

Senator Durbin  
Flood Insurance Reauthorization  
Banking Committee  
September 22, 2010 2:00pm

Chairman Dodd, Senator Shelby and Members of the Banking Committee, thank you for this opportunity to testify on the importance of the National Flood Insurance Program.

I would like to limit my testimony to one important issue – FEMA’s flood mapping program. This program is well underway in Illinois and has affected thousands of homeowners and businesses in my state.

### *Metro East*

As you know, FEMA is currently updating outdated floodplain maps across the country. The Metro East St. Louis area was one of the first areas in the country to undergo this floodplain map modernization process. The greater Metro East area is home to 150,000 people and dozens of historic communities, including East St. Louis, where I was born and raised.

In early 2007, FEMA informed the Illinois levee districts in Metro East that their levees were not strong enough to be certified against a 100-year flood event. This lack of accreditation by FEMA means that tens of thousands of homeowners will soon find themselves living in a floodplain. This floodplain designation will also require these property owners to purchase flood insurance.

FEMA originally decided to update flood maps on the Illinois side of the river only. The Missouri side of the river was not scheduled to undergo the new mapping process until well after the Illinois side was completed.

### *Mapping on a Watershed Basis*

With your help, language was included in the Fiscal Year 2009 Continuing Appropriations bill that aligned the mapping process for both sides of the Mississippi river.

As the Committee develops its bill to reauthorize reform the flood insurance program, I would encourage you to consider directing FEMA to undertake its mapping process on a watershed basis. Floodwaters do not stop at county or state lines and FEMA should recognize this by mapping watershed by watershed.

### *Mandatory Flood Insurance*

Floodplain designations by FEMA will require homeowners to purchase flood insurance. In Metro East Illinois, up to 30,000 new properties will be affected by this requirement. These individuals have lived in the same location for many years outside of a floodplain.

Current law will require most of these homeowners to purchase flood insurance immediately after the new flood maps become effective. This could lead to an additional \$2,500 per year on each mortgage. This sudden spike in costs is especially problematic for many of my constituents in Illinois who have struggled to make ends meet in this economy.

### *Phasing in the New Expense*

The House-passed flood insurance reauthorization bill includes a provision that would delay the mandatory flood insurance purchase requirement for five years in areas like Metro East, where new flood maps are being implemented.

This delay would be followed by a five-year period where insurance rates would be phased in incrementally. This additional time would be especially helpful for places like Metro East St. Louis, where the local community has developed an aggressive plan to upgrade the levees to ensure protection against a 100 year flood event.

The three counties affected in Illinois have imposed a sales tax that will generate \$10 million per year to be used on levee upgrades and improvements. The levee rebuilding project is expected to take five years and ultimately deliver protection to the businesses and homes behind the levees.

I encourage you to include the House-passed provision in your version of a Flood Insurance Reauthorization bill. This provision will give communities time to fully understand the new flood risk shown by these modern flood maps while giving temporary relief to homeowners and businesses.

### *Outreach and Education are Critical*

I would encourage you to delay this mandatory requirement only in special circumstances. Temporarily lifting the flood insurance requirement should only be offered to communities that have done extraordinary outreach to provide flood risk information to residents in these newly mapped floodplains.

Homeowners need to understand they are at risk. Levees do not provide 100 percent protection, and having federally backed flood insurance can help you rebuild your home and protect your mortgage if a disaster strikes. Even though flood insurance may not be required, it is important homeowners living in floodplains protect themselves with insurance.

Unfortunately, even though flood insurance is required for everyone with a federally backed mortgage, compliance rates are very low in the Midwest. Recent research has shown only 20 percent of properties in a 100-year flood plain in the Midwest carry national flood insurance policies.

Something needs to be done encourage these homeowners to protect themselves. Extensive outreach combined with offering flood insurance at preferred risk rates or lower may incentivize more people to carry flood insurance than even mandating the purchase itself.

Senator Wicker has suggested offering long-term flood insurance policies to increase compliance rates. This is an idea advocated for by many academics and I encourage you to give that proposal consideration too.

### Conclusion

In summary, as you craft your Committee's version of flood insurance legislation, I encourage you to include language to achieve the following goals:

- Ensure FEMA updates flood maps on a watershed basis;
- Delay the effective date for the mandatory purchase of flood insurance for areas that have been newly mapped into a floodplain;
- Phase-in flood insurance rates for newly mapped areas over five years.
- Require FEMA, state and local governments to undertake extraordinary outreach to homeowners to make sure they understand their risk and the consequences of not carrying flood insurance; and
- Offer deeply discounted rates to newly mapped properties to increase the number of homeowners carrying flood insurance.

Thank you for the opportunity to address this Committee about this important issue.