



For Immediate Release

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Mississippi Insurance Department Sues Federal Government to Stop Flood Program Rate Increases

Jackson - Mississippi Insurance Commissioner Mike Chaney announced today that the Mississippi Insurance Department has filed suit to try and stop the draconian rate increases proposed for the National Flood Insurance Program.

The suit was filed Thursday in Federal District Court on Mississippi's Gulf Coast, where rate increases threaten to bankrupt many Mississippi homeowners.

"Congress passed the Biggert-Waters act of 2012 and severe consequences are surfacing," Chaney said. "There is real conflict and reform is needed. Beginning October 1, 2013 some consumers will see rate increases of over 3000%. In granting approval, FEMA used older Base Flood Elevation maps and then in 2009 began to change the Base Flood Elevation Maps and Zones. This resulted in unanticipated rate increases. Today many consumers face loss of their property due to the increases. Many of the new Flood Elevation Maps are riddled with errors and consumers must pay for new elevation certificates to prove they are not in a flood zone."

The proposed rate hikes will affect millions of homeowners, not only in Mississippi, but across the country and are intended to repay the debt from catastrophes being carried by the National Flood Insurance Program and to make rates in the future actuarially sound.

"We've known for a long time that the flood program needed reform," Chaney said. "We know the program is deeply in debt, but it seems grossly unfair to place that burden directly on homeowners who simply followed the rules and did what was asked of them."

Chaney went on to note that The National Flood Insurance program has long been troubled. “Prior to passage of the two 2012 reform bills, Congress had renewed the NFIP numerous times for 30 to 60 days and sometimes let the authorization expire only to be renewed retroactively to comply with other laws,” Chaney said.

Chaney said several areas need to be studied by FEMA before the proposed rate hikes are implemented. “FEMA says they have no discretion in the implementation of the BW-12 act. “Common sense needs to prevail,” Chaney said. “The following things should be considered - accurate elevation maps; a reasonable way for consumers to challenge maps; a reasonable phase in of actuarially sound rates after the studies are completed; voucher programs; enforcement of building codes for new construction; proper land use; the use of reinsurance; choices in deductibles and separate escrow accounts for premiums that Congress cannot raid.”

The lawsuit was filed in Gulfport in the United States District Court for the Southern District of Mississippi.

(A copy of the complaint will be available on the Mississippi Insurance Department website Friday morning.)