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The American Consumer Institute
Center for Citizen Research



January 28, 2014

An Open Letter to the U.S. Senate: Support the Toomey Flood Insurance Amendment

Dear Senator,

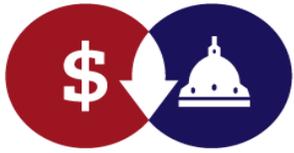
On behalf of the undersigned organizations, we write today in strong support of Senator Toomey's amendment to S. 1926, the so-called "Homeowner Flood Insurance Affordability Act." This important amendment would address concerns about rising flood insurance costs, while maintaining a schedule to phase out all taxpayer subsidies for properties with significant flood risk. Importantly, it includes offsets to address the National Flood Insurance Program's solvency and eliminate any deficit impact. We urge you to support the Toomey amendment in order to preserve the crux of the vital reforms Congress made to the National Flood Insurance Program in the Biggert-Waters Flood Insurance Reform Act of 2012.

The Toomey amendment would address flood insurance affordability in two ways. First, it would phase out taxpayer backing gradually in the event of a sale of a subsidized property. Under current law, such a home sale triggers an immediate move to full risk-based rates. Withdrawing subsidies slowly can help to make that transition easier while still performing the important function of beginning to align cost to homeowners with true risk.

The second important change the Toomey amendment makes is to alter the phase-out schedule for homes that are remapped into higher-risk flood zones to match the schedule for phasing out premium subsidies to second homes, commercial properties and severe repetitive loss properties. This addresses an anomaly in Biggert-Waters that effectively established a faster phase-out for remapped primary homes than for vacation homes and businesses, a result we don't believe Congress intended.

By harmonizing all phase-out schedules at 25 percent over the current premium per year, the Toomey amendment also simplifies the Biggert-Waters process, while affirming its protection to homeowners against large single-year spikes in rates.

This amendment also includes a vital offset to ensure that it does not add any net burdens for taxpayers. By adding a modest surcharge to NFIP policyholders, it would protect taxpayers by keeping the costs of lengthened subsidy phase-outs confined within the program. The Toomey amendment is a reasonable and fiscally responsible way to address flood insurance policy and we strongly urge you to support it.



**COST OF
GOVERNMENT
CENTER**

C O U N C I L F O R



Sincerely,

Andrew Moylan
R Street Institute

Steve Pociask
American Consumer Institute

Brent Gardner
Americans for Prosperity

Grover Norquist
Americans for Tax Reform

Jonathan Bydlak
Coalition to Reduce Spending

Rob Sisson
ConservAmerica

Mattie Duppler
Cost of Government Center

Tom Schatz
Council for Citizens Against Government Waste

Matt Kibbe
FreedomWorks

Seton Motley
Less Government

Duane Parde
National Taxpayers Union

Steve Ellis
Taxpayers for Common Sense

David Williams
Taxpayers Protection Alliance