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.

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 “National Flood Insur-
ance Program Extension Act”.

SEC. 2. EXTENSION OF PROGRAM.
(a) In General.—Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended by striking “the earlier of the date of the enactment into law of an Act that specifically amends the date specified
in this section or May 31, 2012” and inserting “June 30, 2012”.

(b) FinancinG.—Section 1309(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4016(a)) is amended by striking “the earlier of the date of the enactment into law of an Act that specifically amends the date specified in this section or May 31, 2012” and inserting “June 30, 2012”.

SEC. 3. USE OF PRIVATE INSURANCE TO SATISFY MANDATORY PURCHASE REQUIREMENT.

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

(1) in paragraph (1)—

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

“(A) not to make”;

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

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

“(B) to accept private flood insurance as satisfaction of the flood insurance coverage requirement under subparagraph (A) if the coverage provided by such private flood insurance...
meets the requirements for coverage under such subparagraph.”;

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

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

(4) by adding at the end the following new
paragraph:
“(5) PRIVATE FLOOD INSURANCE DEFINED.—
In this subsection, the term ‘private flood insurance’
means a contract for flood insurance coverage al-
lowed for sale under the laws of any State.”.

SEC. 4. 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 12-month period beginning on the date of the enactment of this Act, the Administrator shall assess the capacity of the private reinsurance, capital, 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 results of such assessment.

(3) PROTOCOL FOR RELEASE OF DATA.—The Administrator shall develop a protocol to provide for the release of data sufficient to conduct the assessment required under paragraph (2).

(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 insurance 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 Director to assume reinsurance on risks insured by the flood insurance program”.

(d) Assessment of Claims-Paying Ability.—
(1) Assessment.—Not later than September 30 of each year, the Administrator of the Federal Emergency Management Agency shall conduct an assessment of the claims-paying ability of the national flood insurance program, including the program’s utilization of private sector reinsurance and reinsurance equivalents, with and without reliance on borrowing authority under section 1309 of the National Flood Insurance Act of 1968 (42 U.S.C. 4016). In conducting the assessment, the Administrator shall take into consideration regional concentrations of coverage written by the program, peak flood zones, and relevant mitigation measures.

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

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

(a) Studies.—The Administrator of the Federal Emergency Management Agency and the Comptroller General of the United States shall each conduct a separate study to assess options, methods, and strategies for offering voluntary community-based flood insurance policy opc-
tions and incorporating such options into the national flood insurance program. Such studies shall take into consideration and analyze how the policy options would affect communities having varying economic bases, geographic locations, flood hazard characteristics or classifications, and flood management approaches.

(b) 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 Comptroller General of the United States shall each 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 on the results and conclusions of the study such agency conducted under subsection (a), and each such report shall include recommendations for the best manner to incorporate voluntary community-based flood insurance options into the national flood insurance program and for a strategy to implement such options that would encourage communities to undertake flood mitigation activities.