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National Flood Insurance Program – Challenges and Solutions

The community of southern Louisiana supports a sustainable, fiscally responsible National Flood Insurance Program that protects the businesses and homeowners who built according to code and have followed all applicable laws. However, changes made to the NFIP in the Biggert-Waters Act of 2012 threaten to harm the very citizens the program was designed to protect.

Current Challenges

Two major issues affecting the price of flood insurance are causing grave concern to particular areas in South Louisiana and in coastal and riverine areas across the country:

1) Phase-Out of Grandfathering and Subsidized Rates – The Biggert-Waters Act of 2012, which reauthorized and made substantive changes to the National Flood Insurance Program (NFIP), phases out grandfathering. That is, properties that were built in accordance with all FEMA required elevations and applicable codes at that time may now be considered out of compliance, through no fault of their own, due to new flood mapping. For example, a homeowner who built at the proper FEMA required elevation has found out their flood insurance will increase from \$600 to \$28,000 per year – effectively making their home uninsurable, and worthless on the market.

2) “All or Nothing” Protection – New FEMA maps, which outline base flood elevation changes, do not currently recognize protection offered by unaccredited (less than 100 year protection) levees, or other elements (e.g., pumps) at all. For example, if a levee only offers 50-year protection, the property protected by this levee is considered as having no protection.

[GNO, Inc. overview presentation on NFIP issues](#)

Potential Impacts

Home values go to zero; homeowners lose everything

Property assessments go to zero; parishes lose tax revenue

Bank mortgages go into default; banks are left with worthless assets

The NFIP program, itself, goes into a “death spiral” as people leave the program

The communities and economies of southeast Louisiana – and all of coastal and riverine America – will be made unviable

Possible Solutions

Congress can amend the Biggert-Waters Act:

To reinstate grandfathering of properties (not policies) that were built to code, have maintained insurance, have not repeatedly flooded, etc.

To reflect an economically reasonable and slower increase in rates to actuarial rates

FEMA can work with local stakeholders to continue to develop and refine maps to accurately reflect flood risk in each affected community by taking into account nonaccredited levees and other features that afford flood

protection

NFIP in the Media

This initiative has garnered significant attention locally and nationally. In response to this, several media outlets have reported on the issue. Please download the document below for a recap of the coverage.

[NFIP media packet](#)

Updates from GNO, Inc.

[GNO, Inc. Announces NFIP and FEMA Action Plan](#)

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GNO, Inc. Announces NFIP and FEMA Action Plan

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NEW ORLEANS, La. (05/17/2013)— Today, Greater New Orleans, Inc. (GNO, Inc.) announced an action plan to propose solutions to problems produced by recent changes to the National Flood Insurance Program (NFIP) and Federal Emergency Management Agency (FEMA) preliminary flood maps. This is an outcome of a recent trip to Washington, D.C. of fourteen parish leaders which was led by GNO, Inc. The trip to Washington led to the introduction of an amendment to delay the implementation of the Biggert-Waters Act, which is responsible for the changes to the NFIP, and also to the formation of a Congressional Caucus dedicated to resolving these issues. The action plan includes working with the Louisiana Congressional delegation to introduce legislation that corrects the problems created by the Biggert-Waters Act. Further, GNO, Inc. and partners are working with FEMA to develop more accurate flood maps. Additionally, the group is reaching out to other affected coastal and riverine areas across the country to educate them on the devastating consequences of this legislation and to form a national coalition to lobby Congress to amend the Biggert-Waters Act. Communities in Florida, New York, Alabama, Mississippi, and Texas have already been contacted on this issue.

Since the trip last week, Senator Mary Landrieu and Senator David Vitter offered an amendment that would delay implementation of the Biggert-Waters Act for five years. Although the amendment was defeated, the group of business and parish leaders is working closely with the Louisiana Congressional delegation to amend and or delay implementation of the Biggert-Waters Act.

Additionally, Congressman Bill Cassidy announced earlier today the formation of the Congressional Home Protection Caucus, which he will co-chair with Congressman Cedric Richmond and Senator David Vitter. The Congressional Home Protection Caucus is designed to be a platform to engage FEMA and NFIP in its rulemaking process and ensure the agency is working with locals in establishing accurate Flood Insurance Rate Maps. Congressman Steve Scalise and Congressman Rodney Alexander are also members of the caucus.

Also, Representative Maxine Waters, co-author of the Biggert-Waters Act, said last week that it was not the intent of Congress to impose the types of punitive and unaffordable flood insurance premiums that South Louisiana residents are facing, and that she intends to work with Congress and the Obama Administration to correct the problem.

“The people and businesses of South Louisiana support a sustainable, fiscally responsible National Flood Insurance Program that protects the businesses and homeowners who built according to code and have followed

all applicable laws," said Michael Hecht, President and CEO of GNO, Inc. "However, changes made to the NFIP in the Biggert-Waters Act of 2012 threaten to harm the very citizens the program was designed to protect. We are thankful and appreciative of the work of our Louisiana Congressional delegation to address this issue and look forward to a successful resolution."

"Many years ago the ancestors in our community were forced out of Nova Scotia and eventually settled in South Louisiana and parts of Terrebonne Parish," said Michel Claudet, Terrebonne Parish President. "Unfortunately, our federal government is now doing the same thing to their descendants, the Native American people, and the hard-working people who live in South Louisiana by the implementation of the Biggert-Waters Act. This act as presently written will decimate all of our South Louisiana communities."

"The efforts of our residents and others around the state and on the east coast, coupled with the fly-in, have opened many eyes to the reality of this situation," said St. Charles Parish President V.J. St. Pierre. "I want to thank anyone who has worked on this issue – members of the public especially – and encourage your continued support and action. I will continue to be committed to working with our regional partners to restore grandfathering provisions and reduce flood insurance costs for local residents and businesses."

"Senator Toomey's action blocking a vote to amend Biggert-Waters is a minor setback, suggesting that politics is more important than people," said Natalie Robottom, St. John the Baptist Parish President. "We disagree and our efforts will not be detoured. The NFIP rate increases will destroy coastal Louisiana, coastal states and all other areas with the potential to flood. We cannot sit back and allow this to happen."

"The unintended consequences of Biggert – Waters 2012, if not amended both administratively and through the legislative process, will have a more devastating impact on coastal communities in Louisiana and throughout the United States than all of the storms and hurricanes we have endured since Hurricane Katrina," said Jefferson Parish President John Young. "We will continue our commitment to ensure our residents have available to them what is fair and reasonable."

"As this united effort gains momentum, we learn of more and more people from throughout the country objecting to the current provisions of the Biggert-Waters Act," said Charlotte Randolph, Lafourche Parish President. "It is important to note that the unintended consequences will impact residents along rivers and streams, as well as those in coastal communities. We must insist that Congress consider balancing the budget with better monitoring of all federal programs, not targeting those who have adhered to the NFIP guidelines."

"The Biggert-Waters Act has the potential to not only burden families with huge flood insurance bills, but it will wreak havoc on the recovering economy," said Pat Brister, St. Tammany Parish President. "The cost to families will be crippling and the long-term impact will be felt in homes, banks and real estate agencies around the country. The delegation that went to Washington, DC will not stop in their efforts to change the manner in which the National Flood Insurance Program is administered. We will continue to speak loudly and in unison in order to be heard in Washington."

"The outcome of the proposed amendment is disappointing after strong efforts were made by Senators Mary Landrieu and David Vitter," said St. James Parish President Timmy Roussel. "We must continue to take a stand to ensure south Louisiana is treated fairly. We cannot fault anyone for taking proactive steps to shield their families and homes from danger. Although it may be an uphill battle, we will continue the fight alongside our allies to gain protection for our parishes."

On May 7-8, GNO, Inc. organized and led a delegation of over 20 parish leaders from across south Louisiana, including eight parish presidents, for a trip to Washington, D.C. to discuss the Biggert-Waters Act of 2012 and new FEMA flood maps and their impacts. The group met with the Louisiana Congressional delegation, Federal Emergency Management Agency (FEMA), officials from the National Flood Insurance Program (NFIP), and members of the House Financial Services Committee.

The Biggert-Waters Act of 2012, which reauthorized and made substantive changes to the National Flood Insurance Program (NFIP), phases out grandfathering and subsidized flood insurance rates. This phase out of grandfathering will result in properties that were legally built according to all applicable codes at that time now being considered out of compliance. Additionally, new FEMA flood maps, which outline base flood elevation changes, do not recognize protection offered by non-accredited levees when calculating actuarial rates. The combined effects of these policies could be drastic and devastating if Congress and FEMA do not act.

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