

115TH CONGRESS
1ST SESSION

H. R. 2874

AN ACT

To achieve reforms to improve the financial stability of the National Flood Insurance Program, to enhance the development of more accurate estimates of flood risk through new technology and better maps, to increase the role of private markets in the management of flood insurance risks, and to provide for alternative methods to insure against flood peril, 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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
 5 “21st Century Flood Reform Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
 7 this Act is as follows:

Sec. 1. Short title and table of contents.

TITLE I—POLICYHOLDER PROTECTIONS AND INFORMATION

- Sec. 101. Extension of National Flood Insurance Program.
- Sec. 102. Annual limitation on premium increases.
- Sec. 103. Flood insurance affordability program.
- Sec. 104. Disclosure of premium methodology.
- Sec. 105. Consideration of coastal and inland locations in premium rates.
- Sec. 106. Monthly installment payment of premiums.
- Sec. 107. Enhanced clear communication of flood risks.
- Sec. 108. Availability of flood insurance information upon request.
- Sec. 109. Disclosure of flood risk information upon transfer of property.
- Sec. 110. Voluntary community-based flood insurance pilot program.
- Sec. 111. Use of replacement cost in determining premium rates.
- Sec. 112. Cap on premiums.
- Sec. 113. Premium rates for certain mitigated properties.
- Sec. 114. Study of flood insurance coverage for units in cooperative housing.
- Sec. 115. Pilot program for properties with preexisting conditions.
- Sec. 116. Federal Flood Insurance Advisory Committee.
- Sec. 117. Interagency guidance on compliance.
- Sec. 118. GAO study of claims adjustment practices.
- Sec. 119. GAO study of flood insurance coverage treatment of earth movement.
- Sec. 120. Definitions.

TITLE II—INCREASING CONSUMER CHOICE THROUGH PRIVATE
 MARKET DEVELOPMENT

- Sec. 201. Private flood insurance.
- Sec. 202. Opt-out of mandatory coverage requirement for commercial prop-
 erties.
- Sec. 203. Elimination of non-compete requirement.
- Sec. 204. Public availability of program information.
- Sec. 205. Refund of premiums upon cancellation of policy because of replace-
 ment with private flood insurance.
- Sec. 206. GAO study of flood damage savings accounts.
- Sec. 207. Demonstration program for flood damage savings accounts.

TITLE III—MAPPING FAIRNESS

- Sec. 301. Use of other risk assessment tools in determining premium rates.

- Sec. 302. Appeals regarding existing flood maps.
- Sec. 303. Appeals and publication of projected special flood hazard areas.
- Sec. 304. Communication and outreach regarding map changes.
- Sec. 305. Sharing and use of maps and data.
- Sec. 306. Community flood maps.

TITLE IV—PROTECTING CONSUMERS AND INDIVIDUALS THROUGH IMPROVED MITIGATION

- Sec. 401. Provision of Community Rating System premium credits to maximum number of communities practicable.
- Sec. 402. Community accountability for repetitively flooded areas.
- Sec. 403. Increased cost of compliance coverage.

TITLE V—PROGRAM INTEGRITY

- Sec. 501. Independent actuarial review.
- Sec. 502. Adjustments to homeowner flood insurance affordability surcharge.
- Sec. 503. National Flood Insurance Reserve Fund compliance.
- Sec. 504. Designation and treatment of multiple-loss properties.
- Sec. 505. Elimination of coverage for properties with excessive lifetime claims.
- Sec. 506. Pay for performance and streamlining costs and reimbursement.
- Sec. 507. Enforcement of mandatory purchase requirements.
- Sec. 508. Satisfaction of mandatory purchase requirement in States allowing all-perils policies.
- Sec. 509. Flood insurance purchase requirements.
- Sec. 510. Clarifications; deadline for approval of claims.
- Sec. 511. Risk transfer requirement.
- Sec. 512. GAO study of simplification of National Flood Insurance Program.
- Sec. 513. GAO study on enforcement of mandatory purchase requirements.

TITLE VI—ADMINISTRATIVE REFORMS

- Sec. 601. Penalties for fraud and false statements in the National Flood Insurance Program.
- Sec. 602. Enhanced policyholder appeals process rights.
- Sec. 603. Deadline for approval of claims.
- Sec. 604. Litigation process oversight and reform.
- Sec. 605. Prohibition on hiring disbarred attorneys.
- Sec. 606. Technical assistance reports.
- Sec. 607. Improved disclosure requirement for standard flood insurance policies.
- Sec. 608. Reserve Fund amounts.
- Sec. 609. Sufficient staffing for Office of Flood Insurance Advocate.
- Sec. 610. Limited exemption for disaster or catastrophe claims adjusters.

1 **TITLE I—POLICYHOLDER PRO-**
2 **TECTIONS AND INFORMATION**

3 **SEC. 101. EXTENSION OF NATIONAL FLOOD INSURANCE**
4 **PROGRAM.**

5 (a) FINANCING.—Section 1309(a) of the National
6 Flood Insurance Act of 1968 (42 U.S.C. 4016(a)) is
7 amended by striking “September 30, 2017” and inserting
8 “September 30, 2022”.

9 (b) PROGRAM EXPIRATION.—Section 1319 of the Na-
10 tional Flood Insurance Act of 1968 (42 U.S.C. 4026) is
11 amended by striking “September 30, 2017” and inserting
12 “September 30, 2022”.

13 **SEC. 102. ANNUAL LIMITATION ON PREMIUM INCREASES.**

14 Section 1308(e) of the National Flood Insurance Act
15 of 1968 (42 U.S.C. 4015(e)) is amended—

16 (1) in paragraph (1), by striking “18 percent”
17 and inserting “15 percent”; and

18 (2) in paragraph (2)—

19 (A) by striking “5 percent” and inserting
20 “6.5 percent”; and

21 (B) by inserting before the semicolon at
22 the end the following: “, except that (A) during
23 the 12-month period on the date of the enact-
24 ment of the 21st Century Flood Reform Act
25 this paragraph shall be applied by substituting

1 ‘5 percent’ for ‘6.5 percent’, (B) during the 12-
2 month period beginning upon the expiration of
3 the period referred to in clause (A), this para-
4 graph shall be applied by substituting ‘5.5 per-
5 cent’ for ‘6.5 percent’, and (C) during the 12-
6 month period beginning upon the expiration of
7 the period referred to in clause (B), this para-
8 graph shall be applied by substituting ‘6.0 per-
9 cent’ for ‘6.5 percent’”.

10 **SEC. 103. FLOOD INSURANCE AFFORDABILITY PROGRAM.**

11 Chapter I of the National Flood Insurance Act of
12 1968 (42 U.S.C. 4011 et seq.) is amended by adding at
13 the end the following new section:

14 **“SEC. 1326. FLOOD INSURANCE AFFORDABILITY PROGRAM.**

15 “(a) **AUTHORITY.**—The Administrator shall carry out
16 a program under this section to provide financial assist-
17 ance, through State programs carried out by participating
18 States, for eligible low-income households residing in eligi-
19 ble properties to purchase policies for flood insurance cov-
20 erage made available under this title.

21 “(b) **PARTICIPATION.**—Participation in the program
22 under this section shall be voluntary on the part of a State
23 or consortium of States.

24 “(c) **STATE ADMINISTRATION.**—Each participating
25 State shall delegate to a State agency or nonprofit organi-

1 zation the responsibilities for administering the State’s
2 program under this section.

3 “(d) ELIGIBLE HOUSEHOLDS.—

4 “(1) IN GENERAL.—During any fiscal year, as-
5 sistance under the program under this section may
6 be provided only for a household that has an income,
7 as determined for such fiscal year by the partici-
8 pating State in which such household resides, that is
9 less than the income limitation established for such
10 fiscal year for purposes of the State program by the
11 participating State, except that—

12 “(A) assistance under the program under
13 this section may not be provided for a house-
14 hold having a income that exceeds the greater
15 of—

16 “(i) the amount equal to 150 percent
17 of the poverty level for such State; or

18 “(ii) the amount equal to 60 percent
19 of the median income of households resid-
20 ing in such State; and

21 “(B) a State may not exclude a household
22 from eligibility in a fiscal year solely on the
23 basis of household income if such income is less
24 than 110 percent of the poverty level for the
25 State in which such household resides.

1 “(2) STATE VERIFICATION OF INCOME ELIGI-
2 BILITY.—In verifying income eligibility for purposes
3 of paragraph (1), the participating State may apply
4 procedures and policies consistent with procedures
5 and policies used by the State agency administering
6 programs under part A of title IV of the Social Se-
7 curity Act (42 U.S.C. 601 et seq.), under title XX
8 of the Social Security Act (42 U.S.C. 1397 et seq.),
9 under subtitle B of title VI of the Omnibus Budget
10 Reconciliation Act of 1981 (42 U.S.C. 9901 et seq.;
11 relating to community services block grant pro-
12 gram), under any other provision of law that carries
13 out programs which were administered under the
14 Economic Opportunity Act of 1964 (42 U.S.C. 2701
15 et seq.) before August 13, 1981, or under other in-
16 come assistance or service programs (as determined
17 by the State).

18 “(3) CERTIFICATION BY STATE OF ELIGIBILITY
19 HOUSEHOLDS.—For each fiscal year, each partici-
20 pating State shall certify to the Administrator com-
21 pliance of households who are to be provided assist-
22 ance under the State program during such fiscal
23 year with the income requirements under paragraph
24 (1).

1 “(e) ELIGIBLE PROPERTIES.—Assistance under the
2 program under this section may be provided only for a
3 residential property—

4 “(1) that has 4 or fewer residences;

5 “(2) that is owned and occupied by an eligible
6 household;

7 “(3) for which a base flood elevation is identi-
8 fied on a flood insurance rate map of the Adminis-
9 trator that is in effect;

10 “(4) for which such other information is avail-
11 able as the Administrator considers necessary to de-
12 termine the flood risk associated with such property;
13 and

14 “(5) that is located in a community that is par-
15 ticipating in the national flood insurance program.

16 “(f) TYPES OF ASSISTANCE.—Under the program
17 under this section, a participating State shall elect to pro-
18 vide financial assistance for eligible households in one of
19 the following forms:

20 “(1) LIMITATION ON RATE INCREASES.—By es-
21 tablishing a limitation on the rate of increases in the
22 amount of chargeable premiums paid by eligible
23 households for flood insurance coverage made avail-
24 able under this title.

1 “(2) LIMITATION ON RATES.—By establishing a
2 limitation on the amount of chargeable premiums
3 paid by eligible households for flood insurance cov-
4 erage made available under this title.

5 “(g) NOTIFICATION TO FEMA.—Under the program
6 under this section, a participating State shall, on a fiscal
7 year basis and at the time and in the manner provided
8 by the Administrator—

9 “(1) identify for the Administrator the eligible
10 households residing in the State who are to be pro-
11 vided assistance under the State program during
12 such fiscal year; and

13 “(2) notify the Administrator of the type and
14 levels of assistance elected under subsection (f) to be
15 provided under the State program with respect to
16 such eligible households residing in the State.

17 “(h) AMOUNT OF ASSISTANCE.—Under the program
18 under this section, in each fiscal year the Administrator
19 shall, notwithstanding section 1308, make flood insurance
20 coverage available for purchase by households identified
21 as eligible households for such fiscal year by a partici-
22 pating State pursuant to subsection (e) at chargeable pre-
23 mium rates that are discounted by an amount that is
24 based on the type and levels of assistance elected pursuant

1 to subsection (f) by the participating State for such fiscal
2 year.

3 “(i) BILLING STATEMENT.—In the case of an eligible
4 household for which assistance under the program under
5 this section is provided with respect to a policy for flood
6 insurance coverage, the annual billing statement for such
7 policy shall include statements of the following amounts:

8 “(1) The estimated risk premium rate for the
9 property under section 1307(a)(1).

10 “(2) If applicable, the estimated risk premium
11 rate for the property under section 1307(a)(2).

12 “(3) The chargeable risk premium rate for the
13 property taking into consideration the discount pur-
14 suant to subsection (h).

15 “(4) The amount of the discount pursuant to
16 subsection (h) for the property.

17 “(5) The number and dollar value of claims
18 filed for the property, over the life of the property,
19 under a flood insurance policy made available under
20 the Program and the effect, under this Act, of filing
21 any further claims under a flood insurance policy
22 with respect to that property.

23 “(j) FUNDING THROUGH STATE AFFORDABILITY
24 SURCHARGES.—

1 “(1) IMPOSITION AND COLLECTION.—Notwith-
2 standing section 1308, for each fiscal year in which
3 flood insurance coverage under this title is made
4 available for properties in a participating State at
5 chargeable premium rates that are discounted pursu-
6 ant to subsection (f), the Administrator shall impose
7 and collect a State affordability surcharge on each
8 policy for flood insurance coverage for a property lo-
9 cated in such participating State that is (A) not a
10 residential property having 4 or fewer residences, or
11 (B) is such a residential property but is owned by
12 a household that is not an eligible household for pur-
13 poses of such fiscal year.

14 “(2) AMOUNT.—The amount of the State af-
15 fordability surcharge imposed during a fiscal year on
16 each such policy for a property in a participating
17 State shall be—

18 “(A) sufficient such that the aggregate
19 amount of all such State affordability sur-
20 charges imposed on properties in such partici-
21 pating State during such fiscal year is equal to
22 the aggregate amount by which all policies for
23 flood insurance coverage under this title sold
24 during such fiscal year for properties owned by

1 eligible households in the participating State
2 are discounted pursuant to subsection (f); and

3 “(B) the same amount for each property in
4 the participating State being charged such a
5 surplus.

6 “(k) TREATMENT OF OTHER SURCHARGES.—The
7 provision of assistance under the program under this sec-
8 tion with respect to any property and any limitation on
9 premiums or premium increases pursuant to subsection (f)
10 for the property shall not affect the applicability or
11 amount of any surcharge under section 1308A for the
12 property, of any increase in premiums charged for the
13 property pursuant to section 1310A(c), or of any equiva-
14 lency fee under section 1308B for the property.

15 “(l) DEFINITIONS.—For purposes of this section, the
16 following definitions shall apply:

17 “(1) PARTICIPATING STATE.—The term ‘par-
18 ticipating State’ means, with respect to a fiscal year,
19 a State that is participating in the program under
20 this section for such fiscal year.

21 “(2) ELIGIBLE HOUSEHOLD.—The term ‘eligi-
22 ble household’ means, with respect to a fiscal year
23 and a participating State, a household that has an
24 income that is less than the amount of the income
25 limitation for the fiscal year established for purposes

1 of the State program of such participating State
2 pursuant to subsection (g)(1).

3 “(3) POVERTY LEVEL.—The term ‘poverty
4 level’ means, with respect to a household in any
5 State, the income poverty line as prescribed and re-
6 vised at least annually pursuant to section 673(2) of
7 the Community Services Block Grant Act (42 U.S.C.
8 9902(2)), as applicable to such State.

9 “(4) STATE.—The term ‘State’ shall include a
10 consortium of States established for purposes of ad-
11 ministrating the program under this section with re-
12 spect to the member States of the consortium.

13 “(5) STATE PROGRAM.—The term ‘State pro-
14 gram’ means a program carried out in compliance
15 with this section by a participating State in conjunc-
16 tion with the program under this section of the Ad-
17 ministrator.

18 “(m) REGULATIONS.—The Administrator shall issue
19 such regulations as may be necessary to carry out the pro-
20 gram under this section.”.

21 **SEC. 104. DISCLOSURE OF PREMIUM METHODOLOGY.**

22 Section 1308 of the National Flood Insurance Act of
23 1968 (42 U.S.C. 4015) is amended by adding at the end
24 the following new subsection:

25 “(n) DISCLOSURE OF PREMIUM METHODOLOGY.—

1 “(1) DISCLOSURE.—Six months prior to the ef-
2 fective date of risk premium rates, the Adminis-
3 trator shall cause to be published in the Federal
4 Register an explanation of the bases for, and meth-
5 odology used to determine, the chargeable premium
6 rates to be effective for flood insurance coverage
7 under this title.

8 “(2) ALIGNMENT WITH INDUSTRY PRAC-
9 TICES.—The disclosure required under paragraph
10 (1) shall, to the extent practicable, be aligned with
11 industry patterns and practices and shall include in-
12 formation and data recommended by the State in-
13 surance commissioners guidelines on rate filings.

14 “(3) PUBLIC MEETINGS.—The Administrator
15 shall, on an annual basis, hold at least one public
16 meeting in each of the geographical regions of the
17 United States, as defined by the Administrator for
18 purposes of the National Flood Insurance Program,
19 for the purpose of explaining the methodology de-
20 scribed in paragraph (1) and answering questions
21 and receiving comments regarding such method-
22 ology. The Administrator shall provide notice of each
23 such public meeting in advance, in such manner, and
24 in using such means as are reasonably designed to
25 notify interested parties and members of the public

1 of the date and time, location, and purpose of such
2 meeting, and of how to submit questions or com-
3 ments.”.

4 **SEC. 105. CONSIDERATION OF COASTAL AND INLAND LOCA-**
5 **TIONS IN PREMIUM RATES.**

6 (a) ESTIMATES OF PREMIUM RATES.—Subparagraph
7 (A) of section 1307(a)(1) of the National Flood Insurance
8 Act of 1968 (42 U.S.C. 4014(a)(1)(A)) is amended—

9 (1) in clause (i), by striking “and” at the end;
10 and

11 (2) by adding at the end the following new
12 clause:

13 “(iii) the differences in flood risk for
14 properties impacted by coastal flood risk
15 and properties impacted by riverine, or in-
16 land flood risk; and”.

17 (b) ESTABLISHMENT OF CHARGEABLE PREMIUM
18 RATES.—Paragraph (1) of section 1308(b) of the Na-
19 tional Flood Insurance Act of 1968 (42 U.S.C.
20 4015(b)(1)) is amended by inserting “due to differences
21 in flood risk resulting from coastal flood hazards and
22 riverine, or inland flood hazards and” after “including dif-
23 ferences in risks”.

24 (c) REVISED RATES.—Not later than the expiration
25 of the two-year period beginning on the date of the enact-

1 ment of this Act, the Administrator of the Federal Emer-
2 gency Management Agency shall revise risk premium rates
3 under the National Flood Insurance Program to imple-
4 ment the amendments made by this section.

5 **SEC. 106. MONTHLY INSTALLMENT PAYMENT OF PRE-**
6 **MIUMS.**

7 (a) **AUTHORITY.**—Subsection (g) of section 1308 of
8 the National Flood Insurance Act of 1968 (42 U.S.C.
9 4015(g)) is amended—

10 (1) by striking the subsection designation and
11 all that follows through “With respect” and insert-
12 ing the following:

13 “(g) **FREQUENCY OF PREMIUM COLLECTION.**—

14 “(1) **OPTIONS.**—With respect”; and

15 (2) by adding at the end the following:

16 “(2) **MONTHLY INSTALLMENT PAYMENT OF**
17 **PREMIUMS.**—

18 “(A) **EXEMPTION FROM RULEMAKING.**—

19 Until such time as the Administrator promul-
20 gates regulations implementing paragraph (1)
21 of this subsection, the Administrator may adopt
22 policies and procedures, notwithstanding any
23 other provisions of law and in alignment and
24 consistent with existing industry escrow and
25 servicing standards, necessary to implement

1 such paragraph without undergoing notice and
2 comment rulemaking and without conducting
3 regulatory analyses otherwise required by statute,
4 regulation, or Executive order.

5 “(B) PILOT PROGRAM.—The Administrator
6 may initially implement paragraph (1) of
7 this subsection as a pilot program that provides
8 for a gradual phase-in of implementation.

9 “(C) POLICYHOLDER PROTECTION.—The
10 Administrator may—

11 “(i) during the 12-month period beginning
12 on the date of the enactment of this subparagraph,
13 charge policyholders choosing to pay premiums in
14 monthly installments a fee for the total cost of the
15 monthly collection of premiums not to exceed
16 \$25 annually; and
17

18 “(ii) after the expiration of the 12-month
19 period referred to in clause (i), adjust the fee
20 charged annually to cover the total cost of the
21 monthly collection of premiums as determined by
22 the report submitted pursuant to subparagraph (D).

23 “(D) REPORT.—Not later than six months
24 after the date of the enactment of this Act, the
25

1 Comptroller General shall submit a report to
2 the Committee on Financial Services of the
3 House of Representatives and the Committee
4 on Banking, Housing, and Urban Affairs of the
5 Senate, that sets forth all of the costs associ-
6 ated with the monthly payment of premiums,
7 including any up-front costs associated with in-
8 frastructure development, the impact on all pol-
9 icyholders including those that exercise the op-
10 tion to pay monthly and those that do not, op-
11 tions for minimizing the costs, particularly the
12 costs to policyholders, and the feasibility of
13 adopting practices that serve to minimize costs
14 to policyholders such as automatic payments
15 and electronic payments.

16 “(E) ANNUAL REPORTS.—On an annual
17 basis, the Administrator shall report to the
18 Committee on Financial Services of the House
19 of Representatives and the Committee on Bank-
20 ing, Housing, and Urban Affairs of the Senate
21 the ongoing costs associated with the monthly
22 payment of premiums.”.

23 (b) IMPLEMENTATION.—Clause (ii) of section
24 1307(a)(1)(B) of the National Flood Insurance Act of
25 1968 (42 U.S.C. 4014(a)(1)(B)(ii)) is amended by insert-

1 ing before “any administrative expenses” the following:
 2 “the costs associated with the monthly collection of pre-
 3 miums provided for in section 1308(g) (42 U.S.C.
 4 4015(g)), but only if such costs exceed the operating costs
 5 and allowances set forth in clause (i) of this subparagraph,
 6 and”.

7 **SEC. 107. ENHANCED CLEAR COMMUNICATION OF FLOOD**
 8 **RISKS.**

9 (a) IN GENERAL.—Subsection (l) of section 1308 of
 10 the National Flood Insurance Act of 1968 (42 U.S.C.
 11 4015(l)) is amended to read as follows:

12 “(l) CLEAR COMMUNICATIONS.—

13 “(1) NEWLY ISSUED AND RENEWED POLI-
 14 CIES.—For all policies for flood insurance coverage
 15 under the National Flood Insurance Program that
 16 are newly issued or renewed, the Administrator shall
 17 clearly communicate to policyholders—

18 “(A) their full flood risk determinations,
 19 regardless of whether their premium rates are
 20 full actuarial rates; and

21 “(B) the number and dollar value of claims
 22 filed for the property, over the life of the prop-
 23 erty, under a flood insurance policy made avail-
 24 able under the Program and the effect, under
 25 this Act, of filing any further claims under a

1 flood insurance policy with respect to that prop-
2 erty.”.

3 (b) **EFFECTIVE DATE.**—Subsection (l) of section
4 1308 of the National Flood Insurance Act of 1968, as
5 added by subsection (a) of this section, shall take effect
6 beginning upon the expiration of the 12-month period that
7 begins on the date of the enactment of this Act. Such sub-
8 section (l), as in effect immediately before the amendment
9 made by paragraph (1), shall apply during such 12-month
10 period.

11 **SEC. 108. AVAILABILITY OF FLOOD INSURANCE INFORMA-**
12 **TION UPON REQUEST.**

13 Section 1313 of the National Flood Insurance Act of
14 1968 (42 U.S.C. 4020) is amended—

15 (1) by inserting “(a) **PUBLIC INFORMATION**
16 **AND DATA.**—” after “SEC. 1313.”; and

17 (2) by adding at the end the following new sub-
18 section:

19 “(b) **AVAILABILITY OF FLOOD INSURANCE INFORMA-**
20 **TION UPON REQUEST.**—Not later than 30 days after a
21 request for such information by the current owner of a
22 property, the Administrator shall provide to the owner any
23 information, including historical information, available to
24 the Administrator on flood insurance program coverage,
25 payment of claims, and flood damages for the property

1 at issue, and any information the Administrator has on
2 whether the property owner may be required to purchase
3 coverage under the National Flood Insurance Program
4 due to previous receipt of Federal disaster assistance, in-
5 cluding assistance provided by the Small Business Admin-
6 istration, the Department of Housing and Urban Develop-
7 ment, or the Federal Emergency Management Agency, or
8 any other type of assistance that subjects the property to
9 the mandatory purchase requirement under section 102
10 of the Flood Disaster Protection Act of 1973 (42 U.S.C.
11 4012a).”.

12 **SEC. 109. DISCLOSURE OF FLOOD RISK INFORMATION**
13 **UPON TRANSFER OF PROPERTY.**

14 (a) IN GENERAL.—Chapter 1 of the National Flood
15 Insurance Act of 1968 (42 U.S.C. 4011 et seq.), as
16 amended by the preceding provisions of this Act, is further
17 amended by adding at the end the following new section:

18 **“SEC. 1327. DISCLOSURE OF FLOOD RISK INFORMATION**
19 **UPON TRANSFER OF PROPERTY.**

20 “(a) REQUIREMENT FOR PARTICIPATION IN PRO-
21 GRAM.—After September 30, 2022, no new flood insur-
22 ance coverage may be provided under this title for any
23 real property located in any area (or subdivision thereof)
24 unless an appropriate body has imposed, by statute or reg-
25 ulation, a duty on any seller or lessor of improved real

1 estate located in such area to provide to any purchaser
2 or lessee of such property a property flood hazard disclo-
3 sure which the Administrator has determined meets the
4 requirements of subsection (b).

5 “(b) DISCLOSURE REQUIREMENTS.—A property
6 flood hazard disclosure for a property shall meet the re-
7 quirements of this subsection only if the disclosure—

8 “(1) is made in writing;

9 “(2) discloses any actual knowledge of the seller
10 or lessor of—

11 “(A) prior physical damage caused by flood
12 to any building located on the property;

13 “(B) prior insurance claims for losses cov-
14 ered under the National Flood Insurance Pro-
15 gram or private flood insurance with respect to
16 such property;

17 “(C) any previous notification regarding
18 the designation of the property as a multiple
19 loss property; and

20 “(D) any Federal legal obligation to obtain
21 and maintain flood insurance running with the
22 property, such as any obligation due to a pre-
23 vious form of disaster assistance under the
24 Robert T. Stafford Disaster Relief and Emer-

1 agency Assistance Act received by any owner of
2 the property; and

3 “(3) is delivered by or on behalf of the seller or
4 lessor to the purchaser or lessee before such pur-
5 chaser or lessee becomes obligated under any con-
6 tract for purchase or lease of the property.”.

7 (b) AVAILABILITY OF FLOOD INSURANCE COV-
8 ERAGE.—Subsection (c) of section 1305 of the National
9 Flood Insurance Act of 1968 (42 U.S.C. 4012(c)) is
10 amended—

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

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

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

17 “(3) given satisfactory assurance that by Sep-
18 tember 30, 2022, property flood hazard disclosure
19 requirements will have been adopted for the area
20 that meet the requirements of section 1326.”.

21 **SEC. 110. VOLUNTARY COMMUNITY-BASED FLOOD INSUR-**
22 **ANCE PILOT PROGRAM.**

23 (a) ESTABLISHMENT.—The Administrator of the
24 Federal Emergency Management Agency (in this section
25 referred to as the “Administrator”) may carry out a com-

1 munity-based flood insurance pilot program to make avail-
2 able, for purchase by participating communities, a single,
3 community-wide flood insurance policy under the National
4 Flood Insurance Program that—

5 (1) covers all residential and non-residential
6 properties within the community; and

7 (2) satisfies, for all such properties within the
8 community, the mandatory purchase requirements
9 under section 102 of the Flood Disaster Protection
10 Act of 1973 (42 U.S.C. 4012a).

11 (b) PARTICIPATION.—Participation by a community
12 in the pilot program under this section shall be entirely
13 voluntary on the part of the community.

14 (c) REQUIREMENTS FOR COMMUNITY-WIDE POLI-
15 CIES.—The Administrator shall ensure that a community-
16 wide flood insurance policy made available under the pilot
17 program under this section incorporates the following re-
18 quirements:

19 (1) A mapping requirement for properties cov-
20 ered by the policy.

21 (2) A cap on premiums.

22 (3) A deductible.

23 (4) Certification or accreditation of mitigation
24 infrastructure when available and appropriate.

25 (5) A community audit.

1 (6) The Community Rating System under sec-
2 tion 1315(b) of the National Flood Insurance Act of
3 1968 (42 U.S.C. 4022(b)).

4 (7) A method of preventing redundant claims
5 payments by the National Flood Insurance Program
6 in the case of a claim by an individual property
7 owner who is covered by a community-wide flood in-
8 surance policy and an individual policy obtained
9 through the Program.

10 (8) Coverage for damage arising from flooding
11 that complies with the standards under the National
12 Flood Insurance Program appropriate to the nature
13 and type of property covered.

14 (d) TIMING.—The Administrator may establish the
15 demonstration program under this section not later than
16 the expiration of the 180-day period beginning on the date
17 of the enactment of this Act and the program shall termi-
18 nate on September 30, 2022.

19 (e) DEFINITION OF COMMUNITY.—For purposes of
20 this section, the term “community” means any unit of
21 local government, within the meaning given such term
22 under the laws of the applicable State.

1 **SEC. 111. USE OF REPLACEMENT COST IN DETERMINING**
2 **PREMIUM RATES.**

3 (a) STUDY OF RISK RATING REDESIGN FLOOD IN-
4 SURANCE PREMIUM RATING OPTIONS.—

5 (1) STUDY.—The Administrator of the Federal
6 Emergency Management Agency shall conduct a
7 study to—

8 (A) evaluate insurance industry best prac-
9 tices for risk rating and classification, including
10 practices related to replacement cost value in
11 premium rate estimations;

12 (B) assess options, methods, and strategies
13 for including replacement cost value in the Ad-
14 ministrators estimates under section
15 1307(a)(1) of the National Flood Insurance Act
16 of 1968 (42 U.S.C. 4014(a)(1));

17 (C) provide recommendations for including
18 replacement cost value in the estimate of the
19 risk premium rates for flood insurance under
20 such section 1307(a)(1);

21 (D) identify an appropriate methodology to
22 incorporate replacement cost value into the Ad-
23 ministrators estimates under such section
24 1307(a)(1);

25 (E) develop a feasible implementation plan
26 and projected timeline for including replace-

1 ment cost value in the estimates of risk pre-
2 mium rates for flood insurance made available
3 under the National Flood Insurance Program.

4 (2) REPORT.—

5 (A) REQUIREMENT.—Not later than the
6 expiration of the 12-month period beginning on
7 the date of the enactment of this Act, the Ad-
8 ministrator shall submit to the Committee on
9 Financial Services of the House of Representa-
10 tives and the Committee on Banking, Housing,
11 and Urban Affairs of the Senate a report that
12 contains the results and conclusions of the
13 study required under paragraph (1).

14 (B) CONTENTS.—The report submitted
15 under subparagraph (A) shall include—

16 (i) an analysis of the recommenda-
17 tions resulting from the study under para-
18 graph (1) and any potential impacts on the
19 National Flood Insurance Program, includ-
20 ing cost considerations;

21 (ii) a description of any actions taken
22 by the Administrator to implement the
23 study recommendations; and

24 (iii) a description of any study rec-
25 ommendations that have been deferred or

1 not acted upon, together with a statement
2 explaining the reasons for such deferral or
3 inaction.

4 (b) USE OF REPLACEMENT COST VALUE IN PRE-
5 MIUM RATES; IMPLEMENTATION.—

6 (1) ESTIMATED RATES.—Paragraph (1) of sec-
7 tion 1307(a) of the National Flood Insurance Act of
8 1968 (42 U.S.C. 4014(a)(1)) is amended, in the
9 matter preceding subparagraph (A), by inserting
10 after “flood insurance” the following: “, which shall
11 incorporate replacement cost value, and”.

12 (2) CHARGEABLE RATES.—Subsection (b) of
13 section 1308 of the National Flood Insurance Act of
14 1968 (42 U.S.C. 4015(b)) is amended, in the matter
15 preceding paragraph (1), by inserting after “Such
16 rates” the following: “shall incorporate replacement
17 cost value and”.

18 (3) EFFECTIVE DATE.—The amendments under
19 paragraphs (1) and (2) of this subsection shall be
20 made upon the expiration of the 12-month period
21 beginning on the date of the enactment of this Act.

22 (4) APPLICABILITY AND PHASE-IN.—The Ad-
23 ministrator of the Federal Emergency Management
24 Agency shall apply the amendments under para-
25 graphs (1) and (2) to flood insurance coverage made

1 available under the National Flood Insurance Act of
2 1968 for properties located in various geographic re-
3 gions in the United States such that—

4 (A) over the period beginning upon the ex-
5 piration of the period referred to in paragraph
6 (3) of this subsection and ending on December
7 31, 2020, the requirement under such amend-
8 ments shall be gradually phased in geographi-
9 cally throughout the United States as sufficient
10 information for such implementation becomes
11 available; and

12 (B) after the expiration of such period re-
13 ferred to in subparagraph (A), such amend-
14 ments shall apply to all flood insurance cov-
15 erage made available under the National Flood
16 Insurance Act of 1968.

17 **SEC. 112. CAP ON PREMIUMS.**

18 Paragraph (1) of section 1308(e) of the National
19 Flood Insurance Act of 1968 (42 U.S.C. 4015(e)(1)) is
20 amended—

21 (1) by striking “except —” and inserting “ex-
22 cept as provided in paragraph (4); and”;

23 (2) by striking subparagraphs (A) and (B);

24 (3) in subparagraph (C)—

1 (A) in clause (ii), by redesignating sub-
2 clauses (I) and (II) as items (aa) and (bb), re-
3 spectively;

4 (B) by redesignating clauses (i) through
5 (iii) as subclauses (I) through (III), respec-
6 tively; and

7 (C) by striking “(C) in the case of a prop-
8 erty that—” and inserting the following:

9 “(B) The limitations under clauses (i) and (ii)
10 of subparagraph (A) shall not apply in the case of—

11 “(i) a property identified under section
12 1307(g); or

13 “(ii) a property that—”;

14 (4) by striking “under this title for any prop-
15 erty” and inserting the following: “under this title—

16 “(i) for any property”;

17 (5) by inserting “(A) subject to subparagraph
18 (B),” after the paragraph designation; and

19 (6) by inserting before subparagraph (B), as so
20 redesignated by the amendment made by paragraph
21 (3)(C) of this section, the following new clause:

22 “(ii) for any residential property having 4
23 or fewer residences and for which there is ele-
24 vation data meeting standards of the Adminis-
25 trator, may not exceed \$10,000 in any single

1 year, except that such amount (as it may have
2 been previously adjusted) shall be adjusted for
3 inflation by the Administrator upon the expira-
4 tion of the 5-year period beginning upon the
5 date of the enactment of the 21st Century
6 Flood Reform Act and upon the expiration of
7 each successive 5-year period thereafter, in ac-
8 cordance with an inflationary index selected by
9 the Administrator.”.

10 **SEC. 113. PREMIUM RATES FOR CERTAIN MITIGATED PROP-**
11 **ERTIES.**

12 (a) MITIGATION STRATEGIES.—Paragraph (1) of sec-
13 tion 1361(d) of the National Flood Insurance Act of 1968
14 (42 U.S.C. 4102(d)(1)) is amended—

15 (1) in subparagraph (A), by striking “and” at
16 the end;

17 (2) in subparagraph (B), by striking “and” at
18 the end; and

19 (3) by inserting after subparagraph (B) the fol-
20 lowing new subparagraphs:

21 “(C) with respect to buildings in dense
22 urban environments, methods that can be de-
23 ployed on a block or neighborhood scale; and

24 “(D) elevation of mechanical systems;
25 and”.

1 (b) MITIGATION CREDIT.—Subsection (k) of section
2 1308 of the National Flood Insurance Act of 1968 (42
3 U.S.C. 4015(k)) is amended—

4 (1) by striking “shall take into account” and
5 inserting the following: “shall—

6 “(1) take into account”;

7 (2) in paragraph (1), as so designated by the
8 amendment made by paragraph (1) of this sub-
9 section, by striking the period at the end and insert-
10 ing “; and”; and

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

13 “(2) offer a reduction of the risk premium rate
14 charged to a policyholder, as determined by the Ad-
15 ministrator, if the policyholder implements any miti-
16 gation method described in paragraph (1).”.

17 **SEC. 114. STUDY OF FLOOD INSURANCE COVERAGE FOR**
18 **UNITS IN COOPERATIVE HOUSING.**

19 The Administrator of the Federal Emergency Man-
20 agement Agency shall conduct a study to analyze and de-
21 termine the feasibility of providing flood insurance cov-
22 erage under the National Flood Insurance Program under
23 the National Flood Insurance Act of 1968 (42 U.S.C.
24 4001 et seq.) for individual dwelling units in cooperative
25 housing projects. Not later than the expiration of the 24-

1 month period beginning on the date of the enactment of
2 this Act, the Administrator shall submit a report to the
3 Committee on Financial Services of the House of Rep-
4 resentatives and the Committee on Banking, Housing, and
5 Urban Affairs of the Senate regarding the findings and
6 conclusions of the study conducted pursuant to this sec-
7 tion, which shall include a plan setting forth specific ac-
8 tions to implement the development of such flood insur-
9 ance coverage.

10 **SEC. 115. PILOT PROGRAM FOR PROPERTIES WITH PRE-**
11 **EXISTING CONDITIONS.**

12 Section 1311 of the National Flood Insurance Act of
13 1968 (42 U.S.C. 4018) is amended by adding at the end
14 the following new subsection:

15 “(c) PILOT PROGRAM FOR INVESTIGATION OF PRE-
16 EXISTING STRUCTURAL CONDITIONS.—

17 “(1) VOLUNTARY PROGRAM.—The Adminis-
18 trator shall carry out a pilot program under this
19 subsection to provide for companies participating in
20 the Write Your Own program (as such term is de-
21 fined in section 1370(a) (42 U.S.C. 4121(a))) to in-
22 vestigate preexisting structural conditions of insured
23 properties and potentially insured properties that
24 could result in the denial of a claim under a policy
25 for flood insurance coverage under this title in the

1 event of a flood loss to such property. Participation
2 in the pilot program shall be voluntary on the part
3 of Write Your Own companies.

4 “(2) INVESTIGATION OF PROPERTIES.—Under
5 the pilot program under this subsection, a Write
6 Your Own company participating in the program
7 shall—

8 “(A) provide in policies for flood insurance
9 coverage under this title covered by the pro-
10 gram that, upon the request of the policyholder,
11 the company shall provide for—

12 “(i) an investigation of the property
13 covered by such policy, using common
14 methods, to determine whether preexisting
15 structural conditions are present that could
16 result in the denial of a claim under such
17 policy for flood losses; and

18 “(ii) if such investigation is not deter-
19 minative, an on-site inspection of the prop-
20 erty to determine whether such preexisting
21 structural conditions are present;

22 “(B) upon completion of an investigation
23 or inspection pursuant to subparagraph (A)
24 that determines that such a preexisting struc-
25 tural condition is present or absent, submit a

1 report to the policyholder and Administrator de-
2 scribing the condition; and

3 “(C) impose a surcharge on each policy de-
4 scribed in subparagraph (A) in such amount
5 that the Administrator determines is appro-
6 priate to cover the costs of investigations and
7 inspections performed pursuant to such policies
8 and reimburse Write Your Own companies par-
9 ticipating in the program under this subsection
10 for such costs.

11 “(3) INTERIM REPORT.—Not later than Decem-
12 ber 31, 2021, the Administrator shall submit a re-
13 port to the Committee on Financial Services of the
14 House of Representatives and the Committee on
15 Banking, Housing, and Urban Affairs of the Senate
16 describing the operation of the pilot program to that
17 date.

18 “(4) SUNSET.—The Administrator may not
19 provide any policy for flood insurance described in
20 paragraph (2)(A) after December 31, 2022.

21 “(5) FINAL REPORT.—Not later than March
22 31, 2023, the Administrator shall submit a final re-
23 port regarding the pilot program under this section
24 to the Committee on Financial Services of the House
25 of Representatives and the Committee on Banking,

1 Housing, and Urban Affairs of the Senate. The re-
2 port shall include any findings and recommendations
3 of the Administrator regarding the pilot program.”.

4 **SEC. 116. FEDERAL FLOOD INSURANCE ADVISORY COM-**
5 **MITTEE.**

6 (a) ESTABLISHMENT.—There is established an advi-
7 sory committee to be known as the Federal Flood Insur-
8 ance Advisory Committee (in this section referred to as
9 the “Committee”).

10 (b) MEMBERSHIP.—

11 (1) MEMBERS.—The Committee shall consist
12 of—

13 (A) the Administrator of the Federal
14 Emergency Management Agency (in this section
15 referred to as the “Administrator”), or the des-
16 ignee thereof;

17 (B) the Secretary of the Treasury, or the
18 designee thereof; and

19 (C) additional members appointed by the
20 Administrator or the designee of the Adminis-
21 trator, who shall be—

22 (i) two representatives of the property
23 and casualty insurance sector;

24 (ii) one individual who served in the
25 past, or is currently serving, as an insur-

1 ance regulator of a State, the District of
2 Columbia, the Commonwealth of Puerto
3 Rico, Guam, the Commonwealth of the
4 Northern Mariana Islands, the Virgin Is-
5 lands, American Samoa, or any federally-
6 recognized Indian tribe;

7 (iii) one representative of the financial
8 or insurance sectors who is involved in risk
9 transfers, including reinsurance, resilience
10 bonds, and other insurance-linked securi-
11 ties;

12 (iv) one actuary with demonstrated
13 high-level knowledge of catastrophic risk
14 insurance;

15 (v) two insurance professionals with
16 demonstrated experience with the sale of
17 flood insurance under the National Flood
18 Insurance Program;

19 (vi) two representatives of cata-
20 strophic risk insurance programs;

21 (vii) one insurance claims specialist;

22 (viii) one representative of a recog-
23 nized consumer advocacy organization;

1 (ix) one individual having dem-
2 onstrated expertise in the challenges in in-
3 suring low-income communities;

4 (x) one representative from an aca-
5 demic institution who has demonstrated
6 expertise in insurance; and

7 (xi) such other recognized experts in
8 the field of insurance as the Administrator
9 considers necessary.

10 (2) QUALIFICATIONS.—In appointing members
11 under paragraph (1)(C), the Administrator shall, to
12 the maximum extent practicable, ensure the mem-
13 bership of the Committee has a balance of members
14 reflecting geographic diversity, including representa-
15 tion from areas inland or with coastline identified by
16 the Administrator as at high risk for flooding or as
17 areas having special flood hazards.

18 (c) DUTIES.—The Committee shall review, and make
19 recommendations to the Administrator, upon request, on
20 matters related to the insurance aspects of the National
21 Flood Insurance Program, including ratemaking, tech-
22 nology to administer insurance, risk assessment, actuarial
23 practices, claims practices, sales and insurance delivery,
24 compensation and allowances, generally and based on the
25 complexities of the program, and best insurance practices.

1 (d) CHAIRPERSON.—The members of the Committee
2 shall elect one member to serve as the chairperson of the
3 Committee (in this section referred to as the “Chair-
4 person”).

5 (e) COMPENSATION.—Members of the Committee
6 shall receive no additional compensation by reason of their
7 service on the Committee.

8 (f) MEETINGS AND ACTIONS.—

9 (1) IN GENERAL.—The Committee shall meet
10 not less frequently than twice each year at the re-
11 quest of the Chairperson or a majority of its mem-
12 bers, and may take action by a vote of the majority
13 of the members in accordance with the Committee’s
14 charter.

15 (2) INITIAL MEETING.—The Administrator, or
16 a person designated by the Administrator, shall re-
17 quest and coordinate the initial meeting of the Com-
18 mittee.

19 (g) STAFF OF FEMA.—Upon the request of the
20 Chairperson, the Administrator may detail, on a nonreim-
21 bursable basis, personnel of the Federal Emergency Man-
22 agement Agency to assist the Committee in carrying out
23 its duties.

24 (h) POWERS.—In carrying out this section, the Com-
25 mittee may hold hearings, receive evidence and assistance,

1 provide information, and conduct research, as it considers
2 appropriate.

3 (i) REPORTS TO CONGRESS.—The Administrator, on
4 an annual basis, shall report to the Committee on Finan-
5 cial Services of the House of Representatives, the Com-
6 mittee on Banking, Housing, and Urban Affairs of the
7 Senate, and the Office of Management and Budget on—

8 (1) the recommendations made by the Com-
9 mittee;

10 (2) actions taken by the Federal Emergency
11 Management Agency to address such recommenda-
12 tions to improve the insurance aspects of the na-
13 tional flood insurance program; and

14 (3) any recommendations made by the Com-
15 mittee that have been deferred or not acted upon,
16 together with an explanatory statement.

17 **SEC. 117. INTERAGENCY GUIDANCE ON COMPLIANCE.**

18 The Federal entities for lending regulation (as such
19 term is defined in section 3(a) of the Flood Disaster Pro-
20 tection Act of 1973 (42 U.S.C. 4003(a))), in consultation
21 with the Administrator of the Federal Emergency Man-
22 agement Agency, shall update and reissue the document
23 entitled “Interagency Questions and Answers Regarding
24 Flood Insurance” not later than the expiration of the 12-

1 month period beginning on the date of the enactment of
2 this Act and not less frequently than biennially thereafter.

3 **SEC. 118. GAO STUDY OF CLAIMS ADJUSTMENT PRACTICES.**

4 The Comptroller General of the United States shall
5 conduct a study of the policies and practices for adjust-
6 ment of claims for losses under flood insurance coverage
7 made available under the National Flood Insurance Act,
8 which shall include—

9 (1) a comparison of such policies and practices
10 with the policies and practices for adjustment of
11 claims for losses under other insurance coverage;

12 (2) an assessment of the quality of the adjust-
13 ments conducted and the effects of such policies and
14 practices on such quality;

15 (3) identification of any incentives under such
16 policies and practices that affect the speed with
17 which such adjustments are conducted; and

18 (4) identification of the affects of such policies
19 and practices on insureds submitting such claims for
20 losses.

21 **SEC. 119. GAO STUDY OF FLOOD INSURANCE COVERAGE**

22 **TREATMENT OF EARTH MOVEMENT.**

23 The Comptroller General of the United States shall
24 conduct a study of the treatment, under flood insurance
25 coverage made available under the National Flood Insur-

1 ance Act, of earth movement and subsidence, including
2 earth movement and subsidence caused by flooding, which
3 shall include—

4 (1) identification and analysis of the effects of
5 such treatment on the National Flood Insurance
6 Program and insureds under the program;

7 (2) an assessment of the availability and afford-
8 ability of coverage in the private insurance market
9 for earth movement and subsidence caused by flood-
10 ing;

11 (3) an assessment of the effects on the National
12 Flood Insurance Program of covering earth move-
13 ment and subsidence caused by flooding; and

14 (4) a projection of the increased premiums that
15 would be required to make coverage for earth move-
16 ment losses actuarially sound and not fiscally detri-
17 mental to the continuation of the National Flood In-
18 surance Program.

19 **SEC. 120. DEFINITIONS.**

20 (a) NATIONAL FLOOD INSURANCE ACT OF 1968.—
21 Subsection (a) of section 1370 of the National Flood In-
22 surance Act of 1968 (42 U.S.C. 4121(a)) is amended—

23 (1) in paragraph (14), by striking “and” at the
24 end;

1 (2) in paragraph (15), by striking the period at
2 the end and inserting a semicolon; and

3 (3) by adding at the end the following new
4 paragraphs:

5 “(16) the term ‘Write Your Own Program’
6 means the program under which the Federal Emer-
7 gency Management Agency enters into a standard
8 arrangement with private property insurance compa-
9 nies to sell contracts for flood insurance coverage
10 under this title under their own business lines of in-
11 surance, and to adjust and pay claims arising under
12 such contracts; and

13 “(17) the term ‘Write Your Own company’
14 means a private property insurance company that
15 participates in the Write Your Own Program.”.

16 (b) BIGGERT-WATERS FLOOD INSURANCE REFORM
17 ACT OF 2012.—Subsection (a) of section 100202 of the
18 Biggert-Waters Flood Insurance Reform Act of 2012 (42
19 U.S.C. 4004(a)) is amended by striking paragraph (5) and
20 inserting the following new paragraph:

21 “(5) WRITE YOUR OWN.—The terms ‘Write
22 Your Own Program’ and ‘Write Your Own company’
23 have the meanings given such terms in section
24 1370(a) of the National Flood Insurance Act of
25 1968 (42 U.S.C. 4121(a)).”.

1 **TITLE II—INCREASING CON-**
2 **SUMER CHOICE THROUGH**
3 **PRIVATE MARKET DEVELOP-**
4 **MENT**

5 **SEC. 201. PRIVATE FLOOD INSURANCE.**

6 (a) MANDATORY PURCHASE REQUIREMENT.—

7 (1) AMOUNT AND TERM OF COVERAGE.—Sec-
8 tion 102 of the Flood Disaster Protection Act of
9 1973 (42 U.S.C. 4012a) is amended by striking
10 “Sec. 102. (a)” and all that follows through the end
11 of subsection (a) and inserting the following:

12 “SEC. 102. (a) AMOUNT AND TERM OF COVERAGE.—
13 After the expiration of sixty days following the date of the
14 enactment of this Act, no Federal officer or agency shall
15 approve any financial assistance for acquisition or con-
16 struction purposes for use in any area that has been iden-
17 tified by the Administrator as an area having special flood
18 hazards and in which the sale of flood insurance has been
19 made available under the National Flood Insurance Act
20 of 1968, unless the building or mobile home and any per-
21 sonal property to which such financial assistance relates
22 is covered by flood insurance: *Provided*, That the amount
23 of flood insurance (1) in the case of Federal flood insur-
24 ance, is at least equal to the development or project cost
25 of the building, mobile home, or personal property (less

1 estimated land cost), the outstanding principal balance of
2 the loan, or the maximum limit of Federal flood insurance
3 coverage made available with respect to the particular type
4 of property, whichever is less; or (2) in the case of private
5 flood insurance, is at least equal to the development or
6 project cost of the building, mobile home, or personal
7 property (less estimated land cost), the outstanding prin-
8 cipal balance of the loan, or the maximum limit of Federal
9 flood insurance coverage made available with respect to
10 the particular type of property, whichever is less: *Provided*
11 *further*, That if the financial assistance provided is in the
12 form of a loan or an insurance or guaranty of a loan, the
13 amount of flood insurance required need not exceed the
14 outstanding principal balance of the loan and need not be
15 required beyond the term of the loan. The requirement
16 of maintaining flood insurance shall apply during the life
17 of the property, regardless of transfer of ownership of such
18 property.”.

19 (2) REQUIREMENT FOR MORTGAGE LOANS.—

20 Subsection (b) of section 102 of the Flood Disaster
21 Protection Act of 1973 (42 U.S.C. 4012a(b)) is
22 amended—

23 (A) by striking paragraph (7);

24 (B) by redesignating paragraph (6) as
25 paragraph (7);

1 (C) by striking the subsection designation
2 and all that follows through the end of para-
3 graph (5) and inserting the following:

4 “(b) REQUIREMENT FOR MORTGAGE LOANS.—

5 “(1) REGULATED LENDING INSTITUTIONS.—

6 Each Federal entity for lending regulation (after
7 consultation and coordination with the Financial In-
8 stitutions Examination Council established under the
9 Federal Financial Institutions Examination Council
10 Act of 1974) shall by regulation direct regulated
11 lending institutions not to make, increase, extend, or
12 renew any loan secured by improved real estate or
13 a mobile home located or to be located in an area
14 that has been identified by the Administrator as an
15 area having special flood hazards and in which flood
16 insurance has been made available under the Na-
17 tional Flood Insurance Act of 1968, unless the
18 building or mobile home and any personal property
19 securing such loan is covered for the term of the
20 loan by flood insurance: *Provided*, That the amount
21 of flood insurance (A) in the case of Federal flood
22 insurance, is at least equal to the outstanding prin-
23 cipal balance of the loan or the maximum limit of
24 Federal flood insurance coverage made available
25 with respect to the particular type of property,

1 whichever is less; or (B) in the case of private flood
2 insurance, is at least equal to the outstanding prin-
3 cipal balance of the loan or the maximum limit of
4 Federal flood insurance coverage made available
5 with respect to the particular type of property,
6 whichever is less.

7 “(2) FEDERAL AGENCY LENDERS AND MORT-
8 GAGE INSURANCE AND GUARANTEE AGENCIES.—

9 “(A) FEDERAL AGENCY LENDERS.—A

10 Federal agency lender may not make, increase,
11 extend, or renew any loan secured by improved
12 real estate or a mobile home located or to be lo-
13 cated in an area that has been identified by the
14 Administrator as an area having special flood
15 hazards and in which flood insurance has been
16 made available under the National Flood Insur-
17 ance Act of 1968, unless the building or mobile
18 home and any personal property securing such
19 loan is covered for the term of the loan by flood
20 insurance in accordance with paragraph (1).
21 Each Federal agency lender may issue any reg-
22 ulations necessary to carry out this paragraph.
23 Such regulations shall be consistent with and
24 substantially identical to the regulations issued
25 under paragraph (1).

1 “(B) OTHER FEDERAL MORTGAGE ENTI-
2 TIES.—

3 “(i) COVERAGE REQUIREMENTS.—
4 Each covered Federal mortgage entity
5 shall implement procedures reasonably de-
6 signed to ensure that, for any loan that—

7 “(I) is secured by improved real
8 estate or a mobile home located in an
9 area that has been identified, at the
10 time of the origination of the loan or
11 at any time during the term of the
12 loan, by the Administrator as an area
13 having special flood hazards and in
14 which flood insurance is available
15 under the National Flood Insurance
16 Act of 1968, and

17 “(II) is made, insured, held, or
18 guaranteed by such entity, or backs or
19 on which is based any trust certificate
20 or other security for which such entity
21 guarantees the timely payment of
22 principal and interest,

23 the building or mobile home and any per-
24 sonal property securing the loan is covered

1 for the term of the loan by flood insurance
2 in the amount provided in paragraph (1).

3 “(ii) DEFINITION.—For purposes of
4 this subparagraph, the term ‘covered Fed-
5 eral mortgage entity’ means—

6 “(I) the Secretary of Housing
7 and Urban Development, with respect
8 to mortgages insured under the Na-
9 tional Housing Act;

10 “(II) the Secretary of Agri-
11 culture, with respect to loans made,
12 insured, or guaranteed under title V
13 of the Housing Act of 1949; and

14 “(III) the Government National
15 Mortgage Association.

16 “(C) REQUIREMENT TO ACCEPT FLOOD IN-
17 SURANCE.—Each Federal agency lender and
18 each covered Federal mortgage entity shall ac-
19 cept flood insurance as satisfaction of the flood
20 insurance coverage requirement under subpara-
21 graph (A) or (B), respectively, if the flood in-
22 surance coverage meets the requirements for
23 coverage under such subparagraph and the re-
24 quirements relating to financial strength issued
25 pursuant to paragraph (4).

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

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

14 “(B) purchased or guaranteed by such en-
15 tity,

16 the building or mobile home and any personal prop-
17 erty securing the loan is covered for the term of the
18 loan by flood insurance in the amount provided in
19 paragraph (1). The Federal National Mortgage As-
20 sociation and the Federal Home Loan Mortgage
21 Corporation shall accept flood insurance as satisfac-
22 tion of the flood insurance coverage requirement
23 under paragraph (1) if the flood insurance coverage
24 provided meets the requirements for coverage under

1 that paragraph and the requirements relating to fi-
2 nancial strength issued pursuant to paragraph (4).

3 “(4) REQUIREMENTS REGARDING FINANCIAL
4 STRENGTH.—The Director of the Federal Housing
5 Finance Agency, in consultation with the Federal
6 National Mortgage Association, the Federal Home
7 Loan Mortgage Corporation, the Secretary of Hous-
8 ing and Urban Development, the Government Na-
9 tional Mortgage Association, and the Secretary of
10 Agriculture shall develop and implement require-
11 ments relating to the financial strength of private
12 insurance companies from which such entities and
13 agencies will accept private flood insurance, provided
14 that such requirements shall not affect or conflict
15 with any State law, regulation, or procedure con-
16 cerning the regulation of the business of insurance.

17 “(5) APPLICABILITY.—

18 “(A) EXISTING COVERAGE.—Except as
19 provided in subparagraph (B), paragraph (1)
20 shall apply on the date of enactment of the Rie-
21 gle Community Development and Regulatory
22 Improvement Act of 1994.

23 “(B) NEW COVERAGE.—Paragraphs (2)
24 and (3) shall apply only with respect to any
25 loan made, increased, extended, or renewed

1 after the expiration of the 1-year period begin-
2 ning on the date of enactment of the Riegle
3 Community Development and Regulatory Im-
4 provement Act of 1994. Paragraph (1) shall
5 apply with respect to any loan made, increased,
6 extended, or renewed by any lender supervised
7 by the Farm Credit Administration only after
8 the expiration of the period under this subpara-
9 graph.

10 “(C) CONTINUED EFFECT OF REGULA-
11 TIONS.—Notwithstanding any other provision of
12 this subsection, the regulations to carry out
13 paragraph (1), as in effect immediately before
14 the date of enactment of the Riegle Community
15 Development and Regulatory Improvement Act
16 of 1994, shall continue to apply until the regu-
17 lations issued to carry out paragraph (1) as
18 amended by section 522(a) of such Act take ef-
19 fect.

20 “(6) RULE OF CONSTRUCTION.—Except as oth-
21 erwise specified, any reference to flood insurance in
22 this section shall be considered to include Federal
23 flood insurance and private flood insurance. Nothing
24 in this subsection shall be construed to supersede or
25 limit the authority of a Federal entity for lending

1 regulation, the Federal Housing Finance Agency, a
2 Federal agency lender, a covered Federal mortgage
3 entity (as such term is defined in paragraph
4 (2)(B)(ii)), the Federal National Mortgage Associa-
5 tion, or the Federal Home Loan Mortgage Corpora-
6 tion to establish requirements relating to the finan-
7 cial strength of private insurance companies from
8 which the entity or agency will accept private flood
9 insurance, provided that such requirements shall not
10 affect or conflict with any State law, regulation, or
11 procedure concerning the regulation of the business
12 of insurance.”; and

13 (D) by adding at the end the following new
14 paragraphs:

15 “(8) DEFINITIONS.—In this section:

16 “(A) FLOOD INSURANCE.—The term ‘flood
17 insurance’ means—

18 “(i) Federal flood insurance; and

19 “(ii) private flood insurance.

20 “(B) FEDERAL FLOOD INSURANCE.—The
21 term ‘Federal flood insurance’ means an insur-
22 ance policy made available under the National
23 Flood Insurance Act of 1968 (42 U.S.C. 4001
24 et seq.).

1 “(C) MUTUAL AID SOCIETY.—The term
2 ‘mutual aid society’ means an organization—

3 “(i) the members of which—

4 “(I) share a common set of eth-
5 ical or religious beliefs; and

6 “(II) in accordance with the be-
7 liefs described in subclause (I), agree
8 to cover expenses arising from damage
9 to property of the members of the or-
10 ganization, including damage caused
11 by flooding; and

12 “(ii) that has a demonstrated history
13 of fulfilling the terms of agreements to
14 cover expenses arising from damage to
15 property of the members of the organiza-
16 tion caused by flooding.

17 “(D) PRIVATE FLOOD INSURANCE.—The
18 term ‘private flood insurance’ means—

19 “(i) an insurance policy that—

20 “(I) is issued by an insurance
21 company that is—

22 “(aa) licensed, admitted, or
23 otherwise approved to engage in
24 the business of insurance in the
25 State in which the insured build-

1 ing is located, by the insurance
2 regulator of that State; or

3 “(bb) eligible as a non-
4 admitted insurer to provide in-
5 surance in the home State of the
6 insured, in accordance with sec-
7 tions 521 through 527 of the
8 Dodd-Frank Wall Street Reform
9 and Consumer Protection Act
10 (15 U.S.C. 8201 through 8206);

11 “(II) is issued by an insurance
12 company that is not otherwise dis-
13 approved as a surplus lines insurer by
14 the insurance regulator of the State in
15 which the property to be insured is lo-
16 cated; and

17 “(III) provides flood insurance
18 coverage that complies with the laws
19 and regulations of that State; or

20 “(ii) an agreement with a mutual aid
21 society for such society to cover expenses
22 arising from damage to property of the
23 members of such society caused by flood-
24 ing, unless the State in which the property
25 to be insured is located has—

1 “(I) determined that the specific
2 mutual aid society may not provide
3 such coverage or provide such cov-
4 erage in such manner; or

5 “(II) specifically provided
6 through law or regulation that mutual
7 aid societies may not provide such
8 coverage or provide such coverage in
9 such manner.

10 “(E) STATE.—The term ‘State’ means any
11 State of the United States, the District of Co-
12 lumbia, the Commonwealth of Puerto Rico,
13 Guam, the Northern Mariana Islands, the Vir-
14 gin Islands, and American Samoa.”.

15 (b) EFFECT OF PRIVATE FLOOD INSURANCE COV-
16 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—
17 Section 1308 of the National Flood Insurance Act of 1968
18 (42 U.S.C. 4015), as amended by the preceding provisions
19 of this Act, is further amended by adding at the end the
20 following:

21 “(o) EFFECT OF PRIVATE FLOOD INSURANCE COV-
22 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—
23 For purposes of applying any statutory, regulatory, or ad-
24 ministrative continuous coverage requirement, including
25 under section 1307(g)(1), the Administrator shall consider

1 any period during which a property was continuously cov-
2 ered by private flood insurance (as defined in section
3 102(b)(8) of the Flood Disaster Protection Act of 1973
4 (42 U.S.C. 4012a(b)(8))) to be a period of continuous cov-
5 erage.”.

6 **SEC. 202. OPT-OUT OF MANDATORY COVERAGE REQUIRE-**
7 **MENT FOR COMMERCIAL PROPERTIES.**

8 (a) AMENDMENTS TO FLOOD DISASTER PROTECTION
9 ACT OF 1973.—Effective on January 1, 2019, the Flood
10 Disaster Protection Act of 1973, as amended by the pre-
11 ceding provisions of this Act, is further amended—

12 (1) in section 3(a) (42 U.S.C. 4003(a))—

13 (A) in paragraph (10), by striking “and”
14 at the end;

15 (B) in paragraph (11), by striking the pe-
16 riod at the end and inserting “; and”; and

17 (C) by adding at the end the following new
18 paragraph:

19 “(12) ‘residential improved real estate’ means
20 improved real estate that—

21 “(A) is primarily used for residential pur-
22 poses, as defined by the Federal entities for
23 lending regulation; and

24 “(B) secures financing or financial assist-
25 ance provided through a federally related single

1 family loan program, as defined by the Federal
2 entities for lending regulation.”; and

3 (2) in section 102 (42 U.S.C. 4012a)—

4 (A) in subsection (b)—

5 (i) in paragraph (1)—

6 (I) by inserting “residential” be-
7 fore “improved real estate”; and

8 (II) by inserting “residential” be-
9 fore “building or mobile home”;

10 (ii) in paragraph (2)—

11 (I) by inserting “residential” be-
12 fore “improved real estate” each place
13 such term appears; and

14 (II) by inserting “residential” be-
15 fore “building or mobile home” each
16 place such term appears; and

17 (iii) in paragraph (3)—

18 (I) in subparagraph (A), by in-
19 serting “residential” before “improved
20 real estate”; and

21 (II) in the matter after and
22 below subparagraph (B), by inserting
23 “residential” before “building or mo-
24 bile home”;

1 (B) in subsection (c)(3), by striking “, in
2 the case of any residential property, for any
3 structure that is a part of such property” and
4 inserting “for any structure that is a part of a
5 residential property”;

6 (C) in subsection (e)—

7 (i) in paragraph (1)—

8 (I) by inserting “residential” be-
9 fore “improved real estate”; and

10 (II) by inserting “residential” be-
11 fore “building or mobile home” each
12 place such term appears; and

13 (ii) in paragraph (5)—

14 (I) in subparagraph (A)—

15 (aa) by inserting “residen-
16 tial” before “improved real es-
17 tate” each place such term ap-
18 pears; and

19 (bb) by inserting “residen-
20 tial” before “building or mobile
21 home” each place such term ap-
22 pears;

23 (II) in subparagraph (B), by in-
24 serting “residential” before “building

1 or mobile home” each place such term
2 appears; and

3 (III) in subparagraph (C), by in-
4 serting “residential” before “building
5 or mobile home”; and

6 (D) in subsection (h)—

7 (i) by inserting “residential” before
8 “improved real estate” each place such
9 term appears; and

10 (ii) in the matter preceding paragraph
11 (1), by inserting “residential” before
12 “building or mobile home”.

13 (b) AMENDMENTS TO NATIONAL FLOOD INSURANCE
14 ACT OF 1968.—Effective on January 1, 2019, the Na-
15 tional Flood Insurance Act of 1968, as amended by the
16 preceding provisions of this Act, is further amended—

17 (1) in section 1364(a) (42 U.S.C. 4104a(a))—

18 (A) in paragraph (1), by inserting “resi-
19 dential” before “improved real estate”;

20 (B) in paragraph (2), by inserting “resi-
21 dential” before “improved real estate”; and

22 (C) in paragraph (3)(A), by inserting “res-
23 idential” before “building”;

24 (2) in section 1365 (42 U.S.C. 4104b)—

25 (A) in subsection (a)—

1 (i) by inserting “residential” before
2 “improved real estate”; and

3 (ii) by inserting “residential” before
4 “building”;

5 (B) in subsection (b)(2)—

6 (i) by inserting “residential” before
7 “building” each place such term appears;
8 and

9 (ii) by inserting “residential” before
10 “improved real estate” each place such
11 term appears;

12 (C) in subsection (d), by inserting “resi-
13 dential” before “improved real estate” each
14 place such term appears; and

15 (D) in subsection (e)—

16 (i) by inserting “residential” before
17 “improved real estate”; and

18 (ii) by inserting “residential” before
19 “building” each place such term appears;
20 and

21 (3) in section 1370 (42 U.S.C. 4121)—

22 (A) in paragraph (8), by inserting “resi-
23 dential” before “improved real estate”;

1 (B) by redesignating paragraphs (14)
2 through (17) as paragraphs (15) through (18),
3 respectively; and

4 (C) by inserting after paragraph (13) the
5 following new paragraph:

6 “(14) the term ‘residential improved real estate’
7 means improved real estate that—

8 “(A) is primarily used for residential pur-
9 poses, as defined by the Federal entities for
10 lending regulation; and

11 “(B) secures financing or financial assist-
12 ance provided through a federally related single
13 family loan program, as defined by the Federal
14 entities for lending regulation;”.

15 (c) RULE OF CONSTRUCTION.—This section and the
16 amendments made by this section may not be construed
17 to prohibit the Administrator of the Federal Emergency
18 Management Agency from offering flood insurance cov-
19 erage under the National Flood Insurance Program for
20 eligible non-residential properties, other residential multi-
21 family properties, or structures financed with commercial
22 loans, or to prohibit the purchase of such coverage for
23 such eligible properties.

1 **SEC. 203. ELIMINATION OF NON-COMPETE REQUIREMENT.**

2 Section 1345 of the National Flood Insurance Act of
3 1968 (42 U.S.C. 4081) is amended by adding at the end
4 the following new subsection:

5 “(f) **AUTHORITY TO PROVIDE OTHER FLOOD COV-**
6 **ERAGE.—**

7 “(1) **IN GENERAL.—**The Administrator may
8 not, as a condition of participating in the Write
9 Your Own Program (as such term is defined in sec-
10 tion 1370(a)) or in otherwise participating in the
11 utilization by the Administrator of the facilities and
12 services of insurance companies, insurers, insurance
13 agents and brokers, and insurance adjustment orga-
14 nizations pursuant to the authority in this section,
15 nor as a condition of eligibility to engage in any
16 other activities under the National Flood Insurance
17 Program under this title, restrict any such company,
18 insurer, agent, broker, or organization from offering
19 and selling private flood insurance (as such term is
20 defined in section 102(b)(9) of the Flood Disaster
21 Protection Act of 1973 (42 U.S.C. 4012a(b)(9))).

22 “(2) **FINANCIAL ASSISTANCE/SUBSIDY AR-**
23 **RANGEMENT.—**After the date of the enactment of
24 this subsection—

25 “(A) the Administrator may not include in
26 any agreement entered into with any insurer for

1 participation in the Write Your Own Program
2 any provision establishing a condition prohib-
3 ited by paragraph (1), including the provisions
4 of Article XIII of the Federal Emergency Man-
5 agement Agency, Federal Insurance Adminis-
6 tration, Financial Assistance/Subsidy Arrange-
7 ment, as adopted pursuant to section 62.23(a)
8 of title 44 of the Code of Federal Regulations;
9 and

10 “(B) any such provision in any such agree-
11 ment entered into before such date of enact-
12 ment shall not have any force or effect, and the
13 Administrator may not take any action to en-
14 force such provision.”.

15 **SEC. 204. PUBLIC AVAILABILITY OF PROGRAM INFORMA-**
16 **TION.**

17 Part C of chapter II of the National Flood Insurance
18 Act of 1968 (42 U.S.C. 4081 et seq.) is amended by add-
19 ing at the end the following new section:

20 **“SEC. 1349. PUBLIC AVAILABILITY OF PROGRAM INFORMA-**
21 **TION.**

22 “(a) FLOOD RISK INFORMATION.—

23 “(1) IN GENERAL.—Except as provided in para-
24 graph (2), to facilitate the National Flood Insurance
25 Program becoming a source of information and data

1 for research and development of technology that bet-
2 ter understands flooding, the risk of flooding, and
3 the predictability of perils of flooding, the Adminis-
4 trator shall make publicly available all data, models,
5 assessments, analytical tools, and other information
6 in the possession of the Administrator relating to
7 the National Flood Insurance Program under this
8 title that is used in assessing flood risk or identi-
9 fying and establishing flood elevations and pre-
10 miums, including—

11 “(A) data relating to risk on individual
12 properties and loss ratio information and other
13 information identifying losses under the pro-
14 gram;

15 “(B) current and historical policy informa-
16 tion, limited to the amount and term only, for
17 properties currently covered by flood insurance
18 and for properties that are no longer covered by
19 flood insurance;

20 “(C) current and historical claims informa-
21 tion, limited to the date and amount paid only,
22 for properties currently covered by flood insur-
23 ance and for properties that are no longer cov-
24 ered by flood insurance;

1 “(D) identification of whether a property
2 was constructed before or after the effective
3 date of the first flood insurance rate map for a
4 community;

5 “(E) identification of properties that have
6 been mitigated through elevation, a buyout, or
7 any other mitigation action; and

8 “(F) identification of unmitigated multiple-
9 loss properties.

10 “(2) OPEN SOURCE DATA SYSTEM.—In carrying
11 out paragraph (1), the Administrator shall establish
12 an open source data system by which all information
13 required to be made publicly available by such sub-
14 section may be accessed by the public on an imme-
15 diate basis by electronic means.

16 “(b) COMMUNITY INFORMATION.—Not later than the
17 expiration of the 12-month period beginning upon the date
18 of the enactment of this section, the Administrator shall
19 establish and maintain a publicly searchable database that
20 provides information about each community participating
21 in the National Flood Insurance Program, which shall in-
22 clude the following information:

23 “(1) The status of the community’s compliance
24 with the National Flood Insurance Program, includ-
25 ing any findings of noncompliance, the status of any

1 enforcement actions initiated by a State or by the
2 Administrator, and the number of days of any such
3 continuing noncompliance.

4 “(2) The number of properties located in the
5 community’s special flood hazard areas that were
6 built before the effective date of the first flood insur-
7 ance rate map for the community.

8 “(3) The number of properties located in the
9 community’s special flood hazard areas that were
10 built after the effective date of the first flood insur-
11 ance rate map for the community.

12 “(4) The total number of current and historical
13 claims located outside the community’s special flood
14 hazard areas.

15 “(5) The total number of multiple-loss prop-
16 erties in the community.

17 “(6) The portion of the community, stated as a
18 percentage and in terms of square miles, that is lo-
19 cated within special flood hazard areas.

20 “(c) IDENTIFICATION OF PROPERTIES.—The infor-
21 mation provided pursuant to subsections (a) and (b) shall
22 be based on data that identifies properties at the zip code
23 or census block level, and shall include the name of the
24 community and State in which a property is located.

1 “(d) PROTECTION OF PERSONALLY IDENTIFIABLE
2 INFORMATION.—The information provided pursuant to
3 subsections (a) and (b) shall be disclosed in a format that
4 does not reveal individually identifiable information about
5 property owners in accordance with the section 552a of
6 title 5, United States Code.

7 “(e) DEFINITION OF LOSS RATIO.—For purposes of
8 this section, the term ‘loss ratio’ means, with respect to
9 the National Flood Insurance Program, the ratio of the
10 amount of claims paid under the Program to the amount
11 of premiums paid under the Program.”.

12 **SEC. 205. REFUND OF PREMIUMS UPON CANCELLATION OF**
13 **POLICY BECAUSE OF REPLACEMENT WITH**
14 **PRIVATE FLOOD INSURANCE.**

15 Section 1306 of the National Flood Insurance Act of
16 1968 (42 U.S.C. 4013) is amended by adding at the end
17 the following new subsection:

18 “(e) REFUND OF UNEARNED PREMIUMS FOR POLI-
19 CIES CANCELED BECAUSE OF REPLACEMENT WITH PRI-
20 VATE FLOOD INSURANCE.—

21 “(1) REQUIRED REFUND.—Subject to sub-
22 section (c), if at any time an insured under a policy
23 for flood insurance coverage for a property that is
24 made available under this title cancels such policy
25 because other duplicate flood insurance coverage for

1 the same property has been obtained from a source
2 other than the National Flood Insurance Program
3 under this title, the Administrator shall refund to
4 the former insured a portion of the premiums paid
5 for the coverage made available under this title, as
6 determined consistent with industry practice accord-
7 ing to the portion of the term of the policy that such
8 coverage was in effect, but only if a copy of declara-
9 tions page of the new policy obtained from a source
10 other than the program under this title is provided
11 to the Administrator.

12 “(2) EFFECTIVE DATE OF CANCELLATION.—
13 For purposes of this subsection, a cancellation of a
14 policy for coverage made available under the na-
15 tional flood insurance program under this title, for
16 the reason specified in paragraph (1), shall be effec-
17 tive—

18 “(A) on the effective date of the new policy
19 obtained from a source other than the program
20 under this title, if the request for such cancella-
21 tion was received by the Administrator before
22 the expiration of the 6-month period beginning
23 on the effective date of the new policy; or

24 “(B) on the date of the receipt by the Ad-
25 ministrator of the request for cancellation, if

1 the request for such cancellation was received
2 by the Administrator after the expiration of the
3 6-month period beginning on the effective date
4 of the new policy.

5 “(3) PROHIBITION OF REFUNDS FOR PROP-
6 erties receiving increased cost of compli-
7 ance claims.—No premium amounts paid for cov-
8 erage made available under this title may be re-
9 funded pursuant to this subsection—

10 “(A) with respect to coverage for any prop-
11 erty for which measures have been implemented
12 using amounts received pursuant to a claim
13 under increased cost of compliance coverage
14 made available pursuant to section 1304(b); or

15 “(B) if a claim has been paid or is pending
16 under the policy term for which the refund is
17 sought.”.

18 **SEC. 206. GAO STUDY OF FLOOD DAMAGE SAVINGS AC-**
19 **COUNTS.**

20 (a) IN GENERAL.—The Comptroller General of the
21 United States shall conduct a study to analyze the feasi-
22 bility and effectiveness, and problems involved, in reducing
23 flood insurance premiums and eliminating the need for
24 purchase of flood insurance coverage by authorizing own-
25 ers of residential properties to establish flood damage sav-

1 ings accounts described in subsection (b) in lieu of com-
2 plying with the mandatory requirements under section 102
3 of the Flood Disaster Protection Act of 1973 (42 U.S.C.
4 4012a) to purchase flood insurance for such properties.

5 (b) FLOOD DAMAGE SAVINGS ACCOUNT.—A flood
6 damage savings account described in this subsection is a
7 savings account—

8 (1) that would be established by an owner of
9 residential property with respect to such property in
10 accordance with requirements established by the Ad-
11 ministrator of the Federal Emergency Management
12 Agency; and

13 (2) the proceeds of which would be available for
14 use only to cover losses to such properties resulting
15 from flooding, pursuant to adjustment of a claim for
16 such losses in the same manner and according to the
17 same procedures as apply to claims for losses under
18 flood insurance coverage made available under the
19 National Flood Insurance Act of 1968.

20 (c) ISSUES.—Such study shall include an analysis of,
21 and recommendation regarding, each of the following
22 issues:

23 (1) Whether authorizing the establishment of
24 such flood damage savings accounts would be effec-
25 tive and efficient in reducing flood insurance pre-

1 miums, eliminating the need for purchase of flood
2 insurance coverage made available under the Na-
3 tional Flood Insurance Program, and reducing risks
4 to the financial safety and soundness of the National
5 Flood Insurance Fund.

6 (2) Possible options for structuring such flood
7 damage savings accounts, including—

8 (A) what types of institutions could hold
9 such accounts and the benefits and problems
10 with each such type of institution;

11 (B) considerations affecting the amounts
12 required to be held in such accounts; and

13 (C) options regarding considerations the
14 conditions under which such an account may be
15 terminated.

16 (3) The feasibility and effectiveness, and prob-
17 lems involved in, authorizing the Administrator of
18 the Federal Emergency Management Agency to
19 make secondary flood insurance coverage available
20 under the National Flood Insurance Program to
21 cover the portion of flood losses or damages to prop-
22 erties for which such flood damage savings accounts
23 have been established that exceed the amounts held
24 in such accounts.

1 (4) The benefits and problems involved in au-
2 thorizing the establishment of such accounts for
3 non-residential properties.

4 (d) REPORT.—Not later than the expiration of the
5 12-month period beginning on the date of the enactment
6 of this Act, the Comptroller General shall submit a report
7 to the Committee on Financial Services of the House of
8 Representatives, the Committee on Banking, Housing,
9 and Urban Affairs of the Senate, and the Administrator
10 that sets forth the analysis, conclusions, and recommenda-
11 tions resulting from the study under this section. Such re-
12 port shall identify elements that should be taken into con-
13 sideration by the Administrator in designing and carrying
14 out the demonstration program under section 207.

15 **SEC. 207. DEMONSTRATION PROGRAM FOR FLOOD DAMAGE**

16 **SAVINGS ACCOUNTS.**

17 (a) PLAN.—If the Comptroller General of the United
18 States concludes in the report required under section 206
19 that a demonstration program under this section is fea-
20 sible and should be considered, then the Administrator of
21 the Federal Emergency Management Agency shall, not
22 later than the expiration of the 12-month period beginning
23 upon the submission of the report under section 206(d),
24 submit to the Committee on Financial Services of the
25 House of Representatives and the Committee on Banking,

1 Housing, and Urban Affairs of the Senate a plan and
2 guidelines for a demonstration program, to be carried out
3 by the Administrator, to demonstrate the feasibility and
4 effectiveness of authorizing the establishment of flood
5 damage savings accounts, taking into consideration the
6 analysis, conclusions, and recommendations included in
7 such report.

8 (b) AUTHORITY.—The Administrator of the Federal
9 Emergency Management Agency shall carry out a pro-
10 gram to demonstrate the feasibility and effectiveness of
11 authorizing the establishment of flood damage savings ac-
12 counts in the manner provided in plan and guidelines for
13 the demonstration program submitted pursuant to sub-
14 section (a).

15 (c) SCOPE.—The demonstration program under this
16 section shall provide for the establishment of flood damage
17 savings accounts with respect to not more than 5 percent
18 of the residential properties that have 4 or fewer resi-
19 dences and that are covered by flood insurance coverage
20 made available under the National Flood Insurance Pro-
21 gram.

22 (d) TIMING.—The Administrator shall commence the
23 demonstration program under this section not later than
24 the expiration of the 12-month period beginning upon the

1 submission of the plan and guidelines for the demonstra-
2 tion pursuant to subsection (a).

3 (e) GEOGRAPHICAL DIVERSITY.—The Administrator
4 shall ensure that properties for which flood damage sav-
5 ings accounts are established under the demonstration are
6 located in diverse geographical areas throughout the
7 United States.

8 (f) REPORT.—Upon the expiration of the 2-year pe-
9 riod beginning upon the date of the commencement of the
10 demonstration program under this section, the Adminis-
11 trator shall submit a report to the Committee on Financial
12 Services of the House of Representatives and the Com-
13 mittee on Banking, Housing, and Urban Affairs of the
14 Senate describing and assessing the demonstration, and
15 setting forth conclusions and recommendations regarding
16 continuing and expanding the demonstration.

17 (g) FEASIBILITY.—The Administrator shall imple-
18 ment this section only after determining that implementa-
19 tion is supported by the Comptroller's conclusions and rec-
20 ommendations contained in the report required under sec-
21 tion 206.

1 **TITLE III—MAPPING FAIRNESS**

2 **SEC. 301. USE OF OTHER RISK ASSESSMENT TOOLS IN DE-**
3 **TERMINING PREMIUM RATES.**

4 (a) ESTIMATES OF PREMIUM RATES.—Subparagraph
5 (A) of section 1307(a)(1) of the National Flood Insurance
6 Act of 1968 (42 U.S.C. 4014(a)(1)(A)), as amended by
7 the preceding provisions of this Act, is further amended—

8 (1) in clause (ii), by striking “and” at the end;

9 and

10 (2) by adding at the end the following new
11 clause:

12 “(iv) both the risk identified by the
13 applicable flood insurance rate maps and
14 by other risk assessment data and tools,
15 including risk assessment models and
16 scores from appropriate sources; and”.

17 (b) ESTABLISHMENT OF CHARGEABLE PREMIUM
18 RATES.—Paragraph (1) of section 1308(b) of the Na-
19 tional Flood Insurance Act of 1968 (42 U.S.C.
20 4015(b)(1)) is amended by inserting before the semicolon
21 at the end the following: “, taking into account both the
22 risk identified by the applicable flood insurance rate maps
23 and by other risk assessment data and tools, including risk
24 assessment models and scores from appropriate sources”.

25 (c) EFFECTIVE DATE AND REGULATIONS.—

1 (1) **EFFECTIVE DATE.**—The amendments made
2 by subsections (a) and (b) shall be made, and shall
3 take effect, upon the expiration of the 36-month pe-
4 riod beginning on the date of the enactment of this
5 Act.

6 (2) **REGULATIONS.**—The Administrator of the
7 Federal Emergency Management Agency shall issue
8 regulations necessary to implement the amendments
9 made by subsections (a) and (b), which shall identify
10 risk assessment data and tools to be used in identi-
11 fying flood risk and appropriate sources for risk as-
12 sessment models and scores to be so used. Such reg-
13 ulations shall be issued not later than the expiration
14 of the 36-month period beginning on the date of the
15 enactment of this Act and shall take effect upon the
16 expiration of such period.

17 **SEC. 302. APPEALS REGARDING EXISTING FLOOD MAPS.**

18 (a) **IN GENERAL.**—Section 1360 of the National
19 Flood Insurance Act of 1968 (42 U.S.C. 4101) is amended
20 by adding at the end the following new subsection:

21 “(k) **APPEALS OF EXISTING MAPS.**—

22 “(1) **RIGHT TO APPEAL.**—Subject to paragraph
23 (6), a State or local government, or the owner or les-
24 see of real property, who has made a formal request
25 to the Administrator to update a flood map that the

1 Administrator has denied may at any time appeal
2 such a denial as provided in this subsection.

3 “(2) BASIS FOR APPEAL.—The basis for appeal
4 under this subsection shall be the possession of
5 knowledge or information that—

6 “(A) the base flood elevation level or des-
7 ignation of any aspect of a flood map is sci-
8 entifically or technically inaccurate; or

9 “(B) factors exist that mitigate the risk of
10 flooding, including ditches, banks, walls, vegeta-
11 tion, levees, lakes, dams, reservoirs, basin, re-
12 tention ponds, and other natural or manmade
13 topographical features.

14 “(3) APPEALS PROCESS.—

15 “(A) ADMINISTRATIVE ADJUDICATION.—
16 An appeal under this subsection shall be deter-
17 mined by a final adjudication on the record,
18 and after opportunity for an administrative
19 hearing.

20 “(B) RIGHTS UPON ADVERSE DECISION.—
21 If an appeal pursuant to subparagraph (A) does
22 not result in a decision in favor of the State,
23 local government, owner, or lessee, such party
24 may appeal the adverse decision to the Sci-
25 entific Resolution Panel provided for in section

1 1363A, which shall recommend a non-binding
2 decision to the Administrator.

3 “(4) RELIEF.—

4 “(A) WHOLLY SUCCESSFUL APPEALS.—In
5 the case of a successful appeal resulting in a
6 policyholder’s property being removed from a
7 special flood hazard area, such policyholder may
8 cancel the policy at any time within the current
9 policy year, and the Administrator shall provide
10 such policyholder a refund in the amount of any
11 premiums paid for such policy year, plus any
12 premiums paid for flood insurance coverage
13 that the policyholder was required to purchase
14 or maintain during the 2-year period preceding
15 such policy year.

16 “(B) PARTIALLY SUCCESSFUL APPEALS.—
17 In the case of any appeal in which mitigating
18 factors were determined to have reduced, but
19 not eliminated, the risk of flooding, the Admin-
20 istrator shall reduce the amount of flood insur-
21 ance coverage required to be maintained for the
22 property concerned by the ratio of the success-
23 ful portion of the appeal as compared to the en-
24 tire appeal. The Administrator shall refund to
25 the policyholder any payments made in excess

1 of the amount necessary for such new coverage
2 amount, effective from the time when the miti-
3 gating factor was created or the beginning of
4 the second policy year preceding the determina-
5 tion of the appeal, whichever occurred later.

6 “(C) ADDITIONAL RELIEF.—The Adminis-
7 trator may provide additional refunds in excess
8 of the amounts specified in subparagraphs (A)
9 and (B) if the Administrator determines that
10 such additional amounts are warranted.

11 “(5) RECOVERY OF COSTS.—When, incident to
12 any appeal which is successful in whole or part re-
13 garding the designation of the base flood elevation
14 or any aspect of the flood map, including elevation
15 or designation of a special flood hazard area, the
16 community, or the owner or lessee of real property,
17 as the case may be, incurs expense in connection
18 with the appeal, including services provided by sur-
19 veyors, engineers, and scientific experts, the Admin-
20 istrator shall reimburse such individual or commu-
21 nity for reasonable expenses to an extent measured
22 by the ratio of the successful portion of the appeal
23 as compared to the entire appeal, but not including
24 legal services, in the effecting of an appeal based on
25 a scientific or technical error on the part of the Fed-

1 eral Emergency Management Agency. No reimburse-
2 ment shall be made by the Administrator in respect
3 to any fee or expense payment, the payment of
4 which was agreed to be contingent upon the result
5 of the appeal. The Administrator may use such
6 amounts from the National Flood Insurance Fund
7 established under section 1310 as may be necessary
8 to carry out this paragraph.

9 “(6) INAPPLICABILITY TO COMMUNITY FLOOD
10 MAPS.—This subsection shall not apply with respect
11 to any flood map that is in effect pursuant to certifi-
12 cation under the standards, guidelines, and proce-
13 dures established pursuant to section
14 100215(m)(1)(B) of the Biggert-Waters Flood In-
15 surance Reform Act of 2012 (42 U.S.C.
16 4101a(m)(1)(B)).

17 “(7) GUIDANCE.—The Administrator shall
18 issue guidance to implement this subsection, which
19 shall not be subject to the notice and comment re-
20 quirements under section 553 of title 5, United
21 States Code.”.

22 (b) DEADLINE.—The Administrator of the Federal
23 Emergency Management Agency shall issue the guidance
24 referred to section 1360(k)(7) of the National Flood In-
25 surance Act of 1968 (42 U.S.C. 4101(k)(7)), as added by

1 the amendment made by subsection (a) of this section, not
2 later than the expiration of the 6-month period beginning
3 on the date of the enactment of this Act.

4 **SEC. 303. APPEALS AND PUBLICATION OF PROJECTED SPE-**
5 **CIAL FLOOD HAZARD AREAS.**

6 (a) APPEALS.—Section 1363 of the National Flood
7 Insurance Act of 1968 (42 U.S.C. 4104) is amended—

8 (1) in subsection (b), by striking the second
9 sentence and inserting the following: “Any owner or
10 lessee of real property within the community who be-
11 lieves the owner’s or lessee’s rights to be adversely
12 affected by the Administrator’s proposed determina-
13 tion may appeal such determination to the local gov-
14 ernment no later than 90 days after the date of the
15 second publication.”;

16 (2) in subsection (d), by striking “subsection
17 (e)” and inserting “subsection (f)”;

18 (3) by redesignating subsections (e), (f), and
19 (g) as subsections (f), (g), and (h), respectively; and

20 (4) by inserting after subsection (d) the fol-
21 lowing new subsection:

22 “(e) DETERMINATION BY ADMINISTRATOR IN THE
23 ABSENCE OF APPEALS.—If the Administrator has not re-
24 ceived any appeals, upon expiration of the 90-day appeal
25 period established under subsection (b) of this section the

1 Administrator’s proposed determination shall become
2 final. The community shall be given a reasonable time
3 after the Administrator’s final determination in which to
4 adopt local land use and control measures consistent with
5 the Administrator’s determination.”.

6 (b) PUBLICATION.—Subsection (a) of section 1363 of
7 the National Flood Insurance Act of 1968 (42 U.S.C.
8 4104(a)) is amended by striking “in the Federal Reg-
9 ister”.

10 (c) INAPPLICABILITY TO PRIVATE AND COMMUNITY
11 FLOOD MAPS.—Section 1363 of the National Flood Insur-
12 ance Act of 1968 (42 U.S.C. 4104), as amended by the
13 preceding provisions of this section, is further amended
14 by adding at the end the following new subsection:

15 “(i) INAPPLICABILITY TO COMMUNITY FLOOD
16 MAPS.—This section shall not apply with respect to any
17 flood map that is in effect pursuant to certification under
18 the standards, guidelines, and procedures established pur-
19 suant to section 100215(m)(1) of the Biggert-Waters
20 Flood Insurance Reform Act of 2012 (42 U.S.C.
21 4101a(m)(1)), which shall include procedures for pro-
22 viding notification and appeal rights to individuals within
23 the communities of the proposed flood elevation deter-
24 minations.”.

1 **SEC. 304. COMMUNICATION AND OUTREACH REGARDING**
2 **MAP CHANGES.**

3 Paragraph (1) of section 100216(d) of the Biggert-
4 Waters Flood Insurance Reform Act of 2012 (42 U.S.C.
5 4101b(d)(1)) is amended—

6 (1) in subparagraph (B), by inserting “max-
7 imum” before “30-day period”; and

8 (2) in subparagraph (C), by inserting “max-
9 imum” before “30-day period”.

10 **SEC. 305. SHARING AND USE OF MAPS AND DATA.**

11 Subsection (b) of section 100216 of the Biggert-
12 Waters Flood Insurance Reform Act of 2012 (42 U.S.C.
13 4101b(b)) is amended—

14 (1) in paragraph (1)—

15 (A) in subparagraph (B), by striking
16 “and” at the end;

17 (B) in subparagraph (C), by striking the
18 period at the end and inserting “; and” ; and

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

21 “(D) consult and coordinate with the De-
22 partment of Defense, the United States Geo-
23 logical Survey, and the National Oceanic and
24 Atmospheric Administration for the purpose of
25 obtaining the most-up-to-date maps and other
26 information of such agencies, including infor-

1 mation on topography, water flow, and any
2 other issues, relevant to mapping for flood in-
3 surance purposes.”; and

4 (2) in paragraph (3)—

5 (A) in subparagraph (D), by striking
6 “and” at the end;

7 (B) by redesignating subparagraph (E) as
8 subparagraph (F); and

9 (C) by inserting after subparagraph (D)
10 the following new subparagraph:

11 “(E) any other information relevant to
12 mapping for flood insurance purposes obtained
13 pursuant to paragraph (1)(D); and”.

14 **SEC. 306. COMMUNITY FLOOD MAPS.**

15 (a) TECHNICAL MAPPING ADVISORY COUNCIL.—Sec-
16 tion 100215 of the Biggert-Waters Flood Insurance Re-
17 form Act of 2012 (42 U.S.C. 4101a) is amended—

18 (1) in subsection (c)—

19 (A) in paragraph (5)(B), by striking “and”
20 at the end;

21 (B) by redesignating paragraph (6) as
22 paragraph (9); and

23 (C) by inserting after paragraph (5) the
24 following new paragraphs:

1 “(6) recommend to the Administrator methods
2 or actions to make the flood mapping processes more
3 efficient;

4 “(7) recommend to the Administrator methods
5 or actions to minimize any cost, data, and paper-
6 work requirements of the flood mapping processes;

7 “(8) assist communities, and in particular
8 smaller communities, in locating the resources re-
9 quired to participate in the development of flood ele-
10 vations and flood hazard area designations; and”;
11 and

12 (2) by adding at the end the following new sub-
13 section:

14 “(m) COMMUNITY FLOOD MAPS.—

15 “(1) STANDARDS AND PROCEDURES.—In addi-
16 tion to the other duties of the Council under this
17 section, not later than the expiration of the 12-
18 month period beginning on the date of the enact-
19 ment of this subsection, the Council shall rec-
20 ommend to the Administrator standards and re-
21 quirements for chief executive officers, or entities
22 designated by chief executive officers, of States and
23 communities participating in the National Flood In-
24 surance Program to use in mapping flood hazards
25 located in States and communities that choose to de-

1 velop alternative maps to the flood insurance rate
2 maps developed by the Agency. The recommended
3 standards and requirements shall include procedures
4 for providing notification and appeal rights to indi-
5 viduals within the communities of the proposed flood
6 elevation determinations.

7 “(2) EXEMPTION FROM RULEMAKING.—Until
8 such time as the Administrator promulgates regula-
9 tions implementing paragraph (1) of this subsection,
10 the Administrator may, notwithstanding any other
11 provision of law, adopt policies and procedures nec-
12 essary to implement such paragraphs without under-
13 going notice and comment rulemaking and without
14 conducting regulatory analyses otherwise required by
15 statute, regulation, or executive order.”.

16 (b) FEMA IDENTIFICATION OF FLOOD-PRONE
17 AREAS.—Subsection (a) of section 1360 of the National
18 Flood Insurance Act of 1968 (42 U.S.C. 4101(a)) is
19 amended—

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

22 (2) by redesignating paragraphs (1) and (2) as
23 subparagraphs (A), and (B), respectively, and re-
24 aligning such subparagraphs so as to be indented 4
25 ems from the left margin;

1 (3) by striking “is authorized to consult” and
2 inserting the following: “is authorized—

3 “(1) to consult”;

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

6 “(2) to receive proposed alternative maps from
7 communities developed pursuant to standards and
8 requirements recommended by the Technical Map-
9 ping Advisory Council, as required by section
10 100215(m) of the Biggert-Waters Flood Insurance
11 Reform Act of 2012 (42 U.S.C. 4101a(m)) and
12 adopted by the Administrator as required by section
13 100216(c)(3) of such Act (42 U.S.C. 4101b(c)(3)),
14 so that the Administrator may—

15 “(A) publish information with respect to
16 all flood plain areas, including coastal areas lo-
17 cated in the United States, which have special
18 flood hazards, and

19 “(B) establish or update flood-risk zone
20 data in all such areas, and make estimates with
21 respect to the rates of probable flood caused
22 loss for the various flood risk zones for each of
23 these areas until the date specified in section
24 1319.”.

1 (c) NATIONAL FLOOD MAPPING PROGRAM.—Section
2 100216 of the Biggert-Waters Flood Insurance Reform
3 Act of 2012 (42 U.S.C. 4101b) is amended—

4 (1) in subsection (a), by inserting “prepared by
5 the Administrator, or by a community pursuant to
6 section 1360(a)(2) of the National Flood Insurance
7 Act of 1968,” after “Program rate maps”; and

8 (2) in subsection (c)—

9 (A) in paragraph (1)(B), by striking “and”
10 at the end;

11 (B) in paragraph (2)(C), by striking the
12 period at the end and inserting a semicolon;
13 and

14 (C) by adding at the end the following new
15 paragraphs:

16 “(3) establish and adopt standards and require-
17 ments for development by States and communities of
18 alternative flood insurance rate maps to be sub-
19 mitted to the Administrator pursuant to section
20 1360(a)(2) of the National Flood Insurance Act of
21 1968, taking into consideration the recommenda-
22 tions of the Technical Mapping Advisory Council
23 made pursuant to section 100215(m) of this Act (42
24 U.S.C. 4101a(m)); and

1 “(4) in the case of proposed alternative maps
2 received by the Administrator pursuant to such sec-
3 tion 1360(a)(2), not later than the expiration of the
4 6-month period beginning upon receipt of such pro-
5 posed alternative maps—

6 “(A) determine whether such maps were
7 developed in accordance with the standards and
8 requirements adopted pursuant to paragraph
9 (3) of this subsection; and

10 “(B) approve or disapprove such proposed
11 maps for use under National Flood Insurance
12 Program.”.

13 **TITLE IV—PROTECTING CON-**
14 **SUMERS AND INDIVIDUALS**
15 **THROUGH IMPROVED MITI-**
16 **GATION**

17 **SEC. 401. PROVISION OF COMMUNITY RATING SYSTEM PRE-**
18 **MIUM CREDITS TO MAXIMUM NUMBER OF**
19 **COMMUNITIES PRACTICABLE.**

20 Subsection (b) of section 1315 of the National Flood
21 Insurance Act of 1968 (42 U.S.C. 4022(b)) is amended—

22 (1) in paragraph (2), by striking “may” and in-
23 serting “shall”; and

24 (2) in paragraph (3), by inserting “, and the
25 Administrator shall provide credits to the maximum

1 number of communities practicable” after “under
2 this program”.

3 **SEC. 402. COMMUNITY ACCOUNTABILITY FOR REPET-**
4 **ITIVELY FLOODED AREAS.**

5 (a) IN GENERAL.—Section 1361 of the National
6 Flood Insurance Act of 1968 (42 U.S.C. 4102) is amended
7 by adding at the end the following new subsection:

8 “(e) COMMUNITY ACCOUNTABILITY FOR REPET-

9 ITIVELY DAMAGED AREAS.—
10 “(1) IN GENERAL.—The Administrator shall,
11 by regulation, require any covered community (as
12 such term is defined in paragraph (5))—

13 “(A) to identify the areas within the com-
14 munity where properties described in paragraph
15 (5)(B) or flood-damaged facilities are located to
16 determine areas repeatedly damaged by floods
17 and to assess, with assistance from the Admin-
18 istrator, the continuing risks to such areas;

19 “(B) to develop a community-specific plan
20 for mitigating continuing flood risks to such re-
21 petitively flooded areas and to submit such plan
22 and plan updates to the Administrator at ap-
23 propriate intervals;

24 “(C) to implement such plans;

1 “(D) to make such plan, plan updates, and
2 reports on progress in reducing flood risk avail-
3 able to the public, subject to section 552a of
4 title 5, United States Code.

5 “(2) INCORPORATION INTO EXISTING PLANS.—
6 Plans developed pursuant to paragraph (1) may be
7 incorporated into mitigation plans developed under
8 section 1366 of this Act (42 U.S.C. 4104c) and haz-
9 ard mitigation plans developed under section 322 of
10 the Robert T. Stafford Disaster Relief and Emer-
11 gency Assistance Act (42 U.S.C. 5165).

12 “(3) ASSISTANCE TO COMMUNITIES.—

13 “(A) DATA.—To assist communities in
14 preparation of plans required under paragraph
15 (1), the Administrator shall, upon request, pro-
16 vide covered communities with appropriate data
17 regarding the property addresses and dates of
18 claims associated with insured properties within
19 the community.

20 “(B) MITIGATION GRANTS.—In making de-
21 terminations regarding financial assistance
22 under the authorities of this Act, the Adminis-
23 trator may consider the extent to which a com-
24 munity has complied with this subsection and is

1 working to remedy problems with addressing re-
2 peatedly flooded areas.

3 “(4) SANCTIONS.—

4 “(A) IN GENERAL.—The Administrator
5 shall, by regulations issued in accordance with
6 the procedures established under section 553 of
7 title 5, United States Code, regarding sub-
8 stantive rules, provide appropriate sanctions for
9 covered communities that fail to comply with
10 the requirements under this subsection or to
11 make sufficient progress in reducing the flood
12 risks to areas in the community that are repeat-
13 edly damaged by floods.

14 “(B) NOTICE.—Before imposing any sanc-
15 tion pursuant to this paragraph, the Adminis-
16 trator shall provide the covered community in-
17 volved with notice of the non-compliance that
18 could result in the imposition of sanctions,
19 which shall include recommendations for actions
20 to bring the covered community into compli-
21 ance.

22 “(C) CONSIDERATIONS.—In determining
23 appropriate sanctions to impose under this
24 paragraph, the Administrator shall consider the
25 resources available to the covered community

1 involved, including Federal funding, the portion
2 of the covered community that lies within an
3 area having special flood hazards, and other
4 factors that make it difficult for the covered
5 community to conduct mitigation activities for
6 existing flood-prone structures.

7 “(5) COVERED COMMUNITY.—For purposes of
8 this subsection, the term ‘covered community’ means
9 a community—

10 “(A) that is participating, pursuant to sec-
11 tion 1315, in the national flood insurance pro-
12 gram; and

13 “(B) within which are located—

14 “(i) 50 or more repetitive loss struc-
15 tures for each of which, during any 10-
16 year period, two or more claims for pay-
17 ments under flood insurance coverage have
18 been made with a cumulative amount ex-
19 ceeding \$1,000;

20 “(ii) 5 or more severe repetitive loss
21 structures (as such term is defined in sec-
22 tion 1366(h)) for which mitigation activi-
23 ties meeting the standards for approval
24 under section 1366(c)(2)(A) have not been
25 conducted; or

1 “(iii) a public facility or a private
2 nonprofit facility (as such terms are as de-
3 fined in section 102 of the Robert T. Staf-
4 ford Disaster Relief and Emergency Assist-
5 ance Act (42 U.S.C. 5122)), that has re-
6 ceived assistance for repair, restoration, re-
7 construction, or replacement under section
8 406 of the Robert T. Stafford Disaster Re-
9 lief and Emergency Assistance Act (42
10 U.S.C. 5172) in connection with more than
11 one flooding event in the most recent 10-
12 year period.

13 “(6) REPETITIVE-LOSS STRUCTURE.—For pur-
14 poses of this subsection, the term ‘repetitive loss
15 structure’ has the meaning given such term in sec-
16 tion 1370 (42 U.S.C. 4121).

17 “(7) REPORTS TO CONGRESS.—Not later than
18 the expiration of the 6-year period beginning upon
19 the date of the enactment of this subsection, and not
20 less than every 2 years thereafter, the Administrator
21 shall submit a report to the Congress regarding the
22 progress in implementing plans developed pursuant
23 to paragraph (1)(B).”.

24 (b) REGULATIONS.—The Administrator of the Fed-
25 eral Emergency Management Agency shall issue regula-

1 tions necessary to carry out subsection (e) of section 1361
2 of the National Flood Insurance Act of 1968, as added
3 by the amendment made by subsection (a) of this section,
4 not later than the expiration of the 12-month period that
5 begins on the date of the enactment of this Act.

6 **SEC. 403. INCREASED COST OF COMPLIANCE COVERAGE.**

7 (a) **COVERAGE OF PROPERTIES AT HIGH RISK OF**
8 **FUTURE FLOOD DAMAGE.**—Subsection (b) of section
9 1304 of the National Flood Insurance Act of 1968 (42
10 U.S.C. 4011(b)) is amended—

11 (1) in paragraph (4), by redesignating subpara-
12 graphs (A) through (D) as clauses (i) through (iv),
13 respectively, and realigning such clauses, as so re-
14 designated, so as to be indented 6 ems from the left
15 margin;

16 (2) by redesignating paragraphs (1) through
17 (4) as subparagraphs (A) through (D), respectively,
18 and realigning such subparagraphs, as so redesign-
19 nated, so as to be indented 4 ems from the left mar-
20 gin;

21 (3) by striking the subsection designation and
22 all that follows through “The national” and insert-
23 ing the following:

24 “(b) **ADDITIONAL COVERAGE FOR COMPLIANCE**
25 **WITH LAND USE AND CONTROL MEASURES.**—

1 “(1) AUTHORITY; ELIGIBLE PROPERTIES.—The
2 national”;

3 (4) in subparagraph (C) (as so redesignated by
4 paragraph (2) of this subsection), by striking
5 “Fund” and all that follows and inserting “Fund to
6 require the implementation of such measures;”;

7 (5) in subparagraph (D)(iv) (as so redesignated
8 by paragraphs (1) and (2) of this subsection), by
9 striking the period at the end and inserting a semi-
10 colon; and

11 (6) by adding at the end the following new sub-
12 paragraphs:

13 “(E) properties that have been identified
14 by the Administrator, or by a community in ac-
15 cordance with such requirements as the Admin-
16 istrator shall establish, as at a high risk of fu-
17 ture flood damage; and

18 “(F) properties that are located within an
19 area identified pursuant to section
20 1361(e)(1)(A) (42 U.S.C. 4102(e)(1)(A)) by a
21 covered community (as such term is defined in
22 paragraph (3) of such section 1361(e)).”.

23 (b) COVERAGE AMOUNT.—Section 1304(b) of the
24 National Flood Insurance Act of 1968 (42 U.S.C.
25 4011(b)) is amended—

1 (1) in paragraph (1) (as so designated by sub-
2 section (a)(3) of this section), by striking the last
3 sentence (relating to a surcharge); and

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

6 “(2) COVERAGE AMOUNT.—

7 “(A) PRIMARY COVERAGE.—Each policy
8 for flood insurance coverage made available
9 under this title shall provide coverage under
10 this subsection having an aggregate liability for
11 any single property of \$30,000.

12 “(B) ENHANCED COVERAGE.—The Admin-
13 istrator shall make additional coverage available
14 under this subsection, in excess of the limit
15 specified in subparagraph (A), having an aggre-
16 gate liability for any single property of up to
17 \$60,000.”.

18 (c) AMOUNT OF SURCHARGE.—Subsection (b) of sec-
19 tion 1304 of the National Flood Insurance Act of 1968
20 (42 U.S.C. 4011(b)), as amended by the preceding provi-
21 sions of this section, is further amended by adding at the
22 end the following new paragraph:

23 “(3) SURCHARGE FOR COVERAGE.—

24 “(A) PRIMARY COVERAGE.—The Adminis-
25 trator shall impose a surcharge on each insured

1 of such amount per policy as the Administrator
2 determines is appropriate to provide cost of
3 compliance coverage in accordance with para-
4 graph (2)(A).

5 “(B) ENHANCED COVERAGE.—For each
6 flood policy for flood insurance coverage under
7 this title under which additional cost of compli-
8 ance coverage is provided pursuant to para-
9 graph (2)(B), the Administrator shall impose a
10 surcharge, in addition to the surcharge under
11 subparagraph (A) of this paragraph, in such
12 amount as the Administrator determines is ap-
13 propriate for the amount of such coverage pro-
14 vided.”.

15 (d) USE OF CERTAIN MATERIALS.—Subsection (b) of
16 section 1304 of the National Flood Insurance Act of 1968
17 (42 U.S.C. 4011(b)), as amended by the preceding provi-
18 sions of this section, is further amended by adding at the
19 end the following new paragraph:

20 “(4) USE OF CERTAIN MATERIALS.—The Ad-
21 ministrator shall require that any measures imple-
22 mented using amounts made available from coverage
23 provided pursuant to this subsection be carried out
24 using materials, identified by the Administrator,
25 that minimize the impact of flooding on the usability

1 of the covered property and reduce the duration that
2 flooding renders the property unusable or uninhabit-
3 able.”.

4 (e) CONTINUED FLOOD INSURANCE REQUIRE-
5 MENT.—Subsection (b) of section 1304 of the National
6 Flood Insurance Act of 1968 (42 U.S.C. 4011(b)), as
7 amended by the preceding provisions of this section, is fur-
8 ther amended by adding at the end the following new para-
9 graph:

10 “(5) CONTINUED FLOOD INSURANCE REQUIRE-
11 MENT.—The Administrator may require, as a condi-
12 tion of providing cost of compliance coverage under
13 this subsection for a property, that the owner of the
14 property enter into such binding agreements as the
15 Administrator considers necessary to ensure that the
16 owner of the property (and any subsequent owners)
17 will maintain flood insurance coverage under this
18 title for the property in such amount, and at all
19 times during a period having such duration, as the
20 Administrator considers appropriate to carry out the
21 purposes of this subsection.”.

1 TITLE V—PROGRAM INTEGRITY**2 SEC. 501. INDEPENDENT ACTUARIAL REVIEW.**

3 Section 1309 of the National Flood Insurance Act of
4 1968 (42 U.S.C. 4016) is amended by adding at the end
5 the following new subsection:

6 “(e) INDEPENDENT ACTUARIAL REVIEW.—

7 “(1) FIDUCIARY RESPONSIBILITY.—The Admin-
8 istrator has a responsibility to ensure that the Na-
9 tional Flood Insurance Program remains financially
10 sound. Pursuant to this responsibility, the Adminis-
11 trator shall from time to time review and eliminate
12 nonessential costs and positions within the Program,
13 unless otherwise authorized or required by law, as
14 the Administrator determines to be necessary.

15 “(2) ANNUAL INDEPENDENT ACTUARIAL
16 STUDY.—The Administrator shall provide for an
17 independent actuarial study of the National Flood
18 Insurance Program to be conducted annually, which
19 shall analyze the financial position of the program
20 based on the long-term estimated losses of the pro-
21 gram. The Administrator shall submit a report (to-
22 gether with the independent actuarial study) annu-
23 ally to the Committee on Financial Services of the
24 House of Representatives and the Committee on
25 Banking, Housing, and Urban Affairs of the Senate

1 describing the results of such study, including a de-
2 termination of whether the Program has collected
3 revenue sufficient to cover the administrative ex-
4 penses of carrying out the flood insurance program,
5 which are reflected in the risk premium rates, cost
6 of capital, all other costs associated with the transfer
7 of risks, and expected claims payments during the
8 reporting period, and an overall assessment of the fi-
9 nancial status of the Program.

10 “(3) DETERMINATION OF ACTUARIAL BUDGET
11 DEFICIT.—

12 “(A) REQUIREMENT.—Within the report
13 submitted under paragraph (2), the Adminis-
14 trator shall issue a determination of whether
15 there exists an actuarial budget deficit for the
16 Program for the year covered in the report. The
17 report shall recommend any changes to the Pro-
18 gram, if necessary, to ensure that the program
19 remains financially sound.

20 “(B) BASIS OF DETERMINATION.—The de-
21 termination required by subparagraph (A) shall
22 be based solely upon whether the portion of pre-
23 miums estimated and collected by the Program
24 during the reporting period is sufficient to cover
25 the administrative expenses of carrying out the

1 flood insurance program, which are reflected in
2 the risk premium rates, cost of capital, all other
3 costs associated with the transfer of risk, and
4 expected claims payments for the reporting pe-
5 riod.

6 “(4) QUARTERLY REPORTS.—During each fiscal
7 year, on a calendar quarterly basis, the Secretary
8 shall cause to be published in the Federal Register
9 or comparable method, with notice to the Committee
10 on Financial Services of the House of Representa-
11 tives and the Committee on Banking, Housing, and
12 Urban Affairs of the Senate, information which shall
13 specify—

14 “(A) the cumulative volume of policies that
15 have been underwritten under the National
16 Flood Insurance Program during such fiscal
17 year through the end of the quarter for which
18 the report is submitted;

19 “(B) the types of policies insured, cat-
20 egorized by risk;

21 “(C) any significant changes between ac-
22 tual and projected claim activity;

23 “(D) projected versus actual loss rates;

24 “(E) the cumulative number of currently
25 insured repetitive-loss properties, severe repet-

1 itive-loss properties, and extreme repetitive-loss
2 properties that have been identified during such
3 fiscal year through the end of the quarter for
4 which the report is submitted;

5 “(F) the cumulative number of properties
6 that have undergone mitigation assistance,
7 through the National Flood Insurance Program,
8 during such fiscal year through the end of the
9 quarter for which the report is submitted; and

10 “(G) the number and location, by State or
11 territory, of each policyholder that has been
12 identified for such fiscal year as an eligible
13 household for purposes of the flood insurance
14 affordability program under section 1326.

15 The first quarterly report under this paragraph shall
16 be submitted on the last day of the first quarter of
17 fiscal year 2018, or on the last day of the first full
18 calendar quarter following the enactment of the 21st
19 Century Flood Reform Act, whichever occurs later.”.

20 **SEC. 502. ADJUSTMENTS TO HOMEOWNER FLOOD INSUR-**
21 **ANCE AFFORDABILITY SURCHARGE.**

22 (a) IN GENERAL.—Section 1308A of the National
23 Flood Insurance Act of 1968 (42 U.S.C. 4015a) is amend-
24 ed—

1 (1) in subsection (a), by striking the first sen-
2 tence and inserting the following: “The Adminis-
3 trator shall impose and collect a non-refundable an-
4 nual surcharge, in the amount provided in sub-
5 section (b), on all policies for flood insurance cov-
6 erage under the National Flood Insurance Program
7 that are newly issued or renewed after the date of
8 the enactment of this section.”; and

9 (2) by striking subsection (b) and inserting the
10 following new subsection:

11 “(b) AMOUNT.—The amount of the surcharge under
12 subsection (a) shall be \$40, except as follows:

13 “(1) NON-PRIMARY RESIDENCES ELIGIBLE FOR
14 PRP.—The amount of the surcharge under sub-
15 section (a) shall be \$125 in the case of in the case
16 of a policy for any property that is—

17 “(A) a residential property that is not the
18 primary residence of an individual, and

19 “(B) eligible for preferred risk rate method
20 premiums.

21 “(2) NON-RESIDENTIAL PROPERTIES AND NON-
22 PRIMARY RESIDENCES NOT ELIGIBLE FOR PRP.—
23 The amount of the surcharge under subsection (a)
24 shall be \$275 in case of in the case of a policy for
25 any property that is—

1 “(A) a non-residential property; or
2 “(B) a residential property that is—
3 “(i) not the primary residence of an
4 individual; and
5 “(ii) not eligible for preferred risk
6 rate method premiums.”.

7 (b) **APPLICABILITY.**—The amendment made by sub-
8 section (a) shall apply with respect to policies for flood
9 insurance coverage under the National Flood Insurance
10 Act of 1968 that are newly issued or renewed after the
11 expiration of the 12-month period beginning on the date
12 of the enactment of this Act.

13 **SEC. 503. NATIONAL FLOOD INSURANCE RESERVE FUND**
14 **COMPLIANCE.**

15 Section 1310A of the National Flood Insurance Act
16 of 1968 (42 U.S.C. 4017A) is amended—

17 (1) in subsection (c)(2)(D), by inserting before
18 the period at the end the following: “, including any
19 provisions relating to chargeable premium rates or
20 annual increases of such rates”;

21 (2) in subsection (c)(3), by striking subpara-
22 graph (A) and inserting the following new subpara-
23 graph:

24 “(A) **PARITY.**—In exercising the authority
25 granted under paragraph (1) to increase pre-

1 miums, the Administrator shall institute a sin-
2 gle annual, uniform rate of assessment for all
3 individual policyholders.”; and

4 (3) in subsection (d)—

5 (A) by striking paragraph (1) and insert-
6 ing the following new paragraph:

7 “(1) IN GENERAL.—Beginning in fiscal year
8 2018 and not ending until the fiscal year in which
9 the ratio required under subsection (b) is achieved—

10 “(A) in each fiscal year the Administrator
11 shall place in the Reserve Fund an amount
12 equal to not less than 7.5 percent of the reserve
13 ratio required under subsection (b); and

14 “(B) if in any given fiscal year the Admin-
15 istrator fails to comply with subparagraph (A),
16 for the following fiscal year the Administrator
17 shall increase the rate of the annual assessment
18 pursuant to subsection (c)(3)(A) by at least one
19 percentage point over the rate of the annual as-
20 sessment pursuant to subsection (c)(3)(A) in ef-
21 fect on the first day of such given fiscal year.”;

22 (B) in paragraph (2), by inserting before
23 the period at the end the following: “nor to in-
24 crease assessments pursuant to paragraph
25 (1)(B)”;

1 (C) in paragraph (3), by inserting before
2 the period at the end the following: “and para-
3 graph (1)(B) shall apply until the fiscal year in
4 which the ratio required under subsection (b) is
5 achieved”.

6 **SEC. 504. DESIGNATION AND TREATMENT OF MULTIPLE-**
7 **LOSS PROPERTIES.**

8 (a) DEFINITION.—Section 1370 of the National
9 Flood Insurance Act of 1968 (42 U.S.C. 4121), as amend-
10 ed by the preceding provisions of this Act, is further
11 amended—

12 (1) in subsection (a)—

13 (A) by striking paragraph (7); and

14 (B) by redesignating paragraphs (8)
15 through (18) as paragraphs (7) through (17),
16 respectively; and

17 (2) by adding at the end the following new sub-
18 section:

19 “(d) MULTIPLE-LOSS PROPERTIES.—

20 “(1) DEFINITIONS.—As used in this title:

21 “(A) MULTIPLE-LOSS PROPERTY.—The
22 term ‘multiple-loss property’ means any prop-
23 erty that is a repetitive-loss property, a severe
24 repetitive-loss property, or an extreme repet-
25 itive-loss property.

1 “(B) QUALIFIED CLAIMS PAYMENT.—The
2 term ‘qualified claims payment’ means a claims
3 payment of any amount made under flood in-
4 surance coverage under this title in connection
5 with loss resulting from a flood event that oc-
6 curred after the date of the enactment of the
7 21st Century Flood Reform Act, but not includ-
8 ing any claim that occurred before a structure
9 was made compliant with State and local flood-
10 plain management requirements.

11 “(C) REPETITIVE-LOSS PROPERTY.—The
12 term ‘repetitive-loss property’ means a struc-
13 ture that has incurred flood damage for which
14 two or more separate claims payments of any
15 amount have been made under flood insurance
16 coverage under this title.

17 “(D) SEVERE REPETITIVE-LOSS PROP-
18 ERTY.—The term ‘severe repetitive-loss prop-
19 erty’ means a structure that has incurred flood
20 damage for which—

21 “(i) 4 or more separate claims pay-
22 ments have been made under flood insur-
23 ance coverage under this title, with the
24 amount of each such claim exceeding
25 \$5,000, and with the cumulative amount of

1 such claims payments exceeding \$20,000;
2 or

3 “(ii) at least 2 separate claims pay-
4 ments have been made under flood insur-
5 ance coverage under this title, with the cu-
6 mulative amount of such claims payments
7 exceeding the value of the structure.

8 “(E) EXTREME REPETITIVE-LOSS PROP-
9 PERTY.—The term ‘extreme repetitive-loss prop-
10 erty’ means a structure that has incurred flood
11 damage for which at least 2 separate claims
12 have been made under flood insurance coverage
13 under this title, with the cumulative amount of
14 such claims payments exceeding 150 percent of
15 the maximum coverage amount available for the
16 structure.

17 “(2) TREATMENT OF CLAIMS BEFORE COMPLI-
18 ANCE WITH STATE AND LOCAL REQUIREMENTS.—
19 The Administrator shall not consider claims that oc-
20 curred before a structure was made compliant with
21 State and local floodplain management requirements
22 for purposes of determining a structure’s status as
23 a multiple-loss property.”.

24 (b) PREMIUM ADJUSTMENT TO REFLECT CURRENT
25 FLOOD RISK.—

1 (1) IN GENERAL.—Section 1308 of the Na-
2 tional Flood Insurance Act of 1968 (42 U.S.C.
3 4015), as amended by the preceding provisions of
4 this Act, is further amended by adding at the end
5 the following new subsection:

6 “(p) PREMIUM ADJUSTMENT TO REFLECT CURRENT
7 FLOOD RISK.—

8 “(1) IN GENERAL.—Except as provided in para-
9 graph (2), the Administrator shall rate a property
10 for which two or more qualified claims payments
11 have been made and that is charged a risk premium
12 rate estimated under section 1307(a)(1) (42 U.S.C.
13 4014(a)(1)) based on the current risk of flood re-
14 flected in the flood insurance rate map in effect at
15 the time of rating.

16 “(2) ADJUSTMENT FOR EXISTING POLICIES.—
17 Notwithstanding subsection (e) of this section, for
18 policies for flood insurance under this title in force
19 on the date of the enactment of this Act for prop-
20 erties described in paragraph (1)—

21 “(A) for any property for which two quali-
22 fied claims payments have been made, the Ad-
23 ministrator shall increase risk premium rates by
24 10 percent each year until such rates comply
25 with paragraph (1) of this subsection; and

1 “(B) for any property for which three or
2 more qualified claims payments have been
3 made, the Administrator shall increase risk pre-
4 mium rates by 15 percent each year until such
5 rates comply with paragraph (1) of this sub-
6 section.”.

7 (2) CONFORMING AMENDMENT.—Section
8 1307(g)(2) of the National Flood Insurance Act of
9 1968 (42 U.S.C. 4014(g)(2)) is amended by striking
10 subparagraph (B) and inserting the following new
11 subparagraph:

12 “(B) in connection with a multiple-loss
13 property.”.

14 (c) PRE-FIRM MULTIPLE-LOSS PROPERTY.—

15 (1) TERMINATION OF SUBSIDY.—Section 1307
16 of the National Flood Insurance Act of 1968 (42
17 U.S.C. 4014) is amended—

18 (A) in subsection (a)(2)—

19 (i) by striking subparagraph (C) and
20 inserting the following new subparagraph:

21 “(C) any extreme repetitive-loss prop-
22 erty;”;

23 (ii) in subparagraph (D), by striking

24 “or”;

25 (iii) in subparagraph (E)—

1 (I) in clause (i), by striking
2 “fair”; and

3 (II) in clause (ii)—

4 (aa) by striking “fair”; and

5 (bb) by striking “and” and
6 inserting “or”; and

7 (iv) by adding at the end the following
8 new subparagraph:

9 “(F) any property for which two or more
10 qualified claims payments have been made;
11 and”; and

12 (B) by striking subsection (h).

13 (2) ANNUAL LIMITATION ON PREMIUM IN-
14 CREASES.—Subsection (e) of section 1308 of the
15 National Flood Insurance Act of 1968 (42 U.S.C.
16 4015(e)) is amended—

17 (A) in paragraph (3), by striking “and” at
18 the end;

19 (B) in paragraph (4)—

20 (i) by striking “the chargeable risk”
21 and inserting “notwithstanding paragraph
22 (5), the chargeable risk”; and

23 (ii) by striking “described under para-
24 graph (3).” and inserting “estimated
25 under section 1307(a)(1); and”; and

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

3 “(5) the chargeable risk premium rates for
4 flood insurance under this title for any properties
5 described in subparagraph (F) of section 1307(a)(2)
6 shall be increased—

7 “(A) for any property for which two quali-
8 fied claims payments have been made, by 10
9 percent each year, until the average risk pre-
10 mium rate for such property is equal to the av-
11 erage of the risk premium rates for properties
12 estimated under section 1307(a)(1); and

13 “(B) for any property for which three or
14 more qualified claims payments have been
15 made, by 15 percent each year, until the aver-
16 age risk premium rate for such property is
17 equal to the average of the risk premium rates
18 for properties estimated under section
19 1307(a)(1).”.

20 (d) MINIMUM DEDUCTIBLES FOR CERTAIN MUL-
21 TIPLE-LOSS PROPERTIES.—

22 (1) CLERICAL AMENDMENT.—The National
23 Flood Insurance Act of 1968, as amended by the
24 preceding provisions of this Act, is further amend-
25 ed—

1 (A) by transferring subsection (b) of sec-
2 tion 1312 (42 U.S.C. 4019(b)) to section 1306
3 (42 U.S.C. 4013), inserting such subsection at
4 the end of such section, and redesignating such
5 subsection as subsection (f); and

6 (B) in section 1312 (42 U.S.C. 4019), by
7 redesignating subsection (c) as subsection (b).

8 (2) CERTAIN MULTIPLE-LOSS PROPERTIES.—
9 Subsection (f) of section 1306 of the National Flood
10 Insurance Act of 1968 (42 U.S.C. 4013(e)), as so
11 transferred and redesignated by paragraph (1) of
12 this subsection, is amended adding at the end the
13 following new paragraph:

14 “(3) CERTAIN MULTIPLE-LOSS PROPERTIES.—
15 Notwithstanding paragraph (1) or (2), the minimum
16 annual deductible for damage to any severe repet-
17 itive-loss property or extreme repetitive-loss property
18 shall be not less than \$5,000.”.

19 (e) CLAIM HISTORY VALIDATION.—Beginning not
20 later than the expiration of the 180-day period beginning
21 on the date of the enactment of this Act, the Adminis-
22 trator of the Federal Emergency Management Agency
23 shall undertake efforts to validate the reasonable accuracy
24 of claim history data maintained pursuant to the National
25 Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.).

1 (f) INCREASED COST OF COMPLIANCE COVERAGE.—
2 Subparagraph (A) of section 1304(b)(1) of the National
3 Flood Insurance Act of 1968 (42 U.S.C. 4011(b)(1)(A)),
4 as amended by the preceding provisions of this Act, is fur-
5 ther amended by striking “repetitive loss structures” and
6 inserting “multiple-loss properties”.

7 (g) AVAILABILITY OF INSURANCE FOR MULTIPLE-
8 LOSS PROPERTIES.—

9 (1) IN GENERAL.—The National Flood Insur-
10 ance Act of 1968 is amended by inserting after sec-
11 tion 1304 (42 U.S.C. 4011) the following new sec-
12 tion:

13 **“SEC. 1304A. AVAILABILITY OF INSURANCE FOR MULTIPLE-**
14 **LOSS PROPERTIES.**

15 “(a) DATE AND INFORMATION IDENTIFYING CUR-
16 RENT FLOOD RISK.—The Administrator may provide
17 flood insurance coverage under this title for a multiple-
18 loss property only if the owner of the property submits
19 to the Administrator such data and information necessary
20 to determine such property’s current risk of flood, as de-
21 termined by the Administrator, at the time of application
22 for or renewal of such coverage.

23 “(b) REFUSAL TO MITIGATE.—

24 “(1) IN GENERAL.—Except as provided pursu-
25 ant to paragraph (2), the Administrator may not

1 make flood insurance coverage available under this
2 title for any extreme repetitive-loss property for
3 which a claim payment for flood loss was made
4 under coverage made available under this title that
5 occurred after the date of enactment of the 21st
6 Century Flood Reform Act if the property owner re-
7 fuses an offer of mitigation for the property under
8 section 1366(a)(2) (42 U.S.C. 4104e(a)(2)).

9 “(2) EXCEPTIONS; APPEALS.—The Director
10 shall develop guidance to provide appropriate excep-
11 tions to the prohibition under paragraph (1) and to
12 allow for appeals to such prohibition.”

13 (2) EFFECTIVE DATE.—Section 1304A of the
14 National Flood Insurance Act of 1968, as added by
15 paragraph (1) of this subsection, shall apply begin-
16 ning upon the expiration of the 12-month period be-
17 ginning on the date of the enactment of this Act.

18 (h) RATES FOR PROPERTIES NEWLY MAPPED INTO
19 AREAS WITH SPECIAL FLOOD HAZARDS.—Subsection (i)
20 of section 1308 of the National Flood Insurance Act of
21 1968 (42 U.S.C. 4015(i)) is amended—

22 (1) by striking the subsection designation and
23 all that follows through “Notwithstanding” and in-
24 serting the following:

1 “(i) RATES FOR PROPERTIES NEWLY MAPPED INTO
2 AREAS WITH SPECIAL FLOOD HAZARDS.—

3 “(1) IN GENERAL.—Except as provided in para-
4 graph (2) and notwithstanding”;

5 (2) by redesignating paragraphs (1) and (2) as
6 subparagraphs (A) and (B), respectively, and mov-
7 ing the left margins of such subparagraphs, as so re-
8 designated, and the matter following subparagraph
9 (B), 2 ems to the right; and

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

12 “(2) INAPPLICABILITY TO MULTIPLE-LOSS
13 PROPERTIES.—Paragraph (1) shall not apply to
14 multiple-loss properties.”.

15 (i) CLEAR COMMUNICATION OF MULTIPLE-LOSS
16 PROPERTY STATUS.—

17 (1) IN GENERAL.—Subsection (l) of section
18 1308 of the National Flood Insurance Act of 1968
19 (42 U.S.C. 4015(l)), as amended by the preceding
20 provisions of this Act, is further amended by adding
21 at the end the following new paragraph:

22 “(2) MULTIPLE-LOSS PROPERTIES.—Pursuant
23 to paragraph (1), the Administrator shall clearly
24 communicate to all policyholders for multiple-loss
25 properties before the effectiveness of any such new

1 or renewed coverage and after each qualified claims
2 payment for the property—

3 “(A) the availability of flood mitigation as-
4 sistance under section 1366; and

5 “(B) the effect on the premium rates
6 charged for such a property of filing any fur-
7 ther claims under a flood insurance policy with
8 respect to that property.”.

9 (j) MITIGATION ASSISTANCE PROGRAM.—Section
10 1366 of the National Flood Insurance Act of 1968 (42
11 U.S.C. 4104c) is amended—

12 (1) in subsection (a)—

13 (A) in the matter preceding paragraph (1),
14 by inserting after the period at the end of the
15 first sentence the following: “Priority under the
16 program shall be given to providing assistance
17 with respect to multiple-loss properties.”;

18 (B) in paragraph (1), by inserting “and”
19 after the semicolon at the end; and

20 (C) by striking paragraphs (2) and (3) and
21 inserting the following:

22 “(2) to property owners, in coordination with
23 the State and community, in the form of direct
24 grants under this section for carrying out mitigation

1 activities that reduce flood damage to extreme repet-
2 itive-loss properties.

3 The Administrator shall take such actions as may be nec-
4 essary to ensure that grants under this subsection are pro-
5 vided in a manner that is consistent with the delivery of
6 coverage for increased cost of compliance provided under
7 section 1304(b).”;

8 (2) in subsection (c)(2)(A)(ii), by striking “se-
9 vere repetitive loss structures” and inserting “mul-
10 tiple-loss properties”;

11 (3) in subsection (d)—

12 (A) in paragraph (1)—

13 (i) by striking “SEVERE REPETITIVE
14 LOSS STRUCTURES” and inserting “EX-
15 TREME REPETITIVE-LOSS PROPERTIES”;

16 and

17 (ii) by striking “severe repetitive loss
18 structures” and inserting “extreme repet-
19 itive-loss properties”;

20 (B) in paragraph (2)—

21 (i) by striking “REPETITIVE LOSS
22 STRUCTURES” and inserting “SEVERE RE-
23 PETITIVE-LOSS PROPERTIES”;

1 (ii) by striking “repetitive loss struc-
2 tures” and inserting “severe repetitive-loss
3 properties”; and

4 (iii) by striking “90 percent” and in-
5 serting “100 percent”;

6 (C) by redesignating paragraph (3) as
7 paragraph (4); and

8 (D) by inserting after paragraph (2) the
9 following new paragraph:

10 “(3) REPETITIVE-LOSS PROPERTY.—In the case
11 of mitigation activities to repetitive-loss properties,
12 in an amount up to 100 percent of all eligible
13 costs.”;

14 (4) in subsection (h)—

15 (A) by striking paragraphs (2) and (3);

16 (B) by striking the subsection designation
17 and all that follows through “shall apply.”; and

18 (C) in paragraph (1)—

19 (i) by striking “COMMUNITY” and in-
20 serting “DEFINITION OF COMMUNITY”;

21 (ii) by striking “The” and inserting
22 “For purposes of this section, the”;

23 (iii) by redesignating such paragraph
24 as subsection (j);

1 (iv) in subparagraph (B), by striking
2 “subparagraph (A)” and inserting “para-
3 graph (1)”;

4 (v) by redesignating subparagraphs
5 (A) and (B) as paragraphs (1) and (2), re-
6 spectively;

7 (vi) in paragraph (1), as so redesign-
8 ated by clause (v) of this subparagraph,
9 by redesignating clauses (i) and (ii) as sub-
10 paragraphs (A) and (B), respectively (and
11 moving the margins two ems to the left);
12 and

13 (vii) by moving the left margins of
14 subsection (j) (as so redesignated) and
15 paragraphs (1) and (2), all as so redesign-
16 ated, two ems to the left; and

17 (5) by inserting after subsection (g) the fol-
18 lowing new subsections:

19 “(h) ALIGNMENT WITH INCREASED COST OF COM-
20 PLIANCE.—Notwithstanding any provision of law, any
21 funds appropriated for assistance under this title may be
22 transferred to the National Flood Insurance Fund estab-
23 lished under section 1310 (42 U.S.C. 4017) for the pay-
24 ment of claims to enable the Administrator to deliver
25 grants under subsection (a)(2) of this section to align with

1 the delivery of coverage for increased cost of compliance
2 for extreme repetitive-loss properties.

3 “(i) FUNDING.—

4 “(1) AUTHORIZATION OF APPROPRIATIONS.—

5 Notwithstanding any other provision of law, assist-
6 ance provided under this section shall be funded
7 by—

8 “(A) \$225,000,000 in each fiscal year,
9 subject to offsetting collections, through risk
10 premium rates for flood insurance coverage
11 under this title, and shall be available subject to
12 section 1310(f);

13 “(B) any penalties collected under section
14 102(f) the Flood Disaster Protect Act of 1973
15 (42 U.S.C. 4012a(f); and

16 “(C) any amounts recaptured under sub-
17 section (e) of this section.

18 The Administrator may not use more than 5 percent
19 of amounts made available under this subsection to
20 cover salaries, expenses, and other administrative
21 costs incurred by the Administrator to make grants
22 and provide assistance under this section.

23 “(2) AVAILABILITY.—Amounts appropriated
24 pursuant to this subsection for any fiscal year may
25 remain available for obligation until expended.”.

1 (k) REPEAL.—Section 1367 of the National Flood
2 Insurance Act of 1968 (42 U.S.C. 4104d) is repealed.

3 **SEC. 505. ELIMINATION OF COVERAGE FOR PROPERTIES**
4 **WITH EXCESSIVE LIFETIME CLAIMS.**

5 Section 1305 of the National Flood Insurance Act of
6 1968 (42 U.S.C. 4012) is amended by adding at the end
7 the following new subsection:

8 “(e) PROHIBITION OF COVERAGE FOR PROPERTIES
9 WITH EXCESSIVE LIFETIME CLAIMS.—The Administrator
10 may not make available any new or renewed coverage for
11 flood insurance under this title for any multiple-loss prop-
12 erty for which the aggregate amount in claims payments
13 that have been made after the expiration of the 18-month
14 period beginning on the date of the enactment of this sub-
15 section under flood insurance coverage under this title ex-
16 ceeds three times the amount of the replacement value of
17 the structure.”.

18 **SEC. 506. PAY FOR PERFORMANCE AND STREAMLINING**
19 **COSTS AND REIMBURSEMENT.**

20 Section 1345 of the National Flood Insurance Act of
21 1968 (42 U.S.C. 4081), as amended by the preceding pro-
22 visions of this Act, is further amended by adding at the
23 end the following subsection:

24 “(g) WRITE YOUR OWN ALLOWANCE AND PROGRAM
25 SAVINGS.—

1 “(1) ALLOWANCE RATE.—

2 “(A) LIMITATION.—The allowance paid to
3 companies participating in the Write Your Own
4 Program (as such term is defined in section
5 1370 (42 U.S.C. 4004)) with respect to a policy
6 for flood insurance coverage made available
7 under this title shall not be greater than 27.9
8 percent of the chargeable premium for such
9 coverage.

10 “(B) INAPPLICABILITY.—Subparagraph
11 (A) shall not apply to actual and necessary
12 costs related to section 1312(a) (42 U.S.C.
13 4019(a)), or to payments deemed necessary by
14 the Administrator.

15 “(C) IMPLEMENTATION.—The limitation in
16 subparagraph (A) shall be imposed by equal re-
17 ductions over the 3-year period beginning on
18 the date of the enactment of this subsection.

19 “(2) PROGRAM SAVINGS.—

20 “(A) IMPLEMENTATION.—The Adminis-
21 trator, within three years of the date of the en-
22 actment of this Act, shall reduce the costs and
23 unnecessary burdens for the companies partici-
24 pating in the Write Your Own program by at
25 least half of the amount by which the limitation

1 under paragraph (1)(A) reduced costs compared
2 to the costs as of the date of the enactment of
3 this subsection.

4 “(B) CONSIDERATION OF SAVINGS.—In
5 meeting the requirement of subparagraph (A),
6 the Administrator shall consider savings includ-
7 ing—

8 “(i) indirect payments by the Admin-
9 istrator of premium;

10 “(ii) eliminating unnecessary commu-
11 nications requirements;

12 “(iii) reducing the frequency of Na-
13 tional Flood Insurance Program changes;

14 “(iv) simplifying the flood rating sys-
15 tem; and

16 “(v) other ways of streamlining the
17 Program to reduce costs while maintaining
18 customer service and distribution.”.

19 **SEC. 507. ENFORCEMENT OF MANDATORY PURCHASE RE-**
20 **QUIREMENTS.**

21 (a) PENALTIES.—Paragraph (5) of section 102(f) of
22 the Flood Disaster Protection Act of 1973 (42 U.S.C.
23 4012a(f)(5)) is amended by striking “\$2,000” and insert-
24 ing “\$5,000”.

1 (b) INSURED DEPOSITORY INSTITUTIONS.—Subpara-
2 graph (A) of section 10(i)(2) of the Federal Deposit Insur-
3 ance Act (12 U.S.C. 1820(i)(2)(A)) is amended by strik-
4 ing “date of enactment of the Riegle Community Develop-
5 ment and Regulatory Improvement Act of 1994 and bien-
6 nially thereafter for the next 4 years” and inserting “date
7 of enactment of the 21st Century Flood Reform Act and
8 biennially thereafter”.

9 (c) CREDIT UNIONS.—Subparagraph (A) of section
10 204(e)(2) of the Federal Credit Union Act (12 U.S.C.
11 1784(e)(2)(A)) is amended by striking “date of enactment
12 of the Riegle Community Development and Regulatory
13 Improvement Act of 1994 and biennially thereafter for the
14 next 4 years” and inserting “date of enactment of the 21st
15 Century Flood Reform Act and annually thereafter”.

16 (d) GOVERNMENT-SPONSORED ENTERPRISES.—
17 Paragraph (4) of section 1319B(a) of the Federal Hous-
18 ing Enterprises Financial Safety and Soundness Act of
19 1992 (12 U.S.C. 4521(a)(4)) is amended, in the matter
20 after and below subparagraph (B), by striking “first,
21 third, and fifth annual reports under this subsection re-
22 quired to be submitted after the expiration of the 1-year
23 period beginning on the date of enactment of the Riegle
24 Community Development and Regulatory Improvement
25 Act of 1994” and inserting “first annual report under this

1 subsection required to be submitted after the expiration
2 of the 1-year period beginning on the date of enactment
3 of the 21st Century Flood Reform Act and every such sec-
4 ond annual report thereafter”.

5 (e) GUIDELINES.—The Federal entities for lending
6 regulation (as such term is defined in section 3(a) of the
7 Flood Disaster Protection Act of 1973 (42 U.S.C.
8 4003(a))), in consultation with the Administrator of the
9 Federal Emergency Management Agency, shall jointly up-
10 date and reissue the rescinded document of the Adminis-
11 trator entitled “Mandatory Purchase of Flood Insurance
12 Guidelines” (lasted updated on October 29, 2014). The
13 updated document shall incorporate recommendations
14 made by the Comptroller General pursuant to the study
15 conducted under section 514 of this Act.

16 **SEC. 508. SATISFACTION OF MANDATORY PURCHASE RE-**
17 **QUIREMENT IN STATES ALLOWING ALL-PER-**
18 **ILS POLICIES.**

19 Section 102 of the Flood Disaster Protection Act of
20 1973 (42 U.S.C. 4012a), as amended by the preceding
21 provisions of this Act, is further amended—

22 (1) in subsection (a), by striking “After” and
23 inserting “Subject to subsection (i) of this section,
24 after”;

25 (2) in subsection (b)—

1 (A) in paragraph (1), by striking “Each”
2 and inserting “Subject to subsection (i) of this
3 section, each”;

4 (B) in paragraph (2)—

5 (i) in subparagraph (A), by striking
6 “A” the first place such term appears and
7 inserting “Subject to subsection (i) of this
8 section, a”;

9 (ii) in subparagraph (B), by striking
10 “Each” and inserting “Subject to sub-
11 section (i) of this section, each”; and

12 (C) in paragraph (3), by striking “The”
13 the first place such term appears and inserting
14 “Subject to subsection (i) of this section, the”;

15 (3) in subsection (e)(1), by striking “If” and
16 inserting “Subject to subsection (i) of this section,
17 if”; and

18 (4) by adding at the end the following new sub-
19 section:

20 “(i) SATISFACTION OF MANDATORY PURCHASE RE-
21 QUIREMENT IN STATES ALLOWING ALL-PERILS POLI-
22 CIES.—

23 “(1) WAIVERS.—Subsections (a) and (b) of this
24 section shall not apply with respect to residential
25 properties in any State that allows any property in-

1 insurance coverage that covers ‘all-perils’ except spe-
2 cifically excluded perils and that includes coverage
3 for flood perils in an amount at least equal to the
4 outstanding principal balance of the loan or the
5 maximum limit of flood insurance coverage made
6 available under this title with respect to such type
7 of residential property, whichever is less.

8 “(2) DEFINITIONS, PROCEDURES, STAND-
9 ARDS.—The Administrator may establish such defi-
10 nitions, procedures, and standards as the Adminis-
11 trator considers necessary for making determina-
12 tions under paragraph (1).”.

13 **SEC. 509. FLOOD INSURANCE PURCHASE REQUIREMENTS.**

14 Section 102 of the Flood Disaster Protection Act of
15 1973 (42 U.S.C. 4012a), as amended by the preceding
16 provisions of this Act, is further amended—

17 (1) in subsection (c)(2)(A), by striking “\$5,000
18 or less” and inserting the following: “\$25,000 or
19 less, except that such amount (as it may have been
20 previously adjusted) shall be adjusted for inflation
21 by the Administrator upon the expiration of the 5-
22 year period beginning upon the enactment of the
23 21st Century Flood Reform Act and upon the expi-
24 ration of each successive 5-year period thereafter, in

1 accordance with an inflationary index selected by the
2 Administrator”); and

3 (2) by adding at the end the following new sub-
4 section:

5 “(j) FLOOD INSURANCE PURCHASE REQUIRE-
6 MENTS.—Notwithstanding any other provision of law, a
7 State or local government or private lender may require
8 the purchase of flood insurance coverage for a structure
9 that is located outside of an area having special flood haz-
10 ards.”.

11 **SEC. 510. CLARIFICATIONS; DEADLINE FOR APPROVAL OF**
12 **CLAIMS.**

13 (a) RULE OF CONSTRUCTION.—Part C of chapter II
14 of the National Flood Insurance Act of 1968 (42 U.S.C.
15 4081 et seq.), as amended by the preceding provisions of
16 this Act, is further amended by adding at the end the fol-
17 lowing new section:

18 **“SEC. 1350. RULE OF CONSTRUCTION.**

19 “A policyholder of a policy for flood insurance cov-
20 erage made available under this title must exhaust all ad-
21 ministrative remedies, including submission of disputed
22 claims to appeal under any appeal process made available
23 by the Administrator, prior to commencing legal action on
24 any disputed claim under such a policy.”.

25 (b) DEADLINE FOR APPROVAL OF CLAIMS.—

1 (1) IN GENERAL.—Section 1312 of the Na-
2 tional Flood Insurance Act of 1968 (42 U.S.C.
3 4019), as amended by the preceding provisions of
4 this Act, is further amended—

5 (A) in subsection (a), by striking “The Ad-
6 ministrator” and inserting “Subject to the
7 other provisions of this section, the Adminis-
8 trator”; and

9 (B) by adding at the end the following new
10 subsection:

11 “(c) DEADLINE FOR APPROVAL OF CLAIMS.—

12 “(1) IN GENERAL.—The Administrator shall
13 provide that, in the case of any claim for damage to
14 or loss of property under flood insurance coverage
15 made available under this title, an initial determina-
16 tion regarding approval of a claim for payment or
17 disapproval of the claim be made, and notification of
18 such determination be provided to the insured mak-
19 ing such claim, not later than the expiration of the
20 120-day period (as such period may be extended
21 pursuant to paragraph (2)) beginning upon the day
22 on which the policyholder submits a signed proof of
23 loss detailing the damage and amount of the loss.
24 Payment of approved claims shall be made as soon
25 as possible after such approval.

1 “(2) EXTENSION OF DEADLINE.—The Adminis-
2 trator shall provide that the period referred to in
3 paragraph (1) may be extended by a single addi-
4 tional period of 15 days in cases where extraordinary
5 circumstances are demonstrated. The Administrator
6 shall, by regulation, establish criteria for dem-
7 onstrating such extraordinary circumstances and for
8 determining to which claims such extraordinary cir-
9 cumstances apply.”.

10 (2) APPLICABILITY.—The amendments made
11 by paragraph (1) shall apply to any claim under
12 flood insurance coverage made available under the
13 National Flood Insurance Act of 1968 (42 U.S.C.
14 4001 et seq.) pending on the date of the enactment
15 of this Act and any claims made after such date of
16 enactment.

17 **SEC. 511. RISK TRANSFER REQUIREMENT.**

18 Subsection (e) of section 1345 of the National Flood
19 Insurance Act of 1968 (42 U.S.C. 4081(e)) is amended—

20 (1) by striking “(e) RISK TRANSFER.—The Ad-
21 ministrator” and inserting the following:

22 “(e) RISK TRANSFER.—

23 “(1) AUTHORITY.—The Administrator”; and

24 (2) by adding at the end the following new
25 paragraph:

1 “(2) REQUIRED RISK TRANSFER COVERAGE.—

2 “(A) REQUIREMENT.—Not later than the
3 expiration of the 18-month period beginning
4 upon the date of the enactment of this para-
5 graph and at all times thereafter, the Adminis-
6 trator shall annually cede a portion of the risk
7 of the flood insurance program under this title
8 to the private reinsurance or capital markets, or
9 any combination thereof, and at rates and
10 terms that the Administrator determines to be
11 reasonable and appropriate, in an amount
12 that—

13 “(i) is sufficient to maintain the abil-
14 ity of the program to pay claims; and

15 “(ii) manages and limits the annual
16 exposure of the flood insurance program to
17 flood losses in accordance with the prob-
18 able maximum loss target established for
19 such year under subparagraph (B).

20 “(B) PROBABLE MAXIMUM LOSS TAR-
21 GET.—The Administrator shall for each fiscal
22 year, establish a probable maximum loss target
23 for the national flood insurance program that
24 shall be the maximum probable loss under the

1 national flood insurance program that is ex-
2 pected to occur in such fiscal year.

3 “(C) CONSIDERATIONS.—In establishing
4 the probable maximum loss target under sub-
5 paragraph (B) for each fiscal year and carrying
6 out subparagraph (A), the Administrator shall
7 consider—

8 “(i) the probable maximum loss tar-
9 gets for other United States public natural
10 catastrophe insurance programs, including
11 as State wind pools and earthquake pro-
12 grams;

13 “(ii) the probable maximum loss tar-
14 gets of other risk management organiza-
15 tions, including the Federal National Mort-
16 gage Association and the Federal Home
17 Loan Mortgage Corporation;

18 “(iii) catastrophic, actuarial, and
19 other appropriate data modeling results of
20 the national flood insurance program port-
21 folio;

22 “(iv) the availability of funds in the
23 National Flood Insurance Fund established
24 under section 1310 (42 U.S.C. 4017);

1 “(v) the availability of funds in the
2 National Flood Insurance Reserve Fund
3 established under section 1310A (42
4 U.S.C. 4017a);

5 “(vi) the availability of borrowing au-
6 thority under section 1309 (42 U.S.C.
7 4016);

8 “(vii) the ability of the Administrator
9 to repay outstanding debt;

10 “(viii) amounts appropriated to the
11 Administrator to carry out the national
12 flood insurance program;

13 “(ix) reinsurance, capital markets, ca-
14 tastrophe bonds, collateralized reinsurance,
15 resilience bonds, and other insurance-
16 linked securities, and other risk transfer
17 opportunities; and

18 “(x) any other factor the Adminis-
19 trator determines appropriate.

20 “(D) MULTI-YEAR CONTRACTS.—Nothing
21 in this paragraph may be construed to prevent
22 or prohibit the Administrator from complying
23 with the requirement under subparagraph (A)
24 regarding ceding risk through contracts having
25 a duration longer than one year.”.

1 **SEC. 512. GAO STUDY OF SIMPLIFICATION OF NATIONAL**
2 **FLOOD INSURANCE PROGRAM.**

3 (a) STUDY.—The Comptroller General of the United
4 States shall conduct a study of options for simplifying
5 flood insurance coverage made available under the Na-
6 tional Flood Insurance Act, which shall include the fol-
7 lowing:

8 (1) An analysis of how the administration of
9 the National Flood Insurance Program can be sim-
10 plified—statutorily, regulatorily, and administra-
11 tively—for private flood insurance policyholders,
12 companies, agents, mortgage lenders, and flood in-
13 surance vendors.

14 (2) An assessment of ways in which flood insur-
15 ance coverage made available under the National
16 Flood Insurance Act and the program for providing
17 and administering such coverage may be har-
18 monized with private insurance industry standards.

19 (3) Identification and analysis of ways in which
20 the structure of the National Flood Insurance Pro-
21 gram may be simplified, including analysis of the ef-
22 ficacy and effects each of the following actions:

23 (A) Eliminating the use of two deductibles
24 under the Program.

1 (B) Including in claims for flood-damages
2 full replacement cost for property not damaged,
3 but rendered unusable, by the flooding.

4 (C) Using umbrella policies that allow mul-
5 tiple structures on a property to be insured
6 under the same policy.

7 (b) REPORT.—Not later than the expiration of the
8 18-month period beginning on the date of the enactment
9 of this Act, the Comptroller General shall submit a report
10 to the Committee on Financial Services of the House of
11 Representatives and the Committee on Banking, Housing,
12 and Urban Affairs of the Senate regarding the findings
13 and conclusions of the study conducted pursuant to this
14 section.

15 **SEC. 513. GAO STUDY ON ENFORCEMENT OF MANDATORY**
16 **PURCHASE REQUIREMENTS.**

17 (a) IN GENERAL.—The Comptroller General of the
18 United States shall conduct a study of the implementation
19 and efficacy of the requirements of section 102 of the
20 Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a).
21 Such study shall at minimum consider the following ques-
22 tions:

23 (1) How effectively do Federal agencies, regu-
24 lated lending institutions, and Federal entities for
25 lending regulation implement the requirements of

1 section 102 of the Flood Disaster Protection Act of
2 1973?

3 (2) Does the current implementation of Flood
4 Disaster Protection Act of 1973 align with the con-
5 gressional findings and purposes described in section
6 2(b) of such Act (42 U.S.C. 4002)?

7 (3) What is the current level of compliance with
8 section 102?

9 (4) What are the estimated historical impacts
10 on revenue to the National Flood Insurance Pro-
11 gram based on the current level of compliance of
12 section 102?

13 (5) Is the current monitoring and tracking
14 framework in place sufficient to ensure compliance
15 with section 102?

16 (6) What is the best way to establish a consoli-
17 dated, comprehensive, and accurate repository of
18 data on compliance with section 102?

19 (7) What, if any, unintended consequences have
20 resulted from the requirements and implementation
21 of section 102?

22 (8) How can Federal agencies and regulated
23 lending institutions improve compliance with section
24 102?

1 (b) REPORT.—Not later than the expiration of the
 2 18-month period beginning on the date of the enactment
 3 of this Act, the Comptroller General shall submit a report
 4 to the Committee on Financial Services of the House of
 5 Representatives and the Committee on Banking, Housing,
 6 and Urban Affairs of the Senate regarding the findings
 7 and conclusions of the study conducted pursuant to this
 8 section.

9 **TITLE VI—ADMINISTRATIVE**
 10 **REFORMS**

11 **SEC. 601. PENALTIES FOR FRAUD AND FALSE STATEMENTS**
 12 **IN THE NATIONAL FLOOD INSURANCE PRO-**
 13 **GRAM.**

14 Part C of chapter 2 of the National Flood Insurance
 15 Act of 1968 (42 U.S.C. 4081 et seq.), as amended by the
 16 preceding provisions of this Act, is further amended by
 17 adding at the end the following new section:

18 **“SEC. 1351. PENALTIES FOR FRAUD AND FALSE STATE-**
 19 **MENTS IN THE NATIONAL FLOOD INSURANCE**
 20 **PROGRAM.**

21 “(a) PROHIBITED ACTS.—A person shall not know-
 22 ingly make a false or misleading statement, production,
 23 or submission in connection with the proving or adjusting
 24 of a claim for flood insurance coverage made available
 25 under this Act. Such prohibited acts include—

1 “(1) knowingly forging an engineering report,
2 claims adjustment report or technical assistance re-
3 port used to support a claim determination;

4 “(2) knowingly making any materially false, fic-
5 titious, or fraudulent statement or representation in
6 an engineering report, claims adjustment report, or
7 technical assistance report to support a claim deter-
8 mination;

9 “(3) knowingly submitting a materially false,
10 fictitious, or fraudulent claim.

11 “(b) CIVIL ENFORCEMENT.—The Attorney General
12 may bring a civil action for such relief as may be appro-
13 priate whenever it appears that any person has violated
14 or is about to violate any provision of this section. Such
15 action may be brought in an appropriate United States
16 district court.

17 “(c) REFERRAL TO ATTORNEY GENERAL.—The Ad-
18 ministrators shall expeditiously refer to the Attorney Gen-
19 eral for appropriate action any evidence developed in the
20 performance of functions under this Act that may warrant
21 consideration for criminal or civil prosecution.

22 “(d) PENALTIES.—

23 “(1) CIVIL MONETARY PENALTY.—Any person
24 who violates subsection (a) shall be subject to a civil
25 penalty of not more than \$10,000 for each violation,

1 which shall be deposited into the National Flood In-
2 surance Fund established under section 1310 (42
3 U.S.C. 4017).

4 “(2) SUSPENSION AND DEBARMENT.—Any per-
5 son who violates subsection (a) shall not be eligible,
6 for a period of not less than 2 years and not to ex-
7 ceed 5 years, to—

8 “(A) receive flood insurance coverage pur-
9 suant to this title; or

10 “(B) provide services in connection with
11 the selling, servicing, or handling of claims for
12 flood insurance policies provided pursuant to
13 this title.

14 “(3) OTHER PENALTIES.—The penalties pro-
15 vided for in this subsection shall be in addition to
16 any other civil or criminal penalty available under
17 law.”.

18 **SEC. 602. ENHANCED POLICYHOLDER APPEALS PROCESS**

19 **RIGHTS.**

20 (a) ESTABLISHMENT.—Part C of chapter II of the
21 National Flood Insurance Act of 1968 (42 U.S.C. 4081
22 et seq.), as amended by the preceding provisions of this
23 Act, is further amended by adding at the end the following
24 new section:

1 **“SEC. 1352. APPROVAL OF DECISIONS RELATING TO FLOOD**
2 **INSURANCE COVERAGE.**

3 “(a) IN GENERAL.—The Administrator shall estab-
4 lish an appeals process to enable holders of a flood insur-
5 ance policy provided under this title to appeal the decisions
6 of their insurer, with respect to the disallowance, in whole
7 or in part, of any claims for proved and approved losses
8 covered by flood insurance. Such appeals shall be limited
9 to the claim or portion of the claim disallowed by the in-
10 surer.

11 “(b) APPEAL DECISION.—Upon a decision in an ap-
12 peal under subsection (a), the Administrator shall provide
13 the policyholder with a written appeal decision. The appeal
14 decision shall explain the Administrator’s determination to
15 uphold or overturn the decision of the flood insurer. The
16 Administrator may direct the flood insurer to take action
17 necessary to resolve the appeal, to include re-inspection,
18 re-adjustment, or payment, as appropriate.

19 “(c) RULES OF CONSTRUCTION.—This section shall
20 not be construed as—

21 “(1) making the Federal Emergency Manage-
22 ment Agency or the Administrator a party to the
23 flood insurance contract; or

24 “(2) creating any action or remedy not other-
25 wise provided by this title.”.

1 (b) REPEAL.—Section 205 of the Bunning-Blu-
2 menauer-Bereuter Flood Insurance Reform Act of 2004
3 (42 U.S.C. 4011 note) is hereby repealed.

4 **SEC. 603. DEADLINE FOR APPROVAL OF CLAIMS.**

5 (a) IN GENERAL.—Section 1312 of the National
6 Flood Insurance Act of 1968 (42 U.S.C. 4019), as amend-
7 ed by the preceding provisions of this Act, is further
8 amended by adding at the end the following new sub-
9 section:

10 “(d) DEADLINE FOR APPROVAL OF CLAIMS.—

11 “(1) IN GENERAL.—The Administrator shall
12 provide that, in the case of any claim for damage to
13 or loss of property under flood insurance coverage
14 made available under this title, a final determination
15 regarding approval of a claim for payment or dis-
16 approval of the claim be made, and notification of
17 such determination be provided to the insured mak-
18 ing such claim, not later than the expiration of the
19 90-day period (as such period may be extended pur-
20 suant to paragraph (2)) beginning upon the day on
21 which such claim was made. Payment of approved
22 claims shall be made as soon as possible after such
23 approval.

24 “(2) EXTENSION OF DEADLINE.—The Adminis-
25 trator shall provide that the period referred to in

1 paragraph (1) may be extended by a single addi-
2 tional period of 15 days in cases where extraordinary
3 circumstances are demonstrated. The Administrator
4 shall, by regulation, establish criteria for dem-
5 onstrating such extraordinary circumstances and for
6 determining to which claims such extraordinary cir-
7 cumstances apply.”.

8 (b) APPLICABILITY.—The amendments made by sub-
9 section (a) shall apply to any claim under flood insurance
10 coverage made available under the National Flood Insur-
11 ance Act of 1968 (42 U.S.C. 4001 et seq.) pending on
12 the date of the enactment of this Act and any claims made
13 after such date of enactment.

14 **SEC. 604. LITIGATION PROCESS OVERSIGHT AND REFORM.**

15 Part C of chapter II of the National Flood Insurance
16 Act of 1968 (42 U.S.C. 4081 et seq.), as amended by the
17 preceding provisions of this Act, is further amended by
18 adding at the end the following new section:

19 **“SEC. 1353. OVERSIGHT OF LITIGATION.**

20 “(a) OVERSIGHT.—The Administrator shall monitor
21 and oversee litigation conducted by Write Your Own com-
22 panies arising under contracts for flood insurance sold
23 pursuant to this title, to ensure that—

24 “(1) litigation expenses are reasonable, appro-
25 priate, and cost-effective; and

1 “(2) Write Your Own companies comply with
2 guidance and procedures established by the Adminis-
3 trator regarding the conduct of litigation.

4 “(b) DENIAL OF REIMBURSEMENT FOR EX-
5 PENSES.—The Administrator may deny reimbursement
6 for litigation expenses that are determined to be unreason-
7 able, excessive, contrary to guidance issued by the Admin-
8 istrator, or outside the scope of any arrangement entered
9 into with a Write Your Own company.

10 “(c) LITIGATION STRATEGY.—The Administrator
11 may direct litigation strategy for claims arising under a
12 contract for flood insurance sold by a Write Your Own
13 company.”.

14 **SEC. 605. PROHIBITION ON HIRING DISBARRED ATTOR-**
15 **NEYS.**

16 Part C of chapter II of the National Flood Insurance
17 Act of 1968 (42 U.S.C. 4081 et seq.), as amended by the
18 preceding provisions of this Act, is further amended by
19 adding at the end the following new section:

20 **“SEC. 1354. PROHIBITION ON HIRING DISBARRED ATTOR-**
21 **NEYS.**

22 “The Administrator may not at any time newly em-
23 ploy in connection with the flood insurance program under
24 this title any attorney who has been suspended or dis-

1 barred by any court, bar, or Federal or State agency to
2 which the individual was previously admitted to practice.”.

3 **SEC. 606. TECHNICAL ASSISTANCE REPORTS.**

4 (a) USE.—Section 1312 of the National Flood Insur-
5 ance Act of 1968 (42 U.S.C. 4019), as amended by the
6 preceding provisions of this Act, is further amended by
7 adding at the end the following new subsection:

8 “(e) USE OF TECHNICAL ASSISTANCE REPORTS.—
9 When adjusting claims for any damage to or loss of prop-
10 erty which is covered by flood insurance made available
11 under this title, the Administrator may rely upon technical
12 assistance reports, as such term is defined in section
13 1312A, only if such reports are final and are prepared
14 in compliance with applicable State and Federal laws re-
15 garding professional licensure and conduct.”.

16 (b) DISCLOSURE.—The National Flood Insurance
17 Act of 1968 is amended by inserting after section 1312
18 (42 U.S.C. 4019) the following new section:

19 **“SEC. 1312A. DISCLOSURE OF TECHNICAL ASSISTANCE RE-**
20 **PORTS.**

21 “(a) IN GENERAL.—Notwithstanding section 552a of
22 title 5, United States Code, upon request by a policy-
23 holder, the Administrator shall provide a true, complete,
24 and unredacted copy of any technical assistance report
25 that the Administrator relied upon in adjusting and pay-

1 ing for any damage to or loss of property insured by the
2 policyholder and covered by flood insurance made available
3 under this title. Such disclosures shall be in addition to
4 any other right of disclosure otherwise made available pur-
5 suant such section 552a or any other provision of law.

6 “(b) DIRECT DISCLOSURE BY WRITE YOUR OWN
7 COMPANIES AND DIRECT SERVICING AGENTS.—A Write
8 Your Own company or direct servicing agent in possession
9 of a technical assistance report subject to disclosure under
10 subsection (a) may disclose such technical assistance re-
11 port without further review or approval by the Adminis-
12 trator.

13 “(c) DEFINITIONS.—For purposes of this section, the
14 following definitions shall apply:

15 “(1) POLICYHOLDER.—The term ‘policyholder’
16 means a person or persons shown as an insured on
17 the declarations page of a policy for flood insurance
18 coverage sold pursuant to this title.

19 “(2) TECHNICAL ASSISTANCE REPORT.—The
20 term ‘technical assistance report’ means a report
21 created for the purpose of furnishing technical as-
22 sistance to an insurance claims adjuster assigned by
23 the National Flood Insurance Program, including by
24 engineers, surveyors, salvors, architects, and cer-
25 tified public accounts.”.

1 **SEC. 607. IMPROVED DISCLOSURE REQUIREMENT FOR**
2 **STANDARD FLOOD INSURANCE POLICIES.**

3 Section 100234 of the Biggert-Waters Flood Insur-
4 ance Reform Act of 2012 (42 U.S.C. 4013a) is amended
5 by adding at the end the following new subsection:

6 “(c) DISCLOSURE OF COVERAGE.—

7 “(1) DISCLOSURE SHEET.—Each policy under
8 the National Flood Insurance Program shall include
9 a disclosure sheet that sets forth, in plain lan-
10 guage—

11 “(A) the definition of the term ‘flood’ for
12 purposes of coverage under the policy;

13 “(B) a description of what type of flood
14 forces are necessary so that losses from an
15 event are covered under the policy, including
16 overflow of inland or tidal waves, unusual and
17 rapid accumulation or runoff of a surface any
18 source, and mudflow;

19 “(C) a statement of the types and charac-
20 teristics of losses that are not covered under the
21 policy;

22 “(D) a summary of total cost and amount
23 of insurance coverage, and any other informa-
24 tion relating to such coverage required to be
25 disclosed under section 1308(l) of the National

1 Flood Insurance Act of 1968 (42 U.S.C.
2 4015(l));

3 “(E) a statement that the disclosure sheet
4 provides general information about the policy-
5 holder’s standard flood insurance policy;

6 “(F) a statement that the standard flood
7 insurance policy, together with the endorse-
8 ments and declarations page, make up the offi-
9 cial contract and are controlling in the event
10 that there is any difference between the infor-
11 mation on the disclosure sheet and the informa-
12 tion in the policy; and

13 “(G) a statement that if the policyholder
14 has any questions regarding information in the
15 disclosure sheet or policy he or she should con-
16 tact the entity selling the policy on behalf of the
17 Program, together with contact information suf-
18 ficient to allow the policyholder to contact such
19 entity.

20 “(2) ACKNOWLEDGMENT SHEET.—Each policy
21 under the National Flood Insurance Program shall
22 include an acknowledgment sheet that sets forth, in
23 plain language—

1 “(A) a statement of whether or not there
2 is a basement in the property to be covered by
3 the policy;

4 “(B) a statement of whether or not the
5 policy provides coverage for the contents of the
6 property covered by the policy;

7 “(C) a statement that the standard flood
8 insurance policy, together with the endorse-
9 ments and declarations page, make up the offi-
10 cial contract and are controlling in the event
11 that there is any difference between the infor-
12 mation on the acknowledgment sheet and the
13 information in the policy; and

14 “(D) a statement that if the policyholder
15 has any questions regarding information in the
16 acknowledgment sheet or policy he or she
17 should contact the entity selling the policy on
18 behalf of the Program, together with contact in-
19 formation sufficient to allow the policyholder to
20 contact such entity.

21 “(3) REQUIRED SIGNATURES.—Notwith-
22 standing section 1306(e) of the National Flood In-
23 surance Act of 1968 (42 U.S.C. 4013(c)), a policy
24 for flood insurance coverage under the National
25 Flood Insurance Program may not take effect unless

1 the disclosure sheet required under paragraph (1)
2 and the acknowledgment sheet required under para-
3 graph (2), with respect to the policy, are signed and
4 dated by the policyholder and the seller of the policy
5 who is acting on behalf of the Program.”.

6 **SEC. 608. RESERVE FUND AMOUNTS.**

7 Section 1310 of the National Flood Insurance Act of
8 1968 (42 U.S.C. 4017) is amended by adding at the end
9 the following new subsection:

10 “(g) CREDITING OF RESERVE FUND AMOUNTS.—
11 Funds collected pursuant to section 1310A may be cred-
12 ited to the Fund under this section to be available for the
13 purpose described in subsection (d)(1).”.

14 **SEC. 609. SUFFICIENT STAFFING FOR OFFICE OF FLOOD IN-**
15 **SURANCE ADVOCATE.**

16 (a) IN GENERAL.—Section 24 of the Homeowner
17 Flood Insurance Affordability Act of 2014 (42 U.S.C.
18 4033) is amended by adding at the end the following new
19 subsection:

20 “(c) STAFF.—The Administrator shall ensure that
21 the Flood Insurance Advocate has sufficient staff to carry
22 out all of the duties and responsibilities of the Advocate
23 under this section.”.

24 (b) TIMING.—The Administrator of the Federal
25 Emergency Management Agency shall take such actions

1 as may be necessary to provide for full compliance with
2 section 24(c) of the Homeowner Flood Insurance Afford-
3 ability Act of 2014, as added by the amendment made by
4 subsection (a) of this section, not later than the expiration
5 of the 180-day period beginning on the date of the enact-
6 ment of this Act.

7 **SEC. 610. LIMITED EXEMPTION FOR DISASTER OR CATAS-**
8 **TROPHE CLAIMS ADJUSTERS.**

9 Section 7 of the Fair Labor Standards Act of 1938
10 (29 U.S.C. 207) is amended by adding at the end the fol-
11 lowing:

12 “(s)(1) The provisions of this section shall not apply
13 for a period of 2 years after the occurrence of a major
14 disaster to any employee—

15 “(A) employed to adjust or evaluate claims re-
16 sulting from or relating to such major disaster, by
17 an employer not engaged, directly or through an af-
18 filiate, in underwriting, selling, or marketing prop-
19 erty, casualty, or liability insurance policies or con-
20 tracts;

21 “(B) who receives from such employer on aver-
22 age weekly compensation of not less than \$591.00
23 per week or any minimum weekly amount estab-
24 lished by the Secretary, whichever is greater, for the

1 number of weeks such employee is engaged in any
2 of the activities described in subparagraph (C); and

3 “(C) whose duties include any of the following:

4 “(i) interviewing insured individuals, indi-
5 viduals who suffered injuries or other damages
6 or losses arising from or relating to a disaster,
7 witnesses, or physicians;

8 “(ii) inspecting property damage or review-
9 ing factual information to prepare damage esti-
10 mates;

11 “(iii) evaluating and making recommenda-
12 tions regarding coverage or compensability of
13 claims or determining liability or value aspects
14 of claims;

15 “(iv) negotiating settlements; or

16 “(v) making recommendations regarding
17 litigation.

18 “(2) Notwithstanding any other provision of section
19 18, in the event of a major disaster, this Act exclusively
20 shall govern all such employers in lieu of any State or
21 other Federal law or regulation or local law or regulation,
22 with respect to the employees described in paragraph (1).

23 “(3) The exemption in this subsection shall not affect
24 the exemption provided by section 13(a)(1).

25 “(4) For purposes of this subsection—

1 “(A) the term ‘major disaster’ means any nat-
2 ural catastrophe, including any hurricane, tornado,
3 storm, high water, wind driven water, tidal wave,
4 tsunami, earthquake, volcanic eruption, landslide,
5 mudslide, snowstorm, or drought, or, regardless of
6 cause, any other catastrophe, including fire, flood,
7 explosion, land collapse, avalanche, or pollutant or
8 chemical release;

9 “(B) the term ‘employee employed to adjust or
10 evaluate claims resulting from or relating to such
11 major disaster’ means an individual who timely se-
12 cured or secures a license required by applicable law
13 to engage in and perform the activities described in
14 clauses (i) through (v) of paragraph (1)(C) relating
15 to a major disaster, and is employed by an employer
16 that maintains worker compensation insurance cov-
17 erage or protection for its employees, if required by
18 applicable law, and withholds applicable Federal,
19 State, and local income and payroll taxes from the
20 wages, salaries and any benefits of such employees;
21 and

22 “(C) the term ‘affiliate’ means a company that,
23 by reason of ownership or control of twenty-five per-
24 cent (25%) or more of the outstanding shares of any
25 class of voting securities of one or more companies,

1 directly or indirectly, controls, is controlled by, or is
2 under common control with, another company.”.

Passed the House of Representatives November 14,
2017.

Attest:

Clerk.

115TH CONGRESS
1ST SESSION

H. R. 2874

AN ACT

To achieve reforms to improve the financial stability of the National Flood Insurance Program, to enhance the development of more accurate estimates of flood risk through new technology and better maps, to increase the role of private markets in the management of flood insurance risks, and to provide for alternative methods to insure against flood peril, and for other purposes.