

POLITICS

# House Primes Flood Insurance Battle

The National Flood Insurance Program, with roughly 5 million policies nationwide, is \$25 billion in debt



Floodwaters from drenching rains cover the roads in this picture released by the U.S. Air National Guard photo in Ponchatoula, La., in March 2016. PHOTO: U.S. AIR NATIONAL GUARD/REUTERS

*By Rachel Witkowski*

June 8, 2017 5:30 am ET

WASHINGTON—House lawmakers aim to pass legislation by July addressing how the nation handles flood insurance, a senior Republican said, setting up a regional battle in the Senate over how the federal government covers property damage after natural disasters.

The program has roughly 5 million policies nationwide, but it is running a deficit and is \$25 billion in debt from large storm-damage payouts in recent years. Lawmakers face a dilemma in restoring the program’s solvency without creating sticker shock to homeowners who have been paying artificially low rates, leading to competing proposals over how to restore the financially broken National Flood Insurance Program.

“Unfortunately, today many moderate-and low-income individuals actually subsidize others,” House Financial Services Chairman Jeb Hensarling (R., Texas) said at a Wednesday hearing on flood insurance.

Rep. Sean Duffy (R., Wis.), who is leading efforts on the issue in the House, is looking at a way to gradually raise rates to be more in line with the risk. Lawmakers are also considering proposals to update the maps used to assess rates and create incentives for more private insurers to enter the market. Mr. Duffy in an interview said he hopes the committee can pass a package to the House floor this month, but no later than August recess.

“This is truly a discussion draft,” Mr. Duffy said of his plan. “We’re looking for people’s input... which will help us, I think, avoid some of the problems we’ve had in the past.”

Democrats support some of the provisions but have raised concerns about tinkering with rates, pointing to 2014 when Congress had to stall previously authorized rate increases that surprised consumers and depreciated home values.

Rep. Maxine Waters (D., Calif.), ranking Democrat on the committee, said recent attempts to change flood insurance led to “unintended consequences that I worked very hard to undo because we saw the premiums rise substantially.” She said Mr. Duffy’s proposal “does not meaningfully address affordability and in some cases may actually make matters worse.”

Democrats instead, have asked lawmakers to forgive the flood program’s \$24.6 billion in debt, a move Republicans oppose.

Mr. Duffy said Republicans are focused on the program’s \$1.5 billion annual deficit and aren’t yet ready to address its debt.

Several senators have or are planning to weigh on the issue, suggesting lawmakers from flood-prone regions of the country, such as along the coasts, and areas with less flooding could once again battle over how to balance homeowner rates and subsidies. Sens. Jon Tester (D., Mont.) and Dean Heller (R., Nev.) introduced legislation earlier this year, for instance, while Sens. Bill Cassidy (R., La.), Kirsten Gillibrand (D., N.Y.) and Shelley Moore Capito (R., W.Va.) on Wednesday announced a different plan.

Additional proposals are likely to emerge in the coming weeks from members in the Senate Banking Committee, which is charged with sending a final package to the Senate before authorization of the program expires Sept. 30.

If Congress can’t agree to a comprehensive bill to restructure the program, they can extend it temporarily in order to avoid a lapse that in the past led to thousands of stalled home sales.

Mr. Duffy said he is hopeful Congress can approve a package before the program expires. “We’re early here,” he said. There’s “plenty of time for the Senate to do their work and the two chambers to work out their differences.”

**Write to Rachel Witkowski at [rachel.witkowski@wsj.com](mailto:rachel.witkowski@wsj.com)**

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