

President Obama Expected to Sign Flood Insurance Relief Bill

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President Barack Obama plans to sign a bipartisan bill that will reduce some of the [insurance rate hikes](#) property owners are experiencing due to changes in the nation's flood insurance program.

The [U.S. House of Representatives](#) passed the Homeowner Flood Insurance Affordability Act 306-91 on March 6, potentially reversing some of the changes implemented from the [Biggert-Waters Flood Insurance Reform Act](#) of 2012. The Senate followed suit on Thursday, approving the bill 72-22.



The Biggert-Waters was enacted to reduce the [National Flood Insurance Program's](#) estimated \$30 billion debt. The law was designed to remove subsidized rates for thousands of homeowners that live in homes built before the community's first flood maps were issued, known as pre-FIRM properties. The law also required updated flood maps to set new premiums.

Many real estate organizations, property owners and some legislators have been hypercritical of the law, saying some insurance rates are higher than mortgage payments and many of these homeowners have never had a flood on their property.

President Barack Obama plans to sign a bipartisan bill that will bring some relief to property owners dealing with flood insurance rate hikes. (Photo by Liz Segrist)

The new bipartisan bill, which requires Obama's approval, repeals the provision in

Biggert-Waters ([.pdf](#)) that requires homebuyers to pay the full risk rate for pre-FIRM properties at the time of purchase, which made many homes unsellable as they plummeted in value.

The House bill mandates that the insurance policy stays with the property, regardless of the homeowner, [Rep. Mark Sanford](#) said in a statement.

"Basically Biggert-Waters said you couldn't sell a home and maintain the current, or grandfathered, insurance rate, meaning buyers suddenly had to absorb the new full rate, which in many cases was a ten- or fifteen-fold increase," Sanford said.

Subsidized rates will be phased out, but it will happen over time now and not instantly, according to Mappus Insurance Agency.

"Subsidized rates will now, again, be transferable and grandfathering will not be removed," the agency said.

The bill caps the average annual premium increase at 18% a year for homeowners, and at 25% a year for owners of businesses and second homes. Property owners who have had repeated floods or whose second home is in a flood zone will have a 25% increase in their premiums annually until they reach a level that reflects their real risk of flooding.

The bill will refund those homeowners that have had huge rate hikes due to the sale or purchase of a home.

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