



**FOR IMMEDIATE RELEASE**  
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**Commissioner Donelon Announces Support for Lawsuit to  
Stop Federal Flood Program Rate Increases**

Commissioner of Insurance Jim Donelon has announced that the Louisiana Department of Insurance has filed an amicus curiae, or “friend of the court” brief, in Mississippi’s lawsuit against the federal government to stop oppressive flood insurance rate increases. The legal action addresses the rate changes implemented under the 2012 Biggert-Waters Act which reauthorized the National Flood Insurance Program (NFIP) and mandates substantial increases in premiums for tens of thousands of policyholders in Louisiana.

“The Biggert-Waters Act could have a devastating impact throughout south Louisiana as a result of the draconian premium increases that will make some properties unaffordable and/or worthless,” said Commissioner Donelon. “The changes to the federal flood program will disproportionately affect policyholders along Louisiana’s working coast. Placing the bulk of the flood insurance burden on these hardworking homeowners is not only financially burdensome but unjust.”

In September, the Mississippi Insurance Department filed a lawsuit seeking relief from the changes enacted by Biggert-Waters and asked a federal judge to find that the Federal Emergency Management Agency (FEMA) was obligated to deliver an affordability study to Congress by this past April, and that it failed to do so. The Mississippi suit asks the judge to block rate increases until FEMA has done everything the law requires including an affordability study.

Louisiana’s brief also states that many residents of Louisiana received FEMA grants and other benefits following Hurricanes Katrina and Rita, conditioned in part upon their continued participation in the NFIP. At the time they did so, the NFIP rates were reasonable and were anticipated to remain so. Moreover, those that rebuilt did so in compliance with then-applicable Base Flood Elevations. If flood insurance premiums escalate beyond affordability because of the Biggert-Waters Act, the recipients of such grants and other grants may be subjected to adverse action by FEMA or their lenders over which they have no practical control.

The suit also states that in some circumstances, the new flood insurance rates will result in an unconstitutional taking of property. As stated previously, following Hurricanes Katrina and Rita, many residents and businesses rebuilt their properties to the Base Flood Elevations (BFEs) then in effect. Remapping pursuant to the Biggert-Waters Act has resulted in significant increases to the BFEs and, as a

result, many homes and businesses built at or over the BFEs that were then in effect are now several feet below the new BFE levels.

“This results in properties being subject to drastic increases in flood insurance premiums even though they were built in compliance with the Base Flood Elevations in effect at the time,” Donelon added. “The rates for these grandfathered policyholders are being phased out and will disappear if the homeowner’s policy lapses or the property is sold. Many properties have already begun to lose value and will become challenging, if not impossible, to sell. We feel that the devaluation of homes due to these changes is a de facto taking of people’s property value without due process.”

Louisiana joins Florida, Alabama, South Carolina and Massachusetts in filing amicus briefs in the Mississippi lawsuit.

Louisiana flood policyholders currently pay more than \$360 million in premium to the NFIP, which is the third most premium in the nation, after Florida and Texas. As of September 30, there were approximately 483,000 NFIP policies in force in Louisiana.

[Attached](#) is a copy of Louisiana’s amicus brief in the Mississippi Insurance Department lawsuit.

***About the Louisiana Department of Insurance:*** *The Louisiana Department of Insurance works to improve competition in the state’s insurance market while assisting individuals and businesses with the information and resources they need to be informed consumers of insurance. As a regulator, the LDI enforces the laws that provide a fair and stable marketplace and makes certain that insurers comply with the laws in place to protect policyholders. You can contact the LDI by calling 1-800-259-5300 or visiting [www.lidi.la.gov](http://www.lidi.la.gov).*