

# United States Senate

WASHINGTON, DC 20510

March 15, 2013

The Honorable William Craig Fugate  
Administrator  
Federal Emergency Management Agency  
500 C Street SW  
Washington, DC 20472

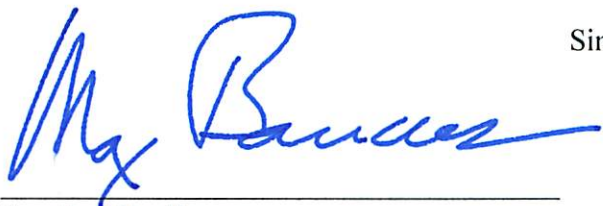
Dear Administrator Fugate:

We write today regarding Federal Emergency Management Agency (FEMA) action on premium fees for the National Flood Insurance Program (NFIP). Over the years this program has provided important protection for homeowners across the country. We understand the financial challenges that the program has endured with an increase in claims due to multiple national disasters in recent years.

The Biggert-Waters Flood Insurance Reform Act (Public Law 112-141), signed into law by President Obama on July 6, 2012, includes provisions that increase the premium rates for NFIP coverage for certain policyholders. With the phase-in of these actuarial risk-based premium rates, it is anticipated that many homeowners will see an increase in their premiums of 20 to 25 percent over each of the next four to five years. These steep increases will place a great burden on the budgets of many hardworking and low-income homeowners who are required to purchase NFIP coverage. In addition, many of these residents were impacted by recent severe natural disasters and flooding including Superstorm Sandy, Hurricane Isaac, and floods in the Midwest and Missouri River headwaters in 2011, and higher insurance costs will only exacerbate their suffering.

As you know, the legislation signed into law last summer requires FEMA to conduct a study and issue a report by April 6, 2013, on ways to encourage participation in the NFIP and to educate consumers on the program and flood risks associated with their property. FEMA is also required to study the affordability of NFIP premiums and effects of increased premiums on low-income homeowners, and ways to increase affordability through targeted assistance. We ask that FEMA release this report as soon as possible. As increased premiums will have a significant effect on low-income homeowners and the law gives FEMA some flexibility on implementing those premiums, we also urge FEMA to refrain from noticing any increases in premium rates until this report has been released and Congress and the public are given time to study it. Thank you again for your attention to this matter and we look forward to continuing to work with you to strengthen this important program.

Sincerely,



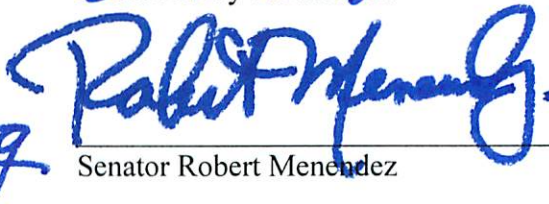
Senator Max Baucus



Senator Mary L. Landrieu



Senator Frank R. Lautenberg



Senator Robert Menendez