

Appropriations Subcommittee – Flood Insurance

Remarks by Senator Robert Menendez

Appropriations Committee – July 23, 2014

Opening – Thanks to Senator Landrieu

First of all, let me start by thanking Senator Landrieu for holding this hearing and for being such a tireless leader on an issue so important to so many.

Since Hurricane Katrina struck her home state of Louisiana, Senator Landrieu has been focused like a laser on disaster assistance issues, and on the ins-and-outs of flood insurance.

As a leader, she has demonstrated time-and-time-again her willingness to work with both sides of the aisle, to reach out and find a way forward when others could not...not because it's easy, but because it's the only way to get things done for the people of her state.

I'm grateful for her leadership, grateful to have worked with her in the past, and I'm grateful to be working with her again today.

The Aftermath of Sandy

Like the people of Louisiana, New Jerseyans suffered a devastating storm.

Superstorm Sandy destroyed homes...destroyed businesses... and destroyed whole communities...

...And just as we were beginning to rebuild, New Jerseyans were hit by another disaster – this time manmade in the form of extraordinary increases in flood insurance premium that threatened to finish the job that Sandy started.

In the weeks and months after Sandy struck, people came to me in tears, saying they were afraid they'd lose their homes. Not from the winds or storm surge – but from skyrocketing insurance premiums they couldn't afford.

I started receiving dozens of letters at first... then hundreds.... then thousands... from people pleading for some relief, for fairness, and for someone to do something to help.

Avoiding a Manmade Disaster

The people of New Jersey spoke from the heart... and something had to be done. That's why I wrote and introduced the Homeowner Flood Insurance Affordability Act to stop the storm-surge of flood insurance rate hikes that would force people from their homes.

With the help of strong advocates like you, Senator Landrieu -- and Senator Isakson -- our bill passed both Houses of Congress with overwhelming bipartisan support, and was signed by the President into law.

Benefits We Can See

Given the unprecedented gridlock in Washington, passing this relief bill with 72 votes in the Senate was nothing short of a miracle and a tremendous victory for homeowners who have been spared from making the difficult choice between paying for flood insurance or paying their mortgage...buying medicine... and putting food on the table.

Conclusion -- A Work in Progress

While homeowners across the country are already seeing relief, for some, that relief has not yet come...

...Unfortunately, I'm still hearing stories of egregious and unreasonable rate hikes in New Jersey.

Take the case of one of my constituents, Claudette, from Highlands, New Jersey. Before Sandy destroyed her house, she had been paying around \$2,500 a year in premiums.

When she began rebuilding, she followed all the rules -- built not just up to code, but above and beyond the required standards... But, despite doing the right thing -- following all the rules -- her premium skyrocketed from \$2,500 to \$34,000. Think about that for a minute... \$34,000 a year for flood insurance... Almost \$350,000 over ten years. This simply does not pass the smell test.

Fortunately, my office worked with FEMA to reduce Claudette's premium to \$7,700, but it is still far too high... And I will continue to work to see that Claudette gets the relief she deserves.

I also heard from Rick from Union Beach, New Jersey – who saw his rates increase 50-fold from \$550 to \$30,000. Rick’s case is similar to Claudette’s. He too rebuilt his house above the required standards – 3 feet above, in fact, but is still being charged prohibitively expensive premiums based on the old, inaccurate maps.

My office is also working with FEMA to fix Rick’s egregious rate increase -- and I hope FEMA will use its administrative discretion to help make this right.

I find it puzzling, after working so hard to pass a law that specifically caps rate increases and encourages FEMA to strive to keep flood insurance affordable, that we are still hearing about outrageous increases that threaten to do more economic damage to families than the storm itself.

It is my goal to make sure we do not have any more Claudettes or Ricks slipping through the cracks... It’s my goal that the manmade disaster of extraordinary increases in flood insurance premiums will not inflict any more harm on New Jersey homeowners -- or on our economy.

Thank you, again, Senator Landrieu, for your leadership and I look forward to continue working with you and the Committee to solve this problem once and for all.