

President signs bill approving flood insurance rollbacks

Ted Sherman/The Star-Ledger By **Ted Sherman/The Star-Ledger**

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President Obama signed legislation today, fast tracked by Congress last week, that rolls back scheduled increases in federal flood insurance.

The new law caps annual rate increases and repeals provisions eliminating flood insurance subsidies on existing properties for home buyers at the time of sale.

U.S. Sen. Robert Menendez (D-N.J.), one of the sponsors of the legislation, called it a tremendous victory for thousands of New Jersey homeowners who were facing skyrocketing flood insurance costs. He said the planned increases, due to take effect next year, would have further threatened the state's recovery from Hurricane Sandy and jeopardized the financial security of thousands of residents.

Congress took up the issue after Hurricane Sandy, as homeowners began raising concerns over mandated changes in the National Flood Insurance Program implemented in 2012 meant to make the program more financially stable.

Those reforms under the Biggert-Waters Act, which had passed with overwhelming bipartisan support, had called for rates reflecting the true cost of flood risk. But the new rules led to big premium increases for policyholders who complained they end of the subsidies would force them from their homes.

Under the bill signed by the president today, annual rate increases in flood insurance will be capped at an average of 15 percent, with a maximum of 18 percent for primary homeowners. Secondary homeowners can still see their premiums rise by 25 percent a year.

In New Jersey, 243,649 homeowners are now covered by federally subsidized flood insurance, according to the National Flood Insurance Program, with the vast bulk of those policies in Ocean, Atlantic and Cape May counties.