of the affordability issues arising from Biggert-Waters. We urge you to use whatever discretion you have in order to address these affordability concerns. To the extent you lack such discretion, we ask that you provide legislative recommendations to Congress on how to address this issue.

The Honorable William Craig Fugate
Page 2
July 1, 2013

We request a response to this letter, with a summary of the administrative actions you will be undertaking and a summary of any legislative recommendations, no later than July 15, 2013. Please contact Lisa Lederberger with Ranking Member Waters at (202) 225-4247 with any questions about this letter.

Thank you for your consideration, and we look forward to your response.

Sincerely,

The Honorable William Craig Fugate

Page 3

July 1, 2013

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