

The National Flood Insurance Program Reauthorization Act of 2023 (NFIP-RE Act)

Summary

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

No Steep Rate Hikes. Protects policyholders from exorbitant premium hikes by capping annual increases at 9 percent. Currently, premiums can nearly double every four years and FEMA's new premium rating methodology has significantly increased rates for most Americans. FEMA estimates that 1 million policyholders will leave the NFIP by 2030 under the new methodology. We saw all too clearly the negative consequences of hiking premiums after the Biggert-Waters Act of 2012 caused costs to skyrocket, hurting policyholders and disrupting the real estate market. This will put guardrails on FEMA's new rating methodology, known as Risk Rating 2.0, and safeguard policyholders from sudden rate shocks while responsibly disclosing full flood risk.

Affordability for Low- and Middle-Income Policyholders. Provides a comprehensive means-tested voucher for millions of low- and middle-income homeowners and renters if their flood insurance premium become overly burdensome, significantly increasing the affordability of the NFIP program.

Path to NFIP Solvency. Freezes interest payments on the NFIP debt and reinvests savings towards cost saving mitigation efforts to restore the program to solvency and reduce future borrowing

Limits on Private Insurance Company Profits. Caps Write Your Own (WYO) compensation at the rate FEMA pays to service its own policies and redirects the savings to pay for the means-tested affordability program.

Increased Cost of Compliance (ICC) Coverage. Increases the maximum limit for ICC coverage to better reflect the costs of rebuilding and implementing mitigation projects. In addition, ICC coverage eligibility is expanded in order to encourage more proactive mitigation before natural disasters strike.

Strong Investments in Mitigation. Provides robust funding levels for cost-effective investments in mitigation, which have a large return on investment and are the most effective way to reduce flood risk.

More Accurate Mapping. Increases funding for FEMA's flood mapping program to implement Light Detection and Ranging (LiDAR) technology for more accurate flood risk across the country, generating data that will lead to better building and land use.

Oversight of Write Your Own (WYO) Companies. 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 in Superstorm Sandy and other disasters, to level the playing field for policyholders during appeal or litigation, bans aggressive legal tactics preventing homeowners from filing legitimate claims, holds FEMA to strict deadlines so that homeowners get quick and fair payments, and ends FEMA's reliance on outside legal counsel from expensive for-profit entities.