The President has now signed an important modification of the flood insurance program. The changes are hard to understand, in part because the bill changed an earlier 2013 law that itself amended the basic statute. So you have to work through the whole sequence to see what is going on.

Before I go into more details, there seem to be three major changes:

1. The original law provided subsidized rates (roughly, at half price) for buildings that were there when an area became covered by the flood insurance program. The 2012 amendment tried to eliminate the subsidies over time. The new law restores some but not all of the subsidies.

2. The 2012 amendment required that premiums go up when new flood maps showed higher risk levels than older ones did. The new law allows the continued use of obsolete maps to calculate premiums on existing buildings.

3. The changes are paid for by a flat assessment against all holders of flood insurance ($25 for homeowners, $250 for others), with exceptions for some homeowners who are paying the non-subsidized insurance rate.

Unfortunately, the changes weaken the incentive for homeowners to move out of high-risk areas in response to sea level rise. Somewhat perversely, businesses will have a greater incentive to move out of harm's way. This arrangement can't work in the long run. It seems clear that eventually premiums will have to reflect realities, or we will be subsidizing people to stay in houses that have the waves lapping at their front doors just because they weren't at much risk decades earlier.

O.K., now for a deeper dive:

According to FEMA, about 20% of FEMA properties receive subsidized rates because they pre-date the flood insurance program. These subsidies were important to low-and middle-income owners, though they probably go disproportionately to more affluent areas, according to the Washington Post.

The Biggert-Waters Flood Insurance Reform Act of 2012 (BW12) raised premiums substantially (25% annually) for certain categories of property: non-primary residences, businesses, and severe repetitive loss properties. HR 3370 does not appear to change this result. Outside of those categories, rate increases can never exceed 18% annually. Hopefully, those increases will move the system as a whole closer to actuarial soundness, though they presumably won't eliminate the special advantages enjoyed by some current homeowners.

Under BW12, subsidies ended with the sale of the property. HR 3370 changes this result, so that subsidies for non-repetitive-loss primary residences. Owners can apparently drop flood insurance when their mortgages are paid off and buy again later at the discounted rate. It's unclear to me whether that allows homeowners to resume coverage just before selling a house in order to pass the low rate along to the new owner.

A grandfather provision in the flood insurance program (different from the subsidy for preexisting property) allowed owners to continue to use obsolete flood maps as the basis for calculating their premiums. BW12 eliminated grandfathering, with a five-year phase-in of the more accurate risk appraisals. HR 3370 repeals this portion of BW12. Another provision of HR 3370 (section 6) gradually phases in full actuarial rates on property that is newly included in a 100-year-flood zone and does not qualify for subsidized rates. But property that was already in a flood zone will continue to pay premiums based on obsolete maps. Thus, although the houses will not be exempt from sea level rise, their premiums apparently will be. It's hard to see how that exemption can be maintained in the long run.