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Lawmakers hope to delay flood insurance rate hike

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By: Erik Burgess, INFORUM

WASHINGTON – A bipartisan group of U.S. senators and representatives, including all three members of North Dakota's delegation, announced a bill Tuesday to delay dramatic increases in flood insurance rates for four years.

The bipartisan legislation, announced on the one-year anniversary of Superstorm Sandy, prevents the Federal Emergency Management Agency from "exorbitantly raising" flood insurance rates as part of the flood insurance overhaul enacted by Congress last year, according to news releases from Sens. John Hoeven, R-N.D., and Heidi Heitkamp, D-N.D.

The proposed bill would delay the rate hikes for four years, giving FEMA, which administers the National Flood Insurance Program, time to complete an affordability study to "evaluate what the rate hikes should be and how they should be managed," said Don Canton, a spokesman for Hoeven.

The bill also would make sure homeowners with "flood-proofed," or reinforced, basements, would continue to receive some kind of federal credit when flood insurance rates are being determined.

Fargo City Administrator Pat Zavoral said the city has been working with congressional delegation staff the past week to finalize the bill's language, especially when it comes to protecting the Fargo's basement exception.

"If it's passed, it's great news," Zavoral said. "It gives us a little breathing room in terms of when we have to have everything in place for the permanent, certified protection."

Canton said it is unknown when the Senate may vote on the bill.

A year ago, Congress passed the Biggert-Waters Flood Insurance Reform Act of 2012, which would phase in, over the next few years, higher flood insurance rates to bring subsidized policies up to actuarial rates that match the policy owner's risk.

The overhaul was intended to make financially solvent the National Flood Insurance Program, which is about \$25 billion in debt, according to a report from the McClatchy Washington Bureau.

But paired with FEMA's remapping of flood zones expected by next summer, the overhaul had the potential to severely increase flood insurance rates for many homeowners nationwide.

"While I want to see the National Flood Insurance Program on a fiscally sustainable path through insurance costs better aligned with flood risk, it has become clear there are going to be unintended consequences," Rep. Kevin Cramer, R-N.D., said in a news release.

Fargo officials have long been concerned that the overhaul would harshly affect homeowners in the floodplain who have been grandfathered in with lower rates. They include the 600 or so homeowners in Fargo who have flood-proofed their basements in exchange for heavily subsidized rates.

The average flood insurance policy in Fargo could jump from \$400 a year to \$10,000 or \$12,000, local officials have said.

Part of the new federal legislation includes the Hoeven-Heitkamp Flood Safe Basements Act, which would ensure that homeowners receive credit for flood-proofing basements when flood insurance rates are being determined, according to a joint news release from the senators.

That portion of the bill protects North Dakotans who have "proactively flood-proofed their basements," Heitkamp said. There are 54 communities nationwide – 14 in North Dakota – that have FEMA basement exceptions.

"The bill makes sure these homeowners won't see their flood insurance rates spike to unaffordable levels when they have already gone above and beyond to mitigate their flood risk," Heitkamp said.

"We need to make certain that we have affordable flood insurance that works for our communities," Hoeven said.

Cramer said the delegation will continue to work with FEMA to "develop a better framework on affordable implementation of flood insurance reforms."

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