

Flood Disaster Protection Act of 1973, as amended; and

“(III) the term ‘section 102(d)(1)(A) of the Flood Disaster Protection Act of 1973, as amended’ means section 102(d)(1)(A) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(d)(1)(A)), as amended by—

“(aa) section 100209(a) of the Biggert-Waters Flood Insurance Reform Act of 2012 (Public Law 112-141; 126 Stat. 920); and

“(bb) subsection (a) of this section.

“(ii) **OPTION TO ESCROW FLOOD INSURANCE PAYMENTS.**—Each Federal entity for lending regulation (after consultation and coordination with the Federal Financial Institutions Examination Council) shall, by regulation, direct that each regulated lending institution or servicer of an outstanding loan shall offer and make available to a borrower the option to have the borrower’s payment of premiums and fees for flood insurance under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.), including the escrow of such payments, be treated in the same manner provided under section 102(d)(1)(A) of the Flood Disaster Protection Act of 1973, as amended.”

#### EFFECTIVE DATE OF 2012 AMENDMENT

Pub. L. 112-141, div. F, title II, § 100209(b), July 6, 2012, 126 Stat. 920, which provided that the amendment made to this section by section 100209(a) of Pub. L. 112-141 would apply to any mortgage outstanding or entered into on or after the expiration of the 2-year period beginning on July 6, 2012, was repealed by Pub. L. 113-89, § 25(b)(2), Mar. 21, 2014, 128 Stat. 1032. For effective date of amendment by section 100209(a) of Pub. L. 112-141, see Effective Date of 2014 Amendment note above.

#### EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by section 582(c) of Pub. L. 103-325 applicable to disasters declared after Sept. 23, 1994, see section 5154a(e) of this title.

#### RULE OF CONSTRUCTION

Pub. L. 113-89, § 25(b)(3), Mar. 21, 2014, 128 Stat. 1032, provided that: “Nothing in this section [amending this section and enacting and repealing provisions set out as notes under this section] or the amendments made by this section shall be construed to supersede, during the period beginning on July 6, 2012 and ending on December 31, 2015, the requirements under section 102(d)(1) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(d)(1)), as in effect on July 5, 2012.”

#### TRANSFER OF FUNCTIONS

For transfer of all functions, personnel, assets, components, authorities, grant programs, and liabilities of the Federal Emergency Management Agency, including the functions of the Under Secretary for Federal Emergency Management relating thereto, to the Federal Emergency Management Agency, see section 315(a)(1) of Title 6, Domestic Security.

For transfer of functions, personnel, assets, and liabilities of the Federal Emergency Management Agency, including the functions of the Director of the Federal Emergency Management Agency relating thereto, to the Secretary of Homeland Security, and for treatment of related references, see former section 313(1) and sections 551(d), 552(d), and 557 of Title 6, Domestic Security, and the Department of Homeland Security Reorganization Plan of November 25, 2002, as modified, set out as a note under section 542 of Title 6.

#### TREATMENT OF FLOODPROOFED RESIDENTIAL BASEMENTS

Pub. L. 113-89, § 21, Mar. 21, 2014, 128 Stat. 1028, provided that: “The Administrator [of the Federal Emergency Management Agency] shall continue to extend exceptions and variances for flood-proofed basements consistent with section 60.6 of title 44, Code of Federal

Regulations, which are effective April 3, 2009; and section 60.3 of such title, which are effective April 3, 2009.”

### § 4013. Nature and limitation of insurance coverage

#### (a) Regulations respecting general terms and conditions of insurability

The Administrator shall from time to time, after consultation with the advisory committee authorized under section 4025 of this title, appropriate representatives of the pool formed or otherwise created under section 4051 of this title, and appropriate representatives of the insurance authorities of the respective States, provide by regulation for general terms and conditions of insurability which shall be applicable to properties eligible for flood insurance coverage under section 4012 of this title, including—

(1) the types, classes, and locations of any such properties which shall be eligible for flood insurance;

(2) the nature and limits of loss or damage in any areas (or subdivisions thereof) which may be covered by such insurance;

(3) the classification, limitation, and rejection of any risks which may be advisable;

(4) appropriate minimum premiums;

(5) appropriate loss-deductibles; and

(6) any other terms and conditions relating to insurance coverage or exclusion which may be necessary to carry out the purposes of this chapter.

#### (b) Regulations respecting amount of coverage

In addition to any other terms and conditions under subsection (a), such regulations shall provide that—

(1) any flood insurance coverage based on chargeable premium rates under section 4015 of this title which are less than the estimated premium rates under section 4014(a)(1) of this title shall not exceed—

(A) in the case of residential properties—

(i) \$35,000 aggregate liability for any single-family dwelling, and \$100,000 for any residential structure containing more than one dwelling unit,

(ii) \$10,000 aggregate liability per dwelling unit for any contents related to such unit, and

(iii) in the States of Alaska and Hawaii, and in the Virgin Islands and Guam; the limits provided in clause (i) of this sentence shall be: \$50,000 aggregate liability for any single-family dwelling, and \$150,000 for any residential structure containing more than one dwelling unit;

(B) in the case of business properties which are owned or leased and operated by small business concerns, an aggregate liability with respect to any single structure, including any contents thereof related to premises of small business occupants (as that term is defined by the Administrator), which shall be equal to (i) \$100,000 plus (ii) \$100,000 multiplied by the number of such occupants and shall be allocated among such occupants (or among the occupant or occupants and the owner) under regulations prescribed by the Administrator; except that the aggregate li-

ability for the structure itself may in no case exceed \$100,000; and

(C) in the case of church properties and any other properties which may become eligible for flood insurance under section 4012 of this title—

(i) \$100,000 aggregate liability for any single structure, and

(ii) \$100,000 aggregate liability per unit for any contents related to such unit; and

(2) in the case of any residential building designed for the occupancy of from 1 to 4 families for which the risk premium rate is determined in accordance with the provisions of section 4014(a)(1) of this title, additional flood insurance in excess of the limits specified in clause (i) of subparagraph (A) of paragraph (1) shall be made available, with respect to any single such building, up to an aggregate liability (including such limits specified in paragraph (1)(A)(i)) of \$250,000;

(3) in the case of any residential property for which the risk premium rate is determined in accordance with the provisions of section 4014(a)(1) of this title, additional flood insurance in excess of the limits specified in clause (ii) of subparagraph (A) of paragraph (1) shall be made available to every insured upon renewal and every applicant for insurance so as to enable any such insured or applicant to receive coverage up to a total amount (including such limits specified in paragraph (1)(A)(ii)) of \$100,000;

(4) in the case of any nonresidential building, including a church, for which the risk premium rate is determined in accordance with the provisions of section 4014(a)(1) of this title, additional flood insurance in excess of the limits specified in subparagraphs (B) and (C) of paragraph (1) shall be made available with respect to any single such building, up to an aggregate liability (including such limits specified in subparagraph (B) or (C) of paragraph (1), as applicable) of \$500,000, and coverage shall be made available up to a total of \$500,000 aggregate liability for contents owned by the building owner and \$500,000 aggregate liability for each unit within the building for contents owned by the tenant; and

(5) any flood insurance coverage which may be made available in excess of the limits specified in subparagraph (A), (B), or (C) of paragraph (1), shall be based only on chargeable premium rates under section 4015 of this title, which are not less than the estimated premium rates under section 4014(a)(1) of this title, and the amount of such excess coverage shall not in any case exceed an amount equal to the applicable limit so specified (or allocated) under paragraph (1)(C), (2), (3), or (4), as applicable.

**(c) Effective date of policies**

**(1) Waiting period**

Except as provided in paragraph (2), coverage under a new contract for flood insurance coverage under this chapter entered into after September 23, 1994, and any modification to coverage under an existing flood insurance contract made after September 23, 1994, shall become effective upon the expiration of the 30-

day period beginning on the date that all obligations for such coverage (including completion of the application and payment of any initial premiums owed) are satisfactorily completed.

**(2) Exception**

The provisions of paragraph (1) shall not apply to—

(A) the initial purchase of flood insurance coverage under this chapter when the purchase of insurance is in connection with the making, increasing, extension, or renewal of a loan;

(B) the initial purchase of flood insurance coverage pursuant to a revision or updating of floodplain areas or flood-risk zones under section 4101(f) of this title, if such purchase occurs during the 1-year period beginning upon publication of notice of the revision or updating under section 4101(h) of this title; or

(C) the initial purchase of flood insurance coverage for private property if—

(i) the Administrator determines that the property is affected by flooding on Federal land that is a result of, or is exacerbated by, post-wildfire conditions, after consultation with an authorized employee of the Federal agency that has jurisdiction of the land on which the wildfire that caused the post-wildfire conditions occurred; and

(ii) the flood insurance coverage was purchased not later than 60 days after the fire containment date, as determined by the appropriate Federal employee, relating to the wildfire that caused the post-wildfire conditions described in clause (i).

**(d) Optional high-deductible policies for residential properties**

**(1) Availability**

In the case of residential properties, the Administrator shall make flood insurance coverage available, at the option of the insured, that provides for a loss-deductible for damage to the covered property in various amounts, up to and including \$10,000.

**(2) Disclosure**

**(A) Form**

The Administrator shall provide the information described in subparagraph (B) clearly and conspicuously on the application form for flood insurance coverage or on a separate form, segregated from all unrelated information and other required disclosures.

**(B) Information**

The information described in this subparagraph is—

(i) information sufficient to inform the applicant of the availability of the coverage option required by paragraph (1) to applicants for flood insurance coverage; and

(ii) a statement explaining the effect of a loss-deductible and that, in the event of an insured loss, the insured is responsible out-of-pocket for losses to the extent of the deductible selected.

(Pub. L. 90-448, title XIII, §1306, Aug. 1, 1968, 82 Stat. 575; Pub. L. 92-213, §2(c)(2), Dec. 22, 1971, 85 Stat. 775; Pub. L. 93-234, title I, §101, Dec. 31, 1973, 87 Stat. 977; Pub. L. 95-128, title VII, §704(a), Oct. 12, 1977, 91 Stat. 1145; Pub. L. 98-181, title I [title IV, §451(d)(1)], Nov. 30, 1983, 97 Stat. 1229; Pub. L. 100-242, title V, §544(a), Feb. 5, 1988, 101 Stat. 1940; Pub. L. 100-628, title X, §1086(a), Nov. 7, 1988, 102 Stat. 3278; Pub. L. 100-707, title I, §109(o), Nov. 23, 1988, 102 Stat. 4709; Pub. L. 101-137, §1(c), Nov. 3, 1989, 103 Stat. 824; Pub. L. 101-508, title II, §2302(d), Nov. 5, 1990, 104 Stat. 1388-23; Pub. L. 103-325, title V, §§552(a), 573, 579(a), Sept. 23, 1994, 108 Stat. 2269, 2278, 2284; Pub. L. 112-141, div. F, title II, §§100228, 100238(b)(1), 100241, July 6, 2012, 126 Stat. 944, 958, 962; Pub. L. 113-89, §12, Mar. 21, 2014, 128 Stat. 1025.)

### Editorial Notes

#### REFERENCES IN TEXT

This chapter, referred to in subsecs. (a)(6) and (c)(1), (2)(A), was in the original a reference to “this title” meaning title XIII of Pub. L. 90-448, Aug. 1, 1968, 82 Stat. 572, known as the National Flood Insurance Act of 1968, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 4001 of this title and Tables.

#### AMENDMENTS

2014—Subsec. (d). Pub. L. 113-89 added subsec. (d).

2012—Subsec. (a). Pub. L. 112-141, §100238(b)(1), substituted “Administrator” for “Director” in introductory provisions.

Subsec. (b)(1)(B). Pub. L. 112-141, §100238(b)(1), substituted “Administrator” for “Director” in two places.

Subsec. (b)(2). Pub. L. 112-141, §100228(1), substituted “in the case of any residential building designed for the occupancy of from 1 to 4 families” for “in the case of any residential property” and “shall be made available, with respect to any single such building, up to an aggregate liability (including such limits specified in paragraph (1)(A)(i)) of \$250,000” for “shall be made available to every insured upon renewal and every applicant for insurance so as to enable such insured or applicant to receive coverage up to a total amount (including such limits specified in paragraph (1)(A)(i)) of \$250,000”.

Subsec. (b)(4). Pub. L. 112-141, §100228(2), substituted “in the case of any nonresidential building, including a church,” for “in the case of any nonresidential property, including churches,” and “shall be made available with respect to any single such building, up to an aggregate liability (including such limits specified in subparagraph (B) or (C) of paragraph (1), as applicable) of \$500,000, and coverage shall be made available up to a total of \$500,000 aggregate liability for contents owned by the building owner and \$500,000 aggregate liability for each unit within the building for contents owned by the tenant” for “shall be made available to every insured upon renewal and every applicant for insurance, in respect to any single structure, up to a total amount (including such limit specified in subparagraph (B) or (C) of paragraph (1), as applicable) of \$500,000 for each structure and \$500,000 for any contents related to each structure”.

Subsec. (c)(2)(C). Pub. L. 112-141, §100241, added subpar. (C).

1994—Subsec. (b)(2). Pub. L. 103-325, §573(a)(1), substituted “a total amount (including such limits specified in paragraph (1)(A)(i)) of \$250,000” for “an amount of \$150,000 under the provisions of this clause”.

Subsec. (b)(3). Pub. L. 103-325, §573(a)(2), substituted “a total amount (including such limits specified in paragraph (1)(A)(ii)) of \$100,000” for “an amount of \$50,000 under the provisions of this clause”.

Subsec. (b)(4). Pub. L. 103-325, §573(a)(3), added par. (4) and struck out former par. (4) which read as follows: “in the case of business property owned, leased, or operated by small business concerns for which the risk premium rate is determined in accordance with the provisions of section 4014(a)(1) of this title, additional flood insurance in excess of the limits specified in subparagraph (B) of paragraph (1) shall be made available to every such owner, lessee, or operator in respect to any single structure, including any contents thereof, related to premises of small business occupants (as that term is defined by the Director), up to an amount equal to (i) \$250,000 plus (ii) \$200,000 multiplied by the number of such occupants which coverage shall be allocated among such occupants (or among the occupant or occupants and the owner) in accordance with the regulations prescribed by the Director pursuant to such subparagraph (B), except that the aggregate liability for the structure itself may in no case exceed \$250,000”.

Subsec. (b)(5). Pub. L. 103-325, §573(b)(1), substituted a period for “; and” at end.

Subsec. (b)(6). Pub. L. 103-325, §573(b)(2), struck out par. (6) which read as follows: “the flood insurance purchase requirements of section 4012a of this title do not apply to the additional flood insurance limits made available in excess of twice the limits made available under paragraph (1).”

Subsec. (c). Pub. L. 103-325, §579(a), added subsec. (c).

Pub. L. 103-325, §552(a), struck out subsec. (c) which related to schedule for payment of flood insurance for structures on land subject to imminent collapse or subsidence.

1990—Subsec. (c)(7). Pub. L. 101-508 substituted “September 30, 1995” for “September 30, 1991”.

1989—Subsec. (c)(7). Pub. L. 101-137 substituted “September 30, 1991” for “September 30, 1989”.

1988—Subsec. (c). Pub. L. 100-242 added subsec. (c).

Subsec. (c)(1)(A). Pub. L. 100-628 substituted “following” for “Following” in cls. (i) and (ii).

Subsec. (c)(5). Pub. L. 100-707 substituted “Disaster Relief and Emergency Assistance Act” for “Disaster Relief Act of 1974”.

1983—Subsecs. (a), (b)(1)(B), (4). Pub. L. 98-181 substituted “Director” for “Secretary” wherever appearing.

1977—Subsec. (b)(2). Pub. L. 95-128 added par. (2) and redesignated former par. (2) as (5).

Subsec. (b)(3), (4). Pub. L. 95-128 added pars. (3) and (4).

Subsec. (b)(5). Pub. L. 95-128 redesignated former par. (2) as (5), struck out “(or allocated to any person under subparagraph (B) of such paragraph)” after “paragraph (1)”, and inserted “under paragraph (1)(C), (2), (3), or (4), as applicable” after “(or allocated)”.

Subsec. (b)(6). Pub. L. 95-128 added par. (6).

1973—Subsec. (b)(1)(A). Pub. L. 93-234, §101(a), in increasing limits of coverage, struck out following introductory text “residential properties” the clause “which are designed for the occupancy of from one to four families”; substituted provisions in cl. (i) “\$35,000 aggregate liability for any single-family dwelling, and \$100,000 for any residential structure containing more than one dwelling unit” for “\$17,500 aggregate liability for any dwelling unit, and \$30,000 for any single dwelling structure containing more than one dwelling unit”; increased cl. (ii) limits to \$10,000 from \$5,000 and added cl. (iii).

Subsec. (b)(1)(B). Pub. L. 93-234, §101(b), substituted “\$100,000” for “\$30,000” in cl. (i), for “\$5,000” in cl. (ii), and for “\$30,000” in exception provision.

Subsec. (b)(1)(C). Pub. L. 93-234, §101(c), increased cl. (i) limits to \$100,000 from \$30,000 and substituted cl. (ii) “\$100,000 aggregate liability per unit for any contents related to such unit” for “\$5,000 aggregate liability per dwelling unit for any contents related to such unit in the case of residential properties, or per occupant (as that term is defined by the Secretary) for any contents related to the premises occupied in the case of any other properties”.

1971—Subsec. (b)(1)(C). Pub. L. 92-213 inserted “church properties, and” before “any other properties which may become”.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 1988 AMENDMENT**

Pub. L. 100-242, title V, §544(b), Feb. 5, 1988, 101 Stat. 1942, provided that: “The amendment made by this section [amending this section] shall become effective on the date of the enactment of this Act [Feb. 5, 1988].”

**EFFECTIVE DATE**

Section effective 120 days following Aug. 1, 1968, or such later date prescribed by the Secretary but in no event more than 180 days following Aug. 1, 1968, see section 1377 of Pub. L. 90-448, set out as a note under section 4001 of this title.

**SAVINGS PROVISION**

Pub. L. 103-325, title V, §552(c), Sept. 23, 1994, 108 Stat. 2269, required the Director of the Federal Emergency Management Agency to make payments under flood insurance contracts based on commitments made before the expiration of the 1-year period beginning on Sept. 23, 1994, pursuant to the authority under subsec. (c) of this section or section 552(b) of Pub. L. 103-325, formerly set out below.

**TRANSFER OF FUNCTIONS**

For transfer of all functions, personnel, assets, components, authorities, grant programs, and liabilities of the Federal Emergency Management Agency, including the functions of the Under Secretary for Federal Emergency Management relating thereto, to the Federal Emergency Management Agency, see section 315(a)(1) of Title 6, Domestic Security.

For transfer of functions, personnel, assets, and liabilities of the Federal Emergency Management Agency, including the functions of the Director of the Federal Emergency Management Agency relating thereto, to the Secretary of Homeland Security, and for treatment of related references, see former section 313(1) and sections 551(d), 552(d), and 557 of Title 6, Domestic Security, and the Department of Homeland Security Reorganization Plan of November 25, 2002, as modified, set out as a note under section 542 of Title 6.

**TRANSITION PHASE**

Pub. L. 103-325, title V, §552(b), Sept. 23, 1994, 108 Stat. 2269, permitted the Director of the Federal Emergency Management Agency to pay amounts under flood insurance contracts for demolition or relocation of structures as provided in subsec. (c) of this section (as in effect immediately before the enactment of Pub. L. 103-325), during the 1-year period beginning on Sept. 23, 1994.

**§ 4013a. Policy disclosures****(a) In general**

Notwithstanding any other provision of law, in addition to any other disclosures that may be required, each policy under the National Flood Insurance Program shall state all conditions, exclusions, and other limitations pertaining to coverage under the subject policy, regardless of the underlying insurance product, in plain English, in boldface type, and in a font size that is twice the size of the text of the body of the policy.

**(b) Violations**

The Administrator may impose a civil penalty of not more than \$50,000 on any person that fails to comply with subsection (a).

(Pub. L. 112-141, div. F, title II, §100234, July 6, 2012, 126 Stat. 956.)

**Editorial Notes****CODIFICATION**

Section was enacted as part of the Biggert-Waters Flood Insurance Reform Act of 2012, and also as part of the Moving Ahead for Progress in the 21st Century Act, also known as the MAP-21, and not as part of the National Flood Insurance Act of 1968 which comprises this chapter.

**Statutory Notes and Related Subsidiaries****DEFINITIONS**

For definitions of terms used in this section, see section 4004 of this title.

**§ 4014. Estimates of premium rates****(a) Studies and investigations**

The Administrator is authorized to undertake and carry out such studies and investigations and receive or exchange such information as may be necessary to estimate, and shall from time to time estimate, on an area, subdivision, or other appropriate basis—

(1) the risk premium rates for flood insurance which—

(A) based on consideration of—

(i) the risk involved and accepted actuarial principles; and

(ii) the flood mitigation activities that an owner or lessee has undertaken on a property, including differences in the risk involved due to land use measures, floodproofing, flood forecasting, and similar measures, and

(B) including—

(i) the applicable operating costs and allowances set forth in the schedules prescribed under section 4018 of this title and reflected in such rates,

(ii) any administrative expenses (or portion of such expenses) of carrying out the flood insurance program which, in his discretion, should properly be reflected in such rates,

(iii) any remaining administrative expenses incurred in carrying out the flood insurance and floodplain management programs (including the costs of mapping activities under section 4101 of this title) not included under clause (ii), which shall be recovered by a fee charged to policyholders and such fee shall not be subject to any agents' commissions, company expense allowances, or State or local premium taxes, and

(iv) all costs, as prescribed by principles and standards of practice in ratemaking adopted by the American Academy of Actuaries and the Casualty Actuarial Society, including—

(I) an estimate of the expected value of future costs,

(II) all costs associated with the transfer of risk, and

(III) the costs associated with an individual risk transfer with respect to risk classes, as defined by the Administrator,

would be required in order to make such insurance available on an actuarial basis for any