To amend the National Flood Insurance Act of 1968 to include a system for indeterminate loss insurance claims, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 26, 2011

Mr. WICKER introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the National Flood Insurance Act of 1968 to include a system for indeterminate loss insurance claims, and for other purposes.

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

SECTION 1. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Table of contents.

TITLE I—COASTAL ACT

Sec. 101. Short title.
Sec. 102. Assessing and modeling named storms over coastal lands.
Sec. 103. Alternative loss allocation system for indeterminate claims.

TITLE II—FLOOD INSURANCE REAUTHORIZATION

Sec. 201. Short title.
Sec. 203. Reform of premium rates for newly insured and lapsed policies.
Sec. 204. Premium rate adjustment for current policyholders.
Sec. 205. State chartered financial institutions.
Sec. 206. Enforcement.
Sec. 207. Escrow of flood insurance payments.
Sec. 208. Removal of limitation on State contributions for updating flood maps.
Sec. 209. Notice of flood insurance availability under RESPA.

TITLE I—COASTAL ACT

SEC. 101. SHORT TITLE.

This title may be cited as the “Consumer Option for an Alternative System To Allocate Losses Act of 2011” or the “COASTAL Act of 2011”.

SEC. 102. ASSESSING AND MODELING NAMED STORMS OVER COASTAL LANDS.

Subtitle C of title XII of the Omnibus Public Land Management Act of 2009 (33 U.S.C. 3601 et seq.) (also known as the “Integrated Coastal and Ocean Observation System Act of 2009”) is amended by adding at the end the following:

“SEC. 12312. ASSESSING AND MODELING NAMED STORMS OVER COASTAL LANDS.

“(a) DEFINITIONS.—In this section:

“(1) COASTAL WATERS.—The term ‘coastal waters’ has the meaning given the term in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453).

“(2) COASTAL ZONE.—The term ‘coastal zone’—
“(A) means the shorelands adjacent to coastal waters; and

“(B) includes lands for which States have developed a management program as such term is defined in such section 304 (16 U.S.C. 1453).

“(3) COVERED DATA.—The term ‘covered data’ means, with respect to a named storm in the coastal zone, empirical data that are—

“(A) collected before, during, or after such storm in coastal waters and in the coastal zone; and

“(B) necessary to determine magnitude and timing of wind speeds, the barometric pressure, river flows, the extent, height, and timing of storm surge, topographic and bathymetric data, and other measures required to accurately model and assess damage from such storm.

“(4) NAMED STORM.—The term ‘named storm’ means any organized weather system with a defined surface circulation and maximum winds of at least 39 miles per hour which the National Hurricane Center of the United States National Weather Service names as a tropical storm, or a hurricane, that threatens any portion of the coastal zone.
“(5) NAMED STORM EVENT MODEL.—The term ‘Named Storm Event Model’ means the official meteorological and oceanographic computerized model, developed by the Administrator under subsection (b)(1)(A), which utilizes covered data to replicate the magnitude, timing, and spatial variations of winds and storm surges associated with named storms in the coastal zone.

“(6) PARTICIPANT.—The term ‘participant’ means a Federal, State, or private entity that chooses to cooperate with the Administrator in carrying out the provisions of this section by collecting, contributing, and maintaining covered data.

“(7) POST-EVENT ASSESSMENT.—The term ‘post-event assessment’ means a scientific assessment produced and certified by the Administrator to determine the magnitude, timing, and spatial variations of winds and storm surges associated with a specific named storm to be used in the loss allocation formula established by the Secretary of Homeland Security under section 1333(b)(2) of the National Flood Insurance Act of 1968 (42 U.S.C. 4053(b)(2)).
“(8) State.—The term ‘State’ means each of
the several States of the United States or the Dis-


triet of Columbia.

“(b) Named Storm Event Model and Post-


event Assessment.—

“(1) Establishment of Named Storm


event Model.—

“(A) In General.—Not later than 540
days after the date of the enactment of the
COASTAL Act of 2011, the Administrator
shall develop by regulation and employ a gener-

alized assessment model for determining the
magnitude and temporal and spatial variations
of storm surges and wind speeds associated
with named storms.

“(B) Designation.—The model developed
and employed under subparagraph (A) shall be
known as the ‘Named Storm Event Model’.

“(C) Accuracy.—The Named Storm
Event Model shall be designed to generate post-
event assessments, as provided in paragraph
(2), that have a degree of accuracy of not less
than 90 percent for every indeterminate loss for
which a post-event assessment is utilized.

“(2) Post-Event Assessment.—
“(A) IDENTIFICATION OF NAMED STORMS THREATENING COASTAL ZONE.—After the establishment of the loss allocation formula under section 1333(b)(2) of the National Flood Insurance Act of 1968 (42 U.S.C. 4053(b)(2)), the Administrator shall, in consultation with the Secretary of Homeland Security, identify named storms that may reasonably constitute a threat to any portion of the coastal zone.

“(B) POST-EVENT ASSESSMENT REQUIRED.—Upon identification of a named storm under subparagraph (A), the Administrator shall develop a post-event assessment for such named storm using the Named Storm Event Model and covered data collected for such named storm pursuant to the protocol established under subsection (c)(1).

“(C) SUBMITTAL OF POST-EVENT ASSESSMENT.—Not later than 90 days after an identification of a named storm is made under subparagraph (A), the Administrator shall submit to the Secretary of Homeland Security the post-event assessment developed for such storm under subparagraph (B).
“(3) ACCURACY.—The Administrator shall ensure, to the greatest extent practicable, that each post-event assessment developed under paragraph (2) has a degree of accuracy of not less than 90 percent.

“(4) CERTIFICATION.—For each post-event assessment, the Administrator shall—

“(A) certify the degree of accuracy for such assessment, including specific reference to any segments or geographic areas for which the assessment is less than 90 percent accurate; and

“(B) report such certification to the Secretary of Homeland Security for the purposes of settling indeterminate loss claims under section 3(c)(1) of the COASTAL Act of 2011.

“(5) FINALITY OF DETERMINATIONS.—A certification of, or determination not to certify, the degree of accuracy of a post-event assessment under this subsection by the Administrator shall be final and shall not be subject to judicial review.

“(6) AVAILABILITY.—The Administrator shall make available to the public the Named Storm Event Model and any post-event assessment developed under this subsection.
“(c) Establishment of a Protocol for Post-Event Assessment.—

“(1) In general.—Not later than 540 days after the date of the enactment of the COASTAL Act of 2011, the Administrator shall establish a protocol, based on the plan submitted under subsection (d)(3), to collect and assemble all covered data required by the Administrator to produce post-event assessments required by subsection (b), including assembling data collected by participants and stored in the database established under subsection (f) and from such other sources as the Administrator considers appropriate.

“(2) Acquisition of sensors and structures.—If the Administrator is unable to use a public or private asset to obtain covered data as part of the protocol established under paragraph (1), the Administrator may acquire such sensors and structures for the placement of sensors as may be necessary to obtain such data.

“(3) Use of Federal assets.—If the protocol requires placement of a sensor to develop assessments pursuant to subsection (b), the Administrator shall, to the extent practicable, use Federal assets for the placement of such sensors.
“(4) USE OF ACQUIRED STRUCTURES.—

“(A) IN GENERAL.—If the Administrator acquires a structure for the placement of a sensor for purposes of such protocol, the Administrator shall to the extent practical permit other public and private entities to place sensors on such structure to collect—

“(i) meteorological data;
“(ii) national security-related data;
“(iii) navigation-related data;
“(iv) hydrographic data; or
“(v) such other data as the Administrator considers appropriate.

“(B) RECEIPT OF CONSIDERATION.—The Administrator may receive consideration for the placement of a sensor on a structure under subparagraph (A).

“(C) IN-KIND CONSIDERATION.—Consideration received under subparagraph (B) may be received in-kind.

“(D) USE OF CONSIDERATION.—To the extent practicable, consideration received under subparagraph (B) shall be used for the maintenance of sensors used to collect covered data.
“(5) Coordinated deployments and data collection practices.—The Administrator shall, in consultation with the Office of the Federal Coordinator for Meteorology, coordinate the deployment of sensors as part of the protocol established under paragraph (1) and related data collection carried out by Federal, State, academic, and private entities who choose to cooperate with the Administrator in carrying out this subsection.

“(6) Priority acquisition and deployment.—The Administrator shall give priority in the acquisition for and deployment of sensors under the protocol required by paragraph (1) to areas of the coastal zone that have the highest risk of being harmed by named storms.

“(d) Assessment of systems and efforts to collect covered data.—

“(1) Identification of systems and efforts to collect covered data.—Not later than 180 days after the date of the enactment of the COASTAL Act of 2011, the Administrator shall, in consultation with the Office of the Federal Coordinator for Meteorology—
“(A) carry out a survey to identify all Federal and State efforts and systems that are capable of collecting covered data; and

“(B) work with private and academic sector entities to identify domestic private and academic systems that are capable of collecting covered data.

“(2) IDENTIFICATION OF GAPS.—The Administrator shall, in consultation with the Office of the Federal Coordinator for Meteorology and individuals and entities consulted under subsection (e)(3), assess the systems identified under paragraph (1) and identify which systems meet the needs of the National Oceanic and Atmospheric Administration for the collection of covered data, including with respect to the accuracy requirement for post-event assessment under subsection (b)(3).

“(3) PLAN.—Not later than 270 days after the date of the enactment of the COASTAL Act of 2011, the Administrator shall, in consultation with the Office of the Federal Coordinator for Meteorology, submit to Congress a plan for the collection of covered data necessary to develop the Named Storm Event Model and post-event assessment re-
quired by subsection (b) that addresses any gaps identified in paragraph (2).

“(e) Coordination of Covered Data Collection and Maintenance by Participants.—

“(1) In general.—The Administrator shall, in consultation with the Office of the Federal Coordinator for Meteorology, coordinate the collection and maintenance of covered data by participants under this section—

“(A) to streamline the process of collecting covered data in accordance with the protocol established under subsection (c)(1); and

“(B) to maintain transparency of such process and the database established under subsection (f).

“(2) Sharing information.—The Administrator shall establish a process for sharing among participants information relevant to collecting and using covered data for—

“(A) academic research;

“(B) private sector use;

“(C) public outreach; and

“(D) such other purposes as the Administrator considers appropriate.
“(3) Consultation.—In carrying out paragraphs (1) and (2), the Administrator shall consult with the following:

“(A) The Commanding General of the United States Army Corps of Engineers.


“(C) The Commandant of the Coast Guard.

“(D) The Director of the United States Geological Survey.

“(E) The Office of the Federal Coordinator for Meteorology.

“(F) The Director of the National Science Foundation.

“(G) The Administrator of the National Aeronautics and Space Administration.

“(H) Such public, private, and academic sector entities as the Administrator considers appropriate for purposes of carrying out the provisions of this section.

“(f) Establishment of Coastal Wind and Water Event Database.—

“(1) In general.—Not later than 365 days after the date of the enactment of the COASTAL
Act of 2011, the Administrator shall establish a database for the collection and compilation of covered data—

"(A) to support the protocol established under subsection (c)(1); and

"(B) for the purposes listed in subsection (e)(2).

"(2) DESIGNATION.—The database established under paragraph (1) shall be known as the ‘Coastal Wind and Water Event Database’.

“(g) COMPTROLLER GENERAL STUDY.—Not later than 365 days after the date of the enactment of the COASTAL Act of 2011, the Comptroller General of the United States shall—

"(1) complete an audit of Federal efforts to collect covered data, which audit shall—

"(A) examine duplicated Federal efforts to collect covered data; and

"(B) determine the cost effectiveness of such efforts; and

"(2) submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Science, Space, and Technology of the House of Representatives a report on the findings of
the Comptroller General with respect to the audit
completed under paragraph (1).”.

SEC. 103. ALTERNATIVE LOSS ALLOCATION SYSTEM FOR
INDETERMINATE CLAIMS.

Section 1333 of the National Flood Insurance Act of
1968 (42 U.S.C. 4053) is amended—
(a) by striking “The insurance companies” and in-
serting “(a) IN GENERAL.—The insurance companies”;
and
(b) by adding at the end the following:
“(b) ALTERNATIVE LOSS ALLOCATION SYSTEM FOR
INDETERMINATE CLAIMS.—
“(1) DEFINITIONS.—In this subsection:
“(A) INDETERMINATE LOSS.—
“(i) IN GENERAL.—The term ‘indeter-
minate loss’ means, as determined by an
insurance claims adjuster, a loss resulting
from physical damage to or loss of prop-
erty related thereto located in any State
arising from the combined perils of flood
and wind associated with a named storm.
“(ii) REQUIREMENTS.—An insurance
claims adjuster shall only determine that a
loss is an indeterminate loss if the claims
adjuster determines that—
“(I) no material remnant of physical buildings or man-made structures remain except building foundations for the specific property for which the indeterminate claim is made; and

“(II) there is insufficient or no tangible evidence created, yielded, or otherwise left behind as a result of the named storm.

“(iii) Resolution of disputes regarding indeterminate loss determinations.—For any determination of, or determination not to qualify, a loss as an indeterminate loss by an insurance claims adjuster, or any dispute between a policyholder and an insurance claims adjuster regarding such a determination, or any dispute between insurance claims adjusters regarding such a determination, the policyholder or insurer may, not later than 30 days after receiving notice of such determination, file an appeal with the arbitration panel established under paragraph (6).
“(iv) CIVIL PENALTY.—In carrying out any determination relating to an indeterminate loss, any insurance claims adjuster that knowingly and willfully makes a false or inaccurate determination shall be subject to a civil penalty in an amount not to exceed $10,000.

“(B) NAMED STORM.—The term ‘named storm’ has the meaning given the term in section 12312(a) of the Omnibus Public Land Management Act of 2009.

“(C) PROPERTY.—The term ‘property’ means real or personal property that is insured under a standard insurance policy for loss or damage to structure and contents.

“(D) SECRETARY.—The term ‘Secretary’ means the Secretary of Homeland Security.

“(E) STANDARD INSURANCE POLICY.—The term ‘standard insurance policy’ means any insurance policy that covers loss or damage to an insured structure or contents resulting from wind peril (including a State wind pool), water peril (including insurance provided under this title and private insurance that covers water peril), or both wind and water perils.
“(F) STATE WIND POOL.—The term ‘State wind pool’ means an entity sponsored, run, or controlled by a State for the purposes of selling wind insurance in a standard insurance policy.

“(G) UNDER SECRETARY.—The term ‘Under Secretary’ means the Under Secretary for Oceans and Atmosphere.

“(2) ESTABLISHMENT OF LOSS ALLOCATION FORMULA.—

“(A) IN GENERAL.—Not later than 180 days after the establishment of the protocol established in subsection (c)(1) of section 12312 of the Omnibus Public Land Management Act of 2009, the Secretary shall, in consultation with the Under Secretary, establish by rule a system for allocating losses among—

“(i) any insurer (including a State wind pool) that insures losses due to wind peril, or both wind and water peril; and

“(ii) any insurer (including the Federal Emergency Management Agency and NFIP Direct) issuing a standard insurance policy that insures losses due to water peril for properties that may also be insured against losses caused by wind peril through
another insurer, solely with respect to the
amount of losses due to flood insured
under this title.

“(B) USE OF POST-EVENT ASSESSMENT.—
The loss allocation system established under
subparagraph (A) shall—

“(i) incorporate data available from
the Coastal Wind and Water Event Data-
base established under subsection (f) of
section 12312 of the Omnibus Public Land
Management Act of 2009; and

“(ii) for each indeterminate loss, uti-
lize the post-event assessment developed
under subsection (b)(2) of such section
12312, to allocate water damage (flood or
storm surge), associated with a named
storm, and wind damage associated with
the same named storm if the Under Sec-
retary certifies such post-event assessment
as having a degree of accuracy of not less
than 90 percent in connection with the
specific indeterminate loss for which such
assessment is utilized.

“(C) APPLICATION OF POST-EVENT AS-
SESSMENT.—In applying the post-event assess-
ment developed under subsection (b)(2) of section 12312 of the Omnibus Public Land Management Act of 2009 in accordance with subparagraph (B), the Secretary shall develop a standard formula to determine the loss allocation for a specific property. Such formula shall consider—

“(i) relevant data provided on the FEMA Elevation Certificate for each indeterminate loss determined under this subsection;

“(ii) any sufficient and credible evidence, approved by the Secretary, of the pre-event condition of a specific property, including the findings of any policyholder or insurance claims adjuster in connection with the indeterminate loss to that specific property; and

“(iii) other measures required to determine and allocate, by mathematical formula, property damage caused by wind and property damage caused by water associated with the same named storm.
“(D) Consultation.—In carrying out subparagraph (A), the Secretary shall consult with the following:

“(i) The Director of the National Institute of Standards and Technology.

“(ii) Such public, private, and academic sector entities as the Secretary considers appropriate for purposes of carrying out provisions of such paragraph.

“(E) Requirement.—Each consideration and measure the Secretary determines necessary to carry out the requirements of subparagraph (A), pursuant to subparagraph (C), shall be provided for on the National Flood Insurance Program Elevation Certificate, or maintained otherwise on record if approved by the Secretary, for any properties that qualify for the alternative loss allocation for indeterminate losses under this subsection.

“(F) Administrative Procedure.—The loss allocation system established under subparagraph (A) shall be promulgated by rule in accordance with section 553 of title 5, United States Code.
“(3) ALLOCATION OF INDETERMINATE CLAIMS.—For each indeterminate loss—

“(A) any insurer (including the Federal Emergency Management Agency and NFIP Direct) issuing a standard insurance policy that insures losses due to water peril for properties that may also be insured against losses caused by wind peril through another insurer, solely with respect to the amount of losses due to flood insured under this title, shall allocate payments to policyholders in accordance with the method or methods established by the Secretary pursuant to paragraph (2)(A);

“(B) any insurer required to allocate losses due to flood under subparagraph (A) that also insures losses due to wind peril under a standard insurance policy shall, with respect to any property for which it issues both flood and wind coverage, allocate payments to policyholders for losses due to wind peril in accordance with the method or methods established by the Secretary pursuant to paragraph 2(A);

“(C) any insurer that utilizes the services of insurance agents who—
“(i) work exclusively or predominately for that insurer, and
“(ii) service flood insurance business directly through the National Flood Insurance Program Servicing Agent,
shall allocate payments to policyholders that purchase flood coverage through such agents in accordance with the method or methods established by the Secretary pursuant to paragraph (2)(A);
“(D) all other insurers may elect to allocate losses to policyholders in accordance with the system established by the Secretary pursuant to paragraph (2)(A) if—
“(i) such election is made by an insurer prior to the time of purchase or renewal of the applicable policy by the policy holder; and
“(ii) the policyholder is given notice of such election by the insurer; and
“(E) the amount of any claim settled by any insurer of a standard insurance policy with regard to an allocation of payments made pursuant to subparagraphs (A), (B), (C), or (D) shall be final and not subject to judicial review.
“(4) APPEAL OF LOSS ALLOCATION DETERMINATION.—

“(A) IN GENERAL.—If a policyholder or an insurer of a standard insurance policy participating in the loss allocation system established under paragraph (2) is unsatisfied with the allocation of losses made pursuant to subparagraphs (A), (B), (C), or (D) of paragraph (3), due to sufficient and credible evidence not considered in such allocation of losses, the policyholder or insurer may, not later than 30 days after receiving notice of such allocation, file an appeal with the arbitration panel established under paragraph (6).

“(B) LIMITATION.—An appeal filed under subparagraph (A) may only be filed with respect to the amount of any claim determined pursuant to this subsection, and no appeal shall be heard or accepted with respect to the validity, efficacy, applicability, or use of the loss allocation formula established under paragraph (2).

“(5) LOSS ALLOCATION AND PAYMENT OF POLICYHOLDER CLAIMS PRIOR TO DETERMINATION.—
“(A) Good faith allocations.—Nothing in this subsection shall be construed to prohibit an insurer (including a State wind pool) from—

“(i) allocating losses in good faith with respect to a specific property prior to the determination of the indeterminate loss allocation for such property under this subsection;

“(ii) paying policyholder claims for losses to such property based on the good faith allocation under clause (i), provided that such payment does not exceed the lowest coverage limit amount for a loss under the standard insurance policy of the policyholder; and

“(iii) immediately after the determination of the indeterminate loss allocation for such property under this subsection reconciling amounts paid to the policyholder to conform with such indeterminate loss allocation determination.

“(B) Settlement of claims not determined to be indeterminate losses.—
“(i) IN GENERAL.—If a claim with respect to a specific property is settled by an insurer (including a State wind pool or an insurer of a standard insurance policy) pursuant to subparagraph (A), and it is later determined the specific property does not qualify for the loss allocation formula pursuant to this subsection, the insurer and the Secretary shall work in good faith to settle the claim.

“(ii) RESOLUTION OF DISPUTES.—If during the process of settling a claim under clause (i) there arises a dispute between any of the parties involved in that claim, any such party may file an action to have such dispute settled by the arbitration panel established under paragraph (6).

“(6) ARBITRATION PANEL.—

“(A) Establishment.—The Administrator of the Federal Emergency Management Agency shall establish an arbitration panel to efficiently and clearly resolve—

“(i) appeals relating to the loss allocation system for resolving indeterminate
claims established under this subsection;
and

“(ii) any other actions brought to the panel pursuant to this subsection.

“(B) Membership.—The arbitration panel established under subparagraph (A) shall be comprised of 5 members.

“(C) Administrative law expertise required.—At least 1 member of the arbitration panel established under subparagraph (A) shall have expertise in administrative law.

“(D) No FEMA employees.—No member of the arbitration panel established under subparagraph (A) may be a current employee of the Federal Emergency Management Agency.

“(E) Independence.—Each member of the arbitration panel established under subparagraph (A) shall be independent and neutral.

“(7) Opt-out.—After the date of enactment of this subsection, and only after the occurrence of a named storm, if there is mutual agreement between an insurer and its insured policyholder, such parties may elect to opt out of the requirements of this subsection, provided that the document or form used to
represent such agreement is approved in advance by the Secretary.

“(8) Opt-In.—Nothing in this subsection shall be construed to prevent or prohibit an insurer (including a State wind pool or an insurer of a standard insurance policy) from allocating all losses associated with a named storm pursuant to the requirements of this subsection.

“(9) Rule of Construction.—Nothing in this subsection shall be construed to negate, set aside, or void any policy limit, including any loss limitation, set forth in a standard insurance policy (including such policies covering wind and water, State wind pool, and any insurance policy provided in accordance with this title).

“(10) Applicability.—Paragraph (3) shall apply with respect to named storms that occur after the establishment of the indeterminate loss allocation formula pursuant to paragraph (2).”.

**TITLE II—FLOOD INSURANCE REAUTHORIZATION**

**SEC. 201. SHORT TITLE.**

This title may be cited as the “Flood Insurance Reauthorization Act of 2011”.
SEC. 202. 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. 203. REFORM OF PREMIUM RATES FOR NEWLY INSURED AND LAPPED POLICIES.

(a) In General.—Section 1307 of the National Flood Insurance Act of 1968 (42 U.S.C. 4014) is amended by adding at the end the following:

“(g) No Extension of Subsidy to New Policies or Lapsed Policies.—The Director shall not provide flood insurance to prospective insureds at rates less than those estimated under subsection (a)(1), as required by paragraph (2) of that subsection, for—

“(1) any property not insured by the flood insurance program as of the date of enactment of the Flood Insurance Reauthorization Act of 2011; and

“(2) any policy under the flood insurance program that has lapsed in coverage, as a result of the deliberate choice of the holder of such policy.”.
(b) Effective Date.—The amendment made by paragraph (1) shall become effective 90 days after the date of the enactment of this title.

SEC. 204. PREMIUM RATE ADJUSTMENT FOR CURRENT POLICYHOLDERS.

Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015) is amended by adding at the end the following:

“(g) Premium Adjustment To Reflect Current Risk Of Flood.—Notwithstanding subsection (f), and upon completion of the updating of any flood insurance rate map under this Act or the Flood Disaster Protection Act of 1973, any property located in an area that is participating in the national flood insurance program shall have the risk premium rate charged for flood insurance on such property adjusted to accurately reflect the current risk of flood to such property, subject to any other provision of this Act. Any increase in the risk premium rate charged for flood insurance on any property that is covered by a flood insurance policy on the date of completion of such updating or remapping that is a result of such updating or remapping shall be phased in over a 5-year period at the rate of 20 percent per year.”.
SEC. 205. STATE CHARTERED FINANCIAL INSTITUTIONS.

Section 1305(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4012(c)) is amended—

(1) in paragraph (1), by striking “; and” and inserting a semicolon;

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

(3) by adding at the end the following:

“(3) given satisfactory assurance that by December 31, 2012, lending institutions chartered by a State, and not insured by the Federal Deposit Insurance Corporation or by the National Credit Union Share Insurance Fund administered by the National Credit Union Administration, shall be subject to regulations by that State that are consistent with the requirements of section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a).”.

SEC. 206. ENFORCEMENT.

Section 102(f)(5) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(f)(5)) is amended—

(1) in the first sentence, by striking “$350” and inserting “$2,000”; and

(2) by striking the second sentence.
SEC. 207. ESCROW OF FLOOD INSURANCE PAYMENTS.

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

(1) by amending paragraph (1) to read as follows:

“(1) REGULATED LENDING INSTITUTIONS.—

“(A) FEDERAL ENTITIES RESPONSIBLE FOR LENDING REGULATIONS.—Each Federal entity for lending regulation (after consultation and coordination with the Federal Financial Institutions Examination Council) shall, by regulation, direct that any premiums and fees for flood insurance under the National Flood Insurance Act of 1968, on any property for which a loan has been made for acquisition or construction purposes, shall be paid to the mortgage lender, with the same frequency as payments on the loan are made, for the duration of the loan. Upon receipt of any premiums or fees, the lender shall deposit such premiums and fees in an escrow account on behalf of the borrower. Upon receipt of a notice from the Director or the provider of the flood insurance that insurance premiums are due, the remaining balance of an es-
crow account shall be paid to the provider of
the flood insurance.

“(B) State entities responsible for
lending regulations.—In order to continue
to participate in the flood insurance program,
each State shall direct that its entity or agency
with primary responsibility for the supervision
of lending institutions in that State require that
premiums and fees for flood insurance under
the National Flood Insurance Act of 1968, on
any property for which a loan has been made
for acquisition or construction purposes shall be
paid to the mortgage lender, with the same fre-
quency as payments on the loan are made, for
the duration of the loan. Upon receipt of any
premiums or fees, the lender shall deposit such
premiums and fees in an escrow account on be-
half of the borrower. Upon receipt of a notice
from such State entity or agency, the Director,
or the provider of the flood insurance that in-
surance premiums are due, the remaining bal-
ance of an escrow account shall be paid to the
provider of the flood insurance.”; and

(2) by adding at the end the following:
“(6) NOTICE UPON LOAN TERMINATION.—Upon final payment of the mortgage, a regulated lending institution shall provide notice to the policyholder that insurance coverage may cease with such final payment. The regulated lending institution shall also provide direction as to how the homeowner may continue flood insurance coverage after the life of the loan.”.

(b) APPLICABILITY.—The amendment made by subsection (a)(1) shall apply to any mortgage outstanding or entered into on or after the expiration of the 2-year period beginning on the date of enactment of this title.

SEC. 208. REMOVAL OF LIMITATION ON STATE CONTRIBUTIONS FOR UPDATING FLOOD MAPS.

Section 1360(f)(2) of the National Flood Insurance Act of 1968 (42 U.S.C. 4101(f)(2)) is amended by striking “, but which may not exceed 50 percent of the cost of carrying out the requested revision or update”.

SEC. 209. NOTICE OF FLOOD INSURANCE AVAILABILITY UNDER RESPA.

(14) An explanation of flood insurance and the availability of flood insurance under the National Flood Insurance Program, whether or not the real estate is located in an area having special flood hazards.”

SEC. 210. REITERATION OF FEMA RESPONSIBILITIES UNDER THE 2004 REFORM ACT.

(a) Minimum Training and Education Requirements.—The Administrator of the Federal Emergency Management Agency shall continue to work with the insurance industry, State insurance regulators, and other interested parties to implement the minimum training and education standards for all insurance agents who sell flood insurance policies, as such standards were determined by the Administrator in the notice published in the Federal Register on September 1, 2005 (70 Fed. Reg. 52117), pursuant to section 207 of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (42 U.S.C. 4011 note).

(b) Report on the Overall Implementation of the Reform Act of 2004.—Not later than 3 months after the date of the enactment of this title, the Adminis-
trator of the Federal Emergency Management Agency shall submit a report to Congress—

(1) describing the implementation of each provision of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (Public Law 108–264; 118 Stat. 712);

(2) identifying each regulation, order, notice, and other material issued by the Administrator in implementing each provision of that Act;

(3) explaining any statutory or implied deadlines that have not been met; and

(4) providing an estimate of when the requirements of such missed deadlines will be fulfilled.