

ALASKA STATE LEGISLATURE

SESSION

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

Sponsor Statement - Senate Bill 160

SB 160 has been introduced to protect Alaskans from financial abuse at the hands of the Federal Emergency Management Agency (FEMA).

Over the past 5-years, FEMA has expanded its 'flood zone' maps and for the first time ever, hundreds and possibly thousands of homes and businesses will now be in a federally designated 'high risk' zone. Virtually none of these homes or businesses have ever experienced a flood and are unlikely to flood in the future.

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). Also, 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, and repair building.

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

Currently, Alaskans are paying flood insurance to offset the billions in hurricane losses in the Lower 48. Combine this with very few payouts to flood victims and it can easily be concluded that the NFIP doesn't work for Coastal Alaskans.

It is the intent of SB 160 to supplant the NFIP with an Alaska based insurance program that keeps the premium payments in Alaska, benefitting Alaskans.

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