March 4, 2014

H.R. 3370, the Homeowner Flood Insurance Affordability Act of 2014, substitute amendment posted on docs.house.gov/billsthisweek/BILLS-113hr3370v2-SUS.pdf on February 28, 2014. [a]

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015 - 2019	2015 - 2024
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	-10	-75	-50	-25	-5	15	150	0	0	0	-165	0
Estimated Outlays	-10	-75	-50	-25	-5	15	150	0	0	0	-165	0
Memorandum:												
Change in Net Income to the National Flood Insurance Program [b]	10	75	50	25	5	-15	-25	-35	-40	-50	165	0

a. H.R. 3370 would reduce federal flood insurance premium rates for some properties that are sold, were uninsured as of July 2012, or where coverage lapsed as a result of the policyholder no longer being required to maintain coverage. Excess premiums collected on these policies since the beginning of fiscal year 2014 would be refunded to the policyholder. In addition, H.R. 3370 would limit the amount that the National Flood Insurance Program (NFIP) could increase premium rates for individual policyholders (with some exceptions) and for all policyholders within the same risk classification. The legislation also would place an annual surcharge of $250 for all NFIP policies covering non-residential properties or non-primary residences and $25 for all other policies.

CBO estimates that the surcharges collected under the bill would exceed the costs of reduced premiums over the 2015-2019 period, resulting in a decrease in direct spending of $165 million over that time. Over the subsequent five-year period, additional borrowing (made possible by lower borrowing during the first five years), as well as reduced net income to the program, would increase direct spending by $165 million, resulting in no net effect over the 2015-2024 period.

b. The change in net income to the NFIP measures the effect of the legislation without regard to borrowing. CBO estimates that the changes proposed by H.R. 3370 would have no significant effect on net income to the NFIP over the 2015-2024 period. Additional receipts generated by annual surcharges collected on all policies would roughly offset the lesser premium collected from some properties.

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