

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

January 8, 2014

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G St., NW
Washington, DC 20548

Dear Mr. Dodaro:

In July 2012, Congress passed the Biggert-Waters Flood Insurance Reform Act (Biggert-Waters Act), which instituted a number of changes to the National Flood Insurance Program (NFIP). While many of these changes can help increase the financial soundness of the program, some are also creating difficult circumstances for many property owners. For example, homeowners across the nation are being informed of annual rate increases of several thousand dollars or more, which are beyond their ability to pay and have led to significant reductions to their home's value. In addition, the Federal Emergency Management Agency (FEMA) has not yet completed a number of important actions required under the Biggert-Waters Act, including reports designed to help Congress determine the best course of action for NFIP. Therefore, we are requesting that GAO gather the information and conduct the analyses necessary to answer the following questions listed in order of priority. We are open to multiple studies to address this request.

- 1) **What is the status of FEMA's implementation of the changes required by the Biggert-Waters Act?** At a minimum, this should also include an update on requirements such as:
 - the implementation of required processes;
 - the implementation of changes to rate setting and other methodologies; and
 - the completion of required studies.

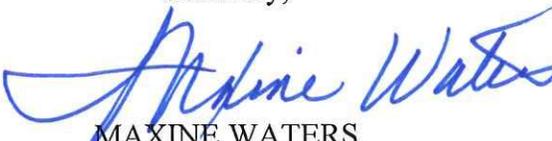
- 2) **How has FEMA's rate setting process changed in response to the Biggert-Waters Act?** Specifically,
 - What factors does NFIP now consider when determining premium rates, including how they account for mitigation efforts, flood control structures, and mapping changes?
 - How has FEMA's process for determining full-risk premium rates changed and how does it compare to processes used by private insurers for similar lines of insurance?

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- To what extent has FEMA addressed the recommended changes to its rate setting process that were identified in GAO's October 2008 report, "Flood Insurance: FEMA's Rate-Setting Process Warrants Attention (GAO-09-12)?"
- 3) **What options exist for identifying property owners experiencing difficulty with premium rate increases under the Biggert-Waters Act and addressing their affordability issues?** Specifically,
- What are the benefits and challenges associated with different options?
 - What would be required to implement the different options?
 - What is known about how many policyholders might merit assistance in paying NFIP premiums, and the costs of providing such assistance?
- 4) **To what extent are payments to Write-Your-Own (WYO) insurers based on the actual expenses incurred by those insurers?** Specifically,
- To what extent has FEMA revised its WYO compensation practices to address concerns identified in prior GAO reports?
 - How does FEMA's compensation of WYO insurers compare to insurers' actual expenses, as well as NFIP claim payments, for the years since the GAO's 2009 report?
 - What options does FEMA have for obtaining actual expense information from WYO insurers, and what are the benefits and challenges of those options?

Thank you for your consideration, and we look forward to your response.

Sincerely,


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Ranking Member