

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 2874) 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, AND PROVIDING FOR CONSIDERATION OF THE CONFERENCE REPORT TO ACCOMPANY THE BILL (H.R. 2810) TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 2018 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY, TO PRESCRIBE MILITARY PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR, AND FOR OTHER PURPOSES

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NOVEMBER 13, 2017.—Referred to the House Calendar and ordered to be printed

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Mr. BYRNE, from the Committee on Rules,  
submitted the following

## R E P O R T

[To accompany H. Res. 616]

The Committee on Rules, having had under consideration House Resolution 616, by a record vote of 8 to 2, report the same to the House with the recommendation that the resolution be adopted.

### SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for the consideration H.R. 2874, the 21st Century Flood Reform Act, under a closed rule. The resolution provides one hour of debate equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services. The resolution waives all points of order against consideration of the bill. The resolution provides that the amendment printed in part A of this report, modified by the amendment printed in part B of this report, shall be considered as adopted and the bill, as amended, shall be considered as read. The resolution waives all points of order against provisions in the bill, as amended. The resolution provides one motion to recommit with or without instructions.

Section 2 of the resolution provides for consideration of the Conference Report to accompany H.R. 2810, the National Defense Authorization Act for Fiscal Year 2018. The resolution waives all

points of order against the conference report and against its consideration. The resolution provides that the conference report shall be considered as read. The resolution provides that the previous question shall be considered as ordered without intervention of any motion except one hour of debate and one motion to recommit if applicable. Debate on the conference report is divided pursuant to clause 8(d) of rule XXII.

Section 3 of the resolution provides that the Clerk shall not transmit to the Senate a message that the House has adopted the conference report to accompany H.R. 2810 until notified by the Speaker or by message from the Senate that the Senate has passed H.R. 4374 without amendment.

#### EXPLANATION OF WAIVERS

The waiver of all points of order against consideration of H.R. 2874 includes a waiver of the following:

- Section 302(f) of the Congressional Budget Act, which prohibits consideration of legislation providing new budget authority in excess of a 302(a) allocation of such authority; and
- Section 311 of the Congressional Budget Act, which prohibits consideration of legislation that would cause the level of total new budget authority for the first fiscal year to be exceeded, or for the total of that first fiscal year for which allocations are provided.

Although the resolution waives all points of order against provisions in the H.R. 2874, as amended, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

The waiver of all points of order against the conference report to H.R. 2810 and its consideration includes a waiver of the following:

- Clause 5 of rule XXII, which prohibits House conferees from agreeing to certain Senate amendments proposing an appropriation on a bill other than a general appropriation bill.
- Clause 9 of rule XXII, which prohibits the inclusion of matter in a conference report not committed to the conference by either House and;
- Section 306 of the Congressional Budget Act, which prohibits consideration of legislation within the jurisdiction of the Committee on the Budget unless referred to or reported by the Budget Committee.

#### COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

##### *Rules Committee record vote No. 140*

Motion by Ms. Slaughter to report an open rule. Defeated: 2–8

Majority Members	Vote	Minority Members	Vote
Mr. Cole .....		Ms. Slaughter .....	Yea
Mr. Woodall .....	Nay	Mr. McGovern .....	
Mr. Burgess .....	Nay	Mr. Hastings of Florida .....	Yea
Mr. Collins .....	Nay	Mr. Polis .....	
Mr. Byrne .....	Nay		
Mr. Newhouse .....	Nay		
Mr. Buck .....	Nay		
Ms. Cheney .....	Nay		

Majority Members	Vote	Minority Members	Vote
Mr. Sessions, Chairman .....	Nay		

*Rules Committee record vote No. 141*

Motion by Mr. Woodall to report the rule. Adopted: 8–2

Majority Members	Vote	Minority Members	Vote
Mr. Cole .....	Yea	Ms. Slaughter .....	Nay
Mr. Woodall .....	Yea	Mr. McGovern .....	
Mr. Burgess .....	Yea	Mr. Hastings of Florida .....	Nay
Mr. Collins .....	Yea	Mr. Polis .....	
Mr. Byrne .....	Yea		
Mr. Newhouse .....	Yea		
Mr. Buck .....	Yea		
Ms. Cheney .....	Yea		
Mr. Sessions, Chairman .....	Yea		

SUMMARY OF THE AMENDMENT TO H.R. 2874 IN PART A CONSIDERED  
AS ADOPTED

Duffy (WI), Hensarling (TX), Barr (KY), Budd (NC), Davidson (OH), Hill (AR), Huizenga (MI), Kustoff (TN), Loudermilk (GA), Love (UT), MacArthur (NJ), McHenry (NC), Mooney (WV), Poliquin (ME), Ross (FL), Rothfus (PA), Royce (CA), Stivers (OH), Trott (MI), Williams (TX), Zeldin (NY): Reauthorizes the National Flood Insurance Program (NFIP) for five years. Institutes several programmatic reforms and changes to strength the solvency of the NFIP, provide new benefits to policyholders, and provide new options for lower-cost flood insurance coverage. The substitute combines the amended text of H.R. 2874 with the versions of the following other Financial Services-reported NFIP bills: H.R. 1422, H.R. 1558, H.R. 2246, H.R. 2565, H.R. 2868, and H.R. 2875.

SUMMARY OF THE AMENDMENT TO H.R. 2874 IN PART B CONSIDERED  
AS ADOPTED

Duffy (WI): Allows future residential structures continued access to both NFIP and private flood coverage, establish January 1, 2019 as the effective date for commercial properties to opt-out of the NFIP, and correct a technical error in Section 607 regarding improved disclosure requirements.

PART A—TEXT OF AMENDMENT TO H.R. 2874 CONSIDERED AS ADOPTED

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

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

(b) **TABLE OF CONTENTS.**—The table of contents for 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 properties.
- 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 replacement 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. Prohibition of new coverage for structures with high-value replacement costs.
- Sec. 507. Pay for performance and streamlining costs and reimbursement.
- Sec. 508. Enforcement of mandatory purchase requirements.
- Sec. 509. Satisfaction of mandatory purchase requirement in States allowing all-perils policies.
- Sec. 510. Flood insurance purchase requirements.
- Sec. 511. Clarifications; deadline for approval of claims.
- Sec. 512. Risk transfer requirement.
- Sec. 513. GAO study of simplification of National Flood Insurance Program.
- Sec. 514. 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.

## **TITLE I—POLICYHOLDER PROTECTIONS AND INFORMATION**

### **SEC. 101. EXTENSION OF NATIONAL FLOOD INSURANCE PROGRAM.**

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

(b) **PROGRAM EXPIRATION.**—Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended by striking “September 30, 2017” and inserting “September 30, 2022”.

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

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

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

(2) in paragraph (2)—

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

(B) by inserting before the semicolon at the end the following: “, except that (A) during the 12-month period on the date of the enactment of the 21st Century Flood Reform Act this paragraph shall be applied by substituting ‘5 percent’ for ‘6.5 percent’, (B) during the 12-month period beginning upon the expiration of the period referred to in clause (A), this paragraph shall be applied by substituting ‘5.5 percent’ for ‘6.5 percent’, and (C) during the 12-month period beginning upon the expiration of the period referred to in clause (B), this paragraph shall be applied by substituting ‘6.0 percent’ for ‘6.5 percent’”.

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

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

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

“(a) **AUTHORITY.**—The Administrator shall carry out a program under this section to provide financial assistance, through State programs carried out by participating States, for eligible low-income households residing in eligible properties to purchase policies for flood insurance coverage made available under this title.

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

“(c) **STATE ADMINISTRATION.**—Each participating State shall delegate to a State agency or nonprofit organization the responsibilities for administering the State’s program under this section.

“(d) **ELIGIBLE HOUSEHOLDS.**—

“(1) **IN GENERAL.**—During any fiscal year, assistance under the program under this section may be provided only for a household that has an income, as determined for such fiscal

year by the participating State in which such household resides, that is less than the income limitation established for such fiscal year for purposes of the State program by the participating State, except that—

“(A) assistance under the program under this section may not be provided for a household having a income that exceeds the greater of—

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

“(ii) the amount equal to 60 percent of the median income of households residing in such State; and

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

“(2) STATE VERIFICATION OF INCOME ELIGIBILITY.—In verifying income eligibility for purposes of paragraph (1), the participating State may apply procedures and policies consistent with procedures and policies used by the State agency administering programs under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), under title XX of the Social Security Act (42 U.S.C. 1397 et seq.), under subtitle B of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9901 et seq.; relating to community services block grant program), under any other provision of law that carries out programs which were administered under the Economic Opportunity Act of 1964 (42 U.S.C. 2701 et seq.) before August 13, 1981, or under other income assistance or service programs (as determined by the State).

“(3) CERTIFICATION BY STATE OF ELIGIBILITY HOUSEHOLDS.—For each fiscal year, each participating State shall certify to the Administrator compliance of households who are to be provided assistance under the State program during such fiscal year with the income requirements under paragraph (1).

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

“(1) that has 4 or fewer residences;

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

“(3) for which a base flood elevation is identified on a flood insurance rate map of the Administrator that is in effect;

“(4) for which such other information is available as the Administrator considers necessary to determine the flood risk associated with such property; and

“(5) that is located in a community that is participating in the national flood insurance program.

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

“(1) LIMITATION ON RATE INCREASES.—By establishing a limitation on the rate of increases in the amount of chargeable premiums paid by eligible households for flood insurance coverage made available under this title.

“(2) LIMITATION ON RATES.—By establishing a limitation on the amount of chargeable premiums paid by eligible house-

holds for flood insurance coverage made available under this title.

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

“(1) identify for the Administrator the eligible households residing in the State who are to be provided assistance under the State program during such fiscal year; and

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

“(h) AMOUNT OF ASSISTANCE.—Under the program under this section, in each fiscal year the Administrator shall, notwithstanding section 1308, make flood insurance coverage available for purchase by households identified as eligible households for such fiscal year by a participating State pursuant to subsection (e) at chargeable premium rates that are discounted by an amount that is based on the type and levels of assistance elected pursuant to subsection (f) by the participating State for such fiscal year.

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

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

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

“(3) The chargeable risk premium rate for the property taking into consideration the discount pursuant to subsection (h).

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

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

“(j) FUNDING THROUGH STATE AFFORDABILITY SURCHARGES.—

“(1) IMPOSITION AND COLLECTION.—Notwithstanding section 1308, for each fiscal year in which flood insurance coverage under this title is made available for properties in a participating State at chargeable premium rates that are discounted pursuant to subsection (f), the Administrator shall impose and collect a State affordability surcharge on each policy for flood insurance coverage for a property located in such participating State that is (A) not a residential property having 4 or fewer residences, or (B) is such a residential property but is owned by a household that is not an eligible household for purposes of such fiscal year.

“(2) AMOUNT.—The amount of the State affordability surcharge imposed during a fiscal year on each such policy for a property in a participating State shall be—

“(A) sufficient such that the aggregate amount of all such State affordability surcharges imposed on properties

in such participating State during such fiscal year is equal to the aggregate amount by which all policies for flood insurance coverage under this title sold during such fiscal year for properties owned by eligible households in the participating State are discounted pursuant to subsection (f); and

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

“(k) TREATMENT OF OTHER SURCHARGES.—The provision of assistance under the program under this section with respect to any property and any limitation on premiums or premium increases pursuant to subsection (f) for the property shall not affect the applicability or amount of any surcharge under section 1308A for the property, of any increase in premiums charged for the property pursuant to section 1310A(c), or of any equivalency fee under section 1308B for the property.

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

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

“(2) ELIGIBLE HOUSEHOLD.—The term ‘eligible household’ means, with respect to a fiscal year and a participating State, a household that has an income that is less than the amount of the income limitation for the fiscal year established for purposes of the State program of such participating State pursuant to subsection (g)(1).

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

“(4) STATE.—The term ‘State’ shall include a consortium of States established for purposes of administering the program under this section with respect to the member States of the consortium.

“(5) STATE PROGRAM.—The term ‘State program’ means a program carried out in compliance with this section by a participating State in conjunction with the program under this section of the Administrator.

“(m) REGULATIONS.—The Administrator shall issue such regulations as may be necessary to carry out the program under this section.”.

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

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

“(n) DISCLOSURE OF PREMIUM METHODOLOGY.—

“(1) DISCLOSURE.—Six months prior to the effective date of risk premium rates, the Administrator shall cause to be published in the Federal Register an explanation of the bases for, and methodology used to determine, the chargeable premium rates to be effective for flood insurance coverage under this title.



“(2) ALIGNMENT WITH INDUSTRY PRACTICES.—The disclosure required under paragraph (1) shall, to the extent practicable, be aligned with industry patterns and practices and shall include information and data recommended by the State insurance commissioners guidelines on rate filings.

“(3) PUBLIC MEETINGS.—The Administrator shall, on an annual basis, hold at least one public meeting in each of the geographical regions of the United States, as defined by the Administrator for purposes of the National Flood Insurance Program, for the purpose of explaining the methodology described in paragraph (1) and answering questions and receiving comments regarding such methodology. The Administrator shall provide notice of each such public meeting in advance, in such manner, and in using such means as are reasonably designed to notify interested parties and members of the public of the date and time, location, and purpose of such meeting, and of how to submit questions or comments.”.

**SEC. 105. CONSIDERATION OF COASTAL AND INLAND LOCATIONS IN PREMIUM RATES.**

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

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

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

“(iii) the differences in flood risk for properties impacted by coastal flood risk and properties impacted by riverine, or inland flood risk; and”.

(b) ESTABLISHMENT OF CHARGEABLE PREMIUM RATES.—Paragraph (1) of section 1308(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(b)(1)) is amended by inserting “due to differences in flood risk resulting from coastal flood hazards and riverine, or inland flood hazards and” after “including differences in risks”.

(c) REVISED RATES.—Not later than the expiration of the two-year period beginning on the date of the enactment of this Act, the Administrator of the Federal Emergency Management Agency shall revise risk premium rates under the National Flood Insurance Program to implement the amendments made by this section.

**SEC. 106. MONTHLY INSTALLMENT PAYMENT OF PREMIUMS.**

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

(1) by striking the subsection designation and all that follows through “With respect” and inserting the following:

“(g) FREQUENCY OF PREMIUM COLLECTION.—

“(1) OPTIONS.—With respect”; and

(2) by adding at the end the following:

“(2) MONTHLY INSTALLMENT PAYMENT OF PREMIUMS.—

“(A) EXEMPTION FROM RULEMAKING.—Until such time as the Administrator promulgates regulations implementing paragraph (1) of this subsection, the Administrator may adopt policies and procedures, notwithstanding any other provisions of law and in alignment and consistent with existing industry escrow and servicing standards, necessary to implement such paragraph without undergoing notice

and comment rulemaking and without conducting regulatory analyses otherwise required by statute, regulation, or Executive order.

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

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

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

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

“(D) REPORT.—Not later than six months after the date of the enactment of this Act, the Comptroller General shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, that sets forth all of the costs associated with the monthly payment of premiums, including any up-front costs associated with infrastructure development, the impact on all policyholders including those that exercise the option to pay monthly and those that do not, options for minimizing the costs, particularly the costs to policyholders, and the feasibility of adopting practices that serve to minimize costs to policyholders such as automatic payments and electronic payments.

“(E) ANNUAL REPORTS.—On an annual basis, the Administrator shall report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate the ongoing costs associated with the monthly payment of premiums.”.

(b) IMPLEMENTATION.—Clause (ii) of section 1307(a)(1)(B) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(a)(1)(B)(ii)) is amended by inserting before “any administrative expenses” the following: “the costs associated with the monthly collection of premiums provided for in section 1308(g) (42 U.S.C. 4015(g)), but only if such costs exceed the operating costs and allowances set forth in clause (i) of this subparagraph, and”.

#### **SEC. 107. ENHANCED CLEAR COMMUNICATION OF FLOOD RISKS.**

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

“(l) CLEAR COMMUNICATIONS.—

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

“(A) their full flood risk determinations, regardless of whether their premium rates are full actuarial rates; and  
 “(B) the number and dollar value of claims filed for the property, over the life of the property, under a flood insurance policy made available under the Program and the effect, under this Act, of filing any further claims under a flood insurance policy with respect to that property.”.

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

**SEC. 108. AVAILABILITY OF FLOOD INSURANCE INFORMATION UPON REQUEST.**

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

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

(2) by adding at the end the following new subsection:

“(b) **AVAILABILITY OF FLOOD INSURANCE INFORMATION UPON REQUEST.**—Not later than 30 days after a request for such information by the current owner of a property, the Administrator shall provide to the owner any information, including historical information, available to the Administrator on flood insurance program coverage, payment of claims, and flood damages for the property at issue, and any information the Administrator has on whether the property owner may be required to purchase coverage under the National Flood Insurance Program due to previous receipt of Federal disaster assistance, including assistance provided by the Small Business Administration, the Department of Housing and Urban Development, or the Federal Emergency Management Agency, or any other type of assistance that subjects the property to the mandatory purchase requirement under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a).”.

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

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

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

“(a) **REQUIREMENT FOR PARTICIPATION IN PROGRAM.**—After September 30, 2022, no new flood insurance coverage may be provided under this title for any real property located in any area (or subdivision thereof) unless an appropriate body has imposed, by statute or regulation, a duty on any seller or lessor of improved real estate located in such area to provide to any purchaser or lessee of such property a property flood hazard disclosure which the Administrator has determined meets the requirements of subsection (b).

“(b) **DISCLOSURE REQUIREMENTS.**—A property flood hazard disclosure for a property shall meet the requirements of this subsection only if the disclosure—

“(1) is made in writing;

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

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

“(B) prior insurance claims for losses covered under the National Flood Insurance Program or private flood insurance with respect to such property;

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

“(D) any Federal legal obligation to obtain and maintain flood insurance running with the property, such as any obligation due to a previous form of disaster assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act received by any owner of the property; and

“(3) is delivered by or on behalf of the seller or lessor to the purchaser or lessee before such purchaser or lessee becomes obligated under any contract for purchase or lease of the property.”.

(b) **AVAILABILITY OF FLOOD INSURANCE COVERAGE.**—Subsection (c) of section 1305 of the National Flood Insurance Act of 1968 (42 U.S.C. 4012(c)) is amended—

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

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

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

“(3) given satisfactory assurance that by September 30, 2022, property flood hazard disclosure requirements will have been adopted for the area that meet the requirements of section 1326.”.

**SEC. 110. VOLUNTARY COMMUNITY-BASED FLOOD INSURANCE PILOT PROGRAM.**

(a) **ESTABLISHMENT.**—The Administrator of the Federal Emergency Management Agency (in this section referred to as the “Administrator”) may carry out a community-based flood insurance pilot program to make available, for purchase by participating communities, a single, community-wide flood insurance policy under the National Flood Insurance Program that—

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

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

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

(c) **REQUIREMENTS FOR COMMUNITY-WIDE POLICIES.**—The Administrator shall ensure that a community-wide flood insurance policy made available under the pilot program under this section incorporates the following requirements:

(1) A mapping requirement for properties covered by the policy.

(2) A cap on premiums.

- (3) A deductible.
- (4) Certification or accreditation of mitigation infrastructure when available and appropriate.
- (5) A community audit.
- (6) The Community Rating System under section 1315(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4022(b)).
- (7) A method of preventing redundant claims payments by the National Flood Insurance Program in the case of a claim by an individual property owner who is covered by a community-wide flood insurance policy and an individual policy obtained through the Program.
- (8) Coverage for damage arising from flooding that complies with the standards under the National Flood Insurance Program appropriate to the nature and type of property covered.
- (d) **TIMING.**—The Administrator may establish the demonstration program under this section not later than the expiration of the 180-day period beginning on the date of the enactment of this Act and the program shall terminate on September 30, 2022.
- (e) **DEFINITION OF COMMUNITY.**—For purposes of this section, the term “community” means any unit of local government, within the meaning given such term under the laws of the applicable State.

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

**(a) STUDY OF RISK RATING REDESIGN FLOOD INSURANCE PREMIUM RATING OPTIONS.**—

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

(A) evaluate insurance industry best practices for risk rating and classification, including practices related to replacement cost value in premium rate estimations;

(B) assess options, methods, and strategies for including replacement cost value in the Administrator’s estimates under section 1307(a)(1) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(a)(1));

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

(D) identify an appropriate methodology to incorporate replacement cost value into the Administrator’s estimates under such section 1307(a)(1);

(E) develop a feasible implementation plan and projected timeline for including replacement cost value in the estimates of risk premium rates for flood insurance made available under the National Flood Insurance Program.

**(2) REPORT.**—

(A) **REQUIREMENT.**—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Administrator shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report that contains the results and conclusions of the study required under paragraph (1).

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

(i) an analysis of the recommendations resulting from the study under paragraph (1) and any potential impacts on the National Flood Insurance Program, including cost considerations;

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

(iii) a description of any study recommendations that have been deferred or not acted upon, together with a statement explaining the reasons for such deferral or inaction.

(b) **USE OF REPLACEMENT COST VALUE IN PREMIUM RATES; IMPLEMENTATION.**—

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

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

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

(4) **APPLICABILITY AND PHASE-IN.**—The Administrator of the Federal Emergency Management Agency shall apply the amendments under paragraphs (1) and (2) to flood insurance coverage made available under the National Flood Insurance Act of 1968 for properties located in various geographic regions in the United States such that—

(A) over the period beginning upon the expiration of the period referred to in paragraph (3) of this subsection and ending on December 31, 2020, the requirement under such amendments shall be gradually phased in geographically throughout the United States as sufficient information for such implementation becomes available; and

(B) after the expiration of such period referred to in subparagraph (A), such amendments shall apply to all flood insurance coverage made available under the National Flood Insurance Act of 1968.

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

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

(1) by striking “except —” and inserting “except as provided in paragraph (4); and”;

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

(3) in subparagraph (C)—

(A) in clause (ii), by redesignating subclauses (I) and (II) as items (aa) and (bb), respectively;

(B) by redesignating clauses (i) through (iii) as subclauses (I) through (III), respectively; and

(C) by striking “(C) in the case of a property that—” and inserting the following:

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

- “(i) a property identified under section 1307(g); or
- “(ii) a property that—”;

(4) by striking “under this title for any property” and inserting the following: “under this title—

- “(i) for any property”;

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

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

- “(ii) for any residential property having 4 or fewer residences and for which there is elevation data meeting standards of the Administrator, may not exceed \$10,000 in any single year, except that such amount (as it may have been previously adjusted) shall be adjusted for inflation by the Administrator upon the expiration of the 5-year period beginning upon the date of the enactment of the 21st Century Flood Reform Act and upon the expiration of each successive 5-year period thereafter, in accordance with an inflationary index selected by the Administrator.”.

**SEC. 113. PREMIUM RATES FOR CERTAIN MITIGATED PROPERTIES.**

(a) **MITIGATION STRATEGIES.**—Paragraph (1) of section 1361(d) of the National Flood Insurance Act of 1968 (42 U.S.C. 4102(d)(1)) is amended—

- (1) in subparagraph (A), by striking “and” at the end;
- (2) in subparagraph (B), by striking “and” at the end; and
- (3) by inserting after subparagraph (B) the following new subparagraphs:

“(C) with respect to buildings in dense urban environments, methods that can be deployed on a block or neighborhood scale; and

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

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

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

“(1) take into account”;

- (2) in paragraph (1), as so designated by the amendment made by paragraph (1) of this subsection, by striking the period at the end and inserting “; and”; and

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

“(2) offer a reduction of the risk premium rate charged to a policyholder, as determined by the Administrator, if the policyholder implements any mitigation method described in paragraph (1).”.

**SEC. 114. STUDY OF FLOOD INSURANCE COVERAGE FOR UNITS IN CO-OPERATIVE HOUSING.**

The Administrator of the Federal Emergency Management Agency shall conduct a study to analyze and determine the feasibility of providing flood insurance coverage under the National Flood Insurance Program under the National Flood Insurance Act of 1968

(42 U.S.C. 4001 et seq.) for individual dwelling units in cooperative housing projects. Not later than the expiration of the 24-month period beginning on the date of the enactment of this Act, the Administrator shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate regarding the findings and conclusions of the study conducted pursuant to this section, which shall include a plan setting forth specific actions to implement the development of such flood insurance coverage.

**SEC. 115. PILOT PROGRAM FOR PROPERTIES WITH PREEXISTING CONDITIONS.**

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

“(c) PILOT PROGRAM FOR INVESTIGATION OF PREEXISTING STRUCTURAL CONDITIONS.—

“(1) VOLUNTARY PROGRAM.—The Administrator shall carry out a pilot program under this subsection to provide for companies participating in the Write Your Own program (as such term is defined in section 1370(a) (42 U.S.C. 4121(a))) to investigate preexisting structural conditions of insured properties and potentially insured properties that could result in the denial of a claim under a policy for flood insurance coverage under this title in the event of a flood loss to such property. Participation in the pilot program shall be voluntary on the part of Write Your Own companies.

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

“(A) provide in policies for flood insurance coverage under this title covered by the program that, upon the request of the policyholder, the company shall provide for—

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

“(ii) if such investigation is not determinative, an on-site inspection of the property to determine whether such preexisting structural conditions are present;

“(B) upon completion of an investigation or inspection pursuant to subparagraph (A) that determines that such a preexisting structural condition is present or absent, submit a report to the policyholder and Administrator describing the condition; and

“(C) impose a surcharge on each policy described in subparagraph (A) in such amount that the Administrator determines is appropriate to cover the costs of investigations and inspections performed pursuant to such policies and reimburse Write Your Own companies participating in the program under this subsection for such costs.

“(3) INTERIM REPORT.—Not later than December 31, 2021, the Administrator shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the



Senate describing the operation of the pilot program to that date.

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

“(5) FINAL REPORT.—Not later than March 31, 2023, the Administrator shall submit a final report regarding the pilot program under this section to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate. The report shall include any findings and recommendations of the Administrator regarding the pilot program.”.

**SEC. 116. FEDERAL FLOOD INSURANCE ADVISORY COMMITTEE.**

(a) ESTABLISHMENT.—There is established an advisory committee to be known as the Federal Flood Insurance Advisory Committee (in this section referred to as the “Committee”).

(b) MEMBERSHIP.—

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

(A) the Administrator of the Federal Emergency Management Agency (in this section referred to as the “Administrator”), or the designee thereof;

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

(C) additional members appointed by the Administrator or the designee of the Administrator, who shall be—

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

(ii) one individual who served in the past, or is currently serving, as an insurance regulator of a State, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, American Samoa, or any federally-recognized Indian tribe;

(iii) one representative of the financial or insurance sectors who is involved in risk transfers, including reinsurance, resilience bonds, and other insurance-linked securities;

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

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

(vi) two representatives of catastrophic risk insurance programs;

(vii) one insurance claims specialist;

(viii) one representative of a recognized consumer advocacy organization;

(ix) one individual having demonstrated expertise in the challenges in insuring low-income communities;

(x) one representative from an academic institution who has demonstrated expertise in insurance; and

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

(2) QUALIFICATIONS.—In appointing members under paragraph (1)(C), the Administrator shall, to the maximum extent

practicable, ensure the membership of the Committee has a balance of members reflecting geographic diversity, including representation from areas inland or with coastline identified by the Administrator as at high risk for flooding or as areas having special flood hazards.

(c) DUTIES.—The Committee shall review, and make recommendations to the Administrator, upon request, on matters related to the insurance aspects of the National Flood Insurance Program, including ratemaking, technology to administer insurance, risk assessment, actuarial practices, claims practices, sales and insurance delivery, compensation and allowances, generally and based on the complexities of the program, and best insurance practices.

(d) CHAIRPERSON.—The members of the Committee shall elect one member to serve as the chairperson of the Committee (in this section referred to as the “Chairperson”).

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

(f) MEETINGS AND ACTIONS.—

(1) IN GENERAL.—The Committee shall meet not less frequently than twice each year at the request of the Chairperson or a majority of its members, and may take action by a vote of the majority of the members in accordance with the Committee’s charter.

(2) INITIAL MEETING.—The Administrator, or a person designated by the Administrator, shall request and coordinate the initial meeting of the Committee.

(g) STAFF OF FEMA.—Upon the request of the Chairperson, the Administrator may detail, on a nonreimbursable basis, personnel of the Federal Emergency Management Agency to assist the Committee in carrying out its duties.

(h) POWERS.—In carrying out this section, the Committee may hold hearings, receive evidence and assistance, provide information, and conduct research, as it considers appropriate.

(i) REPORTS TO CONGRESS.—The Administrator, on an annual basis, shall report to the Committee on Financial Services of the House of Representatives, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Office of Management and Budget on—

- (1) the recommendations made by the Committee;
- (2) actions taken by the Federal Emergency Management Agency to address such recommendations to improve the insurance aspects of the national flood insurance program; and
- (3) any recommendations made by the Committee that have been deferred or not acted upon, together with an explanatory statement.

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

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

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

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

The Comptroller General of the United States shall conduct a study of the policies and practices for adjustment of claims for losses under flood insurance coverage made available under the National Flood Insurance Act, which shall include—

- (1) a comparison of such policies and practices with the policies and practices for adjustment of claims for losses under other insurance coverage;
- (2) an assessment of the quality of the adjustments conducted and the effects of such policies and practices on such quality;
- (3) identification of any incentives under such policies and practices that affect the speed with which such adjustments are conducted; and
- (4) identification of the affects of such policies and practices on insureds submitting such claims for losses.

**SEC. 119. GAO STUDY OF FLOOD INSURANCE COVERAGE TREATMENT OF EARTH MOVEMENT.**

The Comptroller General of the United States shall conduct a study of the treatment, under flood insurance coverage made available under the National Flood Insurance Act, of earth movement and subsidence, including earth movement and subsidence caused by flooding, which shall include—

- (1) identification and analysis of the effects of such treatment on the National Flood Insurance Program and insureds under the program;
- (2) an assessment of the availability and affordability of coverage in the private insurance market for earth movement and subsidence caused by flooding;
- (3) an assessment of the effects on the National Flood Insurance Program of covering earth movement and subsidence caused by flooding; and
- (4) a projection of the increased premiums that would be required to make coverage for earth movement losses actuarially sound and not fiscally detrimental to the continuation of the National Flood Insurance Program.

**SEC. 120. DEFINITIONS.**

(a) NATIONAL FLOOD INSURANCE ACT OF 1968.—Subsection (a) of section 1370 of the National Flood Insurance Act of 1968 (42 U.S.C. 4121(a)) is amended—

- (1) in paragraph (14), by striking “and” at the end;
- (2) in paragraph (15), by striking the period at the end and inserting a semicolon; and
- (3) by adding at the end the following new paragraphs:

“(16) the term ‘Write Your Own Program’ means the program under which the Federal Emergency Management Agency enters into a standard arrangement with private property insurance companies to sell contracts for flood insurance coverage under this title under their own business lines of insurance, and to adjust and pay claims arising under such contracts; and

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

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

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

## **TITLE II—INCREASING CONSUMER CHOICE THROUGH PRIVATE MARKET DEVELOPMENT**

### **SEC. 201. PRIVATE FLOOD INSURANCE.**

#### **(a) MANDATORY PURCHASE REQUIREMENT.—**

(1) AMOUNT AND TERM OF COVERAGE.—Section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) is amended by striking “Sec. 102. (a)” and all that follows through the end of subsection (a) and inserting the following: “SEC. 102. (a) AMOUNT AND TERM OF COVERAGE.—After the expiration of sixty days following the date of the enactment of this Act, no Federal officer or agency shall approve any financial assistance for acquisition or construction purposes for use in any area that has been identified by the Administrator as an area having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, unless the building or mobile home and any personal property to which such financial assistance relates is covered by flood insurance: *Provided*, That the amount of flood insurance (1) in the case of Federal flood insurance, is at least equal to the development or project cost of the building, mobile home, or personal property (less estimated land cost), the outstanding principal balance of the loan, or the maximum limit of Federal flood insurance coverage made available with respect to the particular type of property, whichever is less; or (2) in the case of private flood insurance, is at least equal to the development or project cost of the building, mobile home, or personal property (less estimated land cost), the outstanding principal balance of the loan, or the maximum limit of Federal flood insurance coverage made available with respect to the particular type of property, whichever is less: *Provided further*, That if the financial assistance provided is in the form of a loan or an insurance or guaranty of a loan, the amount of flood insurance required need not exceed the outstanding principal balance of the loan and need not be required beyond the term of the loan. The requirement of maintaining flood insurance shall apply during the life of the property, regardless of transfer of ownership of such property.”.

(2) REQUIREMENT FOR MORTGAGE LOANS.—Subsection (b) of section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(b)) is amended—

(A) by striking paragraph (7);

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

(C) by striking the subsection designation and all that follows through the end of paragraph (5) and inserting the following:

“(b) REQUIREMENT FOR MORTGAGE LOANS.—

“(1) REGULATED LENDING INSTITUTIONS.—Each Federal entity for lending regulation (after consultation and coordination with the Financial Institutions Examination Council established under the Federal Financial Institutions Examination Council Act of 1974) shall by regulation direct regulated lending institutions not to make, increase, extend, or renew any loan secured by improved real estate or a mobile home located or to be located in an area that has been identified by the Administrator as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, unless the building or mobile home and any personal property securing such loan is covered for the term of the loan by flood insurance: *Provided*, That the amount of flood insurance (A) in the case of Federal flood insurance, is at least equal to the outstanding principal balance of the loan or the maximum limit of Federal flood insurance coverage made available with respect to the particular type of property, whichever is less; or (B) in the case of private flood insurance, is at least equal to the outstanding principal balance of the loan or the maximum limit of Federal flood insurance coverage made available with respect to the particular type of property, whichever is less.

“(2) FEDERAL AGENCY LENDERS AND MORTGAGE INSURANCE AND GUARANTEE AGENCIES.—

“(A) FEDERAL AGENCY LENDERS.—A Federal agency lender may not make, increase, extend, or renew any loan secured by improved real estate or a mobile home located or to be located in an area that has been identified by the Administrator as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, unless the building or mobile home and any personal property securing such loan is covered for the term of the loan by flood insurance in accordance with paragraph (1). Each Federal agency lender may issue any regulations necessary to carry out this paragraph. Such regulations shall be consistent with and substantially identical to the regulations issued under paragraph (1).

“(B) OTHER FEDERAL MORTGAGE ENTITIES.—

“(i) COVERAGE REQUIREMENTS.—Each covered Federal mortgage entity shall implement procedures reasonably designed to ensure that, for any loan that—

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

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

the building or mobile home and any personal property securing the loan is covered for the term of the loan by flood insurance in the amount provided in paragraph (1).

“(ii) DEFINITION.—For purposes of this subparagraph, the term ‘covered Federal mortgage entity’ means—

“(I) the Secretary of Housing and Urban Development, with respect to mortgages insured under the National Housing Act;

“(II) the Secretary of Agriculture, with respect to loans made, insured, or guaranteed under title V of the Housing Act of 1949; and

“(III) the Government National Mortgage Association.

“(C) REQUIREMENT TO ACCEPT FLOOD INSURANCE.—Each Federal agency lender and each covered Federal mortgage entity shall accept flood insurance as satisfaction of the flood insurance coverage requirement under subparagraph (A) or (B), respectively, if the flood insurance coverage meets the requirements for coverage under such subparagraph and the requirements relating to financial strength issued pursuant to paragraph (4).

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

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

“(B) purchased or guaranteed by such entity, the building or mobile home and any personal property securing the loan is covered for the term of the loan by flood insurance in the amount provided in paragraph (1). The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation shall accept flood insurance as satisfaction of the flood insurance coverage requirement under paragraph (1) if the flood insurance coverage provided meets the requirements for coverage under that paragraph and the requirements relating to financial strength issued pursuant to paragraph (4).

“(4) REQUIREMENTS REGARDING FINANCIAL STRENGTH.—The Director of the Federal Housing Finance Agency, in consultation with the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Secretary of Housing and Urban Development, the Government National Mortgage Association, and the Secretary of Agriculture shall develop and implement requirements relating to the financial

strength of private insurance companies from which such entities and agencies will accept private flood insurance, provided that such requirements shall not affect or conflict with any State law, regulation, or procedure concerning the regulation of the business of insurance.

“(5) APPLICABILITY.—

“(A) EXISTING COVERAGE.—Except as provided in subparagraph (B), paragraph (1) shall apply on the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994.

“(B) NEW COVERAGE.—Paragraphs (2) and (3) shall apply only with respect to any loan made, increased, extended, or renewed after the expiration of the 1-year period beginning on the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994. Paragraph (1) shall apply with respect to any loan made, increased, extended, or renewed by any lender supervised by the Farm Credit Administration only after the expiration of the period under this subparagraph.

“(C) CONTINUED EFFECT OF REGULATIONS.—Notwithstanding any other provision of this subsection, the regulations to carry out paragraph (1), as in effect immediately before the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994, shall continue to apply until the regulations issued to carry out paragraph (1) as amended by section 522(a) of such Act take effect.

“(6) RULE OF CONSTRUCTION.—Except as otherwise specified, any reference to flood insurance in this section shall be considered to include Federal flood insurance and private flood insurance. Nothing in this subsection shall be construed to supersede or limit the authority of a Federal entity for lending regulation, the Federal Housing Finance Agency, a Federal agency lender, a covered Federal mortgage entity (as such term is defined in paragraph (2)(B)(ii)), the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation to establish requirements relating to the financial strength of private insurance companies from which the entity or agency will accept private flood insurance, provided that such requirements shall not affect or conflict with any State law, regulation, or procedure concerning the regulation of the business of insurance.”; and

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

“(8) DEFINITIONS.—In this section:

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

“(i) Federal flood insurance; and

“(ii) private flood insurance.

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

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

“(i) the members of which—

“(I) share a common set of ethical or religious beliefs; and

“(II) in accordance with the beliefs described in subclause (I), agree to cover expenses arising from damage to property of the members of the organization, including damage caused by flooding; and

“(ii) that has a demonstrated history of fulfilling the terms of agreements to cover expenses arising from damage to property of the members of the organization caused by flooding.

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

“(i) an insurance policy that—

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

“(aa) licensed, admitted, or otherwise approved to engage in the business of insurance in the State in which the insured building is located, by the insurance regulator of that State; or

“(bb) eligible as a nonadmitted insurer to provide insurance in the home State of the insured, in accordance with sections 521 through 527 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (15 U.S.C. 8201 through 8206);

“(II) is issued by an insurance company that is not otherwise disapproved as a surplus lines insurer by the insurance regulator of the State in which the property to be insured is located; and

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

“(ii) an agreement with a mutual aid society for such society to cover expenses arising from damage to property of the members of such society caused by flooding, unless the State in which the property to be insured is located has—

“(I) determined that the specific mutual aid society may not provide such coverage or provide such coverage in such manner; or

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

“(E) STATE.—The term ‘State’ means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.”.

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

“(o) EFFECT OF PRIVATE FLOOD INSURANCE COVERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—For purposes of applying any



statutory, regulatory, or administrative continuous coverage requirement, including under section 1307(g)(1), the Administrator shall consider any period during which a property was continuously covered by private flood insurance (as defined in section 102(b)(8) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(b)(8))) to be a period of continuous coverage.”.

**SEC. 202. OPT-OUT OF MANDATORY COVERAGE REQUIREMENT FOR COMMERCIAL PROPERTIES.**

(a) AMENDMENTS TO FLOOD DISASTER PROTECTION ACT OF 1973.—The Flood Disaster Protection Act of 1973, as amended by the preceding provisions of this Act, is further amended—

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

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

(B) in paragraph (11), by striking the period at the end and inserting “; and”; and

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

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

“(A) is primarily used for residential purposes, as defined by the Federal entities for lending regulation; and

“(B) secures financing or financial assistance provided through a federally related single family loan program, as defined by the Federal entities for lending regulation.”; and

(2) in section 102 (42 U.S.C. 4012a)—

(A) in subsection (b)—

(i) in paragraph (1)—

(I) by inserting “residential” before “improved real estate”; and

(II) by inserting “residential” before “building or mobile home”; and

(ii) in paragraph (2)—

(I) by inserting “residential” before “improved real estate” each place such term appears; and

(II) by inserting “residential” before “building or mobile home” each place such term appears; and

(iii) in paragraph (3)—

(I) in subparagraph (A), by inserting “residential” before “improved real estate”; and

(II) in the matter after and below subparagraph (B), by inserting “residential” before “building or mobile home”;

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

(C) in subsection (e)—

(i) in paragraph (1)—

(I) by inserting “residential” before “improved real estate”; and

(II) by inserting “residential” before “building or mobile home” each place such term appears; and

(ii) in paragraph (5)—

(I) in subparagraph (A)—

- (aa) by inserting “residential” before “improved real estate” each place such term appears; and
- (bb) by inserting “residential” before “building or mobile home” each place such term appears;
- (II) in subparagraph (B), by inserting “residential” before “building or mobile home” each place such term appears; and
- (III) in subparagraph (C), by inserting “residential” before “building or mobile home”; and
- (D) in subsection (h)—
  - (i) by inserting “residential” before “improved real estate” each place such term appears; and
  - (ii) in the matter preceding paragraph (1), by inserting “residential” before “building or mobile home”.
- (b) AMENDMENTS TO NATIONAL FLOOD INSURANCE ACT OF 1968.—The National Flood Insurance Act of 1968, as amended by the preceding provisions of this Act, is further amended—
  - (1) in section 1364(a) (42 U.S.C. 4104a(a))—
    - (A) in paragraph (1), by inserting “residential” before “improved real estate”;
    - (B) in paragraph (2), by inserting “residential” before “improved real estate”; and
    - (C) in paragraph (3)(A), by inserting “residential” before “building”;
  - (2) in section 1365 (42 U.S.C. 4104b)—
    - (A) in subsection (a)—
      - (i) by inserting “residential” before “improved real estate”; and
      - (ii) by inserting “residential” before “building”;
    - (B) in subsection (b)(2)—
      - (i) by inserting “residential” before “building” each place such term appears; and
      - (ii) by inserting “residential” before “improved real estate” each place such term appears;
    - (C) in subsection (d), by inserting “residential” before “improved real estate” each place such term appears; and
    - (D) in subsection (e)—
      - (i) by inserting “residential” before “improved real estate”; and
      - (ii) by inserting “residential” before “building” each place such term appears; and
  - (3) in section 1370 (42 U.S.C. 4121)—
    - (A) in paragraph (8), by inserting “residential” before “improved real estate”;
    - (B) by redesignating paragraphs (14) through (17) as paragraphs (15) through (18), respectively; and
    - (C) by inserting after paragraph (13) the following new paragraph:
      - “(14) the term ‘residential improved real estate’ means improved real estate that—
        - “(A) is primarily used for residential purposes, as defined by the Federal entities for lending regulation; and

“(B) secures financing or financial assistance provided through a federally related single family loan program, as defined by the Federal entities for lending regulation;”.

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

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

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

“(f) **AUTHORITY TO PROVIDE OTHER FLOOD COVERAGE.**—

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

“(2) **FINANCIAL ASSISTANCE/SUBSIDY ARRANGEMENT.**—After the date of the enactment of this subsection—

“(A) the Administrator may not include in any agreement entered into with any insurer for participation in the Write Your Own Program any provision establishing a condition prohibited by paragraph (1), including the provisions of Article XIII of the Federal Emergency Management Agency, Federal Insurance Administration, Financial Assistance/Subsidy Arrangement, as adopted pursuant to section 62.23(a) of title 44 of the Code of Federal Regulations; and

“(B) any such provision in any such agreement entered into before such date of enactment shall not have any force or effect, and the Administrator may not take any action to enforce such provision.”.

**SEC. 204. PUBLIC AVAILABILITY OF PROGRAM INFORMATION.**

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

**“SEC. 1349. PUBLIC AVAILABILITY OF PROGRAM INFORMATION.**

“(a) **FLOOD RISK INFORMATION.**—

“(1) **IN GENERAL.**—Except as provided in paragraph (2), to facilitate the National Flood Insurance Program becoming a source of information and data for research and development of technology that better understands flooding, the risk of

flooding, and the predictability of perils of flooding, the Administrator shall make publicly available all data, models, assessments, analytical tools, and other information in the possession of the Administrator relating to the National Flood Insurance Program under this title that is used in assessing flood risk or identifying and establishing flood elevations and premiums, including—

“(A) data relating to risk on individual properties and loss ratio information and other information identifying losses under the program;

“(B) current and historical policy information, limited to the amount and term only, for properties currently covered by flood insurance and for properties that are no longer covered by flood insurance;

“(C) current and historical claims information, limited to the date and amount paid only, for properties currently covered by flood insurance and for properties that are no longer covered by flood insurance;

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

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

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

“(2) OPEN SOURCE DATA SYSTEM.—In carrying out paragraph (1), the Administrator shall establish an open source data system by which all information required to be made publicly available by such subsection may be accessed by the public on an immediate basis by electronic means.

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

“(1) The status of the community’s compliance with the National Flood Insurance Program, including any findings of non-compliance, the status of any enforcement actions initiated by a State or by the Administrator, and the number of days of any such continuing noncompliance.

“(2) The number of properties located in the community’s special flood hazard areas that were built before the effective date of the first flood insurance rate map for the community.

“(3) The number of properties located in the community’s special flood hazard areas that were built after the effective date of the first flood insurance rate map for the community.

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

“(5) The total number of multiple-loss properties in the community.

“(6) The portion of the community, stated as a percentage and in terms of square miles, that is located within special flood hazard areas.

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

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

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

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

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

“(e) REFUND OF UNEARNED PREMIUMS FOR POLICIES CANCELED BECAUSE OF REPLACEMENT WITH PRIVATE FLOOD INSURANCE.—

“(1) REQUIRED REFUND.—Subject to subsection (c), if at any time an insured under a policy for flood insurance coverage for a property that is made available under this title cancels such policy because other duplicate flood insurance coverage for the same property has been obtained from a source other than the National Flood Insurance Program under this title, the Administrator shall refund to the former insured a portion of the premiums paid for the coverage made available under this title, as determined consistent with industry practice according to the portion of the term of the policy that such coverage was in effect, but only if a copy of declarations page of the new policy obtained from a source other than the program under this title is provided to the Administrator.

“(2) EFFECTIVE DATE OF CANCELLATION.—For purposes of this subsection, a cancellation of a policy for coverage made available under the national flood insurance program under this title, for the reason specified in paragraph (1), shall be effective—

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

“(B) on the date of the receipt by the Administrator of the request for cancellation, if the request for such cancellation was received by the Administrator after the expiration of the 6-month period beginning on the effective date of the new policy.

“(3) PROHIBITION OF REFUNDS FOR PROPERTIES RECEIVING INCREASED COST OF COMPLIANCE CLAIMS.—No premium amounts paid for coverage made available under this title may be refunded pursuant to this subsection—

“(A) with respect to coverage for any property for which measures have been implemented using amounts received pursuant to a claim under increased cost of compliance coverage made available pursuant to section 1304(b); or

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

**SEC. 206. GAO STUDY OF FLOOD DAMAGE SAVINGS ACCOUNTS.**

(a) **IN GENERAL.**—The Comptroller General of the United States shall conduct a study to analyze the feasibility and effectiveness, and problems involved, in reducing flood insurance premiums and eliminating the need for purchase of flood insurance coverage by authorizing owners of residential properties to establish flood damage savings accounts described in subsection (b) in lieu of complying with the mandatory requirements under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) to purchase flood insurance for such properties.

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

(1) that would be established by an owner of residential property with respect to such property in accordance with requirements established by the Administrator of the Federal Emergency Management Agency; and

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

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

(1) Whether authorizing the establishment of such flood damage savings accounts would be effective and efficient in reducing flood insurance premiums, eliminating the need for purchase of flood insurance coverage made available under the National Flood Insurance Program, and reducing risks to the financial safety and soundness of the National Flood Insurance Fund.

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

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

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

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

(3) The feasibility and effectiveness, and problems involved in, authorizing the Administrator of the Federal Emergency Management Agency to make secondary flood insurance coverage available under the National Flood Insurance Program to cover the portion of flood losses or damages to properties for which such flood damage savings accounts have been established that exceed the amounts held in such accounts.

(4) The benefits and problems involved in authorizing the establishment of such accounts for non-residential properties.

(d) **REPORT.**—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Committee on Financial Services of the House of Representatives, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Administrator that sets forth the analysis, conclusions, and recommendations resulting from the study under this section. Such report shall identify elements that should be taken into consideration by the Administrator in designing and carrying out the demonstration program under section 207.

**SEC. 207. DEMONSTRATION PROGRAM FOR FLOOD DAMAGE SAVINGS ACCOUNTS.**

(a) **PLAN.**—If the Comptroller General of the United States concludes in the report required under section 206 that a demonstration program under this section is feasible and should be considered, then the Administrator of the Federal Emergency Management Agency shall, not later than the expiration of the 12-month period beginning upon the submission of the report under section 206(d), submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a plan and guidelines for a demonstration program, to be carried out by the Administrator, to demonstrate the feasibility and effectiveness of authorizing the establishment of flood damage savings accounts, taking into consideration the analysis, conclusions, and recommendations included in such report.

(b) **AUTHORITY.**—The Administrator of the Federal Emergency Management Agency shall carry out a program to demonstrate the feasibility and effectiveness of authorizing the establishment of flood damage savings accounts in the manner provided in plan and guidelines for the demonstration program submitted pursuant to subsection (a).

(c) **SCOPE.**—The demonstration program under this section shall provide for the establishment of flood damage savings accounts with respect to not more than 5 percent of the residential properties that have 4 or fewer residences and that are covered by flood insurance coverage made available under the National Flood Insurance Program.

(d) **TIMING.**—The Administrator shall commence the demonstration program under this section not later than the expiration of the 12-month period beginning upon the submission of the plan and guidelines for the demonstration pursuant to subsection (a).

(e) **GEOGRAPHICAL DIVERSITY.**—The Administrator shall ensure that properties for which flood damage savings accounts are established under the demonstration are located in diverse geographical areas throughout the United States.

(f) **REPORT.**—Upon the expiration of the 2-year period beginning upon the date of the commencement of the demonstration program under this section, the Administrator shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate describing and assessing the demonstration, and setting forth conclusions and recommendations regarding continuing and expanding the demonstration.

(g) **FEASIBILITY.**—The Administrator shall implement this section only after determining that implementation is supported by the Comptroller’s conclusions and recommendations contained in the report required under section 206.

## **TITLE III—MAPPING FAIRNESS**

### **SEC. 301. USE OF OTHER RISK ASSESSMENT TOOLS IN DETERMINING PREMIUM RATES.**

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

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

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

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

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

(c) **EFFECTIVE DATE AND REGULATIONS.**—

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

(2) **REGULATIONS.**—The Administrator of the Federal Emergency Management Agency shall issue regulations necessary to implement the amendments made by subsections (a) and (b), which shall identify risk assessment data and tools to be used in identifying flood risk and appropriate sources for risk assessment models and scores to be so used. Such regulations shall be issued not later than the expiration of the 36-month period beginning on the date of the enactment of this Act and shall take effect upon the expiration of such period.

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

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

“(k) **APPEALS OF EXISTING MAPS.**—

“(1) **RIGHT TO APPEAL.**—Subject to paragraph (6), a State or local government, or the owner or lessee of real property, who has made a formal request to the Administrator to update a flood map that the Administrator has denied may at any time appeal such a denial as provided in this subsection.

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



“(A) the base flood elevation level or designation of any aspect of a flood map is scientifically or technically inaccurate; or

“(B) factors exist that mitigate the risk of flooding, including ditches, banks, walls, vegetation, levees, lakes, dams, reservoirs, basin, retention ponds, and other natural or manmade topographical features.

“(3) APPEALS PROCESS.—

“(A) ADMINISTRATIVE ADJUDICATION.—An appeal under this subsection shall be determined by a final adjudication on the record, and after opportunity for an administrative hearing.

“(B) RIGHTS UPON ADVERSE DECISION.—If an appeal pursuant to subparagraph (A) does not result in a decision in favor of the State, local government, owner, or lessee, such party may appeal the adverse decision to the Scientific Resolution Panel provided for in section 1363A, which shall recommend a non-binding decision to the Administrator.

“(4) RELIEF.—

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

“(B) PARTIALLY SUCCESSFUL APPEALS.—In the case of any appeal in which mitigating factors were determined to have reduced, but not eliminated, the risk of flooding, the Administrator shall reduce the amount of flood insurance coverage required to be maintained for the property concerned by the ratio of the successful portion of the appeal as compared to the entire appeal. The Administrator shall refund to the policyholder any payments made in excess of the amount necessary for such new coverage amount, effective from the time when the mitigating factor was created or the beginning of the second policy year preceding the determination of the appeal, whichever occurred later.

“(C) ADDITIONAL RELIEF.—The Administrator may provide additional refunds in excess of the amounts specified in subparagraphs (A) and (B) if the Administrator determines that such additional amounts are warranted.

“(5) RECOVERY OF COSTS.—When, incident to any appeal which is successful in whole or part regarding the designation of the base flood elevation or any aspect of the flood map, including elevation or designation of a special flood hazard area, the community, or the owner or lessee of real property, as the case may be, incurs expense in connection with the appeal, including services provided by surveyors, engineers, and scientific experts, the Administrator shall reimburse such individual or community for reasonable expenses to an extent

measured by the ratio of the successful portion of the appeal as compared to the entire appeal, but not including legal services, in the effecting of an appeal based on a scientific or technical error on the part of the Federal Emergency Management Agency. No reimbursement shall be made by the Administrator in respect to any fee or expense payment, the payment of which was agreed to be contingent upon the result of the appeal. The Administrator may use such amounts from the National Flood Insurance Fund established under section 1310 as may be necessary to carry out this paragraph.

“(6) INAPPLICABILITY TO COMMUNITY FLOOD MAPS.—This subsection shall not apply with respect to any flood map that is in effect pursuant to certification under the standards, guidelines, and procedures established pursuant to section 100215(m)(1)(B) of the Biggert-Waters Flood Insurance Reform Act of 2012 (42 U.S.C. 4101a(m)(1)(B)).

“(7) GUIDANCE.—The Administrator shall issue guidance to implement this subsection, which shall not be subject to the notice and comment requirements under section 553 of title 5, United States Code.”.

(b) DEADLINE.—The Administrator of the Federal Emergency Management Agency shall issue the guidance referred to section 1360(k)(7) of the National Flood Insurance Act of 1968 (42 U.S.C. 4101(k)(7)), as added by the amendment made by subsection (a) of this section, not later than the expiration of the 6-month period beginning on the date of the enactment of this Act.

**SEC. 303. APPEALS AND PUBLICATION OF PROJECTED SPECIAL FLOOD HAZARD AREAS.**

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

(1) in subsection (b), by striking the second sentence and inserting the following: “Any owner or lessee of real property within the community who believes the owner’s or lessee’s rights to be adversely affected by the Administrator’s proposed determination may appeal such determination to the local government no later than 90 days after the date of the second publication.”;

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

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

(4) by inserting after subsection (d) the following new subsection:

“(e) DETERMINATION BY ADMINISTRATOR IN THE ABSENCE OF APPEALS.—If the Administrator has not received any appeals, upon expiration of the 90-day appeal period established under subsection (b) of this section the Administrator’s proposed determination shall become final. The community shall be given a reasonable time after the Administrator’s final determination in which to adopt local land use and control measures consistent with the Administrator’s determination.”.

(b) PUBLICATION.—Subsection (a) of section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104(a)) is amended by striking “in the Federal Register”.

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

“(i) **INAPPLICABILITY TO COMMUNITY FLOOD MAPS.**—This section shall not apply with respect to any flood map that is in effect pursuant to certification under the standards, guidelines, and procedures established pursuant to section 100215(m)(1) of the Biggert-Waters Flood Insurance Reform Act of 2012 (42 U.S.C. 4101a(m)(1)), which shall include procedures for providing notification and appeal rights to individuals within the communities of the proposed flood elevation determinations.”.

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

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

- (1) in subparagraph (B), by inserting “maximum” before “30-day period”; and
- (2) in subparagraph (C), by inserting “maximum” before “30-day period”.

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

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

- (1) in paragraph (1)—
  - (A) in subparagraph (B), by striking “and” at the end;
  - (B) in subparagraph (C), by striking the period at the end and inserting “; and”; and
  - (C) by adding at the end the following new subparagraph:
    - “(D) consult and coordinate with the Department of Defense, the United States Geological Survey, and the National Oceanic and Atmospheric Administration for the purpose of obtaining the most-up-to-date maps and other information of such agencies, including information on topography, water flow, and any other issues, relevant to mapping for flood insurance purposes.”; and
- (2) in paragraph (3)—
  - (A) in subparagraph (D), by striking “and” at the end;
  - (B) by redesignating subparagraph (E) as subparagraph (F); and
  - (C) by inserting after subparagraph (D) the following new subparagraph:
    - “(E) any other information relevant to mapping for flood insurance purposes obtained pursuant to paragraph (1)(D); and”.

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

(a) **TECHNICAL MAPPING ADVISORY COUNCIL.**—Section 100215 of the Biggert-Waters Flood Insurance Reform Act of 2012 (42 U.S.C. 4101a) is amended—

- (1) in subsection (c)—
  - (A) in paragraph (5)(B), by striking “and” at the end;
  - (B) by redesignating paragraph (6) as paragraph (9); and

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

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

“(7) recommend to the Administrator methods or actions to minimize any cost, data, and paperwork requirements of the flood mapping processes;

“(8) assist communities, and in particular smaller communities, in locating the resources required to participate in the development of flood elevations and flood hazard area designations; and”; and

(2) by adding at the end the following new subsection:

“(m) COMMUNITY FLOOD MAPS.—

“(1) STANDARDS AND PROCEDURES.—In addition to the other duties of the Council under this section, not later than the expiration of the 12-month period beginning on the date of the enactment of this subsection, the Council shall recommend to the Administrator standards and requirements for chief executive officers, or entities designated by chief executive officers, of States and communities participating in the National Flood Insurance Program to use in mapping flood hazards located in States and communities that choose to develop alternative maps to the flood insurance rate maps developed by the Agency. The recommended standards and requirements shall include procedures for providing notification and appeal rights to individuals within the communities of the proposed flood elevation determinations.

“(2) EXEMPTION FROM RULEMAKING.—Until such time as the Administrator promulgates regulations implementing paragraph (1) of this subsection, the Administrator may, notwithstanding any other provision of law, adopt policies and procedures necessary to implement such paragraphs without undergoing notice and comment rulemaking and without conducting regulatory analyses otherwise required by statute, regulation, or executive order.”.

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

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

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A), and (B), respectively, and realigning such subparagraphs so as to be indented 4 ems from the left margin;

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

“(1) to consult”;

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

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

“(A) publish information with respect to all flood plain areas, including coastal areas located in the United States, which have special flood hazards, and

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

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

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

(2) in subsection (c)—

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

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

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

“(3) establish and adopt standards and requirements for development by States and communities of alternative flood insurance rate maps to be submitted to the Administrator pursuant to section 1360(a)(2) of the National Flood Insurance Act of 1968, taking into consideration the recommendations of the Technical Mapping Advisory Council made pursuant to section 100215(m) of this Act (42 U.S.C. 4101a(m)); and

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

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

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

## **TITLE IV—PROTECTING CONSUMERS AND INDIVIDUALS THROUGH IM- PROVED MITIGATION**

### **SEC. 401. PROVISION OF COMMUNITY RATING SYSTEM PREMIUM CREDITS TO MAXIMUM NUMBER OF COMMUNITIES PRAC- TICABLE.**

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

(1) in paragraph (2), by striking “may” and inserting “shall”; and

(2) in paragraph (3), by inserting “, and the Administrator shall provide credits to the maximum number of communities practicable” after “under this program”.

**SEC. 402. COMMUNITY ACCOUNTABILITY FOR REPETITIVELY FLOOD-ED AREAS.**

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

“(e) COMMUNITY ACCOUNTABILITY FOR REPETITIVELY DAMAGED AREAS.—

“(1) IN GENERAL.—The Administrator shall, by regulation, require any covered community (as such term is defined in paragraph (5))—

“(A) to identify the areas within the community where properties described in paragraph (5)(B) or flood-damaged facilities are located to determine areas repeatedly damaged by floods and to assess, with assistance from the Administrator, the continuing risks to such areas;

“(B) to develop a community-specific plan for mitigating continuing flood risks to such repetitively flooded areas and to submit such plan and plan updates to the Administrator at appropriate intervals;

“(C) to implement such plans;

“(D) to make such plan, plan updates, and reports on progress in reducing flood risk available to the public, subject to section 552a of title 5, United States Code.

“(2) INCORPORATION INTO EXISTING PLANS.—Plans developed pursuant to paragraph (1) may be incorporated into mitigation plans developed under section 1366 of this Act (42 U.S.C. 4104c) and hazard mitigation plans developed under section 322 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5165).

“(3) ASSISTANCE TO COMMUNITIES.—

“(A) DATA.—To assist communities in preparation of plans required under paragraph (1), the Administrator shall, upon request, provide covered communities with appropriate data regarding the property addresses and dates of claims associated with insured properties within the community.

“(B) MITIGATION GRANTS.—In making determinations regarding financial assistance under the authorities of this Act, the Administrator may consider the extent to which a community has complied with this subsection and is working to remedy problems with addressing repeatedly flooded areas.

“(4) SANCTIONS.—

“(A) IN GENERAL.—The Administrator shall, by regulations issued in accordance with the procedures established under section 553 of title 5, United States Code, regarding substantive rules, provide appropriate sanctions for covered communities that fail to comply with the requirements under this subsection or to make sufficient progress in reducing the flood risks to areas in the community that are repeatedly damaged by floods.

“(B) NOTICE.—Before imposing any sanction pursuant to this paragraph, the Administrator shall provide the covered community involved with notice of the non-compliance that could result in the imposition of sanctions, which

shall include recommendations for actions to bring the covered community into compliance.

“(C) CONSIDERATIONS.—In determining appropriate sanctions to impose under this paragraph, the Administrator shall consider the resources available to the covered community involved, including Federal funding, the portion of the covered community that lies within an area having special flood hazards, and other factors that make it difficult for the covered community to conduct mitigation activities for existing flood-prone structures.

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

“(A) that is participating, pursuant to section 1315, in the national flood insurance program; and

“(B) within which are located—

“(i) 50 or more repetitive loss structures for each of which, during any 10-year period, two or more claims for payments under flood insurance coverage have been made with a cumulative amount exceeding \$1,000;

“(ii) 5 or more severe repetitive loss structures (as such term is defined in section 1366(h)) for which mitigation activities meeting the standards for approval under section 1366(c)(2)(A) have not been conducted; or

“(iii) a public facility or a private nonprofit facility (as such terms are as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)), that has received assistance for repair, restoration, reconstruction, or replacement under section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172) in connection with more than one flooding event in the most recent 10-year period.

“(6) REPETITIVE-LOSS STRUCTURE.—For purposes of this subsection, the term ‘repetitive loss structure’ has the meaning given such term in section 1370 (42 U.S.C. 4121).

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

(b) REGULATIONS.—The Administrator of the Federal Emergency Management Agency shall issue regulations necessary to carry out subsection (e) of section 1361 of the National Flood Insurance Act of 1968, as added by the amendment made by subsection (a) of this section, not later than the expiration of the 12-month period that begins on the date of the enactment of this Act.

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

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

(1) in paragraph (4), by redesignating subparagraphs (A) through (D) as clauses (i) through (iv), respectively, and re-

aligning such clauses, as so redesignated, so as to be indented 6 ems from the left margin;

(2) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), respectively, and realigning such subparagraphs, as so redesignated, so as to be indented 4 ems from the left margin;

(3) by striking the subsection designation and all that follows through “The national” and inserting the following:

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

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

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

(5) in subparagraph (D)(iv) (as so redesignated by paragraphs (1) and (2) of this subsection), by striking the period at the end and inserting a semicolon; and

(6) by adding at the end the following new subparagraphs:

“(E) properties that have been identified by the Administrator, or by a community in accordance with such requirements as the Administrator shall establish, as at a high risk of future flood damage; and

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

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

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

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

“(2) COVERAGE AMOUNT.—

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

“(B) ENHANCED COVERAGE.—The Administrator shall make additional coverage available under this subsection, in excess of the limit specified in subparagraph (A), having an aggregate liability for any single property of up to \$60,000.”.

(c) AMOUNT OF SURCHARGE.—Subsection (b) of section 1304 of the National Flood Insurance Act of 1968 (42 U.S.C. 4011(b)), as amended by the preceding provisions of this section, is further amended by adding at the end the following new paragraph:

“(3) SURCHARGE FOR COVERAGE.—

“(A) PRIMARY COVERAGE.—The Administrator shall impose a surcharge on each insured of such amount per policy as the Administrator determines is appropriate to provide cost of compliance coverage in accordance with paragraph (2)(A).

“(B) ENHANCED COVERAGE.—For each flood policy for flood insurance coverage under this title under which addi-



tional cost of compliance coverage is provided pursuant to paragraph (2)(B), the Administrator shall impose a surcharge, in addition to the surcharge under subparagraph (A) of this paragraph, in such amount as the Administrator determines is appropriate for the amount of such coverage provided.”.

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

“(4) **USE OF CERTAIN MATERIALS.**—The Administrator shall require that any measures implemented using amounts made available from coverage provided pursuant to this subsection be carried out using materials, identified by the Administrator, that minimize the impact of flooding on the usability of the covered property and reduce the duration that flooding renders the property unusable or uninhabitable.”.

(e) **CONTINUED FLOOD INSURANCE REQUIREMENT.**—Subsection (b) of section 1304 of the National Flood Insurance Act of 1968 (42 U.S.C. 4011(b)), as amended by the preceding provisions of this section, is further amended by adding at the end the following new paragraph:

“(5) **CONTINUED FLOOD INSURANCE REQUIREMENT.**—The Administrator may require, as a condition of providing cost of compliance coverage under this subsection for a property, that the owner of the property enter into such binding agreements as the Administrator considers necessary to ensure that the owner of the property (and any subsequent owners) will maintain flood insurance coverage under this title for the property in such amount, and at all times during a period having such duration, as the Administrator considers appropriate to carry out the purposes of this subsection.”.

## **TITLE V—PROGRAM INTEGRITY**

### **SEC. 501. INDEPENDENT ACTUARIAL REVIEW.**

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

“(e) **INDEPENDENT ACTUARIAL REVIEW.**—

“(1) **FIDUCIARY RESPONSIBILITY.**—The Administrator has a responsibility to ensure that the National Flood Insurance Program remains financially sound. Pursuant to this responsibility, the Administrator shall from time to time review and eliminate nonessential costs and positions within the Program, unless otherwise authorized or required by law, as the Administrator determines to be necessary.

“(2) **ANNUAL INDEPENDENT ACTUARIAL STUDY.**—The Administrator shall provide for an independent actuarial study of the National Flood Insurance Program to be conducted annually, which shall analyze the financial position of the program based on the long-term estimated losses of the program. The Administrator shall submit a report (together with the independent actuarial study) annually to the Committee on Financial Serv-

ices of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate describing the results of such study, including a determination of whether the Program has collected revenue sufficient to cover the administrative expenses of carrying out the flood insurance program, which are reflected in the risk premium rates, cost of capital, all other costs associated with the transfer of risks, and expected claims payments during the reporting period, and an overall assessment of the financial status of the Program.

“(3) DETERMINATION OF ACTUARIAL BUDGET DEFICIT.—

“(A) REQUIREMENT.—Within the report submitted under paragraph (2), the Administrator shall issue a determination of whether there exists an actuarial budget deficit for the Program for the year covered in the report. The report shall recommend any changes to the Program, if necessary, to ensure that the program remains financially sound.

“(B) BASIS OF DETERMINATION.—The determination required by subparagraph (A) shall be based solely upon whether the portion of premiums estimated and collected by the Program during the reporting period is sufficient to cover the administrative expenses of carrying out the flood insurance program, which are reflected in the risk premium rates, cost of capital, all other costs associated with the transfer of risk, and expected claims payments for the reporting period.

“(4) QUARTERLY REPORTS.—During each fiscal year, on a calendar quarterly basis, the Secretary shall cause to be published in the Federal Register or comparable method, with notice to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, information which shall specify—

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

“(B) the types of policies insured, categorized by risk;

“(C) any significant changes between actual and projected claim activity;

“(D) projected versus actual loss rates;

“(E) the cumulative number of currently insured repetitive-loss properties, severe repetitive-loss properties, and extreme repetitive-loss properties that have been identified during such fiscal year through the end of the quarter for which the report is submitted;

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

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

The first quarterly report under this paragraph shall be submitted on the last day of the first quarter of fiscal year 2018,

or on the last day of the first full calendar quarter following the enactment of the 21st Century Flood Reform Act, whichever occurs later.”.

**SEC. 502. ADJUSTMENTS TO HOMEOWNER FLOOD INSURANCE AFFORDABILITY SURCHARGE.**

(a) IN GENERAL.—Section 1308A of the National Flood Insurance Act of 1968 (42 U.S.C. 4015a) is amended—

(1) in subsection (a), by striking the first sentence and inserting the following: “The Administrator shall impose and collect a non-refundable annual surcharge, in the amount provided in subsection (b), on all policies for flood insurance coverage under the National Flood Insurance Program that are newly issued or renewed after the date of the enactment of this section.”; and

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

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

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

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

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

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

“(A) a non-residential property; or

“(B) a residential property that is—

“(i) not the primary residence of an individual; and

“(ii) not eligible for preferred risk rate method premiums.”.

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

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

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

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

(2) in subsection (c)(3), by striking subparagraph (A) and inserting the following new subparagraph:

“(A) PARITY.—In exercising the authority granted under paragraph (1) to increase premiums, the Administrator shall institute a single annual, uniform rate of assessment for all individual policyholders.”; and

(3) in subsection (d)—

(A) by striking paragraph (1) and inserting the following new paragraph:

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

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

“(B) if in any given fiscal year the Administrator fails to comply with subparagraph (A), for the following fiscal year the Administrator shall increase the rate of the annual assessment pursuant to subsection (c)(3)(A) by at least one percentage point over the rate of the annual assessment pursuant to subsection (c)(3)(A) in effect on the first day of such given fiscal year.”;

(B) in paragraph (2), by inserting before the period at the end the following: “nor to increase assessments pursuant to paragraph (1)(B)”;

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

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

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

(1) in subsection (a)—

(A) by striking paragraph (7); and

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

(2) by adding at the end the following new subsection:

“(d) MULTIPLE-LOSS PROPERTIES.—

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

“(A) MULTIPLE-LOSS PROPERTY.—The term ‘multiple-loss property’ means any property that is a repetitive-loss property, a severe repetitive-loss property, or an extreme repetitive-loss property.

“(B) QUALIFIED CLAIMS PAYMENT.—The term ‘qualified claims payment’ means a claims payment of any amount made under flood insurance coverage under this title in connection with loss resulting from a flood event that occurred after the date of the enactment of the 21st Century Flood Reform Act, but not including any claim that occurred before a structure was made compliant with State and local floodplain management requirements.

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

“(D) SEVERE REPETITIVE-LOSS PROPERTY.—The term ‘severe repetitive-loss property’ means a structure that has incurred flood damage for which—

“(i) 4 or more separate claims payments have been made under flood insurance coverage under this title,

with the amount of each such claim exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; or

“(ii) at least 2 separate claims payments have been made under flood insurance coverage under this title, with the cumulative amount of such claims payments exceeding the value of the structure.

“(E) EXTREME REPETITIVE-LOSS PROPERTY.—The term ‘extreme repetitive-loss property’ means a structure that has incurred flood damage for which at least 2 separate claims have been made under flood insurance coverage under this title, with the cumulative amount of such claims payments exceeding 150 percent of the maximum coverage amount available for the structure.

“(2) TREATMENT OF CLAIMS BEFORE COMPLIANCE WITH STATE AND LOCAL REQUIREMENTS.—The Administrator shall not consider claims that occurred before a structure was made compliant with State and local floodplain management requirements for purposes of determining a structure’s status as a multiple-loss property.”.

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

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

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

“(1) IN GENERAL.—Except as provided in paragraph (2), the Administrator shall rate a property for which two or more qualified claims payments have been made and that is charged a risk premium rate estimated under section 1307(a)(1) (42 U.S.C. 4014(a)(1)) based on the current risk of flood reflected in the flood insurance rate map in effect at the time of rating.

“(2) ADJUSTMENT FOR EXISTING POLICIES.—Notwithstanding subsection (e) of this section, for policies for flood insurance under this title in force on the date of the enactment of this Act for properties described in paragraph (1)—

“(A) for any property for which two qualified claims payments have been made, the Administrator shall increase risk premium rates by 10 percent each year until such rates comply with paragraph (1) of this subsection; and

“(B) for any property for which three or more qualified claims payments have been made, the Administrator shall increase risk premium rates by 15 percent each year until such rates comply with paragraph (1) of this subsection.”.

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

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

(c) PRE-FIRM MULTIPLE-LOSS PROPERTY.—

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

(A) in subsection (a)(2)—

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

- “(C) any extreme repetitive-loss property;”;
  - (ii) in subparagraph (D), by striking “or”;
  - (iii) in subparagraph (E)—
    - (I) in clause (i), by striking “fair”; and
    - (II) in clause (ii)—
      - (aa) by striking “fair”; and
      - (bb) by striking “and” and inserting “or”; and
  - (iv) by adding at the end the following new subparagraph:
    - “(F) any property for which two or more qualified claims payments have been made; and”; and
    - (B) by striking subsection (h).
- (2) ANNUAL LIMITATION ON PREMIUM INCREASES.—Subsection (e) of section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(e)) is amended—
- (A) in paragraph (3), by striking “and” at the end;
  - (B) in paragraph (4)—
    - (i) by striking “the chargeable risk” and inserting “notwithstanding paragraph (5), the chargeable risk”; and
    - (ii) by striking “described under paragraph (3).” and inserting “estimated under section 1307(a)(1); and”; and
  - (C) by adding at the end the following new paragraph:
    - “(5) the chargeable risk premium rates for flood insurance under this title for any properties described in subparagraph (F) of section 1307(a)(2) shall be increased—
    - “(A) for any property for which two qualified claims payments have been made, by 10 percent each year, until the average risk premium rate for such property is equal to the average of the risk premium rates for properties estimated under section 1307(a)(1); and
    - “(B) for any property for which three or more qualified claims payments have been made, by 15 percent each year, until the average risk premium rate for such property is equal to the average of the risk premium rates for properties estimated under section 1307(a)(1).”.
- (d) MINIMUM DEDUCTIBLES FOR CERTAIN MULTIPLE-LOSS PROPERTIES.—
- (1) CLERICAL AMENDMENT.—The National Flood Insurance Act of 1968, as amended by the preceding provisions of this Act, is further amended—
    - (A) by transferring subsection (b) of section 1312 (42 U.S.C. 4019(b)) to section 1306 (42 U.S.C. 4013), inserting such subsection at the end of such section, and redesignating such subsection as subsection (f); and
    - (B) in section 1312 (42 U.S.C. 4019), by redesignating subsection (c) as subsection (b).
  - (2) CERTAIN MULTIPLE-LOSS PROPERTIES.—Subsection (f) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(e)), as so transferred and redesignated by paragraph (1) of this subsection, is amended adding at the end the following new paragraph:

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

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

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

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

(1) IN GENERAL.—The National Flood Insurance Act of 1968 is amended by inserting after section 1304 (42 U.S.C. 4011) the following new section:

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

“(a) DATE AND INFORMATION IDENTIFYING CURRENT FLOOD RISK.—The Administrator may provide flood insurance coverage under this title for a multiple-loss property only if the owner of the property submits to the Administrator such data and information necessary to determine such property’s current risk of flood, as determined by the Administrator, at the time of application for or renewal of such coverage.

“(b) REFUSAL TO MITIGATE.—

“(1) IN GENERAL.—Except as provided pursuant to paragraph (2), the Administrator may not make flood insurance coverage available under this title for any extreme repetitive-loss property for which a claim payment for flood loss was made under coverage made available under this title that occurred after the date of enactment of the 21st Century Flood Reform Act if the property owner refuses an offer of mitigation for the property under section 1366(a)(2) (42 U.S.C. 4104c(a)(2)).

“(2) EXCEPTIONS; APPEALS.—The Director shall develop guidance to provide appropriate exceptions to the prohibition under paragraph (1) and to allow for appeals to such prohibition.”.

(2) EFFECTIVE DATE.—Section 1304A of the National Flood Insurance Act of 1968, as added by paragraph (1) of this subsection, shall apply beginning upon the expiration of the 12-month period beginning on the date of the enactment of this Act.

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

(1) by striking the subsection designation and all that follows through “Notwithstanding” and inserting the following:

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

“(1) IN GENERAL.—Except as provided in paragraph (2) and notwithstanding”;

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and moving the left margins of such subparagraphs, as so redesignated, and the matter following subparagraph (B), 2 ems to the right; and

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

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

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

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

“(2) MULTIPLE-LOSS PROPERTIES.—Pursuant to paragraph (1), the Administrator shall clearly communicate to all policyholders for multiple-loss properties before the effectiveness of any such new or renewed coverage and after each qualified claims payment for the property—

“(A) the availability of flood mitigation assistance under section 1366; and

“(B) the effect on the premium rates charged for such a property of filing any further claims under a flood insurance policy with respect to that property.”.

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

(1) in subsection (a)—

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

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

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

“(2) to property owners, in coordination with the State and community, in the form of direct grants under this section for carrying out mitigation activities that reduce flood damage to extreme repetitive-loss properties.

The Administrator shall take such actions as may be necessary to ensure that grants under this subsection are provided in a manner that is consistent with the delivery of coverage for increased cost of compliance provided under section 1304(b).”;

(2) in subsection (c)(2)(A)(ii), by striking “severe repetitive loss structures” and inserting “multiple-loss properties”;

(3) in subsection (d)—

(A) in paragraph (1)—

(i) by striking “SEVERE REPETITIVE LOSS STRUCTURES” and inserting “EXTREME REPETITIVE-LOSS PROPERTIES”; and

(ii) by striking “severe repetitive loss structures” and inserting “extreme repetitive-loss properties”;

(B) in paragraph (2)—

(i) by striking “REPETITIVE LOSS STRUCTURES” and inserting “SEVERE REPETITIVE-LOSS PROPERTIES”;



- (ii) by striking “repetitive loss structures” and inserting “severe repetitive-loss properties”; and
- (iii) by striking “90 percent” and inserting “100 percent”;

- (C) by redesignating paragraph (3) as paragraph (4); and
- (D) by inserting after paragraph (2) the following new paragraph:

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

- (4) in subsection (h)—

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

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

- (C) in paragraph (1)—

- (i) by striking “COMMUNITY” and inserting “DEFINITION OF COMMUNITY”;

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

- (iii) by redesignating such paragraph as subsection (j);

- (iv) in subparagraph (B), by striking “subparagraph (A)” and inserting “paragraph (1)”;

- (v) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively;

- (vi) in paragraph (1), as so redesignated by clause (v) of this subparagraph, by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively (and moving the margins two ems to the left); and

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

- (5) by inserting after subsection (g) the following new subsections:

“(h) ALIGNMENT WITH INCREASED COST OF COMPLIANCE.—Notwithstanding any provision of law, any funds appropriated for assistance under this title may be transferred to the National Flood Insurance Fund established under section 1310 (42 U.S.C. 4017) for the payment of claims to enable the Administrator to deliver grants under subsection (a)(2) of this section to align with the delivery of coverage for increased cost of compliance for extreme repetitive-loss properties.

- “(i) FUNDING.—

“(1) AUTHORIZATION OF APPROPRIATIONS.—Notwithstanding any other provision of law, assistance provided under this section shall be funded by—

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

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

“(C) any amounts recaptured under subsection (e) of this section.

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

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

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

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

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

“(e) PROHIBITION OF COVERAGE FOR PROPERTIES WITH EXCESSIVE LIFETIME CLAIMS.—The Administrator may not make available any new or renewed coverage for flood insurance under this title for any multiple-loss property for which the aggregate amount in claims payments that have been made after the expiration of the 18-month period beginning on the date of the enactment of this subsection under flood insurance coverage under this title exceeds three times the amount of the replacement value of the structure.”.

**SEC. 506. PROHIBITION OF NEW COVERAGE FOR STRUCTURES WITH HIGH-VALUE REPLACEMENT COSTS.**

Section 1305 of the National Flood Insurance Act of 1968 (42 U.S.C. 4012), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(f) PROHIBITION OF NEW COVERAGE FOR STRUCTURES WITH HIGH-VALUE REPLACEMENT COSTS.—Notwithstanding any other provision of this title, in carrying out the fiduciary responsibility to the National Flood Insurance Program under section 1309(e) (42 U.S.C. 4016(e)) and to reduce future risks to the National Flood Insurance Fund, on or after January 1, 2021, the Administrator may not make available any new or renewed flood insurance coverage under this title for any residential property having 4 or fewer residences and a replacement value of the structure, at the time, exclusive of the value of the real estate on which the structure is located, that is equal to or exceeds the amount that is equal to \$1,000,000 multiplied by the number of dwelling units in the structure (as such amount is adjusted pursuant to paragraph (1)), subject to the following provisions:

“(1) ADJUSTMENT OF AMOUNTS.—The dollar amount in the matter of this subsection that precedes this paragraph (as it may have been previously adjusted) shall be adjusted for inflation by the Administrator upon the expiration of the 5-year period beginning upon the enactment of this subsection and upon the expiration of each successive 5-year period thereafter, in accordance with an inflationary index selected by the Administrator.

“(2) VALUATION.—The Administrator shall determine the replacement value of a property for purposes of this subsection using such valuation methods or indicia as the Administrator

determines are reasonably accurate, consistent, reliable, and available for such purposes.”.

**SEC. 507. PAY FOR PERFORMANCE AND STREAMLINING COSTS AND REIMBURSEMENT.**

Section 1345 of the National Flood Insurance Act of 1968 (42 U.S.C. 4081), as amended by the preceding provisions of this Act, is further amended by adding at the end the following subsection:

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

“(1) ALLOWANCE RATE.—

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

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

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

“(2) PROGRAM SAVINGS.—

“(A) IMPLEMENTATION.—The Administrator, within three years of the date of the enactment of this Act, shall reduce the costs and unnecessary burdens for the companies participating in the Write Your Own program by at least half of the amount by which the limitation under paragraph (1)(A) reduced costs compared to the costs as of the date of the enactment of this subsection.

“(B) CONSIDERATION OF SAVINGS.—In meeting the requirement of subparagraph (A), the Administrator shall consider savings including—

“(i) indirect payments by the Administrator of premium;

“(ii) eliminating unnecessary communications requirements;

“(iii) reducing the frequency of National Flood Insurance Program changes;

“(iv) simplifying the flood rating system; and

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

**SEC. 508. ENFORCEMENT OF MANDATORY PURCHASE REQUIREMENTS.**

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

(b) INSURED DEPOSITORY INSTITUTIONS.—Subparagraph (A) of section 10(i)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1820(i)(2)(A)) is amended by striking “date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994 and biennially thereafter for the next 4 years” and inserting

“date of enactment of the 21st Century Flood Reform Act and biennially thereafter”.

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

(d) GOVERNMENT-SPONSORED ENTERPRISES.—Paragraph (4) of section 1319B(a) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4521(a)(4)) is amended, in the matter after and below subparagraph (B), by striking “first, third, and fifth annual reports under this subsection required to be submitted after the expiration of the 1-year period beginning on the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994” and inserting “first annual report under this subsection required to be submitted after the expiration of the 1-year period beginning on the date of enactment of the 21st Century Flood Reform Act and every such second annual report thereafter”.

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

**SEC. 509. SATISFACTION OF MANDATORY PURCHASE REQUIREMENT IN STATES ALLOWING ALL-PERILS POLICIES.**

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

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

(2) in subsection (b)—

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

(B) in paragraph (2)—

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

(ii) in subparagraph (B), by striking “Each” and inserting “Subject to subsection (i) of this section, each”;

and

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

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

(4) by adding at the end the following new subsection:

“(i) SATISFACTION OF MANDATORY PURCHASE REQUIREMENT IN STATES ALLOWING ALL-PERILS POLICIES.—

“(1) **WAIVERS.**—Subsections (a) and (b) of this section shall not apply with respect to residential properties in any State that allows any property insurance coverage that covers ‘all-perils’ except specifically excluded perils and that includes coverage for flood perils in an amount at least equal to the outstanding principal balance of the loan or the maximum limit of flood insurance coverage made available under this title with respect to such type of residential property, whichever is less.

“(2) **DEFINITIONS, PROCEDURES, STANDARDS.**—The Administrator may establish such definitions, procedures, and standards as the Administrator considers necessary for making determinations under paragraph (1).”.

**SEC. 510. FLOOD INSURANCE PURCHASE REQUIREMENTS.**

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

(1) in subsection (c)(2)(A), by striking “\$5,000 or less” and inserting the following: “\$25,000 or less, except that such amount (as it may have been previously adjusted) shall be adjusted for inflation by the Administrator upon the expiration of the 5-year period beginning upon the enactment of the 21st Century Flood Reform Act and upon the expiration of each successive 5-year period thereafter, in accordance with an inflationary index selected by the Administrator”; and

(2) by adding at the end the following new subsection:

“(j) **FLOOD INSURANCE PURCHASE REQUIREMENTS.**—Notwithstanding any other provision of law, a State or local government or private lender may require the purchase of flood insurance coverage for a structure that is located outside of an area having special flood hazards.”.

**SEC. 511. CLARIFICATIONS; DEADLINE FOR APPROVAL OF CLAIMS.**

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

**“SEC. 1350. RULE OF CONSTRUCTION.**

“A policyholder of a policy for flood insurance coverage made available under this title must exhaust all administrative remedies, including submission of disputed claims to appeal under any appeal process made available by the Administrator, prior to commencing legal action on any disputed claim under such a policy.”.

(b) **DEADLINE FOR APPROVAL OF CLAIMS.**—

(1) **IN GENERAL.**—Section 1312 of the National Flood Insurance Act of 1968 (42 U.S.C. 4019), as amended by the preceding provisions of this Act, is further amended—

(A) in subsection (a), by striking “The Administrator” and inserting “Subject to the other provisions of this section, the Administrator”; and

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

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

“(1) **IN GENERAL.**—The Administrator shall provide that, in the case of any claim for damage to or loss of property under flood insurance coverage made available under this title, an

initial determination regarding approval of a claim for payment or disapproval of the claim be made, and notification of such determination be provided to the insured making such claim, not later than the expiration of the 120-day period (as such period may be extended pursuant to paragraph (2)) beginning upon the day on which the policyholder submits a signed proof of loss detailing the damage and amount of the loss. Payment of approved claims shall be made as soon as possible after such approval.

“(2) EXTENSION OF DEADLINE.—The Administrator shall provide that the period referred to in paragraph (1) may be extended by a single additional period of 15 days in cases where extraordinary circumstances are demonstrated. The Administrator shall, by regulation, establish criteria for demonstrating such extraordinary circumstances and for determining to which claims such extraordinary circumstances apply.”

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

#### **SEC. 512. RISK TRANSFER REQUIREMENT.**

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

(1) by striking “(e) RISK TRANSFER.—The Administrator” and inserting the following:

“(e) RISK TRANSFER.—

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

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

“(2) REQUIRED RISK TRANSFER COVERAGE.—

“(A) REQUIREMENT.—Not later than the expiration of the 18-month period beginning upon the date of the enactment of this paragraph and at all times thereafter, the Administrator shall annually cede a portion of the risk of the flood insurance program under this title to the private reinsurance or capital markets, or any combination thereof, and at rates and terms that the Administrator determines to be reasonable and appropriate, in an amount that—

“(i) is sufficient to maintain the ability of the program to pay claims; and

“(ii) manages and limits the annual exposure of the flood insurance program to flood losses in accordance with the probable maximum loss target established for such year under subparagraph (B).

“(B) PROBABLE MAXIMUM LOSS TARGET.—The Administrator shall for each fiscal year, establish a probable maximum loss target for the national flood insurance program that shall be the maximum probable loss under the national flood insurance program that is expected to occur in such fiscal year.

“(C) CONSIDERATIONS.—In establishing the probable maximum loss target under subparagraph (B) for each fiscal year and carrying out subparagraph (A), the Administrator shall consider—

“(i) the probable maximum loss targets for other United States public natural catastrophe insurance programs, including as State wind pools and earthquake programs;

“(ii) the probable maximum loss targets of other risk management organizations, including the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation;

“(iii) catastrophic, actuarial, and other appropriate data modeling results of the national flood insurance program portfolio;

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

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

“(vi) the availability of borrowing authority under section 1309 (42 U.S.C. 4016);

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

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

“(ix) reinsurance, capital markets, catastrophe bonds, collateralized reinsurance, resilience bonds, and other insurance-linked securities, and other risk transfer opportunities; and

“(x) any other factor the Administrator determines appropriate.

“(D) MULTI-YEAR CONTRACTS.—Nothing in this paragraph may be construed to prevent or prohibit the Administrator from complying with the requirement under subparagraph (A) regarding ceding risk through contracts having a duration longer than one year.”.

**SEC. 513. GAO STUDY OF SIMPLIFICATION OF NATIONAL FLOOD INSURANCE PROGRAM.**

(a) STUDY.—The Comptroller General of the United States shall conduct a study of options for simplifying flood insurance coverage made available under the National Flood Insurance Act, which shall include the following:

(1) An analysis of how the administration of the National Flood Insurance Program can be simplified—statutorily, regulatorily, and administratively—for private flood insurance policyholders, companies, agents, mortgage lenders, and flood insurance vendors.

(2) An assessment of ways in which flood insurance coverage made available under the National Flood Insurance Act and the program for providing and administering such coverage may be harmonized with private insurance industry standards.

(3) Identification and analysis of ways in which the structure of the National Flood Insurance Program may be simplified, including analysis of the efficacy and effects each of the following actions:

(A) Eliminating the use of two deductibles under the Program.

(B) Including in claims for flood-damages full replacement cost for property not damaged, but rendered unusable, by the flooding.

(C) Using umbrella policies that allow multiple structures on a property to be insured under the same policy.

(b) REPORT.—Not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate regarding the findings and conclusions of the study conducted pursuant to this section.

**SEC. 514. GAO STUDY ON ENFORCEMENT OF MANDATORY PURCHASE REQUIREMENTS.**

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the implementation and efficacy of the requirements of section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a). Such study shall at minimum consider the following questions:

(1) How effectively do Federal agencies, regulated lending institutions, and Federal entities for lending regulation implement the requirements of section 102 of the Flood Disaster Protection Act of 1973?

(2) Does the current implementation of Flood Disaster Protection Act of 1973 align with the congressional findings and purposes described in section 2(b) of such Act (42 U.S.C. 4002)?

(3) What is the current level of compliance with section 102?

(4) What are the estimated historical impacts on revenue to the National Flood Insurance Program based on the current level of compliance of section 102?

(5) Is the current monitoring and tracking framework in place sufficient to ensure compliance with section 102?

(6) What is the best way to establish a consolidated, comprehensive, and accurate repository of data on compliance with section 102?

(7) What, if any, unintended consequences have resulted from the requirements and implementation of section 102?

(8) How can Federal agencies and regulated lending institutions improve compliance with section 102?

(b) REPORT.—Not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate regarding the findings and conclusions of the study conducted pursuant to this section.

## **TITLE VI—ADMINISTRATIVE REFORMS**

**SEC. 601. PENALTIES FOR FRAUD AND FALSE STATEMENTS IN THE NATIONAL FLOOD INSURANCE PROGRAM.**

Part C of chapter 2 of the National Flood Insurance Act of 1968 (42 U.S.C. 4081 et seq.), as amended by the preceding provisions



of this Act, is further amended by adding at the end the following new section:

**“SEC. 1351. PENALTIES FOR FRAUD AND FALSE STATEMENTS IN THE NATIONAL FLOOD INSURANCE PROGRAM.**

“(a) **PROHIBITED ACTS.**—A person shall not knowingly make a false or misleading statement, production, or submission in connection with the proving or adjusting of a claim for flood insurance coverage made available under this Act. Such prohibited acts include—

“(1) knowingly forging an engineering report, claims adjustment report or technical assistance report used to support a claim determination;

“(2) knowingly making any materially false, fictitious, or fraudulent statement or representation in an engineering report, claims adjustment report, or technical assistance report to support a claim determination;

“(3) knowingly submitting a materially false, fictitious, or fraudulent claim.

“(b) **CIVIL ENFORCEMENT.**—The Attorney General may bring a civil action for such relief as may be appropriate whenever it appears that any person has violated or is about to violate any provision of this section. Such action may be brought in an appropriate United States district court.

“(c) **REFERRAL TO ATTORNEY GENERAL.**—The Administrator shall expeditiously refer to the Attorney General for appropriate action any evidence developed in the performance of functions under this Act that may warrant consideration for criminal or civil prosecution.

“(d) **PENALTIES.**—

“(1) **CIVIL MONETARY PENALTY.**—Any person who violates subsection (a) shall be subject to a civil penalty of not more than \$10,000 for each violation, which shall be deposited into the National Flood Insurance Fund established under section 1310 (42 U.S.C. 4017).

“(2) **SUSPENSION AND DEBARMENT.**—Any person who violates subsection (a) shall not be eligible, for a period of not less than 2 years and not to exceed 5 years, to—

“(A) receive flood insurance coverage pursuant to this title; or

“(B) provide services in connection with the selling, servicing, or handling of claims for flood insurance policies provided pursuant to this title.

“(3) **OTHER PENALTIES.**—The penalties provided for in this subsection shall be in addition to any other civil or criminal penalty available under law.”.

**SEC. 602. ENHANCED POLICYHOLDER APPEALS PROCESS RIGHTS.**

(a) **ESTABLISHMENT.**—Part C of chapter II of the National Flood Insurance Act of 1968 (42 U.S.C. 4081 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

**“SEC. 1352. APPROVAL OF DECISIONS RELATING TO FLOOD INSURANCE COVERAGE.**

“(a) **IN GENERAL.**—The Administrator shall establish an appeals process to enable holders of a flood insurance policy provided under

this title to appeal the decisions of their insurer, with respect to the disallowance, in whole or in part, of any claims for proved and approved losses covered by flood insurance. Such appeals shall be limited to the claim or portion of the claim disallowed by the insurer.

“(b) **APPEAL DECISION.**—Upon a decision in an appeal under subsection (a), the Administrator shall provide the policyholder with a written appeal decision. The appeal decision shall explain the Administrator’s determination to uphold or overturn the decision of the flood insurer. The Administrator may direct the flood insurer to take action necessary to resolve the appeal, to include re-inspection, re-adjustment, or payment, as appropriate.

“(c) **RULES OF CONSTRUCTION.**—This section shall not be construed as—

“(1) making the Federal Emergency Management Agency or the Administrator a party to the flood insurance contract; or

“(2) creating any action or remedy not otherwise provided by this title.”.

(b) **REPEAL.**—Section 205 of the Bunning-Blumenauer-Bereuter Flood Insurance Reform Act of 2004 (42 U.S.C. 4011 note) is hereby repealed.

#### **SEC. 603. DEADLINE FOR APPROVAL OF CLAIMS.**

(a) **IN GENERAL.**—Section 1312 of the National Flood Insurance Act of 1968 (42 U.S.C. 4019), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(d) **DEADLINE FOR APPROVAL OF CLAIMS.**—

“(1) **IN GENERAL.**—The Administrator shall provide that, in the case of any claim for damage to or loss of property under flood insurance coverage made available under this title, a final determination regarding approval of a claim for payment or disapproval of the claim be made, and notification of such determination be provided to the insured making such claim, not later than the expiration of the 90-day period (as such period may be extended pursuant to paragraph (2)) beginning upon the day on which such claim was made. Payment of approved claims shall be made as soon as possible after such approval.

“(2) **EXTENSION OF DEADLINE.**—The Administrator shall provide that the period referred to in paragraph (1) may be extended by a single additional period of 15 days in cases where extraordinary circumstances are demonstrated. The Administrator shall, by regulation, establish criteria for demonstrating such extraordinary circumstances and for determining to which claims such extraordinary circumstances apply.”.

(b) **APPLICABILITY.**—The amendments made by subsection (a) shall apply to any claim under flood insurance coverage made available under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.) pending on the date of the enactment of this Act and any claims made after such date of enactment.

#### **SEC. 604. LITIGATION PROCESS OVERSIGHT AND REFORM.**

Part C of chapter II of the National Flood Insurance Act of 1968 (42 U.S.C. 4081 et seq.), as amended by the preceding provisions

of this Act, is further amended by adding at the end the following new section:

**“SEC. 1353. OVERSIGHT OF LITIGATION.**

“(a) OVERSIGHT.—The Administrator shall monitor and oversee litigation conducted by Write Your Own companies arising under contracts for flood insurance sold pursuant to this title, to ensure that—

“(1) litigation expenses are reasonable, appropriate, and cost-effective; and

“(2) Write Your Own companies comply with guidance and procedures established by the Administrator regarding the conduct of litigation.

“(b) DENIAL OF REIMBURSEMENT FOR EXPENSES.—The Administrator may deny reimbursement for litigation expenses that are determined to be unreasonable, excessive, contrary to guidance issued by the Administrator, or outside the scope of any arrangement entered into with a Write Your Own company.

“(c) LITIGATION STRATEGY.—The Administrator may direct litigation strategy for claims arising under a contract for flood insurance sold by a Write Your Own company.”.

**SEC. 605. PROHIBITION ON HIRING DISBARRED ATTORNEYS.**

Part C of chapter II of the National Flood Insurance Act of 1968 (42 U.S.C. 4081 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

**“SEC. 1354. PROHIBITION ON HIRING DISBARRED ATTORNEYS.**

“The Administrator may not at any time newly employ in connection with the flood insurance program under this title any attorney who has been suspended or disbarred by any court, bar, or Federal or State agency to which the individual was previously admitted to practice.”.

**SEC. 606. TECHNICAL ASSISTANCE REPORTS.**

(a) USE.—Section 1312 of the National Flood Insurance Act of 1968 (42 U.S.C. 4019), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(e) USE OF TECHNICAL ASSISTANCE REPORTS.—When adjusting claims for any damage to or loss of property which is covered by flood insurance made available under this title, the Administrator may rely upon technical assistance reports, as such term is defined in section 1312A, only if such reports are final and are prepared in compliance with applicable State and Federal laws regarding professional licensure and conduct.”.

(b) DISCLOSURE.—The National Flood Insurance Act of 1968 is amended by inserting after section 1312 (42 U.S.C. 4019) the following new section:

**“SEC. 1312A. DISCLOSURE OF TECHNICAL ASSISTANCE REPORTS.**

“(a) IN GENERAL.—Notwithstanding section 552a of title 5, United States Code, upon request by a policyholder, the Administrator shall provide a true, complete, and unredacted copy of any technical assistance report that the Administrator relied upon in adjusting and paying for any damage to or loss of property insured by the policyholder and covered by flood insurance made available

under this title. Such disclosures shall be in addition to any other right of disclosure otherwise made available pursuant such section 552a or any other provision of law.

“(b) DIRECT DISCLOSURE BY WRITE YOUR OWN COMPANIES AND DIRECT SERVICING AGENTS.—A Write Your Own company or direct servicing agent in possession of a technical assistance report subject to disclosure under subsection (a) may disclose such technical assistance report without further review or approval by the Administrator.

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

“(1) POLICYHOLDER.—The term ‘policyholder’ means a person or persons shown as an insured on the declarations page of a policy for flood insurance coverage sold pursuant to this title.

“(2) TECHNICAL ASSISTANCE REPORT.—The term ‘technical assistance report’ means a report created for the purpose of furnishing technical assistance to an insurance claims adjuster assigned by the National Flood Insurance Program, including by engineers, surveyors, salvors, architects, and certified public accounts.”.

**SEC. 607. IMPROVED DISCLOSURE REQUIREMENT FOR STANDARD FLOOD INSURANCE POLICIES.**

Section 100234 of the Biggert-Waters Flood Insurance Reform Act of 2012 (42 U.S.C. 4013a) is amended by adding at the end the following new subsection:

“(c) DISCLOSURE OF COVERAGE.—

“(1) DISCLOSURE SHEET.—Each policy under the National Flood Insurance Program shall include a disclosure sheet that sets forth, in plain language—

“(A) the definition of the term ‘flood’ for purposes of coverage under the policy;

“(B) a description of what type of flood forces are necessary so that losses from an event are covered under the policy, including overflow of inland or tidal waves, unusual and rapid accumulation or runoff of a surface any source, and mudflow;

“(C) a statement of the types and characteristics of losses that are not covered under the policy;

“(D) a summary of total cost and amount of insurance coverage, and any other information relating to such coverage required to be disclosed under section 1308(l) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(l));

“(E) a statement that the disclosure sheet provides general information about the policyholder’s standard flood insurance policy;

“(F) a statement that the standard flood insurance policy, together with the application, endorsements, and declarations page, make up the official contract and are controlling in the event that there is any difference between the information on the disclosure sheet and the information in the policy; and

“(G) a statement that if the policyholder has any questions regarding information in the disclosure sheet or policy he or she should contact the entity selling the policy on

behalf of the Program, together with contact information sufficient to allow the policyholder to contact such entity.  
“(2) ACKNOWLEDGMENT SHEET.—Each policy under the National Flood Insurance Program shall include an acknowledgment sheet that sets forth, in plain language—

“(A) a statement of whether or not there is a basement in the property to be covered by the policy;

“(B) a statement of whether or not the policy provides coverage for the contents of the property covered by the policy;

“(C) a statement that the standard flood insurance policy, together with the application, endorsements, and declarations page, make up the official contract and are controlling in the event that there is any difference between the information on the acknowledgment sheet and the information in the policy; and

“(D) a statement that if the policyholder has any questions regarding information in the acknowledgment sheet or policy he or she should contact the entity selling the policy on behalf of the Program, together with contact information sufficient to allow the policyholder to contact such entity.

“(3) REQUIRED SIGNATURES.—Notwithstanding section 1306(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(c)), a policy for flood insurance coverage under the National Flood Insurance Program may not take effect unless the disclosure sheet required under paragraph (1) and the acknowledgment sheet required under paragraph (2), with respect to the policy, are signed and dated by the policyholder and the seller of the policy who is acting on behalf of the Program.”.

#### **SEC. 608. RESERVE FUND AMOUNTS.**

Section 1310 of the National Flood Insurance Act of 1968 (42 U.S.C. 4017) is amended by adding at the end the following new subsection:

“(g) CREDITING OF RESERVE FUND AMOUNTS.—Funds collected pursuant to section 1310A may be credited to the Fund under this section to be available for the purpose described in subsection (d)(1).”.

#### **SEC. 609. SUFFICIENT STAFFING FOR OFFICE OF FLOOD INSURANCE ADVOCATE.**

(a) IN GENERAL.—Section 24 of the Homeowner Flood Insurance Affordability Act of 2014 (42 U.S.C. 4033) is amended by adding at the end the following new subsection:

“(c) STAFF.—The Administrator shall ensure that the Flood Insurance Advocate has sufficient staff to carry out all of the duties and responsibilities of the Advocate under this section.”.

(b) TIMING.—The Administrator of the Federal Emergency Management Agency shall take such actions as may be necessary to provide for full compliance with section 24(c) of the Homeowner Flood Insurance Affordability Act of 2014, as added by the amendment made by subsection (a) of this section, not later than the expiration of the 180-day period beginning on the date of the enactment of this Act.

**SEC. 610. LIMITED EXEMPTION FOR DISASTER OR CATASTROPHE CLAIMS ADJUSTERS.**

Section 7 of the Fair Labor Standards Act of 1938 (29 U.S.C. 207) is amended by adding at the end the following:

“(s)(1) The provisions of this section shall not apply for a period of 2 years after the occurrence of a major disaster to any employee—

“(A) employed to adjust or evaluate claims resulting from or relating to such major disaster, by an employer not engaged, directly or through an affiliate, in underwriting, selling, or marketing property, casualty, or liability insurance policies or contracts;

“(B) who receives from such employer on average weekly compensation of not less than \$591.00 per week or any minimum weekly amount established by the Secretary, whichever is greater, for the number of weeks such employee is engaged in any of the activities described in subparagraph (C); and

“(C) whose duties include any of the following:

“(i) interviewing insured individuals, individuals who suffered injuries or other damages or losses arising from or relating to a disaster, witnesses, or physicians;

“(ii) inspecting property damage or reviewing factual information to prepare damage estimates;

“(iii) evaluating and making recommendations regarding coverage or compensability of claims or determining liability or value aspects of claims;

“(iv) negotiating settlements; or

“(v) making recommendations regarding litigation.

“(2) Notwithstanding any other provision of section 18, in the event of a major disaster, this Act exclusively shall govern all such employers in lieu of any State or other Federal law or regulation or local law or regulation, with respect to the employees described in paragraph (1).

“(3) The exemption in this subsection shall not affect the exemption provided by section 13(a)(1).

“(4) For purposes of this subsection—

“(A) the term ‘major disaster’ means any natural catastrophe, including any hurricane, tornado, storm, high water, wind driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought, or, regardless of cause, any other catastrophe, including fire, flood, explosion, land collapse, avalanche, or pollutant or chemical release;

“(B) the term ‘employee employed to adjust or evaluate claims resulting from or relating to such major disaster’ means an individual who timely secured or secures a license required by applicable law to engage in and perform the activities described in clauses (i) through (v) of paragraph (1)(C) relating to a major disaster, and is employed by an employer that maintains worker compensation insurance coverage or protection for its employees, if required by applicable law, and withholds applicable Federal, State, and local income and payroll taxes from the wages, salaries and any benefits of such employees; and

“(C) the term ‘affiliate’ means a company that, by reason of ownership or control of twenty-five percent (25%) or more of the outstanding shares of any class of voting securities of one or more companies, directly or indirectly, controls, is controlled by, or is under common control with, another company.”.

PART B—TEXT OF AMENDMENT TO H.R. 2874 CONSIDERED AS ADOPTED

Page 56, line 9, strike “The” and insert “Effective on January 1, 2019, the”.

Page 59, line 14, strike “The” and insert “Effective on January 1, 2019, the”.

Strike line 18 on page 123 and all that follows through page 125, line 6.

Page 151, lines 2 and 3, strike “application, endorsements,” and insert “endorsements”.

Page 152, lines 2 and 3, strike “application, endorsements,” and insert “endorsements”.

