

United States Senate

September 22, 2021

The Honorable Deanne Criswell
Administrator
Federal Emergency Management Agency
500 C Street, Southwest
Washington, D.C. 20472

Dear Administrator Criswell:

Thank you for your commitment to the safety and protection of our communities. Federal Emergency Management Agency (FEMA) continues to perform a myriad of difficult and dangerous tasks to help our citizens withstand the prolonged health and economic effects of COVID-19 and now the recent storm devastation. As Americans across the country continue to recover from the pandemic and the recent natural disaster, I request that you delay application of the new National Flood Insurance Program (NFIP) rate-setting plan, Risk Rating 2.0 (RR 2.0), until additional information underlying the plan is shared with the public and better understood.

While key elements of RR 2.0 may help the United States to achieve a flood insurance program that is more solvent and responsive to the disaster preparedness needs of the nation, I am concerned about the severe hardships many are facing and the likelihood that widespread flood insurance rate increases will exacerbate financial burdens for overextended households and struggling communities. In Texas alone, 86% of existing policyholders are expected to see an increase in their monthly premiums.

I am also troubled that FEMA has not done enough to inform policyholders and state and local governments about the new rates or the underpinnings and potential long-term impacts of RR 2.0, the most significant NFIP rate-setting overhaul in the 50-year history of the program. The development of RR 2.0 has not followed sound procedural standards to adequately assess economic impacts, verify data reliability and reproducibility, or involve the public using an orderly and transparent process to solicit and consider comments.

In order to address these concerns I request the following:

1. FEMA and its partners in the property and casualty insurance industry immediately disclose all new RR 2.0-computed rates;
2. Delay application of the RR 2.0 rate-setting methodology until no sooner than April 1, 2022, or until such time that the new rates have been made available to prospective purchasers for no less than six months before going into effect. This minor but necessary adjustment will increase overall transparency by giving property owners the information and opportunity they need to understand significant RR 2.0 changes and take advantage of yearly rate increase limits that Congress has enacted for existing policyholders;

3. Use the delayed RR 2.0 start date to apply the requirements of the Administrative Procedure Act and Information Quality Act to the new risk rating methodology and data. There should be no application of RR 2.0 until these processes have been fulfilled, especially in leveed areas where FEMA reliance on screening level assessments by the U.S. Army Corps of Engineers is inadequate for NFIP rate-setting purposes.

I appreciate your leadership and ask that you delay RR 2.0 in order to help those Americans recovering from recent storm events and the pandemic. I urge you to use the time to fully disclose and explain new rates, and provide flood insurance purchasers with the information and opportunity they need to make informed decisions. The public deserves a RR 2.0 that will be strengthened by the use of our well-established procedures to ensure public participation, government transparency, and data reliability.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ted Cruz', is written over a horizontal line.

TED CRUZ
United States Senator