

**Congress of the United States**  
**Washington, DC 20515**

May 1, 2023

The Honorable Deanne Criswell  
Administrator  
Federal Emergency Management Agency  
500 C Street, S.W.  
Washington, D.C. 20024

Dear Administrator Criswell:

The Committee on Oversight and Accountability along with various congressional delegations are conducting oversight of the Federal Emergency Management Agency's (FEMA) National Flood Insurance Program (NFIP). Media reports show that for nearly four million Americans the Risk Rating 2.0 version of the program has caused premiums to increase, causing flood insurance to be unattainable for many.<sup>1</sup> The process leading to the rate increases has been less than transparent.<sup>2</sup> Congress has an obligation to ensure that the U.S. flood insurance market is stable and affordable for all Americans and particularly those on a fixed income. To understand the premium calculations and the overall marketplace, we request certain documents and information. Additionally, we request a staff-level briefing as soon as possible on the effects of the increases on all aspects of the various marketplaces such as the housing market.

The new methodology for determining risk and therefore policyholder premiums has accelerated homeowners simply giving up and dropping their policies. According to the Associated Press citing an internal FEMA report, "one million fewer Americans will buy flood insurance by the end of the decade — a sizable number of people at risk of catastrophic financial loss."<sup>3</sup> Although FEMA disputes the Associated Press' numbers claiming they were "taken out of context," this drop-off in policies likely represents a twenty percent decrease and raises questions about NFIP's fiscal stability.<sup>4</sup> Louisiana Insurance Commissioner Jim Donelon stated: "Without changes to the NFIP's plan, these premium increases will cause many Louisiana policy holders—especially lower income households in the most flood-prone areas—to drop their flood insurance altogether."<sup>5</sup> New Jersey has likely seen approximately 12,000 policy holders drop their policies since FEMA moved forward with Risk Rating 2.0 premium hikes<sup>6</sup> and it is estimated that 80 percent of policy holders in the state will see rate increases.<sup>7</sup> Moreover, it's been reported that

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<sup>1</sup> David Mendez, Federal Flood Insurance Policies Fall While New Premiums Take Hold, SPECTRUM NEWS 1 (Aug. 25, 2022); Thomas Frank, Hundreds of Thousands Drop Flood Insurance as Rates Rise, E&E NEWS (Aug. 17, 2022); Deborah Souverain, Flood Insurance Rates Expected to Soar for Thousands of South Floridians as Hurricane Season Begins, CBS MIAMI (June 1, 2022); Paul Murphy, Risk Rating 2.0 Goes into Effect, More than 80% of Policy Holders Could See Rate Increase, CBS 4WWL NEW ORLEANS (Apr. 1, 2022).

<sup>2</sup> Staff Author, Coalition Says Risk Rating 2.0 'Has Got to Change,' BIZ NEW ORLEANS (Oct. 3, 2022).

<sup>3</sup> Michael Phillis, FEMA Report: Flood Insurance Hikes Will Drive 1M from Market, ASSOCIATED PRESS (July 22, 2022).

<sup>4</sup> *Id.*

<sup>5</sup> BIZ NEW ORLEANS (Oct. 3, 2022).

<sup>6</sup> <https://www.nj.com/politics/2022/09/12k-nj-policyholders-dropped-their-federal-flood-insurance-rising-rates-are-the-reason-senator-says.html>

<sup>7</sup> <https://thehill.com/opinion/energy-environment/573209-new-flood-insurance-program-to-cut-premiums-for-more-policyholders/>

91% of Harris County, Texas homeowners have seen a rate increase under Risk Rating 2.0, with many double and triple their previous rate, and one out of every 12 buildings once insured in the Houston area are now uninsured.<sup>8</sup> Homeowners, particularly those who are financially vulnerable, need affordable flood insurance policies to protect against catastrophic financial loss when future storms befall. Additionally, a precipitous drop in policyholders could lead to program insolvency.

The new premium calculations are purportedly based on risk calculations, however those affected by the new rates report little to no transparency into the input data utilized by FEMA for setting rating factors and premiums. A Jefferson Parish, Louisiana official and a Middletown Township, New Jersey official each reported to congressional staff that calculations accounting for mitigation seemed arbitrary and no longer accurately account for elevation investments made by both homeowners and FEMA. Similarly, congressional staff has heard that FEMA is not fully taking into consideration the characteristics of nearby levees and other flood protection measures. In many instances, individual households' rates have more than doubled since the launch of the new Risk Rating 2.0.<sup>9</sup> For example, there are 180 homeowners in Paterson, New Jersey, a community that has a median household income of \$50,000 per year, who are facing premium increases from an average of \$1,500 a year to an average of \$4,000 a year. It is concerning if mispriced flood insurance based on inaccurate data is causing massive increases in premium rates and a rapid decline in the number of NFIP policies nationwide. Members of Congress on both sides of the aisle are united in ensuring affordability of the NFIP and the sustainability of this program.

To achieve the goal of accuracy, affordability, and transparency, we request that you provide a staff-level briefing to those signing this letter. Please ensure the briefing addresses all factors taken into account in the Risk Rating 2.0 calculations as well as the stability and affordability of the NFIP. In addition, we request that you provide the following documents and information, covering the time period January 20, 2021, to the present unless otherwise indicated, as soon as possible but not later than May 29, 2023:

1. All relevant documents and communications regarding calculating risk ratings under the Risk Rating 2.0 program;
2. All relevant documents and communications relating to Milliman, Inc.'s ("Milliman") utilization of historical losses and exposures from January 1, 1992 to June 30, 2018;
3. All relevant documents and communications regarding the catastrophic modeling used by Milliman and its affiliates or vendors for inland flood and storm surge;
4. All relevant documents and communications regarding FEMA's consultation with the United States Army Corps of Engineers to develop the definition of leveed areas, the probability of overtopping, and the probability of failure prior to overtopping that could inform the catastrophe modeling;

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<sup>8</sup> <https://www.houstonchronicle.com/news/houston-texas/housing/article/1-in-12-Houston-area-property-owners-drop-FEMA-17522937.php>

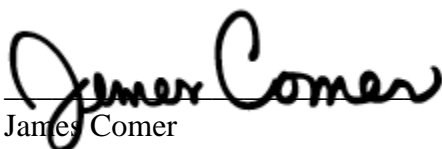
<sup>9</sup> ASSOCIATED PRESS (July 22, 2022).

5. All relevant documents and communications regarding the consideration of unaccredited levees and levee quality data gaps in the National Levee Database;
6. All relevant documents and communications regarding calculations of state base rates;
7. All relevant documents and communications regarding Milliman's modeling for New Orleans and Louisiana, Texas, Florida and New Jersey Storm Surge;
8. All relevant documents and communications regarding consideration of elevation of homes relative to Base Flood Elevations;
9. All relevant documents and communications regarding how many U.S. households' rates increased under the Risk Rating 2.0 program;
10. Any relevant internal reports, authored by FEMA and/or its partners, consultants, vendors, or affiliates regarding changes to the premium calculation of NFIP policies and the changes' effects on policyholders;
11. All relevant documents and communications regarding FEMA's evaluation of the economic impacts of Risk Rating 2.0;
12. All relevant documents and communications regarding the decision to release state profiles that only accounted for year one implementation of Risk Rating 2.0; and
13. All relevant documents and research FEMA conducted or considered regarding the impacts of Risk Rating 2.0 would have or has had on low- and moderate-income Americans and minority communities.

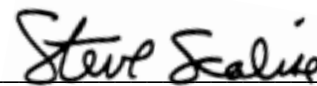
To schedule the briefing, arrange for the delivery of responsive documents, or ask any related follow-up questions, please contact Committee on Oversight and Accountability Majority Staff at (202) 225-5074 and the relevant point of contacts for the non-Committee signatories. Attached are instructions for producing the documents and information to the Committee and non-Committee signatories.

The Committee on Oversight and Accountability is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate "any matter" at "any time" under House Rule X. The Committee also maintains legislative jurisdiction over the "Overall economy, efficiency, and management of government operations and activities" under House Rule X. Thank you in advance for your cooperation with this inquiry.

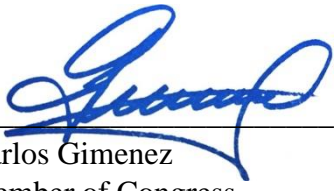
Sincerely,



James Comer  
Chairman  
Committee on Oversight and Accountability



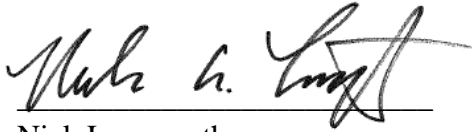
Steve Scalise  
Majority Leader  
U.S. House of Representatives



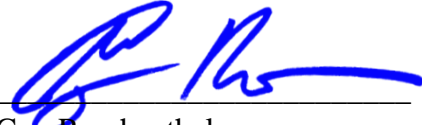
Carlos Gimenez  
Member of Congress




Mike Ezell  
Member of Congress



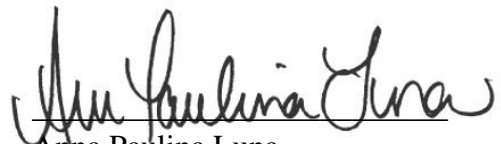
Nick Langworthy  
Member of Congress



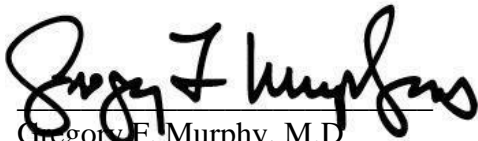
Guy Reschenthaler  
Member of Congress



Bill Posey  
Member of Congress



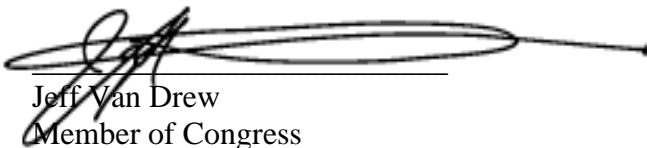
Anna Paulina Luna  
Member of Congress



Gregory F. Murphy, M.D.  
Member of Congress



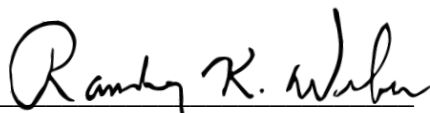
Mario Diaz-Balart  
Member of Congress



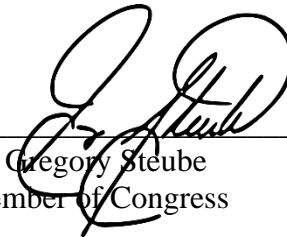
Jeff Van Drew  
Member of Congress



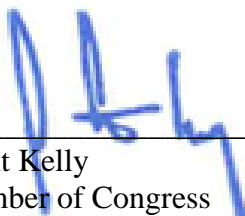
Christopher H. Smith  
Member of Congress



Randy K. Weber  
Member of Congress



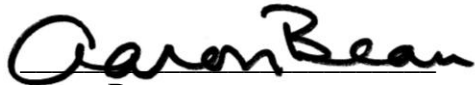
W. Gregory Steube  
Member of Congress



Trent Kelly  
Member of Congress



Earl L. "Buddy" Carter  
Member of Congress



Aaron Bean  
Member of Congress



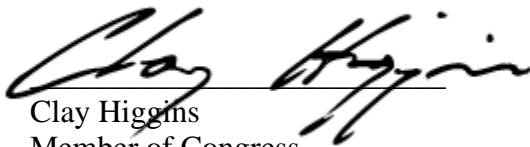
Mike Bost  
Member of Congress



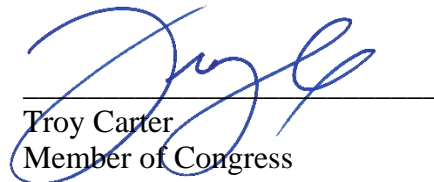
Marc Molinaro  
Member of Congress



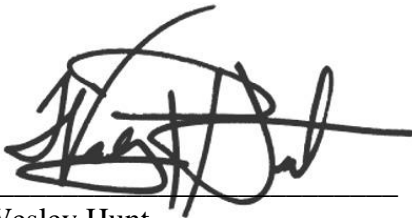
Julia Letlow  
Member of Congress



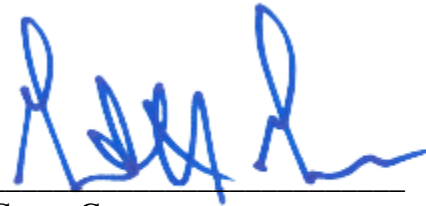
Clay Higgins  
Member of Congress



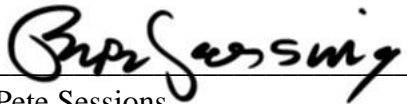
Troy Carter  
Member of Congress



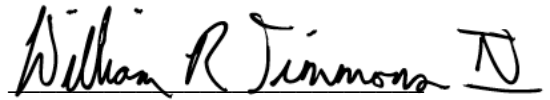
Wesley Hunt  
Member of Congress



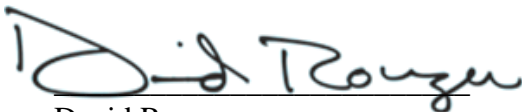
Garret Graves  
Member of Congress



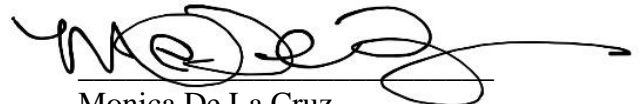
Pete Sessions  
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William R. Timmons, IV  
Member of Congress



David Rouzer  
Member of Congress



Monica De La Cruz  
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Michael V. Lawler  
Member of Congress



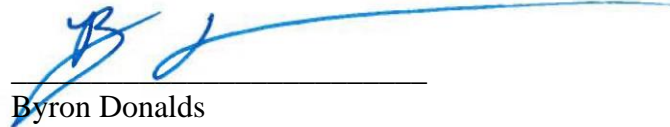
Anthony D'Esposito  
Member of Congress



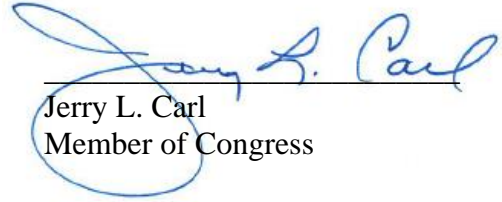
Nick LaLota  
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Mike Johnson  
Member of Congress



Byron Donalds  
Member of Congress



Jerry L. Carl  
Member of Congress



Andrew R. Garbarino  
Member of Congress



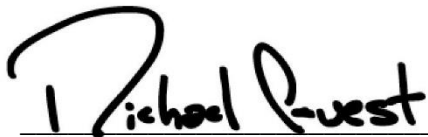
Jared Moskowitz  
Member of Congress



Daniel Webster  
Member of Congress



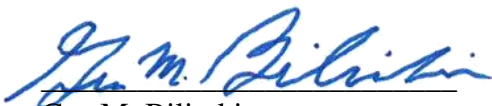
Troy Nehls  
Member of Congress



Michael Guest  
Member of Congress



Brad Finstad  
Member of Congress



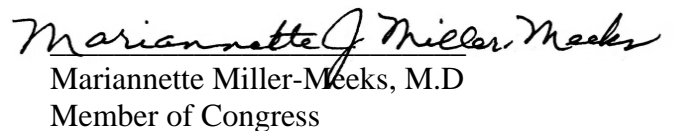
Gus M. Bilirakis  
Member of Congress



Nancy Mace  
Member of Congress



Russell Fry  
Member of Congress



Mariannette Miller-Meeks, M.D.  
Member of Congress



Brian Mast  
Member of Congress



Kat Cammack  
Member of Congress



Bill Pascrell, Jr.  
Member of Congress



Pete Stauber  
Member of Congress



Nicole Malliotakis  
Member of Congress



Josh Gottheimer  
Member of Congress



Neal Dunn, M.D.  
Member of Congress

cc: The Honorable Jamie Raskin, Ranking Member  
Committee on Oversight & Accountability