

CASUALTY ISSUES

Alert No. 2021-C-3

October 1, 2021

Congress Passes Stopgap Spending Measure; Includes Extension of National Flood Insurance Program

Yesterday Congress passed and President Biden signed [H.R.5305](#) the *Extending Government Funding and Delivering Emergency Assistance Act*, a stopgap spending measure that needed to be enacted by the end of the fiscal year on September 30 in order to avoid a government shutdown. The continuing resolution maintains current federal funding levels through December 3. The measure includes a \$28.6 billion appropriation for disaster aid and authorizes an extension of the National Flood Insurance Program (NFIP) at fiscal year 2021 levels.

In other NFIP related developments, the Federal Emergency Management Agency's (FEMA) new risk rating system, "[Risk Rating 2.0](#)," became effective today. The agency has said the changes to its decades-old methodology, "leverages industry best practices and cutting-edge technology to enable FEMA to deliver rates that are actuarially sound, equitable, easier to understand and better reflect a property's flood risk and will help end an arrangement where rates for lower-priced properties subsidize coverage for higher-value properties." Last week, a bipartisan group of nine senators led by Bob Menendez (D-NJ) and Bill Cassidy (R-LA) submitted a [letter](#) to FEMA, which administers the NFIP, over concerns that 80 percent of policyholders will see premium increases nationwide and as a result about 900,000 policyholders will drop out of the NFIP over the next decade.

For more background on FEMA's Risk Rating 2.0, see the Academy alert [here](#).

If you have any questions regarding this *Academy Alert*, please contact Rob Fischer, Casualty Policy Analyst, (fischer@actuary.org, 202-785-7880).

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