

Congress of the United States
House of Representatives
Washington, DC 20515-1806

September 14, 2021

The Honorable Deanne Criswell
Administrator
Federal Emergency Management Agency
500 C Street SW
Washington, D.C. 20024

Dear Administrator Criswell:

As Louisianans struggle to put their lives and communities back together after Hurricane Ida, the last thing they need to see is an increase in the rates they are charged to keep their National Flood Insurance Program (NFIP) policy. Unfortunately, that's precisely what is on the horizon: when Phase I of Risk Rating 2.0 begins on October 1, new NFIP policies will be subject to a new set of rates, with the rate changes taking full effect for all remaining policies on April 1, 2022.

In numerous hearings, calls, letters, and briefings, FEMA has assured Members of Congress that Risk Rating 2.0 will not result in astronomical rate increases for our constituents. These claims already seemed inconsistent with FEMA's own documents¹, which show that 80% of policyholders in Louisiana will see an increase under Risk Rating 2.0. FEMA's actuaries have been quick to qualify, pointing to data that shows that most Louisiana policyholders will see increases between \$0 and \$120 per year (although, notably, none of the data shows an average length of time that policyholders should expect to bear these increases.) FEMA argues that not only will these increases stop once a property has gotten to its "actuarial rate", but these increases are also still subject to the Congressionally-mandated 18 percent rate cap. It is worth pointing out that sky-high premiums don't suddenly become *more* affordable just because you march toward it "slowly" at less than 18 percent per year.

Although FEMA has refused to disclose what the average policy premium will be in Louisiana once Risk Rating 2.0 has fully taken effect, we recently got a glimpse behind the curtain. A policyholder in Larose, LA was quoted \$572 for a new policy set to take effect on September 30, 2021. When they corrected their effective date to October 8 due to the standard 30-day waiting period, their new annual premium was quoted at \$5,531 – an 867 percent increase.

Under the maximum allowable rate cap and starting at today's rate, this policyholder would have seen consistent premium increases for 14 years before they hit their "actuarial rate." Even if you adjust the math to allow for the "average" annual NFIP rate increase of 7 percent per year, this homeowner would have expected to see yearly increases beyond the life of their 30-year mortgage. Of course, it is

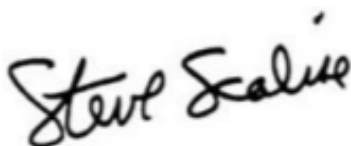
¹ https://www.fema.gov/sites/default/files/documents/fema_louisiana-state-profile_03-2021.pdf

obvious that the rate increases would continue well beyond that, as over the decades, FEMA would adjust the “actuarial rate” for the property for new risk factors and inflation. It is literally a moving target.

FEMA calls this program “Equity in Action”, but in reality, it is anything but. It is not equitable for policyholders in Louisiana to be penalized by higher NFIP premiums because they sit at the bottom of the third-largest watershed in the world, which drains 31 states and two Canadian provinces. Our citizens shouldn’t be charged because of an increase in drainage from other states and Canada. Furthermore, Coastal Louisiana has lost a record 2,000 square miles of coastal lands and wetlands, which have “exposed the state’s coastal areas to the devastating effects of hurricane storm surges.”² The federal government has a share of responsibility here too: the construction of levees in south Louisiana and locks and dams in the upper Mississippi System is blocking the sediment that would otherwise sustain the coastal wetlands. This greater exposure to tropical storm impacts is a result of federal action through the U.S. Army Corps of Engineers, and yet, it is Louisianans who will pay the price.

Once again, we urge you to delay the implementation of Risk Rating 2.0 until such a time that Congress can address the longstanding structural and affordability problems within the program. Louisianians are expecting to see consistent rate increases for decades, and FEMA is not being transparent about it. Folks in Louisiana and elsewhere are rightly concerned that the effect of this policy will be to drive people out of the program and out of their communities.

Sincerely,



Steve Scalise
Member of Congress



Garret Graves
Member of Congress

² <https://www.gao.gov/assets/gao-08-130.pdf>