

Israel Praises Passage of Legislation Modernizing Flood Insurance Program and Providing Consumers Access to Wind and Flood Coverage in One Policy

Asharoken, NY (Long Island)— On Friday, U.S. Congressman Steve Israel (D-Huntington) and Asharoken Village Trustee Pat Irving announced House passage of legislation that expands access to comprehensive flood insurance for Long Island homeowners and modernizes the National Flood Insurance program. Israel called on the Senate to pass similar legislation at the home of an Asharoken couple that has struggled to maintain home insurance due to their home's proximity to Long Island Sound.

"Meteorologists say that it's not a matter of if, but when, we will see a major hurricane hit Long Island," said Congressman Israel. "As it stands, Long Island homeowners are stuck with insurance industry decisions to stop issuing policies in areas that are at high risk of a natural disaster or include policies that don't provide comprehensive protection in the event of a hurricane. That's why I fought to pass the Flood Insurance Reform and Modernization Act, legislation designed to expand insurance coverage in high risk areas and prevent denials of coverage. Specifically, this bill authorizes the National Flood Insurance Program (NFIP) to provide consumers in high risk areas with insurance coverage of flood and wind risk in one policy."

"Asharoken residents have faced difficulties in acquiring and maintaining insurance coverage, only to find out that coverage is not comprehensive in the event of a storm," said Asharoken Mayor William Kelly. "Homeowners need to be able to purchase a single policy that covers both flood and wind damage."

"People are very aware that insurance companies are canceling our homeowner insurance policies due to concerns over catastrophic coastal storms," said Asharoken Village Trustee Pat Irving. "We cannot ignore this problem for our homes and our safety; we need to sleep safely at night. So, we need options. The "Flood Insurance Reform and Modernization Act of 2007" (H.R. 3121) will give us options that will make us feel safe and secure in our homes."

Israel was joined by Asharoken homeowners Rita Rover and Martin Cohen and Village Trustee Pat Irving. Homeowners in Asharoken, which is considered a high risk flooding area, have struggled to retain access to homeowners insurance. Israel has secured over \$350,000 in federal funding to repair and strengthen the seawall in Asharoken to prevent flood, but residents still struggle to insure their homes with comprehensive flooding and wind insurance coverage.

The Flood Insurance Reform and Modernization Act of 2007 (H.R. 3121), which expands flood insurance participation, addresses weakness exposed during the 2005 hurricane season and allows property owners to purchase both wind and flood coverage in a single policy, passed the House on Thursday by a vote of 263-146. President Bush has threatened to veto the legislation.

The bill reauthorizes the National Flood Insurance Program (NFIP) for five years through 2013. It also provides for reforms to the NFIP, improves flood mapping, and expands the NFIP to provide for multiple peril coverage. Specifically, H.R. 3121:

- Ensures the National Flood Insurance Program's continued viability by phasing out unnecessary subsidies. To make the Flood Insurance Program more actuarially sound, the bill phases out subsidized rates on commercial properties, vacation homes, and second homes built before 1974. Multifamily rental properties are excluded from the phase-out of the subsidy.
- Ensures the program's continued viability by encouraging broader participation. To encourage participation in the Flood Insurance Program, the bill provides for a new community outreach program, and provides for a study of how to increase participation by low-income families. In order to help ensure that those homeowners who should have flood insurance do have flood insurance, the bill increases the fines on lenders who do not enforce the mandatory flood insurance policy purchase requirement for those who live in a floodplain and hold a federally-backed mortgage.
- Ensures the program's continued viability by requiring greater fiscal accountability and authorizing higher rates. The bill requires FEMA to report to Congress annually on the financial status of the Flood Insurance Program. It also increases the amount FEMA can raise policy rates in any given year from 10 percent to 15 percent.
- Requires the updating and modernizing of flood maps. The bill requires FEMA to conduct a thorough review of the nation's flood maps. It also makes the updating and modernization of flood maps an ongoing process, and increases funding for mapping. In addition, it authorizes the Technical Mapping Advisory Council, made up of industry professionals, to advise FEMA on flood mapping.
- Addresses some of the program's weaknesses exposed by the 2005 hurricane season. Under the bill, small business owners will be eligible to purchase business interruption coverage at actuarial rates to better prepare them to meet payroll and other obligations during the next big storm. And, for the first time since 1994, the bill updates maximum insurance coverage limits for residential and nonresidential properties.
- Improves consumer protections. The bill clarifies the disclosures that must be made to consumers about flood insurance. It also requires "plain language" information on flood insurance policies. Landlords must notify tenants of contents' coverage availability. Further, the bill makes flood insurance effective immediately upon purchase of a home.
- Provides for an optional multiple peril policy. Finally, the bill includes provisions to responsibly expand the Flood Insurance Program to provide for an optional multiple peril policy – to allow property owners to purchase wind and flood coverage in a single policy. A homeowner or business in a flood plain would have to sign up for flood coverage to obtain the wind coverage. Wind coverage would not be available separately. The bill requires premiums for the new optional coverage to be risk-based and actuarially sound, so that the program would be required to collect enough premiums to pay claims. Under the bill, multiple peril policies would be available where local governments agree to adopt and enforce building codes and standards designed to minimize wind damage, in addition to the existing flood program requirements for flood plain management.