112TH CONGRESS  
1ST SESSION  
H. R. 1309

To extend the authorization of the national flood insurance program, to achieve reforms to improve the financial integrity and stability of the program, and to increase the role of private markets in the management of flood insurance risk, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2011

Mrs. Biggert (for herself, Ms. Waters, Mr. Dold, Mr. Garrett, Mr. Stivers, and Mrs. Capito) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To extend the authorization of the national flood insurance program, to achieve reforms to improve the financial integrity and stability of the program, and to increase the role of private markets in the management of flood insurance risk, and for other purposes.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Flood Insurance Re-
form Act of 2011”.

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SEC. 2. EXTENSIONS.

(a) Extension of Program.—Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended by striking “September 30, 2011” and inserting “September 30, 2016”.

(b) Extension of Financing.—Section 1309(a) of such Act (42 U.S.C. 4016(a)) is amended by striking “September 30, 2011” and inserting “September 30, 2016”.

SEC. 3. MANDATORY PURCHASE.

(a) Authority To Temporarily Suspend Mandatory Purchase Requirement.—

(1) In General.—Section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) is amended by adding at the end the following new subsections:

“(i) Authority To Temporarily Suspend Mandatory Purchase Requirement.—

“(1) Finding by Administrator That Area Is An Eligible Area.—For any area, upon a request submitted to the Administrator by a local government authority having jurisdiction over any portion of the area, the Administrator shall make a finding of whether the area is an eligible area under paragraph (3). If the Administrator finds that such area is an eligible area, the Administrator shall, in

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the discretion of the Administrator, designate a pe-
period during which such finding shall be effective,
which shall not be longer in duration than 12
months.

“(2) Suspension of mandatory purchase
requirement.—If the Administrator makes a find-
ing under paragraph (1) that an area is an eligible
area under paragraph (3), during the period speci-
fied in the finding, the designation of such eligible
area as an area having special flood hazards shall
not be effective for purposes of subsection (a), (b),
and (e) of this section, and section 202(a) of this
Act. Nothing in this paragraph may be construed to
prevent any lender, servicer, regulated lending insti-
tution, Federal agency lender, the Federal National
Mortgage Association, or the Federal Home Loan
Mortgage Corporation, at the discretion of such enti-
ty, from requiring the purchase of flood insurance
coverage in connection with the making, increasing,
extending, or renewing of a loan secured by im-
proved real estate or a mobile home located or to be
located in such eligible area during such period or
a lender or servicer from purchasing coverage on be-
half of a borrower pursuant to subsection (e).
“(3) **ELIGIBLE AREAS.**—An eligible area under this paragraph is an area that is designated or will, pursuant to any issuance, revision, updating, or other change in flood insurance maps that takes effect on or after the date of the enactment of the Flood Insurance Reform Act of 2011, become designated as an area having special flood hazards and that meets any one of the following 3 requirements:

“(A) **AREAS WITH NO HISTORY OF SPECIAL FLOOD HAZARDS.**—The area does not include any area that has ever previously been designated as an area having special flood hazards.

“(B) **AREAS WITH FLOOD PROTECTION SYSTEMS UNDER IMPROVEMENTS.**—The area was intended to be protected by a flood protection system—

“(i) that has been decertified as providing protection for the 100-year frequency flood standard;

“(ii) that is being improved, constructed, or reconstructed; and

“(iii) for which the Administrator has determined measurable progress toward completion of such improvement, construc-
tion, reconstruction is being made and toward securing financial commitments sufficient to fund such completion.

“(C) AREAS FOR WHICH APPEAL HAS BEEN FILED.—An area for which a community has appealed—

“(i) designation of the area as having special flood hazards in a timely manner under section 1363; or

“(ii) any decertification or deaccreditation of a dam, levee, or other flood protection system or the level of protection afforded by a dam, levee, or system.

“(4) EXTENSION OF DELAY.—Upon a request submitted by a local government authority having jurisdiction over any portion of the eligible area, the Administrator may extend the period during which a finding under paragraph (1) shall be effective, except that—

“(A) each such extension under this paragraph shall not be for a period exceeding 12 months; and

“(B) for any area, the cumulative number of such extensions may not exceed 2.
“(5) Rule of construction.—Nothing in this subsection may be construed to affect the applicability of a designation of any area as an area having special flood hazards for purposes of the availability of flood insurance coverage, criteria for land management and use, notification of flood hazards, eligibility for mitigation assistance, or any other purpose or provision not specifically referred to in paragraph (2).

“(6) Reports.—The Administrator shall, in each annual report submitted pursuant to section 1320, include information identifying each finding under paragraph (1) by the Administrator during the preceding year that an area is an area having special flood hazards, the basis for each such finding, any extensions pursuant to paragraph (4) of the periods of effectiveness of such findings, and the reasons for such extensions.”.

(2) No refunds.—Nothing in this subsection or the amendments made by this subsection may be construed to authorize or require any payment or refund for flood insurance coverage purchased for any property that covered any period during which such coverage is not required for the property pursuant to
the applicability of the amendment made by paragraph (1).

(b) TERMINATION OF FORCE-PLACED INSURANCE.—

Section 102(e) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(e)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (5) and 6), respectively; and

(2) by adding inserting after paragraph (2) the following new paragraphs:

“(3) TERMINATION OF FORCE-PLACED INSURANCE.—Within 30 days of receipt by the lender or servicer of a confirmation of a borrower’s existing flood insurance coverage, the lender or servicer shall—

“(A) terminate the force-placed insurance; and

“(B) refund to the borrower all force-placed insurance premiums paid by the borrower during any period during which the borrower’s flood insurance coverage and the force-placed flood insurance coverage were each in effect, and any related fees charged to the borrower with respect to the force-placed insurance during such period.
“(4) Sufficiency of demonstration.—For purposes of confirming a borrower’s existing flood insurance coverage, a lender or servicer for a loan shall accept from the borrower an insurance policy declarations page that includes the existing flood insurance policy number and the identity of, and contact information for, the insurance company or agent.”.

SEC. 4. REFORMS OF COVERAGE TERMS.

(a) Minimum Deductibles for Claims.—Section 1312 of the National Flood Insurance Act of 1968 (42 U.S.C. 4019) is amended—

(1) by striking “The Director is” and inserting the following: “(a) In General.—The Administrator is”; and

(2) by adding at the end the following:

“(b) Minimum Annual Deductibles.—

“(1) Subsidized rate properties.—For any structure that is covered by flood insurance under this title, and for which the chargeable rate for such coverage is less than the applicable estimated risk premium rate under section 1307(a)(1) for the area (or subdivision thereof) in which such structure is located, the minimum annual deductible for damage to or loss of such structure shall be $2,000.
“(2) Actuarial rate properties.—For any structure that is covered by flood insurance under this title, for which the chargeable rate for such coverage is not less than the applicable estimated risk premium rate under section 1307(a)(1) for the area (or subdivision thereof) in which such structure is located, the minimum annual deductible for damage to or loss of such structure shall be $1,000.”.

(b) Indexing of Maximum Coverage Limits.—Subsection (b) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—

(1) in paragraph (4), by striking “and” at the end;

(2) in paragraph (5), by striking the period at the end and inserting “; and”;

(3) by redesignating paragraph (5) as paragraph (7); and

(4) by adding at the end the following new paragraph:

“(8) each of the dollar amount limitations under paragraphs (2), (3), (4), (5), and (6) shall be adjusted effective January 1 of each year (commencing in 2012), such adjustments shall be calculated using the percentage change in such inflationary index as the Administrator shall, by regula-
tion, specify, and the dollar amount of any such ad-
justment shall be rounded to the next lower dollar;
and the Administrator shall cause to be published in
the Federal Register any adjustments under this
paragraph to such dollar amount limitations.”.

(c) Optional Coverage for Loss of Use of Per-
sonal Residence and Business Interruption.—Sub-
section (b) of section 1306 of the National Flood Insur-
ance Act of 1968 (42 U.S.C. 4013(b)), as amended by
the preceding provisions of this section, is further amend-
ed by inserting after paragraph (4) the following new
paragraphs:

“(5) the Administrator may provide that, in the
case of any residential property, each renewal or new
contract for flood insurance coverage may provide
not more than $5,000 aggregate liability per dwell-
ing unit for any necessary increases in living ex-
penses incurred by the insured when losses from a
flood make the residence unfit to live in, except
that—

“(A) purchase of such coverage shall be at
the option of the insured;

“(B) any such coverage shall be made
available only at chargeable rates that are not
less than the estimated premium rates for such
coverage determined in accordance with section 1307(a)(1); and

“(C) the Administrator may make such coverage available only if the Administrator makes a determination and causes notice of such determination to be published in the Federal Register that—

“(i) a competitive private insurance market for such coverage does not exist; and

“(ii) the national flood insurance program has the capacity to make such coverage available without borrowing funds from the Secretary of the Treasury under section 1309 or otherwise;

“(6) the Administrator may provide that, in the case of any commercial property or other residential property, including multifamily rental property, coverage for losses resulting from any partial or total interruption of the insured’s business caused by damage to, or loss of, such property from a flood may be made available to every insured upon renewal and every applicant, up to a total amount of $20,000 per property, except that—
“(A) purchase of such coverage shall be at the option of the insured;

“(B) any such coverage shall be made available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1); and

“(C) the Administrator may make such coverage available only if the Administrator makes a determination and causes notice of such determination to be published in the Federal Register that—

“(i) a competitive private insurance market for such coverage does not exist; and

“(ii) the national flood insurance program has the capacity to make such coverage available without borrowing funds from the Secretary of the Treasury under section 1309 or otherwise;”.

(d) Payment of Premiums in Installments for Residential Properties.—Section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013) is amended by adding at the end the following new subsection:
“(d) Payment of Premiums in Installments for Residential Properties.—

“(1) Authority.—In addition to any other terms and conditions under subsection (a), such regulations shall provide that, in the case of any residential property, premiums for flood insurance coverage made available under this title for such property may be paid in quarterly installments.

“(2) Limitations.—In implementing the authority under paragraph (1), the Administrator may establish increased chargeable premium rates and surcharges, and deny coverage and establish such other sanctions, as the Administrator considers necessary to ensure that insureds purchase, pay for, and maintain coverage for the full term of a contract for flood insurance coverage and to prevent insureds from purchasing coverage only for periods during a year when risk of flooding is comparatively higher or canceling coverage for periods when such risk is comparatively lower.”.

SEC. 5. REFORMS OF PREMIUM RATES.

(a) Increase in Annual Limitation on Premium Increases.—Section 1308(e) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(e)) is amended by striking “10 percent” and inserting “20 percent”.

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(b) Phase-In of Rates for Newly Mapped Areas.—

(1) In general.—Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015) is amended—

(A) in subsection (a), in the matter preceding paragraph (1), by inserting “or notice” after “prescribe by regulation”;

(B) in subsection (c), by inserting “and subsection (g)” before the first comma; and

(C) by adding at the end the following new subsection:

“(g) 5-Year Phase-In of Flood Insurance Rates for Newly Mapped Areas.—

“(1) 50 percent rate for initial year.—

Notwithstanding subsection (c) or any other provision of law relating to chargeable risk premium rates for flood insurance coverage under this title, in the case of any area that was not previously designated as an area having special flood hazards and that, pursuant to any issuance, revision, updating, or other change in flood insurance maps, becomes designated as such an area, during the 12-month period that begins upon the date that such maps, as issued, revised, update, or otherwise changed, become effec-
tive, the chargeable premium rate for flood insur-
ance under this title with respect to any property
that is located within such area shall be 50 percent
of the chargeable risk premium rate otherwise appli-
cable under this title to the property.

“(2) Phase-in of Full Actuarial Rates.—

With respect to any area described in paragraph (1),
upon the expiration of the 12-month period under
paragraph (1) for such area, the Administrator shall
increase the chargeable risk premium rates for flood
insurance under this title for properties in such area
by 20 percent, and by 20 percent upon the expira-
tion of each successive 12-month period thereafter
until the chargeable risk premium rates comply with
subsection (c).”.

(2) Regulation or Notice.—The Adminis-
trator of the Federal Emergency Management Agen-
cy shall issue an interim final rule or notice to im-
plement this subsection and the amendments made
by this subsection as soon as practicable after the
date of the enactment of this Act.

(c) Phase-In of Actuarial Rates for Certain
Properties.—
(1) IN GENERAL.—Section 1308(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(c)) is amended—

(A) by redesignating paragraph (2) as paragraph (7); and

(B) by inserting after paragraph (1) the following new paragraphs:

“(2) COMMERCIAL PROPERTIES.—Any nonresidential property.

“(3) SECOND HOMES AND VACATION HOMES.—Any residential property that is not the primary residence of any individual.

“(4) HOMES SOLD TO NEW OWNERS.—Any single family property that—

“(A) has been constructed or substantially improved and for which such construction or improvement was started, as determined by the Administrator, before December 31, 1974, or before the effective date of the initial rate map published by the Administrator under paragraph (2) of section 1360(a) for the area in which such property is located, whichever is later; and

“(B) is purchased after the effective date of this paragraph, pursuant to section

“(5) HOMES DAMAGED OR IMPROVED.—Any property that, on or after the date of the enactment of the Flood Insurance Reform Act of 2011, has experienced or sustained—

“(A) substantial damage exceeding 50 percent of the fair market value of such property; or

“(B) substantial improvement exceeding 30 percent of the fair market value of such property.

“(6) HOMES WITH MULTIPLE CLAIMS.—Any severe repetitive loss property (as such term is defined in section 1361A(b)).”.

(2) TECHNICAL AMENDMENTS.—Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015) is amended—

(A) in subsection (c)—

(i) in the matter preceding paragraph (1), by striking “the limitations provided under paragraphs (1) and (2)” and inserting “subsection (e)”; and
(ii) in paragraph (1), by striking “,
except” and all that follows through “subsection (e)”;
and
(B) in subsection (e), by striking “paragraph (2) or (3)” and inserting “paragraph (7)”.

(3) EFFECTIVE DATE AND TRANSITION.—

(A) EFFECTIVE DATE.—The amendments
made by paragraphs (1) and (2) shall apply be-
ginning upon the expiration of the 12-month
period that begins on the date of the enactment
of this Act, except as provided in subparagraph
(B) of this paragraph.

(B) TRANSITION FOR PROPERTIES COV-
ERED BY FLOOD INSURANCE UPON EFFECTIVE
DATE.—

(i) INCREASE OF RATES OVER TIME.—
In the case of any property described in
paragraph (2), (3), (4), (5), or (6) of sec-
tion 1308(c) of the National Flood Insur-
ance Act of 1968, as amended by para-
graph (1) of this subsection, that, as of the
effective date under subparagraph (A) of
this paragraph, is covered under a policy
for flood insurance made available under
the national flood insurance program for
which the chargeable premium rates are
less than the applicable estimated risk pre-
mium rate under section 1307(a)(1) of
such Act for the area in which the prop-
erty is located, the Administrator of the
Federal Emergency Management Agency
shall increase the chargeable premium
rates for such property over time to such
applicable estimated risk premium rate
under section 1307(a)(1).

(ii) Amount of Annual Increase.—
Such increase shall be made by increasing
the chargeable premium rates for the prop-
erty (after application of any increase in
the premium rates otherwise applicable to
such property), once during the 12-month
period that begins upon the effective date
under subparagraph (A) of this paragraph
and once every 12 months thereafter until
such increase is accomplished, by 20 per-
cent (or such lesser amount as may be nec-
essary so that the chargeable rate does not
exceed such applicable estimated risk pre-
mium rate or to comply with clause (iii)).
(iii) Properties subject to phase-in and annual increases.—In the case of any pre-FIRM property (as such term is defined in section 578(b) of the National Flood Insurance Reform Act of 1974), the aggregate increase, during any 12-month period, in the chargeable premium rate for the property that is attributable to this subparagraph or to an increase described in section 1308(e) of the National Flood Insurance Act of 1968 may not exceed 20 percent.

(iv) Full actuarial rates.—The provisions of paragraphs (2), (3), (4), (5), and (6) of such section 1308(e) shall apply to such a property upon the accomplishment of the increase under this subparagraph and thereafter.

(d) Prohibition of extension of subsidized rates to lapsed policies.—Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015), as amended by the preceding provisions of this Act, is further amended—

(1) in subsection (e), by inserting “or subsection (h)” after “subsection (e)”;

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(2) by adding at the end the following new subsection:

“(h) Prohibition of Extension of Subsidized Rates to Lapsed Policies.—Notwithstanding any other provision of law relating to chargeable risk premium rates for flood insurance coverage under this title, the Administrator shall not provide flood insurance coverage under this title for any property for which a policy for such coverage for the property has previously lapsed in coverage as a result of the deliberate choice of the holder of such policy, at a rate less than the applicable estimated risk premium rates for the area (or subdivision thereof) in which such property is located.”.

(e) Recognition of State and Local Funding for Construction, Reconstruction, and Improvement of Flood Protection Systems in Determination of Rates.—

(1) In General.—Section 1307 of the National Flood Insurance Act of 1968 (42 U.S.C. 4014) is amended—

(A) in subsection (e)—

(i) in the first sentence, by striking “construction of a flood protection system” and inserting “construction, reconstruction, or improvement of a flood protection
(ii) in the second sentence—

(I) by striking “construction of a flood protection system” and inserting “construction, reconstruction, or improvement of a flood protection system”; and

(II) by inserting “based on the present value of the completed system” after “has been expended”; and

(B) in subsection (f)—

(i) in the first sentence in the matter preceding paragraph (1), by inserting “(without respect to the level of Federal investment or participation)” before the period at the end;

(ii) in the third sentence in the matter preceding paragraph (1), by inserting “, whether coastal or riverine,” after “special flood hazard”; and

(iii) in paragraph (1), by striking “a Federal agency in consultation with the local project sponsor” and inserting “the
entity or entities that own, operate, main-
tain, or repair such system”.

(2) REGULATIONS.—The Administrator of the Federal Emergency Management Agency shall pro-
mulgate regulations to implement this subsection and the amendments made by this subsection as soon as practicable, but not more than 18 months after the date of the enactment of this Act. Paragraph (3) may not be construed to annul, alter, af-
flect, authorize any waiver of, or establish any excep-
tion to, the requirement under the preceding sen-
tence.

SEC. 6. TECHNICAL MAPPING ADVISORY COUNCIL.

(a) ESTABLISHMENT.—There is established a council to be known as the Technical Mapping Advisory Council (in this section referred to as the “Council”).

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Council shall consist of—

(A) the Administrator of the Federal Emergency Management Agency (in this section referred to as the “Administrator”), or the des-
ignee thereof;
(B) the Director of the United States Geological Survey of the Department of the Interior, or the designee thereof;

(C) the Under Secretary of Commerce for Oceans and Atmosphere, or the designee thereof;

(D) the commanding officer of the United States Army Corps of Engineers, or the designee thereof;

(E) the chief of the Natural Resources Conservation Service of the Department of Agriculture, or the designee thereof;

(F) the Director of the United States Fish and Wildlife Service of the Department of the Interior, or the designee thereof;

(G) the Assistant Administrator for Fisheries of the National Oceanic and Atmospheric Administration of the Department of Commerce, or the designee thereof; and

(H) 9 additional members to be appointed by the Administrator of the Federal Emergency Management Agency, who shall be—

(i) an expert in data management;

(ii) an expert in real estate;

(iii) an expert in insurance;
(iv) a member of a recognized regional flood and storm water management organization;

(v) a representative of a State emergency management agency or association or organization for such agencies;

(vi) a member of a recognized professional surveying association or organization;

(vii) a member of a recognized professional mapping association or organization;

(viii) a member of a recognized professional engineering association or organization; and

(ix) a member of a recognized professional association or organization representing flood hazard determination firms.

(2) QUALIFICATIONS.—Members of the Council shall be appointed based on their demonstrated knowledge and competence regarding surveying, cartography, remote sensing, geographic information systems, or the technical aspects of preparing and using flood insurance rate maps. In appointing members under paragraph (1)(I), the Administrator shall ensure that the membership of the Council has
a balance of Federal, State, local, and private members.

(c) DUTIES.—

(1) NEW MAPPING STANDARDS.—Not later than the expiration of the 12-month period beginning upon the date of the enactment of this Act, the Council shall develop and submit to the Administrator and the Congress proposed new mapping standards for 100-year flood insurance rate maps used under the national flood insurance program under the National Flood Insurance Act of 1968. In developing such proposed standards the Council shall—

(A) ensure that the flood insurance rate maps reflect true risk, including graduated risk that better reflects risk to each property; such reflection of risk should be at the smallest geographic level possible (but not necessarily property-by-property) to ensure that communities are mapped in a manner that takes into consideration different risk levels within the community;

(B) ensure that flood insurance rate maps reflect current land use and topography and in-
corporate the most current and accurate ground
elevation data;

(C) determine the best ways to include in
such flood insurance rate maps levees, decerti-
fied levees, and areas located below dams, in-
cluding determining a methodology for ensuring
that decertified levees and other protections are
included in flood insurance rate maps and their
corresponding flood zones reflect the level of
protection conferred;

(D) consider how to incorporate restored
wetlands and other natural buffers into flood
insurance rate maps, which may include wet-
lands, groundwater recharge areas, erosion
zones, meander belts, endangered species habi-
tat, barrier islands and shoreline buffer fea-
tures, riparian forests, and other features;

(E) ensure that flood insurance rate maps
take into consideration the best scientific data
and potential future conditions (including pro-
jections for sea level rise); and

(F) consider how to incorporate the new
standards proposed pursuant to this paragraph
in existing mapping efforts.
(2) ONGOING DUTIES.—The Council shall, on an ongoing basis, review the mapping protocols developed pursuant to paragraph (1), and make recommendations to the Administrator when the Council determines that mapping protocols should be altered.

(3) MEETINGS.—In carrying out its duties under this section, the Council shall consult with stakeholders through at least 4 public meetings annually, and shall seek input of all stakeholder interests including State and local representatives, environmental and conservation organizations, insurance industry representatives, advocacy groups, planning organizations, and mapping organizations.

(d) PROHIBITION ON COMPENSATION.—Members of the Council shall receive no additional compensation by reason of their service on the Council.

(e) CHAIRPERSON.—The Administrator shall serve as the Chairperson of the Council.

(f) STAFF.—

(1) FEMA.—Upon the request of the Council, the Administrator may detail, on a nonreimbursable basis, personnel of the Federal Emergency Management Agency to assist the Council in carrying out its duties.
(2) Other Federal Agencies.—Upon request of the Council, any other Federal agency that is a member of the Council may detail, on a non-reim-bursable basis, personnel to assist the Council in carrying out its duties.

(g) Powers.—In carrying out this section, the Council may hold hearings, receive evidence and assistance, provide information, and conduct research, as the Council considers appropriate.

(h) Termination.—The Council shall terminate upon the expiration of the 5-year period beginning on the date of the enactment of this Act.

SEC. 7. FEMA Incorporation of New Mapping Protocols.

(a) New Rate Mapping Standards.—Not later than the expiration of the 6-month period beginning upon submission by the Technical Mapping Advisory Council under section 6 of the proposed new mapping standards for flood insurance rate maps used under the national flood insurance program developed by the Council pursuant to section 6(e), the Administrator of the Federal Emergency Management Agency (in this section referred to as the “Administrator”) shall establish new standards for such rate maps based on such proposed new standards and the recommendations of the Council.
(b) Requirements.—The new standards for flood insurance rate maps established by the Administrator pursuant to subsection (a) shall—

(1) delineate and include in any such rate maps—

(A) all areas located within the 100-year flood plain;

(B) all areas located within the 250-year floodplain;

(C) areas of residual risk, including areas behind levees, dams, and other man-made structures; and

(D) areas subject to graduated and other risk levels, to the maximum extent possible;

(2) ensure that any such rate maps—

(A) include levees, including decertified levees, and the level of protection they confer;

(B) reflect current land use and topography and incorporate the most current and accurate ground level data;

(C) take into consideration the impacts and use of fill and the flood risks associated with altered hydrology;
(D) identify and incorporate natural features and their associated flood protection benefits into mapping and rates; and

(E) identify, analyze, and incorporate the impact of significant changes to building and development throughout any river or coastal water system, including all tributaries, which may impact flooding in areas downstream; and

(3) provide that such rate maps are developed on a watershed basis.

(c) REPORT.—If, in establishing new standards for flood insurance rate maps pursuant to subsection (a) of this section, the Administrator does not implement all of the recommendations of the Council made under the proposed new mapping standards developed by the Council pursuant to section 6(c), upon establishment of the new standards the Administrator shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate specifying which such recommendations were not adopted and explaining the reasons such recommendations were not adopted.

(d) IMPLEMENTATION.—The Administrator shall, not later than the expiration of the 6-month period beginning upon establishment of the new standards for flood insur-
ance rate maps pursuant to subsection (a) of this section,
commence use of the new standards and updating of flood
insurance rate maps in accordance with the new stand-
ards. Not later than the expiration of the 5-year period
beginning upon the establishment of such new standards,
the Administrator shall complete updating of all flood in-
surance rate maps in accordance with the new standards,
subject to the availability of sufficient amounts for such
activities provided in appropriation Acts.

SEC. 8. PRIVATIZATION INITIATIVES.

(a) FEMA AND GAO REPORTS.—Not later than the
expiration of the 18-month period beginning on the date
of the enactment of this Act, the Administrator of the
Federal Emergency Management Agency and the Com-
troller General of the United States shall each conduct a
separate study to assess a broad range of options, meth-
ods, and strategies for privatizing the national flood insur-
ance program and shall each submit a report to the Com-
mittee on Financial Services of the House of Representa-
tives and the Committee on Banking, Housing, and Urban
Affairs of the Senate with recommendations for the best
manner to accomplish such privatization.

(b) PRIVATE RISK-MANAGEMENT INITIATIVES.—

(1) AUTHORITY.—The Administrator of the
Federal Emergency Management Agency may carry
out such private risk-management initiatives under
the national flood insurance program as the Admin-
istrator considers appropriate to determine the ca-
pacity of private insurers, reinsurers, and financial
markets to assist communities, on a voluntary basis
only, in managing the full range of financial risks
associated with flooding.

(2) ASSESSMENT.—Not later than the expiration
of the 6-month period beginning on the date of
the enactment of this Act, the Administrator shall
assess the capacity of the private reinsurance, cap-
ital, and financial markets by seeking proposals to
assume a portion of the program’s insurance risk
and submit to the Congress a report describing the
response to such request for proposals and the re-
sults of such assessment.

(c) REINSURANCE.—The National Flood Insurance
Act of 1968 is amended—

(1) in section 1331(a)(2) (42 U.S.C.
4051(a)(2)), by inserting ‘‘, including as reinsurance
of insurance coverage provided by the flood insur-
ance program’’ before ‘‘, on such terms’’;

(2) in section 1332(c)(2) (42 U.S.C.
4052(c)(2)), by inserting ‘‘or reinsurance’’ after
‘‘flood insurance coverage’’;
(3) in section 1335(a) (42 U.S.C. 4055(a))—

(A) by inserting “(1)” after “(a)”; and

(B) by adding at the end the following new paragraph:

“(2) The Director is authorized to secure reinsurance coverage of coverage provided by the flood insurance program from private market insurance, reinsurance, and capital market sources at rates and on terms determined by the Director to be reasonable and appropriate in an amount sufficient to maintain the ability of the program to pay claims and that minimizes the likelihood that the program will utilize the borrowing authority provided under section 1309.”;

(4) in section 1346(a) (12 U.S.C. 4082(a))—

(A) in the matter preceding paragraph (1), by inserting “, or for purposes of securing reinsurance of insurance coverage provided by the program,” before “of any or all of”;

(B) in paragraph (1)—

(i) by striking “estimating” and inserting “Estimating”; and

(ii) by striking the semicolon at the end and inserting a period;

(C) in paragraph (2)—
(i) by striking “receiving” and inserting “Receiving”; and

(ii) by striking the semicolon at the end and inserting a period;

(D) in paragraph (3)—

(i) by striking “making” and inserting “Making”; and

(ii) by striking “; and” and inserting a period;

(E) in paragraph (4)—

(i) by striking “otherwise” and inserting “Otherwise”; and

(ii) by redesignating such paragraph as paragraph (5); and

(F) by inserting after paragraph (3) the following new paragraph:

“(4) Placing reinsurance coverage on insurance provided by such program.”; and

(5) in section 1370(a)(3) (42 U.S.C. 4121(a)(3)), by inserting before the semicolon at the end the following: “, is subject to the reporting requirements of the Securities Exchange Act of 1934, pursuant to section 13(a) or 15(d) of such Act (15 U.S.C. 78m(a), 78o(d)), or is authorized by the Di-
rector to assume reinsurance on risks insured by the flood insurance program”.

**SEC. 9. FEMA ANNUAL REPORT ON INSURANCE PROGRAM.**

Section 1320 of the National Flood Insurance Act of 1968 (42 U.S.C. 4027) is amended—

(1) in the section heading, by striking “REPORT TO THE PRESIDENT” and inserting “ANNUAL REPORT TO CONGRESS”;

(2) in subsection (a)—

(A) by striking “biennially”;

(B) by striking “the President for submission to”; and

(C) by inserting “not later than June 30 of each year” before the period at the end;

(3) in subsection (b), by striking “biennial” and inserting “annual”; and

(4) by adding at the end the following new subsection:

“(c) **FINANCIAL STATUS OF PROGRAM.**—The report under this section for each year shall include information regarding the financial status of the national flood insurance program under this title, including a description of the financial status of the National Flood Insurance Fund and current and projected levels of claims, premium receipts, expenses, and borrowing under the program.”.
SEC. 10. MITIGATION ASSISTANCE.

Subsection (e) of section 1366 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104e(e)) is amended by adding at the end the following new paragraph:

“(6) Eligibility of demolition and rebuilding of properties.—The Administrator shall consider as an eligible activity the demolition and rebuilding of properties to at least base flood levels or higher, if required by the Administrator or if required by any State or local ordinance, and in accordance with project implementation criteria established by the Administrator.”.

SEC. 11. TECHNICAL CORRECTIONS.

(a) Flood Disaster Protection Act of 1973.—

The Flood Disaster Protection Act of 1973 (42 U.S.C. 4002 et seq.) is amended—

(1) by striking “Director” each place such term appears, except in section 102(f)(3) (42 U.S.C. 4012a(f)(3)), and inserting “Administrator”; and

(2) in section 201(b) (42 U.S.C. 4105(b)), by striking “Director’s” and inserting “Administrator’s”.

(b) National Flood Insurance Act of 1968.—

The National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.) is amended—
(1) by striking “Director” each place such term appears and inserting “Administrator”; and

(2) in sections 1363 (42 U.S.C. 4104), by striking “Director’s” each place such term appears and inserting “Administrator’s”.

(c) Federal Flood Insurance Act of 1956.—Section 15(e) of the Federal Flood Insurance Act of 1956 (42 U.S.C. 2414(e)) is amended by striking “Director” each place such term appears and inserting “Administrator”.

SEC. 12. COMMUNITY BUILDING CODE ADMINISTRATION GRANTS.

Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)) is amended—

(1) in paragraph (24), by striking “and” at the end;

(2) in paragraph (25), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following new paragraph:

“(26) to supplement existing State or local funding for administration of building code enforcement by local building code enforcement departments, including for increasing staffing, providing staff training, increasing staff competence and pro-
fessional qualifications, and supporting individual certification or departmental accreditation, and for capital expenditures specifically dedicated to the administration of the building code enforcement department, except that, to be eligible to use amounts as provided in this paragraph—

“(A) a building code enforcement department shall provide matching, non-Federal funds to be used in conjunction with amounts used under this paragraph in an amount—

“(i) in the case of a building code enforcement department serving an area with a population of more than 50,000, equal to not less than 50 percent of the total amount of any funds made available under this title that are used under this paragraph;

“(ii) in the case of a building code enforcement department serving an area with a population of between 20,001 and 50,000, equal to not less than 25 percent of the total amount of any funds made available under this title that are used under this paragraph; and
“(iii) in the case of a building code enforcement department serving an area with a population of less than 20,000, equal to not less than 12.5 percent of the total amount of any funds made available under this title that are used under this paragraph; except that the Secretary may waive the matching fund requirements under this subparagraph, in whole or in part, based upon the level of economic distress of the jurisdiction in which is located the local building code enforcement department that is using amounts for purposes under this paragraph, and shall waive such matching fund requirements in whole for any recipient jurisdiction that has dedicated all building code permitting fees to the conduct of local building code enforcement; and

“(B) any building code enforcement department using funds made available under this title for purposes under this paragraph shall empanel a code administration and enforcement team consisting of at least 1 full-time building
code enforcement officer, a city planner, and a health planner or similar officer.”.