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113TH CONGRESS
1ST SESSION

H. R. 3013

To reform the National Flood Insurance Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 2013

Mr. CASSIDY (for himself, Mr. PALAZZO, Mr. ALEXANDER, Mr. BOUSTANY, Mr. SCALISE, Mr. NUNNELEE, Mr. JONES, and Mr. GRIMM) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To reform the National Flood Insurance Program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Home Protection Act of 2013".

SEC. 2. MAPPING OF NON-STRUCTURAL FLOOD MITIGATION FEATURES.

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

(1) in subsection (b)(1)(A)—

(A) in clause (iv), by striking "and" at the end;

(B) by redesignating clause (v) as clause (vi);

(C) by inserting after clause (iv) the following new clause:

"(v) areas that are protected by pumping stations, decertified levees, or non-Federal or non-structural flood protection measures; and"; and

(D) in clause (vi) (as so redesignated), by striking "flood control structures" and inserting "flood control structures, pumping stations, decertified levees, or non-Federal or non-structural flood mitigation measures"; and

(2) in subsection (d)(1)—

(A) by redesignating subparagraphs (A) through (C) as subparagraphs (B) through (D), respectively; and

(B) by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

"(A) work with States, local communities, and property owners to identify areas and measures described in subsection (b)(1)(A)(v);".

SEC. 3. APPLYING CIRCULAR WIND MODELS TO FLOOD INSURANCE RATE MAPS.

Section 100216(b)(3) of the Biggert-Waters Flood Insurance Reform Act of 2012 (42 U.S.C. 4101b(b)(3)) is amended—

(1) in subparagraph (D), by striking ‘‘and’’ at the end;

(2) by redesignating subparagraph (E) as subparagraph (F); and

(3) by inserting after subparagraph (D) the following new subparagraph:

‘‘(E) in consultation with the Secretary of the Army, acting through the Chief of Engineers, any relevant information that leads to the appropriate use of circular wind models for the application of stillwater elevation calculations; and’’.

SEC. 4. HOME IMPROVEMENT FAIRNESS.

Section 1307(a)(2)(E)(ii) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(a)(2)(E)(ii)) is amended by striking ‘‘30 percent’’ and inserting ‘‘50 percent’’.

SEC. 5. CONSTRUCTION AND RESTORATION OF FLOOD PROTECTION SYSTEMS.

(a) ADEQUATE PROGRESS ON CONSTRUCTION OF FLOOD PROTECTION SYSTEMS.—Section 1307(e) of the

National Flood Insurance Act of 1968 (42 U.S.C. 4014(e)) is amended—

(1) in the first sentence, by inserting ‘‘or reconstruction’’ after ‘‘construction’’;

(2) in the second sentence, by striking ‘‘construction of a flood protection system as required herein has been only if’’ and inserting ‘‘construction or reconstruction of a flood protection system has been made only if, based on the present value of the completed system’’; and

(3) by adding at the end the following new sentence: ‘‘The Administrator shall not consider the level of Federal funding of or participation in the construction or reconstruction of a flood protection system in determining whether adequate progress on such construction has been made.’’.

(b) COMMUNITIES RESTORING DISACCREDITED FLOOD PROTECTION SYSTEMS.—Section 1307(f) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(f)) is amended in the first sentence by striking ‘‘no longer does so.’’ and inserting the following: ‘‘no longer does so, and shall apply without regard to the level of Federal funding of or participation in the restoration of the flood protection system.’’.

SEC. 6. STATE AND LOCAL GOVERNMENT FLEXIBILITY.

The National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.) is amended by inserting after section 1308 the following:

"SEC. 1308A. STATE AND LOCAL GOVERNMENT FLEXIBILITY.

"(a) IN GENERAL.—The Administrator shall issue regulations to establish a means by which a State or local government may, on its own accord or in conjunction with other State or local governments, submit such payments to the Administrator as are necessary to cover part or all of the cost of any premium for any property within the jurisdiction of the State or local government.

"(b) RISK PREMIUM RATE.—The Administrator shall, under the regulations issued under subsection (a), require that the amount of any payment from a State or local government under such regulations be consistent with sections 1307 and 1308.".

SEC. 7. APPROPRIATE CREDIT FOR FLOOD CONTROL STRUCTURES.

Section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101) is amended by adding at the end the following:

"(k) ACTUAL PROTECTION PROVIDED BY LEVEE SYSTEMS.—The Administrator may not publish a flood insurance rate map or an update to a flood insurance rate map for an area unless—

"(1) the flood insurance rate map or update adequately reflects the level of protection provided by any flood protection system for such area, including a pumping station, decertified levee, or non-Federal or non-structural flood mitigation measure, against the 100-year frequency flood, regardless of the accreditation status of the flood protection system; or

"(2) the community for which a flood protection system provides protection elects not to provide the data necessary for the Administrator to publish a flood insurance rate map or update that adequately reflects the protection provided by the flood protection system against the 100-year frequency flood.".

SEC. 8. INTEGRATION OF REVISED LEVEE ANALYSIS AND MAPPING PROCEDURES.

Notwithstanding any other provision of law, paragraphs (1) and (2) of section 1307(g) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(g)) shall have no force or effect with respect to a property until—

(1) the Administrator of the Federal Emergency Management Agency publishes or updates a flood insurance rate map for the area in which the

property is located that adequately reflects the protection provided by any flood protection system for such area, including a pumping station, decertified levee, or non-Federal or non-structural flood mitigation measure, against the 100-year frequency flood, without regard to the accreditation status of the flood protection system; or

(2) the community in which such property is located elects not to provide the data necessary for the Administrator to publish a flood insurance rate map or update that adequately reflects the protection provided by any flood protection system, including a pumping station, decertified levee, or non-Federal or non-structural flood mitigation measure.

SEC. 9. ALTERNATIVE APPROACH FOR ASSESSING AND PRICING FLOOD RISK.

It is the sense of the House of Representatives that—

(1) there should be established in the House of Representatives a Bipartisan Task Force on Innovation in Financing Flood Risk with the primary purpose of compiling data and information on innovative market-based solutions to make flood insurance more accessible and affordable for all Americans; and

(2) such Task Force should—

(A) consult with flood risk management stakeholder groups, insurers, reinsurers, State regulators, and financial experts knowledgeable and interested in finding innovative new rate methodologies and approaches to financing flood risk, including insurance risk securitization;

(B) compile information on existing risk assessment methodologies that—

(i) identify and standardize broader types of risks, hazards, structures, and losses, at a granular level, faced by property owners and communities, that helps investors, buyers, regulators, and policymakers finding a methodology to facilitate transparency and liquidity while reducing risk and increasing asset value through the clear reduction of risk uncertainty;

(ii) encourage transparency in the development of Flood Insurance Rate Maps that the Federal Emergency Management Agency uses to assign risk in flood-risk zones;

(iii) introduce financial or non-financial risk determination, analysis, and valuation of individual mortgages and housing transactions in a unified approach that includes engineering structures and environmental risks in the pricing by risk elements of catastrophe-linked products;

(iv) integrate different approaches (financial, actuarial, and engineering) into one pricing framework that complements modern flood risk analysis and captures potential losses as accurately as possible;

(v) granulate the risks and value and offer risk-differentiated and risk-specific solutions so that any differentiated risk can be redistributed and diversified in numerous ways;

(vi) explore transparency indexes that link monetary value to risk disclosure; and

(vii) average national catastrophic insured losses and appropriately assign weights and risk values to equitably distribute catastrophic, all-peril insurance risk;

(C) consider the relationship between new transparent, benchmark pricing of flood insurance-linked securitization and structured catastrophe derivatives that integrates engineering, financial, and actuarial parameters to reduce the cost of mitigating financial losses due to floods;

(D) evaluate options for—

(i) educating policyholders on methods for risk mitigation;

(ii) integrating policyholder and capital market participants, including investors, in the entire risk-financing process to demonstrate or feature specific system measures that increase asset value; and

(iii) expressing different ways to incentivize both the financial markets and the individual market participant to update all risk disclosures and risk-remediating actions on an individual basis; and

(E) not later than 180 days after the date of the enactment of this Act, report findings, options, and recommendations to the House of Representatives with regard to the consideration of future flood-risk analysis and risk innovation in pricing.

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