INDEPENDENT COMMUNITY BANKERS of AMERICA®

March 13, 2014

The Unites States Senate
Washington, D.C. 20510

Dear Senator:

On behalf of the 7,000 community banks represented by ICBA, I write to express our support for the Homeowner Flood Insurance Affordability Act of 2014 (H.R. 3370), which would provide relief from flood insurance premium "shock" that is depressing home values and freezing the real estate market in certain communities. Importantly, H.R. 3370 will provide this relief while ensuring the actuarial soundness of the National Flood Insurance Program (NFIP). We were very pleased to see H.R. 3370 pass the House by a wide margin (306-91) and with strong bipartisan support. We urge the Senate to support H.R. 3370, as it supported S. 1926, and hope it will quickly pass the Senate and be signed into law.

As a result of amendments to the NFIP by the Biggert-Waters Flood Insurance Act of 2012, certain properties have been, and others will be, subject to skyrocketing premium increases triggered by a new flood map or by a transfer of ownership. This is true even if the properties were built to code under then-current flood maps ("grandfathered properties") and have never experienced a flood. H.R. 3370 will provide permanent grandfathering of insurance rates for residential properties located in areas that have been remapped. In addition, H.R. 3370 will ensure a new flood insurance policy or the transfer of a home to a new owner will not trigger a premium increase. H.R. 3370 will also cap annual rate increases on individual residential properties at 18 percent and cap average annual rate increases on properties of the same classification at 15 percent. H.R. 3370 contains additional provisions to strengthen the NFIP. However, ICBA remains concerned with the impact of higher premiums on commercial properties, which will continue to face rate hikes under the Biggert-Waters Flood Insurance Reform Act of 2012.

ICBA has been working tirelessly to enact needed legislation in Congress to remedy the problems and unintended consequences of the Biggert-Waters Act. If no corrective action is taken, flood insurance rate increases will simply be unaffordable for many middle-class homeowners. Home values will be destroyed and the housing market recovery could be abruptly reversed. Mortgage collateral will be undermined and bank capital eroded, which will depress new lending. Property tax revenues that local governments rely upon to fund schools and other essential services will be sharply curtailed. The impact of rate increases will be seen not only in coastal communities but in any community located near a river. Broad swathes of the country will be impacted. For these reasons, ICBA strongly supports the key reforms in H.R. 3370. H.R. 3370 will prevent these adverse outcomes and put the NFIP on a sound actuarial footing.

We urge all Senators to vote YES on H.R. 3370, with no amendments. Thank you for your consideration.

Sincerely,

/s/

Camden R. Fine
President & CEO

The Nation's Voice for Community Banks.®

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