



## Biggert-Waters Act of 2012: Changes on the Horizon?

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# Cuts to Appropriations

**H.R. 3547 Consolidated Appropriations Act of 2014** (*aka the Spending Bill – signed into law Jan. 17, 2014*)

- SEC. 572. **None of the funds** made available in this Act **may be used to implement, carry out, administer, or enforce section 1308(h)** of the National Flood Insurance Act of 1968 (42 U.S.C.4015(h)). [p.238 of the Bill]
  - §1308(h) deals with the new rates impacted by BW-12
- However if this funding is not used to implement these provisions of BW-12, then this legislation will have no impact on the new changes.

# Meanwhile...

- Tons of proposals to reform BW-12 introduced into Congress
- Senate passes a bill late January, House of Representatives yet to vote.
- In other words, this is getting a lot of attention in Congress but that does not mean any of the measures will pass.

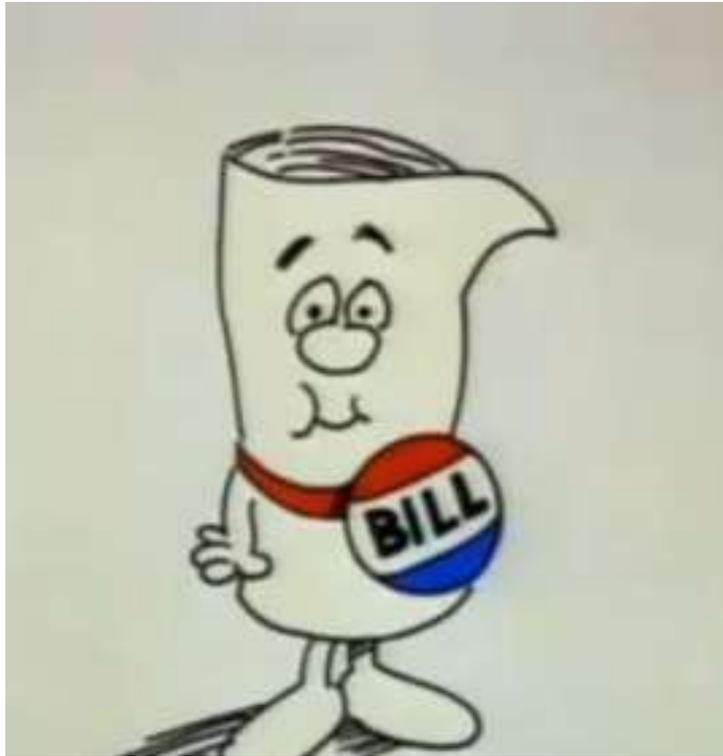
# Homeowner Flood Insurance Affordability Act of 2014 (S. 1926)

- Passed Senate Jan. 30, 2014
- Sen. Menendez (NJ)
  - Co sponsors: Landrieu (LA), Vitter (LA), Isakson (GA)
- Delays implementation of BW-12 for 4 years by tying changes to completion of the affordability study
- Affordability Framework –
  - Includes consideration for communicating risk to property owners, targeted financial assistance to policyholders, and individual & community actions to mitigate flood risk (CRS actions would fall into this category)

# Status of Bill

- **Senate passed bill Jan. 30, 2014.**
  - Lots of bi-partisan support in Senate
- **House of Representatives** to vote on bill
  - Originally scheduled for today but has been postponed until next week.
  - **Postponed because a vote today would require 2/3 votes to approve, concerns that the votes weren't there.**
- **Ultimately** any bill must be agreed upon by both Senate and House and then signed by President before it becomes law.

# Legislative Process



- Still many steps to go before any of these proposals would become a law.
- Visit [Congress.gov](http://Congress.gov) for more info on the legislative process.

# Other Reform Options

- Since the introduction of these BW12 reform proposals, a few other things have happened.
  - Mississippi sues FEMA (Sept. 2013)
  - Massachusetts takes on state level legislation

# Mississippi sues FEMA

- **Goal:** Stop rate increases from taking effect
- **Argument:** FEMA failed to conduct affordability studies mandated by BW-12 before implementing rate changes
- **Issue:** Whether FEMA must finish studies before phasing out subsidies
- **Others Join:** Florida, Alabama, Massachusetts, South Carolina, Louisiana, a local Mississippi county, and the Mississippi Windstorm Underwriting Association

# Status of Lawsuit

- Currently pending in federal court in Mississippi
- Had hearings late 2013 on motions to dismiss case
- Ruling on whether or not case can go forward is expected any day now.
- Does it matter in light of Spending Bill delay?
  - Yes because the Spending Bill only kicked the can to September and didn't address affordability study issue.
- But passage of new reform law by Congress would likely make the lawsuit moot.

# Massachusetts Approach

- State-level legislation proposed (ie only applies to Massachusetts)
- Limits amount of flood insurance coverage required by banks to the mortgage value, rather than replacement value
- Also stops banks from requiring:
  - Coverage for contents of home
  - Deductibles less than \$5,000



# Thank you!

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