

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SESSIONS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 220, noes 188, answered “present” 1, not voting 23, as follows:

[Roll No. 918]

AYES—220

Abercrombie	Hare	Pallone
Ackerman	Harman	Pastorell
Allen	Hastings (FL)	Pastor
Altmire	Herse	Payne
Andrews	Higgins	Perlmutter
Arcuri	Hinche	Peterson (MN)
Baca	Hirono	Pickering
Baird	Hodes	Pomeroy
Baldwin	Holden	Price (NC)
Barrow	Holt	Rahall
Bean	Honda	Rangel
Becerra	Hooley	Reyes
Berkley	Hoyer	Richardson
Berman	Inlee	Rodriguez
Berry	Israel	Ross
Bishop (GA)	Jackson (IL)	Rothman
Bishop (NY)	Jackson-Lee	Roybal-Allard
Boren	(TX)	Ruppersberger
Boswell	Jefferson	Rush
Boucher	Johnson (GA)	Ryan (OH)
Boyd (FL)	Jones (OH)	Salazar
Boyd (KS)	Kagen	Sánchez, Linda
Brady (PA)	Kanjorski	T.
Bralley (IA)	Kaptur	Sanchez, Loretta
Brown, Corrine	Kildee	Sarbanes
Butterfield	Kilpatrick	Schakowsky
Capps	Kind	Schiff
Capuano	Klein (FL)	Schwartz
Cardoza	Kucinich	Scott (GA)
Carnahan	Lampson	Scott (VA)
Carney	Langevin	Serrano
Castor	Lantos	Sestak
Chandler	Larsen (WA)	Shea-Porter
Clarke	Larson (CT)	Sherman
Clay	Lee	Shuler
Clyburn	Levin	Sires
Cohen	Lewis (GA)	Skelton
Cooper	Lipinski	Slaughter
Costa	Loeb	Smith (WA)
Costello	Lofgren, Zoe	Snyder
Courtney	Lowey	Solis
Cramer	Lynch	Space
Crowley	Mahoney (FL)	Spratt
Cuellar	Maloney (NY)	Stark
Cummings	Markey	Stupak
Davis (AL)	Marshall	Sutton
Davis (CA)	Matheson	Tanner
Davis (IL)	Matsui	Tauscher
Davis, Lincoln	McCarthy (NY)	Taylor
DeFazio	McCollum (MN)	Thompson (CA)
DeGette	McDermott	Thompson (MS)
Delahunt	McGovern	Tierney
DeLauro	McIntyre	Towns
Dicks	McNerney	Udall (CO)
Dingell	McNulty	Udall (NM)
Doggett	Meek (FL)	Van Hollen
Donnelly	Melancon	Velázquez
Edwards	Michaud	Vislosky
Ellison	Miller (NC)	Walz (MN)
Ellsworth	Miller, George	Wasserman
Emanuel	Mitchell	Schultz
Engel	Mollohan	Moore (KS)
Eshoo	Moore (KS)	Moore (WI)
Etheridge	Moore (WI)	Moran (VA)
Farr	Moran (VA)	Murphy (CT)
Fattah	Murphy (CT)	Murphy, Patrick
Filner	Murphy, Patrick	Murtha
Giffords	Murtha	Nadler
Gillibrand	Nadler	Napolitano
Gonzalez	Napolitano	Neal (MA)
Green, Al	Neal (MA)	Oberstar
Green, Gene	Oberstar	Obey
Grijalva	Obey	Oliver
Gutierrez	Oliver	Ortiz
Hall (NY)	Ortiz	

NOES—188

Aderholt	Alexander	Baker
Akin	Bachmann	Barrett (SC)

Bartlett (MD)	Gerlach	Pearce
Barton (TX)	Gilchrest	Pence
Biggert	Gingrey	Peterson (PA)
Bilbray	Gohmert	Petri
Bilirakis	Goode	Pitts
Bishop (UT)	Goodlatte	Platts
Blackburn	Gordon	Poe
Blumenauer	Granger	Porter
Blunt	Graves	Price (GA)
Boehner	Hall (TX)	Pryce (OH)
Bonner	Hastings (WA)	Putnam
Bono	Hayes	Radanovich
Boustany	Heller	Ramstad
Brady (TX)	Hill	Regula
Broun (GA)	Hobson	Rehberg
Brown (SC)	Hoekstra	Reichert
Brown-Waite,	Hulshof	Renzi
Ginny	Hunter	Rogers (AL)
Buchanan	Inglis (SC)	Rogers (KY)
Burgess	Issa	Rogers (MI)
Burton (IN)	Johnson (IL)	Rohrabacher
Buyer	Johnson, Sam	Ros-Lehtinen
Calvert	Jones (NC)	Roskam
Camp (MI)	Jordan	Royce
Campbell (CA)	Keller	Ryan (WI)
Cannon	King (IA)	Sali
Cantor	King (NY)	Saxton
Capito	Kingston	Schmidt
Carter	Kirk	Sensenbrenner
Castle	Knollenberg	Sessions
Chabot	Kuhl (NY)	Shadegg
Coble	Lamborn	Shays
Cole (OK)	Latham	Shimkus
Conaway	LaTourette	Shuster
Crenshaw	Lewis (CA)	Simpson
Cuberson	Lewis (KY)	Smith (NJ)
Davis (KY)	Linder	Smith (TX)
Davis, David	LoBiondo	Souder
Davis, Tom	Lucas	Stearns
Deal (GA)	Lungren, Daniel	Sullivan
Dent	E.	Tancredo
Diaz-Balart, L.	Mack	Terry
Diaz-Balart, M.	Manzullo	Thornberry
Doolittle	Marchant	Tiahrt
Drake	McCarthy (CA)	Tiberi
Dreier	McCaul (TX)	Turner
Duncan	McCotter	Upton
Ehlers	McCrery	Walberg
Emerson	McHenry	Walden (OR)
English (PA)	McHugh	Walsh (NY)
Fallin	McKeon	Wamp
Feehey	McMorris	Weldon (FL)
Ferguson	Rodgers	Weller
Flake	Mica	Westmoreland
Forbes	Miller (FL)	Whitfield
Fortenberry	Miller (MI)	Wicker
Fossella	Miller, Gary	Wilson (NM)
Fox	Musgrave	Wilson (SC)
Franks (AZ)	Myrick	Wolf
Frelinghuysen	Neugebauer	Young (AK)
Gallegly	Nunes	Young (FL)
Garrett (NJ)	Paul	

ANSWERED “PRESENT”—1

Frank (MA)

NOT VOTING—23

Bachus	Everett	Kline (MN)
Boozman	Hastert	LaHood
Carson	Hensarling	Meeks (NY)
Cleaver	Herger	Moran (KS)
Conyers	Hinojosa	Murphy, Tim
Cubin	Jindal	Reynolds
Davis, Jo Ann	Johnson, E. B.	Smith (NE)
Doyle	Kennedy	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. There are 2 minutes remaining in this vote.

□ 1251

So the resolution was agreed to. The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FRANK of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks on H.R. 3121, and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

FLOOD INSURANCE REFORM AND MODERNIZATION ACT OF 2007

The SPEAKER pro tempore. Pursuant to House Resolution 683 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 3121.

□ 1253

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 3121) to restore the financial solvency of the national flood insurance program and to provide for such program to make available multiperil coverage for damage resulting from windstorms and floods, and for other purposes, with Mr. COSTA in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered read the first time.

The gentleman from Massachusetts (Mr. FRANK) and the gentlewoman from West Virginia (Mrs. CAPITO) each will control 30 minutes.

The Chair recognizes the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, preliminarily, I recognize myself for 1 minute just to say that I want to be very clear that I regret the decision not to allow a number of amendments offered by members of the minority to this bill. And I will give them my word that as this legislative process goes forward, I intend to seek out opportunities to give them fair consideration.

I must say, Mr. Chairman, I'm never happy when I see my colleagues on the Republican side being a little obstreperous, but when they're being obstreperous with good reason, I really find that hard to tolerate. So I did want to make clear my view and my hope that we can deal with that.

Mr. Chairman, I yield such time as she may consume to the Chair of the Subcommittee on Housing, from which this bill came forward, who has done a great job all year on this legislation, the gentlewoman from California.

Ms. WATERS. Mr. Chairman and Members, I rise in strong support of H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007. And I would like to thank my colleague from Mississippi, Mr. GENE TAYLOR, for all of the work that he has put into this issue and the way that he helped to focus my committee and the overall Financial Services Committee on this very issue.

He will be speaking today. And I don't think there is anybody who can describe what happened as a result of Hurricanes Katrina and Rita and

Wilma and what happened in the gulf coast, in particular, his district, any better than Mr. TAYLOR will do. And by the time he finishes his presentation here today, I think all of the Members will very well understand why it is so necessary that we move with a real reform bill to deal with these kinds of catastrophes.

As you know, I introduced a bill on July 19, 2007, following substantial consideration by the Financial Services Committee on flood insurance and related issues. Specifically, the committee held two hearings on June 12, one examining the issues of the national flood insurance program raised by the gulf coast hurricanes, and a second hearing on the predecessor to this bill, H.R. 1682, introduced by Chairman FRANK. Thereafter, on July 17, the committee held a hearing on related legislation, H.R. 920, the Multiple Peril Insurance Act of 2007, that was introduced by Mr. TAYLOR.

H.R. 3121 reflects this extensive committee analysis on the NFIP, wind insurance and related issues. Accordingly, on July 26, 2007, the Financial Services Committee reported out H.R. 3121 with a favorable recommendation. I hope that we're able to pass H.R. 3121 today because it makes critical improvements to the NFIP in light of the devastating lessons of the 2005 hurricane season.

In the aftermath of Hurricanes Katrina, Rita and Wilma, NFIP faced unprecedented financial and regulatory strains as it confronted approximately \$21.9 billion in NFIP-insured losses. The program had to borrow in excess of \$17.5 billion from the United States Treasury in order to pay claims and interest resulting from Hurricane Katrina alone.

Those of us concerned about NFIP in the wake of the 2005 storms saw the urgent need to put the program on sounder financial footing by addressing the issues stakeholders had raised around the substantial premium discounts and cross-subsidies among classes of its policyholders, outdated flood insurance rate maps, allegations of uneven compliance with mandatory purchase requirements, and questions as to the performance and efficiency of private insurers operating under the NFIP's Write Your Own program.

Additionally, the committee hearing on H.R. 920, the Multiple Peril Insurance Act of 2007, made it clear the need to address perverse incentives created by dual government and private insurance regimes when damage can be a result of wind and flood. I'm proud to say that H.R. 3121 prudently addresses these concerns.

Specifically, the bill would increase NFIP's borrowing authority to \$21.5 billion from \$20.8 billion, but require that it satisfy traditional criteria for actuarial soundness by phasing out discounted premiums; allow the Federal Emergency Management Agency, that is, FEMA, to increase flood policy rates by 15 percent a year, up from 10 per-

cent; raise civil penalties on federally regulated lenders who fail to enforce mandatory purchase of flood insurance for mortgage holders; increase program participation incentives; encourage the revisions to flood maps; and starting in mid-2008, allow for the purchase of optional insurance for wind as well as water damage.

These reforms are desperately needed because, as we have seen, storms will become stronger and more intense. We need a program that can contend with the worst that Mother Nature can throw at us. Simply put, we cannot wait and let another hurricane season pass without putting the National Flood Insurance Program on solid footing.

I would urge my colleagues to support H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007.

And I thank you so very much, Mr. Chairman, for all of the time that you have put in trying to make us very credible as we relate to these reforms by not only giving us the leadership, but allowing us to hold the hearings that are so necessary to get the information that is so desperately needed to do this.

Mrs. CAPITO. Mr. Chairman, I yield myself as much time as I may consume.

Mr. Chairman, floods are amongst the most frequent and costly national disasters in terms of human hardship and economic loss. In fact, 75 percent of Federal disaster declarations are related to flooding.

Before I discuss the merits of the legislation, I would like to talk briefly about the process that is being considered. We are debating a huge expansion of an already struggling existing Federal program, and yet we have not been able to have our amendments out on the floor to have an open and frank discussion about this.

I would like to accept the chairman's offer to continue to work on the amendments that were not allowed to be offered, and I hope that we can see democracy being served by letting everybody's voice be heard.

□ 1300

In 1968, Congress established the National Flood Insurance Program, NFIP. The program is a partnership between the Federal Government and participating communities. If a community adopts and enforces a floodplain management ordinance to reduce future flood risk to new construction, the Federal Government will make flood insurance available to that community. Today, NFIP is the largest single-line property insurer in the Nation, serving nearly 20,000 communities and providing flood insurance coverage for 5.4 million consumers.

Mr. Chairman, recent events have underscored the need to reform and modernize certain aspects of the program. While the NFIP is designed to be actuarially sound, it does not collect sufficient premiums to build up reserves for

unexpected disasters. Due to the claims resulting from Hurricanes Katrina and Rita, the NFIP was forced to borrow \$7.6 billion from the Treasury, an amount it estimates it will never be able to repay. Consequently, NFIP sits on the GAO's High-Risk Programs list, which recommends increased congressional oversight. Additionally, the 2005 storms shed light on the problem of outdated flood maps, resulting in many homeowners in the gulf region being unaware that their homes were located in floodplains.

To address these and other concerns in 2006, the House overwhelmingly passed flood insurance reform legislation. Earlier this year, Chairman FRANK and Representative JUDY BIGGERT introduced legislation identical to that bipartisan bill. That bill includes many reforms, including the phasing in of actuarial rates, but unfortunately, the flood insurance bill that the majority chose to move out of the Financial Services Committee was amended to incorporate legislation offered by the gentleman from Mississippi (Mr. TAYLOR) which expands the NFIP to include coverage for wind events.

Mr. Chairman, no Member of this House was more personally affected by the 2005 hurricanes than Congressman TAYLOR. I do not, and no one questions his sincerity or his commitment to assisting those who have lost everything they owned in these storms. While I share his concern over the rising costs and outright unavailability of homeowners' wind coverage in some areas, I have three principal objections to linking wind insurance to the reform of the National Flood Insurance Program.

First, expanding the program increases liabilities for taxpayers while decreasing options for customers or consumers. Properties located along the eastern seaboard and gulf coast represent \$19 trillion of insured value. Shifting the risk on even a portion of these properties to the troubled NFIP could expose taxpayers to massive losses. The fact is that insurance will choose not to engage a competitor that does not pay taxes, has subsidized borrowing costs, and is not required to build a reserve surplus and is protected from most lawsuits, State regulation and enforcement.

Second, adding wind coverage to the NFIP will exacerbate the program's well-documented administrative problems. Both the Department of Homeland Security and GAO have criticized the NFIP for being understaffed, not having adequate flood maps and not collecting sufficient information on wind payments when claims were submitted for flood damage. Expanding the portfolio further before much-needed reforms are in place is premature.

Third, no consensus yet exists about the necessity or desirability of creating a Federal wind insurance program. In testimony before our committee, representatives of flood management groups, the insurance industry, environmental organizations, Treasury and

FEMA all expressed agreement that a comprehensive study of the proposed wind insurance mandate should first be commissioned to provide Congress with a better understanding of the possible implications this expansion could have for consumers, NFIP and the market.

Mr. Chairman, we must not let the desire to meet every perceived problem with a new Government program drive us towards premature actions that yield unwanted consequences. The NFIP's mission should not be expanded, exposing taxpayers to massive new risks, until reforms are in place and adequate study has been conducted.

In addition to the above reservations, I have serious concerns with the effect the addition of wind coverage will have on communities that are now relying on NFIP. This program is already financially unstable, yet we are about to add \$19 trillion of risk. Despite this fiscal instability, States like West Virginia, that I represent, will still rely on the program to provide assistance in the case of serious flooding. There have not been major problems this year, thankfully, but as recently as 2001, FEMA has declared counties in my State national disasters due to flooding and provided \$17 million in assistance. These are serious needs across the Nation for the flood insurance program. We should be modernizing NFIP so it can become financially stable.

Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I agree that we should have had an amendment that would have allowed us to debate whether or not to strike the wind addition. I would have vigorously defended it as I will do now.

The problem is that we now give the insured and the people who administer insurance an impossible task. It is to evacuate a home on the notice of a hurricane and to return to that home some period of time later after there has been devastation from a hurricane and decide with some degree of certainty what damage was caused by water and what by wind, because the Federal Flood Insurance Program protects against water damage. Wind damage is under the auspices of private companies. In some cases, of course, the same company would be involved, and some of the adjusters would have an interest in whether or not it was water versus wind. The more it was water, the less they would have to pay. But even aside from that conflict of interest, it is inherently difficult, in fact impossible, to decide, if you go back and there is all this devastation, was it the wind that blew the roof off? Was it the flood that did it? Was the window broken by a wind-driven projectile? It is impossible to tell. We give people this impossible decision.

Now, the way the wind program works under the bill, in the first place,

it is not a complete expansion. You only would be eligible to buy wind insurance if you already have flood insurance. It will lead to no new insureds. That has to be very clear. No one who is not now taking out insurance, not just eligible, but taking out insurance, will be allowed to take this out, because it can only be an adjunct to your water policy. It is aimed at trying to avoid having this impossible arbitration between wind and water damage.

Secondly, and CBO scores it this way, it is subject to PAYGO. The mandate in the legislation is that it has to be actuarially sound. And people have said, well, the previous flood insurance program wasn't actuarially sound. True. It wasn't subjected to that statutory mandate. It wasn't subject to PAYGO.

We have in here language that mandates that the wind coverage be actuarially sound. CBO has certified, and as Members know, we don't always get from CBO what we think is the right answer, but in this case, CBO has certified that this meets PAYGO and that wind will be there.

So what we are saying is that if you already have water and you are in an area where you are likely to have a combination of wind and water, we will allow you to buy wind as an adjunct so that, and you will have to pay the going rate for it, the actuarially sound rate, but then you will avoid this terrible, intractable problem of arbitrating wind versus water.

Mr. Chairman, I reserve the balance of my time.

Mrs. CAPITO. I yield 4 minutes to one of the original authors of the bill that was presented initially to this Congress, the gentlewoman from Illinois, Representative JUDY BIGGERT.

Mrs. BIGGERT. Mr. Chairman, I would like to express congratulations to the ranking member on her taking over as the ranking member of the Housing Subcommittee.

Mr. Chairman, I have always known Chairman FRANK to never shy away from a debate. I appreciate his acknowledgement that he would have liked to have had the opportunity to debate the amendments that were not made in order. I know how concerned he was about that and it shows by his vote on the floor. So I really appreciate that. He has always been ready, willing and able to know what the opposition is and their concerns and to debate that.

Mr. Chairman, Chairman FRANK and I did introduce H.R. 1682 earlier. That was the Flood Insurance Reform and Modernization Act of 2007. That was to address the much-needed reforms to NFIP, the Nation's largest single-line property insurance provider. Unfortunately, the legislation before us today, I think, jeopardizes our commitment to enact these reforms because it does couple H.R. 1682 with H.R. 920, which is Representative TAYLOR's bill. We all know how sincere he is about this much-needed reform. But it does add

wind to the National Flood Insurance Program. I really am concerned about this.

We had several hearings. Witness after witness testified that adding wind to the flood insurance program was not a good idea. At one of the hearings, adding wind to NFIP, the National Association of Insurance Commissioners, the insurance experts, environmental groups, floodplain management groups, the Treasury and FEMA all were opposed to such an expansion.

In previous Congresses, flood modernization bills virtually identical to H.R. 1682, the Frank-Biggert bill, enjoyed broad, bipartisan support. During the last Congress, the Financial Services Committee considered H.R. 4973, the Act of 2006, which the House passed by a vote of 416-4 on June 27, 2006.

But instead of embracing this approach and the recent track record of bipartisanship on NFIP, the other side of the aisle has chosen to introduce this new bill and include language that I think really threatens the passage of necessary reforms to the program. I am disappointed by this action. NFIP needs reform now, not a controversy and costly program expansion.

For the majority of its 39-year history, NFIP has been a self-funding program. However, flood insurance claims from the 2005 hurricane season have grown to almost \$18 billion, a total greater than all the claims from all the other years combined. Unless the NFIP program is reformed soon, the program will face insolvency. In January, the GAO placed the flood insurance program on its High-Risk Series list, which recommends increased congressional oversight for troubled programs.

So, Mr. Chairman, it is clear that NFIP reform is needed now. Therefore, before expanding the NFIP program to include wind, we should keep our commitment to reform NFIP and move H.R. 1682 instead of the bill before us today. The administration has said that if the wind provision is included in this bill, the President will veto it. So adding wind, really, to me, is a poison pill to the flood insurance reform bill and is compromising our efforts to enact much-needed bipartisan reform of the National Flood Insurance Program.

Mr. FRANK of Massachusetts. I reserve the balance of my time.

Mrs. CAPITO. Mr. Chairman, I yield 2 minutes to the representative from Illinois (Mr. ROSKAM), a member of the Financial Services Committee.

Mr. ROSKAM. I thank the gentlewoman for yielding.

Mr. Chairman, have you ever walked by a construction site? When they are putting up big buildings, it is really a sight to behold. And you look down at the foundation upon which they are building. If they are building the house right, they are putting it on a foundation of absolute bedrock. As you are watching them put it together, they are bringing in large pieces of concrete and steel. They are putting it down

ever so slowly, ever so slowly, because when they finally put it down on the foundation, it is not going to move again. That is why they are very, very careful.

I think today we are missing an opportunity to build on a solid foundation. We have an opportunity to fix a failed and struggling program, and that is the National Flood Insurance Program. That is not bedrock. It is peat moss. It is very, very soft stuff. It has an \$18 billion liability right now.

Unfortunately, rather than dealing with the flood component, what is happening is that an additional liability is being placed on a program that doesn't have a solid foundation. We are giving additional responsibility in this bill to FEMA without any substantive reforms of FEMA. I know that over the past years, FEMA has been subject to and receives a great deal of criticism with the way in which it conducted itself following Hurricanes Katrina and Rita.

□ 1315

I think that the lost opportunity here is a sad thing. The vast majority, not the overwhelming majority, but the vast majority of claims have been settled in the previous conflict, and now here we have got the chance to fix the flood program. My district wants a flood program that is dynamic and vibrant and solvent and based on a good foundation.

As was previously mentioned, the GAO has put the NFIP on a watch list, and yet we are entrusting the NFIP with the new responsibility. That we ought not do.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield such time as he may consume to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR. I want to thank Chairman FRANK, Chairwoman WATERS, Chairman MEL WATT, the Democratic members of the Financial Services Committee for bringing this incredibly important bill to the floor.

Mr. Chairman, a little over 2 years ago, the Nation's worst disaster hit a number of places, including the district I have the privilege of representing. An unprecedented number of homes were destroyed, including my own. As the crow flies between my house and Senator LOTT's house is 40 miles. As inconceivable as it may be, in that 40 miles between our houses, only a handful of houses within several blocks of the Gulf of Mexico remained.

A number of things occurred after that storm, most of them good. People in south Mississippi pulled together. They did what they could to take care of themselves. People from all over America came to our assistance. Congressman GILCREST's district raised something in the neighborhood of \$40,000 to \$50,000 for the people of my district, as well as the people of St. Mary's County. There are so many of these things, that I can't enumerate them all. The people of St. Mary's

County sent down three truckloads of Christmas presents to kids who lost everything.

To this day, there are still young volunteers and not-so-young volunteers from all over the country who come down there trying to help people rebuild their lives. About the only group that didn't try to help the people of south Mississippi is the insurance industry. You see, within days of the storm, the insurance industry issued a memo to their employees that said whenever wind and water occur concurrently, blame it all on the water.

Mr. Chairman, the United States Navy has modeled what happened that day in Mississippi, and the United States Navy tells us that for 4 to 5 hours in south Mississippi we had hurricane force winds before the water ever got there.

Under the National Write Your Own program, we count on the private sector for two things: we count on them to sell the policy, and that way our Nation does not have the administrative expense of having a sales force. But we also count on them to adjudicate the claim fairly. Those things that are wind, say the wind did it, and they have to pay. Those things that are attributed to water, you can blame it on the flood insurance, and the Nation pays.

Within days of the storm, State Farm and other companies had issued the following e-mails to their employees: Where wind acts concurrently with flooding to cause damage to the insured property, coverage for the loss exists only under flood coverage.

So, on one hand, they have a contract with the Nation that says we are going to pay if it's wind damage, the Nation is going to pay if it's flood damage. They get to adjust the claim. We don't have a Federal employee following them around. The total discretion to make this claim is with the private sector.

Put yourself in the position of that 25-year-old claims adjuster. You're looking for your Christmas bonus; you're hoping for a promotion. You can walk on that property and say what is fair, that, yeah, there was wind and there was water, or you can be a company man and you can follow the memo from company headquarters and blame it all on the water and stick the taxpayer with the bill. That is not fair to the taxpayer right off the bat, and it's not fair to the citizens.

Let me further clarify this, and I have kind of become an expert at it the hard way. Every homeowner's policy has something in it called "Cost of Living Expenses," and that is if your home burns down tonight, and you have got a homeowners policy, they will pay to put you up until they fix your house. But if they deny the claim, they don't put you up.

The President came down shortly after the storm and said, you know what, if you have lost your house, or if your house is substantially damaged,

we are going to get you a trailer to live in. They assigned, just in south Mississippi, 42,000 trailers; one for every family of five, \$16,000 per trailer.

Then they gave another contract to an outfit called Bechtel to haul those trailers the last 70 miles, from a place called Purvis, Mississippi, down to the site where a home was, hook it up to a garden hose, plug it in, hook it up to the sewer tap. It worked out where that company got another \$16,000 just for doing the very simple thing that grandmoms and grandpops and moms and dads do every weekend, which is called hooking up a travel trailer.

We are now up to \$32,000 per trailer, times 42,000 times, because they decided they weren't going to pay on their homeowners claims, that the Nation would pay. Now, you can come to this floor and defend that, but I don't think you can.

So the individual who had a homeowners policy, because if you live in hurricane country, and this has happened three times in my lifetime, it's the only time I lost my house, but three times in my lifetime I have seen terrible storms. You don't know if it's going to be more wind than water or more water than wind. So you buy both policies, with the idea if I get flooded, I've got a flood policy. If it's wind tearing my roof off, I've got a wind policy. You have both.

As the chairman pointed out, our Nation spends a fortune to have hurricane hunters fly into these storms. Our Nation spends a fortune to put satellites that track storms into space. Why do they do that? To give people warning so that they don't die in the storm. Our sheriffs departments and police chiefs did a wonderful job: get the heck out of here, this is going to be a bad storm. So the logical people and the people who weren't hard-headed got the heck out of there. We lost a rocket scientist. I am certainly not going to say that man was dumb, but he built what he thought was a hurricane-proof house. He died in that hurricane-proof house.

The point is that the few folks who stayed behind almost all died, but the few folks who stayed behind had their claims paid because they could sign an affidavit and say I saw my roof fly off before the water got there, I saw my windows fly in. And, by the way, I was 10 miles inland that day and the windows in my brother's house flew in. The insurance companies paid wind claims in all 82 counties of Mississippi, all the way to Memphis, Tennessee; but they are somehow trying to convince this Congress that the wind somehow miraculously leap-frogged over the coast and they shouldn't have had to pay where it hit first.

Mr. Chairman, what we are trying to do with this is tell the people of America, the 52 percent of the people that live in coastal America, that if you build the house the way you should, if you pay your premiums, if you buy this additional coverage, if your house is destroyed in the course of a hurricane

or substantially damaged in the course of a hurricane, you don't have to be there with a video camera to record whether it's wind or whether it's water. You paid your premium, you built it right, you are going to get paid.

One of the gentlemen mentioned that the insurance companies have settled 90-something percent of the claims. Let me address that.

I was pretty busy, as you might guess, after the storm. I put off meeting with my adjuster for 2 weeks. By the time I met with my adjuster, I had heard dozens, if not hundreds, of my constituents as I am going around passing out MREs, told me, "They already told me they are not going to pay me. I had a homeowners policy. They are not going to pay me."

So by the time they came to my house, I asked my agent, Please don't say a word. Each one of my steps is about 3 feet. Let's just count the steps until we find my roof. We paced off about 150 of them, 450 feet. I showed them my roof and pointed out it was tin. I reminded them that tin doesn't float. I showed them the holes where it had been ripped through the bolts.

I said, This is my roof. I am the only guy in this neighborhood that has this style roof. This is my roof, and it is 450 feet from where my house used to be. Now let's walk back to where my house used to be. Miss, what do you have to say? This to the claims adjuster.

The first words out of her mouth, I see no evidence of wind damage. We are, however, prepared to pay your flood claim. To which I reminded her that was very sweet of State Farm. That is not their money; that is the Nation's money. What about the claim for that roof that flew over there?

What we are trying to do with this is prevent the need for my constituents, your constituents, anyone who lives in coastal America, to have to stay behind with a video camera to record the destruction and possibly die with these claims. If you build it right, if you pay your premiums, then you get paid. Pretty simple. Under the PAYGO rules of this House, it will pay for itself. It has to. It is written in the law.

Lastly, we quit putting the insurance companies in a position where they can bilk the taxpayers for billions of dollars. What some of you may not know, something I will be entirely grateful for, is because so many homeowners claims weren't paid in south Mississippi of people who lived outside the floodplain, who had homeowners insurance but didn't get paid, in one of the appropriations bills after Katrina, \$4 billion in taxpayer dollars was included to pay those people's insurance claims. The taxpayers paid for what State Farm, Nationwide, and Allstate should have paid.

So when people say this is some sort of raid on the Treasury, I see it as just the opposite. This is creating a program where the Nation won't have to ride to the rescue next time because people will have bought insurance

ahead of time, in a program that pays for itself, in a program that says if you built it right, if you pay your premiums, an act of God destroys your house, you are going to get paid.

I can't think of anything that is more fiscally responsible. I can't think of anything that is more right for the citizens. And I would remind my colleagues that the National Association of Homebuilders, the National Association of Realtors, and the National Association of Bankers, when given the opportunity to look at this bill in its totality, have endorsed this bill as it is written, including the wind versus water language to allow people to buy all-perils insurance.

I thank the chairman for his leadership on this. No one can say they have been blindsided on this issue. The hearings on this issue began in January. The debate on this issue started the week after the storm. There has been ample opportunity for people to weigh in on this issue.

I very much thank again the chairman, Ms. WATERS, Mr. MEL WATT, for the opportunity to bring this to the floor and the opportunity to right an egregious wrong against the American people.

Lastly, I would like to remind people that even with Katrina, the insurance industry made \$42 billion in profits the year of Katrina. So while they are simultaneously telling their employees, don't pay the individual, while they are sticking the bill to the citizen, if you have any doubt in your mind why flood insurance lost so much money, it is because they made so much money that year. We are trying to correct that. I hope you will help us.

Mrs. CAPITO. Mr. Chairman, I yield 2 minutes to the gentleman from South Carolina (Mr. BARRETT).

Mr. BARRETT of South Carolina. I thank the gentlewoman for yielding.

Mr. Chairman, I appreciate that many homeowners around the country require affordable insurance against natural disasters. However, I also know that the Federal Government cannot afford spending at the excessive levels we are spending at. By expanding the National Flood Insurance Program, the NFIP, H.R. 3121 would put the Federal Government on the hook for even more billions of dollars.

Coming from a State prone to hurricanes, I am sensitive to those needs and to those who live in high-risk areas for natural disasters. But it would be irresponsible for the Federal Government to expand its program without fully understanding the repercussions. Unfortunately, many Americans will likely once again find themselves affected by devastating natural catastrophes such as hurricanes. The NFIP already owes the Department of Treasury around \$18 billion, and it is unlikely that they will ever be able to repay this amount; \$18 billion.

So should we now increase the NFIP's exposure, thus increasing the Federal Government's liability, by ex-

panding this program to include wind insurance? To do so would be unfair to the taxpayers who would be stuck with this bill, Mr. Chairman.

□ 1330

Expanding this already distressed program will increase the Federal Government's liability, and will almost definitely increase government spending on a huge scale while crowding out private insurance markets.

Therefore, I urge my colleagues to join me in voting against H.R. 3121, the Flood Insurance Reform and Modernization Act.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 4 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Chairman, I thank the gentleman for yielding me this time and permitting me to speak, and for the hard work he and his committee have invested in this.

Mr. Chairman, the area of flood insurance is one that I have been focusing on over the last half dozen years. I was pleased to work with our former colleague, Doug Bereuter, with Chairman FRANK and with then-Chairman Oxley on some serious flood insurance reform that predated the most recent disaster with Katrina. During that time, I had a chance to learn a lot about opportunities that the Federal Government has to alter its programs and policies to reduce this long-term exposure, and to think about the redesign of the partnership between the private sector, the State and local governments.

While I appreciate my friend from Mississippi's tenacity in zeroing in on an area of very serious problem dealing with wind damage, and he has documented in great detail the almost impossible situation that many of his constituents and others in the Hurricane Katrina area have faced, I am trying to keep an open mind in terms of how far we go along the lines in terms of expanding it to add wind damage.

I don't think that we have seen the end of this process. I am looking forward to working with my colleague on the legislative process as it moves along. I am deeply concerned that we haven't come to grips with the financing of our flood insurance program. We are looking at upwards of \$20 billion, and we are slowly having some actuarial balance added to these programs; but, it still lags. Not only is there a problem of not having actuarial balance to be able to provide the sums that are necessary to maintain this as a self-supporting program, because as it stands now, that is going to be a stretch. It is going to take a long time without serious incident for us to get there.

I am also concerned that we need to do a better job of making sure that the Federal Government and State and local governments aren't putting more people in harm's way. In too many areas we have seen that there has been,

shall we say, reluctance on the part of local authorities and State authorities to be rigorous in making sure that we are not pouring large sums of public investment in areas where it is encouraging people to locate in places where we know there is going to be damage over time.

Last but not least, later in this debate we will be talking about working with FEMA to make some adjustments to take into account global warming, climate change and rising sea levels, because this is an area that is going to compound lax local land use controls and unsteady development processes that is going to end up creating a disaster out of our disaster relief.

I can't say enough about how much I appreciate the committee's willingness to be involved in an area that some think is esoteric, that is sort of mundane, that is sort of too detailed and unexciting. But it is precisely that sort of attention that is going to make us have a stronger program that is going to meet the needs of people and is going to do so in a way that actually helps keep people out of harm's way, which ought to be our ultimate objective.

We ought to make sure that all of these forces save money, save lives and protects the environment. I think this legislation moves in that direction. I look forward to working with the committee as this legislation works its way through the legislative process to better achieve that goal.

Mrs. CAPITO. Mr. Chairman, it is my pleasure to yield 3 minutes to the gentlewoman from Florida (Mrs. GINNY BROWN-WAITE).

Mr. FRANK of Massachusetts. Mr. Chairman, I yield an additional minute to the gentlewoman from Florida.

Ms. GINNY BROWN-WAITE of Florida. Mr. Chairman, I thank the gentlewoman for yielding me this time.

I rise to engage my good friend Chairman FRANK in a colloquy concerning the bill.

Mr. FRANK, as you recall during the committee process before we actually marked up H.R. 3121, my Florida colleagues and I raised some serious questions and concerns over expanding the flood program to cover wind. We are concerned that while this expansion may help some in areas of the United States, we were uncertain whether it would hinder some States like Florida that tend to be excluded from the national insurance market.

You will remember Representatives FEENEY, PUTNAM and I introduced an amendment that struck the provisions expanding NFIP to cover wind losses. The amendment put a GAO study in its place to give members in the department time to vet this issue further. Unfortunately, the amendment did not pass the committee, but you and I asked for a GAO study very similar to the one included in the amendment.

You and I have worked closely on issues in the past, and I know that you are a man of your word and you have

always given those of us with differing thoughts an opportunity for ample discussion and consideration.

I am hoping today to get your word that when the GAO study is released in April, that the committee and the regulators will take into serious consideration their findings. For example, some of the questions we asked were whether consumers would be able to purchase wind and flood policies at sound, actuarial rates; whether FEMA had staff available and was prepared to administer such an expansion; and how much an expansion of this nature would expose taxpayers to future losses. Those and other questions that were posed, they are tough questions that GAO will be responding to.

But I hope I have your commitment that the Committee on Financial Services members who support an expansion and the regulators listen and respect the findings, regardless of the outcome. I would ask for that commitment, Mr. Chairman.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentlewoman yield?

Ms. GINNY BROWN-WAITE of Florida. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I must say, Mr. Chairman, the gentlewoman asks for my word, and I am tempted to assume a cultural pose which I haven't always had and simply say, "Word." But I am not sure that is still in vogue. I'm sometimes behind in my fashionableness.

I will say this to the gentlewoman; she has been very constructive and we have been able to work together on this and other matters, including on the most recent legislation involving floods. Certainly I will do everything I can to see that this is given very serious consideration.

Now I should add, the recommendations may mean a curtailment of the program or an adjustment of the program. If the argument is that FEMA is not well structured, the response might be to try to improve the structure of FEMA. But I take this report very seriously. So she has my word that we will take this very, very seriously. In fact, I would say when we get the report, the first thing we will do will be to have a hearing on it and then go from there.

Ms. GINNY BROWN-WAITE of Florida. I look forward to continuing this ongoing work relating to the NFIP program.

Mr. FRANK of Massachusetts. Mr. Chairman, I have no further requests for time, and so I reserve the balance of my time.

Mrs. CAPITO. Mr. Chairman, I yield 2 minutes to Mr. GILCHREST from Maryland.

Mr. GILCHREST. Mr. Chairman, I thank the gentlewoman for yielding, and thank Members on both sides and staff for working on this vital issue.

I want to take a minute or two to tell the Members that there will be an amendment coming up during the amendment process offered by Mr.

BLUMENAUER and myself to deal more effectively with how the Federal Government determines taking into consideration future effects of climate change on the American taxpayer and homeowners. I would urge all of my colleagues to vote for the amendment.

The amendment does basically two things: Are we, as a Federal Government, providing incentives to put more people in harm's way in coastal areas and are we adding cost to the Federal taxpayers as a result of that; and are we incentivizing ecological degradation?

I say that because there are maps on coastal areas and there are maps on flooding and there are maps on predicting storms that are all based on history. Nothing is projected into the future with an understanding of what global warming is going to do.

Let me tell you how it has impacted my district in the Chesapeake Bay. Poplar Island for decades was a popular place for many people in Maryland, including Presidents of the United States. It was 1,500 acres. It is now 5 acres as a result of sea level rise. We are now restoring that island with dredged material.

Holland Island, 350 people lived on Holland Island. It was 5 miles long and a mile and a half wide. It is down to 100 acres today, and nobody lives on Holland Island.

Barren Island was 582 acres. It is down to 120 acres now.

Areas in my district, Blackwater Refuge, for example, in Dorchester County, loses 120 acres a year due to sea level rise and exacerbated erosion problems.

It is not taken into consideration by the Federal Government, by FEMA, or anybody else, to project those natural causes that are occurring right now. In the Chesapeake Bay, sea level used to rise 3 feet every 1,000 years. In the last 100 years, it has risen a foot and a half. It is important for us to take these things into consideration.

I urge Members' vote on Mr. BLUMENAUER's amendment when we come to that point in the debate.

Mrs. CAPITO. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. HENSARLING), a member of the Financial Services Committee.

Mr. HENSARLING. Mr. Chairman, I thank the gentlewoman for yielding me this time.

I listened very carefully to the gentleman from Mississippi, and he may recall that I went to his hometown and I saw what was left of his home. I saw that devastation and I spoke to those people firsthand.

Although my family didn't feel quite that devastation, my in-laws lived in New Orleans and their home was severely damaged in Hurricane Katrina. My father-in-law was in the New Orleans Convention Center when all of the violence broke out. That is something that my family knows about, so I know there has been a lot of pain in that community. And I have no doubt that

the Federal Government, which has already rendered over \$100 billion of taxpayer aid, can do more good; but I fear, I fear this is not the solution.

Now I look at the legislation and I understand it is designed to be actuarially sound. I understand that the taxpayers aren't supposed to have to pay more. I understand that factory worker in Mesquite, Texas, in my district, who generously gave to help fellow Americans in their time of need, he has come to me and said, "Congressman, I want to be helpful, but tell me we don't have to do this again."

Congress can't outlaw hurricanes, but what do we do to make sure that he doesn't have to pay again.

So now we have a program that is not actuarially sound. It was designed to be, but it is not. So on the coverages that we have, and I will admit under the chairman's leadership there have been a number of reforms put into the program that I support, but we are increasing coverages. We are upping coverages. We are adding wind on top of a program that already owes the taxpayer \$20 billion that they have no way to pay for whatsoever.

I would note, we had other insurance programs that were supposed to be financially sound: Social Security, which now is a long-term deficit of \$8.9 trillion; Federal Pension Benefit Guaranty Corporation is supposed to be fiscally sound, running a deficit of \$18 billion, off-balance sheet liability of \$73 billion. We have already talked about the National Flood Insurance Program, Federal crop insurance, Medicaid. I could go on and on.

Mr. Chairman, I have no doubt again that the people on the gulf coast continue to be in need. But we were told a little earlier this week, I believe by our Speaker, this is supposed to be the Congress of the child. Well, let's look at the future of our children. When you look at the spending of the Federal Government already, we know that Chairman Bernanke has said, "Without early and meaningful action, the U.S. economy will be seriously weakened, with future generations bearing much of the cost."

□ 1345

That's just with the government we have today. The GAO has said we're on the verge of being the first generation in America's history to leave the next generation with the lowest standard of living due to all of this spending. This program makes it worse. It must be rejected.

The CHAIRMAN. The gentleman from Massachusetts has 3½ minutes remaining. The gentlewoman from West Virginia has 8 minutes remaining.

Mrs. CAPITO. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina (Mr. MCHENRY).

Mr. MCHENRY. Mr. Chairman, I thank my colleague from West Virginia for yielding. The ranking member is very generous with yielding.

I want to thank the committee chairman, my colleague from Massachu-

setts, for having an open and fair process in the committee. We had a number of amendments through that whole process that were vigorously debated, and there was a lot of discussion about continuing that vigorous debate on the House floor to work out some compromises, and the committee Chair honors his word in committee. I want to thank him for that.

Unfortunately, the Rules Committee did not allow these amendments to come forward to the House floor, and that is a great shame. I think the work product coming off this House floor will be less than it could have been had we had an open and fair process here on the House floor.

It is obvious and true that the National Flood Insurance Program is already in deep trouble. It's \$18 billion in the hole. Since 1981, over the last 26 years, it's borrowed from the Treasury 14 times, \$18 billion in the hole. Certainly it needs reform.

I think the underlying reforms for flood insurance in this bill are appropriate and good, and I appreciate the chairman of the committee, and I appreciate my colleague from Massachusetts accepting my amendment in the committee that says that new and renewing multi-peril policies shouldn't be extended in a time when the National Flood Insurance Program is borrowing from the Treasury. I think that's proper, and I appreciate him accepting that in this bill.

But overall, this addition of wind will actually step into the private sector and private market that is largely working and has largely worked for the last 100 years in this country. There have been a number of failures, and that is on occasion what happens; but with the private sector, it can be done on an actuarially sound basis.

What we're doing under this bill by adding a wind proposal is exposing the taxpayers to tens of billions of dollars' worth of additional unfunded liabilities, and that's why I'm going to have to sadly vote against this bill.

I urge my colleagues to vote "no."

Mrs. CAPITO. Mr. Chairman, I yield 2½ minutes to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Chairman, I thank the gentlewoman for yielding the time, and I want to talk a little bit about my own background.

I was in the insurance business for 13 years, worked strictly on commission. I was a broker, which meant I worked for the buyer, helping them find the best quality insurance in the insurance marketplace. I also represent the entire coast of the State of Georgia. I've been involved in flood insurance and wind storm insurance and fire insurance a great deal of my adult life. So I'm very familiar with this. In fact, I'm the only CPCU in Congress, which means Charter Property and Casualty Underwriter. That's a professional designation. I know this stuff is my point.

Now, what you have with the insurance business is you have two types of

profits, one they make from underwriting. They don't want to insure a building if they know it's going to burn down because they won't make an underwrite profit. Fair game. They do everything they can to make sure the building does not burn down.

They also make a second kind of profit called investment profit. When they get the cash flow from premiums from underwriting, they invest it and they make a lot of money in that. But generally speaking, insurance companies are risk averse. They don't want to insure wind if you're on the coast. They don't want to insure flood if you're in a flood zone. It makes sense from a business standpoint.

But as they will gladly cede this to the Federal Government, then what happens is exactly what Mr. MCHENRY said: you have the private sector pulls out of it. They don't put in their ingenuity to it.

Now my friend Mr. TAYLOR, and I know having represented coastal areas, it is possible that there are a lot of buildings and homes that have been constructed that probably shouldn't be there or probably shouldn't use the construction standards that they should, I know as I go over the entire district of Georgia on the coast that people in Idaho and Iowa and Maine are subsidizing the flood policies for my homeowners out there.

It's hard to say this is politically unpopular, but it is the truth. I just want to say that the insurance companies need to own up to their social responsibility. They don't need to take a walk on this.

The Federal Government is already supplying health care, retirement benefits, transportation benefits, food, drugs, even school uniforms and babysitting. Yes, there are programs for that. I don't believe the Federal Government needs to get into the wind storm pool in a major way. We need to let the private sector continue to provide this service, and we need to look ourselves in the eye and say maybe not all these buildings should be built.

I urge a "no" vote on this.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself 2 minutes to take up the suggestion of the gentleman from Georgia. He said that the insurance companies should be required, I guess, to live up to their social responsibility. I agree.

The committee of which I'm the Chair has the jurisdiction on that; and if he has any recommendations about what we can do, I'd be glad to do it, but not in that way right now.

Mr. KINGSTON. Mr. Chairman, will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentleman from Georgia.

Mr. KINGSTON. If they want to make a profit from it, then we should not let them take a walk from it. They will figure out a way to do it.

Mr. FRANK of Massachusetts. It is not in our power to tell them not to take a walk. They are a private sector

entity. So unless there was to be some legislative change, there's simply no power, particularly at the Federal level, because insurance has historically been a State issue; but when the gentleman says we shouldn't let them walk away, I might be inclined to agree with that.

There's nothing in the Federal Government now that would allow us to stop them from walking away, and our committee is available if anybody has any proposals to increase the role of the Federal Government, and I yield to the gentleman.

Mr. KINGSTON. Keep in mind, we did not even have a flood program until recent times. The underwriter will take care of it.

Mr. FRANK of Massachusetts. I'll take back my time to say that's irrelevant. We weren't talking about the history of the flood program.

The gentleman said we shouldn't let the private companies walk away from their social responsibility. I wish he would tell me how he thinks we can do that. I will be glad to yield to the gentleman if he wants to get back to the subject, but not when I'm still posing the question, because he apparently didn't understand it.

He said if they're not living up to their social responsibility, we should make them do it. I don't know how we can do that. If he wants to suggest to me new powers it would seem to me for us to take to do that, I'll listen.

I yield to the gentleman.

Mr. KINGSTON. Let me say this, we were not in the Federal flood insurance program until recent times.

Case in point, I used to sell flood insurance; but when the Federal Government grew into it, the private sector withdrew from the market.

Mr. FRANK of Massachusetts. I will take back my time, Mr. Chairman, to say that simply isn't accurate today. Others know it better than I, but we've had insurance companies withdrawing from offering policies that are not covered by Federal flood insurance. The Federal Government covers only flood insurance.

So I would repeat to him, his history is interesting; but he says we shouldn't allow them to walk away, and I don't know any way we can prevent them.

Mr. Chairman, I reserve the balance of my time.

Mrs. CAPITO. Mr. Chairman, I yield 30 seconds to the gentleman from Georgia.

Mr. KINGSTON. Let me say this, I would love to continue this dialogue and that's why we wanted some amendments so that we could try to work out some of these differences.

But in your great State, in Massachusetts, in Boston or in Savannah, Georgia, historically very old communities, there weren't Federal programs that did the underwriting. These were all built by the private sector.

What I'm saying is if you just step back and let the market do its place, the market will continue to work won-

ders as it did for hundreds of years in the United States of America until the Federal Government let them start taking a walk by providing products that competed with the private sector.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself 1 minute to say that simply isn't true. That's not the causality.

The notion that it was the Federal Government trotting them out is simply not accurate, and again, the phraseology of the gentleman is not that we should allow them to do it, we shouldn't let them walk away. I don't know any way to not let them walk away.

Mr. Chairman, I yield the balance of my time to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR. Mr. Chairman, I'd like to remind the gentleman from Georgia that what this is all about is getting the companies to live by their contract.

Thousands of my constituents, including one of the most powerful Members of the United States Senate and a Federal judge, had to hire lawyers and engineers to get fairness from their insurance companies. If they're going to do that to a powerful Senator or if they're going to do that to a Federal judge, what kind of chance does a schoolteacher, a chief petty officer, a high school football coach have?

The fact of the matter is they have not lived up to their responsibilities. That's what brings this bill to the floor today.

Mr. KINGSTON. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR. I yield to the gentleman from Georgia.

Mr. KINGSTON. Because as I understand it, TRENT LOTT lost a family home that was like 100 years old or something in Mississippi. There was no Federal insurance program of any nature when that house was built, which is my point for Boston and for Savannah, Georgia. All of those old buildings never had any Federal insurance programs: fire, flood or windstorm or anything else.

And what I'm saying is I agree with you. They are not pleasant to work with, and I understand and I want to commend the gentleman for his great work on this. But the reality is, if the Federal Government steps in, the private sector will move out.

The CHAIRMAN. The gentleman from Massachusetts' time has expired. The gentlewoman from West Virginia has 3 minutes to close.

Mrs. CAPITO. Mr. Chairman, I yield the remaining time to close to someone who has lived and breathed this issue for many, many years, an expert in the area, the gentleman from Louisiana (Mr. BAKER).

Mr. BAKER. Mr. Chairman, I thank the gentlewoman for yielding and wish to quickly say as a Louisianan, obviously I am a defender of the flood insurance program.

I want to commend Chairman FRANK for his willingness to work with us and

all affected parties in crafting a flood insurance program reform which I thought was a very good product. It was only with the addition of the wind exposure element to the underlying bill that I began to have any concerns about the legislative direction of the chairman's recommendation.

Currently, the notional value of flood insurance in effect, just flood, not to confuse with wind, today is \$1,092,932,778,000 as of a June 30 FEMA report. That's the potential exposure of the flood insurance program to claims pursuant to contract.

We know that the current flood program with the actuarial system in place cannot repay the debt it currently has. To put into scale what the additional risk brought onto the U.S. Government books will look like, the industry estimate from New England to the gulf coast only is an additional \$19 trillion of risk exposure.

The limits in the bill that have been described is it's only available where you can buy flood insurance. We sell flood insurance in New Mexico. We sell it in Boulder, Colorado, and we sell flood insurance in Guam, and the entry to the wind program is to buy the flood policy, so that we will, in fact, nationalize wind insurance coverage via the flood program, opening the U.S. taxpayer to a risk and a payment for which there is not an adequate stream.

Some say, well, the bill requires actuarial rating. The flood insurance program has actuarial rating, but it's not industry actuarial. It only looks to historical claims data. There's no risk modeling to look forward.

Those who have laid claim to the fact that weather cycles are more severe, damages are likely to escalate, that is not data which is incorporated into the flood insurance premium structure. So there will be problems with the implementation of the program as currently drafted.

Am I suggesting we do nothing? Absolutely not. Do I think that the current system is adequately taking care of the risk of those who live along coastal areas? Of course it isn't.

I have legislation which I am planning to introduce and hoped to have had introduced before consideration of this bill on the floor which will enable the issuance of a privately issued policy, multi-peril; but it would be exempt from State price controls.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BAKER. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. His point about the flood insurance not being actuarially sound is right; but in this bill, because it is subject to PAYGO, we have a more stringent standard. So it is not totally valid to say, oh, look, it was supposed to be actuarially done. The wind program here is written to a much stricter standard.

Mr. BAKER. If I may reclaim, I would only make the observation that both flood and wind have access to a



line of credit. The line of credit is not conditioned for flood only. Therefore, the taxpayer does have exposure to the limit authorized by statute, which is \$20.8 billion.

Mr. FRANK of Massachusetts. But not according to CBO, I would say to the gentleman.

Mr. BAKER. Well, we have a dispute.

Mr. FRANK of Massachusetts. Mr. Chairman, I submit the following exchange of letters regarding H.R. 3121.

NATIONAL ASSOCIATION OF REALTORS®,  
Washington, DC, September 26, 2007.

HOUSE OF REPRESENTATIVES,  
Washington, DC.

DEAR REPRESENTATIVES: On behalf of the more than 1.3 million members of the National Association of REALTORS® (NAR), I ask for your vote in favor of H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007, when it is considered by the House of Representatives on Thursday, September 27.

The National Flood Insurance Program (NFIP) offers essential flood loss protection to homeowners and commercial property owners in more than 20,000 communities nationwide. The bill, as written, will help protect homeowners, renters and commercial property owners from losses sustained from flooding. NAR strongly supports the following changes to the NFIP contained in the bill including:

Extending the NFIP for five years;

Ensuring that the 100-year flood maps are updated as expeditiously as possible;

Increasing coverage limits to \$335,000 for residential and \$670,000 for commercial properties;

Supporting education of tenants about the availability of flood insurance while providing flexibility to property owners and managers in the manner of providing such notice;

Adding coverage for living expenses, business interruption, and basement improvements;

Extending the pilot program for mitigation of severe repetitive loss properties; and

Studying the impacts of eliminating subsidies on homeowners, renters and local economies.

It is critical that flood insurance remain accessible for all individuals who own or rent property in a floodplain. I urge you to vote in favor of H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007, on Thursday.

Sincerely,

PAT V. COMBS, ABR, CRS, GRI, PMN,  
2007 President, National  
Association of Realtors®

NATIONAL ASSOCIATION OF  
HOME BUILDERS,

Washington, DC, September 26, 2007.

HOUSE OF REPRESENTATIVES,  
Washington, DC.

DEAR REPRESENTATIVES: On behalf of the 235,000 members of the National Association of Home Builders (NAHB), I am writing to express our support for H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007 as amended by the Manager's Amendment, which includes much-needed technical improvements to the underlying bill.

As you know, Hurricanes Katrina, Rita and Wilma radically disrupted the lives of those living on the Gulf Coast. After the storms' passing, many homeowners found themselves in dispute with their property insurance companies over whether water or wind was the primary cause of damage to their homes. After much debate, one proposed solution which has emerged to address this conflict is

to expand the authority of the National Flood Insurance Program (NFIP) to include wind coverage.

NAHB is pleased that the bill incorporates new language to provide wind insurance coverage for home owners. H.R. 3121, as amended by the Manager's Amendment, would provide a needed addition in expanding the availability and affordability of property insurance in high hazard areas. Additionally, it references the mitigation requirements of consensus-based building codes as a measure to lessen the potential damage caused by a natural disaster and thus further ensure the financial stability of the NFIP.

NAHB remains concerned about the overall solvency of the NFIP, but we also view this program as not simply about flood insurance premiums and payouts. The NFIP is a comprehensive tool to guide the development of growing communities while simultaneously balancing the need for reasonable protection of life and property. The specific method Congress uses to achieve this balance could potentially impact housing affordability as well as the control local communities have over their growth and development. NAHB believes that H.R. 3121 strikes the proper balance in protecting the NFIP's long-term financial stability while ensuring that federally-backed flood insurance remains available and affordable.

As this new NFIP expansion moves forward, NAHB encourages Congress to limit the amount of the program's fiscal exposure to ensure its financial sustainability and to require premiums for the new multi-peril coverage to be risk-based and actuarially sound. NAHB commends the work of the House Financial Services Committee in crafting legislation to preserve and enhance this important federal program, and we urge your support for H.R. 3121, as amended by the Manager's Amendment, when it comes to the House floor this week.

Thank you for your attention to our views.  
Sincerely,

JOSEPH M. STANTON

Re: Support for H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007.

Washington, DC, September 26, 2007

MEMBERS OF THE HOUSE OF REPRESENTATIVES,

I am writing on behalf of the members of the American Bankers Association (ABA) to express our support for H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007, scheduled to be considered by the full House later this week.

Since 1968, nearly 20,000 communities across the United States and its territories have participated in the National Flood Insurance Program (NFIP) by adopting and enforcing floodplain management ordinances to reduce future flood damage. In exchange, the NFIP makes federally backed flood insurance available to homeowners, renters, and business owners in these communities.

Losses from three large hurricanes (Katrina, Rita, and Wilma) in 2005 have left the NFIP more than \$23 billion in debt to the Treasury. There is no way that the NFIP can reasonably repay this debt and provide payment for future losses under the current rate structure. The likelihood of additional flood events and resulting claims against the program make reforms vital.

This legislation would require the Federal Emergency Management Agency (FEMA) to update the flood maps, and it would provide a phase-in of actuarial rates for commercial properties and non-primary residences. ABA supports these efforts as being necessary to sustain the program over the long term.

H.R. 3121 also would increase the penalties for non-compliance in placing flood insur-

ance, from \$350 per violation to \$2000 per violation. We are pleased that the legislation would provide a "safe harbor" for an institution which is in non-compliance due to circumstances beyond its control (such as outdated mapping by FEMA). We also are pleased that the legislation would provide institutions with an opportunity to correct non-compliance before a penalty is assessed and place a reasonable limit for total penalties per institution/per year.

We urge you to support this important legislation.

FLOYD STONER,  
Executive Director,  
Congressional Relations &  
Public Policy, ABA.

Mr. PAUL. Mr. Chairman, Madam Speaker, I am pleased to lend my support to two amendments to H.R. 3121, the Flood Insurance Reform and Modernization Act, that will help those Americans, including many in my congressional district, at risk of increased flood insurance premiums because of actions of the Federal Emergency Management Association (FEMA). FEMA is demanding that many towns and communities spend thousands of dollars in taxpayer money to certify levies and other mitigation devices. If the levies are not certified to FEMA's satisfaction, the residents of those communities will face higher flood insurance premiums. Many local governments are struggling to raise the funds to complete the certification in time to meet the FEMA-imposed certification deadlines.

Several communities in my own district have been impacted by these requirements. My office is working with these jurisdictions and FEMA to establish a more reasonable schedule for completing the certifications. My office is also doing every thing it can to help these local jurisdictions fund these projects. Unfortunately, even though there is never a shortage of available funds for overseas programs, there are no funds available to help countries comply with this new federal demand.

While FEMA has thus far been willing to cooperate with my office and the local officials in providing extensions of deadlines for certification, there remains a serious possibility that many Americans will see their flood insurance premiums skyrocket because their local governments were unable to comply with these unreasonable federal demands. In some cases, people may even lose their flood insurance completely.

The amendments offered by Mr. CARDOZA of California will help alleviate this problem by providing a five-year grace period for homeowners whose flood insurance coverage is affected by decertification of a levy. During this five-year, these homeowners would receive a 50 percent reduction in flood insurance premiums. Another amendment, offered by Mr. GREEN provides a five-year phasing in of any changes for flood insurance premiums for low-income homeowners impacted by the updating of the flood maps. These amendments will benefit my constituents, and all Americans, whose flood insurance is endangered by FEMA's certifying requirements, and I hope my colleagues will support them. I also hope my colleagues will continue to work to help those communities impacted by the new mitigation requirements.

Mr. BILIRAKIS. Mr. Chairman, I rise today in support of H.R. 3121. This bill, the Flood Insurance Reform and Modernization Act, takes important steps towards bolstering the protection provided to homeowners in disaster-prone

areas who face a constant threat of flood and windstorm damage.

Nearly all of my constituents and my fellow Floridians fall into this category. In Florida, especially, H.R. 3121 will help to ease the homeowners' insurance crisis that grows worse every day.

Expanding the federal flood-insurance program to include wind damage simply makes sense. Those who have their homes flooded are often in the path of destructive storms that wield powerful winds.

Common sense would dictate that if we are seeking to help protect homeowners from the liability that comes from destructive natural disasters like hurricanes, we would consider all of the forces of nature associated with these storms.

Instead of arguing today why we should include wind damage into this program, the discussion should rather be about why we have gone for so long without it.

While I understand the costs associated with this bill are an issue with some of my colleagues, the cost of doing nothing is much greater.

Many of the homeowners in my District, in the State of Florida, and in disaster-prone areas throughout the United States spend each day staring down the barrel of a gun—waiting for the storm to hit that will put them and their families on a path to financial ruin.

We have a chance to do something about this today.

It is this body's responsibility to act in the interest and welfare of the American people. Vote YES on H.R. 3121, and vote yes to protect millions of homeowners and their families.

Mrs. CAPPAS. Mr. Chairman, I rise in strong support of the Cardoza-Ross-Reyes Amendment to H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007.

This amendment will provide a 5 year grace period for homeowners who are required to purchase flood insurance as a result of new flood maps that decertify previously certified levees. During this period, homeowners would be entitled to a 50 percent reduction in their flood insurance premium while the levees are being recertified.

Recently, while updating flood maps in my congressional district, FEMA asked the Army Corps of Engineers to certify that the Santa Maria Valley levees would protect the City of Santa Maria for the next 100 years. Without the Corps' certification, much of the community will be placed in a flood zone and many of my constituents will be required to purchase expensive Federal flood insurance, something that many of them cannot afford.

The Cardoza-Ross-Reyes Amendment addresses this problem.

Since the Army Corps of Engineers completed the 26-mile Santa Maria Valley levees in 1963, the City has prospered, becoming the largest in Santa Barbara County. However, I over the years, natural deterioration of the levees has undermined their strength, leaving the community vulnerable to potentially devastating flooding by the Santa Maria River.

I am working with the City of Santa Maria, Santa Barbara County, and the area's other elected officials to restore the levees so they can be certified by the Army Corps of Engineers and, more importantly, so our community can avoid a catastrophic flooding event.

Mr. Chairman, this amendment is extremely important to my constituents. It will provide

them with much needed relief in a potentially expensive time.

I urge all of my colleagues to support the Cardoza-Ross-Reyes Amendment.

Mr. HOLT. Mr. Chairman, I rise today in support of H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007.

In April of this year, severe rainstorms in New Jersey caused the Delaware River to overflow for the fourth time in the past 2 years. Each of these floods caused substantial damage to the homes and businesses of my constituents in Mercer and Hunterdon counties. After each incident I toured the affected areas and met with local officials, residents, and business owners. Two primary concerns were raised by my constituents in each of these meetings. Residents wanted to know what efforts are being made to prevent future flooding and they wanted to be assured access to the financial resources available to them.

The legislation before us today provides needed comprehensive flood insurance reform. It will address concerns of the residents in my Central New Jersey district by expanding, improving and reauthorizing the National Flood Insurance Program, NFIP, through 2013. The NFIP is federally backed flood insurance available for purchase to homeowners, renters and business owners in 20,000 communities across the nation. In order to be eligible, these communities are required to adopt floodplain management ordinances to reduce future flood damage.

H.R. 3121 will improve the NFIP by increasing and expanding access to flood insurance policies. For the first time since 1994, the bill updates maximum insurance coverage limits for residential and nonresidential properties. It will create business interruption coverage policies for business owners to better prepare them to meet payroll and other obligations after a flood occurs. Additionally, this bill makes optional coverage at actuarial rates for basement improvements and for the replacement of items damaged by flooding. It also encourages participation in the NFIP through community outreach programs.

This legislation will help protect consumers and ensure that homeowners who should have flood insurance have it. H.R. 3121 increases the fines on lenders who do not enforce the mandatory flood insurance policy purchase requirement for those who live in a floodplain and hold a federally-backed mortgage. It will also clarify the disclosure requirements for flood insurance availability and require plain language information on flood insurance policies. It removes the current \$500,000 per apartment building insurance cap and will allow each unit in the building to be insured for its total value. It requires landlords to notify their tenants of contents coverage availability. Further, the bill makes flood insurance effective immediately upon purchase of a home.

Not only does this bill work to ensure that insurance coverage is available to those who need it, it will help us to find better ways to prevent flooding in the future by requiring the Federal Emergency Management Administration, FEMA, to map the 500-year floodplain. It also makes the updating and modernization of flood maps an ongoing process, and increases funding for mapping. According to the Delaware River Basin Commission which works on issues relating to the Delaware River, updated

floodplain maps will allow us to better predict areas that are vulnerable to flooding and identify ways to prevent floods from happening.

I urge my colleagues to support H.R. 3121.

Mr. BACA. Mr. Chairman, I ask unanimous consent to revise and extend my remarks. I rise to support of H.R. 3121 a bill that will modernize and reform FEMA's flood insurance program and thank Chairman FRANK and MAXINE WATERS for their leadership on this legislation.

This bill will provide long overdue and much-needed reforms to the National Flood Insurance Program, NFIP, and update the program to meet the needs of the 21st century.

Hurricane Katrina caused property damage from both wind and flooding in parts of five parishes of Louisiana, three counties of Mississippi, and two counties of Alabama.

Yet insurance companies in those areas have refused to count claims where property damage was a result of both wind and water. Instead, for 2 years they engaged in the practice of denying and delaying claims and took advantage of the desperation of disaster victims who lost everything.

This bill provides fair and equitable protection of combined wind and flood losses by allowing property owners to purchase wind and flood coverage in a single policy. It will help us right that wrong for many victims.

As we saw during Hurricane Katrina, FEMA's maps are significantly outdated, often understating flood risk and leaving homeowners without enough information to protect themselves.

I am pleased that this bill includes provisions to address this problem by requiring FEMA to conduct a thorough review of the nation's flood maps, making the updating and modernization of flood maps an ongoing process, and increasing funding for mapping.

H.R. 3121 addresses a number of weaknesses in the Flood Insurance Program that were exposed by the unprecedented 2005 hurricane season. It is a strong bill that will ensure the program's continued viability, encourage broader participation, and increase financial accountability.

I urge my colleagues to support this important legislation.

Mr. WELDON of Florida. Mr. Chairman, I am very concerned about the need to enhance access to affordable storm damage insurance, particularly for those living in communities like the one I represent in Florida. Indeed I have cosponsored and authored legislation that would do just this and compliment the steps that have already been taken by the State of Florida to address this issue.

Asking American taxpayers to assume \$19 trillion in potential liabilities under a program that the Government Accountability Office, GAO, has already deemed insolvent just does not make good common sense. If an insolvent private company came before the regulators asking the regulator to further expand their liabilities, as is being done in H.R. 3121, the regulators would reject the application outright.

Increasing the potential liabilities of the National Flood Insurance Program, NFIP, as is done in H.R. 3121—without first paying off the NFIP's \$19 billion debt—is unwise. Furthermore, the GAO and the Congressional Budget Office, CBO, admit that the \$2 billion in annual premiums that NFIP takes in each year makes it virtually impossible for the NFIP to pay off this debt. No rational person would buy insurance from a private company who was \$18

billion in debt or has borrowed from the U.S. Treasury (taxpayers) 14 times just to keep from going bankrupt.

Forcing H.R. 3121 to the floor while blocking amendments from Republican Members of Congress, especially from Members from Florida and other States who deal with hurricanes on a regular basis, does not speak highly of the integrity of this program.

As a father, I worry greatly about the burden we are passing onto our children. With reckless abandon, this Congress is rushing headlong into the future without any thought of what the ramifications of our decisions will have on our children and grandchildren. With every indication that Social Security will be bankrupt by 2042, with the Medicare program \$17 trillion short already, the House passed another massive spending program with unfunded liabilities estimated at \$180 billion this week in the State Children's Health Insurance Program, SCHIP. In the college student loan bill that we passed earlier this year, this Congress added tens of billions of dollars in potential liabilities. Today this House is going to ram through another massive spending program where, as stated in a study by actuaries Towers Perrin, payouts to insurers for wind damage in a given storm could be \$100 to \$200 billion.

The GAO estimates that the current unfunded liability that our children face is over \$46 trillion, amounting to nearly \$375,000 per full time working American. Adding the additional potential liability of \$19 trillion in this bill would raise that to more than \$500,000 per full-time working American. We need to face reality and begin to think about our children and the America that we are going to leave them.

As we think about the type of America we are creating for our children, I am reminded of a warning given years ago:

A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largess from the public treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the public treasury with the result that a democracy always collapses over loose fiscal policy . . .

That is what this bill before us today does. It votes largess today, for political gain, while saddling our children with the debt. In good conscience I cannot do that. We owe it to future generations of Americans to turn the corner here and put their interests above our own.

As the Comptroller of the GAO stated in his testimony before the Senate Homeland Security Committee in 2005, the United States is on an unsustainable fiscal path and our future standard of living will be gradually eroded—if not suddenly damaged—if we continue on this path.

Reforming the NFIP is necessary, and this bill includes some important reforms, such as a phase-in of actuarially determined rates for some currently subsidized property owners. However, this bill does nothing to address the concerns raised by the GAO in the 2006 report that outlines the management and accountability problems after hurricanes Katrina and Rita.

The easy thing to do would be to simply vote for this bill and put the burden of paying for it on our children and grandchildren, much

like Washington has done already with dozens of other insolvent federal programs. But that would not be the right thing to do, and it is for that reason that I cannot vote to further burden our children with costs that we are not willing to pay for ourselves today.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute printed in the bill, modified by the amendment printed in part A of House Report 110-351, is adopted. The bill, as amended, shall be considered as an original bill for the purpose of further amendment under the 5-minute rule and shall be considered read.

The text of the bill, as amended, is as follows:

#### H.R. 3121

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

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

(a) *SHORT TITLE.*—This Act may be cited as the “Flood Insurance Reform and Modernization Act of 2007”.

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

- Sec. 1. Short title and table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Study regarding status of pre-firm properties and mandatory purchase requirement for natural 100-year floodplain and non-federally related loans.
- Sec. 4. Phase-in of actuarial rates for nonresidential properties and non-primary residences.
- Sec. 5. Exception to waiting period for effective date of policies.
- Sec. 6. Enforcement.
- Sec. 7. Multiperil coverage for flood and wind-storm.
- Sec. 8. Maximum coverage limits.
- Sec. 9. Coverage for additional living expenses, basement improvements, business interruption, and replacement cost of contents.
- Sec. 10. Notification to tenants of availability of contents insurance.
- Sec. 11. Increase in annual limitation on premium increases.
- Sec. 12. Report regarding borrowing authority.
- Sec. 13. FEMA participation in State disaster claims mediation programs.
- Sec. 14. FEMA annual report on insurance program.
- Sec. 15. Flood insurance outreach.
- Sec. 16. Grants for direct funding of mitigation activities for individual repetitive claims properties.
- Sec. 17. Extension of pilot program for mitigation of severe repetitive loss properties.
- Sec. 18. Flood mitigation assistance program.
- Sec. 19. GAO study of methods to increase flood insurance program participation by low-income families.
- Sec. 20. Notice of availability of flood insurance and escrow in RESPA good faith estimate.
- Sec. 21. Reiteration of FEMA responsibilities under 2004 Reform Act.
- Sec. 22. Ongoing modernization of flood maps and elevation standards.
- Sec. 23. Notification and appeal of map changes; notification of establishment of flood elevations.
- Sec. 24. Clarification of replacement cost provisions, forms, and policy language.
- Sec. 25. Authorization of additional FEMA staff.

Sec. 26. Extension of deadline for filing proof of loss.

Sec. 27. 5-year extension of program.

Sec. 28. Report on inclusion of building codes in floodplain management criteria.

Sec. 29. Study of economic effects of charging actuarially-based premium rates for pre-firm structures.

#### SEC. 2. FINDINGS AND PURPOSES.

(a) *FINDINGS.*—The Congress finds that—  
(1) flooding has been shown to occur in all 50 States, the District of Columbia, and in all territories and possessions of the United States;

(2) the national flood insurance program (NFIP) is the only affordable and reliable source of insurance to protect against flood losses;

(3) the aggregate amount of the flood insurance claims resulting from Hurricane Katrina, Hurricane Rita, and other events has exceeded the aggregate amount of all claims previously paid in the history of the national flood insurance program, requiring a significant increase in the program's borrowing authority;

(4) flood insurance policyholders have a legitimate expectation that they will receive fair and timely compensation for losses covered under their policies;

(5) substantial flooding has occurred, and will likely occur again, outside the areas designated by the Federal Emergency Management Agency (FEMA) as high-risk flood hazard areas;

(6) properties located in low- to moderate-risk areas are eligible to purchase flood insurance policies with premiums as low as \$112 a year;

(7) about 450,000 vacation homes, second homes, and commercial properties are subsidized and are not paying actuarially sound rates for flood insurance;

(8) phasing out subsidies currently extended to vacation homes, second homes, and commercial properties would result in estimated average annual savings to the taxpayers of the United States and the national flood insurance program of \$335,000,000;

(9) the maximum coverage limits for flood insurance policies should be increased to reflect inflation and the increased cost of housing;

(10) significant reforms to the national flood insurance program required in the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 have yet to be implemented; and

(11) in addition to reforms required in the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004, the national flood insurance program requires a modernized and updated administrative model to ensure that the program is solvent and the people of the United States have continued access to flood insurance.

(b) *PURPOSES.*—The purposes of this Act are—

(1) to protect the integrity of the national flood insurance program by fully funding existing legal obligations expected by existing policyholders who have paid policy premiums in return for flood insurance coverage and to pay debt service on funds borrowed by the NFIP;

(2) to increase incentives for homeowners and communities to participate in the national flood insurance program and to improve oversight to ensure better accountability of the NFIP and FEMA;

(3) to increase awareness of homeowners of flood risks and improve the quality of information regarding such risks provided to homeowners; and

(4) to provide for the national flood insurance program to make available optional multiperil insurance coverage against loss resulting from physical damage to or loss of real or personal property arising from any flood or windstorm.

#### SEC. 3. STUDY REGARDING STATUS OF PRE-FIRM PROPERTIES AND MANDATORY PURCHASE REQUIREMENT FOR NATURAL 100-YEAR FLOODPLAIN AND NON-FEDERALLY RELATED LOANS.

(a) *IN GENERAL.*—The Comptroller General shall conduct a study as follows:

(1) *PRE-FIRM PROPERTIES.*—The study shall determine the status of the national flood insurance program, as of the date of the enactment of

this Act, with respect to the provision of flood insurance coverage for pre-FIRM properties (as such term is defined in section 578(b) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4014 note)), which shall include determinations of—

(A) the number of pre-FIRM properties for which coverage is provided and the extent of such coverage;

(B) the cost of providing coverage for such pre-FIRM properties to the national flood insurance program;

(C) the anticipated rate at which such pre-FIRM properties will cease to be covered under the program; and

(D) the effects that implementation of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 will have on the national flood insurance program generally and on coverage of pre-FIRM properties under the program.

(2) **MANDATORY PURCHASE REQUIREMENT FOR NATURAL 100-YEAR FLOODPLAIN.**—The study shall assess the impact, effectiveness, and feasibility of amending the provisions of the Flood Disaster Protection Act of 1973 regarding the properties that are subject to the mandatory flood insurance coverage purchase requirements under such Act to extend such requirements to properties located in any area that would be designated as an area having special flood hazards but for the existence of a structural flood protection system, and shall determine—

(A) the regulatory, financial and economic impacts of extending such mandatory purchase requirements on the costs of homeownership, the actuarial soundness of the national flood insurance program, the Federal Emergency Management Agency, local communities, insurance companies, and local land use;

(B) the effectiveness of extending such mandatory purchase requirements in protecting homeowners from financial loss and in protecting the financial soundness of the national flood insurance program; and

(C) any impact on lenders of complying with or enforcing such extended mandatory requirements.

(3) **MANDATORY PURCHASE REQUIREMENT FOR NON-FEDERALLY RELATED LOANS.**—The study shall assess the impact, effectiveness, and feasibility of, and basis under the Constitution of the United States for, amending the provisions of the Flood Disaster Protection Act of 1973 regarding the properties that are subject to the mandatory flood insurance coverage purchase requirements under such Act to extend such requirements to any property that is located in any area having special flood hazards and which secures the repayment of a loan that is not described in paragraph (1), (2), or (3) of section 102(b) of such Act, and shall determine how best to administer and enforce such a requirement, taking into consideration other insurance purchase requirements under Federal and State law.

(b) **REPORT.**—The Comptroller General shall submit a report to the Congress regarding the results and conclusions of the study under this subsection not later than the expiration of the 6-month period beginning on the date of the enactment of this Act.

#### **SEC. 4. PHASE-IN OF ACTUARIAL RATES FOR NON-RESIDENTIAL PROPERTIES AND NON-PRIMARY RESIDENCES.**

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

(1) by redesignating paragraph (2) as paragraph (4); and

(2) by inserting after paragraph (1) the following new paragraphs:

“(2) **NONRESIDENTIAL PROPERTIES.**—Any non-residential property, which term shall not include any multifamily rental property that consists of four or more dwelling units.

“(3) **NON-PRIMARY RESIDENCES.**—Any residential property that is not the primary residence of

any individual, including the owner of the property or any other individual who resides in the property as a tenant.”.

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

(1) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking “the limitations provided under paragraphs (1) and (2)” and inserting “subsection (e)”; and

(B) in paragraph (1), by striking “, except” and all that follows through “subsection (e)”; and

(2) in subsection (e), by striking “paragraph (2) or (3)” and inserting “paragraph (4)”.

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

(1) **EFFECTIVE DATE.**—The amendments made by subsections (a) and (b) shall apply beginning on January 1, 2011, except as provided in paragraph (2) of this subsection.

(2) **TRANSITION FOR PROPERTIES COVERED BY FLOOD INSURANCE UPON EFFECTIVE DATE.**—

(A) **INCREASE OF RATES OVER TIME.**—In the case of any property described in paragraph (2) or (3) of section 1308(c) of the National Flood Insurance Act of 1968, as amended by subsection (a) of this section, that, as of the effective date under paragraph (1) of this subsection, is covered under a policy for flood insurance made available under the national flood insurance program for which the chargeable premium rates are less than the applicable estimated risk premium rate under section 1307(a)(1) for the area in which the property is located, the Director of the Federal Emergency Management Agency shall increase the chargeable premium rates for such property over time to such applicable estimated risk premium rate under section 1307(a)(1).

(B) **ANNUAL INCREASE.**—Such increase shall be made by increasing the chargeable premium rates for the property (after application of any increase in the premium rates otherwise applicable to such property), once during the 12-month period that begins upon the effective date under paragraph (1) of this subsection and once every 12 months thereafter until such increase is accomplished, by 15 percent (or such lesser amount as may be necessary so that the chargeable rate does not exceed such applicable estimated risk premium rate or to comply with subparagraph (C)). Any increase in chargeable premium rates for a property pursuant to this paragraph shall not be considered for purposes of the limitation under section 1308(e) of such Act.

(C) **PROPERTIES SUBJECT TO PHASE-IN AND ANNUAL INCREASES.**—In the case of any pre-FIRM property (as such term is defined in section 578(b) of the National Flood Insurance Reform Act of 1974), the aggregate increase, during any 12-month period, in the chargeable premium rate for the property that is attributable to this paragraph or to an increase described in section 1308(e) of the National Flood Insurance Act of 1968 may not exceed the following percentage:

(i) **NONRESIDENTIAL PROPERTIES.**—In the case of any property described in such section 1308(c)(2), 20 percent.

(ii) **NON-PRIMARY RESIDENCES.**—In the case of any property described in such section 1308(c)(3), 25 percent.

(D) **FULL ACTUARIAL RATES.**—The provisions of paragraphs (2) and (3) of such section 1308(c) shall apply to such a property upon the accomplishment of the increase under this paragraph and thereafter.

#### **SEC. 5. EXCEPTION TO WAITING PERIOD FOR EFFECTIVE DATE OF POLICIES.**

Section 1306(c)(2)(A) of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(c)(2)(A)) is amended by inserting before the semicolon the following: “or is in connection with the purchase or other transfer of the property for which the coverage is provided (regardless of whether a loan is involved in the purchase or transfer transaction), but only when such initial purchase of coverage is made not later 30 days after

such making, increasing, extension, or renewal of the loan or not later than 30 days after such purchase or other transfer of the property, as applicable”.

#### **SEC. 6. ENFORCEMENT.**

Section 102(f) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(ff)) is amended—

(1) in paragraph (5)—

(A) in the first sentence, by striking “\$350” and inserting “\$2,000”; and

(B) in the last sentence, by striking “\$100,000” and inserting “\$1,000,000; except that such limitation shall not apply to a regulated lending institution or enterprise for a calendar year if, in any three (or more) of the five calendar years immediately preceding such calendar year, the total amount of penalties assessed under this subsection against such lending institution or enterprise was \$1,000,000”; and

(2) in paragraph (6), by adding after the period at the end the following: “No penalty may be imposed under this subsection on a regulated lending institution or enterprise that has made a good faith effort to comply with the requirements of the provisions referred to in paragraph (2) or for any non-material violation of such requirements.”.

#### **SEC. 7. MULTIPERIL COVERAGE FOR FLOOD AND WINDSTORM.**

(a) **IN GENERAL.**—Section 1304 of the National Flood Insurance Act of 1968 (42 U.S.C. 4011) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection:

“(c) **MULTIPERIL COVERAGE FOR DAMAGE FROM FLOOD OR WINDSTORM.**—

“(1) **IN GENERAL.**—Subject to paragraph (8), the national flood insurance program established pursuant to subsection (a) shall enable the purchase of optional insurance against loss resulting from physical damage to or loss of real property or personal property related thereto located in the United States arising from any flood or windstorm, subject to the limitations in this subsection and section 1306(b).

“(2) **COMMUNITY PARTICIPATION REQUIREMENT.**—Multiperil coverage pursuant to this subsection may not be provided in any area (or subdivision thereof) unless an appropriate public body shall have adopted adequate land use and control measures (with effective enforcement provisions) which the Director finds are consistent with the comprehensive criteria for land management and use relating to windstorms establish pursuant to section 1361(d)(2).

“(3) **PROHIBITION AGAINST DUPLICATIVE COVERAGE.**—Multiperil coverage pursuant to this subsection may not be provided with respect to any structure (or the personal property related thereto) for any period during which such structure is covered, at any time, by flood insurance coverage made available under this title.

“(4) **NATURE OF COVERAGE.**—Multiperil coverage pursuant to this subsection shall—

“(A) cover losses only from physical damage resulting from flooding or windstorm; and

“(B) provide for approval and payment of claims under such coverage upon proof that such loss must have resulted from either windstorm or flooding, but shall not require for approval and payment of a claim that the specific cause of the loss, whether windstorm or flooding, be distinguished or identified.

“(5) **ACTUARIAL RATES.**—Multiperil coverage pursuant to this subsection shall be made available for purchase for a property only at chargeable risk premium rates that, based on consideration of the risks involved and accepted actuarial principles, and including operating costs and allowance and administrative expenses, are required in order to make such coverage available on an actuarial basis for the type and class of properties covered.

“(6) **TERMS OF COVERAGE.**—The Director shall, after consultation with persons and entities referred to in section 1306(a), provide by regulation for the general terms and conditions of insurability which shall be applicable to properties eligible for multiperil coverage under this subsection, subject to the provisions of this subsection, including—

“(A) the types, classes, and locations of any such properties which shall be eligible for such coverage, which shall include residential and nonresidential properties;

“(B) subject to paragraph (7), the nature and limits of loss or damage in any areas (or subdivisions thereof) which may be covered by such coverage;

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

“(D) appropriate minimum premiums;

“(E) appropriate loss deductibles; and

“(F) any other terms and conditions relating to insurance coverage or exclusion that may be necessary to carry out this subsection.

“(7) **LIMITATIONS ON AMOUNT OF COVERAGE.**—The regulations issued pursuant to paragraph (6) shall provide that the aggregate liability under multiperil coverage made available under this subsection shall not exceed the lesser of the replacement cost for covered losses or the following amounts, as applicable:

“(A) **RESIDENTIAL STRUCTURES.**—In the case of residential properties—

“(i) for any single-family dwelling, \$500,000;

“(ii) for any structure containing more than one dwelling unit, \$500,000 for each separate dwelling unit in the structure; and

“(iii) \$150,000 per dwelling unit for—

“(I) any contents related to such unit; and

“(II) any necessary increases in living expenses incurred by the insured when losses from flooding or windstorm make the residence unfit to live in.

“(B) **NONRESIDENTIAL PROPERTIES.**—In the case of nonresidential properties (including church properties)—

“(i) \$1,000,000 for any single structure; and

“(ii) \$750,000 for—

“(I) any contents related to such structure;

“(II) in the case of any nonresidential property that is a business property, any losses resulting from any partial or total interruption of the insured’s business caused by damage to, or loss of, such property from flooding or windstorm, except that for purposes of such coverage, losses shall be determined based on the profits the covered business would have earned, based on previous financial records, had the flood or windstorm not occurred.

“(8) **REQUIREMENT TO CEASE OFFERING COVERAGE IF BORROWING TO PAY CLAIMS.**—If at any time the Director utilizes the borrowing authority under section 1309(a) for the purpose of obtaining amounts to pay claims under multiperil coverage made available under this subsection, the Director may not, during the period beginning upon the initial such use of such borrowing authority and ending upon repayment to the Secretary of the Treasury of the full amount of all outstanding notes and obligations issued by the Director for such purpose, together with all interest owed on such notes and obligations, enter into any new policy, or renew any existing policy, for coverage made available under this subsection.

“(9) **EFFECTIVE DATE.**—This subsection shall take effect on, and shall apply beginning on, June 30, 2008.”

(b) **PROHIBITION AGAINST DUPLICATIVE COVERAGE.**—The National Flood Insurance Act of 1968 is amended by inserting after section 1313 (42 U.S.C. 4020) the following new section:

“**PROHIBITION AGAINST DUPLICATIVE COVERAGE**

“**SEC. 1314.** Flood insurance under this title may not be provided with respect to any structure (or the personal property related thereto) for any period during which such structure is covered, at any time, by multiperil insurance

coverage made available pursuant to section 1304(c).”

(c) **COMPLIANCE WITH STATE AND LOCAL LAW.**—Section 1316 of the National Flood Insurance Act of 1968 (42 U.S.C. 4023) is amended—

(1) by inserting “(a) **FLOOD PROTECTION MEASURES.**—” before “No new”; and

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

“(b) **WINDSTORM PROTECTION MEASURES.**—No new multiperil coverage shall be provided under section 1304(c) for any property that the Director finds has been declared by a duly constituted State or local zoning authority, or other authorized public body to be in violation of State or local laws, regulations, or ordinances, which are intended to reduce damage caused by windstorms.”

(d) **CRITERIA FOR LAND MANAGEMENT AND USE.**—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:

“(d) **WINDSTORMS.**—

“(1) **STUDIES AND INVESTIGATIONS.**—The Director shall carry out studies and investigations under this section to determine appropriate measures in windstorm-prone areas as to land management and use, windstorm zoning, and windstorm damage prevention, and may enter into contracts, agreements, and other appropriate arrangements to carry out such activities. Such studies and investigations shall include laws, regulations, and ordinance relating to the orderly development and use of areas subject to damage from windstorm risks, and zoning building codes, building permits, and subdivision and other building restrictions for such areas.

“(2) **CRITERIA.**—On the basis of the studies and investigations pursuant to paragraph (1) and such other information as may be appropriate, the Director shall establish comprehensive criteria designed to encourage, where necessary, the adoption of adequate State and local measures which, to the maximum extent feasible, will assist in reducing damage caused by windstorms.

“(3) **COORDINATION WITH STATE AND LOCAL GOVERNMENTS.**—The Director shall work closely with and provide any necessary technical assistance to State, interstate, and local governmental agencies, to encourage the application of criteria established under paragraph (2) and the adoption and enforcement of measures referred to in such paragraph.”

(e) **DEFINITIONS.**—Section 1370 of the National Flood Insurance Act of 1968 (42 U.S.C. 4121) 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 “; and”; and

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

“(16) the term ‘windstorm’ means any hurricane, tornado, cyclone, typhoon, or other wind event.”

**SEC. 8. MAXIMUM COVERAGE LIMITS.**

Subsection (b) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—

(1) in paragraph (2), by striking “\$250,000” and inserting “\$335,000”; and

(2) in paragraph (3), by striking “\$100,000” and inserting “\$135,000”; and

(3) in paragraph (4), by striking “\$500,000” each place such term appears and inserting “\$670,000”.

**SEC. 9. COVERAGE FOR ADDITIONAL LIVING EXPENSES, BASEMENT IMPROVEMENTS, BUSINESS INTERRUPTION, AND REPLACEMENT COST OF CONTENTS.**

Subsection (b) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013) is amended—

(1) in paragraph (4), by striking “and” at the end;

(2) in paragraph (5)—

(A) by inserting “pursuant to paragraph (2), (3), or (4)” after “any flood insurance coverage”; and

(B) by striking the period at the end and inserting a semicolon; and

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

“(6) in the case of any residential property, each renewal or new contract for flood insurance coverage shall provide not less than \$1,000 aggregate liability per dwelling unit for any necessary increases in living expenses incurred by the insured when losses from a flood make the residence unfit to live in, which coverage shall be available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1);

“(7) in the case of any residential property, optional coverage for additional living expenses described in paragraph (6) shall be made available to every insured upon renewal and every applicant in excess of the limits provided in paragraph (6) in such amounts and at such rates as the Director shall establish, except that such chargeable rates shall not be less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1);

“(8) in the case of any residential property, optional coverage for losses, resulting from floods, to improvements and personal property located in basements, crawl spaces, and other enclosed areas under buildings that are not covered by primary flood insurance coverage under this title, shall be made available to every insured upon renewal and every applicant, except that such coverage shall be made available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1);

“(9) in the case of any commercial property or other residential property, including multifamily rental property, optional coverage for losses resulting from any partial or total interruption of the insured’s business caused by damage to, or loss of, such property from a flood shall be made available to every insured upon renewal and every applicant, except that—

“(A) for purposes of such coverage, losses shall be determined based on the profits the covered business would have earned, based on previous financial records, had the flood not occurred; and

“(B) such coverage shall be made available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1); and

“(10) in the case of any residential property and any commercial property, optional coverage for the full replacement costs of any contents related to the structure that exceed the limits of coverage otherwise provided in this subsection shall be made available to every insured upon renewal and every applicant, except that such coverage shall be made available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1).”

**SEC. 10. NOTIFICATION TO TENANTS OF AVAILABILITY OF CONTENTS INSURANCE.**

The National Flood Insurance Act of 1968 is amended by inserting after section 1308 (42 U.S.C. 4015) the following new section:

**“SEC. 1308A. NOTIFICATION TO TENANTS OF AVAILABILITY OF CONTENTS INSURANCE.**

“(a) **IN GENERAL.**—The Director shall, upon entering into a contract for flood insurance coverage under this title for any property located in an area having special flood hazards—

“(1) provide to the insured sufficient copies of the notice developed pursuant to subsection (b); and

“(2) strongly encourage the insured to provide a copy of the notice, or otherwise provide notification of the information under subsection (b) in the manner that the manager or landlord

deems most appropriate, to each such tenant and to each new tenant upon commencement of such a tenancy.

“(b) NOTICE.—Notice to a tenant of a property in accordance with this subsection is written notice that clearly informs a tenant—

“(1) that the property is located in an area having special flood hazards;

“(2) that flood insurance coverage is available under the national flood insurance program under this title for contents of the unit or structure leased by the tenant;

“(3) of the maximum amount of such coverage for contents available under this title at that time; and

“(4) of where to obtain information regarding how to obtain such coverage, including a telephone number, mailing address, and location on the World Wide Web of the Director where such information is available.”.

**SEC. 11. INCREASE IN ANNUAL LIMITATION ON PREMIUM INCREASES.**

Section 1308(e) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(e)) is amended by striking “10 percent” and inserting “15 percent”.

**SEC. 12. REPORT REGARDING BORROWING AUTHORITY.**

Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Director of the Federal Emergency Management Agency shall submit a report to the Congress setting forth a plan for repaying within 10 years all amounts, that, as of the expiration of such period, have been borrowed under the authority of section 1309(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4016(a)) and not yet repaid as of such date.

**SEC. 13. FEMA PARTICIPATION IN STATE DISASTER CLAIMS MEDIATION PROGRAMS.**

Chapter 1 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. 1325. FEMA PARTICIPATION IN STATE DISASTER CLAIMS MEDIATION PROGRAMS.**

“(a) REQUIREMENT TO PARTICIPATE.—In the case of the occurrence of a natural catastrophe that may have resulted in flood damage covered by insurance made available under the national flood insurance program and a loss covered by personal lines residential property insurance policy, upon request made by the insurance commissioner of a State (or such other official responsible for regulating the business of insurance in the State) for the participation of representatives of the Director in a program sponsored by such State for nonbinding mediation of insurance claims resulting from a natural catastrophe, the Director shall cause such representatives to participate in such State program, when claims under the national flood insurance program are involved, to expedite settlement of flood damage claims resulting from such catastrophe.

“(b) EXTENT OF PARTICIPATION.—Participation by representatives of the Director required under subsection (a) with respect to flood damage claims resulting from a natural catastrophe shall include—

“(1) providing adjusters certified for purposes of the national flood insurance program who are authorized to settle claims against such program resulting from such catastrophe in amounts up to the limits of policies under such program;

“(2) requiring such adjusters to attend State-sponsored mediation meetings regarding flood insurance claims resulting from such catastrophe at times and places as may be arranged by the State;

“(3) participating in good-faith negotiations toward the settlement of such claims with policyholders of coverage made available under the national flood insurance program; and

“(4) finalizing the settlement of such claims on behalf of the national flood insurance program with such policyholders.

“(c) COORDINATION.—Representatives of the Director who participate pursuant to this section in a State-sponsored mediation program with respect to a natural catastrophe shall at all times coordinate their activities with insurance officials of the State and representatives of insurers for the purpose of consolidating and expediting the settlement of claims under the national flood insurance program resulting from such catastrophe at the earliest possible time.

“(d) MEDIATION PROCEEDINGS AND PRIVILEGED DOCUMENTS.—As a condition of the participation of Representatives of the Director pursuant to this section in State-sponsored mediation, all statements made and documents produced pursuant to such mediation involving representatives of the Director shall be deemed privileged and confidential settlement negotiations made in anticipation of litigation.

“(e) EFFECT OF PARTICIPATION ON LIABILITY, RIGHT, AND OBLIGATIONS.—Participation of Representatives of the Director pursuant to this section in State-sponsored mediation shall not affect or expand the liability of any party in contract or in tort, nor shall it affect the rights or obligations of the parties as provided in the Standard Flood Insurance Policy under the national flood insurance program, regulations of the Federal Emergency Management Agency, this Act, or Federal common law.

“(f) EXCLUSIVE FEDERAL JURISDICTION.—Participation of Representatives of the Director pursuant to this section in State-sponsored mediation shall not alter, change or modify the original exclusive jurisdiction of United States courts as provided in this Act.

“(g) COST LIMITATION.—Nothing in this section shall be construed to require the Director or representatives of the Director to pay additional mediation fees relating to flood claims associated with a State-sponsored mediation program in which representatives of the Director participate.

“(h) EXCEPTION.—In the case of the occurrence of a natural catastrophe that results in flood damage claims under the national flood insurance program and does not result in any loss covered by a personal lines residential property insurance policy—

“(1) this section shall not apply; and

“(2) the provisions of the Standard Flood Insurance Policy under the national flood insurance program and the appeals process established pursuant to section 205 of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (Public Law 108–264; 118 Stat. 726) and regulations issued pursuant to such section shall apply exclusively.

“(i) REPRESENTATIVES OF DIRECTOR.—For purposes of this section, the term ‘representatives of the Director’ means representatives of the national flood insurance program who participate in the appeals process established pursuant to section 205 of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (Public Law 108–264; 118 Stat. 726) and regulations issued pursuant to such section.”.

**SEC. 14. FEMA ANNUAL REPORT ON INSURANCE PROGRAM.**

Section 1320 of the National Flood Insurance Act of 1968 (42 U.S.C. 4027) is amended—

(1) in the section heading, by striking “REPORT TO THE PRESIDENT” and inserting “ANNUAL REPORT TO CONGRESS”;

(2) in subsection (a)—

(A) by striking “biennially”;

(B) by striking “the President for submission to”;

(C) by inserting “not later than June 30 of each year” before the period at the end;

(3) in subsection (b), by striking “biennial” and inserting “annual”;

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

“(c) FINANCIAL STATUS OF PROGRAM.—The report under this section for each year shall in-

clude information regarding the financial status of the national flood insurance program under this title, including a description of the financial status of the National Flood Insurance Fund and current and projected levels of claims, premium receipts, expenses, and borrowing under the program.”.

**SEC. 15. FLOOD INSURANCE OUTREACH.**

(a) GRANTS.—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. 1326. GRANTS FOR OUTREACH TO PROPERTY OWNERS AND RENTERS.**

“(a) IN GENERAL.—The Director may, to the extent amounts are made available pursuant to subsection (h), make grants to local governmental agencies responsible for floodplain management activities (including such agencies of Indians tribes, as such term is defined in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103)) in communities that participate in the national flood insurance program under this title, for use by such agencies to carry out outreach activities to encourage and facilitate the purchase of flood insurance protection under this Act by owners and renters of properties in such communities and to promote educational activities that increase awareness of flood risk reduction.

“(b) OUTREACH ACTIVITIES.—Amounts from a grant under this section shall be used only for activities designed to—

“(1) identify owners and renters of properties in communities that participate in the national flood insurance program, including owners of residential and commercial properties;

“(2) notify such owners and renters when their properties become included in, or when they are excluded from, an area having special flood hazards and the effect of such inclusion or exclusion on the applicability of the mandatory flood insurance purchase requirement under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) to such properties;

“(3) educate such owners and renters regarding the flood risk and reduction of this risk in their community, including the continued flood risks to areas that are no longer subject to the flood insurance mandatory purchase requirement;

“(4) educate such owners and renters regarding the benefits and costs of maintaining or acquiring flood insurance, including, where applicable, lower-cost preferred risk policies under this title for such properties and the contents of such properties; and

“(5) encouraging such owners and renters to maintain or acquire such coverage.

“(c) COST SHARING REQUIREMENT.—

“(1) IN GENERAL.—In any fiscal year, the Director may not provide a grant under this section to a local governmental agency in an amount exceeding 3 times the amount that the agency certifies, as the Director shall require, that the agency will contribute from non-Federal funds to be used with grant amounts only for carrying out activities described in subsection (b).

“(2) NON-FEDERAL FUNDS.—For purposes of this subsection, the term ‘non-Federal funds’ includes State or local government agency amounts, in-kind contributions, any salary paid to staff to carry out the eligible activities of the grant recipient, the value of the time and services contributed by volunteers to carry out such services (at a rate determined by the Director), and the value of any donated material or building and the value of any lease on a building.

“(d) ADMINISTRATIVE COST LIMITATION.—Notwithstanding subsection (b), the Director may use not more than 5 percent of amounts made available under subsection (g) to cover salaries, expenses, and other administrative costs incurred by the Director in making grants and provide assistance under this section.

**“(e) APPLICATION AND SELECTION.—**

**“(1) IN GENERAL.—**The Director shall provide for local governmental agencies described in subsection (a) to submit applications for grants under this section and for competitive selection, based on criteria established by the Director, of agencies submitting such applications to receive such grants.

**“(2) SELECTION CONSIDERATIONS.—**In selecting applications of local government agencies to receive grants under paragraph (1), the Director shall consider—

**“(A) the existence of a cooperative technical partner agreement between the local governmental agency and the Federal Emergency Management Agency;**

**“(B) the history of flood losses in the relevant area that have occurred to properties, both inside and outside the special flood hazards zones, which are not covered by flood insurance coverage;**

**“(C) the estimated percentage of high-risk properties located in the relevant area that are not covered by flood insurance;**

**“(D) demonstrated success of the local governmental agency in generating voluntary purchase of flood insurance; and**

**“(E) demonstrated technical capacity of the local governmental agency for outreach to individual property owners.**

**“(f) DIRECT OUTREACH BY FEMA.—**In each fiscal year that amounts for grants are made available pursuant to subsection (h), the Director may use not more than 50 percent of such amounts to carry out, and to enter into contracts with other entities to carry out, activities described in subsection (b) in areas that the Director determines have the most immediate need for such activities.

**“(g) REPORTING.—**Each local government agency that receives a grant under this section, and each entity that receives amounts pursuant to subsection (f), shall submit a report to the Director, not later than 12 months after such amounts are first received, which shall include such information as the Director considers appropriate to describe the activities conducted using such amounts and the effect of such activities on the retention or acquisition of flood insurance coverage.

**“(h) AUTHORIZATION OF APPROPRIATIONS.—**There is authorized to be appropriated for grants under this section \$50,000,000 for each of fiscal years 2008 through 2012.”

**(b) REPORT ON CURRENT EFFORTS.—**Not later than the expiration of the 60-day period beginning on the date of the enactment of this Act, the Director of the Federal Emergency Management Agency shall submit a report to the Congress identifying and describing the marketing and outreach efforts then currently being undertaken to educate consumers regarding the benefits of obtaining coverage under the national flood insurance program.

**SEC. 16. GRANTS FOR DIRECT FUNDING OF MITIGATION ACTIVITIES FOR INDIVIDUAL REPETITIVE CLAIMS PROPERTIES.**

**(a) DIRECT GRANTS TO OWNERS.—**Section 1323 of the National Flood Insurance Act of 1968 (42 U.S.C. 4030) is amended—

**(1) in the section heading, by inserting “DIRECT” before “GRANTS”; and**

**(2) in the matter in subsection (a) that precedes paragraph (1)—**

**(A) by inserting “, to owners of such properties,” before “for mitigation actions”; and**

**(B) by striking “1” and inserting “two”.**

**(b) AVAILABILITY OF FUNDS.—**Paragraph (9) of section 1310(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4017(a)) is amended by inserting “which shall remain available until expended,” after “any fiscal year.”

**SEC. 17. EXTENSION OF PILOT PROGRAM FOR MITIGATION OF SEVERE REPETITIVE LOSS PROPERTIES.**

Section 1361A of the National Flood Insurance Act of 1968 (42 U.S.C. 4102a) is amended—

**(1) in subsection (k)(1), by striking “2005, 2006, 2007, 2008, and 2009” and inserting “2008, 2009, 2010, 2011, and 2012”; and**

**(2) by striking subsection (l).**

**SEC. 18. FLOOD MITIGATION ASSISTANCE PROGRAM.**

**(a) ELIGIBILITY OF PROPERTY DEMOLITION AND REBUILDING.—**Section 1366(e)(5)(B) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c(e)(5)(B)) is amended by striking “or floodproofing” and inserting “floodproofing, or demolition and rebuilding”.

**(b) ELIMINATION OF LIMITATIONS ON AGGREGATE AMOUNT OF ASSISTANCE.—**Section 1366 of the National Flood Insurance Act of 1968 is amended by striking subsection (f).

**(c) SOURCE OF FUNDS.—**Subsection (a) of section 1367 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104d(a)) is amended by adding at the end the following new sentence: “Notwithstanding any other provision of this title, amounts made available pursuant to this subsection shall not be subject to offsetting collections through premium rates for flood insurance coverage under this title.”

**(d) TECHNICAL AMENDMENTS.—**Section 1366 of the National Flood Insurance Act of 1968 is amended—

**(1) by striking “subsection (g)” each place such term appears in subsections (h) and (i)(2) and inserting “subsection (f)”; and**

**(2) by redesignating subsections (g) through (k) as subsections (f) through (j), respectively; and**

**(3) by redesignating subsection (m) as subsection (k).**

**SEC. 19. GAO STUDY OF METHODS TO INCREASE FLOOD INSURANCE PROGRAM PARTICIPATION BY LOW-INCOME FAMILIES.**

**(a) IN GENERAL.—**The Comptroller General of the United States shall conduct a study to identify and analyze potential methods, practices, and incentives that would increase the extent to which low-income families (as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b))) that own residential properties located within areas having special flood hazards purchase flood insurance coverage for such properties under the national flood insurance program. In conducting the study, the Comptroller General shall analyze the effectiveness and costs of the various methods, practices, and incentives identified, including their effects on the national flood insurance program.

**(b) REPORT.—**The Comptroller General shall submit to the Congress a report setting forth the conclusions of the study under this section not later than 12 months after the date of the enactment of this Act.

**SEC. 20. NOTICE OF AVAILABILITY OF FLOOD INSURANCE AND ESCROW IN RESPA GOOD FAITH ESTIMATE.**

Subsection (c) of section 5 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2604(c)) is amended by adding at the end the following new sentence: “Each such good faith estimate shall include the following conspicuous statements and information: (1) that flood insurance coverage for residential real estate is generally available under the national flood insurance program whether or not the real estate is located in an area having special flood hazards and that, to obtain such coverage, a home owner or purchaser should contact the national flood insurance program; (2) a telephone number and a location on the World Wide Web by which a home owner or purchaser can contact the national flood insurance program; and (3) that the escrowing of flood insurance payments is required for many loans under section 102(d) of the Flood Disaster Protection Act of 1973, and may be a convenient and available option with respect to other loans.”

**SEC. 21. REITERATION OF FEMA RESPONSIBILITIES UNDER 2004 REFORM ACT.**

**(a) APPEALS PROCESS.—**As directed in section 205 of the Bunning-Bereuter-Blumenauer Flood

Insurance Reform Act of 2004 (42 U.S.C. 4011 note), the Director of the Federal Emergency Management Agency is again directed to, not later than 90 days after the date of the enactment of this Act, establish an appeals process through which holders of a flood insurance policy may appeal the decisions, with respect to claims, proofs of loss, and loss estimates relating to such flood insurance policy as required by such section.

**(b) MINIMUM TRAINING AND EDUCATION REQUIREMENTS.—**The Director of the Federal Emergency Management Agency is directed to continue to work with the insurance industry, State insurance regulators, and other interested parties to implement the minimum training and education standards for all insurance agents who sell flood insurance policies that were established by the Director under the notice published September 1, 2005 (70 Fed. Reg. 52117) pursuant to section 207 of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (42 U.S.C. 4011 note).

**(c) REPORT.—**Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Director of the Federal Emergency Management Agency shall submit a report to the Congress describing the implementation of each provision of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (Public Law 108-264) and identifying each regulation, order, notice, and other material issued by the Director in implementing each such provision.

**SEC. 22. ONGOING MODERNIZATION OF FLOOD MAPS AND ELEVATION STANDARDS.**

**(a) ONGOING FLOOD MAPPING PROGRAM.—**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) ONGOING PROGRAM TO REVIEW, UPDATE, AND MAINTAIN FLOOD INSURANCE PROGRAM MAPS.—**

**“(1) IN GENERAL.—**The Director, in coordination with the Technical Mapping Advisory Council established pursuant to section 576 of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note) and section 22(b) of the Flood Insurance Reform and Modernization Act of 2007, shall establish an ongoing program under which the Director shall review, update, and maintain national flood insurance program rate maps in accordance with this subsection.

**“(2) INCLUSIONS.—**

**“(A) COVERED AREAS.—**Each map updated under this subsection shall include a depiction of—

**“(i) the 500-year floodplain;**

**“(ii) areas that could be inundated as a result of the failure of a levee, as determined by the Director; and**

**“(iii) areas that could be inundated as a result of the failure of a dam, as identified under the National Dam Safety Program Act (33 U.S.C. 467 et seq.).**

**“(B) OTHER INCLUSIONS.—**In updating maps under this subsection, the Director may include—

**“(i) any relevant information on coastal inundation from—**

**“(I) an applicable inundation map of the Corps of Engineers; and**

**“(II) data of the National Oceanic and Atmospheric Administration relating to storm surge modeling;**

**“(ii) any relevant information of the Geographical Service on stream flows, watershed characteristics, and topography that is useful in the identification of flood hazard areas, as determined by the Director; and**

**“(iii) a description of any hazard that might impact flooding, including, as determined by the Director—**

**“(I) land subsidence and coastal erosion areas;**

**“(II) sediment flow areas;**

**“(III) mud flow areas;**

**“(IV) ice jam areas; and**

“(V) areas on coasts and inland that are subject to the failure of structural protective works, such as levees, dams, and floodwalls.

“(3) STANDARDS.—In updating and maintaining maps under this subsection, the Director shall establish standards to—

“(A) ensure that maps are adequate for—

“(i) flood risk determinations; and

“(ii) use by State and local governments in managing development to reduce the risk of flooding;

“(B) facilitate the Director, in conjunction with State and local governments, to identify and use consistent methods of data collection and analysis in developing maps for communities with similar flood risks, as determined by the Director; and

“(C) ensure that emerging weather forecasting technology is used, where practicable, in flood map evaluations and the identification of potential risk areas.

“(4) HURRICANES KATRINA AND RITA MAPPING PRIORITY.—In updating and maintaining maps under this subsection, the Director shall—

“(A) give priority to the updating and maintenance of maps of coastal areas affected by Hurricane Katrina or Hurricane Rita to provide guidance with respect to hurricane recovery efforts; and

“(B) use the process of updating and maintaining maps under subparagraph (A) as a model for updating and maintaining other maps.

“(5) PREVENTING DELAY OF 100-YEAR MAPS.—In carrying out this section and this subsection, the Director shall take such actions as may be necessary to ensure that updating and publication of national flood insurance program rate maps to include a depiction of the 500-year floodplain does not in any manner delay the completion or publication of the program rate maps for the 100-year floodplain.

“(6) EDUCATION PROGRAM.—The Director shall, after each update to a flood insurance program rate map, in consultation with the chief executive officer of each community affected by the update, conduct a program to educate each such community about the update to the flood insurance program rate map and the effects of the update.

“(7) ANNUAL REPORT.—Not later than June 30 of each year, the Director shall submit a report to the Congress describing, for the preceding 12-month period, the activities of the Director under the program under this section and the reviews and updates of flood insurance program rate maps conducted under the program. Each such annual report shall contain the most recent report of the Technical Mapping Advisory Council pursuant to section 576(c)(3) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note).

“(8) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Director to carry out this subsection \$400,000,000 for each of fiscal years 2008 through 2013.”.

(b) REESTABLISHMENT OF TECHNICAL MAPPING ADVISORY COUNCIL FOR ONGOING MAPPING PROGRAM.—

(1) REESTABLISHMENT.—There is reestablished the Technical Mapping Advisory Council, in accordance with this subsection and section 576 of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note).

(2) MEMBERSHIP.—Paragraph (1) of section 576(b) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note) is amended—

(A) in the matter preceding subparagraph (A), by striking “10” and inserting “14”;

(B) by redesignating subparagraphs (E), (F), (G), (H), (I), and (J) as subparagraphs (F), (G), (H), (K), (N), and (O), respectively;

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

“(E) a representative of the Corps of Engineers of the United States Army;”;

(D) by inserting after subparagraph (H) (as so redesignated by subparagraph (B) of this paragraph) the following new subparagraphs:

“(I) a representative of local or regional flood and stormwater agencies;

“(J) a representative of State geographic information coordinators;”;

(E) by inserting after subparagraph (K) (as so redesignated by subparagraph (B) of this paragraph) the following new subparagraphs:

“(L) a representative of flood insurance servicing companies;

“(M) a real estate professional;”.

(3) TERMS OF MEMBERS AND APPOINTMENT.—Section 576(b) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note) is amended by adding at the end the following new paragraph:

“(3) TERMS OF MEMBERS.—

“(A) IN GENERAL.—Each member of the Council pursuant to any of subparagraphs (B) through (N) of paragraph (1) shall be appointed for a term of 5 years, except as provided in subparagraphs (B) and (C).

“(B) TERMS OF INITIAL APPOINTEES.—As designated by the Director (or the designee of the Director) at the time of appointment, of the members of the Council first appointed pursuant to subparagraph (D)—

“(i) 4 shall be appointed for a term of 1 year;

“(ii) 4 shall be appointed for a term of 3 years; and

“(iii) 5 shall be appointed for a term of 5 years.

“(C) VACANCIES.—Any member of the Council appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office. A vacancy in the Council shall be filled in the manner in which the original appointment was made.

“(D) INITIAL APPOINTMENT.—The Director, or the Director's designee, shall take action as soon as possible after the date of the enactment of the Flood Insurance Reform and Modernization Act of 2007 to appoint the members of the Council pursuant to this subsection.”.

(4) DUTIES.—Subsection (c) of section 576 of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note) is amended to read as follows:

“(c) DUTIES.—The Council shall—

“(1) make recommendations to the Director for improvements to the flood map modernization program under section 1360(k) of the National Flood Insurance Act of 1968 (42 U.S.C. 4101(k));

“(2) make recommendations to the Director for maintaining a modernized inventory of flood hazard maps and information; and

“(3) submit an annual report to the Director that contains a description of the activities and recommendations of the Council.”.

(5) ELIMINATION OF TERMINATION.—Section 576 of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note) is amended by striking subsection (k) and inserting the following new subsection:

“(k) CONTINUED EXISTENCE.—Section 14(a)(2)(B) of the Federal Advisory Committee Act (5 U.S.C. App.; relating to termination of advisory committees) shall not apply to the Council.”.

(c) POST-DISASTER FLOOD ELEVATION DETERMINATIONS.—Section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(1) INTERIM POST-DISASTER FLOOD ELEVATIONS.—

“(1) AUTHORITY.—Notwithstanding any other provision of this section or section 1363, the Director may, after any flood-related disaster, establish by order interim flood elevation requirements for purposes of the national flood insurance program for any areas affected by such flood-related disaster.

“(2) EFFECTIVENESS.—Such interim elevation requirements for such an area shall take effect

immediately upon issuance and may remain in effect until the Director establishes new flood elevations for such area in accordance with section 1363 or the Director provides otherwise.”.

(d) UPDATING UPON REQUEST OF COMMUNITY.—Paragraph (2) of section 1360(f) of the National Flood Insurance Act of 1968 (42 U.S.C. 4101(f)(2)) is amended by inserting before the period at the end the following: “, except that such a revision or update shall be made at no cost to the unit of government making the request if the request is being made to reflect repairs and upgrades to dams, levees, or other flood control projects under the jurisdiction and responsibility of the Federal Government”.

#### SEC. 23. NOTIFICATION AND APPEAL OF MAP CHANGES; NOTIFICATION OF ESTABLISHMENT OF FLOOD ELEVATIONS.

Section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104) is amended by striking the section designation and all that follows through the end of subsection (a) and inserting the following:

“SEC. 1363. (a) In establishing projected flood elevations for land use purposes with respect to any community pursuant to section 1361, the Director shall first propose such determinations—

“(1) by providing the chief executive officer of each community affected by the proposed elevations, by certified mail, with a return receipt requested, notice of the elevations, including a copy of the maps for the elevations for such community and a statement explaining the process under this section to appeal for changes in such elevations;

“(2) by causing notice of such elevations to be published in the Federal Register, which notice shall include information sufficient to identify the elevation determinations and the communities affected, information explaining how to obtain copies of the elevations, and a statement explaining the process under this section to appeal for changes in the elevations; and

“(3) by publishing in a prominent local newspaper the elevations, a description of the appeals process for flood determinations, and the mailing address and telephone number of a person the owner may contact for more information or to initiate an appeal.”.

#### SEC. 24. CLARIFICATION OF REPLACEMENT COST PROVISIONS, FORMS, AND POLICY LANGUAGE.

Not later than the expiration of the 3-month period beginning on the date of the enactment of this Act, the Director of the Federal Emergency Management Agency shall—

(1) in plain language using easy to understand terms and concepts, issue regulations, and revise any materials made available by such Agency, to clarify the applicability of replacement cost coverage under the national flood insurance program;

(2) in plain language using easy to understand terms and concepts, revise any regulations, forms, notices, guidance, and publications relating to the full cost of repair or replacement under the replacement cost coverage to more clearly describe such coverage to flood insurance policyholders and information to be provided by such policyholders relating to such coverage, and to avoid providing misleading information to such policyholders;

(3) revise the language in standard flood insurance policies under such program regarding rating and coverage descriptions in a manner that is consistent with language used widely in other homeowners and property and casualty insurance policies, including such language regarding classification of buildings, basements, crawl spaces, detached garages, enclosures below elevated buildings, and replacement costs; and

(4) require the use, in connection with flood insurance policies, of the supplemental forms developed pursuant to section 202 of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (Public Law 108-264; 118 Stat. 725).



**SEC. 25. AUTHORIZATION OF ADDITIONAL FEMA STAFF.**

Notwithstanding any other provision of law, the Director of the Federal Emergency Management Agency may employ such additional staff as may be necessary to carry out all of the responsibilities of the Director pursuant to this Act and the amendments made by this Act. There are authorized to be appropriated to Director such sums as may be necessary for costs of employing such additional staff.

**SEC. 26. EXTENSION OF DEADLINE FOR FILING PROOF OF LOSS.**

(a) *IN GENERAL.*—Section 1312 of the National Flood Insurance Act of 1968 (42 U.S.C. 4019) is amended—

(1) by inserting “(a) *PAYMENT.*—” before “The Director”; and

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

“(b) *FILING DEADLINE FOR PROOF OF LOSS.*—

“(1) *IN GENERAL.*—In establishing any requirements regarding notification, proof, or approval of claims for damage to or loss of property which is covered by flood insurance made available under this title, the Director may not require an insured to notify the Director of such damage or loss, submit a claim for such damage or loss, or certify to or submit proof of such damage or loss, before the expiration of the 180-day period that begins on the date that such damage or loss occurred.

“(2) *EXCEPTIONS.*—Notwithstanding any deadline established in accordance with paragraph (1), the Director may not deny a claim for damage or loss described in such paragraph solely for failure to meet such deadline if the insured demonstrates any good cause for such failure.”.

(b) *APPLICABILITY.*—Subsection (b) of section 1312 of the National Flood Insurance Act of 1968, as added by subsection (a)(2) of this section, shall apply with respect to any claim under which the damage to or loss of property occurred on or after the date of the enactment of this Act.

**SEC. 27. 5-YEAR EXTENSION OF PROGRAM.**

Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended by striking “September 30, 2008” and inserting “September 30, 2013”.

**SEC. 28. REPORT ON INCLUSION OF BUILDING CODES IN FLOODPLAIN MANAGEMENT CRITERIA.**

Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Director of the Federal Emergency Management Agency shall conduct a study and 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 impact, effectiveness, and feasibility of amending section 1361 of the National Flood Insurance Act of 1968 (42 U.S.C. 4102) to include widely used and nationally recognized building codes as part of the floodplain management criteria developed under such section, and shall determine—

(1) the regulatory, financial, and economic impacts of such a building code requirement on homeowners, States and local communities, local land use policies, and the Federal Emergency Management Agency;

(2) the resources required of State and local communities to administer and enforce such a building code requirement;

(3) the effectiveness of such a building code requirement in reducing flood-related damage to buildings and contents;

(4) the impact of such a building code requirement on the actuarial soundness of the National Flood Insurance Program;

(5) the effectiveness of nationally recognized codes in allowing innovative materials and systems for flood-resistant construction; and

(6) the feasibility and effectiveness of providing an incentive in lower premium rates for

flood insurance coverage under such Act for structures meeting whichever of such widely used and nationally recognized building code or any applicable local building code provides greater protection from flood damage.

**SEC. 29. STUDY OF ECONOMIC EFFECTS OF CHARGING ACTUARIALLY-BASED PREMIUM RATES FOR PRE-FIRM STRUCTURES.**

(a) *STUDY.*—The Director of the Federal Emergency Management Agency (in this section referred to as the “Director”) shall conduct a study of the economic effects that would result from increasing premium rates for flood insurance coverage made available under the national flood insurance program for non-primary residences and non-residential pre-FIRM structures (as such term is defined in section 578(b) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4014 note) to the full actuarial risk based premium rate determined under section 1307(a)(1) of the National Flood Insurance Act of 1968 for the area in which the property is located. In conducting the study, the Director shall—

(1) determine each area that would be subject to such increased premium rates; and

(2) for each such area, determine—

(A) the amount by which premium rates would be increased;

(B) the number and types of properties affected and the number and types of properties covered by flood insurance under this title likely to cancel such insurance if the rate increases were made;

(C) the effects that the increased premium rates would have on land values and property taxes; and

(D) any other effects that the increased premium rates would have on the economy, homeowners, and renters of non-primary residences.

(b) *REPORT.*—The Director shall submit a report to the Congress describing and explaining the findings of the study conducted under this section. The report shall be submitted not later than 12 months after the date of the enactment of this Act.

The CHAIRMAN. No further amendment to the bill, as amended, is in order except those printed in part B of the report. Each further amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be read considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. FRANK OF MASSACHUSETTS

The CHAIRMAN. It is now in order to consider amendment No. 1 printed in part B of House Report 110-351.

Mr. FRANK of Massachusetts. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. FRANK of Massachusetts:

In the matter proposed to be inserted by section 7(a)(2) of the bill, amend paragraph (2) of subsection (c) to read as follows:

“(2) *COMMUNITY PARTICIPATION REQUIREMENT.*—Multiperil coverage pursuant to this subsection may not be provided in any area (or subdivision thereof) unless an appropriate public body shall have adopted adequate mitigation measures (with effective enforcement provisions) which the Director finds are consistent with the criteria for con-

struction described in the International Code Council building codes relating to wind mitigation.”.

In the matter proposed to be inserted by section 7(d) of the bill, in paragraph (1) of subsection (d) strike “windstorm-prone areas as to land management and use, windstorm zoning, and windstorm damage prevention” and inserting “wind events as to wind hazard prevention”.

In the matter proposed to be inserted by the amendment made by section 22(a) of the bill, in subsection (k), redesignate paragraphs (4) through (8) as paragraphs (5) through (9), respectively.

In the matter proposed to be inserted by the amendment made by section 22(a) of the bill, after subsection (k)(3) insert the following new paragraph:

“(4) *MAPPING ELEMENTS.*—Each map updated under this section shall meet the following requirements:

“(A) *GROUND ELEVATION DATA.*—The maps shall assess the accuracy of current ground elevation data used for hydrologic and hydraulic modeling of flooding sources and mapping of the flood hazard and wherever necessary acquire new ground elevation data utilizing the most up-to-date geospatial technologies in accordance with the existing guidelines and specifications of the Federal Emergency Management Agency.

“(B) *DATA ON A WATERSHED BASIS.*—The maps shall develop national flood insurance program flood data on a watershed basis—

“(i) to provide the most technically effective and efficient studies and hydrologic and hydraulic modeling; and

“(ii) to eliminate, to the maximum extent possible, discrepancies in base flood elevations between adjacent political subdivisions.

“(C) *OTHER DATA.*—The maps shall include any other relevant information as may be recommended by the Technical Mapping Advisory Council reestablished by section 22(b) of the Flood Insurance Reform and Modernization Act of 2007.”.

In section 22(b)(2)(A), strike “14” and insert “15”.

In section 22(b)(2)(B), strike “(N), and (O)” and insert “(O), and (P)”.

In the matter proposed to be inserted by the amendment made by section 22(b)(2)(E) of the bill, after subparagraph (M) insert the following new subparagraph:

“(N) a member of a professional mapping association or organization;”.

At the end of the bill add the following new sections:

**SEC. 30. PROHIBITION ON ENFORCEMENT OF PENALTY ASSESSED ON CONDOMINIUM ASSOCIATIONS.**

Notwithstanding any other provision of law, the Director of the Federal Emergency Management Agency shall not apply or enforce any penalty relating to the national flood insurance program assessed, during 2005 or thereafter, on condominium associations that are underinsured under such program.

**SEC. 31. REPORT OF ADMINISTRATIVE EXPENSES OF WRITE-YOUR-OWN INSURERS; INDEPENDENT AUDITS.**

Section 1348 of the National Flood Insurance Act of 1968 (42 U.S.C. 4084) is amended by adding at the end the following new subsections:

“(c) Any insurance company or other private organization executing any contract, agreement, or other appropriate arrangement with the Director under this part shall—

“(1) annually submit to the Director a record of all administrative and operating costs of the program undertaken; and

“(2) biennially submit to the Director an independent audit of the program undertaken that is conducted by a certified public accountant to ensure that payments made are proper and in accordance with this Act.

“(d) The Director shall review the records and audits submitted under paragraphs (1)

and (2) of subsection (c) to determine if such payments are reasonable and if the system by which the Director makes payments to an insurance company or other private organization under this part should be revised.

**“SEC. 32. PLAN TO VERIFY MAINTENANCE OF FLOOD INSURANCE ON MISSISSIPPI AND LOUISIANA PROPERTIES RECEIVING EMERGENCY SUPPLEMENTAL FUNDS.**

“The Director of the Federal Emergency Management Agency shall develop and implement a plan to verify that persons receiving funds under the Homeowner Grant Assistance Program of the State of Mississippi or the Road Home Program of the State of Louisiana from amounts allocated to the State of Mississippi or the State of Louisiana, respectively, from the Community development fund under the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (Public Law 109-148) are maintaining flood insurance on the property for which such persons receive such funds as required by each such Program.”

The CHAIRMAN. Pursuant to House Resolution 683, the gentleman from Massachusetts (Mr. FRANK) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Massachusetts.

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Mr. FRANK of Massachusetts. Mr. Chairman, this is an amendment unanimously supported, I believe, certainly strongly supported by both majority and minority committee leadership and staffs. It incorporates a number of other amendments, and I am pleased to be able to say that at least here we were able to get some bipartisanship, because one of the amendments of the gentleman from Ohio (Mr. LATOURETTE), it improves the program in terms of mapping and other technical ways, and I believe that there is general agreement that this improves it.

I reserve the balance of my time.

Mrs. CAPITO. Mr. Chairman, I rise to claim time in opposition, although I am not opposed to the amendment.

The CHAIRMAN. Without objection, the gentlewoman from West Virginia is recognized for 5 minutes.

There was no objection.

Mrs. CAPITO. Mr. Chairman, I would like to thank the chairman for working with the manager's amendment with Members of our side. I appreciate his efforts as always.

I yield 2 minutes in particular to the gentleman from Ohio (Mr. LATOURETTE).

Mr. LATOURETTE. Mr. Chairman, I thank the gentlelady for yielding, and I rise today to support the manager's amendment and to offer my thanks to the chairman of the full committee, Chairman FRANK.

About a year ago in Ohio we had a 500-year event, and a lot of places that had never flooded, flooded. And what we found was that the current structure of the National Flood Insurance Program indicates that if the primary insurance, if there is a finding that it is underinsured, there is a penalty that attaches to it. It further goes on to say that if the penalty attaches and you don't pay out the limits on the first policy, you can't reach the secondary insurance.

We had people in our hometown that basically did what they were supposed to do; they bought the secondary insur-

ance, they were fully insured. The condominium owners association, however, was underinsured, and therefore we didn't reach the policies.

The chairman joined with me in August in writing to FEMA to see if we could administratively reach some resolution. Sadly, we were unable to do that, and my thanks to Chairman FRANK for including in his manager's amendment today something that not only reaches my constituents, because apparently that would be some kind of illegal earmark, but it reaches all people in the country that find themselves so afflicted. So my thanks to the chairman.

Mr. FRANK of Massachusetts. Mr. Chairman, the gentleman is welcome. I reserve the balance of my time.

Mrs. CAPITO. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. CULBERSON).

Mr. CULBERSON. Mr. Chairman, of all the irresponsible, bad ideas cooked up by the liberal leadership of the House, this has to be the blue ribbon boondoggle champion of bad ideas. This exposes the U.S. Treasury and the American taxpayers to a potential liability of up to \$19 trillion of property from Maine to the Gulf Coast States. The flood insurance program is already, as we have heard, about, I believe, \$20 billion in debt already, the flood insurance is already underfunded, and yet we are going through this legislation, if it passes, expose the American taxpayers to untold billion dollars worth of liability every year. And this is a public-private partnership. As my friend RANDY NEUGEBAUER of Texas pointed out, the insurance companies on the private sector's part are going to collect the premiums and the American taxpayers are going to pay the bill.

This is, I believe, one of the most dangerous and fiscally irresponsible pieces of legislation ever brought to the floor of the House probably in history, and certainly sets a blue ribbon record for the liberal leadership of this House.

We need to all remember as guardians of the Treasury that the American taxpayers are already facing individually, according to the Government Accountability Office, every living American would have to buy \$170,000 worth of Treasury bills today just to pay off the existing liabilities of the Federal Government, both direct and indirect. And it is unconscionable, it is absolutely intolerable that this Congress, this liberal leadership of this House would attempt to pass on to my daughter and our kids a potential liability reaching \$19 trillion. It is unacceptable, it is outrageous, and I hope this House will soundly defeat this utterly irresponsible piece of legislation.

Mr. FRANK of Massachusetts. Mr. Chairman, it might be superfluous, but I would want to point out that the speech we just heard has no bearing whatsoever to the amendment that is pending.

Mr. CULBERSON. It is on the bill.

Mr. FRANK of Massachusetts. The gentleman, I hope, would wait to be recognized. But in case anybody is trying to follow the debate and the rules, I would want to point out that we are debating a manager's amendment. And while the gentleman didn't know, what

he was so expansively saying is, of course, unrelated to this particular amendment.

Mrs. CAPITO. I yield my remaining time to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. I thank the gentlewoman for yielding and I thank my friend from Massachusetts for generously yielding time, and I want to speak about the manager's amendment. Now that I have done that, I want to talk about Public Law 15.

Public Law 15, or the McCarran-Ferguson Act, says that the States will be in charge of insurance, not the Federal Government.

Therefore, when a company comes into a State or tries to leave a State, the State insurance commissioner actually has the opportunity to twist an arm and say, if you are going to come into my State, you have to write a certain amount of coastal property, a certain mix of teenage drivers, a certain mix of elderly people for health care or whatever. State insurance commissioners by Public Law 15, the McCarran-Ferguson Act, are very powerful in the insurance business.

So I want to say that is where my philosophy comes from is that I do strongly believe that the States can twist arms and get a lot more done.

But I just want to say that Federal flood fund insurance companies did not start until 1968; yet, we have historic properties all over the coast of America because the private sector was there. And, again, having sold flood insurance through a private insurance company, I know that it is possible. And I don't know if the gentleman needs some time. I will be happy to yield, because it is your amendment.

Mr. FRANK of Massachusetts. First of all, I agree. I thought he was talking about the Federal Government when he said "we." And he is right, States have some power; the Federal Government does not. But even there, I believe he overstates the States' powers. And in fact, particularly in the Graham-Leach-Bliley bill, we gave some insurance companies the power to leave States, which we shouldn't have done. But States can be required, if they are going to do something, to do other things. But they can leave altogether, and the State insurance commissioners generally don't have the power to do that.

Mr. KINGSTON. Reclaiming the time. I do believe that you have set a great message, and Mr. TAYLOR is a tireless advocate for coastal property. But at the same time, I do think that the McCarran-Ferguson Act gives the State insurance commissioners a pretty big hammer here which they ought to be using on the head of certain insurance company executives.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. FRANK).

The amendment was agreed to.

AMENDMENT NO. 2 OFFERED BY MR. CARDOZA

The CHAIRMAN. It is now in order to consider amendment No. 2 printed in part B of House Report 110-351.

Mr. CARDOZA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. CARDOZA: At the end of section 22 of the bill, add the following new subsection:

(e) 5-YEAR DISCOUNT OF FLOOD INSURANCE RATES FOR FORMERLY PROTECTED AREAS.—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—

(1) in subsection (c), by inserting “and subsection (g)” before the first comma; and

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

“(g) 5-YEAR DISCOUNT OF FLOOD INSURANCE RATES FOR FORMERLY PROTECTED AREAS.—Notwithstanding any other provision of law relating to chargeable risk premium rates for flood insurance coverage under this title, in the case of any area that previously was not designated as an area having special flood hazards because the area was protected by a flood protection system and that, pursuant to remapping under section 1360(k), becomes designated as such an area as a result of the decertification of such flood protection system, during the 5-year period that begins upon the initial such designation of the area, the chargeable premium rate for flood insurance under this title with respect to any property that is located within such area shall be equal to 50 percent of the chargeable risk premium rate otherwise applicable under this title to the property.”.

The CHAIRMAN. Pursuant to House Resolution 683, the gentleman from California (Mr. CARDOZA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from California.

Mr. CARDOZA. Mr. Chairman, I yield myself 3½ minutes.

I rise today in strong support of this amendment to H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007. I thank the chairman of the committee, Mr. FRANK, for his leadership on this issue. I would also be remiss if I did not mention that Congressman HINOJOSA was very instrumental in helping me bring this amendment to the floor today, and his name was left off the list of coauthors although he was certainly instrumental, as well as Mrs. LOIS CAPPS, our colleague from California who has a problem in the Santa Maria area and is also a supporter of this bill.

I fully understand, Mr. Chairman, and appreciate the need to reform and modernize the National Flood Insurance Program. As we all know, the recent devastating hurricanes, Katrina, Rita and Wilma, not only ruined thousands of people's lives, but displaced tens of thousands of people and laid waste to millions of homes, causing billions of dollars in property damage, and they were exposed to the fragility of the National Flood Insurance Program. Mr. TAYLOR will speak later to that problem.

At the same time, FEMA began a remapping of flood plains across the country. And while I agree that people should know whether they live in a

protected area or not, FEMA's process has been terribly flawed from the beginning, and my constituents stand to suffer as a result.

As we make the necessary reforms to the system, we must be cognizant of the impact this legislation could have on unsuspecting residents. FEMA's current plans to update the floodplain maps will force many people in my district and across the country to have to purchase flood insurance who are currently not required to purchase it. To add insult to injury, many of these people are low-income earners, and have no idea that this expense is looming.

I commend the bill for recognizing this problem and taking some steps to address it; however, we must do more to help low-income people who will be affected. Our amendment addresses these concerns and blunts the impact the remapping process will have on low-income residents.

This amendment says that people forced to purchase flood insurance as a result of a new map who live in an area that was previously certified and now have been decertified under the new FEMA process will have a grace period of 5 years in which they will be entitled to a 50 percent reduction in their flood insurance premium. The goal is that, during those 5 years, necessary upgrades will be made to the levees to bring them into compliance, thereby eliminating the mandatory requirement to purchase flood insurance.

This amendment will have a huge impact on my district and many other parts of the country as well. It is simply unfair to, while requiring communities to upgrade their levees, also require them to purchase flood insurance at the same time. Many of these people are still paying on the levees that had initially protected them in the first place.

By giving those who most need assistance a grace period, we are acknowledging the plight of these communities and taking action. This is the right thing to do. Moreover, given the volatile housing markets, we need to do everything possible to ensure people on the precipice remain in their homes. In my district, we have nearly 20,000 people who are currently facing foreclosure due to the subprime loan problem. Saddling these same people with more expenses when they can least afford it is counterproductive and contrary to the shared goal of promoting ownership. Let's help these people bring some balance to the flood insurance program and FEMA's remapping process. I urge my colleagues to support this amendment.

I reserve the balance of my time.

Ms. CAPITO. Mr. Chairman, I rise to claim time in opposition, although I am not opposed to the amendment.

The CHAIRMAN. Without objection, the gentlewoman from West Virginia is recognized for 5 minutes.

There was no objection.

Ms. CAPITO. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. CULBERSON).

Mr. CULBERSON. Mr. Chairman, I wanted to ask the author of the amendment and the author of the legislation, if they are here, if they could identify, please, for the Record, other than Social Security and Medicare, can you all identify any piece of legislation that has ever exposed the American taxpayer to greater potential liability than this bill before the House today? Can you all identify a bigger boondoggle than this one? And you can have some of my time. I will yield. Can anyone on that side identify a bigger boondoggle than this that will expose the taxpayers to greater liability?

Mr. CARDOZA. I would say there are several Republican boondoggles that we have seen in the last few years.

Mr. CULBERSON. Please name one.

Mr. CARDOZA. The drug program. The unheard of tax cuts that were not paid for. There have been several things that have exposed the American Treasury to boondoggles, and they have been authored by the gentleman's party.

Mr. CULBERSON. Tax cuts pay for themselves by growth in the economy.

Mr. CARDOZA. That is not what the Congressional Budget Office says.

Mr. CULBERSON. Reclaiming my time. When people have more of their own money to spend, the economy grows because they invest and we are rewarding people for hard work and productive behavior.

Other than Social Security and Medicare, which are noble, good programs that have helped this Nation, other than those two, has there ever been a piece of legislation exposing the American taxpayer to greater potential liability than this boondoggle that you are putting before the House today? And I gladly yield some of my time, Mr. TAYLOR. Can you identify a bigger boondoggle than this one?

Mr. TAYLOR. Sure. No more than I challenge the question as to whether or not this is a boondoggle. We have recognized a problem; we are addressing it in a means that pays for itself.

On the other hand, when the Republican majority controlled this House, they brought a prescription drug benefit to the floor.

Mr. CULBERSON. Which I voted against.

Mr. TAYLOR. Which increased the liability of the taxpayers for over \$1 trillion and had no funding mechanism. And then they held the vote open for 3 hours to twist arms to pass it. So, sir, that is it.

Mr. CULBERSON. Reclaiming my time. The Republican leadership might have bent the rules to give American seniors a drug benefit; but we didn't break the rules and steal a vote, as you all did, to give illegal aliens access to Federal benefits. And that shows the difference in priorities, I would point out.

□ 1415

Mr. CARDOZA. Mr. Chairman, I recognize my colleague from Texas (Mr. REYES) for 1 minute.

Mr. REYES. Thank you, Congressman CARDOZA and Congressman ROSS, for your valuable assistance in crafting this important amendment.

I also want to thank our friend, as Congressman CARDOZA mentioned, RUBÉN HINOJOSA, who could not join us here this afternoon.

Our amendment stands both for fairness and the integrity of the National Flood Insurance Program.

In El Paso, which is my district, FEMA is currently in the process of issuing new floodplain maps. Initially, the community didn't think much of this exercise because, simply, many didn't know that they had ever lived in a floodplain and didn't expect any problems with this issue.

However, when FEMA asked the Federal agency in charge of flood control, the International Boundary and Water Commission, about the condition of our levees, the answer came back that they were unsatisfactory. The levees were missing a few feet of free board, which is supplemental height and therefore could not be certified, which meant that now members of our community in El Paso were now subject to flood insurance.

That is why this amendment is necessary. That's why we're trying to correct an issue and a problem that everyday people need to wrestle with.

Mrs. CAPITO. Mr. Chairman, I would like to yield my remaining time to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Chairman, maybe somebody in the majority party could clarify something for me. Does this apply to the wind coverage? Does the gentleman, author of the legislation, know? Does this apply to the wind storm coverage? Does this amendment apply to wind storm?

Mr. CARDOZA. This amendment applies to levees.

Mr. KINGSTON. Does it apply to the wind storm policy? And here's why I'm asking: as I understand it, we're talking about a multi-peril policy that would have flood and wind. And a mortgagee, or a bank, the lender is going to require you to carry flood insurance. Therefore, you go out in the market, well, it won't be the market. You go to Uncle Sugar, I mean Uncle Sam, and you say, I want to get this policy and you're going to get the flood care, but they're also going to sell you the wind storm as part of it.

So is it your intent for people who are in this floodplain area to also get a discount on their wind storm coverage?

Mr. CARDOZA. This amendment's intent is to cover folks who are in flood areas now that are currently covered by levees that, through no fault of their own, FEMA's come in and decertified. They had regulations 2 years ago that said they were fine. They've changed regulations on these folks.

So it's not my intent to affect in any way the wind portion of the policy.

Mr. KINGSTON. Well, if the gentleman will let me ask, and I'll yield

back to you, but where in your policy does it say they won't get the discount on the wind coverage? Because I understand what you're doing on the flood. But it appears that wind is going to be in this package. I don't see how we divide it out.

Mr. CARDOZA. My amendment is silent to the wind coverage, sir. It doesn't speak to that.

Mr. KINGSTON. But am I correct that when my lender requires me to carry the flood insurance, then I'm also going to FEMA for the wind storm insurance?

Mr. FRANK of Massachusetts. If the gentleman would yield.

Mr. CARDOZA. I would yield.

Mr. FRANK of Massachusetts. I just double-checked with the staff, and there is no discount available for wind. It's in the bill.

Mr. KINGSTON. Would they have to be in the amendment?

Mr. FRANK of Massachusetts. The language is, in the case of any area that previously was not designated as an area having special flood hazards because the area was protected, it becomes designated as such an area, and it's all about flood. Here it is: the chargeable premium rate for flood insurance under this title shall be, et cetera. So if the gentleman would look at the bottom of the amendment, I'm trying to answer the question.

Mr. KINGSTON. Mr. CARDOZA said it was silent on it, which it sounds like. From what you just read, that's correct. Wouldn't it have to proactively exclude the discount for wind? I'm just asking.

Mr. FRANK of Massachusetts. If the gentleman would yield to me one second, lines 18 and 19, the chargeable premium rate for flood insurance under this title shall be 50 percent.

The CHAIRMAN. The gentleman from Georgia's time has expired. The gentleman from California has 30 seconds remaining on his side.

Mr. KINGSTON. Maybe if Mr. FRANK could finish that sentence.

Mr. CARDOZA. I yield my remaining time to the chairman of the committee, Mr. FRANK.

Mr. FRANK of Massachusetts. The law is the law. The amendment would change things. In that sense the gentleman is right: it is silent. It's silent on the wind part, which means it doesn't change it. It explicitly changes the flood part only. And look at lines 18, 19 and pages 1, 2 and 3, and it specifically restricted the flood.

Mr. KINGSTON. But in a multi-peril policy, you're only getting one premium.

Mr. FRANK of Massachusetts. Oh, no. The gentleman is wrong. The gentleman should yield to the gentleman from Mississippi.

Mr. TAYLOR. Since you were in the business, you know that if you have a federally backed mortgage and you live in a floodplain, you have to buy flood insurance. The wind policy will be totally voluntary. It is an option to those

people who wish to purchase. There is nothing in the law to require people to buy the wind policy.

The CHAIRMAN. The gentleman from California's time has expired.

The question is on the amendment offered by the gentleman from California (Mr. CARDOZA).

The amendment was agreed to.

AMENDMENT NO. 3 OFFERED BY MS. CASTOR

The CHAIRMAN. It is now in order to consider amendment No. 3 printed in part B of House Report 110-351.

Ms. CASTOR. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Ms. CASTOR:

At the end of the bill add the following new section:

**SEC. \_\_\_\_ . GAO STUDY OF FACTORS AFFECTING ENROLLMENT IN MULTIPERIL INSURANCE PROGRAM.**

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study to identify and analyze factors affecting enrollment in the multiperil insurance program. Such study shall include a study of the effects of the multiperil insurance program on enrollment and pricing of State residual property and casualty markets or plans and State catastrophe plans.

(b) REPORT.—Not later than 270 days after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report containing the conclusions of the study conducted under subsection (a).

The CHAIRMAN. Pursuant to House Resolution 683, the gentlewoman from Florida (Ms. CASTOR) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Florida.

Ms. CASTOR. Mr. Chairman, I yield myself as much time as I might consume.

This amendment commissions a GAO study to examine the effect of the new multi-peril coverage option which is established as an option in this bill on State insurers and catastrophe funds like those in my State of Florida. This amendment works very well with the initiative of Chairman FRANK and my colleague from Florida, Ms. BROWN-WAITE, and their very thoughtful initiatives. But it builds upon it.

And the particular problem in my State of Florida is that the State insurance company, Citizens, now holds 1.3 million policies. Citizens is supposed to be an insurer of last resort; but because private insurance companies have left the State, they've withdrawn from the market, Citizens has ballooned to over 40 percent of the property wind insurance market. Citizens, however, does not have the reserves, the sufficient financial reserves, we believe, to pay the level of claims that would result from a catastrophic hurricane. In the event of a serious storm, Citizens may be forced to turn to public funds again.

The new multi-peril option, I know it's in dispute now, but however you feel about it, we need to get to the bottom of the effect it will have on our

State insurers and catastrophic funds. It could offer new fiscally sound choices for those in high-risk areas. It has the potential to help address wind insurance availability so that the public is not on the hook for claims when the next storm hits.

If the new option is successful in making insurance available to areas where private insurers refuse to go, multi-peril and this wind storm option could relieve the pressure on State insurers like Citizens in Florida. But serious questions remain to be answered about how these State and Federal programs will interact.

Will State insurers leave room in the market for an actuarially based Federal program to achieve high enough enrollment to make a difference?

Will State policies change to help their citizens take advantage of the Federal multi-peril program?

How will enrollment rates of State plans change to reflect the new Federal entrant into the market?

These are important questions for both Congress and States to ask. There will also undoubtedly be interaction between State and Federal programs that will affect enrollment in ways that we cannot anticipate.

So, Mr. Chairman, the study commissioned in this bill will provide vital information to help officials at all levels of government work together to better understand and administer the new multi-peril and wind storm option.

Mr. Chairman, I reserve the balance of my time.

Mrs. CAPITO. Mr. Chairman, I rise to claim the time in opposition, although I am not opposed to the amendment.

The Acting CHAIRMAN (Mr. ROSS). Without objection, the gentlewoman from West Virginia is recognized for 5 minutes.

There was no objection.

Mrs. CAPITO. Mr. Chairman, I would like to yield 2 minutes to the gentleman from Illinois (Mr. ROSKAM).

Mr. ROSKAM. Mr. Chairman, I find it ironic, actually, that this amendment, which has its merits, is being advanced, but that other amendments that are sort of similarly situated weren't placed in order. For example, this amendment says that in 9 months the GAO is going to be charged with the responsibility, essentially, of looking back for the past 9 months and looking at the impact on State insurance programs. Great. Really no argument there.

But if looking back is a good idea, isn't looking forward a good idea too? Isn't a prospective look forward at the possibility something that we ought to be doing?

I just find it concerning that we're willing to put a potential program, put the brakes on a potential program and be reflective, when we, at this very moment in time, as we sit here today, as we stand here today, we have the opportunity to accomplish this task by asking the GAO to look forward and look at the impact of this. This is part

of the amendments that were, unfortunately, ruled out of order and were not allowed to be brought to the House and we're going to be denied an opportunity to have an up or down vote on the wind program, as Mr. HENSARLING had suggested in his amendment. And yet we're being told, well, you know what, take a glance back after 9 months and let's sort of see how we're doing. And, oh, by the way, we tend to ignore what the GAO says anyway since they've put the National Flood Insurance Program on a high-risk watch list, essentially; and without any managerial changes we're entrusting that group that is on a watch with this great responsibility.

And I think this amendment really brings that real concern to mind, that those of us on this side of the aisle were not being given the opportunity to really debate this in totality.

Ms. CASTOR. Mr. Chairman, I appreciate the comments of my colleague from Illinois, and there certainly is a prospective, forward-looking request of the GAO, and it builds upon the very thoughtful initiative by my colleague from Florida, Ms. BROWN-WAITE, and the chairman of the committee, Mr. FRANK.

I yield 1 minute to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Chairman, at a meeting of the committee, I thought the gentleman was present, the gentlewoman from Florida (Ms. GINNY BROWN-WAITE) asked if I would join in a letter to the GAO asking very many of the questions he asked. I have the letter, dated August 9, 2007. And earlier in the general debate, Ms. BROWN-WAITE asked me to engage in a colloquy and commit to taking seriously the recommendations. So we have already asked the GAO for a study, and I believe that study will be going forward.

And if it hasn't already been done, at the appropriate time I will place the letter that the gentlewoman from Florida (Ms. GINNY BROWN-WAITE) and I sent to the GAO into the RECORD.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FINANCIAL SERVICES,

Washington, DC, August 9, 2007.

HON. DAVID M. WALKER,  
Comptroller General of the United States, Government Accountability Office, Washington, DC.

DEAR MR. WALKER: We request that the Government Accountability Office (GAO) initiate a review into a variety of questions regarding the expansion of the National Flood Insurance Program (NFIP) to include an optional wind insurance program. The results of your review will assist congressional understanding of how such a program could be implemented and to what extent it would affect the private market.

As background, Section 7 of H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007 creates a new program at the NFIP designed to enable NFIP participants to purchase both wind and flood coverage in a single policy. A key provision of Section 7 requires that rates charged for this new, optional, wind coverage be risk-based and actuarially sound, so that the program collects premiums sufficient to pay all reasonably

anticipated claims. In so stating, H.R. 3121 specifically departs from the method of determining actuarial rates currently used by the NFIP.

Under H.R. 3121 the NFIP would provide optional wind coverage in communities that already participate in the NFIP and that agree to adopt and enforce building codes and standards designed to minimize wind damage. In order for you to better understand the details of the new wind insurance program we have enclosed a copy of H.R. 3121, Section 7 with this request.

In addition to any issues you deem appropriate, we would like the GAO to initiate a comprehensive analysis and determination of the following:

1. The ability of the Federal Emergency Management Agency (FEMA) and the NFIP to implement an actuarially-sound (i.e., with rates priced according to risk, or as defined by standards and methods generally accepted by the actuary industry, incorporating up-to-date modeling technology, and taking into consideration administrative expenses) wind insurance program, including: whether FEMA's current staff and resources enable it to efficiently and effectively expand the NFIP to offer optional wind coverage; how actuarial rates for such coverage could be determined; the likelihood that consumers would purchase coverage at these rates; how this new coverage would be underwritten and sold; how claims arising from this new coverage would be adjusted and paid; whether FEMA's staff and resources are sufficient to be prepared to implement this new wind insurance program on or before June 30, 2008; what additional staff and administrative costs are necessary in order for FEMA to effectively implement and administer this new wind insurance program; and how the availability of optional wind insurance through the NFIP could affect the enforcement of the NFIP's mandatory purchase requirement for flood insurance.

2. The effects, if any, this program could have on existing State wind pools, including capitalization of, and participation in, the wind pools.

3. Whether expanding the NFIP to provide optional wind coverage could: affect the availability and affordability, over the long-term, of wind coverage nationwide; influence the development in private sector markets, including the surplus and non-admitted markets, for multiple peril insurance, or alternatives; result in adverse selection, whereby the wind insurance program could be under diversified and particularly vulnerable to large events; and lead to the development of lower, yet actuarially sound rates for wind coverage similar to wind coverage offered by the private sector, in the same geographic area.

4. To what extent, if any, the new wind insurance program could expose U.S. taxpayers to loss, including but not limited to the case of program deficit.

5. Are alternative methods available to provide NFIP participants with better wind coverage options.

6. To what extent, if any, gaps in coverage may still exist, between the coverage included under most homeowners policies, and the flood and wind coverage provided by the NFIP.

As referenced above, H.R. 3121 requires the NFIP to implement the new wind insurance program by June 30, 2008. For this reason, it is our strong hope that you complete your study provide us with your findings no later than April 1, 2008.

Thank you very much for your assistance as we attempt to further our understanding of these important issues related to the NFIP. If you have any questions regarding

this request, please contact Tom Glassic or Arnie Woeber.

Sincerely,

BARNEY FRANK.  
GINNY BROWN-WAITE.

Mrs. CAPITO. Mr. Chairman, I yield myself such time as I may consume.

In listening to the debate over this amendment, my question becomes, if we move forward and make wind part of one of the insurable events under this program, and then we study, through the gentlelady's amendment, the effect this has on State insurance, and we find out, after it's already been put into effect, that it's too costly or it's damaging the insurability at the State level and other issues, what are we going to do then?

This is where it goes to my argument in the beginning that we're really entering into this prematurely, because we have so many unanswered questions.

Mr. Chairman, I reserve the balance of my time.

Ms. CASTOR. Mr. Chairman, I will reserve the balance of my time until it is time to close.

Mrs. CAPITO. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. CULBERSON).

Mr. CULBERSON. Mr. Chairman, I'd like to ask the author of the amendment if she'd be willing to accept an amendment that we also ask the GAO to examine the effects on the taxpayers of the United States of all the perils created by this legislation and the financial risk this exposes the taxpayers too, because, again I think it's vitally important for this House to recognize that the potential liability this legislation exposes the taxpayer to, as Mr. BAKER said earlier, there's about \$19 trillion worth of insurable property around the coast of the United States. The flood insurance program's already \$20 billion in debt, and the United States, according to the GAO, already faces potential liabilities, direct and indirect, not potential, direct and indirect liabilities of \$50 trillion.

□ 1430

That works out to \$170,000 per person. Every household in the United States would have to buy \$440,000 worth of T bills today just to pay for the explicit and implicit liabilities of the United States.

And, finally, I would just remind the majority of something that my hero Thomas Jefferson said in his first inaugural address because of repeated attempts, this majority has shut out all amendments by the minority. Thomas Jefferson said that although the rule of the majority is in all cases to prevail, that rule to be rightful must be reasonable and must always protect the rights of the minority, which this majority has not done.

Ms. CASTOR. Mr. Chairman, I yield 30 seconds to the chairman of the committee.

Mr. FRANK of Massachusetts. First, Mr. Chairman, I hope the gentleman

from Texas will remember this problem about spending when we again debate the proposal to spend hundreds of billions of dollars sending a manned spaceship to Mars, which I have been opposed to, and I hope he will join me in that unnecessary expenditure and oppose it.

Secondly, CBO says he is wrong. The wind part is written, unlike the flood part, to require actuarially sound policy premiums to break even, and CBO certified that it's there. So the notion that this is adding trillions or even billions to our debt is simply wrong, according to CBO.

Mrs. CAPITO. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Ms. CASTOR. Mr. Chairman, just to close, rather than any attention placed on Mars, I am glad that here in the Congress we are able to place some attention on our coastal areas in this country that are at risk from catastrophic loss.

I urge approval of my amendment.

Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentlewoman from Florida (Ms. CASTOR).

The amendment was agreed to.

AMENDMENT NO. 4 OFFERED BY MS. CASTOR

The Acting CHAIRMAN. It is now in order to consider amendment No. 4 printed in part B of House Report 110-351.

Ms. CASTOR. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Ms. CASTOR:

In the matter proposed to be inserted by section 7(d) of the bill, in paragraph (2) of subsection (d) strike "windstorms" and insert "windstorms, discourage density and intensity or range of use increases in locations subject to windstorm damage, and enforce restrictions on the alteration of wetlands coastal dunes and vegetation and other natural features that are known to prevent or reduce such damage".

The Acting CHAIRMAN. Pursuant to House Resolution 683, the gentlewoman from Florida (Ms. CASTOR) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Florida.

Ms. CASTOR. Mr. Chairman, I yield myself such time as I may consume.

This amendment will help protect homeowners in coastal areas from windstorms by ensuring that natural wind barriers remain intact. It instructs the Director of FEMA to consider natural protective sand dunes and wetlands when developing criteria for the multi-peril insurance. No matter how you feel about the multi-peril option in this bill, I think everyone will agree that it is in our country's best interest to discourage any investment of public dollars in those areas.

One of the most sensible features of the National Flood Insurance Program

is the requirement that in order to remain eligible, communities must enact strong growth management laws, flood mitigation strategies that will help prevent catastrophic losses rather than just responding to them when they occur. The bill we are considering today expands the national flood insurance with an optional wind component. Just like flood policies, wind policies will be contingent on prevention and mitigation activities developed by FEMA.

While it's absolutely imperative that homeowners themselves take the initiative to prepare their properties for windstorms, some of the best mitigation and prevention measures naturally exist along the coast. So no matter what your opinion is of the multi-peril option, if government is going to offer a multi-peril option for windstorm damage, our interest should be in doing all we can do to reduce the risk side of the equation. In the event of a hurricane, wetlands and coastal dunes act as shock absorbers, and these natural environmental features bear the brunt of the monumental pounding of wind so that homes, businesses, and schools don't have to.

I am also going to recognize another colleague, but at this time I urge approval of the amendment.

Mr. Chairman, I reserve the balance of my time.

Mrs. CAPITO. Mr. Chairman, I would like to claim time in opposition, although I am not opposed to the gentlewoman's amendment.

The Acting CHAIRMAN. Without objection, the gentlewoman from West Virginia is recognized for 5 minutes.

There was no objection.

Mrs. CAPITO. I would like to yield 2 minutes to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Chairman, I just want to say I'm confused here. This is opening up the floodgates for coastal development. Whom are we fooling here? As a matter of fact, I just understood that U.S. PIRG and a lot of pro-environmental groups are opposing this. It puts me on an odd side of things. But whom are we kidding? This is all about coastal development. And don't say, when you're knocking over the marshland, don't touch that sand dune. If you're serious about sand dunes, if you're serious about the wetlands, if you're serious about the environment, the fragile coastal environment, you will oppose this bill. This is the best thing in the world for developers. In fact, I'm a little bit surprised that developers aren't knocking down the doors and saying to fiscal conservatives who are opposing the bill for that, what are you doing? This is the best thing.

The great State of Florida, where I have vacationed and so many other people do, we all love the State of Florida and its natural environment. But, goodness gracious, Carl Hiaasen wrote the book "Strip Tease." I mean, there's book after book about overdevelopment in Florida.

That is all this whole bill does is allow continued overdevelopment in the coastal area of Florida and other environmental areas. So to have a fig leaf here to say, well, don't worry, FEMA is going to worry about that sand dune and those sea oats in the coastal area, that's a very mixed signal.

Let me yield to my friend from Massachusetts, who I am sure has some great wisdom for this confused guy.

Mr. FRANK of Massachusetts. As the gentleman knows, I was opposed to the Rules Committee's decision to keep out several Republican amendments. I now regret that even more because if the gentleman had a real amendment to argue for, he wouldn't be making these badly strained irrelevant arguments on this particular poor little amendment. It really doesn't deserve all the rhetoric it's getting.

Mr. KINGSTON. Mr. Chairman, I reclaim my time.

I want to say to Mr. FRANK, do you not agree with me that this is the greatest development bill there is?

The Acting CHAIRMAN. The time of the gentleman from Georgia has expired.

Ms. CASTOR. Mr. Chairman, I yield 30 seconds to the chairman.

Mr. FRANK of Massachusetts. Mr. Chairman, to answer the direct question by the gentleman, no, I would not say this is the greatest development bill. But I would also say he says he was puzzled. Not as puzzled as I am in trying to figure out what in the world this had to do with the amendment we are dealing with. Maybe it is considered, I don't know, stuffy to deal with the amendment under consideration. I always prefer it as a method of debate.

Mrs. CAPITO. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Let me restate. Right now it is a fact homeowners and lenders are having trouble getting flood insurance and windstorm insurance in the areas where there are lots of floods and lots of windstorms, coastal areas. This allows them to get it at an economic price that is a lot lower than the private sector because it's a government subsidy. Therefore, America, being great entrepreneurs, this is a very pro-growth, pro-development amendment. I cannot understand how you would not agree with that.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. KINGSTON. I yield to the gentleman.

Mr. FRANK of Massachusetts. In the first place, the flood part environmentalists strongly support because it restricts where people can go and raises the fee. As to the wind part, it's not a subsidy.

Mr. KINGSTON. Let me reclaim my time just to bite on that piece of the apple.

Mr. FRANK of Massachusetts. If you don't like the answer, don't ask the question.

Mr. KINGSTON. Reclaiming my time, Mr. Chairman, let me say this. We just passed an amendment for people who have to buy insurance. They don't have to buy insurance. They can move. If they are living in areas that are susceptible to flood, this is still a free America. They can move on. So we are encouraging them to move into flood areas and windstorm areas that are critical environmental areas.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. KINGSTON. Yes.

Mr. FRANK of Massachusetts. The amendment that you are talking about specifically did not encourage anybody to move. It dealt with people who are already there, having moved there previously, found subsequently they were in a flood area. But the general thrust of the bill on flood, strongly supported by environmentalists, is to increase the amount that's charged in many cases and to restrict the building.

As to wind, there is no subsidy. It is required to be actuarially soundly financed. So, yes, it's a government program, but one without any subsidy to the homeowner on the wind part.

Mr. KINGSTON. Reclaiming my time, Mr. Chairman, just to emphasize this point. This creates a stable predictability in the insurance premium by the homeowner and developer. Therefore, it makes it easier to develop in a coastal area.

Listen, I understand what you are doing, but I just think this fig leaf of an amendment saying let's protect the environment is a little bit silly because the entire point of the bill disregards the environment.

Ms. CASTOR. Mr. Chairman, I yield 1 minute to my colleague from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Chairman, I am actually encouraged by some of the common expression that is here. I share some of my friend from Georgia's reservations about where we are getting into with wind coverage. The chairman is right when he noted the focus on restrictions for flood insurance to reduce the problems you are talking about is in the underlying bill. What my good friend from Florida is offering is if you are going to be in this area dealing with wind peril that there is a requirement to discourage elements in the land uses that will not make it worse.

So you are both on the same side. You may want to go further with the wind peril. I am open to that. We are not done with this legislation yet. There are unanswered questions. I agree with you. But in the meantime, acknowledging what the committee has done to narrow the scope with flood insurance peril, which is, I think, extraordinarily positive, and the gentlewoman is speaking out for solid land use, having the natural barriers protected, that will save all of us money.

I am optimistic. If we can talk this through, there are enough elements here that will be good for the environ-

ment, good for the taxpayer, and under the leadership of Chairman FRANK, I am convinced we can get there before we're done.

Mrs. CAPITO. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Ms. CASTOR. Mr. Chairman, the Federal multi-peril option must not be an invitation to develop on our sensitive natural coasts, and we must protect the natural windbreaks like the coastal dune areas. That is why it is important to instruct FEMA, as they develop the eligibility criteria for the multi-peril program, that they must take into account the natural protective features.

Mr. Chairman, I urge my colleagues to adopt this amendment and protect the natural wind barriers that will make damage mitigation efforts more manageable.

Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentlewoman from Florida (Ms. CASTOR).

The amendment was agreed to.

AMENDMENT NO. 5 OFFERED BY MR. BLUMENAUER

The Acting CHAIRMAN. It is now in order to consider amendment No. 5 printed in part B of House Report 110-351.

Mr. BLUMENAUER. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Mr. BLUMENAUER:

Subsection (k)(2) of section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101), as added by section 22(a) of the bill, is amended by adding at the end the following new subparagraph:

“(C) EFFECTS OF GLOBAL WARMING.—In updating and maintaining maps under this section, the Director shall—

“(i) take into consideration and account for the impacts of global climate change on flood, storm, and drought risks in the United States;

“(ii) take into consideration and account for the potential future impact of global climate change-related weather events, such as increased hurricane activity, intensity, storm surge, sea level rise, and associated flooding; and

“(iii) use the best available climate science in assessing flood and storm risks to determine flood risks and develop such maps.”

The Acting CHAIRMAN. Pursuant to House Resolution 683, the gentleman from Oregon (Mr. BLUMENAUER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Oregon.

Mr. BLUMENAUER. Mr. Chairman, I am, in fact, encouraged with some of the discussion that is here today. If we sort of cut through some of the areas where people are cranky, as I understand it, I think we are looking at some broad areas of agreement that, at the end of the day, we are going to have a stronger flood insurance program that will be able to answer some

of these questions. I have an amendment that I think will further strengthen this because, as we learned during Katrina, there is more work to be done to make sure that the flood insurance program is able to fulfill its mission of providing flood insurance and helping communities reduce that flood risk.

Now, I am pleased that the underlying legislation makes some very important reforms to the program that I have been involved with for the last 6 years.

□ 1445

What I propose in this amendment is an adjustment to the legislation to help ensure that FEMA is better prepared for current and future risks and that people have the information that they need to reduce their own risk. The amendment simply requires FEMA to take into consideration the impacts of global warming, current and future, when updating and maintaining flood insurance program rate maps.

The flood insurance maps are significantly outdated; over 75 percent of them are at least 10 years old. Not only are they outdated, but they estimate risk by extrapolating solely from historic loss, as my friend from Louisiana (Mr. BAKER) pointed out earlier.

Unfortunately, it looks like the future will bring new weather patterns. A recent report from the Intergovernmental Commission on Climate Change, the leading group of climate scientists from around the world, indicated that, with climate change, future hurricanes will become more intense, with larger peak wind speeds and heavier precipitation. Changes in snow pack and sea level rise will also have a significant impact on flood risk. These impacts are not currently considered in the floodplain map modernization effort.

My amendment will improve upon this mapping program by ensuring that FEMA is prepared to improve the mapping accuracy. It will require the Director to take into consideration the impacts of global warming on flood, storm and drought risk; and take into consideration the potential future impacts of local climate change, weather-related events; and use the best available climate science in assessing flood risks and updating FEMA maps.

Mr. Chairman, I reserve the balance of my time.

Mrs. CAPITO. Mr. Chairman, I rise in opposition to the amendment.

The Acting CHAIRMAN. The gentleman from West Virginia is recognized for 5 minutes.

Mrs. CAPITO. I would like to ask the author of this amendment a couple of questions just for my own clarification, if I could.

First of all, when you're directing FEMA to use the most up-to-date science on global climate change and weather-related issues, does FEMA currently have this technology available? Where does this technology exist for

FEMA? And with what type of accuracy can you predict that FEMA will be able to predict? I know FEMA is in the business of declaring where floodplains are; it has a lot of science connected with this. Where is this technology coming from? What sophistication of the equipment exists, and how do you think these will be arrived at?

I yield to the gentleman from Oregon.

Mr. BLUMENAUER. Excellent question. Around the world, scientists are a part of this consensus, and we are refining tools. One of the problems with this administration is they've been trying to stifle, as you know, scientists within the administration speaking out on this, and we have undercut investment in these resources.

The fact is that there is better information now for climate change. I have no problem whatsoever of our being able to invest to increase it further, but there is a global scientific consensus, there is investment in NASA, there are already resources within the Federal Government. They are not currently used now by FEMA, the stuff that we've got now, let alone what we're going to have in the future.

Mrs. CAPITO. Well, my question would be, if that's available to FEMA now to be able to more accurately predict the ebb and flow of water across the United States and the coastal regions, why isn't that being used by FEMA right now, if that's available? Is it statutory?

Mr. BLUMENAUER. As my friend, Mr. BAKER, pointed out when he was arguing a few moments ago, they use a different pattern, a different model right now. What we're doing with this legislation is we are requiring them to change the model, use the information that's available right now by the Federal Government, hopefully the Bush administration won't try and stifle it, and use that for forecasting current and prospective. Right now they don't do it in their modeling, and there's no reason why they can't. This legislation would require it.

Mrs. CAPITO. Then going further from what you're saying, is what you're really saying changing the entire FEMA modeling perspective, or putting this on top of what is already existing at FEMA?

Mr. BLUMENAUER. What we're saying now is that we are in a world that everybody else acknowledges is rapidly changing. It looks like climate change, global warming is a reality, and just using straight-line extrapolation for FEMA to determine 100-year flood plains or 500-year floodplains doesn't work because it is changing much more rapidly than past patterns would expect.

So we ought to use the best available science here and around the world to look at what's likely to happen in the future. FEMA doesn't currently do that. They look at flat-line projections of past activity, not looking at using

the best available science for what's going to happen in the future.

Mrs. CAPITO. Thank you. I have a lot of questions about the answer to the question I just asked; but at this point, I will yield 1 minute to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. I want to say to my friend, I actually think that you're feeling around the right part of the woods on this stuff. This is actually an important amendment; but I, like the gentlewoman from West Virginia, really doubt FEMA's expertise in solving this problem. And I hope that during the legislative process of this you can maybe shore up the language to say that they ought to have somebody with a lot better scientific and organizational mind than they would be in this. I mean, I keep thinking FEMA-Katrina, not a good idea to let them study anything. In fact, there are a whole slew of amendments here that probably won't be speaking of, but it gives FEMA instructions and directions to do this and that. I don't have the faith in FEMA which your side apparently does. I think this is like asking the post office to do an efficiency study; it's just not a good idea.

But I do believe that you should put in there something about rising tides because you don't have anything about tidal levels. In the State of Georgia, we have a 7-foot tide, Florida has about a 1- or 2-foot tide. That stuff all makes a difference.

Mr. BLUMENAUER. Mr. Chairman, may I inquire as to the time remaining.

The Acting CHAIRMAN. The gentleman from Oregon has 2½ minutes remaining; the gentlewoman from West Virginia has 1 minute remaining.

Mr. BLUMENAUER. Let me just take 30 seconds here.

This is something that isn't unknown. GAO found that 11 out of 11 insurance companies that they surveyed already incorporate this into their risk models. FEMA can do this using the private sector, and it can use government data that the Bush administration has been suppressing now in other areas, open it up, let these climate scientists that work in other parts of the government advise FEMA, or contract with the private sector. It's not hard to find the information.

Mrs. CAPITO. I yield 30 seconds to the gentleman from Georgia.

Mr. KINGSTON. I want to say to my friend, again, I support what you're after; I think this is a serious amendment. But when you say this information is out there, FEMA can get it, it was also well known that people were in the Superdome, but FEMA had trouble figuring that out and what to do about it. So just keep in mind who you're giving this authority to. But I do want to say to the gentleman, I understand what you're after, and I think it's important.

Mrs. CAPITO. I think the gentleman's amendment has great merit, but I question the fact that he's already



mentioned that the data that we're using in the future, the data that we're using to come about insurance rates in this flood bill, how can we then add on wind as another peril when we're not sure that the data that we're using to predict future weather forces is accurate at all?

Mr. Chairman, I yield back the balance of my time.

Mr. BLUMENAUER. In conclusion, Mr. Chairman, I understand the reticence that my good friend from Georgia would have giving the current administration of FEMA more tools. I'm sorry he's beating up on the administration, but I understand it. They haven't shown that they're very adept. But think of this as longer-term legislation. There will be a new administration; there will be professionals who are there. The point is that, whoever is there, they need to use the most up-to-date, modern information to think about what's going on in the future.

The science is already available in parts of the Federal Government right now that could be used. The information is available that the private sector is already using. All this amendment says, notwithstanding that I share your concern about who's running it now, but that will change, I guarantee you, that when it changes, and even until it changes, we can give them a mandate to look at the bigger picture and factor climate change in. And I am open to working with the gentleman in terms of whether it's contracted, or it's Federal information, or it's from other international sources. The point is they currently do not do it; we haven't instructed them to do it. This is one thing we can't blame on the inept FEMA administration; it's something that Congress needs to change. And with your help, we can approve this amendment, we'll change their marching orders, we will have the big picture, and it's one of these things we can agree on, work on together, and we will all be better off.

I urge approval of the amendment.

Mr. WELCH of Vermont. Mr. Chairman, first, I want to thank the gentleman from Massachusetts, Mr. FRANK and the gentlewoman from California, Ms. WATERS, for their hard work in preparing H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007. I have received positive feedback from the Regional Planning Commissioners and emergency managers in support of this bill. The Planning Commissioners and emergency managers serve on the front-line of declared disasters and work with both towns and FEMA. In fact, Vermont has recently dealt with several significant flooding events and this legislation will go a long way to improving our response in the aftermath. This bill also provides much needed reform of the National Flood Insurance Program, NFIP.

I also want to thank the gentleman from Oregon, Mr. BLUMENAUER, for his thoughtful amendment and working with me and Representative GILCHREST as co-sponsors. This bi-partisan amendment requires FEMA to consider modern climate science when mapping floodplains. Current flood maps do not take

into account critical information beyond past flooding history. Accurate floodplain maps incorporating scientific global warming impact predictions will ensure that citizens are aware of the future flood risks in their communities and help prevent the loss of human life, property, and important wildlife habitat. Communities will be able to use these maps in considering their own land use planning and development projects.

I believe that the focus on global warming adaptation planning is critical while Congress also moves forward to aggressively address climate change through legislation. Adaptation includes addressing the occurrence and likelihood of more frequent, intense, and severe storms bringing our rivers and streams beyond flood stage; sea-level rise flooding coastal and tidal communities that may even be hundreds of miles inland; reduced snow-pack that is changing annual runoff and water collection; and of course the impact of hurricanes; all of which are resulting in significantly greater flooding across the nation.

Vermont communities like Barre or, our capitol of Montpelier are finding that surrounding rivers and streams are more unpredictable—large rain events have resulted in dramatic river and stream bank erosion that promotes flooding in nearby towns. Rivers and streams are overflowing in areas that were not typically flooded. We are finding flooding events both in and out of current flood plains where people have lost property due to sudden and unexpected river and stream rise. Many of these families are low-income and their homeowners insurance, if they have it, does not cover their claims. And of course, they don't qualify for SBA disaster assistance loans.

We believe that changing weather patterns require the tools for smart land use and development decision-making. Updated climate science flood mapping will help all citizens make informed decisions on flood risks and the need to purchase flood insurance. Updated flood maps will also aid communities in smart growth planning to minimize the risk of flooding to their cities and towns.

This amendment has received strong support by the National Wildlife Federation, U.S. Public Interest Group, Sierra Club, League of Conservation Voters, Natural Resource Defense Council, Friends of the Earth, Audubon, Earthjustice, American Rivers, Republicans for Environmental Protection, and the Union of Concerned Scientists.

I strongly urge my colleagues to support this amendment.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon (Mr. BLUMENAUER).

The amendment was agreed to.

AMENDMENT NO. 6 OFFERED BY MR. PATRICK J. MURPHY OF PENNSYLVANIA

The Acting CHAIRMAN. It is now in order to consider amendment No. 6 printed in part B of House Report 110-351.

Mr. PATRICK J. MURPHY of Pennsylvania. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. PATRICK J. MURPHY of Pennsylvania:

At the end of the bill, add the following new section:

**SEC. 30. NATIONAL FLOOD INSURANCE ADVOCATE; REPORTS.**

Chapter II of the National Flood Insurance Act of 1968 is amended by inserting after section 1330 (42 U.S.C. 4041) the following new section:

**“SEC. 1330A. NATIONAL FLOOD INSURANCE ADVOCATE.**

“(a) ESTABLISHMENT OF POSITION.—

“(1) IN GENERAL.—There shall be in the Federal Emergency Management Agency a National Flood Insurance Advocate. The National Flood Insurance Advocate shall report directly to the Director and shall, to the extent amounts are provided pursuant to subsection (c), be compensated at the same rate as the highest rate of basic pay established for the Senior Executive Service under section 5382 of title 5, United States Code, or, if the Director so determines, at a rate fixed under section 9503 of such title.

“(2) APPOINTMENT.—The National Flood Insurance Advocate shall be appointed by the Director and the flood insurance advisory committee established pursuant to section 1318 (42 U.S.C. 4025) and without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service or the Senior Executive Service.

“(3) QUALIFICATIONS.—An individual appointed under paragraph (2) shall have—

“(A) a background in customer service as well as insurance; and

“(B) experience in representing individual insureds.

“(4) RESTRICTION ON EMPLOYMENT.—An individual may be appointed as the National Flood Insurance Advocate only if such individual was not an officer or employee of the Federal Emergency Management Agency with duties relating to the national flood insurance program during the 2-year period ending with such appointment and such individual agrees not to accept any employment with the Federal Emergency Management Agency for at least 5 years after ceasing to be the National Flood Insurance Advocate. Service as an employee of the National Flood Insurance Advocate shall not be taken into account in applying this paragraph.

“(5) STAFF.—To the extent amounts are provided pursuant to subsection (c), the National Flood Insurance Advocate may employ such personnel as may be necessary to carry out the duties of the Advocate.

“(b) DUTIES.—The duties of the National Flood Insurance Advocate shall be to conduct studies with respect to, and submit, the following reports:

“(1) REPORT ON PROBLEMS OF INSUREDS UNDER NATIONAL FLOOD INSURANCE PROGRAM.—Not later than the expiration of the 12-month period beginning on the date of the enactment of the Flood Insurance Reform and Modernization Act of 2007, the National Flood Insurance Advocate shall submit a report to the Congress regarding the national flood insurance program, which shall—

“(A) identify areas in which insureds under such program have problems in dealings with the Federal Emergency Management Agency relating to such program, and shall contain a summary of at least 20 of the most serious problems encountered by such insureds, including a description of the nature of such problems;

“(B) identify areas of the law relating to the flood insurance that impose significant compliance burdens on such insureds or the Federal Emergency Management Agency, including specific recommendations for remedying such problems;

“(C) identify the 10 most litigated issues for each category of such insureds, including recommendations for mitigating such disputes;

“(D) identify the initiatives of the Agency to improve services for insureds under the national flood insurance program and actions taken by the Agency with respect to such program;

“(E) contain recommendations for such administrative and legislative action as may be appropriate to mitigate or resolve problems encountered by such insureds; and

“(F) include such other information as the National Flood Insurance Advocate considers appropriate.

“(2) REPORT ON ESTABLISHMENT OF AN OFFICE OF THE FLOOD INSURANCE ADVOCATE.—Not later than the expiration of the 6-month period beginning on the date of the initial appointment of a National Flood Insurance Advocate under this section, the Advocate shall submit a report to the Congress regarding the feasibility and effectiveness of establishing an Office of the Flood Insurance Advocate, headed by the National Flood Insurance Advocate, to assist insureds under the national flood insurance program in resolving problems with the Federal Emergency Management Agency relating to such program. Such report shall examine and analyze, and include recommendations regarding—

“(A) an appropriate structure in which to establish such an Office, and appropriate levels of personnel for such Office;

“(B) other appropriate functions for such an Office, which may include—

“(i) identifying areas in which such insureds have problems in dealing with the Agency relating to such program;

“(ii) proposing changes in the administrative practices of the Agency to resolve or mitigate problems encountered by such insureds; and

“(iii) identifying potential legislative changes which may be appropriate to resolve or mitigate such problems;

“(C) appropriate procedures for formal response by the Director to recommendations submitted to the Director by the National Flood Insurance Advocate;

“(D) the feasibility and effectiveness of authorizing the National Flood Insurance Advocate to issue flood insurance assistance orders in cases in which the Advocate determines that a qualified insured is suffering or about to suffer a significant hardship as a result of the manner in which the flood insurance laws are being administered or meets such other requirements may be appropriate, including examining and analyzing—

“(i) appropriate limitations on the scope and effect of such orders;

“(ii) an appropriate standard for determining such a significant hardship;

“(iii) appropriate terms of flood insurance assistance orders; and

“(iv) appropriate procedures for modifying or rescinding such orders;

“(E) the feasibility and effectiveness of establishing offices of flood insurance advocates who report to the National Flood Insurance Advocate, including examining and analyzing—

“(i) the appropriate coverage and geographic allocation of such offices;

“(ii) appropriate procedures and criteria for referral of inquiries by insureds under such program to such offices;

“(iii) allowing such advocates to consult with appropriate supervisory personnel of the Agency regarding the daily operation of the offices; and

“(iv) providing authority for such advocates not disclose to the Director contact with, or information provided by, such an insured;

“(F) appropriate methods for developing career paths for flood insurance advocates referred to in subparagraph (E) who may

choose to make a career in the Office of the Flood Insurance Advocate; and

“(G) such other issues regarding the establishment of an Office of the Flood Insurance Advocate as the National Flood Insurance Advocate considers appropriate.

“(3) DIRECT SUBMISSION OF REPORTS.—Each report required under paragraph (2) shall be provided directly to the Congress by the National Flood Insurance Advocate without any prior review or comment from the Director, the Secretary of Homeland Security, or any other officer or employee of the Federal Emergency Management Agency or the Department of Homeland Security, or the Office of Management and Budget.

“(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 2008 and each fiscal year thereafter such sums as may be necessary to carry out this section.”

The Acting CHAIRMAN. Pursuant to House Resolution 683, the gentleman from Pennsylvania (Mr. PATRICK J. MURPHY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Pennsylvania.

Mr. PATRICK J. MURPHY of Pennsylvania. Mr. Chairman, I yield myself 2 minutes.

I come before you today, Mr. Chairman, on behalf of Anne Beck of Erwinna, Pennsylvania; Tony Plescha of Yardley, Pennsylvania; Nancy Rees of Yardley, Pennsylvania; and thousands of families across my district of Bucks County who have been hit by three floods in 3 years.

Mr. Chairman, I ask my colleagues to picture a family distraught, a home in tatters, and rain that just won't stop. If that family asked for help, either from their insurance company or from FEMA, they would face a maze of bureaucracy instead of relief. As of right now, there is no one who will fight for families or business owners who seek assistance in rebuilding after a catastrophic storm.

We are trying to change that here today. With this amendment, we are looking to create the Office of the Flood Insurance Advocate, someone to fight for all of us when we need help the most.

Modeled after the successful Taxpayer Advocate Service at the IRS, this office would fight the battles for weary, rain-soaked families and businesses looking to rebuild.

In creating the Flood Insurance Advocate, our measure would help cut through the red tape. The National Flood Insurance Advocate would do two major things: the first, report to Congress about problems facing the flood insurance program; and, second, determine the most effective way to create the Office of the Flood Insurance Advocate nationwide.

Mr. Chairman, families and businesses back home need our help.

I now yield 3 minutes to the distinguished gentleman from New York, a colleague in the Blue Dog Coalition, Mr. MIKE ARCURI.

Mr. ARCURI. Mr. Chairman, I rise to join my good friend from Pennsylvania (Mr. PATRICK J. MURPHY) in strong sup-

port of this amendment and the underlying legislation.

I would like to thank the distinguished chairman of the Financial Services Committee for producing a bill that updates the National Flood Insurance Program to meet the needs of the 21st century. It improves flood mapping; increases financial accountability; and is comprehensive, responsible public policy that will benefit thousands of Americans in the highest risk areas.

Mr. Chairman, across my district in upstate New York, the increasing frequency and destructive power of rainstorms and snow melts in recent years has caused flooding disasters which have seriously damaged homes and businesses in a number of communities.

Some of these communities in the Susquehanna River Basin, like the city of Oneonta, suffered a fate last year similar to the areas in Pennsylvania situated in the Delaware River Basin. The city of Oneonta experienced very damaging flooding in June of 2006 caused by severe rainstorms. However, it is now September of 2007, and there are local homeowners and businesses still wrestling with FEMA's burdensome claims process waiting on settlements they were assured as National Flood Insurance Program policyholders.

Mr. Chairman, the same is true for the local city government in Oneonta. It took almost 1 whole year after the disaster for FEMA to fully reimburse the city for repairs to public infrastructure severely damaged during the floods. Even after many months of persistence at the regional FEMA office, the city was left with no recourse and had to seek the assistance of my office for intervention.

Finally, after encountering hurdle after hurdle for a year, the city received their reimbursement from FEMA. We should ask ourselves, should we not strive to create more efficiency in an agency that is still learning lessons in the aftermath of Katrina and Rita?

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Mr. Chairman, the amendment Mr. MURPHY and I are offering today will study the feasibility of creating an independent office within FEMA. Its primary task will be to help local homeowners and business owners in Upstate New York and across the U.S. to navigate the often tedious and complicated Federal flood insurance claims system within the National Flood Insurance Program.

The amendment establishes a National Flood Insurance Advocate, which would be tasked with providing insurance policyholders across the U.S. with a type of ombudsman to represent the public interest by investigating and addressing complaints. The amendment also requires that the National Flood Insurance Advocate report to Congress with analysis of the major

problems facing the National Flood Insurance Program. This National Flood Insurance Advocate is based on the successful model of the Taxpayer Advocate Service, which has helped countless constituents navigate the Internal Revenue Services.

Mr. Chairman, I urge my colleagues to support the adoption of this amendment, and I urge support for passage of the bill.

Mrs. CAPITO. Mr. Chairman, I would like to claim time in opposition to the amendment, but I am not necessarily opposed to it.

The Acting CHAIRMAN. Without objection, the gentlewoman from West Virginia is recognized for 5 minutes.

There was no objection.

Mrs. CAPITO. Mr. Chairman, I would like to yield 2 minutes to the gentleman from Texas (Mr. CULBERSON).

Mr. CULBERSON. I am glad we are considering this amendment to have FEMA give us a comprehensive report of the problems facing the flood insurance program. We already established that this legislation, in essence, is going to create a public-private partnership in which the insurance companies are going to collect the premium and the taxpayers are going to pay the bill. We have already established, as Mr. BAKER pointed out earlier, that there is potentially \$19 trillion worth of valuation of property out there along the coastlines that are, again, a risk that the taxpayers are assuming. The TRIA legislation, Terrorism Risk Insurance legislation that the liberal leadership of this House pushed through last week puts taxpayers potentially on the hook for \$100 billion.

I wanted, if I could, to just get an answer to my question in the time that I have got. Other than Social Security and Medicare and not counting the Mars program that the chairman mentioned, because there is no such program, can the chairman or anyone else on that side identify a single piece of legislation that has created a bigger potential risk to the taxpayers than this bill? This, I won't say boondoggle, but this piece of legislation creates potentially trillions of dollars worth of liability. Is there any piece of legislation you can identify other than Social Security or Medicare that creates potentially trillions of dollars worth of liability to the taxpayers?

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CULBERSON. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Virtually every piece of legislation we deal with, because this legislation has two parts, one part which will reduce an existing liability, that is, there is already out there a flood insurance liability. This bill, unanimously agreed to by all in the committee who worked on it, will reduce that in the flood part.

With regard to water, this will raise premiums and restrict placement. With regard to the new part, the wind part, it will create no liability, because as I

have said several times, the bill strictly says that premiums will have to be actuarially sound. And CBO has certified that that is accurate. So CBO has certified this will, over time, produce no new liability on wind and save money on water.

Mr. PATRICK J. MURPHY of Pennsylvania. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, in closing, I want to tell you about Nancy Rees of Yardley, Pennsylvania. Over the last 3 years, Yardley was hit with three floods. Mrs. Rees came to our office because her insurance policy was rated with the wrong formulas. This seemingly simple mistake cost her an extra \$10,000 per year in insurance premiums. \$10,000 more a year. Thankfully for Mrs. Rees, after countless hours of working with our staff, she was successful. But in this case, a flood insurance advocate could have stood up for her in the wake of a major flood. That is why we need to pass this amendment.

Mrs. CAPITO. Mr. Chairman, I yield my remaining time to the gentleman from Texas (Mr. CULBERSON).

Mr. CULBERSON. In response to the distinguished chairman's point that the legislation requires that the program be actuarially sound, that is true that is in the bill that you produced here. However, the law also requires that the flood insurance program be actuarially sound. It is \$20 billion in debt. The legislation before the House asked the Federal Government, the taxpayers, to assume a potential liability for the \$19 trillion worth of insured property, a valuation of property just along the coastline. It is important to remember that the taxpayers of the United States are already facing liability of \$50.5 trillion according to the Government Accountability Office. It is just irresponsible. It is dangerous to pass legislation like this, creating a massive new expansion of an existing program that is already \$20 billion in debt at a time when the country faces massive debt and massive deficits. It is just irresponsible and dangerous.

I wanted to point out to the House and to the people out there listening, Mr. Chairman, that this legislation is fiscally irresponsible. It is dangerous.

Mr. Chairman, I urge the House to defeat it. It is a bad idea to pass on the liability like this to the taxpayers.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CULBERSON. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. The mistakes the gentleman makes are these; the basis on which the flood insurance policies are set is different. The one in this bill, the wind policy, it is a much tougher requirement to be actuarially sound. And CBO, unlike the gentleman from Texas, can read the bill.

Mr. CULBERSON. This is a brand new liability that we are passing on to my daughter and to the children of America, to the people of the United

States who are already saddled with \$15.5 trillion worth of liability, and it is just irresponsible. It is unacceptable. It is outrageous to create a massive new program like this that if it passes that could create, potentially, liability in the trillions of dollars. That is my point. There has never been a more expensive nor more massive creation of potential liability to the taxpayers than this legislation before the House today. That is my point.

Mr. Chairman, I urge every Member who cares about the fiscal solvency of the United States to vote "no" against this legislation.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. PATRICK J. MURPHY).

The amendment was agreed to.

AMENDMENT NO. 7 OFFERED BY MR. TAYLOR

The Acting CHAIRMAN. It is now in order to consider amendment No. 7 printed in part B of House Report 110-351.

Mr. TAYLOR. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mr. TAYLOR:

In the matter proposed to be inserted by the amendment made by section 7(a)(2) of the bill, in subsection (c)(7)(A), after "residential properties" insert the following: ", which shall include structures containing multiple dwelling units that are made available for occupancy by rental (notwithstanding any treatment or classification of such properties for purposes of section 1306(b))."

In the matter proposed to be inserted by the amendment made by section 7(a)(2) of the bill, in subsection (c)(7)(A)(ii), before the semicolon insert the following: ", which limit, in the case of such a structure containing multiple dwelling units that are made available for occupancy by rental, shall be applied so as to enable any insured or applicant for insurance to receive coverage for the structure up to a total amount that is equal to the product of the total number of such rental dwelling units in such property and the maximum coverage limit per dwelling unit specified in this clause".

In section 8 of the bill, strike paragraph (3) and insert the following:

(2) in paragraph (4)—

(A) by striking "\$500,000" each place such term appears and inserting "\$670,000"; and

(B) by inserting before "; and" the following: "; except that, in the case of any nonresidential property that is a structure containing more than one dwelling unit that is made available for occupancy by rental (notwithstanding the provisions applicable to the determination of the risk premium rate for such property), additional flood insurance in excess of such limits 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 that is equal to the product of the total number of such rental dwelling units in such property and the maximum coverage limit per dwelling unit specified in paragraph (2); except that in the case of any such multi-unit, non-residential rental property that is a pre-FIRM structure (as such term is defined in section 578(b) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4014

note)), the risk premium rate for the first \$500,000 of coverage shall be determined in accordance with section 1307(a)(2) and the risk premium rate for any coverage in excess of such amount shall be determined in accordance with section 1307(a)(1)".

The Acting CHAIRMAN. Pursuant to House Resolution 683, the gentleman from Mississippi (Mr. TAYLOR) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Mississippi.

Mr. TAYLOR. Mr. Chairman, I thank the chairman of the committee for allowing this amendment to be considered and hopefully for his help on it.

Mr. Chairman, anyone who has traveled to south Mississippi or south Louisiana after the wakes of Hurricanes Rita and Katrina know we have an incredible housing shortage. Today, 19,000 Mississippi families are still living in FEMA trailers. They are grateful for the trailers. They would rather be someplace else. Part of that problem is, in particular, for renters. In addition to homes being destroyed, a heck of a lot of rental properties were destroyed.

Prior to this amendment, if you are a condo owner or building a condo, you can build a condo with as many number of units as you would like, and each one of those units can be insured up to the value of the Federal flood insurance program. If it is 100 units, each one of them can be insured up to \$250,000. On the other hand, if you are considering building rental property, you have two strikes against you. Number one, in the wakes of Hurricanes Katrina and Rita, this private sector that so many people are saying are being so good to us have now said that just for wind insurance it is going to be \$300 per unit per month even for a modest apartment.

Secondly, if you are considering building a building, you can insure that building for only \$500,000. Whether it is one unit or 1,000 units, you can only get \$500,000 worth of coverage for that entire building. It is a disincentive for the private sector to rebuild and to build the sort of housing that we need.

This amendment is all about parity. If we, as a Nation, can insure condominiums for folks who can afford to buy them, then we, as a Nation, ought to be making available insurance for folks who can't afford a condo but who need to rent a place to live.

Like every amendment that I have offered and every amendment that has been made in order, it has been judged by the Congressional Budget Office that this amendment will pay for itself. It has no impact on the Treasury.

Mr. Chairman, I reserve the balance of my time.

Mrs. CAPITO. Mr. Chairman, I rise in opposition to the amendment.

The Acting CHAIRMAN. The gentleman from West Virginia is recognized for 5 minutes.

Mrs. CAPITO. Mr. Chairman, I rise today in opposition to this amendment offered by the gentleman from Mississippi. The bill we are debating today is troubled, I think, because of the deeply in-debt flood insurance program, and now we are not debating, because we were unable to debate on the full floor of the House whether we should include wind in this. Wind is in this bill as a peril. But what this amendment does is further expand that coverage that is very debatable, I think premature, has been unstudied, and I believe this would be very unwise to include this amendment as a coverage expansion.

We have talked about the fact that the flood insurance program owes the U.S. Treasury \$18 billion. We have talked about the fact that at a hearing in July on whether we should add wind to the NFIP, that the National Association of Insurance Commissioners, insurance experts, environmental groups, floodplain management groups, Treasury and FEMA all opposed the initial expansion. And suffice it to say they would certainly oppose, or they could certainly oppose, an even further expansion of this that this amendment represents.

I think that the wind insurance premiums are supposed to be actuarially sound, and the chairman of the full committee has made that point several times. The majority of the NFIP policies are supposed to be actuarially sound. And yet, the nonpartisan GAO says that they are not actuarially sound. We know that very few government insurance programs are ever actuarially sound.

Mr. Chairman, I urge my colleagues to oppose this amendment and to avoid a further expansion that this new mandate in this amendment represents.

Mr. Chairman, I reserve the balance of my time.

Mr. TAYLOR. First, Mr. Chairman, I would like to encourage the gentleman, let's deal with the facts. If you have an organization that is opposed to this amendment, name the organization. But let's don't suppose for anyone whether they are for it or against.

Secondly, Mr. Chairman, I yield the remainder of my time to the chairman of the committee.

Mr. FRANK of Massachusetts. Mr. Chairman, I thank the gentleman, and I regret to say the entertainment value of what was not an exciting subject from the beginning appears to have gone down because the gentleman from Texas (Mr. CULBERSON) has left the floor. I thought his method of argument, which is the frequent repetition of error at increasing volume, added a certain panache to the proceedings. But since the last time he reiterated those errors, I thought it would be useful to correct them.

First of all, this bill and this amendment not only doesn't add to the Federal Government's liability, it diminishes existing liability. The flood program was allowed to get deeply in debt.

This bill with respect to flood says that there will be higher premiums and there will be fewer buildings in the floodplain areas. So it clearly reduces. It is supported in that respect by environmentalists and taxpayers.

The wind part does add a new program. It adds a new program subject to the PAYGO rules, and it requires that it be strictly actuarially sound. Now, the gentleman from Texas could not seem to understand the basic distinction. He said, "Well, the flood program was supposed to be actuarially sound and it isn't." True. That is why when we did the wind program, we wrote a much more specific and binding set of instructions that it be actuarially sound.

The fact is that the flaws that led the water program to be in debt are corrected in this bill. That is not simply the opinion of the author, the gentleman from Mississippi, or this committee. It is CBO, the Congressional Budget Office's certification. So the notion that this adds to liability is simply wrong. It will reduce the outgo with regard to the water program. With regard to the wind program, it is actuarially sound, and in this bill, if it begins to run into deficit, the program cuts off.

So an analogy between the wind funding and the water funding is flatly wrong. They are written differently. We have learned from our mistakes. And that is true of this amendment, too. The gentleman has offered an amendment that would increase coverage subject, again, to the very strict rules that say we will be actuarially sound.

Now, I have no particular hope that this is going to sink in everywhere, but it does seem to me to be useful to have the fundamental facts out there on the record.

□ 1515

Mrs. CAPITO. Mr. Chairman, I take heed to the gentleman's words from Michigan, and I tried to sort of correct my initial assumption that they would oppose the amendment. So I apologize for that.

Mr. Chairman, I would like to place in the RECORD letters from folks who do oppose the bill in general because of the wind addition. That would be: Friends of the Earth, National Wildlife Federation, U.S. Public Interest Group, America Insurance Association, Property Casualty Insurers, Financial Services Roundtable, Consumer Federation of America, Reinsurance Association of America.

SEPTEMBER 26, 2007.

Re: Support For the Blumenauer-Gilchrest Global Warming Amendment to H.R. 3121 and opposition to provisions expanding the National Flood Insurance Program (NFIP) to include wind coverage

DEAR REPRESENTATIVE: We write to express our support for the Blumenauer-Gilchrest Global Warming Amendment to the Flood Insurance Reform and Modernization Act, H.R. 3121. This amendment would require that the Federal Emergency Management Agency, FEMA, consider the impacts of global warming on flood risks as it administers

the National Flood Insurance Program, NFIP, Map Modernization Program. To adjust to the reality of global warming, Congress must require that the NFIP floodplain maps incorporate the best available climate science. Accurate floodplain maps will ensure that citizens are aware of the flood risks in their community and help prevent the loss of human life, property, and important wildlife habitat as we face more global warming-powered weather events.

Section 22 of H.R. 3121 provides much needed guidelines and ongoing mapping support for FEMA's map modernization effort. Flood insurance maps are the basic planning documents for the NFIP and provide a foundation for planning in developing communities. According to the Congressional Research Service, however, over 75 percent of the nation's 100,000 flood maps are at least 10 years old. Currently, H.R. 3121 fails to require FEMA to consider modern climate science when mapping floodplains. Under current methodologies, many of FEMA's maps are already out of date and inaccurate when they are certified because they fail to take into account both critical new information beyond past flooding history, including the impacts of global warming. These outdated maps have resulted in more instances of storms with significantly greater flooding than predicted and give citizens a false sense of security that they will not be subject to flooding. This false sense of security is especially troubling as global warming's impacts become evident. Global warming will result in more flooding of coastal and riverine communities through intense hurricanes, reduced snow pack, and sea level rise.

The Blumenauer-Gilchrest Amendment would ensure that the FEMA Director consider impacts of global warming on our nation's flood risks and the potential future impact of global warming on the intensity of storms, storm surge modeling, sea level rise, and increased hurricane activity. Considerable experience exists in these areas, and the Blumenauer Amendment would ensure that FEMA incorporates the best available climate science into its mapping effort. We strongly support this amendment.

We urge Congress to oppose the multiperil, wind and flooding, insurance program in H.R. 3121, because it could overwhelm the NFIP, cost the taxpayers' billions, increase incentives to develop in hazard-prone and ecologically-sensitive coastal areas and floodplains, and place more lives, properties, and wildlife habitat at risk. We applaud Representative Taylor and other Members for raising the nation's awareness of the increasing risks associated with global warming-powered coastal storms. We are also sympathetic to citizens' desires to remove wind damage and flooding damage distinctions in homeowner's insurance policies in the aftermath of Hurricanes Katrina, Rita, and Wilma. Yet, we oppose adding a wind peril dimension to the NFIP because it would substantially undermine the program's already precarious financial position, would add greater risk and uncertainty especially for the taxpayers and the public, and would distract from the critical missions of the NFIP. Essentially, we must fix the NFIP before we expand it.

Hurricanes Katrina and Wilma have already driven the NFIP into the most dire financial condition in its history, now with a virtually insurmountable U.S. Treasury debt of approximately \$18 billion. H.R. 3121 would mandate that FEMA begin the sale of a new federal wind insurance (multiple peril including wind and flood) beginning on June 30, 2008, right before the 2008 Hurricane Season and almost immediately increasing the exposure of the U.S. taxpayers to potentially billions of dollars in new claims. The chances of exposure of a catastrophic storm could swamp the national flood insurance program and leave it crippled forever. The rates of coverage are also significantly greater than those provided by current flood insurance alone: \$650,000 for residential structures and contents and \$1.75 million for commercial properties and contents. These coverage caps expose the taxpayers to considerable liability. In fact, recent insurance industry estimates show that costs of storms

like Hurricane Katrina that were in the \$15 to \$20 billion range for the NFIP currently, could be three to five times or more, if wind perils were also included. Such costs could potentially overwhelm the program and the costs to taxpayers could balloon to staggering levels.

For these reasons, again, we support the Blumenauer-Gilchrest Global Warming Amendment, which will ensure that FEMA address the realities of global warming in its map modernization effort. We oppose the provisions within H.R. 3121 that expand the NFIP to include wind. These provisions threaten to overwhelm an already failing National Flood Insurance Program that needs substantial reforms to turn the corner on expanding flood risk and to accomplish its other purposes. Although many of the reforms contained within H.R. 3121 represent steps in the right direction, the proposed legislation will not go far enough in fixing the essentially bankrupt NFIP. Congress will have missed an historic opportunity to strengthen the NFIP if it passes this bill in its current form.

Please see the attached overview of our additional concerns with the bill.

Thank you for your attention to this matter.

Sincerely,

ERICH PICA,  
*Director of Domestic  
Programs, Friends of  
the Earth.*

ADAM KOLTON,  
*Senior Director, Con-  
gressional & Federal  
Affairs, National  
Wildlife Federation.*

DAVID JENKINS,  
*Government Affairs  
Director, Republi-  
cans for Environ-  
mental Protection.*

EMILY FIGDOR,  
*Federal Global Warm-  
ing Program Direc-  
tor, U.S. Public In-  
terest Research  
Group (PIRG).*

SEPTEMBER 26, 2007.

Hon. NANCY PELOSI, Speaker,  
Hon. JOHN BOEHNER, Minority Leader,  
*House of Representatives,  
Washington, DC.*

DEAR MADAM SPEAKER AND MINORITY LEADER BOEHNER: On behalf of the undersigned associations, we are writing to express our opposition to House passage of H.R. 3121, "The Flood Insurance Reform and Modernization Act of 2007." While we are supportive of the reforms to the National Flood Insurance Program (NFIP) contained in the legislation, we strongly object to the provisions that would add the peril of windstorm to the NFIP.

The addition of wind coverage to the NFIP has the potential to dramatically increase the exposure of the NFIP and the federal government to catastrophic losses. The states along the Gulf coast and eastern seaboard contain more than \$19 trillion in insured property values. The majority of these risks are currently insured in the private marketplace or in state residual market programs where the private insurance industry shares the potential losses. Writing a significant number of these properties in the NFIP would markedly increase the federal government's exposure to loss and, despite the provision that calls for "actuarially sound" rates for the windstorm portion of this coverage, the potential for a significant taxpayer subsidy. The bill also calls for the NFIP to stop writing and renewing multiple-peril coverage for these policyholders if it is required to borrow federal funds to pay its losses. This has already occurred at the state level, following the events of 2005, several state windstorm residual market plans, which are statutorily required to use "actu-

arially sound" rates, exhausted all of their available assets and had to fund these shortfalls by assessing the insurance industry and/or policyholders.

The policyholders most likely to buy this new federal coverage would be those living in areas that are highly exposed to wind damage, creating adverse selection, as happens with state residual market wind pools today. The amount of "multiple-peril" insurance that the NFIP would sell cannot accurately be determined at this time; thus, determining the unsubsidized premium for such coverage would be, even using the best actuarial science, a guess. Although the "pay as you go" (PAY-GO) rules require that the costs of the insurance program be unsubsidized by taxpayers, there is a real possibility that the program will not be self-sustaining, particularly in early years when the accumulation of premiums could be vastly exceeded by losses in the event of a hurricane of any significance.

Finally, nationalizing wind coverage under the NFIP, as proposed by this bill, will not resolve "wind versus water" disputes following a hurricane, and would do little to facilitate the resolution of these claims because many homeowners, even in flood-prone regions, do not purchase flood insurance—for example, fewer than 20 percent in coastal Mississippi prior to Hurricane Katrina. H.R. 3121 does not mandate the purchase of flood insurance and will not facilitate the resolution of claims for policyholders who do not purchase this coverage.

For these reasons, we strongly urge members to vote no on passage of H.R. 3121.

Respectfully,

AMERICAN INSURANCE  
ASSOCIATION.  
NATIONAL ASSOCIATION OF  
MUTUAL INSURANCE  
COMPANIES.  
PROPERTY CASUALTY  
INSURERS ASSOCIATION OF  
AMERICA.  
THE FINANCIAL SERVICES  
ROUNDTABLE.

REINSURANCE ASSOCIATION OF AMERICA,  
*Washington, DC, July 25, 2007.*

Chairman BARNEY FRANK,  
Ranking Member SPENCER BACHUS,  
*House Financial Services Committee, House of  
Representatives, Washington, DC.*

DEAR CHAIRMAN FRANK AND RANKING MEMBER BACHUS: The Reinsurance Association of America (RAA) strongly opposes the inclusion of the Multiple Peril Insurance Act of 2007 to the flood insurance reform bill (H.R. 3121). The legislation would unnecessarily expand the scope of the National Flood Insurance Program (NFIP) to offer windstorm coverage that is currently being provided by private sector insurers, reinsurers, capital market participants and residual market programs.

The RAA, headquartered in Washington, D.C., is a non-profit trade association of property and casualty reinsurers and reinsurance intermediaries. RAA underwriting members and their affiliates write more than two-thirds of the gross reinsurance coverage provided by U.S. professional reinsurance companies.

A ROBUST PRIVATE MARKET FOR WIND  
COVERAGE ALREADY EXISTS

This legislation fundamentally alters who bears the risk of loss from wind. Instead of spreading this risk throughout the worldwide private insurance marketplace, this legislation puts the entire burden of deficits on the U.S. taxpayer. This fundamental shift is unnecessary. There is adequate wind capacity being provided by direct insurers and/or state residual markets. Moreover, there is a very robust global private reinsurance

market for wind to help insurance companies manage their risk of loss. Over \$35 billion of new capital has entered the private reinsurance capital markets to cover wind risk since Hurricane Katrina. RAA questions why Congress would want to shift the risk of loss to the U.S. taxpayers, rather than spreading this risk throughout the private insurance marketplace.

FEDERAL TAXPAYERS WILL SUBSIDIZE COASTAL INSURED'S

The RAA also has serious concerns that the NFIP will recklessly attract policyholders into buying wind coverage by suppressing the federal insurance rates. This has occurred in most state property insurance residual markets, which are under intense political pressure to maintain rates that are not sufficient to pay losses. Suppressing rates and loosening underwriting standards only places the U.S. taxpayer at further risk and encourages more development in high-risk areas.

THE NFIP IS NOT EQUIPPED TO OFFER WIND INSURANCE

The underwriting and pricing of flood and wind risk are fundamentally different. The Federal government has no institutional knowledge in these areas and it would be a daunting undertaking for them to develop such technical expertise. In addition to updating flood maps, FEMA would also have to develop wind maps for the entire United States. These tasks will only result in the creation of greater federal bureaucracy.

ALL STATE AND FEDERAL DISASTER INSURANCE PROGRAMS OPERATE AT AN EXPECTED LOSS

The NFIP is already \$17 billion in the red. What if the NFIP had borne the wind loss associated with the 2004 and 2005 storms? The private marketplace paid \$16.5 billion of wind insured losses in 2004 and over \$60 billion of insured losses for the 2005 season. If this legislation were in place when these storms hit, the U.S. taxpayer would be paying greater deficits for these losses, rather than the private global insurance and reinsurance marketplace.

We urge you to oppose the inclusion of the Multiple Peril Insurance Act into H.R. 3121 and support the Rep. Brown-Waite, Feeney and Putnam amendment to have the GAO conduct a study of this issue.

Sincerely,

FRANKLIN W. NUTTER,  
President.

Mr. TAYLOR. Mr. Chairman, I very much appreciate the gentlewoman's remarks. I would like to mention to the gentlewoman, and add for the RECORD, the support for this bill, including the wind language, from the National Association of Realtors, National Association of Homebuilders, National Association of Bankers.

NATIONAL ASSOCIATION OF REALTORS,  
Washington, DC, September 26, 2007.

HOUSE OF REPRESENTATIVES,  
Washington, DC.

DEAR REPRESENTATIVE: On behalf of the more than 1.3 million members of the National Association of REALTORS® (NAR), I ask for your vote in favor of H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007, when it is considered by the House of Representatives on Thursday, September 27.

The National Flood Insurance Program (NFIP) offers essential flood loss protection to homeowners and commercial property owners in more than 20,000 communities nationwide. The bill, as written, will help protect homeowners, renters and commercial property owners from losses sustained from flooding. NAR strongly supports the fol-

lowing changes to the NFIP contained in the bill including:

Extending the NFIP for five years;  
Ensuring that the 100-year flood maps are updated as expeditiously as possible;  
Increasing coverage limits to \$335,000 for residential and \$670,000 for commercial properties;

Supporting education of tenants about the availability of flood insurance while providing flexibility to property owners and managers in the manner of providing such notice;

Adding coverage for living expenses, business interruption, and basement improvements;

Extending the pilot program for mitigation of severe repetitive loss properties; and

Studying the impacts of eliminating subsidies on homeowners, renters and local economies.

It is critical that flood insurance remain accessible for all individuals who own or rent property in a floodplain. I urge you to vote in favor of H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007, on Thursday.

Sincerely,

PAT V. COMBS,  
2007 President,  
National Association of Realtors.®

NATIONAL ASSOCIATION  
OF HOME BUILDERS,  
Washington, DC, September 26, 2007.  
HOUSE OF REPRESENTATIVES,  
Washington, DC.

DEAR REPRESENTATIVES: On behalf of the 235,000 members of the National Association of Home Builders (NAHB), I am writing to express our support for H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007 as amended by the Manager's Amendment, which includes much-needed technical improvements to the underlying bill.

As you know, Hurricanes Katrina, Rita and Wilma radically disrupted the lives of those living on the Gulf Coast. After the storms' passing, many homeowners found themselves in dispute with their property insurance companies over whether water or wind was the primary cause of damage to their homes. After much debate, one proposed solution which has emerged to address this conflict is to expand the authority of the National Flood Insurance Program (NFIP) to include wind coverage.

NAHB is pleased that the bill incorporates new language to provide wind insurance coverage for home owners. H.R. 3121, as amended by the Manager's Amendment, would provide a needed addition in expanding the availability and affordability of property insurance in high hazard areas. Additionally, it references the mitigation requirements of consensus-based building codes as a measure to lessen the potential damage caused by a natural disaster and thus further ensure the financial stability of the NFIP.

NAHB remains concerned about the overall solvency of the NFIP, but we also view this program as not simply about flood insurance premiums and payouts. The NFIP is a comprehensive tool to guide the development of growing communities while simultaneously balancing the need for reasonable protection of life and property. The specific method Congress uses to achieve this balance could potentially impact housing affordability as well as the control local communities have over their growth and development. NAHB believes that H.R. 3121 strikes the proper balance in protecting the NFIP's long-term financial stability while ensuring that federally-backed flood insurance remains available and affordable.

As this new NFIP expansion moves forward, NAHB encourages Congress to limit

the amount of the program's fiscal exposure to ensure its financial sustainability and to require premiums for the new multi-peril coverage to be risk-based and actuarially sound. NAHB commends the work of the House Financial Services Committee in crafting legislation to preserve and enhance this important federal program, and we urge your support for H.R. 3121, as amended by the Manager's Amendment, when it comes to the House floor this week.

Thank you for your attention to our views.  
Sincerely,

JOSEPH M. STANTON.

SEPTEMBER 26, 2007.

To: Members of the U.S. House of Representatives.

From: Floyd Stoner, Executive Director, Congressional Relations & Public Policy, ABA.

Re: Support for H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007.

I am writing on behalf of the members of the American Bankers Association (ABA) to express our support for H.R. 3121, the Flood Insurance Reform and Modernization Act of 2007, scheduled to be considered by the full House later this week.

Since 1968, nearly 20,000 communities across the United States and its territories have participated in the National Flood Insurance Program (NFIP) by adopting and enforcing floodplain management ordinances to reduce future flood damage. In exchange, the NFIP makes federally backed flood insurance available to homeowners, renters, and business owners in these communities.

Losses from three large hurricanes (Katrina, Rita, and Wilma) in 2005 have left the NFIP more than \$23 billion in debt to the Treasury. There is no way that the NFIP can reasonably repay this debt and provide payment for future losses under the current rate structure. The likelihood of additional flood events and resulting claims against the program make reforms vital.

This legislation would require the Federal Emergency Management Agency (FEMA) to update the flood maps, and it would provide a phase-in of actuarial rates for commercial properties and non-primary residences. ABA supports these efforts as being necessary to sustain the program over the long term.

H.R. 3121 also would increase the penalties for non-compliance in placing flood insurance, from \$350 per violation to \$2000 per violation. We are pleased that the legislation would provide a "safe harbor" for an institution which is in non-compliance due to circumstances beyond its control (such as outdated mapping by FEMA). We also are pleased that the legislation would provide institutions with an opportunity to correct non-compliance before a penalty is assessed and place a reasonable limit for total penalties per institution/per year.

We urge you to support this important legislation.

Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi (Mr. TAYLOR).

The question was taken; and the Acting Chairman announced that the ayes appeared to have it.

Mrs. CAPITO. Mr. Chairman, I demand a recorded vote.

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Mississippi will be postponed.

AMENDMENT NO. 8 OFFERED BY MR. TAYLOR

The Acting CHAIRMAN. It is now in order to consider amendment No. 8 printed in part B of House Report 110-351.

Mr. TAYLOR. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Mr. TAYLOR:

At the end of the bill, add the following new section:

**SEC. 30. REQUIREMENTS RELATING TO WIND-STORM AND FLOOD.**

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:

“(d) REQUIREMENTS FOR WRITE-YOUR-OWN INSURERS RELATING TO WINDSTORM AND FLOOD.—The Director may not utilize the facilities or services of any insurance company or other insurer to offer flood insurance coverage under this title unless such company or insurer enters into a written agreement with the Director that provides as follows:

“(1) PROHIBITION ON EXCLUSION OF WIND DAMAGE COVERAGE.—The agreement shall prohibit the company or insurer from including, in any policy provided by the company or insurer for homeowners’ insurance coverage or coverage for damage from windstorms, any provision that excludes coverage for wind or other damage solely because flooding also contributed to damage to the insured property.

“(2) FIDUCIARY RESPONSIBILITY.—The agreement shall provide that the company or insurer—

“(A) has a fiduciary duty with respect to the Federal taxpayers;

“(B) in selling and servicing policies for flood insurance coverage under this title and adjusting claims under such coverage, will act in the best interests of the national flood insurance program rather than in the interests of the company or insurer; and

“(C) will provide written guidance to each insurance agent and claims adjuster for the company or insurer setting forth the terms of the agreement pursuant to subparagraphs (A) and (B).”.

The Acting CHAIRMAN. Pursuant to House Resolution 683, the gentleman from Mississippi (Mr. TAYLOR) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Mississippi.

Mr. TAYLOR. Mr. Chairman, in the course of today’s debate, a lot of Members are learning a lot about insurance that they kind of wish they didn’t know. Unfortunately, a lot of folks in my district learned a lot in the wake of that storm that they wish they knew.

As I have told you before, the United States Navy has modeled Hurricane Katrina. According to the United States Navy, there were four to five hours of hurricane force winds that hit south Mississippi before the water ever got there. Now, that is a fact from the United States Navy.

We have a policy under the National Write Your Own Program where we as a Nation allow the private sector to sell that policy, even though we back it. That is not a problem. It cuts down on administrative costs. We also have a

line in that contract, though, with those private firms that says you will do a fair adjustment of the claim.

Think about it. I can’t think of any other person that can send a bill to the Federal Government, up to \$250,000, plus another \$100,000 for contents, and no one ever questions it. And yet we gave the insurance industry this incredible responsibility, and I can tell you, they misused it. But it says there has to be a fair adjustment. That is the law.

Unfortunately, in the policies that they wrote for people, that were multiple pages thick, buried in that policy is something called “concurrent causation,” which says, in effect, that after those four to five hours of hurricane force winds hit south Mississippi, if on a residence there’s a single two-by-four left standing, the roof is gone, the windows have been blown in, the curtains are gone, the house is gone, if there’s one two-by-four left standing, then there is a concurrent causation of wind and water, and they don’t have to pay. It’s in their policies.

Under oath there have been insurance agents who admitted they didn’t even know it was in the policy. If the insurance agents didn’t know, do you think an individual has a chance?

There is an extremely influential Senator on the other end of the building, a law degree from the University of Mississippi; he didn’t know it was in there. Federal Judge Lou Garrolla, a Federal judge, he didn’t know it was in there. If an extremely influential U.S. Senator, if a Federal judge doesn’t know, what chance does a corrugated box salesman have? What chance does a shrimper have, a housewife, a school teacher?

The fact of the matter is that’s wrong. The taxpayers ended up paying the bill that the insurance company should have paid because they stuck it to the taxpayers through the flood insurance policy every time.

This amendment would tell the insurance companies that if they want to do business with our Nation through the Federal flood insurance program, that they can no longer have a concurrent causation clause in their contract because it’s completely contrary to the contract they have with our Nation that says it’s going to be a fair adjustment of the claim.

If after 4 hours of hurricane force winds the house is almost gone, but there’s one board left, and a wave comes along and knocks that last board down, under their rules, the taxpayers pay. Under what is fair and right, they ought to pay for what the wind did and let the taxpayers pay for what the water did.

We recognize there’s a problem, we are addressing that problem, and only a skill for the insurance industry can turn around and say that this is right. If you really are concerned about the Treasury, then you ought to be concerned about the Treasury being ripped off by insurance companies by letting

their agents be the sole determining factor of who’s going to pay and sticking our Nation with the bill. This is an opportunity to close that loophole and to right an egregious wrong.

Mr. Chairman, I reserve the balance of my time.

The Acting CHAIRMAN. Does any Member claim the time in opposition?

The Chair recognizes the gentleman from Mississippi.

Mr. TAYLOR. I yield the remainder of my time to the chairman of the committee.

The Acting CHAIRMAN. The gentleman from Massachusetts is recognized for 1 minute.

Mr. FRANK of Massachusetts. Mr. Chairman, this is actually a very conciliatory amendment by the gentleman from Mississippi because previously, and I know the gentleman has left the floor, he’s been here very diligently. I don’t mean anything critical, but the gentleman from Georgia (Mr. KINGSTON) said why don’t we try to make the private companies live up to their responsibilities and stop them from walking away.

This amendment is the first chance we get to do that, because what this amendment does is not extend Federal coverage, but try to hold those companies which are voluntarily participating with the Federal Government to a reasonable standard with regard to their own coverage. So this is a chance to hold the private companies to their social responsibility.

Mr. TAYLOR. I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi (Mr. TAYLOR).

The amendment was agreed to.

AMENDMENT NO. 9 OFFERED BY MR. COSTELLO

The Acting CHAIRMAN. It is now in order to consider amendment No. 9 printed in part B of House Report 110-351.

Mr. COSTELLO. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. COSTELLO:

Subsection (k) of section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101), as added by section 22(a) of the bill, is amended by redesignating paragraph (8) as paragraph (9).

Subsection (k) of section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101), as added by section 22(a) of the bill, is amended by inserting after paragraph (7) the following new paragraph:

“(8) USE OF MAPS FOR RATES.—The Director shall not adjust the chargeable premium rate for flood insurance under this title based on an updated national flood insurance program rate map or require the purchase of flood insurance for a property not subject to such a requirement of purchase prior to the updating of such national flood insurance program rate map until an updated national flood insurance program rate map is completed for the entire district of the Corps of Engineers affected by the map, as determined by the district engineer for such district.”.

The Acting CHAIRMAN. Pursuant to House Resolution 683, the gentleman from Illinois (Mr. COSTELLO) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Illinois.

Mr. COSTELLO. Mr. Chairman, I yield myself as much time as I may consume.

I thank the Rules Committee for making this amendment in order and thank Chairman FRANK as well. My amendment is a commonsense, simple amendment that will bring fairness to FEMA's remapping process. If my amendment is adopted, FEMA would not be able to adjust premium rates or require the purchase of flood insurance until all remapping has been completed for an entire district of the Corps of Engineers affected by the remapping.

Under the current system, one geographic area of a floodplain or watershed can be updated, while another geographic area of the same floodplain or watershed may not be remapped for a few years.

If you look at the St. Louis area, preliminary maps will be available for review in December of this year for the Illinois side of the Mississippi River, but will not be available for the Missouri side of the river for two to three years. The remapping process should not be stopped, but remapping should be implemented for the entire floodplain or watershed together, as opposed to the current piecemeal approach.

Mr. Chairman, I urge my colleagues to support this amendment.

Mr. Chairman, I reserve the balance of my time.

The Acting CHAIRMAN. Does anyone seek time in opposition to this amendment?

The Chair recognizes the gentleman from Illinois.

Mr. COSTELLO. Mr. Chairman, I yield 2 minutes to my friend from Illinois (Mr. SHIMKUS).

(Mr. SHIMKUS asked and was given permission to revise and extend his remarks.)

Mr. SHIMKUS. Mr. Chairman, I want to commend my colleague, Congressman COSTELLO, for his great work. It is a pretty simple premise that if we are going to do the FEMA floodplain analysis, it ought to be in a watershed. As he so aptly put, when floods come across rivers, they will flow across banks on both sides. So as we have to address how to do the compensation, it only makes sense that they do it that way.

So I appreciate him bringing this forward, and I appreciate Chairman FRANK's effort in this aspect.

Mr. COSTELLO. Mr. Chairman, I urge adoption of my amendment, and I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. COSTELLO).

The amendment was agreed to.

AMENDMENT NO. 10 OFFERED BY MR. GENE GREEN OF TEXAS

The Acting CHAIRMAN. It is now in order to consider amendment No. 10 printed in part B of House Report 110-351.

Mr. GENE GREEN of Texas. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 10 offered by Mr. GENE GREEN of Texas:

At the end of section 22 of the bill, add the following new subsection:

(e) PHASE-IN OF FLOOD INSURANCE PREMIUMS FOR LOW-COST PROPERTIES.—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—

(1) in subsection (c), by inserting “and subsection (g)” before the first comma; and

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

“(g) 5-YEAR PHASE-IN OF PREMIUMS FOR NEWLY COVERED LOW-COST PROPERTIES.—

“(1) IN GENERAL.—In the case of any area not previously designated as an area having special flood hazards that becomes designated as such an area as a result of remapping pursuant to section 1360(k), during the 5-year period that begins upon the initial such designation of the area, the chargeable premium rate for flood insurance under this title with respect to any low-cost property that is located within such area shall be—

“(A) for the first year of such 5-year period, 20 percent of the chargeable risk premium rate otherwise applicable under this title to the property;

“(B) for the second year of such 5-year period, 40 percent of the chargeable risk premium rate otherwise applicable under this title to the property;

“(C) for the third year of such 5-year period, 60 percent of the chargeable risk premium rate otherwise applicable under this title to the property;

“(D) for the fourth year of such 5-year period, 80 percent of the chargeable risk premium rate otherwise applicable under this title to the property; and

“(E) for the fifth year of such 5-year period, 100 percent of the chargeable risk premium rate otherwise applicable under this title to the property.

“(2) LOW-COST PROPERTY.—For purposes of this subsection, the term “low-cost property” means a single-family dwelling, or a dwelling unit in a residential structure containing more than one dwelling unit, that—

“(A) is the principal residence of the owner or renter occupying the dwelling or unit; and

“(B) has a value, at the time of the initial designation of the area having special flood hazards, that does not exceed 75 percent of median home value for the State in which the property is located.”.

The Acting CHAIRMAN. Pursuant to House Resolution 683, the gentleman from Texas (Mr. GENE GREEN) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Texas.

Mr. GENE GREEN of Texas. Mr. Chairman, I yield myself such time as I may consume.

(Mr. GENE GREEN of Texas asked and was given permission to revise and extend his remarks.)

Mr. GENE GREEN of Texas. Mr. Chairman, I rise in strong support of

H.R. 3121, the Flood Insurance Reform and Modernization Act, that will help bring national flood insurance programs into the 21st century. I particularly want to thank the chairman of the committee, BARNEY FRANK, as well as the sponsor of the bill and subcommittee Chair MAXINE WATERS for her hard work in bringing this bipartisan bill to the floor today.

Mr. Chairman, in June of 2001, Texas and other States witnessed damage wrought by Tropical Storm Allison after it swept through Texas and up the east coast causing substantial flood damage to thousands of my constituents, along with everyone else, both homes and businesses.

The good news was that some of these losses were protected by the National Flood Insurance Program. The bad news was that many of my constituents who needed flood insurance could not afford to purchase the policy. We all know that the flood insurance program plays a critical role in lessening the impact of major flooding disasters; but to make the program more effective, we need greater participation from Americans of all incomes.

H.R. 3121 requires FEMA to conduct a survey to review the Nation's flood maps. Inevitably, these updates will identify undesignated homes as being located in flood-prone areas. For many low-income families, such designation of their homes means having to purchase flood insurance that is either unaffordable or difficult to immediately budget for on modest means. Our amendment seeks to bridge that insurance gap between those who can afford a flood policy and those who cannot, and still be able to expand the people paying into the system.

The amendment is simple: it would provide a limited 5-year phase-in of flood insurance premiums for low-income homeowners or renters whose primary residence is placed within the floodplain through an updating of the flood insurance program maps. These homes can be valued at no more than 75 percent of the median home value for the State in which the property is located.

This amendment would make the National Flood Insurance Program more affordable for low-income homeowners, increase participation in the program and decrease the likelihood of an taxpayer bailout in the event of a flood. I believe the amendment will bring security and peace of mind to many hard-working families who don't live in mansions, but live in their basic homes and that need help in obtaining protection that their homes deserve.

Mr. Chairman, I urge support for the amendment.

Mr. Chairman, I reserve the balance of my time.

The Acting CHAIRMAN. Does any Member seek recognition in opposition to the amendment?

The Chair recognizes the gentleman from Texas.

Mr. GENE GREEN of Texas. I yield to the Chair of the committee.



Mr. FRANK of Massachusetts. Mr. Chairman, I just want to thank the gentleman for taking this up. I want to stress what we are doing.

People have said, well, you are giving people breaks. No. The amendment that the gentleman from California (Mr. CARDOZA) offered earlier and this one deal with people who having lived somewhere, now will find themselves in a floodplain not because they moved, but because the designation is different.

This does not exempt them from having to pay the insurance. It does in certain cases, the gentleman from California's case. And this one that has to do with remapping, new maps or updating maps, it allows them to phase in. The result will be more people paying in and more people living in a floodplain who will be having to pay flood insurance. The remapping means there will be more restrictions on future building there.

I did want to stress that we did not in this bill and not in any of the amendments give any reductions to people already covered. But we have said, again, where people did not move in but found themselves where they had previously been living now included in the zone, we give people some leeway in the phasing in of the policy charge.

Mr. GENE GREEN of Texas. Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. GENE GREEN).

The amendment was agreed to.

□ 1530

AMENDMENT NO. 11 OFFERED BY MR. BERRY

The Acting CHAIRMAN (Mr. GENE GREEN of Texas). It is now in order to consider amendment No. 11 printed in part B of House Report 110-351.

Mr. BERRY. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 11 offered by Mr. BERRY:

At the end of the bill add the following new section:

**SEC. \_\_\_\_ NOTATIONS ON FLOOD INSURANCE RATE MAPS FOR AREAS PROTECTED AGAINST 100-YEAR AND 500-YEAR FLOODS BY CERTIFIED FLOOD CONTROL STRUCTURE.**

The National Flood Insurance Act of 1968 is amended by inserting after section 1361A (42 U.S.C. 4102a) the following new section:

**“SEC. 1362. NOTATIONS ON FLOOD INSURANCE RATE MAPS FOR AREAS PROTECTED AGAINST 100-YEAR AND 500-YEAR FLOODS BY CERTIFIED FLOOD CONTROL STRUCTURE.**

“(a) 100-YEAR FLOODPLAIN.—The Director may publish, through the publication of a national flood insurance program rate map, a note to designate areas protected against at least the 100-year flood by a certified flood control structure which shall read as follows: ‘NOTE: This area is shown as being protected from at least the 1-percent-annual-chance flood hazard by levee, dike, or other structure. Overtopping or failure of any flood con-

trol structure is possible. Property owners are encouraged to evaluate their flood risk, based on full and accurate information, and to consider flood insurance coverage as appropriate.’.

“(b) 500-YEAR FLOODPLAIN.—The Director may publish, through the issuance of a national flood insurance program rate map, a note to designate areas protected against at least the 500-year flood by a certified flood control structure which shall read as follows: ‘NOTE: This area is shown as being protected from at least the 0.2-percent-annual-chance flood hazard by levee, dike, or other structure. Overtopping or failure of any flood control structure is possible. Property owners are encouraged to evaluate their flood risk, based on full and accurate information, and to consider flood insurance coverage as appropriate.’.

“(c) EFFECT OF NOTES.—The publication of a note under subsection (a) or (b) shall not be considered a requirement of participation in the national flood insurance program.”.

The Acting CHAIRMAN. Pursuant to House Resolution 683, the gentleman from Arkansas (Mr. BERRY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Arkansas.

Mr. BERRY. Mr. Chairman, first of all, I want to thank the distinguished chairman of the Committee on Financial Services for his magnificent leadership on this issue of modernizing and reforming FEMA's flood insurance program.

I rise to offer this amendment along with my colleagues, Mrs. EMERSON and Mr. HULSHOF from Missouri, Mr. COSTELLO and Mr. HARE of Illinois, and Mr. ROSS of Arkansas.

This amendment addresses concerns that we have heard from property owners, local governments, small businesses, Realtors, lenders, and others regarding FEMA's flood maps and the uncertainty they have caused in our local communities. The arbitrary and technically deficient blanket warning note that FEMA currently uses has caused confusion as to whether or not some areas are in a floodplain or not, whether flood insurance is needed or not. This has placed an unnecessary burden on property owners and threatens economic development in some of the most impoverished areas of the Nation.

This amendment dramatically improves FEMA's current policy, requiring any note placed on flood maps to more fully and accurately inform the property owners about the protection value of their levees. This amendment will continue the objective of educating property owners and reminding them of the importance of honestly assessing their risk, reminding them that they may consider optional purchase of flood insurance, even if they are not in a special flood hazard area.

I believe this is a reasonable amendment which maintains the important objectives of providing accurate information about the safety of the levees, encouraging honest assessments of flood risks, while eliminating the uncertainty that FEMA has created. I urge my colleagues to adopt this amendment.

Mr. Chairman, I reserve the balance of my time.

Mrs. EMERSON. Mr. Chairman, I claim the time in opposition, although I am not opposed to the amendment.

The Acting CHAIRMAN. Without objection, the gentleman from Missouri is recognized for 5 minutes.

There was no objection.

Mrs. EMERSON. Mr. Chairman, I want to thank the gentleman from Arkansas (Mr. BERRY) for his leadership, and my colleagues on the Financial Services Committee for their efforts to improve the National Flood Insurance Program.

The Berry amendment is a commonsense approach towards both increased risk awareness and sound decision-making. The lack of preparedness on the Federal, State and local level exposed by Hurricane Katrina certainly suggests a real lack of awareness of the risks posed by living in the shadow of levees. Appropriately, this amendment recognizes the important role that Congress and the administration must play in increasing risk awareness.

However, I would be negligent if I did not relay my concern regarding the direction in which I sense the National Flood Insurance Program is drifting. The decision to participate in the National Flood Insurance Program should be entered into deliberately and after careful consideration, not, and I stress “not,” based on blanket warnings from FEMA.

As a Nation, taxpayers have contributed billions to build up our levee and flood protection systems. At the same time, our local communities have taken on the added burden of meeting local cost-share requirements. These substantial investments were based in part on the savings from removing the need to purchase flood insurance.

Mandatory requirements to purchase flood insurance should be carefully studied. Blanket, one-size-fits-all warnings from an organization, even an organization like FEMA, should be entered into only after thoughtful consideration and ample review.

In my view, the Berry amendment would bring these principles to bear on at least one bureaucratic decision, and I urge its adoption.

Mr. Chairman, I reserve the balance of my time.

Mr. BERRY. Mr. Chairman, I yield 2 minutes to my colleague from south Arkansas (Mr. ROSS).

Mr. ROSS. Mr. Chairman, I thank Mr. BERRY for offering this amendment. It is a bipartisan amendment. It is what I would call a commonsense amendment.

I don't have to tell you, Mr. Chairman, that the Federal Emergency Management Agency, they need help in trying to figure this program out. This is the same Federal agency that has 8,000 brand new, fully furnished mobile homes sitting in a cow pasture in Hope, Arkansas several years after Hurricane Katrina, mobile homes that never got to the victims. And when we had a tornado on the Mississippi River in

Dumas, Arkansas, it took FEMA 3 weeks to figure out how to move 30 of them 2½ hours down the road, and now FEMA is trying to wreak havoc on our National Flood Insurance Program.

The gentlewoman from Missouri is absolutely correct; it seems to me what FEMA is trying to do here is pay for their flood insurance program by forcing people to buy insurance who they know are never going to have a claim. This is a step in the right direction in trying to provide a commonsense fix to another mess that has been created by FEMA, and I am pleased to stand here with my colleagues from Arkansas and Missouri in support of it.

Mrs. EMERSON. Mr. Chairman, I yield 2 minutes to the gentleman from central Missouri (Mr. HULSHOF).

Mr. HULSHOF. Mr. Chairman, I appreciate my colleague from the Show Me State for yielding, and I rise in support of the Berry-Ross-Hare-Emerson-Hulshof-Costello amendment.

We have tasked the Federal Emergency Management Agency with educating the public of the flood risks to their homes and businesses. I think we agree and support their continued efforts in the education campaign so long as it is done based upon the best modeling and sound science available.

But I do not support FEMA pushing homeowners into purchasing flood insurance when they don't need it. This is exactly what FEMA seems to be doing with the zone X shaded floodplain note. Zone X shaded is the area behind a certified 100-year or 500-year levee but still within the 100-year floodplain. Within these zones, FEMA attaches a note, the purpose of which I believe seems to intimidate homeowners into purchasing flood insurance through a very strongly worded suggestion.

Now, if you talk to FEMA, they will tell you those notes don't require individuals to purchase flood insurance; and I guess I can say my beautiful wife, Renee, doesn't require me to buy an anniversary present, but there are some things that just seem to be understood.

Of particular concern, as has been expressed, is that when you have certain lenders or others who see this warning, this stark warning, that they may in fact require homeowners when in fact the law does not.

Again, I acknowledge what my colleague and friend from Cape Girardeau has said. I am for floor insurance. It should be, for instance, mandatory in special flood hazard areas. But we have areas in this country where tremendous resources have been used to create a very adequate flood protection system. Mrs. EMERSON's district is one of those, systems that are constructed and maintained and certified by the Federal Government.

So individuals that live behind these certified levees, whether they have been constructed by the Federal Government or constructed under the supervision of the Federal Government,

they pay their due, they pay Federal taxes, and often they have participated in the levee districts themselves. I think this is a commonsense amendment, and I am proud to support it.

Mr. BERRY. Mr. Chairman, I appreciate very much the bipartisan way this amendment has been developed and I think it demonstrates that we can work together on both sides of the aisle to do commonsense things.

It is unfortunate that we have been put in the position by a Federal agency because of severe mismanagement to where we have to become involved in such matters. But I thank everyone for their approach to this, and particularly thank the committee.

Mr. Chairman, I yield back the balance of my time.

Mrs. EMERSON. Mr. Chairman, I too want to thank Mr. BERRY and the other sponsors, thank the committee chairman and ranking member, and hope that everyone will be in support of this very commonsense amendment. There is no excuse for FEMA putting at risk the economic development up and down the Mississippi River or around any other area that is protected by a 100-year or 500-year levee, and that would happen if we do not take this action.

Mr. COSTELLO. Mr. Chairman, I am offering an amendment with my colleagues that would replace the current note FEMA uses which does not distinguish levees according to their structural integrity or protection value and replaces it with one that is more accurate to clarify the protection level of flood control structures and the legal requirements of flood insurance coverage.

I strongly believe all property owners should be properly educated about their flood risks and encouraged to assess their need for flood insurance. However, no local governments, lenders, and the general public should have uncertainty with regard to flood risks and whether there is a requirement to participate in the Federal flood insurance program.

Alexander County in my Congressional district and other areas throughout the State of Illinois will be affected by these "warning labels" and this amendment ensures that we are being clear in our intent.

This amendment is important to my district and to the Nation and has bipartisan support.

I urge my colleagues to support this amendment.

Mrs. EMERSON. Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas (Mr. BERRY).

The amendment was agreed to.

AMENDMENT NO. 12 OFFERED BY MR. WALZ OF MINNESOTA

The Acting CHAIRMAN (Mr. ROSS). It is now in order to consider amendment No. 12 printed in part B of House Report 110-351.

Mr. WALZ of Minnesota. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 12 offered by Mr. WALZ of Minnesota:

Subsection (k)(2)(A)(ii) of section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101), as added by section 22(a) of the bill, is amended by striking "and".

Subsection (k)(2)(A)(iii) of section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101), as added by section 22(a) of the bill, is amended by striking the final period and inserting "; and".

Subsection (k)(2)(A) of section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101), as added by section 22(a) of the bill, is amended by adding at the end the following new clause:

"(iv) the 100-year floodplain, including any area that would be in the 100-year floodplain if not protected by a levee, dam, or other man-made structure."

The Acting CHAIRMAN. Pursuant to House Resolution 683, the gentleman from Minnesota (Mr. WALZ) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Minnesota.

Mr. WALZ of Minnesota. Mr. Chairman, I thank the chairman of the committee and the ranking member for offering this incredibly important piece of legislation modernizing the National Flood Insurance Program.

On the evening of August 18 into the morning of August 19, devastating storms swept across the Midwest. Seven of the 22 counties in my congressional district are now Federal disaster areas as up to 18 inches of rain fell in a 24-hour period. Seven individuals in my district lost their lives, and countless others were injured. Thousands of homes were destroyed. Millions of dollars in damage to roads and bridges which were washed away literally overnight.

Subsequently, many Minnesotans found out how quickly they needed to become experts in the National Flood Insurance Program, so I congratulate the committee for taking up this legislation.

One of the improvements that you are hearing about is the improvements to the mapping of the 100-year and 500-year floodplains.

What my amendment does, we are getting the 500-year floodplains, and they are dealing with areas that could be flooded if a levee or dam fails. But they do not require FEMA at this time to map areas in the 100-year floodplain that, if not for a flood-control measure other than a dam or levee, could flood, and my amendment simply asks for those areas to be mapped.

When a flood-control measure fails, it is obvious that it is catastrophic. Whether it be a flood wall or a levee in New Orleans, or as we found out in Minnesota, a culvert in St. Charles, Minnesota, or a storm sewer in Hokah, Minnesota, the impact is devastating.

This amendment is very simple. It adds one sentence to this bill requiring FEMA to map "areas in the 100-year floodplain, including any area that would be in the floodplain if not protected by a dam, levee, or other man-made structure."

This does not put any new requirements on residents living in those

areas, or put any additional burden on residents who live near dams or levees. The amendment simply requires FEMA to make information available about the risk of flooding that might occur if a flood control measure other than a dam or levee would fail. Some of the structures we are talking about: culverts, storm sewers, certain bridges and certain elevated rural roadways.

The recent floods in Minnesota showed the need for communities to have a comprehensive information plan on the risks that they face. This amendment would help do exactly that, and I urge my colleagues to adopt this small change that could make a big difference in how people adjust to the circumstances based on the potential of flooding.

Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. WALZ).

The amendment was agreed to.

AMENDMENT NO. 13 OFFERED BY MR. STARK

The Acting CHAIRMAN. It is now in order to consider amendment No. 13 printed in part B of House Report 110-351.

Mr. STARK. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 13 offered by Mr. STARK:

In the matter proposed to be inserted by the amendment made by section 23 of the bill, in section 1363(a)(2), strike "and" at the end.

In the matter proposed to be inserted by the amendment made by section 23 of the bill, in section 1363(a)(3), strike the period at the end and insert "; and".

In the matter proposed to be inserted by the amendment made by section 23 of the bill, after paragraph (3) of section 1363(a) insert the following new paragraph:

"(4) by providing written notification, by first class mail, to each owner of real property affected by the proposed elevations of—

"(A) the status of such property, both prior to and after the effective date of the proposed determination, with respect to flood zone and flood insurance requirements under this Act and the Flood Disaster Protection Act of 1973;

"(B) the process under this section to appeal a flood elevation determination; and

"(C) the mailing address and phone number of a person the owner may contact for more information or to initiate an appeal."

The Acting CHAIRMAN. Pursuant to House Resolution 683, the gentleman from California (Mr. STARK) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from California.

Mr. STARK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is a simple amendment. The gentleman from Indiana (Mr. BURTON) and I are offering this jointly. Very quickly, it makes it mandatory for FEMA to send a first-class mail notification to affected

property owners under the flood insurance sections.

The notification that they send must include an explanation of the appeal process and contact information for responsible officials with whom they should deal.

□ 1545

It's needed because ordinary citizens don't read the Federal Register, and often the announcements are printed in the legal page of newspapers. The first that my constituents have heard about this is from the mortgage lender who tells them they have got 45 days to buy insurance, and they are then precluded from an appeals process, which if they find out at least 90 days beforehand, they have a right to utilize a community appeals process which is far less cumbersome and expensive.

I can only suggest in support of the amendment that my good friend Chairman FRANK at one point stated when BURTON and STARK get together, you may not like the amendment, but you should save one of the puppies. It is a bill that I think will help make this process simpler for all of our constituents, and I urge the adoption.

Mr. BURTON of Indiana. Mr. Chairman, I rise in strong support of the Stark-Burton amendment to H.R. 3121 the "Flood Insurance Reform and Modernization Act of 2007." This amendment is nearly identical to an amendment we offered last year which passed this House unanimously. I want to thank my colleague from California, Mr. STARK for once again cosponsoring this amendment. I would also like to thank Chairman FRANK and Ranking Member BACHUS for including parts of our original amendment in this years legislation which will ensure that FEMA notifications of elevation changes are published in the Federal Register, published in the most widely circulated local newspapers and provided to the chief executive officer of each affected community by certified mail.

Unfortunately, while extending notifications of changes in flood elevations to newspapers and local officials is helpful, H.R. 3121 misses the bull's eye by ignoring the most important part of the Burton/Stark amendment from last year; namely the requirement that FEMA provide written notification by first class mail to each property owner affected by a proposed change in flood elevations. Last year in my district we had about 300 or 400 people who had no idea that FEMA was redrawing the flood map in their area until they suddenly received notice from their insurance companies and mortgage lenders saying that they now lived in a flood plain and they needed to spend an extra thousand or \$2,000 a year for flood insurance. There hadn't been a flood in that area of Johnson County, Indiana for over 100 years. In fact, no one had ever heard of having a flood in this area.

Once these flood maps have been finalized the only way to remove a property from the flood plan is to file an individual appeal complete with extensive survey work paid for entirely at the property owner's expense. The process is expensive and time-consuming and homeowners must still buy and retain flood insurance throughout the process. However, if homeowners can find out while the maps are

still preliminary, they have time to utilize an automatic 90-day appeal process to have the remaps reevaluated, and potentially remove blocks of homes from the flood plain, at little to no expense to the owners.

What the Stark-Burton amendment does is very simple:

Requires FEMA to provide written notification by first-class mail to each property owner affected by a proposed change in flood elevations;

Requires the notifications be sent after the preliminary maps are released but before the required 90-day appeal period; and,

Requires the notification include an explanation of the appeal process and contact information for responsible officials.

Mail notices to each property owner affected by projected flood elevation remapping would be a simple and effective way to notify residents of changes. Such a process is direct and ensures that all affected parties are able to take full advantage of FEMA's community appeals process. The cost to the Federal Government of these mail notifications would be small compared to the millions of dollars homeowners would otherwise have to pay in last-minute flood insurance or to challenge FEMA's flood elevation determinations.

As Chairman FRANK said last year when we debated this issue, and my colleague Mr. STARK just said so briefly and eloquently, anytime a conservative from Indiana and liberal from California can come together on an issue it is truly bipartisan. In fact this is a non-partisan issue that affects nearly everyone in the 20,000 communities nationwide that participate in the National Flood Insurance Program. To ensure that all property owners are fully aware of any changes in flood plain area maps, and consequently their property values, is simply the right and fair thing to do. I urge my colleagues to support the Stark/Burton amendment to H.R. 3121.

Mr. STARK. Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. STARK).

The amendment was agreed to.

ANNOUNCEMENT BY THE ACTING CHAIRMAN

The Acting CHAIRMAN. Pursuant to clause 6 of rule XVIII, proceedings will now resume on the amendment on which further proceedings were postponed.

AMENDMENT NO. 7 OFFERED BY MR. TAYLOR

The Acting CHAIRMAN. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Mississippi (Mr. TAYLOR) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The Acting CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 268, noes 143, not voting 26, as follows:

[Roll No. 919]

AYES—268

Abercrombie Giffords  
Ackerman Gilchrist  
Alexander Gillibrand  
Allen Gonzalez  
Altmore Gordon  
Andrews Graves  
Arcuri Green, Al  
Baca Green, Gene  
Baird Grijalva  
Baker Gutierrez  
Baldwin Hall (NY)  
Barrow Hall (TX)  
Bean Hare  
Becerra Harman  
Berkley Hastings (FL)  
Berman Herseth Sandlin  
Berry Higgins  
Bilirakis Hill  
Bishop (GA) Hinchey  
Bishop (NY) Hirono  
Blumenauer Hobson  
Bonner Hodes  
Bordallo Holden  
Boren Holt  
Boswell Honda  
Boucher Hoolley  
Boustany Hoyer  
Boyd (FL) Hulshof  
Boyd (KS) Hunter  
Brady (PA) Inslee  
Braley (IA) Israel  
Brown, Corrine Jackson (IL)  
Brown-Waite, Ginny Jones (NC)  
Buchanan Jones (OH)  
Burgess Kagen  
Butterfield Kanjorski  
Buyer Kaptur  
Cannon Keller  
Capps Kildee  
Capuano Kilpatrick  
Cardoza Kind  
Carnahan Klein (FL)  
Carney Kucinich  
Castor Lampson  
Chandler Langevin  
Clarke Lantos  
Clay Larsen (WA)  
Cleaver Larson (CT)  
Clyburn Lee  
Cohen Levin  
Cooper Lewis (GA)  
Costa Lipinski  
Costello LoBiondo  
Courtney Loeb sack  
Cramer Lofgren, Zoe  
Crowley Lowey  
Cuellar Lynch  
Cummins Mahoney (FL)  
Davis (AL) Maloney (NY)  
Davis (CA) Markey  
Davis (IL) Marshall  
Davis, Lincoln Matheson  
Davis, Tom Matsui  
Deal (GA) McCarthy (NY)  
DeFazio McCollum (MN)  
DeGette McCrery  
Delahunt McDermott  
DeLauro McGovern  
Dent McHugh  
Diaz-Balart, L. McIntyre  
Diaz-Balart, M. McNerney  
Dicks McNulty  
Dingell Melancon  
Doggett Mica  
Donnelly Michaud  
Edwards Miller (FL)  
Ellison Miller (NC)  
Ellsworth Miller, George  
Emanuel Mitchell  
Engel Mollohan  
Eshoo Moore (KS)  
Etheridge Moore (WI)  
Farr Moran (VA)  
Fattah Murphy (CT)  
Ferguson Murphy, Patrick  
Filner Murtha  
Fortenberry Nadler  
Frank (MA) Napolitano  
Franks (AZ) Neal (MA)  
Gerlach Oberstar

NOES—143

Aderholt Barrett (SC)  
Akin Bartlett (MD)  
Bachmann Barton (TX)

Blackburn Hastings (WA)  
Blunt Hayes  
Boehner Heller  
Bono Hensarling  
Boozman Hoekstra  
Brady (TX) Inglis (SC)  
Broun (GA) Issa  
Brown (SC) Johnson (IL)  
Burton (IN) Johnson, Sam  
Calvert Jordan  
Camp (MI) King (IA)  
Campbell (CA) King (NY)  
Cantor Kingston  
Capito Kirk  
Carter Knollenberg  
Castle Kuhl (NY)  
Chabot Lamborn  
Coble Latham  
Cole (OK) LaTourette  
Conaway Lewis (KY)  
Crenshaw Linder  
Curberson Lucas  
Davis (KY) Lungren, Daniel  
Davis, David E.  
Doolittle Mack  
Drake Manullo  
Dreier Marchant  
Duncan McCarthy (CA)  
Ehlers McCaul (TX)  
Emerson McCotter  
English (PA) McHenry  
Fallin McKeon  
Feeney McMorris  
Flake Rodgers  
Forbes Miller (MI)  
Fossella Miller, Gary  
Foxy Murphy, Tim  
Frelinghuysen Musgrave  
Gallegly Myrick  
Garrett (NJ) Neugebauer  
Gingrey Nunes  
Gohmert Paul  
Goode Pearce  
Goodlatte Pence  
Granger Peterson (PA)  
Hastert Petri

NOT VOTING—26

Bachus Fortuño  
Carson Herger  
Christensen Hinojosa  
Conyers Jackson-Lee  
Cubin (TX)  
Davis, Jo Ann Jindal  
Doyle Johnson (GA)  
Everett Johnson, E. B.  
Faleomavaega Kennedy

□ 1613

Mr. PEARCE changed his vote from “aye” to “no.”

Ms. GINNY BROWN-WAITE of Florida and Mr. BONNER changed their vote from “no” to “aye.”

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The Acting CHAIRMAN. There being no further amendments, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. TIERNEY) having assumed the chair, Mr. ROSS, Acting Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 3121) to restore the financial solvency of the national flood insurance program and to provide for such program to make available multiperil coverage for damage resulting from windstorms and floods, and for other purposes, pursuant to House Resolution 683, he reported the bill, as amended by that resolution, back to the House with sundry further amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any further amendment reported from the Committee of the Whole? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MRS. BACHMANN

Mrs. BACHMANN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentlewoman opposed to the bill?

Mrs. BACHMANN. In its current form, I am.

Mr. FRANK of Massachusetts. Mr. Speaker, I reserve a point of order.

The SPEAKER pro tempore. The gentleman reserves a point of order.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mrs. Bachmann moves to recommit the bill H.R. 3121 to the Committee on Financial Services with instructions to report the same back to the House forthwith with the following amendments:

In the matter proposed to be inserted by the amendment made by section 7(a)(2) of the bill, in subsection (c)(1), strike “paragraph (8)” and insert “paragraphs (8) and (9)”.

In the matter proposed to be inserted by the amendment made by section 7(a)(2) of the bill, redesignate paragraphs (8) and (9) of subsection (c) as paragraphs (9) and (10), respectively.

In the matter proposed to be inserted by the amendment made by section 7(a)(2) of the bill, after paragraph (7) of subsection (c), insert the following new paragraph:

“(8) DHS CERTIFICATION REQUIREMENTS FOR COVERAGE AVAILABILITY.—

“(A) REQUIREMENT.—The Director may not make any multiperil coverage available under this subsection unless the Secretary of Homeland Security, in consultation with Comptroller General of the United States and the Director of the Congressional Budget Office, has certified to the Congress that—

“(i) the national flood insurance program is actuarially sound;

“(ii) chargeable premium rates for flood insurance coverage under such program will not be increased as a result of the implementation of the program under this subsection for multiperil coverage; and

“(iii) if the program under this subsection for multiple peril coverage is implemented, it will be operated in an actuarially sound manner.

“(B) DETERMINATION.—The Director shall make a determination of whether the national flood insurance program meets the conditions specified in clauses (i) and (ii) of subparagraph (A) not later than the expiration of the 6-month period beginning on the date of the enactment of the Flood Insurance Reform and Modernization Act of 2007.

“(C) ACTUARIALLY SOUND.—For purposes of this paragraph, the term ‘actuarially sound’ means, with respect to the national flood insurance program that premiums under such program are priced according to risk, or by such standards and methods as a generally accepted by the actuary industry, incorporating up-to-date modeling technology,

and taking into consideration administrative expenses, including potential debt service, in the case of a deficit.”

The SPEAKER pro tempore. The gentlewoman from Minnesota is recognized for 5 minutes.

Mrs. BACHMANN. Mr. Speaker, today, over 5 million Americans rely on the National Flood Insurance Program to protect their homes and businesses in the event of a flood.

But since January of last year, there have been over 77 declared disasters involving flooding. And just this August, in our home State of southeastern Minnesota, we experienced severe flooding that caused distress to over 1,500 homes.

According to FEMA, and according to the Minnesota Homeland Security and the Emergency Management, the Federal Government has disbursed at this point nearly \$31 million in Federal recovery funds to over 4,200 people. And currently, there are over 8,000 people, specifically, there are 8,434 national flood insurance policies in effect in my home State of Minnesota.

But, unfortunately, as floods continue to occur across our great Nation, the National Flood Insurance Program is in trouble. It's not good news. It's bad news. And the program today, unfortunately, is \$18 billion in debt. That's today, as it stands, and it's required to pay that debt back with interest over time. This debt will be paid back with the premiums that are charged to those families who are relying on this flood insurance program.

The base bill that's before us is a good one because it attempts to help solve some of the fiscal problems today that are facing the National Flood Insurance Program. We agree with that, Mr. Speaker.

But, yet, there is one provision in this bill that has the potential to undo the very positive reform that is before us, and that is to send the flood insurance program into even further fiscal disarray and result in premium increases for homeowners all across America, something that no one in this body would want to do.

The proposal, Mr. Speaker, that's included in this bill is to expand the National Flood Insurance Program by creating a brand-new insurance program for wind damage. That's something that has never existed before, and it's akin to a homeowner who, upon discovering that his foundation is rotting, decides to ignore that problem and instead adds a second story on to that rotting house. And he shouldn't be surprised then when the whole house collapses around him.

I have a very simple amendment, Mr. Speaker, and it says this: it does not strike the brand-new wind insurance program. What it does is this: it stipulates that before the program can go into effect, three things have to occur. This is something that we can all agree on:

Number one, there has to be a certification that the existing National Flood

Insurance Program, in fact, is actuarially sound, and this certification would provide all of us with the assurance that this program is correctly pricing its policies and has adequate reserves on hand to handle large flood events. We've seen that there's been a problem with this in some of the State reserve accounts.

Today, right now, both the Government Accountability Office and the Congressional Budget Office have reported that the National Flood Insurance Program is likely to not be actuarially sound.

Second, there has to be a certification that premiums for people in the existing flood insurance program will not be increased to subsidize this brand-new insurance program. People all over America are wondering if that's going to happen to them as well as the insurance companies.

And then third, of this simple amendment, it says there has to be a certification that the new wind insurance program will, itself, be fiscally sound. Who can argue with that?

So, Mr. Speaker, the 8,434 people of the State of Minnesota and the 5 million Americans who today rely on our National Flood Insurance Program, they need to serve as a lifeline in the event of a major storm, that they would not have that program in endangered, that their premiums would not, in fact, be increased in order to help create, in fact, this new expansion of an expansion of a wind program.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Does the gentleman from Massachusetts continue to reserve his point of order?

Mr. FRANK of Massachusetts. No, Mr. Speaker, I do not press the point of order.

The SPEAKER pro tempore. The point of order is withdrawn.

Is the gentleman from Massachusetts opposed to the motion?

Mr. FRANK of Massachusetts. I am opposed to the motion. I would press, instead, a point of logic, more appropriate here.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. FRANK of Massachusetts. And the logic is this: we have a proposal that came forward, brought forward by the gentleman from Mississippi to add a program to the National Flood Insurance Program that says that if you have national water insurance, you can, at your option, add wind insurance. Remember, no new insured are eligible here. You have to have water and then you can get wind.

The argument that the gentleman from Mississippi has made irrefutably on this House floor is that you simply cannot, days after a storm has damaged, try to sort out what was wind and what was water.

Now, unlike the flood program, the gentlewoman from Minnesota is right, the flood program is in deep debt. We inherited, from our Republican col-

leagues, a flood insurance program that is hurting. They had control of that program, House, Senate and President; and it went into debt.

As the gentlewoman says, we have a bill, and we had it last year in the House too, but not in the Senate, that makes it better. Everyone agrees that our bill, everyone who has read it agrees that our bill reduces the financial problems with flood, but it doesn't wipe them out. There's a large problem there. Billions of dollars.

Here's the illogic. The gentleman from Mississippi has put forward a proposal for optional wind insurance which will have to be actuarially sound. When the flood insurance program was passed, there was no PAYGO. Flood insurance is hurting. They're supposed to be actuarially sound, but it's very loose.

We have written into this bill, with regard to wind, requirements that it be actuarially sound, that it break even for the Federal Government, that the Congressional Budget Office certifies as perfectly good. So there is no argument possible that the wind program will add to the danger. CBO has certified that it is sound. So we have a new wind program that will be actuarially sound; CBO certifies that. And the bill says that if the program starts to run into a deficit, it cuts off. Automatic.

We then have the water program, which the Republicans left us as their inheritance, which is deeply in debt. They are saying that the fiscally sound wind program that's in this bill, certified by CBO, cannot go into effect until we've solved the problem they left us in the water program. They are saying that. They don't have anything to say bad about the wind program. They're saying that you can't do the wind program until you've solved the water problem. And the water problem is billions.

How would you solve it?

Well, you'd substantially raise people's premiums.

I should note, Mr. Speaker, that no one on the Republican side has proposed to try to make it actuarially sound. We are trying to get in that direction. But no one on the Republican side thinks it's reasonable to immediately wipe out that huge debt.

They don't like the wind program. They don't want to take it on head on, so they have come up with this scheme which says, the fiscally sound, CBO-certified, actuarially-legitimate wind program can't go forward until we clean up the \$19 billion problem they left us in the flood program. I do not think that is very logical.

The gentleman from Mississippi, as I said, made the case for the wind program. So this becomes a case for the wind program.

Here's the deal: you're told to leave your house because a hurricane's coming. You come back a few days later and there's devastation, and you have to figure out what was caused by wind

and what was caused by water because if you have a wind policy from a private company, they will argue, in many cases, that water caused all the damage, and you are very hard pressed to find it out.

If you then, instead, have a combined wind and water policy from the Federal Government, you then don't have to go through this metaphysical exercise. You simply get the payment for your damages.

Now, that's the logical point that the gentleman from Mississippi put forward. And it is going to be, as CBO said, break even for the Federal Government.

So here's the recommit: the Federal Government cannot go to the aid of people facing that dilemma of trying to decide wind versus water, which has been certified as fiscally neutral by CBO, until we solve the problem that we got in the water issue.

It really is not a logical thing to do. It is simply a way to try to kill the wind program. A more straightforward way would have been to simply kill the wind program. I'm sorry they didn't get an amendment to do that. But they could have done that straightforwardly in the recommit.

So I hope that Members will vote "no." The only issue here is should we initiate a voluntary program whereby people who have Federal water insurance can also get wind insurance in a manner that is certified by CBO to add nothing to the deficit, to do nothing to hurt the Federal flood insurance program, but to be actuarially sound.

I hope the motion is defeated. The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection. The SPEAKER pro tempore. The question is on the motion to recommit. The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mrs. BACHMANN. Mr. Speaker, I demand a recorded vote. A recorded vote was ordered. The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of passage.

The vote was taken by electronic device, and there were—ayes 179, noes 232, not voting 21, as follows:

[Roll No. 920]

AYES—179

Aderholt	Boehner	Campbell (CA)
Akin	Bono	Cannon
Alexander	Boozman	Cantor
Bachmann	Boustany	Capito
Baker	Brady (TX)	Carter
Barrett (SC)	Broun (GA)	Castle
Bartlett (MD)	Brown (SC)	Chabot
Barton (TX)	Brown-Waite,	Coble
Biggert	Ginny	Cole (OK)
Bilbray	Buchanan	Conaway
Bilirakis	Burgess	Crenshaw
Bishop (UT)	Burton (IN)	Culberson
Blackburn	Buyer	Davis (KY)
Blumenauer	Calvert	Davis, David
Blunt	Camp (MI)	Davis, Tom

Deal (GA)	Knollenberg	Regula
Dent	Kuhl (NY)	Rehberg
Doollittle	Lamborn	Renzi
Drake	Latham	Reynolds
Dreier	LaTourette	Rogers (AL)
Duncan	Lewis (CA)	Rogers (KY)
Ehlers	Lewis (KY)	Rogers (MI)
Emerson	Linder	Rohrabacher
English (PA)	Lucas	Roskam
Fallin	Lungren, Daniel	Royce
Feeney	E.	Ryan (WI)
Flake	Mack	Sali
Forbes	Manzullo	Schmidt
Fortenberry	Marchant	Sensenbrenner
Fossella	McCarthy (CA)	Sessions
Fox	McCaul (TX)	Shadegg
Franks (AZ)	McCotter	Shays
Frelinghuysen	McCrery	Shimkus
Gallegly	McHenry	Shuster
Garrett (NJ)	McHugh	Simpson
Gilchrest	McKeon	Smith (NE)
Gingrey	McMorris	Smith (TX)
Gohmert	Rodgers	Souder
Goode	Mica	Stearns
Goodlatte	Miller (FL)	Sullivan
Granger	Miller (MI)	Tancredo
Graves	Miller, Gary	Terry
Hall (TX)	Murphy (CT)	Thornberry
Hastings (WA)	Murphy, Tim	Tiahrt
Hayes	Musgrave	Tiberi
Heller	Myrick	Turner
Hensarling	Neugebauer	Upton
Hobson	Nunes	Walberg
Hoekstra	Paul	Walden (OR)
Hulshof	Pearce	Walsh (NY)
Hunter	Pence	Wamp
Inglis (SC)	Peterson (PA)	Weldon (FL)
Issa	Petri	Weller
Johnson (IL)	Pitts	Westmoreland
Johnson, Sam	Poe	Whitfield
Jordan	Porter	Wilson (NM)
Keller	Price (GA)	Wilson (SC)
King (IA)	Pryce (OH)	Wolf
King (NY)	Putnam	Young (AK)
Kingston	Radanovich	Young (FL)
Kirk	Ramstad	

NOES—232

Abercrombie	DeFazio	Jones (NC)
Ackerman	DeGette	Jones (OH)
Allen	Delahunt	Kagen
Altmire	DeLauro	Kanjorski
Andrews	Diaz-Balart, L.	Kaptur
Arcuri	Diaz-Balart, M.	Kildee
Baca	Dicks	Kilpatrick
Baird	Dingell	Kind
Baldwin	Doggett	Klein (FL)
Barrow	Donnelly	Kucinich
Bean	Edwards	Lampson
Becerra	Ellison	Langevin
Berkley	Ellsworth	Lantos
Berman	Emanuel	Larsen (WA)
Berry	Engel	Larson (CT)
Bishop (GA)	Eshoo	Lee
Bishop (NY)	Etheridge	Levin
Bonner	Farr	Lewis (GA)
Boren	Fattah	Lipinski
Boswell	Ferguson	LoBiondo
Boucher	Filner	Loebsack
Boyd (FL)	Frank (MA)	Lofgren, Zoe
Boyd (KS)	Gerlach	Lowey
Brady (PA)	Giffords	Lynch
Braley (IA)	Gillibrand	Mahoney (FL)
Brown, Corrine	Gonzalez	Maloney (NY)
Butterfield	Gordon	Marshall
Capps	Green, Al	Matheson
Capuano	Green, Gene	Matsui
Cardoza	Grijalva	McCarthy (NY)
Carnahan	Gutierrez	McCollum (MN)
Carney	Hall (NY)	McDermott
Castor	Hare	McGovern
Chandler	Harman	McIntyre
Clarke	Hastings (FL)	McNerney
Clay	Hersteth Sandlin	McNulty
Cleaver	Higgins	Meek (FL)
Clyburn	Hill	Meeks (NY)
Cohen	Hinchey	Melancon
Cooper	Hirono	Michaud
Costa	Hodes	Miller (NC)
Costello	Holden	Miller, George
Courtney	Holt	Mitchell
Cramer	Honda	Mollohan
Crowley	Hooley	Moore (KS)
Cuellar	Hoyer	Moore (WI)
Cummings	Insole	Murphy, Patrick
Davis (AL)	Israel	Murtha
Davis (CA)	Davis (IL)	Nadler
Davis (IL)	Jefferson	Napolitano
Davis, Lincoln	Johnson (GA)	Neal (MA)

Oberstar	Sanchez, Loretta	Thompson (CA)
Obey	Sarbanes	Thompson (MS)
Olver	Saxton	Tierney
Ortiz	Schakowsky	Towns
Pallone	Schiff	Udall (CO)
Pascrell	Schwartz	Udall (NM)
Pastor	Scott (GA)	Van Hollen
Payne	Scott (VA)	Velázquez
Peterson (MN)	Serrano	Vislosky
Pickering	Sestak	Walz (MN)
Platts	Shea-Porter	Wasserman
Pomeroy	Sherman	Schultz
Price (NC)	Shuler	Waters
Rahall	Sires	Watson
Rangel	Skelton	Watt
Reyes	Slaughter	Waxman
Richardson	Smith (NJ)	Weiner
Rodriguez	Smith (WA)	Welch (VT)
Ros-Lehtinen	Snyder	Wexler
Ross	Solis	Wicker
Rothman	Space	Wilson (OH)
Roybal-Allard	Spratt	Woolsey
Ruppersberger	Stark	Wu
Rush	Stupak	Wynn
Ryan (OH)	Sutton	Yarmuth
Salazar	Tanner	
Sánchez, Linda	Tauscher	
T.	Taylor	

NOT VOTING—21

Bachus	Heger	LaHood
Carson	Hinojosa	Markey
Conyers	Jackson-Lee	Moran (KS)
Cubin	(TX)	Moran (VA)
Davis, Jo Ann	Jindal	Perlmutter
Doyle	Johnson, E. B.	Reichert
Everett	Kennedy	
Hastert	Kline (MN)	

□ 1646

Messrs. SPACE, HODES, and FERGUSON changed their vote from "aye" to "no."

Mr. TOM DAVIS of Virginia changed his vote from "no" to "aye."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FRANK of Massachusetts. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered. The vote was taken by electronic device, and there were—yeas 263, nays 146, not voting 23, as follows:

[Roll No. 921]

YEAS—263

Abercrombie	Brady (TX)	Cuellar
Ackerman	Braley (IA)	Cummings
Allen	Brown (SC)	Davis (AL)
Altmire	Brown, Corrine	Davis (CA)
Andrews	Brown-Waite,	Davis (IL)
Arcuri	Ginny	Davis, Lincoln
Baca	Buchanan	Davis, Tom
Baird	Burgess	DeFazio
Baldwin	Butterfield	DeGette
Barrow	Camp (MI)	Delahunt
Bean	Capps	DeLauro
Becerra	Capuano	Dent
Berkley	Cardoza	Diaz-Balart, L.
Berman	Carnahan	Diaz-Balart, M.
Berry	Carney	Dicks
Bilirakis	Castor	Doggett
Bishop (GA)	Chandler	Donnelly
Bishop (NY)	Clarke	Drake
Bishop (UT)	Clay	Edwards
Blumenauer	Cleaver	Ellison
Bonner	Clyburn	Ellsworth
Boren	Cohen	Emanuel
Boswell	Cooper	Engel
Boucher	Costa	Eshoo
Boustany	Costello	Etheridge
Boyd (FL)	Courtney	Farr
Boyd (KS)	Cramer	Fattah
Brady (PA)	Crowley	Ferguson

Filner  
 Forbes  
 Frank (MA)  
 Gerlach  
 Giffords  
 Gilchrest  
 Gillibrand  
 Gonzalez  
 Gordon  
 Graves  
 Green, Gene  
 Grijalva  
 Gutierrez  
 Hall (NY)  
 Hare  
 Harman  
 Hastings (FL)  
 Herseth Sandlin  
 Hill  
 Hinchey  
 Hirono  
 Hobson  
 Hodes  
 Holden  
 Holt  
 Honda  
 Hooley  
 Hoyer  
 Hulshof  
 Insole  
 Israel  
 Jackson (IL)  
 Jefferson  
 Johnson (GA)  
 Jones (NC)  
 Jones (OH)  
 Kagen  
 Kanjorski  
 Kaptur  
 Keller  
 Kildee  
 Kilpatrick  
 Kind  
 Kirk  
 Klein (FL)  
 Kucinich  
 Lampson  
 Langevin  
 Lantos  
 Larsen (WA)  
 Larson (CT)  
 LaTourette  
 Lee  
 Levin  
 Lewis (GA)  
 Lipinski  
 LoBiondo  
 Loeback  
 Lofgren, Zoe  
 Lowey  
 Lynch

Mahoney (FL)  
 Maloney (NY)  
 Markey  
 Matheson  
 Matsui  
 McCarthy (NY)  
 McCollum (MN)  
 McDermott  
 McGovern  
 McHugh  
 McIntyre  
 McNerney  
 McNulty  
 Meek (FL)  
 Meeks (NY)  
 Melancon  
 Mica  
 Michaud  
 Miller (FL)  
 Miller (NC)  
 Miller, George  
 Mitchell  
 Mollohan  
 Moore (KS)  
 Moore (WI)  
 Murphy (CT)  
 Murphy, Patrick  
 Murphy, Tim  
 Murtha  
 Nadler  
 Napolitano  
 Neal (MA)  
 Oberstar  
 Obey  
 Olver  
 Ortiz  
 Pallone  
 Pascrell  
 Pastor  
 Payne  
 Peterson (MN)  
 Pickering  
 Platts  
 Poe  
 Pomeroy  
 Price (NC)  
 Rahall  
 Ramstad  
 Rangel  
 Regula  
 Reyes  
 Richardson  
 Rodriguez  
 Ros-Lehtinen  
 Ross  
 Rothman  
 Roybal-Allard  
 Ruppberger  
 Rush  
 Ryan (OH)  
 Salazar

Sánchez, Linda  
 T.  
 Sanchez, Loretta  
 Sarbanes  
 Saxton  
 Schakowsky  
 Schiff  
 Schwartz  
 Scott (GA)  
 Scott (VA)  
 Serrano  
 Sestak  
 Shea-Porter  
 Sherman  
 Shuler  
 Sires  
 Skelton  
 Slaughter  
 Smith (NJ)  
 Smith (WA)  
 Snyder  
 Solis  
 Space  
 Spratt  
 Stark  
 Stupak  
 Sutton  
 Tanner  
 Tauscher  
 Taylor  
 Thompson (CA)  
 Thompson (MS)  
 Tiahrt  
 Tierney  
 Towns  
 Udall (CO)  
 Udall (NM)  
 Van Hollen  
 Van Hollen  
 Velázquez  
 Vislosky  
 Walz (MN)  
 Wasserman  
 Schultz  
 Waters  
 Watson  
 Watt  
 Waxman  
 Weiner  
 Welch (VT)  
 Weldon (FL)  
 Weller  
 Wexler  
 Whitfield  
 Wickert  
 Wilson (OH)  
 Woolsey  
 Wu  
 Wynn  
 Yarmuth  
 Young (FL)

Radanovich  
 Rehberg  
 Renzi  
 Reynolds  
 Rogers (AL)  
 Rogers (KY)  
 Rogers (MI)  
 Rohrabacher  
 Roskam  
 Royce  
 Ryan (WI)  
 Sali  
 Schmidt  
 Sensenbrenner

Sessions  
 Shadegg  
 Shays  
 Shimkus  
 Shuster  
 Simpson  
 Smith (NE)  
 Smith (TX)  
 Souder  
 Stearns  
 Sullivan  
 Tancredo  
 Terry  
 Thornberry

Tiberi  
 Turner  
 Upton  
 Walberg  
 Walden (OR)  
 Walsh (NY)  
 Wamp  
 Westmoreland  
 Wilson (NM)  
 Wilson (SC)  
 Wolf  
 Young (AK)

VIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 3567.

□ 1656

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 3567) to amend the Small Business Investment Act of 1958 to expand opportunities for investments in small businesses, and for other purposes, with Mr. KIND in the chair.

The Clerk read the title of the bill. The CHAIRMAN. Pursuant to the rule, the bill is considered read the first time.

The gentlewoman from New York (Ms. VELÁZQUEZ) and the gentleman from Ohio (Mr. CHABOT) each will control 30 minutes.

The Chair recognizes the gentlewoman from New York.

Ms. VELÁZQUEZ. Mr. Chairman, I yield myself as much time as I may consume.

Mr. Chairman, venture capital is the life blood of our Nation's small businesses. Venture capital not only serves as the raw material for economic growth and job creation, but also acts as fuel for the pursuit of new ideas and innovation. Without it, businesses cannot expand, and even the best ideas wither and die in what has come to be known as the "Valley of Death" between setup and commercialization. Clearly, our Nation's 26 million entrepreneurs depend upon this resource, and yet despite its obvious importance, venture capital remains elusive to the vast majority of small businesses.

The Small Business Investment Expansion Act of 2007 is a bipartisan effort introduced by Mr. ALTMIRE and Mr. GRAVES. This legislation signifies our commitment to helping small businesses receive the venture capital that is vital to economic growth, innovation and job creation; and I rise in support of this bill.

Perhaps no Federal agency is better positioned to meet the challenges of small business investment than the Small Business Administration. Since 1958, the SBA's investment programs have helped hundreds of small businesses and have contributed to the success of several of our Nation's notable companies, including Apple Computer, Federal Express, Staples, and Costco. Unfortunately, the SBA's programs have suffered the effects of mismanagement, flat funding and neglect in recent years. By the SBA's own estimates, the total unmet need for early-stage equity financing for small businesses is approximately \$60 billion each year. Additionally, it has been identified that the greatest equity capital financing need of small businesses is financing in the amount of \$250,000 to \$5 million.

While new investment strategies possess the potential to make a significant

NOT VOTING—23

Bachus  
 Carson  
 Conyers  
 Cubin  
 Davis, Jo Ann  
 Dingell  
 Doyle  
 Everett

Green, Al  
 Hastert  
 Herger  
 Hinojosa  
 Jackson-Lee  
 (TX)  
 Jindal  
 Johnson, E. B.

Kennedy  
 Kline (MN)  
 LaHood  
 Marshall  
 Moran (KS)  
 Moran (VA)  
 Perlmutter  
 Reichert

□ 1655

Mr. CONAWAY changed his vote from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. REICHERT. Mr. Speaker, on September 27, 2007, I missed three rollcall votes. I was unavoidably detained at a medical appointment. Had I been present, I would have voted "no" on rollcall No. 919, "yes" on rollcall No. 920 and "no" on rollcall No. 921, final passage of HR 3121, the Flood Insurance Reform and Modernization Act.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN EN-GROSSMENT OF H.R. 3121, FLOOD INSURANCE REFORM AND MODERNIZATION ACT OF 2007

Mr. FRANK of Massachusetts. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to make technical corrections in the engrossment of H.R. 3121, to include corrections in spelling, punctuation, section numbering and cross-referencing, and the insertion of appropriate headings.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

GENERAL LEAVE

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and insert into the RECORD extraneous material on the bill to be considered.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

SMALL BUSINESS INVESTMENT EXPANSION ACT OF 2007

The SPEAKER pro tempore. Pursuant to House Resolution 682 and rule

NAYS—146

Aderholt  
 Akin  
 Alexander  
 Bachmann  
 Baker  
 Barrett (SC)  
 Bartlett (MD)  
 Barton (TX)  
 Biggert  
 Bilbray  
 Blackburn  
 Blunt  
 Boehmer  
 Bono  
 Boozman  
 Broun (GA)  
 Burton (IN)  
 Buyer  
 Calvert  
 Campbell (CA)  
 Cannon  
 Cantor  
 Capito  
 Carter  
 Castle  
 Chabot  
 Coble  
 Cole (OK)  
 Conaway  
 Crenshaw  
 Culberson  
 Davis (KY)  
 Davis, David  
 Deal (GA)  
 Doolittle  
 Dreier

Duncan  
 Ehlers  
 Emerson  
 English (PA)  
 Fallin  
 Feeney  
 Flake  
 Fortenberry  
 Fossella  
 Foxx  
 Franks (AZ)  
 Frelinghuysen  
 Gallegly  
 Garrett (NJ)  
 Gingrey  
 Gohmert  
 Goode  
 Goodlatte  
 Granger  
 Hall (TX)  
 Hastings (WA)  
 Hayes  
 Heller  
 Hensarling  
 Higgins  
 Hoekstra  
 Hunter  
 Inglis (SC)  
 Issa  
 Johnson (IL)  
 Johnson, Sam  
 Jordan  
 King (IA)  
 King (NY)  
 Kingston  
 Knollenberg

Kuhl (NY)  
 Lamborn  
 Latham  
 Lewis (CA)  
 Lewis (KY)  
 Linder  
 Lucas  
 Lungren, Daniel  
 E.  
 Mack  
 Manzullo  
 Marchant  
 McCarthy (CA)  
 McCaul (TX)  
 McCotter  
 McCreery  
 McHenry  
 McKeon  
 McMorris  
 Rodgers  
 Miller (MI)  
 Miller, Gary  
 Musgrave  
 Myrick  
 Neugebauer  
 Nunes  
 Paul  
 Pearce  
 Pence  
 Peterson (PA)  
 Petri  
 Pitts  
 Porter  
 Price (GA)  
 Pryce (OH)  
 Putnam