

115TH CONGRESS
1ST SESSION

H. R. 1422

To amend the Flood Disaster Protection Act of 1973 to require that certain buildings and personal property be covered by flood insurance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2017

Mr. ROSS (for himself and Ms. CASTOR of Florida) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Flood Disaster Protection Act of 1973 to require that certain buildings and personal property be covered by flood insurance, 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 “Flood Insurance Mar-
5 ket Parity and Modernization Act”.

6 **SEC. 2. PRIVATE FLOOD INSURANCE.**

7 (a) MANDATORY PURCHASE REQUIREMENT.—

8 (1) AMOUNT AND TERM OF COVERAGE.—Sec-
9 tion 102 of the Flood Disaster Protection Act of

1 1973 (42 U.S.C. 4012a) is amended by striking
2 “Sec. 102. (a)” and all that follows through the end
3 of subsection (a) and inserting the following:

4 “SEC. 102. (a) AMOUNT AND TERM OF COVERAGE.—
5 After the expiration of sixty days following the date of en-
6 actment of this Act, no Federal officer or agency shall ap-
7 prove any financial assistance for acquisition or construc-
8 tion purposes for use in any area that has been identified
9 by the Administrator as an area having special flood haz-
10 ards and in which the sale of flood insurance has been
11 made available under the National Flood Insurance Act
12 of 1968, unless the building or mobile home and any per-
13 sonal property to which such financial assistance relates
14 is covered by flood insurance: *Provided*, That the amount
15 of flood insurance (1) in the case of Federal flood insur-
16 ance, is at least equal to the development or project cost
17 of the building, mobile home, or personal property (less
18 estimated land cost), the outstanding principal balance of
19 the loan, or the maximum limit of Federal flood insurance
20 coverage made available with respect to the particular type
21 of property, whichever is less; or (2) in the case of private
22 flood insurance, is at least equal to the development or
23 project cost of the building, mobile home, or personal
24 property (less estimated land cost), the outstanding prin-
25 cipal balance of the loan, or the maximum limit of Federal

1 flood insurance coverage made available with respect to
2 the particular type of property, whichever is less: *Provided*
3 *further*, That if the financial assistance provided is in the
4 form of a loan or an insurance or guaranty of a loan, the
5 amount of flood insurance required need not exceed the
6 outstanding principal balance of the loan and need not be
7 required beyond the term of the loan. The requirement
8 of maintaining flood insurance shall apply during the life
9 of the property, regardless of transfer of ownership of such
10 property.”.

11 (2) REQUIREMENT FOR MORTGAGE LOANS.—

12 Subsection (b) of section 102 of the Flood Disaster
13 Protection Act of 1973 (42 U.S.C. 4012a(b)) is
14 amended—

15 (A) by striking the subsection designation
16 and all that follows through the end of para-
17 graph (5) and inserting the following:

18 “(b) REQUIREMENT FOR MORTGAGE LOANS.—

19 “(1) REGULATED LENDING INSTITUTIONS.—

20 Each Federal entity for lending regulation (after
21 consultation and coordination with the Financial In-
22 stitutions Examination Council established under the
23 Federal Financial Institutions Examination Council
24 Act of 1974) shall by regulation direct regulated
25 lending institutions not to make, increase, extend, or

1 renew any loan secured by improved real estate or
2 a mobile home located or to be located in an area
3 that has been identified by the Administrator as an
4 area having special flood hazards and in which flood
5 insurance has been made available under the Na-
6 tional Flood Insurance Act of 1968, unless the
7 building or mobile home and any personal property
8 securing such loan is covered for the term of the
9 loan by flood insurance: *Provided*, That the amount
10 of flood insurance (A) in the case of Federal flood
11 insurance, is at least equal to the outstanding prin-
12 cipal balance of the loan or the maximum limit of
13 Federal flood insurance coverage made available
14 with respect to the particular type of property,
15 whichever is less; or (B) in the case of private flood
16 insurance, is at least equal to the outstanding prin-
17 cipal balance of the loan or the maximum limit of
18 Federal flood insurance coverage made available
19 with respect to the particular type of property,
20 whichever is less.

21 “(2) FEDERAL AGENCY LENDERS.—

22 “(A) IN GENERAL.—A Federal agency
23 lender may not make, increase, extend, or
24 renew any loan secured by improved real estate
25 or a mobile home located or to be located in an

1 area that has been identified by the Adminis-
2 trator as an area having special flood hazards
3 and in which flood insurance has been made
4 available under the National Flood Insurance
5 Act of 1968, unless the building or mobile home
6 and any personal property securing such loan is
7 covered for the term of the loan by flood insur-
8 ance in accordance with paragraph (1). Each
9 Federal agency lender may issue any regula-
10 tions necessary to carry out this paragraph.
11 Such regulations shall be consistent with and
12 substantially identical to the regulations issued
13 under paragraph (1).

14 “(B) REQUIREMENT TO ACCEPT FLOOD IN-
15 SURANCE.—Each Federal agency lender shall
16 accept flood insurance as satisfaction of the
17 flood insurance coverage requirement under
18 subparagraph (A) if the flood insurance cov-
19 erage meets the requirements for coverage
20 under that subparagraph.

21 “(3) GOVERNMENT-SPONSORED ENTERPRISES
22 FOR HOUSING.—The Federal National Mortgage As-
23 sociation and the Federal Home Loan Mortgage
24 Corporation shall implement procedures reasonably
25 designed to ensure that, for any loan that is—

1 “(A) secured by improved real estate or a
2 mobile home located in an area that has been
3 identified, at the time of the origination of the
4 loan or at any time during the term of the loan,
5 by the Administrator as an area having special
6 flood hazards and in which flood insurance is
7 available under the National Flood Insurance
8 Act of 1968, and

9 “(B) purchased or guaranteed by such en-
10 tity,

11 the building or mobile home and any personal prop-
12 erty securing the loan is covered for the term of the
13 loan by flood insurance in the amount provided in
14 paragraph (1). The Federal National Mortgage As-
15 sociation and the Federal Home Loan Mortgage
16 Corporation shall accept flood insurance as satisfac-
17 tion of the flood insurance coverage requirement
18 under paragraph (1) if the flood insurance coverage
19 provided meets the requirements for coverage under
20 that paragraph and any requirements established by
21 the Federal National Mortgage Association or the
22 Federal Home Loan Corporation, respectively, relat-
23 ing to the financial strength of private insurance
24 companies from which the Federal National Mort-
25 gage Association or the Federal Home Loan Mort-

1 gage Corporation will accept private flood insurance,
2 provided that such requirements shall not affect or
3 conflict with any State law, regulation, or procedure
4 concerning the regulation of the business of insur-
5 ance.

6 “(4) APPLICABILITY.—

7 “(A) EXISTING COVERAGE.—Except as
8 provided in subparagraph (B), paragraph (1)
9 shall apply on the date of enactment of the Rie-
10 gle Community Development and Regulatory
11 Improvement Act of 1994.

12 “(B) NEW COVERAGE.—Paragraphs (2)
13 and (3) shall apply only with respect to any
14 loan made, increased, extended, or renewed
15 after the expiration of the 1-year period begin-
16 ning on the date of enactment of the Riegle
17 Community Development and Regulatory Im-
18 provement Act of 1994. Paragraph (1) shall
19 apply with respect to any loan made, increased,
20 extended, or renewed by any lender supervised
21 by the Farm Credit Administration only after
22 the expiration of the period under this subpara-
23 graph.

24 “(C) CONTINUED EFFECT OF REGULA-
25 TIONS.—Notwithstanding any other provision of

1 this subsection, the regulations to carry out
2 paragraph (1), as in effect immediately before
3 the date of enactment of the Riegle Community
4 Development and Regulatory Improvement Act
5 of 1994, shall continue to apply until the regu-
6 lations issued to carry out paragraph (1) as
7 amended by section 522(a) of such Act take ef-
8 fect.

9 “(5) RULE OF CONSTRUCTION.—Except as oth-
10 erwise specified, any reference to flood insurance in
11 this section shall be considered to include Federal
12 flood insurance and private flood insurance. Nothing
13 in this subsection shall be construed to supersede or
14 limit the authority of a Federal entity for lending
15 regulation, the Federal Housing Finance Agency, a
16 Federal agency lender, the Federal National Mort-
17 gage Association, or the Federal Home Loan Mort-
18 gage Corporation to establish requirements relating
19 to the financial strength of private insurance compa-
20 nies from which the entity or agency will accept pri-
21 vate flood insurance, provided that such require-
22 ments shall not affect or conflict with any State law,
23 regulation, or procedure concerning the regulation of
24 the business of insurance.”; and

1 (B) by striking paragraph (7) and insert-
2 ing the following new paragraph:

3 “(7) DEFINITIONS.—In this section:

4 “(A) FLOOD INSURANCE.—The term ‘flood
5 insurance’ means—

6 “(i) Federal flood insurance; and

7 “(ii) private flood insurance.

8 “(B) FEDERAL FLOOD INSURANCE.—the
9 term ‘Federal flood insurance’ means an insur-
10 ance policy made available under the National
11 Flood Insurance Act of 1968 (42 U.S.C. 4001
12 et seq.).

13 “(C) PRIVATE FLOOD INSURANCE.—The
14 term ‘private flood insurance’ means an insur-
15 ance policy that—

16 “(i) is issued by an insurance com-
17 pany that is—

18 “(I) licensed, admitted, or other-
19 wise approved to engage in the busi-
20 ness of insurance in the State in
21 which the insured building is located,
22 by the insurance regulator of that
23 State; or

24 “(II) eligible as a nonadmitted
25 insurer to provide insurance in the

1 home State of the insured, in accord-
2 ance with sections 521 through 527 of
3 the Dodd-Frank Wall Street Reform
4 and Consumer Protection Act (15
5 U.S.C. 8201 through 8206);

6 “(ii) is issued by an insurance com-
7 pany that is not otherwise disapproved as
8 a surplus lines insurer by the insurance
9 regulator of the State in which the prop-
10 erty to be insured is located; and

11 “(iii) provides flood insurance cov-
12 erage that complies with the laws and reg-
13 ulations of that State.

14 “(D) STATE.—The term ‘State’ means any
15 State of the United States, the District of Co-
16 lumbia, the Commonwealth of Puerto Rico,
17 Guam, the Northern Mariana Islands, the Vir-
18 gin Islands, and American Samoa.”.

19 (b) EFFECT OF PRIVATE FLOOD INSURANCE COV-
20 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—
21 Section 1308 of the National Flood Insurance Act of 1968
22 (42 U.S.C. 4015) is amended by adding at the end the
23 following:

24 “(n) EFFECT OF PRIVATE FLOOD INSURANCE COV-
25 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—

1 For purposes of applying any statutory, regulatory, or ad-
2 ministrative continuous coverage requirement, including
3 under section 1307(g)(1), the Administrator shall consider
4 any period during which a property was continuously cov-
5 ered by private flood insurance (as defined in section
6 102(b)(7) of the Flood Disaster Protection Act of 1973
7 (42 U.S.C. 4012a(b)(7))) to be a period of continuous cov-
8 erage.”.

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