

NAMIC: Bill to Phase-out Federal Subsidies for Certain Flood-vulnerable Homes is "Common-Sense So

by NAMIC

WASHINGTON " Eliminating federal subsidies for higher-priced, newly purchased homes in flood-prone areas will go a long way toward helping the nation's flood program, according to the National Association of Mutual Insurance Companies (NAMIC). NAMIC commented following passage of the legislation by the House Financial Services Committee.

The bill, H.R. 3959, introduced by Rep. Scott Garrett, R-N.J., and committee Chairman Barney Frank, D-Mass., would amend the National Flood Insurance Act of 1968 to provide for the phase-in of actuarial rates for certain properties, referred to as pre-FIRM, built before the National Flood Insurance Program took effect. It would require any purchaser of a pre-firm primary residential home costing \$600,000 or higher to pay phased-in actuarial flood insurance prices using the same phase-in structure that non-residential and non-primary homes are currently subject to in the legislation.

"This legislation will correct an inherent flaw in the NFIP," said Carl Parks, NAMIC's senior vice president for government affairs. "There is no reason federal taxpayers should have to subsidize property owners who choose to buy homes in known flood zones."

If adopted, the legislation would take effect in 2011. According to its sponsors, the bill would provide additional resources to the NFIP in a fair and reasonable way and not subject current homeowners of pre-FIRM houses to unanticipated or unplanned increases in the flood insurance premiums.

"We were happy with the strong bi-partisan support that this bill received, and thank Chairman Frank for moving this legislation through the committee so quickly," Parks said. "This is a great example of a common-sense solution to the much-needed reforms for the NFIP."

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