



Homeowner Flood Insurance Transparency and Protection Act

The National Flood Insurance Program pricing overhaul by FEMA, called “Risk Rating 2.0” (RR2.0), is scheduled to go into effect nationwide on April 1, 2022, despite serious bipartisan concerns over how RR2.0 has been constructed, analyzed, and presented to the public. Without the benefits of notice and comment, an established policyholder premium appeals method, economic impact analysis, independent peer review, updated environmental impact statement, or assurance of data reliability, FEMA is charging ahead with an untested scheme to expand agency powers and hike flood insurance costs for almost 80 percent of existing policyholders. All during a time of historic consumer inflation, high housing costs, and skyrocketing energy costs.

The *Homeowner Flood Insurance Transparency and Protection Act* ensures that NFIP policyholders, if it is advantageous to them, can elect to retain their previously available premium rates until FEMA satisfies basic analysis and disclosure requirements to transparently justify RR2.0.

Section-by-section:

Section 1, Short Title:

- *Homeowner Flood Insurance Transparency and Protection Act*

Section 2, Chargeable Premium Rates:

FEMA is required to:

- Make the new RR2.0 chargeable premium rates optional vs. mandated, giving policyholders the option to request the legacy (or lower) premium calculation approach until FEMA justifies its program overhaul by satisfying all requirements
- Inform policyholders of their legally available premium options
- Make available to the public and demonstrate all data, methods, and assumptions used to establish chargeable premium rates under RR2.0
- Fully disclose the actual, unhidden RR2.0 costs to individual NFIP policyholders by providing two expressions of the new FEMA approach for their home or other property: (a) their total full-risk actuarial premium as unconstrained by the annual (temporary) premium increase cap set by federal law (not currently available from FEMA); and (b) the upcoming 12-month chargeable premium rates that are lowered (temporarily) by federal law
- Complete and publish a comprehensive assessment of the broad economic and social impacts of implementing RR2.0 over a 20-year period, accounting for affordability and availability of NFIP flood insurance, property values, and non-federal government revenues otherwise used to support local services (e.g., public education, first responders, public works, and parks and recreation)



- Supplement and revise, as appropriate, the 2018 (pre-RR2.0) Record of Decision for the final Nationwide Programmatic Environmental Impact Statement associated with impacts from RR2.0-related modifications to the NFIP
- Demonstrate that the chargeable premiums under RR2.0 are based on data and methods of sufficient quality, objectivity, utility, and integrity so as to be reliable under government-wide OMB guidance used to implement the Federal Information Quality Act
- Conduct a public notice and comment rulemaking consistent with the Federal Administrative Procedure Act, which would also include a fair, transparent, and streamlined process to manage policyholder disputes over chargeable premium rates and other factors under the new overhauled RR2.0 approach
- Publish the distribution of chargeable premium rates by county to permit assessment of the economic and social impacts of RR2.0
- Submit a report to Congress detailing the findings and outcomes of having completed the preceding disclosure, economic and environmental analysis, data quality assurance, public notice and comment, and cost distribution requirements

Conclusion:

FEMA is acting with complete and astonishing disregard for the rights of individual citizens to understand and, if necessary, challenge their government. Policyholders from coast-to-coast have the right to understand the data and processes used by FEMA to calculate the estimated flood risk and government-issued insurance costs for their homes or commercial properties. It is unconscionable that the technical underpinnings and real-world costs and benefits of RR2.0 are being concealed by the government. Allowing for full transparency, data reliability, policyholder appeals, and public participation on the government-run NFIP is not only consistent with federal laws, but also increases the chance for successful outcomes. RR2.0 is not exempt from these realities. Doing otherwise risks public mistrust, swift declines in residential and commercial property values, failure to accurately communicate flood risk, and further harm at the expense of the policyholder.

NFIP policyholders should be provided the option to select the legacy approach or the new RR2.0 approach, depending on their individual circumstances, until FEMA provides the necessary information that is fundamental to assessing and communicating flood risk, and to pricing it appropriately. Policyholders and policymakers should be confident in FEMA assessments before the implementation of this new, unfamiliar, and untested flood insurance rating system that threatens financial and regulatory devastation in coastal and riverine America—areas that host more than half of the nation’s population and GDP.