

DATES: Comments must be received in writing by February 25, 1999.

ADDRESSES: Comments may be mailed to Stanley Walker, Environmental Protection Agency, Air Planning and Development Branch, 726 Minnesota Avenue, Kansas City, Kansas 66101.

FOR FURTHER INFORMATION CONTACT: Stanley Walker at (913) 551-7494.

SUPPLEMENTARY INFORMATION: See the information provided in the direct final rule which is located in the rules section of the **Federal Register**.

Dated: January 7, 1999.

William Rice,

Acting Regional Administrator, Region VII.
[FR Doc. 99-1333 Filed 1-25-99; 8:45 am]

BILLING CODE 6560-50-P

FEDERAL EMERGENCY MANAGEMENT AGENCY

44 CFR Part 61

RIN 3067-AC96

National Flood Insurance Program (NFIP); Insurance Coverage and Rates

AGENCY: Federal Emergency Management Agency (FEMA).

ACTION: Proposed rule.

SUMMARY: We (FEMA) propose a rule that would increase the amount of premium you (the flood insurance policyholder) pay for flood insurance coverage for "pre-FIRM" buildings in coastal areas subject to high velocity waters, such as storm surges, and wind-driven waves ("V" zones). ("Pre-FIRM" buildings are those whose construction was started before January 1, 1975, or the effective date of a community's Flood Insurance Rate Map (FIRM), whichever is later. Pre-FIRM buildings and their contents are eligible for subsidized rates.) We propose this rate increase to bring the subsidized premiums that we currently charge for pre-FIRM, V-zone properties more in line with their actual risk.

DATES: Please send any comments received on or before February 25, 1999.

ADDRESSES: Please send your comments to the Rules Docket Clerk, Office of the General Counsel, Federal Emergency Management Agency, 500 C Street, SW., room 840, Washington, DC 20472, (facsimile) 202-646-4536, or (email) rules@fema.gov.

FOR FURTHER INFORMATION CONTACT: Charles M. Plaxico, Jr., Federal Emergency Management Agency, Federal Insurance Administration, 202-646-3422, (facsimile) 202-646-4327, or (email) charles.plaxico@fema.gov.

SUPPLEMENTARY INFORMATION:

Background

The National Flood Insurance Act of 1968, as amended, authorizes the sale of flood insurance under the National Flood Insurance Program (NFIP). The NFIP makes flood insurance available in communities that adopt and enforce floodplain management ordinances designed to reduce future flood damage. Until we can complete a detailed flood risk study that produces a FIRM for your community (or in some cases if we decide that such a study is not cost effective), your community participates in what we call the "emergency program." Only a limited amount of flood insurance is available in the emergency program. We refer to construction started before January 1, 1975, or the effective date of the FIRM, whichever is later, as "pre-FIRM" construction. The premium rates we charge you for flood insurance coverage on pre-FIRM buildings are less than full risk premiums. (Throughout this proposed rule, we use the terms "subsidized rates" and "chargeable rates" interchangeably to describe less than full-risk premiums under the NFIP.)

Statutory Mandates for Setting Flood Insurance Premiums

Pub. L. 93-234 requires us to charge *full-risk* premiums for flood insurance coverage on buildings when their construction began after December 31, 1974, or the effective date of FEMA's Flood Insurance Rate Map, if the second date is later. (We call such construction "post-FIRM" construction.)

Pub. L. 93-234 authorizes us to apply chargeable rates to pre-FIRM property and gives the Federal Insurance Administrator flexibility to set the flood insurance rates for pre-FIRM construction. This legislation calls for us to balance the need to offer reasonable rates that encourage people to buy flood insurance with the statutory goal to distribute burdens fairly between all who will be protected by flood insurance and the general public.

Proposed Change and Its Purposes

We are proposing to increase the subsidized rates we charge for the initial limits of coverage under the NFIP for pre-FIRM properties that are in "V" zones on FEMA's FIRMs. ("V" zones represent coastal areas subject to high velocity water such as wind-driven waves from storms or tidal surges that are extremely hazardous to people and property). Subsidized rates are the same currently for properties in V and A

zones). We are proposing this rate increase to distribute economic burdens more fairly among policyholders of the NFIP and the general body of taxpayers.

Need To Build Reserves for Future Catastrophic Losses

One of the goals of the NFIP is to shift the financial burden for flood disasters from the general body of taxpayers to those who live or own businesses at risk in the flood plains. The NFIP is doing that. Bringing our subsidized premiums as close to full risk premiums as our loss experience permits will work toward that goal and will reflect some of the variations in risk among properties eligible for subsidized premiums rates.

We currently use the same chargeable rates throughout the country for:

- (1) buildings and contents in communities in the Emergency Program or initial phase of the NFIP, and
- (2) certain structures in the Regular Program.

But the sum of the chargeable or subsidized premium and other administrative fees that you pay for flood coverage is less than our expenses and loss payments.

Recognition of Inherently Greater Risks

Until now, we have charged the same subsidized premium rate for flood insurance coverage in different risk zones of pre-FIRM property. Pre-FIRM properties in V zones are inherently greater risks than similar properties in A zones. This truth is born out by our loss experience. Our loss experience tells us that we must reflect in our chargeable rates the greater degree of hazard of a pre-FIRM property in a V-zone area than the hazard of a similar pre-FIRM property in an A-zone area.

Subsidized Rate Increases in the Past

We have increased the chargeable or subsidized premium rates three times during the program's history for the same reason that we are proposing this rule: to distribute burdens fairly among all who will be protected by flood insurance and among the general public. The changes proposed in this rule would move us closer toward that goal by bringing subsidized premiums more in line with the actual risk.

Comparison of Proposed Rate Increases With Current Rates

The following chart shows the existing subsidized rates for A-zone properties and the proposed increases for V-zone properties:

Type of structure	A zone rates ¹ per year per \$100 coverage on:		V zone rates ² per year per \$100 coverage on:	
	Structure	Contents	Structure	Contents
1. Residential				
No Basement or Enclosure .....	.68	.79	.82	.95
With Basement or Enclosure .....	.73	.79	.88	.95
2. All other including hotels and motels with normal occupancy of less than 6 months duration				
No Basement or Enclosure .....	.79	1.58	.95	1.90
With Basement or Enclosure .....	.84	1.58	1.01	1.90

¹ A zones are zones A1–A30, AE, AO, AH, and unnumbered A zones.
² V zones are zones V1–V30, VE, and unnumbered V zones.

National Environmental Policy Act

Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969, 42 U.S.C. 4371 *et seq.*, and the implementing regulations of the Council on Environmental Quality, 40 CFR parts 1500–1508, FEMA is conducting an environmental assessment of this proposed rule. The assessment will be available for inspection through the Rules Docket Clerk, Federal Emergency Management Agency, room 840, 500 C St. SW., Washington, DC 20472.

Executive Order 12866, Regulatory Planning and Review

This proposed rule is not a significant regulatory action within the meaning of § 2(f) of E.O. 12866 of September 30, 1993, 58 FR 51735, but attempts to adhere to the regulatory principles set forth in E.O. 12866. The proposed rule has not been reviewed by the Office of

Management and Budget under E.O. 12866.

Paperwork Reduction Act

This proposed rule does not contain a collection of information and therefore is not subject to the provisions of the Paperwork Reduction Act of 1995.

Executive Order 12612, Federalism

This proposed rule involves no policies that have federalism implications under E.O. 12612, Federalism, dated October 26, 1987.

Executive Order 12778, Civil Justice Reform

This proposed rule meets the applicable standards of § 2(b)(2) of E.O. 12778.

List of Subjects in 44 CFR Part 61

Flood insurance.

Accordingly, we propose to amend 44 CFR Part 61 as follows:

PART 61—INSURANCE COVERAGE AND RATES

1. The authority citation for Part 61 continues to read as follows:

Authority: 42 U.S.C. 4001 *et seq.*; Reorganization Plan No. 3 of 1978, 43 FR 41943, 3 CFR, 1978 Comp., p. 329; E.O. 12127 of Mar. 31, 1979, 44 FR 19367, 3 CFR, 1979 Comp., p. 376.

2. Section 61.9 is revised to read as follows:

§ 61.9 Establishment of chargeable rates.

(a) Under section 1308 of the Act, we are establishing annual chargeable rates for each \$100 of flood insurance coverage as follows for pre-FIRM A zone properties, pre-FIRM V zone properties, and emergency program properties.

Type of structure	A zone rates ¹ per year per \$100 coverage on:		V zone rates ² per year per \$100 coverage on:	
	Structure	Contents	Structure	Contents
1. Residential				
No Basement or Enclosure .....	.68	.79	.82	.95
With Basement or Enclosure .....	.73	.79	.88	.95
2. All other including hotels and motels with normal occupancy of less than 6 months duration				
No Basement or Enclosure .....	.79	1.58	.95	1.90
With Basement or Enclosure .....	.84	1.58	1.01	1.90

¹ A zones are zones A1–A30, AE, AO, AH, and unnumbered A zones.
² V zones are zones V1–V30, VE, and unnumbered V zones.

(b) We will charge rates for contents in pre-FIRM buildings according to the use of the building.

(c) A-zone rates for buildings without basements or enclosures apply uniformly to all buildings throughout emergency program communities.

(Catalog of Federal Domestic Assistance No. 83.100, "Flood Insurance"; No. 83.516, "Disaster Assistance")

Dated: January 18, 1999.

Jo Ann Howard,
Administrator, Federal Insurance Administration.

[FR Doc. 99–1745 Filed 1–25–99; 8:45 am]

BILLING CODE 6718–03–P

FEDERAL EMERGENCY MANAGEMENT AGENCY

44 CFR Part 206

RIN 3067–AC94

Disaster Assistance; Factors Considered When Evaluating a Governor's Request for a Major Disaster Declaration

AGENCY: Federal Emergency Management Agency (FEMA).

ACTION: Proposed rule.