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## Congress balks at finding a fix for flood insurance premium hikes

By GREG GORDON

McClatchy Washington Bureau December 13, 2013

WASHINGTON -- Amid intense political jockeying and behind-the-scenes finger-pointing, it appears Congress will adjourn for the year without agreeing on action to curb steep hikes in flood insurance premiums for thousands of homeowners now and many more beginning in October.

An attempt Thursday to push a stand-alone bill through the House of Representatives before Christmas, led by GOP Reps. Vern Buchanan of Florida, Bill Cassidy of Louisiana and Jeb Hensarling of Texas, ran aground without reaching the floor when key Democrats balked.

But a large bipartisan group in the House and the Senate is still pushing measures to slow the effects of an overhaul enacted in 2012 aimed at stabilizing and updating the financially insolvent National Flood Insurance Program. The law would do little in the short term, however, to reduce the program's \$24 billion deficit, of which \$16 billion stemmed from the 2005 ravages of Hurricane Katrina.

In June, the House passed a bipartisan measure delaying some of the premium hikes as part of a Homeland Security appropriations bill, but that measure stalled in the Senate.

About 5.5 million Americans own homes in floodplains, and thus are required to buy a federal flood insurance policy covering up to \$250,000 in claims, and rates have been suppressed over the years to encourage property owners to comply. But Katrina and concerns about rising seas forced tougher measures.

The 2012 law's severest premium shocks to hit so far affect people who've bought or sold a home in a floodplain who are already paying the lower insurance rates. The home buyer is required to immediately pay a premium reflecting the actual flood risk, a change that can raise the insurance cost by thousands of dollars and drive down the selling price by tens of thousands of dollars.

This fall, the owners of second homes, commercial properties or properties with multiple flood-related insurance claims began paying increases covering 25 percent of the gap between their artificially low rates and rates reflecting the true risks of buildings in their flood zones.

On Oct. 1, 2014, a portion of the remaining 4.4 million homeowners who live in floodplains will begin to face higher annual premium increases for the next five years until their premiums match the true risk of flooding.

Members of Congress have been hearing howls from property owners since the overhaul took effect.

"Neither Democrats nor Republicans envisioned it would inflict the pain and concern that many Americans are experiencing," Democratic Rep. Maxine Waters of California, one of the law's co-authors, said last month.

For example, the Federal Emergency Management Agency's current maps show as many as 40 percent of the property owners covered by the program are in Florida, including at least 238,000 highly likely to face sharp premium hikes along the Gulf Coast and in Miami-Dade and Broward County.

Read more here: <http://www.sunherald.com/2013/12/13/5193188/congress-balks-at-finding-a-fix.html#storylink=cpy>

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## House won't vote on flood insurance before next year, and efforts to delay

# increases are in limbo



Sen. Mary Landrieu and Rep. Bill Cassidy are both facing strong obstacles in trying to delay flood insurance premium increases.

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WASHINGTON - The latest effort to delay substantial increases in some flood insurance rates was thwarted Thursday when Rep. Bill Cassidy, R-Baton Rouge, pulled his House bill and said no action would take place on it before next year. The move came a day after a similar, but more comprehensive, bill was blocked in the Senate.

The latest moves make handicapping the outcome of efforts to delay large **flood insurance** premium increases more difficult.

Sen. **Mike Crapo**, R-Idaho, top Republican on the Senate Banking Committee, Wednesday blocked an effort by Sen. **Mary Landrieu**, D-La., and others to get a quick vote on legislation that would delay the increases for four years.

In the House, **Cassidy** had been promised a vote this week on a much more limited bill to stop some of the increases through March, 2015 -- six months beyond when the increases are scheduled to start being phased in under the 2012 Biggert-Waters Act. But he said late Thursday that no action on his



bill will take place before Congress breaks for the Christmas/New Year's holiday.

Opposition from lawmakers who said it didn't go far enough may have doomed the bill -- at least for now.

"The fact is that the Cassidy bill does nothing to help those already suffering from skyrocketing flood insurance premiums," said Rep. Maxine Waters, D-Calif., the co-author of the Biggert-Waters bill who has been working to fix its "unintended" consequences. "Worse, it undermines the bipartisan progress we have already made in Congress. Under the Cassidy bill, those who have received notices of rate increases -- and those looking to buy or sell a home -- will receive no relief whatsoever."

Rep. Cedric Richmond, D-New Orleans, the National Association of Realtors and a coalition formed to fight the increases, StopFemaNow, raised strong objections.

The main complaints about the Cassidy bill are that the delay of some rate increases is only through March 2015, only about six months after the increase for grandfathered properties are supposed to begin being phased in. Moreover, the bill doesn't deal with a section of the 2012 flood insurance law that ends subsidies for homes once they are sold -- causing immediate and substantial increases for many properties and making some of them unsellable.

The change, prompted by Biggert-Waters, has already led the assessor in St. Charles Parish to lower property assessments.

Cassidy strongly defended his bill, but admitted no vote will occur this week.

"It's deeply disappointing that the Flood Insurance Relief and Transparency Act was not brought to the floor," Cassidy said. "The bill would have brought relief to millions of people across the country, including 400,000 people in Louisiana. This remains one of my top priorities and I will continue to work with both sides of the aisle to make sure we help those impacted."

The six-month delay in some of the rate increases appear to be as much as Cassidy and other Louisiana House members, including Rep. **Steve Scalise**, R-Jefferson, could get from House GOP leaders, given the reluctance of House Financial Services Committee Chairman **Jeb Hensarling**, R-Tex., to pull back from the Biggert-Waters Act so soon after its enactment in 2012.

But it wasn't enough for many of those who have been working hard to protect their constituents from unaffordable increases in premiums.

"We need to keep working to get the law delayed and ultimately overturned," said Scalise. "Right now there's not enough consensus for a long-term fix."

The issue is also complicated because Republican leaders in the House want to help Cassidy in his effort to unseat Landrieu in the 2014 Senate race and the competing desire of Senate Democratic leaders to help Landrieu win a 4th term. Both parties' leaders want "their" candidate to come out of this with some credit for averting unpopular flood insurance premium increases.

During the Senate debate Wednesday, Democrats referred to Landrieu as the "Paul Revere" of the flood insurance issue, for warning, even before Biggert-Waters was enacted as part of a big omnibus bill, that Congress would very soon have to fix it because of the negative consequences on homeowners. She and every other Louisiana member voted for the bill because it included the Restore Act, which provides that 80 percent of Clean Water Act fines for the 2010 BP oil spill go Louisiana and four other Gulf states -- a provision potentially worth billions of dollars to Louisiana. Even if they voted no, the bill would have passed by overwhelming margins in the House and Senate.

The current partisan divide in the Senate, in which Republicans are using delaying tactics to protest a Democratic decision to take away the filibuster on many presidential judicial and executive nominations, doesn't help Landrieu's efforts.



But she is vowing to try again to make another unanimous consent request for a quick vote on the legislation.

"I am very frustrated that Sen. Crapo is standing in the way of 5.5 million policyholders across the country, including 500,000 in Louisiana, that are waiting for a solution to skyrocketing flood insurance rates," Landrieu said. "The Homeowner Flood Insurance Affordability Act is the solution we need, and will delay the most dangerous rate increases under Biggert-Waters. Our growing coalition of bipartisan, bicameral members of Congress from across the country, business groups and local leaders understand the importance of this legislation, and we will do everything we can to pass it."

Landrieu said the Senate bill, sponsored by Sen. **Robert Menendez**, D-N.J., just gained four new co-sponsors -- three Democrats and a Republican -- bringing the total to 27.

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### **Changes in Flood Insurance Requirements That Could Affect You**

*Monthly payments may increase, new flood zone maps may include your home or business*

#### **Flood insurance premiums are expected to rise.**

A new law intended to strengthen the National Flood Insurance Program (NFIP) makes several changes to the way flood insurance premiums are calculated. These changes may increase your monthly mortgage payment. Contact your lender to find out if these changes will affect you.

- The law, known as the Biggert-Waters Flood Insurance Act, phases in increased flood insurance rates for homes in flood zones. Premiums have the potential to increase by 25 percent per year, for the next four years until the full-risk rates are reached.
- You may not realize that the flood insurance rates you are currently paying may be discounted by the government. The law phases out the government's support for flood insurance policies – except for those protecting primary residences. You will no longer receive discounts for second homes and commercial buildings.
- It eliminates grandfathering. In the past, many buildings were allowed to keep their original flood-risk rating even if the zone designation was changed in a later flood zone map. Beginning in 2014, **all** buildings will be rated using the latest maps.

#### **Certain events will cause an immediate increase in flood insurance premiums.**

The loss of subsidies and grandfathered status will be phased out over a four or five-year period. However, your rates will immediately increase to full-risk rates if you allow a flood insurance policy to lapse. If you buy a property in a flood zone you will pay full-risk rates immediately.

#### **Flood zone maps are changing throughout the country. Even if you don't have to have flood insurance now, you may be required to have it under the new maps.**

That means buildings might now be in a flood zone that weren't before, or they may now be in a higher-risk zone. The Federal Emergency Management Agency (FEMA) is updating maps throughout the country to reflect current flood risk. To see if your home's flood zone may change, visit [http://www.floodsmart.gov/floodsmart/pages/flooding\\_flood\\_risks/map\\_update\\_schedule.jsp](http://www.floodsmart.gov/floodsmart/pages/flooding_flood_risks/map_update_schedule.jsp).

#### **Tips to reduce your risk and save money:**

- Renew your flood insurance policy on time each year. Allowing a policy to lapse could be costly.
- FEMA offers three programs that may be able to help:
  - ⊙FEMA provides hazard mitigation grants. Learn more at <http://www.fema.gov/application-development-process/hazard-mitigation-grant-programs-frequently-ask-questions#3>.
  - ⊙Your community may participate in the Community Rating System (CRS), which offers premium discounts. To find out more, visit <http://www.fema.gov/national-flood-insurance-program/community-rating-system>.
  - ⊙Current NFIP policy holders whose property has been damaged from a flood may qualify for Increased Cost of Compliance insurance coverage. To find out more, visit <http://www.floodsmart.gov/floodsmart/pages/faqs/what-is-increased-cost-of-compliance-coverage.jsp>.

To learn more about NFIP visit their website at [floodsmart.gov](http://www.floodsmart.gov). Contact your insurance agent for more information on how Biggert-Waters may affect your premium.

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