



**Statement of the Massachusetts Bankers Association Regarding  
H 1085, An Act Relative to an Investigation to Review Flood Insurance Rates  
Joint Committee on Financial Services  
May 13, 2025**

On behalf of our more than 120 commercial, savings and cooperative banks and federal savings institution members with more than 72,000 employees located throughout the Commonwealth and New England, the Massachusetts Bankers Association (MBA) appreciates the opportunity to submit testimony regarding **H 1085, An Act Relative to an Investigation to Review Flood Insurance Rates**.

As you know, flood insurance policies in the United States are issued primarily through the National Flood Insurance Program (NFIP) that is administered by the Federal Emergency Management Agency (FEMA). Residential and commercial properties located in Special Flood Hazard Areas (SFHAs) are required to maintain flood insurance coverage for as long as there is a mortgage or other loan that is secured by the property. Banks and other lenders must ensure that their customers maintain this coverage and are required to force-place flood insurance on a property if the policy lapses. In addition, property owners without loans are encouraged to maintain flood insurance coverage, particularly if they are in a SFHA.

Unfortunately, claims and losses to the NFIP have significantly outpaced the collection of premiums and the federal program was deeply in debt even before the devastating hurricanes that hit Texas, Florida, Louisiana and Puerto Rico in the last decade. To date, the program now owes roughly \$20.5 billion to the US Treasury and may be forced to borrow additional funds to pay for future storm damage.

For more than 20 years, Congress has enacted significant reforms to the NFIP, most recently with the Biggert-Waters Flood Insurance Reform Act of 2012, which attempted to set actuarial rates for flood insurance policies. After premiums greatly increased for policyholders, Congress then enacted the Homeowner Flood Insurance Affordability Act of 2014, which repealed a number of the reforms put in place by Biggert-Waters.

Even before the last decade's storms, Congress was considering a long-term reauthorization of the NFIP that would mandate additional changes to the program. Many of the proposed changes focused on the setting of flood insurance rates, requiring additional mitigation of repetitive loss properties and continuing to encourage the development of a private flood insurance market. With Congress set to address a possible reauthorization of the NFIP that contains major reforms to the program later this year, we believe any action on **H 1085** by this Committee is premature and we respectfully ask that these bills be referred to further study.

Thank you for the opportunity to provide our views on this legislation.



**Statement of the Massachusetts Bankers Association Regarding  
H 1087, An Act Relative to Civil Liability for Improper Flood Hazard Determinations  
Joint Committee on Financial Services  
May 13, 2025**

On behalf of our more than 120 commercial, savings and cooperative banks and federal savings institution members with more than 72,000 employees located throughout the Commonwealth and New England, the Massachusetts Bankers Association (MBA) appreciates the opportunity to submit testimony regarding **H 1087, An Act Relative to Civil Liability for Improper Flood Hazard Determinations**.

**H 1087** creates a new statute that would allow property owners to file civil lawsuits against firms that perform flood hazard determinations on behalf of banks or other lenders. The determinations are completed using the Federal Emergency Management Agency's (FEMA) flood maps, which in some cases could be out of date or incorrect. If a property is located in a Special Flood Hazard Area (SFHA), banks and other lenders must require borrowers to purchase flood insurance from the National Flood Insurance Program (NFIP) or force-place a flood policy if the borrower fails to obtain one on their own. The cost of the determination is passed on to the borrower during the loan origination process.

Our member banks have significant incentives for complying with the federal flood insurance requirements. Most importantly, if a property is flooded and no coverage is present, the bank may ultimately lose the collateral for the loan. In addition, banks are subject to regular examinations by state and federal regulators where their flood insurance programs are scrutinized. If an institution fails to require the purchase of flood insurance or for a borrower to maintain appropriate coverage throughout the life of the loan, it could be subject to substantial financial penalties and administrative actions by regulators, even if there is no loss or claim.

MBA has several significant concerns with **H 1087**. Specifically, the bill creates a new state civil liability statute for a federal insurance program. Courts have consistently ruled that there is no private right of action under the National Flood Insurance Act (NFIA) for incorrect flood determinations. We are also not aware of any other state that has a similar civil liability law and given the amount of property in Massachusetts that sits in SFHAs, the potential liability for flood insurance determination firms could be substantial. MBA believes this bill will also increase costs for consumers and business owners as flood determination firms charge more to offset this increased liability while other companies may exit the market entirely, potentially slowing the loan origination process as a smaller number of companies contend with a greater workload.

Under the NFIP, borrowers already have the right to challenge a flood map if they believe their property was incorrectly determined to be in a SFHA. With Congress set to address a possible reauthorization of the NFIP that contains major reforms to the program later this year, we believe the Committee should defer any action on **H 1087** until potential modifications are made at the federal level.

Thank you for the opportunity to provide our views on this legislation.