

ALASKA STATE LEGISLATURE

SESSION

State Capitol, Suite 518
Juneau, Alaska 99801-1182
(907) 465-3873 Phone
Sen.Bert.Stedman@akleg.gov



INTERIM

1900 1st Avenue, Suite 510
Ketchikan, AK 99901-6442
Phone (907) 225-8088
www.BertStedman.com

SENATOR BERT K. STEDMAN *CO-CHAIRMAN, SENATE FINANCE COMMITTEE*

Sponsor Statement

Senate Bill 11 version A

Senate Bill 11 has been introduced to protect Alaskans from financial abuse at the hands of the Federal Emergency Management Agency (FEMA).

FEMA administers the National Flood Insurance Program (NFIP). The NFIP was created to share the risk of flood losses (nationwide) through flood insurance. The program enables property owners in participating communities to purchase insurance protection, administered by the government, against losses from flooding. FEMA requires flood insurance for all residential loans or lines of credit that are secured by a building located in the FEMA Flood Zone in a community that participates in the NFIP.

The National Flood Insurance Program was historically the only source of flood insurance. In 2012, congress reauthorized the NFIP and included a provision allowing private companies to offer flood insurance policies. Another change occurred in 2021 when FEMA adopted a new ratemaking method called Risk Rating 2.0. This new methodology attempts to make the NFIP more solvent and has resulted in an expansion of flood zones and an increase in premiums for 77 percent of plans backed by the NFIP.

Homes and businesses in a new FEMA flood zone could see significant negative impacts to property values from requirements to purchase expensive flood insurance (flood insurance must be purchased if the owner uses a federally insured bank). The new and expanded flood zones can also restrict how a structure is built on private property and impact existing homes and businesses that want to rehabilitate, upgrade, expand, or repair buildings.

Currently, Alaskans are paying flood insurance to offset the billions in hurricane losses in the Lower 48. Furthermore, the NFIP must be periodically reauthorized by congress (next by March 14, 2025) and has lapsed four times in the past, creating significant hurdles for people seeking mortgages in flood areas. Combine this with very few payouts to flood victims and it can easily be concluded that the NFIP doesn't work for Alaskans.

It is the intent of Senate Bill 11 to supplant the NFIP with an Alaska based insurance program that keeps the premium payments in Alaska, benefiting Alaskans.

April 9, 2025

DISTRICT A

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