

Making a bad flood program worse

John Echeverria

is the executive director of the Georgetown Environmental Law and Policy Institute

The U.S. House of Representatives recently voted to extend the already insolvent National Flood Insurance Program - and expand the program to cover wind damage from hurricanes. The Senate may debate this measure soon. Pennsylvania and New Jersey residents should be outraged at this latest threat to pick the taxpayers' pocket. It's bad, unfair public policy.

The federal government created the National Flood Insurance Program 40 years ago to fill a perceived gap in the private insurance market. Unfortunately, the program has had the perverse effect of encouraging more development in flood plains, because the government consistently sets insurance rates below the level necessary to cover the risks involved. At the same time, the program's subsidies have blown a large and growing hole in the federal budget; the cumulative program deficit now stands at \$17.5 billion.

The pending bill to expand the flood program to include wind damage threatens to make this bad program worse. The proposed addition of wind coverage is mostly designed to address rising insurance rates in Florida and several other hurricane-prone Southeastern states. While it is understandable that Congress would seek to address insurance affordability and access in the aftermath of Hurricanes Katrina and Rita, this ill-conceived measure is not the answer.

The bill says insurance against wind damage is supposed to be set at market rates, but past experience with flood insurance virtually guarantees that the program will end up pricing insurance at subsidized rates. As a result, it would encourage the sort of risky development that has already put so much valuable property - and so many people - in the path of the next storm.

It would also be unfair to most Americans, who would have to cover the costs of wind

insurance for those living along the coast. One actuarial firm has estimated that the costs from catastrophic winds in a single year could be \$100 billion or more. In an era of rising temperatures and sea levels, Congress is playing a losing game.

This is why groups across the political spectrum, ranging from Americans for Tax Reform to the National Wildlife Federation, have weighed in against the proposal. They fear the bill would create massive unfunded taxpayer liabilities, spur development in fragile coastal ecosystems, and encourage Americans to put themselves in harm's way. Developers and construction companies would have even less incentive to invest in making homes and businesses safer from hurricanes.

If Congress wants to lend a hand to those truly in need, it should provide targeted, means-tested support for people already living in coastal areas - not create a new government entitlement that would benefit beachfront property developers at the expense of everyone else. And rather than calling on all Americans to subsidize reckless coastal development and second homes for the affluent, Congress should seek to stimulate investment in the homes of working families to make them safer and better-protected from storms.

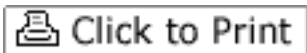
In a time of climate change, the best way to protect Americans from hurricane risk is complex. But the House bill sets the wrong course.

Contact John D. Echeverria

at echeverj@law.georgetown.edu

Find this article at:

<http://www.philly.com/inquirer/opinion/10812422.html>



[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

Check the box to include the list of links referenced in the article.

© Copyright 2007 Philly Online, LLC. All Rights Reserved.