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Dodd urges Senate flood insurance action

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By Kevin Drawbaugh

WASHINGTON (Reuters) - U.S. Sen. Christopher Dodd said on Wednesday he is determined to push federal flood insurance legislation through the Senate promptly, despite resistance from Louisiana lawmakers.

Dodd, a Connecticut Democrat and former presidential candidate, chairs the Senate Banking Committee. In October, that committee voted for federal flood insurance changes while refusing to follow a House of Representatives bill that would expand the program to cover wind damage.

Louisiana's senators Mary Landrieu, a Democrat, and David Vitter, a Republican, have placed holds on the Senate bill, blocking it from reaching the Senate floor for final action.

The House voted in September to overhaul the almost 40-year-old National Flood Insurance Program (NFIP).

The House bill would expand the program to cover wind damage in response to disputes between some Gulf Coast homeowners and insurers over whether water or wind caused damaged homes during Hurricane Katrina.

Insurers have lobbied to block inclusion of wind damage and the Bush administration has pledged to veto the House bill.

Major insurers such as Allstate Corp and Travelers Companies are closely monitoring Congress' actions.

Congress set up the flood program in 1968 to provide flood insurance that private companies would not offer. Under the program, administered by the Federal Emergency Management Agency (FEMA), more than 90 companies get government fees to sell flood policies. About 5.4 million policies are in effect.

The program requires communities to adopt certain land use and flood mitigation regulations if they want flood policies to be available to their residents.

Also on Wednesday, the House approved a bill that would begin eliminating flood insurance subsidies for some homes in flood zones, effective in 2011. The bill applies to recently bought primary homes built before 1974 and worth \$600,000 or more. It would let the flood insurance premiums of the owners of this class of flood-zone homes rise to market, or actuarial, levels.

Paul Kangas, a lobbyist at the Property Casualty Insurers Association of America, said, "This bill is a great start to the 2008 flood insurance reform efforts and illustrates congressional commitment to strengthen the NFIP."

(Reporting by Kevin Drawbaugh; Editing by Toni Reinhold/Tim Dobbyn)

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