H.R. 3370 – Homeowner Flood Insurance Affordability Act, as amended (Rep. Grimm – Financial Services) – This bill seeks to address the affordability to consumers of flood insurance premium increases that followed the implementation of the 2012 Biggert-Waters law. The measure would limit yearly premium increases to an average increase of 15% per year, and provide that, in reaching that average, no individual policy holder would pay a premium increase of greater than 18% per year. The bill contains a provision that reinstates the flood insurance program's grandfathering provision – meaning homes that complied with previous FEMA flood maps would not be hit with large increases when new maps, showing larger flood risks, are implemented by the agency. To help pay for the changes made to the 2012 Biggert-Waters law, the bill would authorize a $25 surcharge on residential policies, and a $250 surcharge on premiums for non-residential properties. OPPOSED BY: The Association of State Floodplain Managers, American Rivers, National Wildlife Federation, Natural Resources Defense Council, Taxpayers for Common Sense, R Street, and the National Association of Mutual Insurance Companies. SUPPORTED BY: Independent Insurance Agents and Brokers of America, American Bankers Association and American Bankers Insurance Association, the National Association of Realtors, the National Association of Home Builders and the Coalition for Sustainable Flood Insurance. – 15 minutes

H.R. 3370 contains the following key provisions:

- **Repeal of certain rate increase "triggers,"** ensuring that no policyholder will experience dramatic rate increases from the sale of a home or a lapse in policy. This includes primary homes, small businesses and second homes.

- **Restoration of "grandfathering,"** so those who built properties to code in the past do not have to worry about catastrophic rate increases as a result of remapping. This includes primary homes, small businesses and second homes. This would include Haddad's Restaurant in Marshfield even though the maps have been delayed for a year under the Plymouth County delay.

- **Lowering FEMA's ability to increase rates,** from 20 percent to 15 percent.

- **Refunding excess premium charges** to those who have paid significant rate increases.

- **Completing the affordability study and framework.** The measure provides FEMA the funding necessary to complete the affordability study mandated in the Biggert-Waters Act and requires it to it, along with an affordability framework, to Congress.

In addition, Democratic members of Congress fought to include:

- **Individual property rate increase cap,** providing that most individual rate increases cannot exceed 18 percent. Under FEMA's annual increase authority, the *average* increase is capped at 15 percent. But without this individual cap, policyholders might still have experienced significant rate increases. This only includes primary homes, small businesses and second homes did not get the cap. Their rates continue at the 25% phase-in.

- **Affordability goals for FEMA.** In addition to striving to achieve actuarial soundness in setting premium rates, FEMA is now instructed to minimize the number of policies with annual premiums that exceed one percent of the total coverage provided by the policy.

- **Rate increase protection for newly mapped properties**. This provision requires FEMA to extend premium rate protection to all properties newly mapped into a special flood hazard area for the first year. Upon renewal, these properties can receive average rate increases of 15 percent and no individual policyholder may receive an increase of more than 18 percent. Without this language, there would be no cap on rate increases for properties newly mapped into a special flood hazard area, which often results in the highest rate increases.

- **Mapping protections (Keating amendment),** requiring FEMA to notify communities and Members of Congress of remapping, mandating FEMA work with communities on appropriate data and mapping models.

- **Consumer protection,** which ensures policyholders receive clear information relating to their policy following certain changes in their policies, such as opting for high deductibles or foregoing flood insurance on certain detached structures.

- **Protection of small businesses, non-profits, houses of worship, and residences.** The measure requires FEMA to monitor and report on affordability for small businesses, non-profits, houses of worship, and residences with less than 25 percent area median home value. If FEMA finds detrimental effects on affordability, it must provide Congress recommendations to address these effects.