

112TH CONGRESS
2D SESSION

H. R. 5740

To extend the National Flood Insurance Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 2012

Mrs. BIGGERT introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To extend the National Flood Insurance Program, and for
other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Flood Insur-
5 ance Program Extension Act”.

6 **SEC. 2. EXTENSION OF PROGRAM.**

7 (a) IN GENERAL.—Section 1319 of the National
8 Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended
9 by striking “the earlier of the date of the enactment into
10 law of an Act that specifically amends the date specified

1 in this section or May 31, 2012” and inserting “June 30,
2 2012”.

3 (b) FINANCING.—Section 1309(a) of the National
4 Flood Insurance Act of 1968 (42 U.S.C. 4016(a)) is
5 amended by striking “the earlier of the date of the enact-
6 ment into law of an Act that specifically amends the date
7 specified in this section or May 31, 2012” and inserting
8 “June 30, 2012”.

9 **SEC. 3. USE OF PRIVATE INSURANCE TO SATISFY MANDA-**
10 **TORY PURCHASE REQUIREMENT.**

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

13 (1) in paragraph (1)—

14 (A) by striking “lending institutions not to
15 make” and inserting “lending institutions—

16 “(A) not to make”;

17 (B) in subparagraph (A), as designated by
18 subparagraph (A) of this paragraph, by striking
19 “less.” and inserting “less; and”; and

20 (C) by adding at the end the following new
21 subparagraph:

22 “(B) to accept private flood insurance as
23 satisfaction of the flood insurance coverage re-
24 quirement under subparagraph (A) if the cov-
25 erage provided by such private flood insurance

1 meets the requirements for coverage under such
2 subparagraph.”;

3 (2) in paragraph (2), by inserting after “pro-
4 vided in paragraph (1).” the following new sentence:
5 “Each Federal agency lender shall accept private
6 flood insurance as satisfaction of the flood insurance
7 coverage requirement under the preceding sentence
8 if the flood insurance coverage provided by such pri-
9 vate flood insurance meets the requirements for cov-
10 erage under such sentence.”;

11 (3) in paragraph (3), in the matter following
12 subparagraph (B), by adding at the end the fol-
13 lowing new sentence: “The Federal National Mort-
14 gage Association and the Federal Home Loan Mort-
15 gage Corporation shall accept private flood insurance
16 as satisfaction of the flood insurance coverage re-
17 quirement under the preceding sentence if the flood
18 insurance coverage provided by such private flood in-
19 surance meets the requirements for coverage under
20 such sentence.”; and

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

23 “(5) PRIVATE FLOOD INSURANCE DEFINED.—
24 In this subsection, the term ‘private flood insurance’

1 means a contract for flood insurance coverage al-
2 lowed for sale under the laws of any State.”.

3 **SEC. 4. PRIVATIZATION INITIATIVES.**

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

16 (b) PRIVATE RISK-MANAGEMENT INITIATIVES.—

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

1 (2) ASSESSMENT.—Not later than the expira-
2 tion of the 12-month period beginning on the date
3 of the enactment of this Act, the Administrator shall
4 assess the capacity of the private reinsurance, cap-
5 ital, and financial markets by seeking proposals to
6 assume a portion of the program’s insurance risk
7 and submit to the Congress a report describing the
8 response to such request for proposals and the re-
9 sults of such assessment.

10 (3) PROTOCOL FOR RELEASE OF DATA.—The
11 Administrator shall develop a protocol to provide for
12 the release of data sufficient to conduct the assess-
13 ment required under paragraph (2).

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

16 (1) in section 1331(a)(2) (42 U.S.C.
17 4051(a)(2)), by inserting “, including as reinsurance
18 of insurance coverage provided by the flood insur-
19 ance program” before “, on such terms”;

20 (2) in section 1332(c)(2) (42 U.S.C.
21 4052(c)(2)), by inserting “or reinsurance” after
22 “flood insurance coverage”;

23 (3) in section 1335(a) (42 U.S.C. 4055(a))—
24 (A) by inserting “(1)” after “(a)”; and

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

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

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

13 (A) in the matter preceding paragraph (1),
14 by inserting “, or for purposes of securing rein-
15 surance of insurance coverage provided by the
16 program,” before “of any or all of”;

17 (B) in paragraph (1)—

18 (i) by striking “estimating” and in-
19 serting “Estimating”; and

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

22 (C) in paragraph (2)—

23 (i) by striking “receiving” and insert-
24 ing “Receiving”; and

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

3 (D) in paragraph (3)—

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

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

8 (E) in paragraph (4)—

9 (i) by striking “otherwise” and insert-
10 ing “Otherwise”; and

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

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

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

17 (5) in section 1370(a)(3) (42 U.S.C.
18 4121(a)(3)), by inserting before the semicolon at the
19 end the following: “, is subject to the reporting re-
20 quirements of the Securities Exchange Act of 1934,
21 pursuant to section 13(a) or 15(d) of such Act (15
22 U.S.C. 78m(a), 78o(d)), or is authorized by the Di-
23 rector to assume reinsurance on risks insured by the
24 flood insurance program”.

25 (d) ASSESSMENT OF CLAIMS-PAYING ABILITY.—

1 (1) ASSESSMENT.—Not later than September
2 30 of each year, the Administrator of the Federal
3 Emergency Management Agency shall conduct an
4 assessment of the claims-paying ability of the na-
5 tional flood insurance program, including the pro-
6 gram’s utilization of private sector reinsurance and
7 reinsurance equivalents, with and without reliance
8 on borrowing authority under section 1309 of the
9 National Flood Insurance Act of 1968 (42 U.S.C.
10 4016). In conducting the assessment, the Adminis-
11 trator shall take into consideration regional con-
12 centrations of coverage written by the program, peak
13 flood zones, and relevant mitigation measures.

14 (2) REPORT.—The Administrator shall submit
15 a report to the Congress of the results of each such
16 assessment, and make such report available to the
17 public, not later than 30 days after completion of
18 the assessment.

19 **SEC. 5. STUDIES OF VOLUNTARY COMMUNITY-BASED**
20 **FLOOD INSURANCE OPTIONS.**

21 (a) STUDIES.—The Administrator of the Federal
22 Emergency Management Agency and the Comptroller
23 General of the United States shall each conduct a separate
24 study to assess options, methods, and strategies for offer-
25 ing voluntary community-based flood insurance policy op-

1 tions and incorporating such options into the national
2 flood insurance program. Such studies shall take into con-
3 sideration and analyze how the policy options would affect
4 communities having varying economic bases, geographic
5 locations, flood hazard characteristics or classifications,
6 and flood management approaches.

7 (b) REPORTS.—Not later than the expiration of the
8 18-month period beginning on the date of the enactment
9 of this Act, the Administrator of the Federal Emergency
10 Management Agency and the Comptroller General of the
11 United States shall each submit a report to the Committee
12 on Financial Services of the House of Representatives and
13 the Committee on Banking, Housing, and Urban Affairs
14 of the Senate on the results and conclusions of the study
15 such agency conducted under subsection (a), and each
16 such report shall include recommendations for the best
17 manner to incorporate voluntary community-based flood
18 insurance options into the national flood insurance pro-
19 gram and for a strategy to implement such options that
20 would encourage communities to undertake flood mitiga-
21 tion activities.

○