

## **Congress Passes Short-term Flood Insurance Extension**

Congress has included an extension of the National Flood Insurance Program through May 31, 2012, in a fiscal year 2011 omnibus appropriations package, which awaits the president's signature. To allow the president time to review the expansive appropriations package, which funds several Cabinet departments and agencies, Congress also passed a short-term funding bill that extends the flood insurance program through December 23<sup>rd</sup>.

The House and Senate have struggled to complete a long-term flood insurance program reauthorization and reform package despite early indications agreement was possible. As no long-term agreement has been forthcoming over the past year, it remains to be seen if such an extension is possible in the 112<sup>th</sup> Congress, exposing the flood insurance program to future authorization lapses in 2012.

The House of Representatives has passed major reforms to the National Flood Insurance Program that will significantly increase flood insurance premiums, but will also increase maximum coverage amounts. The Senate Banking Committee has likewise passed significant reform legislation, but has been unable to move this legislation through the full Senate. While there are several points of contention between House and Senate negotiators, a provision in the Senate bill that requires mandatory purchase of flood insurance in "residual risk" areas has emerged as a leading obstacle to reform.

Residual risk areas are lands protected by flood control systems such as levees and dams. Senator Richard Shelby (R-AL), who is the leading Republican on the Senate Banking Committee, is insisting that any flood insurance reform and reauthorization legislation address the failure of property owners in residual risk areas to purchase flood insurance, leading to significant federal disaster recovery costs when flood control system fail.