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(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To provide essential policyholder protections and information under the
National Flood Insurance Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To provide essential policyholder protections and information
under the National Flood Insurance Program, and for
other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Flood Insur-
5 ance Program Policyholder Protection and Information
6 Act of 2017”.

1 **SEC. 2. ANNUAL LIMITATION ON PREMIUM INCREASES.**

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

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

6 “(1) the chargeable risk premium rate for flood
7 insurance under this title for any property may
8 not—

9 “(A) be increased by more than 15 percent
10 each year, except—

11 “(i) as provided in paragraph (4);

12 “(ii) in the case of property identified
13 under section 1307(g); or

14 “(iii) in the case of a property that—

15 “(I) is located in a community
16 that has experienced a rating down-
17 grade under the community rating
18 system program carried out under
19 section 1315(b);

20 “(II) is covered by a policy with
21 respect to which the policyholder
22 has—

23 “(aa) decreased the amount
24 of the deductible; or

25 “(bb) increased the amount
26 of coverage; or

1 “(III) was misrated; or
2 “(B) in the case of any residential property
3 having 4 or fewer residences for which a valid
4 National Flood Insurance Program Elevation
5 Certificate has been filed with the National
6 Flood Insurance Program within the proceeding
7 calendar year, exceed \$10,000 in any single
8 year, except that such amount (as it may have
9 been previously adjusted) shall be adjusted for
10 inflation by the Administrator upon the expira-
11 tion of the 5-year period beginning upon the en-
12 actment of the National Flood Insurance Pro-
13 gram Policyholder Protection and Information
14 Act of 2017 and upon the expiration of each
15 successive 5-year period thereafter, in accord-
16 ance with an inflationary index selected by the
17 Administrator;” and
18 (2) in paragraph (2), by striking “5 percent”
19 and inserting “8 percent”

20 **SEC. 3. FLOOD INSURANCE AFFORDABILITY PROGRAM.**

21 Chapter I of the National Flood Insurance Act of
22 1968 (42 U.S.C. 4011 et seq.) is amended by adding at
23 the end the following new section:

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

2 “(a) **AUTHORITY.**—The Administrator shall carry out
3 a program under this section to provide financial assist-
4 ance, through State programs carried out by participating
5 States, for eligible low-income households residing in eligi-
6 ble properties to purchase policies for flood insurance cov-
7 erage made available under this title.

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

11 “(c) **STATE ADMINISTRATION.**—Each participating
12 State shall delegate to a State agency or nonprofit organi-
13 zation the responsibilities for administrating the State’s
14 program under this section.

15 “(d) **ELIGIBLE HOUSEHOLDS.**—

16 “(1) **IN GENERAL.**—During any fiscal year, as-
17 sistance under the program under this section may
18 be provided only for a household that has an income,
19 as determined for such fiscal year by the partici-
20 pating State in which such household resides, that is
21 less than the income limitation established for such
22 fiscal year for purposes of the State program by the
23 participating State, except that—

24 “(A) assistance under the program under
25 this section may not be provided for a house-

1 hold having a income that exceeds the greater
2 of—

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

5 “(ii) the amount equal to 60 percent
6 of the median income of households resid-
7 ing in such State; and

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

13 “(2) STATE VERIFICATION OF INCOME ELIGI-
14 BILITY.—In verifying income eligibility for purposes
15 of paragraph (1), the participating State may apply
16 procedures and policies consistent with procedures
17 and policies used by the State agency administering
18 programs under part A of title IV of the Social Se-
19 curity Act (42 U.S.C. 601 et seq.), under title XX
20 of the Social Security Act (42 U.S.C. 1397 et seq.),
21 under subtitle B of title VI of the Omnibus Budget
22 Reconciliation Act of 1981 (42 U.S.C. 9901 et seq.;
23 relating to community services block grant program)
24 , under any other provision of law that carries out
25 programs which were administered under the Eco-

1 nomic Opportunity Act of 1964 (42 U.S.C. 2701 et
2 seq.) before August 13, 1981, or under other income
3 assistance or service programs (as determined by the
4 State).

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

8 “(1) that has 4 or fewer residences;

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

11 “(3) for which a base flood elevation is identi-
12 fied on a flood insurance rate map of the Adminis-
13 trator that is in effect;

14 “(4) for which such other information is avail-
15 able as the Administrator considers necessary to de-
16 termine the flood risk associated with such property;
17 and

18 “(5) that is located in a community that is par-
19 ticipating in the national flood insurance program.

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

24 “(1) LIMITATION ON RATE INCREASES.—By es-
25 tablishing a limitation on the rate of increases in the

1 amount of chargeable premiums paid by eligible
2 households for flood insurance coverage made avail-
3 able under this title.

4 “(2) LIMITATION ON RATES.—By establishing a
5 limitation on the amount of chargeable premiums
6 paid by eligible households for flood insurance cov-
7 erage made available under this title.

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

12 “(1) identify for the Administrator the eligible
13 households residing in the State who are to be pro-
14 vided assistance under the State program during
15 such fiscal year; and

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

20 “(h) AMOUNT OF ASSISTANCE.—Under the program
21 under this section, in each fiscal year the Administrator
22 shall, notwithstanding section 1308, make flood insurance
23 coverage available for purchase by households identified
24 as eligible households for such fiscal year by a partici-
25 pating State pursuant to subsection (e) at chargeable pre-

1 mium rates that are discounted by an amount that is
2 based on the type and levels of assistance elected pursuant
3 to subsection (f) by the participating State for such fiscal
4 year.

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

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

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

14 “(3) The chargeable risk premium rate for the
15 property taking into consideration the discount pur-
16 suant to subsection (h).

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

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

1 “(j) FUNDING THROUGH STATE AFFORDABILITY
2 SURCHARGES.—

3 “(1) IMPOSITION AND COLLECTION.—Notwith-
4 standing section 1308, for each fiscal year in which
5 flood insurance coverage under this title is made
6 available for properties in a participating State at
7 chargeable premium rates that are discounted pursu-
8 ant to subsection (f), the Administrator shall impose
9 and collect a State affordability surcharge on each
10 policy for flood insurance coverage for a property lo-
11 cated in such participating State that is (A) not a
12 residential property having 4 or fewer residences, or
13 (B) is such a residential property but is owned by
14 a household that is not an eligible household for pur-
15 poses of such fiscal year.

16 “(2) AMOUNT.—The amount of the State af-
17 fordability surcharge imposed during a fiscal year on
18 each such policy for a property in a participating
19 State shall be—

20 “(A) sufficient such that the aggregate
21 amount of all such State affordability sur-
22 charges imposed on properties in such partici-
23 pating State during such fiscal year is equal to
24 the aggregate amount by which all policies for
25 flood insurance coverage under this title sold

1 during such fiscal year for properties owned by
2 eligible households in the participating State
3 are discounted pursuant to subsection (f); and

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

7 “(k) TREATMENT OF OTHER SURCHARGES.—The
8 provision of assistance under the program under this sec-
9 tion with respect to any property and any limitation on
10 premiums or premium increases pursuant to subsection (f)
11 for the property shall not affect the applicability or
12 amount of any surcharge under section 1308A for the
13 property, of any increase in premiums charged for the
14 property pursuant to section 1310A(c), or of any equiva-
15 lency fee under section 1308B for the property.

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

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

22 “(2) ELIGIBLE HOUSEHOLD.—The term ‘eligi-
23 ble household’ means, with respect to a fiscal year
24 and a participating State, a household that has an
25 income that is less than the amount of the income

1 limitation for the fiscal year established for purposes
2 of the State program of such participating State
3 pursuant to subsection (g)(1).

4 “(3) POVERTY LEVEL.—The term ‘poverty
5 level’ means, with respect to a household in any
6 State, the income poverty line as prescribed and re-
7 vised at least annually pursuant to section 673(2) of
8 the Community Services Block Grant Act (42 U.S.C.
9 9902(2)), as applicable to such State.

10 “(4) STATE.—The term ‘State’ shall include a
11 consortium of States established for purposes of ad-
12 ministrating the program under this section with re-
13 spect to the member States of the consortium.

14 “(5) STATE PROGRAM.—The term ‘State pro-
15 gram’ means a program carried out in compliance
16 with this section by a participating State in conjunc-
17 tion with the program under this section of the Ad-
18 ministrator.

19 “(m) REGULATIONS.—The Administrator shall issue
20 such regulations as may be necessary to carry out the pro-
21 gram under this section.”.

1 **SEC. 4. OPT-OUT OF MANDATORY COVERAGE REQUIRE-**
2 **MENT FOR COMMERCIAL PROPERTIES.**

3 (a) AMENDMENTS TO FLOOD DISASTER PROTECTION
4 ACT OF 1973.—The Flood Disaster Protection Act of
5 1973 is amended—

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

7 (A) in paragraph (7), by inserting “resi-
8 dential” before “improved real estate”; and

9 (B) in paragraph (8), by inserting “resi-
10 dential” before “building”; and

11 (2) in section 102 (42 U.S.C. 4012a)—

12 (A) in subsection (b)—

13 (i) in paragraph (1)(A)—

14 (I) by inserting “residential” be-
15 fore “improved real estate”; and

16 (II) by inserting “residential” be-
17 fore “building or mobile home”;

18 (ii) in paragraph (2)—

19 (I) by inserting “residential” be-
20 fore “improved real estate”; and

21 (II) by inserting “residential” be-
22 fore “building or mobile home”; and

23 (iii) in paragraph (3)—

24 (I) in subparagraph (A), by in-
25 serting “residential” before “improved
26 real estate”;

1 (II) in the matter after and
2 below subparagraph (B), by inserting
3 “residential” before “building or mo-
4 bile home”;

5 (B) in subsection (c)(3), by striking “, in
6 the case of any residential property, for any
7 structure that is part of such property” and in-
8 serting “for any structure that is part of a resi-
9 dential property”;

10 (C) in subsection (e)—

11 (i) in paragraph (1)—

12 (I) by inserting “residential” be-
13 fore “improved real estate”; and

14 (II) by inserting “residential” be-
15 fore “building or mobile home” each
16 place such term appears; and

17 (ii) in paragraph (5)—

18 (I) in subparagraph (A)—

19 (aa) by inserting “residen-
20 tial” before “improved real es-
21 tate” each place such term ap-
22 pears; and

23 (bb) by inserting “residen-
24 tial” before “building or mobile

1 home” each place such term ap-
2 pears;

3 (II) in subparagraph (B), by in-
4 serting “residential” before “building
5 or mobile home” each place such term
6 appears; and

7 (III) in subparagraph (C), by in-
8 serting “residential” before “building
9 or mobile home”; and

10 (D) in subsection (h)—

11 (i) by inserting “residential” before
12 “improved real estate” each place such
13 term appears; and

14 (ii) in the matter preceding paragraph
15 (1), by inserting “residential” before
16 “building or mobile home”.

17 (b) AMENDMENTS TO NATIONAL FLOOD INSURANCE
18 ACT OF 1968.—The National Flood Insurance Act of
19 1968 is amended—

20 (1) in section 1364(a) (42 U.S.C. 4104a(a))—

21 (A) in paragraph (1), by inserting “resi-
22 dential” before “improved real estate”;

23 (B) in paragraph (2), by inserting “resi-
24 dential” before “improved real estate”; and

1 (C) in paragraph (3)(A), by inserting “res-
2 idential” before “building”;

3 (2) in section 1365 (42 U.S.C. 4104b)—

4 (A) in subsection (a)—

5 (i) by inserting “residential” before
6 “improved real estate”; and

7 (ii) by inserting “residential” before
8 “building”;

9 (B) in subsection (b)(2)—

10 (i) by inserting “residential” before
11 “building” each place such term appears;

12 and

13 (ii) by inserting “residential” before
14 “improved real estate” each place such

15 term appears;

16 (C) in subsection (d), by inserting “resi-
17 dential” before “improved real estate” each

18 place such term appears; and

19 (D) in subsection (e)—

20 (i) by inserting “residential” before
21 “improved real estate”; and

22 (ii) by inserting “residential” before
23 “building” each place such term appears;

24 and

25 (3) in section 1370(a) (42 U.S.C. 4121(a))—

1 (A) in paragraph (8), by inserting “resi-
2 dential” before “improved real estate”; and

3 (B) in paragraph (10)—

4 (i) by inserting “residential” after the
5 opening quotation marks; and

6 (ii) by inserting “residential” before
7 “building”.

8 (c) **RULE OF CONSTRUCTION.**—This section and the
9 amendments made by this section may not be construed
10 to prohibit the Administrator of the Federal Emergency
11 Management Agency from offering flood insurance cov-
12 erage under the National Flood Insurance Program for
13 eligible non-residential properties or to prohibit the pur-
14 chase of such coverage for such eligible properties.

15 **SEC. 5. DISCLOSURE OF PREMIUM METHODOLOGY.**

16 Section 1308 of the National Flood Insurance Act of
17 1968 (42 U.S.C. 4015) is amended by adding at the end
18 the following new subsection:

19 “(n) **DISCLOSURE OF PREMIUM METHODOLOGY.**—

20 “(1) **DISCLOSURE.**—The Administrator shall,
21 on an annual basis, cause to be published in the
22 Federal Register an explanation of the bases for,
23 and methodology used to determine, the chargeable
24 premium rates to be effective for flood insurance
25 coverage under this title.

1 “(2) PUBLIC MEETINGS.—The Administrator
2 shall, on an annual basis, hold at least one public
3 meeting in each of the geographical regions of the
4 United States, as defined by the Administrator for
5 purposes of the National Flood Insurance Program,
6 for the purpose of explaining the methodology de-
7 scribed in paragraph (1) and answering questions
8 and receiving comments regarding such method-
9 ology. The Administrator shall provide notice of each
10 such public meeting in advance, in such manner, and
11 in using such means as are reasonably designed to
12 notify interested parties and members of the public
13 of the date and time, location, and purpose of such
14 meeting, and of how to submit questions or com-
15 ments.”.

16 **SEC. 6. USE OF REPLACEMENT COST IN DETERMINING**
17 **PREMIUM RATES.**

18 (a) STUDY OF RISK RATING REDESIGN FLOOD IN-
19 SURANCE PREMIUM RATING OPTIONS.—

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

23 (A) evaluate insurance industry best prac-
24 tices for risk rating and classification, including

1 practices related to replacement cost value in
2 premium rate estimations;

3 (B) assess options, methods, and strategies
4 for including replacement cost value in the Ad-
5 ministrator's estimates under section
6 1307(a)(1) of the National Flood Insurance Act
7 of 1968 (42 U.S.C. 4014(a)(1));

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

12 (D) identify an appropriate methodology to
13 incorporate replacement cost value into the Ad-
14 ministrator's estimates under such section
15 1307(a)(1);

16 (E) develop a feasible implementation plan
17 and projected timeline for including replace-
18 ment cost value in the estimates of risk pre-
19 mium rates for flood insurance made available
20 under the National Flood Insurance Program.

21 (2) REPORT.—

22 (A) REQUIREMENT.—Not later than the
23 expiration of the 12-month period beginning on
24 the date of the enactment of this Act, the Ad-
25 ministrator shall submit to the Committee on

1 Financial Services of the House of Representa-
2 tives and the Committee on Banking, Housing,
3 and Urban Affairs of the Senate a report that
4 contains the results and conclusions of the
5 study required under paragraph (1).

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

8 (i) an analysis of the recommenda-
9 tions resulting from the study under para-
10 graph (1) and any potential impacts on the
11 National Flood Insurance Program, includ-
12 ing cost considerations;

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

16 (iii) a description of any study rec-
17 ommendations that have been deferred or
18 not acted upon, together with a statement
19 explaining the reasons for such deferral or
20 inaction.

21 (b) USE OF REPLACEMENT COST VALUE IN PRE-
22 MIUM RATES; IMPLEMENTATION.—

23 (1) ESTIMATED RATES.—Paragraph (1) of sec-
24 tion 1307(a) of the National Flood Insurance Act of
25 1968 (42 U.S.C. 4014(a)(1) is amended, in the mat-

1 ter preceding subparagraph (A), by inserting after
2 “flood insurance” the following: “, which shall incor-
3 porate replacement cost value, and”.

4 (2) CHARGEABLE RATES.—Subsection (b) of
5 section 1308 of the National Flood Insurance Act of
6 1968 (42 U.S.C. 4015(b)) is amended, in the matter
7 preceding paragraph (1), by inserting after “Such
8 rates” the following: “shall incorporate replacement
9 cost value and”.

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

14 (4) APPLICABILITY AND PHASE-IN.—The Ad-
15 ministrator of the Federal Emergency Management
16 Agency shall apply the amendments under para-
17 graphs (1) and (2) to flood insurance coverage made
18 available under the National Flood Insurance Act of
19 1968 for properties located in various geographic re-
20 gions in the United States such that—

21 (A) over the 3-year period beginning upon
22 the expiration of the period referred to in para-
23 graph (3) of this subsection, the requirement
24 under such amendments shall be gradually
25 phased in geographically throughout the United

1 States as sufficient information for such imple-
2 mentation becomes available; and

3 (B) after the expiration of such 3-year pe-
4 riod such amendments shall apply to all flood
5 insurance coverage made available under the
6 National Flood Insurance Act of 1968.

7 **SEC. 7. CONSIDERATION OF COASTAL AND INLAND LOCA-**
8 **TIONS IN PREMIUM RATES.**

9 (a) ESTIMATES OF PREMIUM RATES.—Clause (i) of
10 section 1307(a)(1)(A) of the National Flood Insurance
11 Act of 1968 (42 U.S.C. 4014(a)(1)(A)(i)) is amended by
12 inserting before the semicolon the following: “, taking into
13 consideration differences between properties located in
14 coastal areas and properties located inland”.

15 (b) ESTABLISHMENT OF CHARGEABLE PREMIUM
16 RATES.—Paragraph (1) of section 1308(b) of the Na-
17 tional Flood Insurance Act of 1968 (42 U.S.C.
18 4015(b)(1)) is amended by inserting “due to differences
19 between properties located in coastal areas and properties
20 located inland and” after “including differences in risks”.

21 (c) RATE TABLES.—Not later than the expiration of
22 the 180-day period beginning on the date of the enactment
23 of this Act, the Administrator of the Federal Emergency
24 Management Agency shall revise and expand the rate ta-
25 bles for premiums under the National Flood Insurance

1 Program to implement the amendments made by this sec-
2 tion and reflect differences between properties located in
3 coastal areas and properties located inland.

4 **SEC. 8. MONTHLY INSTALLMENT PAYMENT OF PREMIUMS.**

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

7 (1) by striking the subsection designation and
8 all that follows through “With respect” and insert-
9 ing the following:

10 “(g) FREQUENCY OF PREMIUM COLLECTION.—

11 “(1) OPTIONS.—With respect”; and

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

14 “(2) MONTHLY INSTALLMENT PAYMENT OF
15 PREMIUMS.—

16 “(A) EXEMPTION FROM RULEMAKING.—

17 Until such time as the Administrator promul-
18 gates regulations implementing paragraph (1)
19 of this subsection, the Administrator may adopt
20 policies and procedures, notwithstanding any
21 other provisions of law, necessary to implement
22 such paragraph without undergoing notice and
23 comment rulemaking and without conducting
24 regulatory analyses otherwise required by stat-
25 ute, regulation, or executive order.

1 “(B) INSTALLMENT PLAN FEE.—The Ad-
2 ministrator may charge policyholders choosing
3 to pay premiums in monthly installments a fee
4 not to exceed \$50 annually.

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

9 **SEC. 9. ENHANCED CLEAR COMMUNICATION OF FLOOD**
10 **RISKS.**

11 (a) IN GENERAL.—Subsection (l) of section 1308 of
12 the National Flood Insurance Act of 1968 (42 U.S.C.
13 4015(l)) is amended to read as follows:

14 “(l) CLEAR COMMUNICATIONS.—

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

20 “(A) their full flood risk determinations,
21 regardless of whether their premium rates are
22 full actuarial rates; and

23 “(B) the number and dollar value of claims
24 filed for the property, over the life of the prop-
25 erty, under a flood insurance policy made avail-

1 able under the Program and the effect, under
2 this Act, of filing any further claims under a
3 flood insurance policy with respect to that prop-
4 erty.”.

5 (b) **EFFECTIVE DATE.**—Subsection (l) of section
6 1308 of the National Flood Insurance Act of 1968, as
7 added by subsection (a) of this section, shall take effect
8 beginning upon the expiration of the 12-month period that
9 begins on the date of the enactment of this Act. Such sub-
10 section (l), as in effect immediately before the amendment
11 made by paragraph (1), shall apply during such 12-month
12 period.

13 **SEC. 10. AVAILABILITY OF FLOOD INSURANCE INFORMA-**
14 **TION UPON REQUEST.**

15 Section 1313 of the National Flood Insurance Act of
16 1968 (42 U.S.C. 4020) is amended—

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

19 (2) by adding at the end the following new sub-
20 section:

21 “(b) **AVAILABILITY OF FLOOD INSURANCE INFORMA-**
22 **TION UPON REQUEST.**—Not later than 30 days after a
23 request for such information by the current owner of a
24 property, the Administrator shall provide to the owner any
25 information, including historical information, available to

1 the Administrator on flood insurance program coverage,
2 payment of claims, and flood damages for the property
3 at issue, and any information the Administrator has on
4 whether the property owner may be required to purchase
5 coverage under the National Flood Insurance Program
6 due to previous receipt of Federal disaster assistance, in-
7 cluding assistance provided by the Small Business Admin-
8 istration, the Department of Housing and Urban Develop-
9 ment, or the Federal Emergency Management Agency, or
10 any other type of assistance that subjects the property to
11 the mandatory purchase requirement under section 102
12 of the Flood Disaster Protection Act of 1973 (42 U.S.C.
13 4012a).”.

14 **SEC. 11. PREMIUM RATES FOR CERTAIN MITIGATED PROP-**
15 **ERTIES.**

16 (a) MITIGATION STRATEGIES.—Paragraph (1) of sec-
17 tion 1361(d) of the National Flood Insurance Act of 1968
18 (42 U.S.C. 4102(d)(1)) is amended—

19 (1) in subparagraph (A), by striking “and” at
20 the end;

21 (2) in subparagraph (B), by striking “and” at
22 the end; and

23 (3) by inserting after subparagraph (B) the fol-
24 lowing new subparagraphs:

1 “(C) with respect to buildings in dense
2 urban environments, methods that can be de-
3 ployed on a block or neighborhood scale; and

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

6 (b) MITIGATION CREDIT.—Subsection (k) of section
7 1308 of the National Flood Insurance Act of 1968 (42
8 U.S.C. 4015(k)) is amended—

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

11 “(1) take into account”;

12 (2) in paragraph (1), as so designated by the
13 amendment made by paragraph (1) of this sub-
14 section, by striking the period at the end and insert-
15 ing “; and”; and

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

18 “(2) offer a reduction of the risk premium rate
19 charged to a policyholder, as determined by the Ad-
20 ministrator, if the policyholder implements any miti-
21 gation method described in paragraph (1).”.

22 **SEC. 12. STUDY OF FLOOD INSURANCE COVERAGE FOR**
23 **UNITS IN COOPERATIVE HOUSING.**

24 The Administrator of the Federal Emergency Man-
25 agement Agency shall conduct a study to analyze and de-

1 termine the feasibility of providing flood insurance cov-
2 erage under the National Flood Insurance Program under
3 the National Flood Insurance Act of 1968 (42 U.S.C.
4 4001 et seq.) for individual dwelling units in cooperative
5 housing projects. Not later than the expiration of the 24-
6 month period beginning on the date of the enactment of
7 this Act, the Administrator shall submit a report to the
8 Committee on Financial Services of the House of Rep-
9 resentatives and the Committee on Banking, Housing, and
10 Urban Affairs of the Senate regarding the findings and
11 conclusions of the study conducted pursuant to this sec-
12 tion, which shall include a plan setting forth specific ac-
13 tions to implement the development of such flood insur-
14 ance coverage.

.....
(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To increase consumer choice through development of the private flood insurance market, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To increase consumer choice through development of the private flood insurance market, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Private Flood Insur-
5 ance Market Development Act of 2017”.

6 **SEC. 2. PRIVATE FLOOD INSURANCE.**

7 (a) MANDATORY PURCHASE REQUIREMENT.—

8 (1) AMOUNT AND TERM OF COVERAGE.—Sec-
9 tion 102 of the Flood Disaster Protection Act of

1 1973 (42 U.S.C. 4012a) is amended by striking
2 “Sec. 102. (a)” and all that follows through the end
3 of subsection (a) and inserting the following:

4 “SEC. 102. (a) AMOUNT AND TERM OF COVERAGE.—

5 After the expiration of sixty days following the date of the
6 enactment of this Act, no Federal officer or agency shall
7 approve any financial assistance for acquisition or con-
8 struction purposes for use in any area that has been iden-
9 tified by the Administrator as an area having special flood
10 hazards and in which the sale of flood insurance has been
11 made available under the National Flood Insurance Act
12 of 1968, unless the building or mobile home and any per-
13 sonal property to which such financial assistance relates
14 is covered by flood insurance: *Provided*, That the amount
15 of flood insurance (1) in the case of Federal flood insur-
16 ance, is at least equal to the development or project cost
17 of the building, mobile home, or personal property (less
18 estimated land cost), the outstanding principal balance of
19 the loan, or the maximum limit of Federal flood insurance
20 coverage made available with respect to the particular type
21 of property, whichever is less; or (2) in the case of private
22 flood insurance, is at least equal to the development or
23 project cost of the building, mobile home, or personal
24 property (less estimated land cost), the outstanding prin-
25 cipal balance of the loan, or the maximum limit of Federal

1 flood insurance coverage made available with respect to
2 the particular type of property, whichever is less: *Provided*
3 *further*, That if the financial assistance provided is in the
4 form of a loan or an insurance or guaranty of a loan, the
5 amount of flood insurance required need not exceed the
6 outstanding principal balance of the loan and need not be
7 required beyond the term of the loan. The requirement
8 of maintaining flood insurance shall apply during the life
9 of the property, regardless of transfer of ownership of such
10 property.”.

11 (2) REQUIREMENT FOR MORTGAGE LOANS.—

12 Subsection (b) of section 102 of the Flood Disaster
13 Protection Act of 1973 (42 U.S.C. 4012a(b)) is
14 amended—

15 (A) by striking paragraph (7);

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

18 (C) by striking the subsection designation
19 and all that follows through the end of para-
20 graph (5) and inserting the following:

21 “(b) REQUIREMENT FOR MORTGAGE LOANS.—

22 “(1) REGULATED LENDING INSTITUTIONS.—

23 Each Federal entity for lending regulation (after
24 consultation and coordination with the Financial In-
25 stitutions Examination Council established under the

1 Federal Financial Institutions Examination Council
2 Act of 1974) shall by regulation direct regulated
3 lending institutions not to make, increase, extend, or
4 renew any loan secured by improved real estate or
5 a mobile home located or to be located in an area
6 that has been identified by the Administrator as an
7 area having special flood hazards and in which flood
8 insurance has been made available under the Na-
9 tional Flood Insurance Act of 1968, unless the
10 building or mobile home and any personal property
11 securing such loan is covered for the term of the
12 loan by flood insurance: *Provided*, That the amount
13 of flood insurance (A) in the case of Federal flood
14 insurance, is at least equal to the outstanding prin-
15 cipal balance of the loan or the maximum limit of
16 Federal flood insurance coverage made available
17 with respect to the particular type of property,
18 whichever is less; or (B) in the case of private flood
19 insurance, is at least equal to the outstanding prin-
20 cipal balance of the loan or the maximum limit of
21 Federal flood insurance coverage made available
22 with respect to the particular type of property,
23 whichever is less.

24 “(2) FEDERAL AGENCY LENDERS AND MORT-
25 GAGE INSURANCE AND GUARANTEE AGENCIES.—

1 “(A) FEDERAL AGENCY LENDERS.—A
2 Federal agency lender may not make, increase,
3 extend, or renew any loan secured by improved
4 real estate or a mobile home located or to be lo-
5 cated in an area that has been identified by the
6 Administrator as an area having special flood
7 hazards and in which flood insurance has been
8 made available under the National Flood Insur-
9 ance Act of 1968, unless the building or mobile
10 home and any personal property securing such
11 loan is covered for the term of the loan by flood
12 insurance in accordance with paragraph (1).
13 Each Federal agency lender may issue any reg-
14 ulations necessary to carry out this paragraph.
15 Such regulations shall be consistent with and
16 substantially identical to the regulations issued
17 under paragraph (1).

18 “(B) OTHER FEDERAL MORTGAGE ENTI-
19 TIES.—

20 “(i) COVERAGE REQUIREMENTS.—
21 Each covered Federal mortgage entity
22 shall implement procedures reasonably de-
23 signed to ensure that, for any loan that—

24 “(I) is secured by improved real
25 estate or a mobile home located in an

1 area that has been identified, at the
2 time of the origination of the loan or
3 at any time during the term of the
4 loan, by the Administrator as an area
5 having special flood hazards and in
6 which flood insurance is available
7 under the National Flood Insurance
8 Act of 1968, and

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

15 the building or mobile home and any per-
16 sonal property securing the loan is covered
17 for the term of the loan by flood insurance
18 in the amount provided in paragraph (1).

19 “(ii) DEFINITION.—For purposes of
20 this subparagraph, the term ‘covered Fed-
21 eral mortgage entity’ means—

22 “(I) the Secretary of Housing
23 and Urban Development, with respect
24 to mortgages insured under the Na-
25 tional Housing Act;

1 “(II) the Secretary of Agri-
2 culture, with respect to loans made,
3 insured, or guaranteed under title V
4 of the Housing Act of 1949; and

5 “(III) the Government National
6 Mortgage Association.

7 “(C) REQUIREMENT TO ACCEPT FLOOD IN-
8 SURANCE.—Each Federal agency lender and
9 each covered Federal mortgage entity shall ac-
10 cept flood insurance as satisfaction of the flood
11 insurance coverage requirement under subpara-
12 graph (A) or (B), respectively, if the flood in-
13 surance coverage meets the requirements for
14 coverage under such subparagraph and the re-
15 quirements relating to financial strength issued
16 pursuant to paragraph (4).

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

22 “(A) secured by improved real estate or a
23 mobile home located in an area that has been
24 identified, at the time of the origination of the
25 loan or at any time during the term of the loan,

1 by the Administrator as an area having special
2 flood hazards and in which flood insurance is
3 available under the National Flood Insurance
4 Act of 1968, and

5 “(B) purchased or guaranteed by such en-
6 tity,

7 the building or mobile home and any personal prop-
8 erty securing the loan is covered for the term of the
9 loan by flood insurance in the amount provided in
10 paragraph (1). The Federal National Mortgage As-
11 sociation and the Federal Home Loan Mortgage
12 Corporation shall accept flood insurance as satisfac-
13 tion of the flood insurance coverage requirement
14 under paragraph (1) if the flood insurance coverage
15 provided meets the requirements for coverage under
16 that paragraph and the requirements relating to fi-
17 nancial strength issued pursuant to paragraph (4).

18 “(4) REQUIREMENTS REGARDING FINANCIAL
19 STRENGTH.—The Director of the Federal Housing
20 Finance Agency, in consultation with the Federal
21 National Mortgage Association, the Federal Home
22 Loan Mortgage Corporation, the Secretary of Hous-
23 ing and Urban Development, the Government Na-
24 tional Mortgage Association, and the Secretary of
25 Agriculture shall develop and implement require-

1 ments relating to the financial strength of private
2 insurance companies from which such entities and
3 agencies will accept private flood insurance, provided
4 that such requirements shall not affect or conflict
5 with any State law, regulation, or procedure con-
6 cerning the regulation of the business of insurance.

7 “(5) APPLICABILITY.—

8 “(A) EXISTING COVERAGE.—Except as
9 provided in subparagraph (B), paragraph (1)
10 shall apply on the date of enactment of the Rie-
11 gle Community Development and Regulatory
12 Improvement Act of 1994.

13 “(B) NEW COVERAGE.—Paragraphs (2)
14 and (3) shall apply only with respect to any
15 loan made, increased, extended, or renewed
16 after the expiration of the 1-year period begin-
17 ning on the date of enactment of the Riegle
18 Community Development and Regulatory Im-
19 provement Act of 1994. Paragraph (1) shall
20 apply with respect to any loan made, increased,
21 extended, or renewed by any lender supervised
22 by the Farm Credit Administration only after
23 the expiration of the period under this subpara-
24 graph.

1 “(C) CONTINUED EFFECT OF REGULA-
2 TIONS.—Notwithstanding any other provision of
3 this subsection, the regulations to carry out
4 paragraph (1), as in effect immediately before
5 the date of enactment of the Riegle Community
6 Development and Regulatory Improvement Act
7 of 1994, shall continue to apply until the regu-
8 lations issued to carry out paragraph (1) as
9 amended by section 522(a) of such Act take ef-
10 fect.

11 “(6) RULE OF CONSTRUCTION.—Except as oth-
12 erwise specified, any reference to flood insurance in
13 this section shall be considered to include Federal
14 flood insurance and private flood insurance. Nothing
15 in this subsection shall be construed to supersede or
16 limit the authority of a Federal entity for lending
17 regulation, the Federal Housing Finance Agency, a
18 Federal agency lender, a covered Federal mortgage
19 entity (as such term is defined in paragraph
20 (2)(B)(ii)), the Federal National Mortgage Associa-
21 tion, or the Federal Home Loan Mortgage Corpora-
22 tion to establish requirements relating to the finan-
23 cial strength of private insurance companies from
24 which the entity or agency will accept private flood
25 insurance, provided that such requirements shall not

1 affect or conflict with any State law, regulation, or
2 procedure concerning the regulation of the business
3 of insurance.”; and

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

6 “(8) NOTIFICATION OF PRIVATE FLOOD INSUR-
7 ANCE.—Notwithstanding any other provision of this
8 section, private flood insurance may not be used to
9 satisfy the flood insurance coverage requirement
10 under paragraph (1), (2), or (3) with respect to a
11 building or mobile home, and personal property, un-
12 less—

13 “(A) the insurance company providing the
14 private flood insurance coverage has notified
15 the borrower in advance of the effectiveness of
16 such coverage, of such use and private flood in-
17 surance coverage for such building or mobile
18 home, and personal property; and

19 “(B) the policyholder has agreed in writing
20 to such use and private flood insurance cov-
21 erage.

22 “(9) DEFINITIONS.—In this section:

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

25 “(i) Federal flood insurance; and

1 “(ii) private flood insurance.

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

7 “(C) PRIVATE FLOOD INSURANCE.—The
8 term ‘private flood insurance’ means an insur-
9 ance policy that—

10 “(i) is issued by an insurance com-
11 pany that is—

12 “(I) licensed, admitted, or other-
13 wise approved to engage in the busi-
14 ness of insurance in the State in
15 which the insured building is located,
16 by the insurance regulator of that
17 State; or

18 “(II) eligible as a nonadmitted
19 insurer to provide insurance in the
20 home State of the insured, in accord-
21 ance with sections 521 through 527 of
22 the Dodd-Frank Wall Street Reform
23 and Consumer Protection Act (15
24 U.S.C. 8201 through 8206);

1 “(ii) is issued by an insurance com-
2 pany that is not otherwise disapproved as
3 a surplus lines insurer by the insurance
4 regulator of the State in which the prop-
5 erty to be insured is located;

6 “(iii) provides flood insurance cov-
7 erage that complies with the laws and reg-
8 ulations of that State; and

9 “(iv) provides flood insurance cov-
10 erage with respect to a property that is lo-
11 cated in an area in which flood insurance
12 coverage has been made available under
13 the National Flood Insurance Act of 1968
14 (42 U.S.C. 4001 et seq.).

15 “(D) STATE.—The term ‘State’ means any
16 State of the United States, the District of Co-
17 lumbia, the Commonwealth of Puerto Rico,
18 Guam, the Northern Mariana Islands, the Vir-
19 gin Islands, and American Samoa.”.

20 (b) EFFECT OF PRIVATE FLOOD INSURANCE COV-
21 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—
22 Section 1308 of the National Flood Insurance Act of 1968
23 (42 U.S.C. 4015) is amended by adding at the end the
24 following:

1 “(n) EFFECT OF PRIVATE FLOOD INSURANCE COV-
2 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—
3 For purposes of applying any statutory, regulatory, or ad-
4 ministrative continuous coverage requirement, including
5 under section 1307(g)(1), the Administrator shall consider
6 any period during which a property was continuously cov-
7 ered by private flood insurance (as defined in section
8 102(b)(9) of the Flood Disaster Protection Act of 1973
9 (42 U.S.C. 4012a(b)(9))) to be a period of continuous cov-
10 erage.”.

11 **SEC. 3. EQUIVALENCY FEE FOR PRIVATE FLOOD INSUR-**
12 **ANCE.**

13 The National Flood Insurance Act of 1968 is amend-
14 ed by inserting after section 1308A (42 U.S.C. 4015a) the
15 following new section:

16 **“SEC. 1308B. EQUIVALENCY FEE FOR PRIVATE FLOOD IN-**
17 **SURANCE.**

18 “(a) IMPOSITION AND COLLECTION.—Subject to sub-
19 section (c), the Administrator shall impose and collect an
20 annual fee, to cover expenses incurred in floodplain man-
21 agement and mapping activities and flood mitigation ac-
22 tivities, on all policies for private flood insurance (as such
23 term is defined in section 102(b)(9) of the Flood Disaster
24 Protection Act of 1973 (42 U.S.C. 4012a(b)(9)) that are
25 described in subsection (b) of this section and on all quali-

1 fied savings accounts (within the meaning given such term
2 for purposes of title III of the Flood Disaster Protection
3 Act of 1973) maintained during such 12-month period.
4 The fees imposed pursuant to this section shall be in the
5 same amount as the fees imposed on each policy for flood
6 insurance coverage made available under this title pursu-
7 ant to paragraphs (1)(B)(iii) and (2) of section 1307(a)
8 and section 1308(b)(3).

9 “(b) PRIVATE POLICIES COVERED.—The private
10 flood insurance policies described in this subsection are—

11 “(1) any policy that is used to satisfy the flood
12 insurance coverage requirement under paragraph
13 (1), (2), or (3) of section 102(b) of the Flood Dis-
14 aster Protection Act of 1973 with respect to a build-
15 ing or mobile home; and

16 “(2) any policy that—

17 “(A) is not used in the manner provided in
18 paragraph (1);

19 “(B) provides coverage that is equivalent
20 to coverage provided under this title, as deter-
21 mined by the Administrator; and

22 “(C) does not involve a loss-deductible.

23 “(c) EXCLUSION.—The fee under subsection (a) shall
24 not be imposed or collected on any policy for private flood
25 insurance that provides coverage in excess of the limits

1 for coverage made available under this title that are then
2 in effect pursuant to section 1306 (42 U.S.C. 4013).

3 “(d) DEPOSIT.—The Administrator shall deposit all
4 fees collected under this section in the National Flood In-
5 surance Fund established under section 1310.”.

6 **SEC. 4. ELIMINATION OF NON-COMPETE REQUIREMENT.**

7 Section 1345 of the National Flood Insurance Act of
8 1968 (42 U.S.C. 4081) is amended by adding at the end
9 the following new subsection:

10 “(f) AUTHORITY TO PROVIDE OTHER FLOOD COV-
11 ERAGE.—

12 “(1) IN GENERAL.—The Administrator may
13 not, as a condition of participating in the Write
14 Your Own Program (as such term is defined in sec-
15 tion 1370(a)) or in otherwise participating in the
16 utilization by the Administrator of the facilities and
17 services of insurance companies, insurers, insurance
18 agents and brokers, and insurance adjustment orga-
19 nizations pursuant to the authority in this section,
20 nor as a condition of eligibility to engage in any
21 other activities under the National Flood Insurance
22 Program under this title, restrict any such company,
23 insurer, agent, broker, or organization from offering
24 and selling private flood insurance (as such term is

1 defined in section 102(b)(9) of the Flood Disaster
2 Protection Act of 1973 (42 U.S.C. 4012a(b)(9)).

3 “(2) FINANCIAL ASSISTANCE/SUBSIDY AR-
4 RANGEMENT.—After the date of the enactment of
5 this subsection—

6 “(A) the Administrator may not include in
7 any agreement entered into with any insurer for
8 participation in the Write Your Own Program
9 any provision establishing a condition prohib-
10 ited by paragraph (1), including the provisions
11 of Article XIII of the Federal Emergency Man-
12 agement Agency, Federal Insurance Adminis-
13 tration, Financial Assistance/Subsidy Arrange-
14 ment, as set forth as of such date of enactment,
15 in Appendix A to part 62 of the Administrator’s
16 regulations (44 C.F.R Part 62, Appendix A; re-
17 lating to restriction on other flood insurance);
18 and

19 “(B) any such provision in any such agree-
20 ment entered into before such date of enact-
21 ment shall not have any force or effect, and the
22 Administrator may not take any action to en-
23 force such provision.”.

1 **SEC. 5. PUBLIC AVAILABILITY OF PROGRAM INFORMATION.**

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

5 **“SEC. 1349. PUBLIC AVAILABILITY OF PROGRAM INFORMA-**
6 **TION.**

7 “(a) FLOOD RISK INFORMATION.—

8 “(1) IN GENERAL.—Except as provided in para-
9 graph (2), to facilitate the National Flood Insurance
10 Program becoming a source of information and data
11 for research and development of technology that bet-
12 ter understands flooding, the risk of flooding, and
13 the predictability of perils of flooding, the Adminis-
14 trator shall make publicly available all data, models,
15 assessments, analytical tools, and other information
16 in the possession of the Administrator relating to
17 the National Flood Insurance Program under this
18 title that is used in assessing flood risk or identi-
19 fying and establishing flood elevations and pre-
20 miums, including—

21 “(A) data relating to risk on individual
22 properties and loss ratio information and other
23 information identifying losses under the pro-
24 gram;

25 “(B) current and historical policy informa-
26 tion, limited to the amount and term only, for

1 properties currently covered by flood insurance
2 and for properties that are no longer covered by
3 flood insurance;

4 “(C) current and historical claims informa-
5 tion, limited to the date and amount paid only,
6 for properties currently covered by flood insur-
7 ance and for properties that are no longer cov-
8 ered by flood insurance;

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

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

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

18 “(2) OPEN SOURCE DATA SYSTEM.—In carrying
19 out paragraph (1), the Administrator shall establish
20 an open source data system by which all information
21 required to be made publicly available by such sub-
22 section may be accessed by the public on an imme-
23 diate basis by electronic means.

24 “(b) COMMUNITY INFORMATION.—Not later than the
25 expiration of the 12-month period beginning upon the date

1 of the enactment of this section, the Administrator shall
2 establish and maintain a publicly searchable database that
3 provides information about each community participating
4 in the National Flood Insurance Program, which shall in-
5 clude the following information:

6 “(1) The status of the community’s compliance
7 with the National Flood Insurance Program, includ-
8 ing any findings of noncompliance, the status of any
9 enforcement actions initiated by a State or by the
10 Administrator, and the number of days of any such
11 continuing noncompliance.

12 “(2) The number of properties located in the
13 community’s special flood hazard areas that were
14 built before the effective date of the first flood insur-
15 ance rate map for the community.

16 “(3) The number of properties located in the
17 community’s special flood hazard areas that were
18 built after the effective date of the first flood insur-
19 ance rate map for the community.

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

23 “(5) The total number of multiple-loss prop-
24 erties in the community.

1 “(6) The portion of the community, stated as a
2 percentage and in terms of square miles, that is lo-
3 cated within special flood hazard areas.

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

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

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

20 **SEC. 6. REFUND OF PREMIUMS UPON CANCELLATION OF**
21 **POLICY BECAUSE OF REPLACEMENT WITH**
22 **PRIVATE FLOOD INSURANCE.**

23 Section 1306 of the National Flood Insurance Act of
24 1968 (42 U.S.C. 4013) is amended by adding at the end
25 the following new subsection:

1 “(e) REFUND OF UNEARNED PREMIUMS FOR POLI-
2 CIES CANCELED BECAUSE OF REPLACEMENT WITH PRI-
3 VATE FLOOD INSURANCE.—

4 “(1) REQUIRED REFUND.—Subject to sub-
5 section (c), if at any time an insured under a policy
6 for flood insurance coverage for a property that is
7 made available under this title cancels such policy
8 because other duplicate flood insurance coverage for
9 the same property has been obtained from a source
10 other than the National Flood Insurance Program
11 under this title, the Administrator shall refund to
12 the former insured a portion of the premiums paid
13 for the coverage made available under this title, as
14 determined on a pro rata basis according to the por-
15 tion of the term of the policy that such coverage was
16 in effect, but only if the following documentation is
17 provided to the Administrator:

18 “(A) A copy of declarations page of the
19 new policy obtained from a source other than
20 the program under this title.

21 “(B) If the property is subject to an out-
22 standing mortgage, a statement from the mort-
23 gagee that the new policy is acceptable, for pur-
24 poses of this title and the Flood Disaster Pro-

1 tection Act of 1973 (42 U.S.C. 4002 et seq.),
2 as a replacement for the policy being canceled.

3 “(2) EFFECTIVE DATE OF CANCELLATION.—

4 For purposes of this subsection, a cancellation of a
5 policy for coverage made available under the na-
6 tional flood insurance program under this title, for
7 the reason specified in paragraph (1), shall be effec-
8 tive—

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

15 “(B) on the date of the receipt by the Ad-
16 ministrator of the request for cancellation, if
17 the request for such cancellation was received
18 by the Administrator after the expiration of the
19 6-month period beginning on the effective date
20 of the new policy.

21 “(3) PROHIBITION OF REFUNDS FOR PROP-
22 ERTIES RECEIVING INCREASED COST OF COMPLI-
23 ANCE CLAIMS.—In the case of any property for
24 which measures have been implemented using
25 amounts received pursuant to a claim under in-

1 creased cost of compliance coverage made available
2 pursuant to section 1304(b), no premium amounts
3 paid for coverage made available under this title
4 may be refunded pursuant to this subsection.”.

5 **SEC. 7. GAO STUDY OF FLOOD DAMAGE SAVINGS AC-**
6 **COUNTS.**

7 (a) **IN GENERAL.**—The Comptroller General of the
8 United States shall conduct a study to analyze the feasi-
9 bility and effectiveness, and problems involved, in reducing
10 flood insurance premiums and eliminating the need for
11 purchase of flood insurance coverage by authorizing own-
12 ers of residential properties to establish flood damage sav-
13 ings accounts described in subsection (b) in lieu of com-
14 plying with the mandatory requirements under section 102
15 of the Flood Disaster Protection Act of 1973 (42 U.S.C.
16 4012a) to purchase flood insurance for such properties.

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

20 (1) that would be established by an owner of
21 residential property with respect to such property in
22 accordance with requirements established by the Ad-
23 ministrator of the Federal Emergency Management
24 Agency; and

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

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

11 (1) Whether authorizing the establishment of
12 such flood damage savings accounts would be effec-
13 tive and efficient in reducing flood insurance pre-
14 miums, eliminating the need for purchase of flood
15 insurance coverage made available under the Na-
16 tional Flood Insurance Program, and reducing risks
17 to the financial safety and soundness of the National
18 Flood Insurance Fund.

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

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

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

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

4 (3) The feasibility and effectiveness, and prob-
5 lems involved in, authorizing the Administrator of
6 the Federal Emergency Management Agency to
7 make secondary flood insurance coverage available
8 under the National Flood Insurance Program to
9 cover the portion of flood losses or damages to prop-
10 erties for which such flood damage savings accounts
11 have been established that exceed the amounts held
12 in such accounts.

13 (4) The benefits and problems involved in au-
14 thorizing the establishment of such accounts for
15 non-residential properties.

16 (d) REPORT.—Not later than the expiration of the
17 12-month period beginning on the date of the enactment
18 of this Act, the Comptroller General shall submit a report
19 to the Committee on Financial Services of the House of
20 Representatives, the Committee on Banking, Housing,
21 and Urban Affairs of the Senate, and the Administrator
22 that sets forth the analysis, conclusions, and recommenda-
23 tions resulting from the study under this section. Such re-
24 port shall identify elements that should be taken into con-

1 sideration by the Administrator in designing and carrying
2 out the demonstration program under section 8.

3 **SEC. 8. DEMONSTRATION PROGRAM FOR FLOOD DAMAGE**
4 **SAVINGS ACCOUNTS.**

5 (a) PLAN.—Not later than the expiration of the 12-
6 month period beginning upon the submission of the report
7 under section 7(d), the Administrator of the Federal
8 Emergency Management Agency shall submit to the Com-
9 mittee on Financial Services of the House of Representa-
10 tives and the Committee on Banking, Housing, and Urban
11 Affairs of the Senate a plan and guidelines for a dem-
12 onstration program, to be carried out by the Adminis-
13 trator, to demonstrate the feasibility and effectiveness of
14 authorizing the establishment of flood damage savings ac-
15 counts, taking into consideration the analysis, conclusions,
16 and recommendations included in such report.

17 (b) AUTHORITY.—The Administrator of the Federal
18 Emergency Management Agency shall carry out a pro-
19 gram to demonstrate the feasibility and effectiveness of
20 authorizing the establishment of flood damage savings ac-
21 counts in the manner provided in plan and guidelines for
22 the demonstration program submitted pursuant to sub-
23 section (a).

24 (c) SCOPE.—The demonstration program under this
25 section shall provide for the establishment of flood damage

1 savings accounts with respect to not more than 5 percent
2 of the residential properties that have 4 or fewer resi-
3 dences and that are covered by flood insurance coverage
4 made available under the National Flood Insurance Pro-
5 gram.

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

11 (e) GEOGRAPHICAL DIVERSITY.— The Administrator
12 shall ensure that properties for which flood damage sav-
13 ings accounts are established under the demonstration are
14 located in diverse geographical areas throughout the
15 United States.

16 (f) REPORT.—Upon the expiration of the 2-year pe-
17 riod beginning upon the date of the commencement of the
18 demonstration program under this section, the Adminis-
19 trator shall submit a report to the Committee on Financial
20 Services of the House of Representatives and the Com-
21 mittee on Banking, Housing, and Urban Affairs of the
22 Senate describing and assessing the demonstration, and
23 setting forth conclusions and recommendations regarding
24 continuing and expanding the demonstration.

.....
(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To ensure fairness in mapping activities under the National Flood Insurance Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To ensure fairness in mapping activities under the National Flood Insurance Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Flood Insur-
5 ance Program Mapping Fairness Act of 2017”.

6 **SEC. 2. COMMUNITY FLOOD MAPS.**

7 (a) **TECHNICAL MAPPING ADVISORY COUNCIL.**—Sec-
8 tion 100215 of the Biggert-Waters Flood Insurance Re-

1 form Act of 2012 (42 U.S.C. 4101a) is amended by add-
2 ing at the end the following new subsection:

3 “(m) COMMUNITY FLOOD MAPS.—

4 “(1) STANDARDS AND PROCEDURES.—In addi-
5 tion to the other duties of the Council under this
6 section, not later than the expiration of the 12-
7 month period beginning on the date of the enact-
8 ment of this subsection, the Council shall rec-
9 ommend to the Administrator standards and re-
10 quirements for chief executive officers, or entities
11 designated by chief executive officers, of States and
12 communities participating in the National Flood In-
13 surance Program to use in mapping flood hazards
14 located in States and communities that choose to de-
15 velop alternative maps to the flood insurance rate
16 maps developed by the Agency.

17 “(2) EXEMPTION FROM RULEMAKING.—Until
18 such time as the Administrator promulgates regula-
19 tions implementing paragraph (1) of this subsection,
20 the Administrator may, notwithstanding any other
21 provision of law, adopt policies and procedures nec-
22 essary to implement such paragraphs without under-
23 going notice and comment rulemaking and without
24 conducting regulatory analyses otherwise required by
25 statute, regulation, or executive order.”.

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

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

7 (2) by redesignating paragraphs (1) and (2) as
8 subparagraphs (A), and (B), respectively, and re-
9 aligning such subparagraphs so as to be indented 4
10 ems from the left margin;

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

13 “(1) to consult”;

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

16 “(2) to receive proposed alternative maps from
17 communities developed pursuant to standards and
18 requirements recommended by the Technical Map-
19 ping Advisory Council, as required by section
20 100215(m) of the Biggert-Waters Flood Insurance
21 Reform Act of 2012 (42 U.S.C. 4101a(m)) and
22 adopted by the Administrator as required by section
23 100216(c)(3) of such Act (42 U.S.C. 4101b(c)(3)),
24 so that the Administrator may—

1 “(A) publish information with respect to
2 all flood plain areas, including coastal areas lo-
3 cated in the United States, which have special
4 flood hazards, and

5 “(B) establish or update flood-risk zone
6 data in all such areas, and make estimates with
7 respect to the rates of probable flood caused
8 loss for the various flood risk zones for each of
9 these areas until the date specified in section
10 1319.”.

11 (c) NATIONAL FLOOD MAPPING PROGRAM.—Section
12 100216 of the Biggert-Waters Flood Insurance Reform
13 Act of 2012 (42 U.S.C. 4101a) is amended—

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

18 (2) in subsection (c)—

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

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

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

1 “(C) taking into consideration the recommenda-
2 tions of the Technical Mapping Advisory Council
3 made pursuant to section 100215(m) of the Biggert-
4 Waters Flood Insurance Reform Act of 2012 (42
5 U.S.C. 4101a(m)), establish and adopt standards
6 and requirements for development by States and
7 communities of alternative flood insurance rate maps
8 to be submitted to the Administrator pursuant to
9 section 1360(a)(2) of the National Flood Insurance
10 Act of 1968; and

11 “(D) in the case of proposed alternative maps
12 received by the Administrator pursuant to such sec-
13 tion 1360(a)(2), not later than the expiration of the
14 6-month period beginning upon receipt of such pro-
15 posed alternative maps—

16 “(A) determine whether such maps were
17 developed in accordance with the standards and
18 requirements adopted pursuant to subpara-
19 graph (C) of this paragraph; and

20 “(B) approve or disapprove such proposed
21 maps for use under National Flood Insurance
22 Program.”; and

23 (3) in subsection (d)(1), by inserting “max-
24 imum” before “30-day period” each place such term
25 appears in subparagraphs (B) and (C).

1 **SEC. 3. USE OF OTHER RISK ASSESSMENT TOOLS IN DE-**
2 **TERMINING PREMIUM RATES.**

3 (a) ESTIMATES OF PREMIUM RATES.—Clause (i) of
4 section 1307(a)(1)(A) of the National Flood Insurance
5 Act of 1968 (42 U.S.C. 4014(a)(1)(A)(i)) is amended by
6 inserting before the semicolon the following: “, and taking
7 into account both the risk identified by the applicable flood
8 insurance rate maps and by other risk assessment tools,
9 including risk assessment scores from appropriate
10 sources”.

11 (b) ESTABLISHMENT OF CHARGEABLE PREMIUM
12 RATES.—Paragraph (1) of section 1308(b) of the Na-
13 tional Flood Insurance Act of 1968 (42 U.S.C.
14 4015(b)(1)) is amended by inserting before “; and” the
15 following: “, taking into account both the risk identified
16 by the applicable flood insurance rate maps and by other
17 risk assessment tools, including risk assessment scores
18 from appropriate sources”.

19 (c) EFFECTIVE DATE AND REGULATIONS.—

20 (1) EFFECTIVE DATE.—The amendments made
21 by subsections (a) and (b) shall be made, and shall
22 take effect, upon the expiration of the 36-month pe-
23 riod beginning on the date of the enactment of this
24 Act.

25 (2) REGULATIONS.—The Administrator of the
26 Federal Emergency Management Agency shall issue

1 regulations necessary to implement the amendments
2 made by subsections (a) and (b), which shall identify
3 risk assessment tools to be used in identifying flood
4 risk and appropriate sources for risk assessment
5 scores to be so used. Such regulations shall be
6 issued not later than the expiration of the 36-month
7 period beginning on the date of the enactment of
8 this Act and shall take effect upon the expiration of
9 such period.

10 **SEC. 4. STREAMLINING OF FLOOD MAP PROCESSES.**

11 The Administrator of the Federal Emergency Man-
12 agement Agency shall consult with the Technical Mapping
13 Advisory Council established under section 100215 of the
14 Biggert-Waters Flood Insurance Reform Act of 2012 (42
15 U.S.C. 4101a) regarding methods of or actions to—

16 (1) make the flood map processes of the Coun-
17 cil more efficient;

18 (2) minimize any cost, data, and paperwork re-
19 quirements of the Council; and

20 (3) assist communities, and in particular small-
21 er communities, in locating the resources required to
22 successfully appeal flood elevations and flood hazard
23 area designations.

24 Not later than the expiration of the 1-year period begin-
25 ning on the date of the enactment of this Act, the Admin-

1 istrator shall submit a report to the Committee on Finan-
2 cial Services of the House of Representatives and the
3 Committee on Banking, Housing, and Urban Affairs of
4 the Senate setting forth any recommendations for methods
5 or actions developed pursuant to the consultation required
6 under this section.

7 **SEC. 5. APPEALS REGARDING EXISTING FLOOD MAPS.**

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

11 “(k) APPEALS OF EXISTING MAPS.—

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

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

21 “(A) the base flood elevation level or des-
22 ignation of any aspect of a flood map is sci-
23 entifically or technically inaccurate; or

24 “(B) factors exist that mitigate the risk of
25 flooding, including ditches, banks, walls, vegeta-

1 tion, levees, lakes, dams, reservoirs, basin, re-
2 tention ponds, and other natural or manmade
3 topographical features.

4 “(3) APPEALS PROCESS.—

5 “(A) ADMINISTRATIVE ADJUDICATION.—

6 An appeal under this subsection shall be deter-
7 mined by a final adjudication on the record,
8 and after opportunity for an administrative
9 hearing.

10 “(B) RIGHTS UPON ADVERSE DECISION.—

11 If an appeal pursuant to subparagraph (A) does
12 not result in a decision in favor of the State,
13 local government, owner, or lessee, such party
14 may appeal the adverse decision to the Sci-
15 entific Resolution Panel provided for in section
16 1363A, which shall recommend a non-binding
17 decision to the Administrator.

18 “(4) RELIEF.—

19 “(A) WHOLLY SUCCESSFUL APPEALS.—In

20 the case of a successful appeal resulting in a
21 policyholder’s property being removed from a
22 special flood hazard area, such policyholder may
23 cancel the policy at any time within the current
24 policy year, and the Administrator shall provide
25 such policyholder a refund in the amount of any

1 premiums paid for such policy year, plus any
2 premiums paid for flood insurance coverage
3 that the policyholder was required to purchase
4 or maintain during the 2-year period preceding
5 such policy year.

6 “(B) PARTIALLY SUCCESSFUL APPEALS.—
7 In the case of any appeal in which mitigating
8 factors were determined to have reduced, but
9 not eliminated, the risk of flooding, the Admin-
10 istrator shall reduce the amount of flood insur-
11 ance coverage required to be maintained for the
12 property concerned by the ratio of the success-
13 ful portion of the appeal as compared to the en-
14 tire appeal. The Administrator shall refund to
15 the policyholder any payments made in excess
16 of the amount necessary for such new coverage
17 amount, effective from the time when the miti-
18 gating factor was created or the beginning of
19 the second policy year preceding the determina-
20 tion of the appeal, whichever occurred later.

21 “(C) ADDITIONAL RELIEF.—The Adminis-
22 trator may provide additional refunds in excess
23 of the amounts specified in subparagraphs (A)
24 and (B) if the Administrator determines that
25 such additional amounts are warranted.

1 “(5) RECOVERY OF COSTS.— When, incident to
2 any appeal which is successful in whole or part re-
3 garding the designation of the base flood elevation
4 or any aspect of the flood map, including elevation
5 or designation of a special flood hazard area, the
6 community, or the owner or lessee of real property,
7 as the case may be, incurs expense in connection
8 with the appeal, including services provided by sur-
9 veyors, engineers, and scientific experts, the Admin-
10 istrator shall reimburse such individual or commu-
11 nity for reasonable expenses to an extent measured
12 by the ratio of the successful portion of the appeal
13 as compared to the entire appeal, but not including
14 legal services, in the effecting of an appeal based on
15 a scientific or technical error on the part of the Fed-
16 eral Emergency Management Agency. No reimburse-
17 ment shall be made by the Administrator in respect
18 to any fee or expense payment, the payment of
19 which was agreed to be contingent upon the result
20 of the appeal.. The Administrator may use such
21 amounts from the National Flood Insurance Fund
22 established under section 1310 as may be necessary
23 to carry out this paragraph.

24 “(6) INAPPLICABILITY TO PRIVATE AND COM-
25 MUNITY FLOOD MAPS.—This subsection shall not

1 apply with respect to any flood map that is in effect
2 pursuant to certification under the standards, guide-
3 lines, and procedures established pursuant to section
4 100215(m)(1)(B) of the Biggert-Waters Flood In-
5 surance Reform Act of 2012 (42 U.S.C.
6 4101a(m)(1)(B)).

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

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

19 **SEC. 6. APPEALS AND PUBLICATION OF PROJECTED SPE-**
20 **CIAL FLOOD HAZARD AREAS.**

21 (a) APPEALS.—Section 1363 of the National Flood
22 Insurance Act of 1968 (42 U.S.C. 4104) is amended—
23 (1) in subsection (b), by striking the second
24 sentence and inserting the following: “Any owner or
25 lessee of real property within the community who be-

1 believes the owner's or lessee's rights to be adversely
2 affected by the Administrator's proposed determina-
3 tion may appeal such determination to the local gov-
4 ernment no later than 90 days after the date of the
5 second publication.;"

6 (2) in subsection (d), by striking "subsection
7 (e)" and inserting "subsection (f)";

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

10 (4) by inserting after subsection (d) the fol-
11 lowing new subsection:

12 "(e) DETERMINATION BY ADMINISTRATOR IN THE
13 ABSENCE OF APPEALS.—If the Administrator has not re-
14 ceived any appeals, upon expiration of the 90-day appeal
15 period established under subsection (b) of this section the
16 Administrator's proposed determination shall become
17 final. The community shall be given a reasonable time
18 after the Administrator's final determination in which to
19 adopt local land use and control measures consistent with
20 the Administrator's determination."

21 (b) PUBLICATION.—Subsection (a) of section 1363 of
22 the National Flood Insurance Act of 1968 (42 U.S.C.
23 4104(a)) is amended by striking "in the Federal Reg-
24 ister".

1 (c) INAPPLICABILITY TO PRIVATE AND COMMUNITY
2 FLOOD MAPS.—Section 1363 of the National Flood Insur-
3 ance Act of 1968 (42 U.S.C. 4104) is amended by adding
4 at the end the following new subsection:

5 “(h) INAPPLICABILITY TO PRIVATE AND COMMUNITY
6 FLOOD MAPS.—This section shall not apply with respect
7 to any flood map that is in effect pursuant to certification
8 under the standards, guidelines, and procedures estab-
9 lished pursuant to section 100215(m)(1)(B) of the
10 Biggert-Waters Flood Insurance Reform Act of 2012 (42
11 U.S.C. 4101a(m)(1)(B)).”.

12 **SEC. 7. COMMUNICATION AND OUTREACH REGARDING MAP**
13 **CHANGES.**

14 Paragraph (1) of section 100216(d) of the Biggert-
15 Waters Flood Insurance Reform Act of 2012 (42 U.S.C.
16 4101b(d)(1)) is amended—

17 (1) in subparagraph (B), by inserting “max-
18 imum” before “30-day period”; and

19 (2) in subparagraph (C), by inserting “max-
20 imum” before “30-day period”.

.....
(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R.

To protect consumers and individuals by improved mitigation of flood risks,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To protect consumers and individuals by improved mitigation
of flood risks, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Flood Risk Mitigation
5 Act of 2017”.

1 **SEC. 2. COMMUNITY ACCOUNTABILITY FOR REPETITIVELY**
2 **FLOODED AREAS.**

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

6 “(e) COMMUNITY ACCOUNTABILITY FOR REPET-
7 ITIVELY DAMAGED AREAS.—

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

11 “(A) to identify the areas within the com-
12 munity where properties described in paragraph
13 (5)(B) or flood-damaged facilities are located to
14 determine areas repeatedly damaged by floods
15 and to assess, with assistance from the Admin-
16 istrator, the continuing risks to such areas;

17 “(B) to develop a community-specific plan
18 for mitigating continuing flood risks to such re-
19 petitively flooded areas and to submit such plan
20 and plan updates to the Administrator at ap-
21 propriate intervals;

22 “(C) to implement such plans;

23 “(D) to make such plan, plan updates, and
24 reports on progress in reducing flood risk avail-
25 able to the public, subject to section 552a of
26 title 5, United States Code.

1 “(2) INCORPORATION INTO EXISTING PLANS.—
2 Plans developed pursuant to paragraph (1) may be
3 incorporated into mitigation plans developed under
4 section 1366 of this Act (42 U.S.C. 4104c) and haz-
5 ard mitigation plans developed under section 322 of
6 the Robert T. Stafford Disaster Relief and Emer-
7 gency Assistance Act (42 U.S.C. 5165).

8 “(3) ASSISTANCE TO COMMUNITIES.—

9 “(A) DATA.—To assist communities in
10 preparation of plans required under paragraph
11 (1), the Administrator shall, upon request, pro-
12 vide covered communities with appropriate data
13 regarding the property addresses and dates of
14 claims associated with insured properties within
15 the community.

16 “(B) MITIGATION GRANTS.—In making de-
17 terminations regarding financial assistance
18 under the authorities of this Act, the Adminis-
19 trator may consider the extent to which a com-
20 munity has complied with this subsection and is
21 working to remedy problems with addressing re-
22 peatedly flooded areas.

23 “(4) SANCTIONS.—The Administrator shall, by
24 regulations issued in accordance with the procedures
25 established under section 553 of title 5, United

1 States Code, regarding substantive rules, provide ap-
2 propriate sanctions for covered communities that fail
3 to comply with the requirements under this sub-
4 section or to make sufficient progress in reducing
5 the flood risks to areas in the community that are
6 repeatedly damaged by floods. Such sanctions shall
7 include suspension from the national flood insurance
8 program and probation under such program, in the
9 manner provided under section 59.24 of the Admin-
10 istrator’s regulations (44 C.F.R. 59.24).

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

14 “(A) that is participating, pursuant to sec-
15 tion 1315, in the national flood insurance pro-
16 gram; and

17 “(B) within which are located—

18 “(i) 50 or more repetitive-loss prop-
19 erties ;

20 “(ii) 5 or more properties that are se-
21 vere repetitive-loss properties or extreme
22 repetitive-loss properties for which mitiga-
23 tion activities meeting the standards for
24 approval under section 1366(c)(2)(A) have
25 not been conducted; or

1 “(iii) a public facility or a private
2 nonprofit facility (as such terms are as de-
3 fined in section 102 of the Robert T. Staf-
4 ford Disaster Relief and Emergency Assist-
5 ance Act (42 U.S.C. 5122)), that has re-
6 ceived assistance for repair, restoration, re-
7 construction, or replacement under section
8 406 of the Robert T. Stafford Disaster Re-
9 lief and Emergency Assistance Act (42
10 U.S.C. 5172) in connection with more than
11 one flooding event in the most recent 10-
12 year period.

13 “(6) REPORTS TO CONGRESS.—Not later than
14 the expiration of the 6-year period beginning upon
15 the date of the enactment of this subsection, and not
16 less than every 2 years thereafter, the Administrator
17 shall submit a report to the Committee on Financial
18 Services of the House of Representatives and the
19 Committee on Banking, Housing, and Urban Affairs
20 of the Senate regarding the progress in imple-
21 menting plans developed pursuant to paragraph
22 (1)(B).”.

23 (b) REGULATIONS.—The Administrator of the Fed-
24 eral Emergency Management Agency shall issue regula-
25 tions necessary to carry out subsection (e) of section 1361

1 of the National Flood Insurance Act of 1968, as added
2 by the amendment made by subsection (a) of this section,
3 not later than the expiration of the 12-month period that
4 begins on the date of the enactment of this Act.

5 **SECTION 3. PROVISION OF COMMUNITY RATING SYSTEM**
6 **PREMIUM CREDITS TO MAXIMUM NUMBER**
7 **OF COMMUNITIES PRACTICABLE.**

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

10 (1) in paragraph (2), by striking “may” and in-
11 serting “shall”; and

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

16 **SEC. 4. PILOT PROGRAM FOR SECURING PURCHASE OF**
17 **FLOOD-PRONE PROPERTIES.**

18 The National Flood Insurance Act of 1968 is amend-
19 ed by inserting before section 1363 (42 U.S.C. 4104) the
20 following new section:

21 **“SEC. 1362. PILOT PROGRAM FOR SECURING PURCHASE OF**
22 **FLOOD PRONE PROPERTIES.**

23 “(a) **AUTHORITY.**—The Administrator may establish
24 a pilot program under this section to provide financial as-
25 sistance to States and communities to purchase and ac-

1 quire properties that have incurred substantial damage
2 from a flood event. Under the pilot program, the Adminis-
3 trator may provide reduced flood insurance coverage pur-
4 suant to subsection (h) as an incentive to property owners
5 to agree, in advance of a triggering event, to accept an
6 offer under the program to purchase their properties.

7 “(b) ELIGIBLE ACTIVITIES.—Amounts provided
8 under this section to a participating State or community
9 may be used only for—

10 “(1) the purchase of participating properties as
11 described in subsections (g) and (i); or

12 “(2) administrative expenses attendant to such
13 purchases, subject to the limitation under subsection
14 (n)(2).

15 “(c) STATE AND COMMUNITY ELIGIBILITY TO PAR-
16 TICIPATE.—

17 “(1) STATES.—To be eligible to participate in
18 the pilot program, a State shall have—

19 “(A)(i) a relatively high number of mul-
20 tiple-loss properties;

21 “(ii) a significant number of properties
22 constructed before the effectiveness of the first
23 flood insurance rate maps developed by the
24 Federal Emergency Management Agency;

1 “(iii) identified locations where property
2 buyouts should be a priority mitigation action;

3 “(iv) a large number of communities and
4 property owners facing annual increases to their
5 existing flood insurance premium rates until
6 full actuarial such rates are reached; or

7 “(v) identified areas that are susceptible to
8 flooding due to changing future conditions that
9 are not necessarily reflected on current flood in-
10 surance rate maps;

11 “(B) a current hazard mitigation plan ap-
12 proved by the Administrator pursuant to sec-
13 tion 322 of the Robert T. Stafford Disaster Re-
14 lief and Emergency Assistance Act (42 U.S.C.
15 5165); and

16 “(C) identified (i) a State agency with ca-
17 pacity to implement the buyout process under
18 the pilot program, take ownership of acquired
19 properties, and enforce the deed restriction de-
20 scribed in subsection (g)(2), or (ii) appropriate
21 nonprofit or land management organizations to
22 carry out such actions on behalf of the State.

23 “(2) COMMUNITIES.—To be eligible to partici-
24 pate in the pilot program, a community shall—

1 “(A) currently be a participating commu-
2 nity in the National Flood Insurance Program
3 and have a consistent record of flood insurance
4 program compliance and a demonstrated capaci-
5 ty to enforce flood insurance program provi-
6 sions;

7 “(B) meet the requirements under sub-
8 paragraphs (A) and (B) of paragraph (1); and

9 “(C) have identified (i) a local government
10 agency with capacity to implement the buyout
11 process under the pilot program, take owner-
12 ship of acquired properties, and enforce the
13 deed restriction described in subsection (g)(2),
14 or (ii) appropriate nonprofit or land manage-
15 ment organizations to carry out such actions on
16 behalf of the local government.

17 “(d) NOTICE OF PILOT PROGRAM AND SELECTION
18 OF PARTICIPATING STATES AND COMMUNITIES.—

19 “(1) IN GENERAL.—The Administrator shall
20 identify States and communities to invite to apply
21 for assistance under the pilot program under this
22 section, shall notify such States and communities of
23 the pilot program, including the criteria for priority
24 for selection under paragraph (3), and shall solicit
25 applications.

1 “(2) SELECTION.—The Administrator shall re-
2 view applications received from invited States and
3 communities and shall select eligible States and com-
4 munities to participate in the pilot program from
5 among such applicants.

6 “(3) PRIORITY FOR SELECTION.—In selecting
7 States and communities to participate in the pilot
8 program, the Administrator shall give priority to
9 States and communities that—

10 “(A) make commitments to dedicate addi-
11 tional financial or non-financial resources to im-
12 plement the buyout process under the program,
13 including for conduct of cost-benefit-analyses,
14 property demolition, and relocation assistance;

15 “(B) will provide additional incentives for
16 residents of properties purchased under the pro-
17 gram to relocate within the same State or com-
18 munity;

19 “(C) make commitments to undertake eco-
20 logical restoration, construction of green infra-
21 structure, or preservation of land for rec-
22 reational uses to further enhance flood protec-
23 tion on properties acquired under the program;

24 “(D) have adopted a cumulative substan-
25 tial damage standard;

1 “(E) have a relatively high number of
2 properties covered by flood insurance that are
3 located in special flood hazard areas;

4 “(F) have identified multiple-loss areas
5 that include the properties on the multiple loss
6 list obtained from the Administrator and all
7 nearby properties with the same or similar
8 flooding conditions; or

9 “(G) have evaluated and adopted plans
10 that take into account expected future changes
11 to flood risk so that any potential adverse im-
12 pacts to vulnerable properties can be minimized.

13 “(e) ELIGIBLE PROPERTIES.—A property may not be
14 purchased using any amount of assistance provided under
15 this section unless—

16 “(1) the property is covered at the time of such
17 purchase by flood insurance coverage made available
18 under this title;

19 “(2) the owner of the property has an income
20 less than or equal to 120 percent of the median fam-
21 ily income for the area in which the property is lo-
22 cated;

23 “(3) the property is a residential property hav-
24 ing 4 or fewer residences;

1 “(4) the property is occupied by the owner as
2 a primary residence;

3 “(5) the property was constructed before the
4 date of enactment of this section;

5 “(6) the market value of the property does not
6 exceed the maximum insurable value under the Na-
7 tional Flood Insurance Program;

8 “(7) the property has a past history of flood
9 damages or the potential for future flood damages;
10 and

11 “(8) the Administrator determines that partici-
12 pation of the property in the pilot program under
13 this section would be cost-effective and in the best
14 interests of the National Flood Insurance Fund.

15 “(f) SELECTION OF PROPERTIES.—

16 “(1) NOTICE.—Upon selection for participation
17 in the program, a participating State or community
18 shall at its discretion notify some or all of its resi-
19 dents who are covered by the National Flood Insur-
20 ance Program of the pilot program, including the
21 criteria for participation described in subsection (c),
22 and solicit applications for participation in the pro-
23 gram.

24 “(2) SELECTION.—The appropriate State or
25 local agency shall review the applications and select,

1 subject to review and approval by the Administrator,
2 properties to participate in the pilot program.

3 “(g) BINDING AGREEMENTS WITH PROPERTY OWN-
4 ERS.—An eligible property may not participate in the pilot
5 program unless the owner of the property—

6 “(1) enters into a binding buyout agreement
7 with the Administrator and the appropriate State or
8 local agency that provides that—

9 “(A) the participating property shall be
10 provided flood insurance coverage under this
11 title at reduced premium rates in accordance
12 with subsection (h);

13 “(B) the Administrator, the appropriate
14 State or local agency, or an entity designated
15 by the State or community, shall have right of
16 first refusal to purchase the eligible property
17 after a triggering event;

18 “(C) the owner shall accept a purchase
19 offer made pursuant to such right of first re-
20 fusual and relocate after a triggering event;

21 “(D) if the owner sells the eligible property
22 before a triggering event, the owner shall in-
23 clude in the contract of sale a term sufficient
24 to require the purchaser to comply with the
25 binding buyout agreement;

1 “(E) nothing in the buyout agreement
2 shall prevent the property owner from removing
3 the structure on the property to a new location
4 outside any special flood hazard area, if it is de-
5 termined that relocation of the structure is
6 cost-effective; and

7 “(F) any purchase offer made in accord-
8 ance with this section and the agreement under
9 this paragraph shall be deemed to be just com-
10 pensation for the property to be purchased; and

11 “(2) records a deed restriction in the appro-
12 priate local register that—

13 “(A) prohibits further development of the
14 eligible property when occupied, whether by the
15 current owner or a future owner, and otherwise
16 limits the property’s uses to conservation or
17 recreation, or both; and

18 “(B) incorporates by reference the terms
19 of the binding buyout agreement entered into
20 pursuant to paragraph (1).

21 “(h) **REDUCED PREMIUM RATES FOR PARTICI-**
22 **PATING PROPERTY OWNERS.**—The Administrator shall
23 determine the appropriate level of reduction in chargeable
24 flood insurance premium rates for participating prop-
25 erties, subject to the following conditions:

1 “(1) The premium reduction shall be applied to
2 the full risk-based premium rate for the partici-
3 pating property;

4 “(2) The premium reduction shall not alter any
5 other discounts that the participating property is re-
6 ceiving or will receive through the Community Rat-
7 ing System program.

8 “(3) Not less frequently than annually, the Ad-
9 ministrators shall provide information to owners of
10 participating properties that includes—

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

13 “(B) If applicable, the estimated risk pre-
14 mium rate for the property under section
15 1307(a)(2).

16 “(C) The chargeable risk premium rate for
17 the property taking into consideration the pre-
18 mium reduction pursuant to paragraph (1).

19 “(D) The amount of the premium reduc-
20 tion pursuant to paragraph (1) for the prop-
21 erty;

22 “(E) The total savings on flood insurance
23 coverage for the property over the period begin-
24 ning upon the owner entering into the buyout

1 agreement for the property under subsection
2 (g)(1).

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

10 “(G) The terms of the buyout agreement
11 for the property under subsection (g)(1).

12 “(i) PURCHASE OF PARTICIPATING PROPERTIES.—

13 “(1) REQUIREMENTS.—A State or community
14 participating in the pilot program may make and
15 execute offers to purchase participating properties
16 using assistance provided under the program only if
17 the following requirements are met:

18 “(A) USE OF PROPERTY.—The State or
19 community enters into an agreement with the
20 Administrator that provides assurances that use
21 of the purchased property will be consistent
22 with the requirements of 404(b)(2)(B) of the
23 Robert T. Stafford Disaster Relief and Emer-
24 gency Assistance Act (42 U.S.C.
25 5170c(b)(2)(B)) applicable to properties ac-

1 quired, accepted, or from which a structure will
2 be removed pursuant to acquisition and reloca-
3 tion assistance provided under such section
4 404(b).

5 “(B) TRIGGERING EVENT.—After execu-
6 tion of the buyout agreement for the property
7 pursuant to subsection (g)(1) and recondition of
8 the participating property’s deed with the ap-
9 propriate restriction required by subsection
10 (g)(2), a triggering event occurs.

11 “(C) PROPERTY VALUATION.—The amount
12 of the purchase offer is not less than the great-
13 er of—

14 “(i) the market value of the property
15 at the time the buyout agreement under
16 subsection (g)(1) for the property goes into
17 effect; or

18 “(ii) the market value of the property
19 immediately before the triggering event.

20 “(2) COMPARABLE HOUSING PAYMENT.—The
21 Administrator may make available to the home-
22 owner-occupant of a participating property that is
23 purchased pursuant to this subsection an additional
24 relocation payment to apply to the difference be-
25 tween the purchase price and replacement-dwelling

1 cost if the amount of a purchase offer made under
2 paragraph (1)(C) is less than the cost to the home-
3 owner-occupant of purchasing a comparable replace-
4 ment dwelling outside the special flood hazard area
5 in which the participating property is located.

6 “(3) EXPEDITIOUS PURCHASING.—The Admin-
7 istrator shall provide assistance under the pilot pro-
8 gram in a manner that permits States and commu-
9 nities to complete purchases of participating prop-
10 erties and of associated land as soon as possible
11 after a triggering event.

12 “(j) REFUSAL TO SELL AFTER TRIGGERING
13 EVENT.—If the owner of a participating property refuses
14 a purchase offer for such property from the Administrator
15 or the appropriate State or local authority after a trig-
16 gering event, the Administrator shall require the property
17 owner to, and notify the property owner that the owner
18 must—

19 “(1) pay the full, risk-based premium rate for
20 continued flood insurance coverage made available
21 under this title; and

22 “(2) repay to the Administrator all savings at-
23 tributable to prior reductions, pursuant to sub-
24 section (f), in flood insurance premiums accrued

1 during participation in the pilot program, as cal-
2 culated by the Administrator.

3 “(k) RULES.—

4 “(1) AUTHORITY.—The Administrator may, by
5 notice and comment rulemaking or by issuance of
6 policy guidance, develop procedures necessary to
7 carry out the eligible activities under this section.

8 “(2) CONSULTATION.—Not later than 90 days
9 after the date of the enactment of this Act, the Ad-
10 ministrator shall consult with State and local offi-
11 cials in carrying out paragraph (1) and provide an
12 opportunity for an oral presentation of data and ar-
13 guments from such officials for inclusion in the ap-
14 propriate rulemaking docket or dockets.

15 “(l) REPORT TO CONGRESS.—

16 “(1) COLLECTION OF INFORMATION.—The Ad-
17 ministrator shall collect, via survey or other means,
18 information regarding the pilot program until all
19 amounts made available pursuant to subsection (n)
20 are expended. Such information shall include data
21 from the period of operation of the pilot program
22 and from the preceding 15 years, as follows:

23 “(A) PARTICIPATING COMMUNITY INFOR-
24 MATION.—For each participating community—

1 “(i) the community’s score under the
2 Community Rating System of the National
3 Flood Insurance Program;

4 “(ii) demographic characteristics of
5 residents of the community;

6 “(iii) the average and median income
7 levels of residents of the community;

8 “(iv) instances of inclusion of the
9 community in declared disaster areas;

10 “(v) flood risk mitigation projects un-
11 dertaken in the community, including
12 projects assisted under the flood mitigation
13 assistance program under section 1366 of
14 this Act;

15 “(vi) for properties located in the
16 community, policies in effect under, and
17 claims submitted to, the National Flood
18 Insurance Program; and

19 “(vii) the number of instances of sub-
20 stantial damage from flooding, or substan-
21 tial improvement, to properties in the com-
22 munity.

23 “(B) PARTICIPATING OWNERS INFORMA-
24 TION.—For owners of participating prop-
25 erties—

1 “(i) the demographic characteristics of
2 such owners;

3 “(ii) the income levels of such owners;

4 “(iii) the statuses of the mortgages on
5 such properties;

6 “(iv) the locations to which such own-
7 ers relocate after sales of participating
8 properties;

9 “(v) the reasons for choosing such
10 destinations;

11 “(vi) the history of past flood dam-
12 ages and insurance claims;

13 “(vii) any previous mitigation efforts
14 on such properties;

15 “(viii) any stated problems or frustra-
16 tions with the pilot program;

17 “(ix) the amounts of the full risk-
18 based premiums for such properties and of
19 the reduced premiums under the pilot pro-
20 gram; and

21 “(x) the values of such properties at
22 the times the agreements under subsection
23 (g)(1) went into effect and the values at
24 the times when the properties were ulti-

1 mately purchased pursuant to such agree-
2 ments.

3 Information under this subparagraph shall be
4 reported in a manner that does not disclose any
5 personally identifiable information.

6 “(2) REPORT.—Not later than December 31,
7 2021, the Administrator shall submit a report to the
8 Committee on Financial Services of the House of
9 Representatives and the Committee on Banking,
10 Housing, and Urban Affairs of the Senate summa-
11 rizing the information collected pursuant to para-
12 graph (1) to that date. The report shall also—

13 “(A) set forth the number of participating
14 properties in the pilot program and rates of
15 such participation by communities and individ-
16 uals;

17 “(B) identify any barriers to participation
18 by communities and individuals;

19 “(C) include an estimate of the costs to
20 the National Flood Insurance Fund that could
21 potentially be avoided through participation
22 by—

23 “(i) non-participating communities
24 that are similarly situated to participating
25 communities; and

1 “(ii) non-participating property own-
2 ers who are similarly situated to partici-
3 pating owners in the same participating
4 community; and

5 “(D) include an estimate of the annual net
6 savings to the National Flood Insurance Pro-
7 gram if all potentially eligible communities and
8 individuals participated in an expanded version
9 of the pilot program.

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

12 “(1) The term ‘participating property’ means a
13 property that—

14 “(A) is an eligible property that meets the
15 requirements of subsection (e);

16 “(B) is subject to a binding buyout agree-
17 ment, a for which a deed restriction has been
18 recorded, in accordance with subsection (g).

19 “(2) The term ‘substantial damage’ means
20 damage, sustained by a structure, that—

21 “(A) is caused by flooding; and

22 “(B) is of such an extent such that the
23 cost of restoring the structure to its pre-dam-
24 aged condition would equal or exceed 50 per-

1 cent of the market value of the structure as of
2 immediately before the damage occurred.

3 Notwithstanding the preceding sentence, if a State
4 or community has adopted a different standard for
5 substantial damage, including calculating substantial
6 damage on a cumulative basis, that standard shall
7 apply for purposes of the State's or community's
8 participation in the pilot program.

9 “(3) The term ‘triggering event’ means, with
10 respect to a participating property, an event that—

11 “(A) consists of—

12 “(i) the occurrence of substantial
13 damage to the participating property; or

14 “(ii) the provision by the owner of the
15 property of written notice to the appro-
16 priate State or local authority that such
17 owner would accept a purchase offer from
18 such authority pursuant to the terms pre-
19 scribed in this section; and

20 “(B) occurs after the execution of the
21 buyout agreement under subsection (g)(1) for
22 the participating property and the recording of
23 the appropriate restriction in the deed for such
24 property under subsection (g)(2).

25 “(n) FUNDING.—

1 “(1) IN GENERAL.—Pursuant to section 1310,
2 the Administrator may use amounts from the Na-
3 tional Flood Insurance Fund to provide assistance to
4 States and communities to acquire properties under
5 the pilot program under this section, subject to sub-
6 section (o) of this section.

7 “(2) ADMINISTRATIVE EXPENSES.—Of the
8 amounts made available under this subsection, the
9 Administrator may use up to five percent for ex-
10 penses associated with the administration of the
11 pilot program under this section.

12 “(o) SUNSET.—The Administrator may not provide
13 any financial assistance under the pilot program to States
14 and communities after December 31, 2022.

15 “(p) FINAL REPORT.—Not later than March 31,
16 2023, the Administrator shall submit a final report re-
17 garding the pilot program under this section to the Com-
18 mittee on Financial Services of the House of Representa-
19 tives and the Committee on Banking, Housing, and Urban
20 Affairs of the Senate. The report shall summarize the data
21 collected pursuant to subsection (l)(1) during the period
22 of the operation of the pilot program, shall include the
23 information described in subsection (l)(2), and shall in-
24 clude any findings and recommendations of the Adminis-
25 trator regarding the pilot program.”

1 **SEC. 5. INCREASED COST OF COMPLIANCE COVERAGE.**

2 (a) COVERAGE OF PROPERTIES AT HIGH RISK OF
3 FUTURE FLOOD DAMAGE.—Subsection (b) of section
4 1304 of the National Flood Insurance Act of 1968 (42
5 U.S.C. 4011(b)) is amended—

6 (1) in paragraph (4), by redesignating subpara-
7 graphs (A) through (D) as clauses (i) through (iv),
8 respectively, and realigning such clauses, as so re-
9 designated, so as to be indented 6 ems from the left
10 margin;

11 (2) by redesignating paragraphs (1) through
12 (4) as subparagraphs (A) through (D), respectively,
13 and realigning such subparagraphs, as so redesign-
14 ated, so as to be indented 4 ems from the left mar-
15 gin;

16 (3) by striking the subsection designation and
17 all that follows through “The national” and insert-
18 ing the following:

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

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

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

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

5 (6) by adding at the end the following new sub-
6 paragraphs:

7 “(E) properties that have been identified
8 by the Administrator, or by a community in ac-
9 cordance with such requirements as the Admin-
10 istrator shall establish, as at a high risk of fu-
11 ture flood damage; and

12 “(F) properties that are located within an
13 area identified pursuant to section
14 1361(e)(1)(A) (42 U.S.C. 4102(e)(1)(A)) by a
15 covered community (as such term is defined in
16 paragraph (3) of such section 1361(e)).”.

17 (b) **COVERAGE AMOUNT.**—Section 1304(b) of the
18 National Flood Insurance Act of 1968 (42 U.S.C.
19 4011(b)) is amended—

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

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

25 “(2) **COVERAGE AMOUNT.**—

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

6 “(B) ENHANCED COVERAGE.—The Admin-
7 istrator shall make additional coverage available
8 under this subsection, in excess of the limit
9 specified in subparagraph (A), having an aggre-
10 gate liability for any single property of up to
11 \$60,000.”.

12 (c) AMOUNT OF SURCHARGE.—Subsection (b) of sec-
13 tion 1304 of the National Flood Insurance Act of 1968
14 (42 U.S.C. 4011(b)), as amended by the preceding provi-
15 sions of this section, is further amended by adding at the
16 end the following new paragraph:

17 “(3) SURCHARGE FOR COVERAGE.—

18 “(A) PRIMARY COVERAGE.—The Adminis-
19 trator shall impose a surcharge on each insured
20 of such amount per policy as the Administrator
21 determines is appropriate to provide cost of
22 compliance coverage in accordance with para-
23 graph (2)(A).

24 “(B) ENHANCED COVERAGE.—For each
25 flood policy for flood insurance coverage under

1 this title under which additional cost of compli-
2 ance coverage is provided pursuant to para-
3 graph (2)(B), the Administrator shall impose a
4 surcharge, in addition to the surcharge under
5 subparagraph (A) of this paragraph, in such
6 amount as the Administrator determines is ap-
7 propriate for the amount of such coverage pro-
8 vided.”.

9 (d) **USE OF CERTAIN MATERIALS.**—Subsection (b) of
10 section 1304 of the National Flood Insurance Act of 1968
11 (42 U.S.C. 4011(b)), as amended by the preceding provi-
12 sions of this section, is further amended by adding at the
13 end the following new paragraph:

14 “(4) **USE OF CERTAIN MATERIALS.**—The Ad-
15 ministrator shall require that any measures imple-
16 mented using amounts made available from coverage
17 provided pursuant to this subsection be carried out
18 using materials, identified by the Administrator,
19 that minimize the impact of flooding on the usability
20 of the covered property and reduce the duration that
21 flooding renders the property unusable or uninhabit-
22 able.”.

23 (e) **CONTINUED FLOOD INSURANCE REQUIRE-**
24 **MENT.**—Subsection (b) of section 1304 of the National
25 Flood Insurance Act of 1968 (42 U.S.C. 4011(b)), as

1 amended by the preceding provisions of this section, is fur-
2 ther amended by adding at the end the following new para-
3 graph:

4 “(5) CONTINUED FLOOD INSURANCE REQUIRE-
5 MENT.—The Administrator may require, as a condi-
6 tion of providing cost of compliance coverage under
7 this subsection for a property, that the owner of the
8 property enter into such binding agreements as the
9 Administrator considers necessary to ensure that the
10 owner of the property (and any subsequent owners)
11 will maintain flood insurance coverage under this
12 title for the property in such amount, and at all
13 times during a period having such duration, as the
14 Administrator considers appropriate to carry out the
15 purposes of this subsection.”.

16 **SEC. 6. PILOT PROGRAM FOR PROPERTIES WITH PRE-**
17 **EXISTING CONDITIONS.**

18 Section 1311 of the National Flood Insurance Act of
19 1968 (42 U.S.C. 4018) is amended by adding at the end
20 the following new subsection:

21 “(c) PILOT PROGRAM FOR INVESTIGATION OF PRE-
22 EXISTING STRUCTURAL CONDITIONS.—

23 “(1) VOLUNTARY PROGRAM.—The Adminis-
24 trator shall carry out a pilot program under this
25 subsection to provide for companies participating in

1 the Write Your Own program (as such term is de-
2 fined in section 1370(a) (42 U.S.C. 4121(a)) to in-
3 vestigate preexisting structural conditions of insured
4 properties and potentially insured properties that
5 could result in the denial of a claim under a policy
6 for flood insurance coverage under this title in the
7 event of a flood loss to such property. Participation
8 in the pilot program shall be voluntary on the part
9 of Write Your Own companies.

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

14 “(A) provide in policies for flood insurance
15 coverage under this title covered by the pro-
16 gram that, upon the request of the policyholder,
17 the company shall provide for—

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

24 “(ii) if such investigation is not deter-
25 minative, an on-site inspection of the prop-

1 erty to determine whether such preexisting
2 structural conditions are present;

3 “(B) upon completion of an investigation
4 or inspection pursuant to subparagraph (A)
5 that determines that such a preexisting struc-
6 tural condition is present or absent, submit a
7 report to the policyholder and Administrator de-
8 scribing the condition; and

9 “(C) impose a surcharge on each policy de-
10 scribed in subparagraph (A) in such amount
11 that the Administrator determines is appro-
12 priate to cover the costs of investigations and
13 inspections performed pursuant to such policies
14 and reimburse Write Your Own companies par-
15 ticipating in the program under this subsection
16 for such costs.

17 “(3) INTERIM REPORT.—Not later than Decem-
18 ber 31, 2021, the Administrator shall submit a re-
19 port to the Committee on Financial Services of the
20 House of Representatives and the Committee on
21 Banking, Housing, and Urban Affairs of the Senate
22 describing the operation of the pilot program to that
23 date.

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

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

.....
(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To improve the integrity of the National Flood Insurance Program, and
for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To improve the integrity of the National Flood Insurance
Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Flood Insur-
5 ance Program Integrity Improvement Act of 2017”.

6 **SEC. 2. INDEPENDENT ACTUARIAL REVIEW.**

7 Section 1309 of the National Flood Insurance Act of
8 1968 (42 U.S.C. 4016) is amended by adding at the end
9 the following new subsection:

1 “(e) INDEPENDENT ACTUARIAL REVIEW.—

2 “(1) FIDUCIARY RESPONSIBILITY.—The Admin-
3 istrator has a responsibility to ensure that the Na-
4 tional Flood Insurance Program remains financially
5 sound. Pursuant to this responsibility, the Adminis-
6 trator shall from time to time review and eliminate
7 nonessential costs and positions within the Program,
8 unless otherwise authorized or required by law, as
9 the Administrator determines to be necessary.

10 “(2) ANNUAL INDEPENDENT ACTUARIAL
11 STUDY.—The Administrator shall provide for an
12 independent actuarial study of the National Flood
13 Insurance Program to be conducted annually, which
14 shall analyze the financial position of the program
15 based on the long-term estimated losses of the pro-
16 gram. The Administrator shall submit a report (to-
17 gether with the independent actuarial study) annu-
18 ally to the Committee on Financial Services of the
19 House of Representatives and the Committee on
20 Banking, Housing, and Urban Affairs of the Senate
21 describing the results of such study, including a de-
22 termination of whether the Program has collected
23 revenue sufficient to cover expected claims payments
24 during the reporting period and an overall assess-
25 ment of the financial status of the Program.

1 “(3) DETERMINATION OF ACTUARIAL BUDGET
2 DEFICIT.—

3 “(A) REQUIREMENT.—Within the report
4 submitted under paragraph (2), the Adminis-
5 trator shall issue a determination of whether
6 there exists an actuarial budget deficit for the
7 Program for the year covered in the report. The
8 report shall recommend any changes to the Pro-
9 gram, if necessary, to ensure that the program
10 remains financially sound.

11 “(B) BASIS OF DETERMINATION.—The de-
12 termination required by subparagraph (A) shall
13 be based solely upon whether the portion of pre-
14 miums available to pay claims collected by the
15 Program during the reporting period is suffi-
16 cient to covered expected claims for the report-
17 ing period.

18 “(4) QUARTERLY REPORTS.—During each fiscal
19 year, the Secretary shall submit a report for each
20 calendar quarter to the Committee on Financial
21 Services of the House of Representatives and the
22 Committee on Banking, Housing, and Urban Affairs
23 of the Senate, which shall specify—

24 “(A) the cumulative volume of policies that
25 have been underwritten under the National

1 Flood Insurance Program during such fiscal
2 year through the end of the quarter for which
3 the report is submitted;

4 “(B) the types of policies insured, cat-
5 egorized by risk;

6 “(C) any significant changes between ac-
7 tual and projected claim activity;

8 “(D) projected versus actual loss rates;

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

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

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

1 The first quarterly report under this paragraph shall
2 be submitted on the last day of the first quarter of
3 fiscal year 2018, or on the last day of the first full
4 calendar quarter following the enactment of the Na-
5 tional Flood Insurance Program Integrity Improve-
6 ment Act of 2017, whichever occurs later.”.

7 **SEC. 3. RISK TRANSFER REQUIREMENT.**

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

10 (1) by striking “(e) RISK TRANSFER,—The Ad-
11 ministrator” and inserting the following:

12 “(e) RISK TRANSFER.—

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

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

16 “(2) REQUIRED RISK TRANSFER COVERAGE.—

17 “(A) REQUIREMENT.—Not later than the
18 expiration of the 18-month period beginning
19 upon the date of the enactment of this para-
20 graph and at all times thereafter, the Adminis-
21 trator shall annually cede a portion of the risk
22 of the flood insurance program under this title
23 to the private reinsurance or capital markets, or
24 any combination thereof, and at rates and
25 terms that the Administrator determines to be

1 reasonable and appropriate, in an amount
2 that—

3 “(i) is sufficient to maintain the abil-
4 ity of the program to pay claims; and

5 “(ii) manages and limits the annual
6 exposure of the flood insurance program to
7 flood losses in accordance with the prob-
8 able maximum loss target established for
9 such year under subparagraph (B).

10 “(B) PROBABLE MAXIMUM LOSS TAR-
11 GET.—The Administrator shall for each fiscal
12 year, establish a probable maximum loss target
13 for the national flood insurance program that
14 shall be the maximum probable loss under the
15 National Flood Insurance Program that is ex-
16 pected to occur in such fiscal year.

17 “(C) CONSIDERATIONS.—In establishing
18 the probable maximum loss target under sub-
19 paragraph (B) for each fiscal year and carrying
20 out subparagraph (A), the Administrator shall
21 consider—

22 “(i) the probable maximum loss tar-
23 gets for other United States public natural
24 catastrophe insurance programs, including

1 as State wind pools and earthquake pro-
2 grams;

3 “(ii) the probable maximum loss tar-
4 gets of other risk management organiza-
5 tions, including the Federal National Mort-
6 gage Association and the Federal Home
7 Loan Mortgage Corporation;

8 “(iii) catastrophic, actuarial, and
9 other appropriate data modeling results of
10 the National Flood Insurance Program
11 portfolio;

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

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

19 “(vi) the availability of borrowing au-
20 thority under section 1309 (42 U.S.C.
21 4016);

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

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

4 “(ix) reinsurance, capital markets, ca-
5 tastrophe bonds, collateralized reinsurance,
6 resilience bonds, and other insurance-
7 linked securities, and other risk transfer
8 opportunities; and

9 “(x) any other factor the Adminis-
10 trator determines appropriate.

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

17 **SEC. 4. ADJUSTMENTS TO HOMEOWNER FLOOD INSUR-**
18 **ANCE AFFORDABILITY SURCHARGE.**

19 (a) IN GENERAL.—Section 1308A of the National
20 Flood Insurance Act of 1968 (42 U.S.C. 4015a) is amend-
21 ed—

22 (1) in subsection (a), by striking the first sen-
23 tence and inserting the following: “The Adminis-
24 trator shall impose and collect a non-refundable an-
25 nual surcharge, in the amount provided in sub-

1 section (b), on all policies for flood insurance cov-
2 erage under the National Flood Insurance Program
3 that are newly issued or renewed after the date of
4 the enactment of this section” ; and

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

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

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

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

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

17 “(2) NON-RESIDENTIAL PROPERTIES AND NON-
18 PRIMARY RESIDENCES NOT ELIGIBLE FOR PRP.—

19 The amount of the surcharge under subsection (a)
20 shall be \$275 in case of in the case of a policy for
21 any property that is—

22 “(A) a non-residential property; or

23 “(B) a residential property that is—

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

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

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

9 **SEC. 5. NATIONAL FLOOD INSURANCE RESERVE FUND**
10 **COMPLIANCE.**

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

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

17 (2) in subsection (c)(3), by striking subpara-
18 graph (A) and inserting the following new subpara-
19 graph:

20 “(A) PARITY.—In exercising the authority
21 granted under paragraph (1) to increase pre-
22 miums, the Administrator shall institute a sin-
23 gle annual, uniform rate of assessment for all
24 individual policyholders.”; and

25 (3) in subsection (d)—

1 (A) by striking paragraph (1) and insert-
2 ing the following new paragraph:

3 “(1) IN GENERAL.—Beginning in fiscal year
4 2018 and not ending until the fiscal year in which
5 the ratio required under subsection (b) is achieved—

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

10 “(B) if in any given fiscal year the Admin-
11 istrator fails to comply with subparagraph (A),
12 for the following fiscal year the Administrator
13 shall increase the rate of the annual assessment
14 pursuant to subsection (c)(3)(A) by at least one
15 percentage point over the rate of the annual as-
16 sessment pursuant to subsection (c)(3)(A) in ef-
17 fect on the first day of such given fiscal year.”;

18 (B) in paragraph (2), by inserting before
19 the period at the end the following: “nor to in-
20 crease assessments pursuant to paragraph
21 (1)(B)”;

22 (C) in paragraph (3), by inserting before
23 the period at the end the following: “and para-
24 graph (1)(B) shall apply until the fiscal year in

1 which the ratio required under subsection (b) is
2 achieved”.

3 **SEC. 6. DESIGNATION AND TREATMENT OF MULTIPLE LOSS**
4 **PROPERTIES.**

5 (a) DEFINITION.—Section 1370 of the National
6 Flood Insurance Act of 1968 (42 U.S.C. 4121) is amend-
7 ed—

8 (1) in subsection (a)—

9 (A) by striking paragraph (7); and

10 (B) by redesignating paragraphs (8)
11 through (15) as paragraphs (7) through (14),
12 respectively; and

13 (2) by adding at the end the following new sub-
14 section:

15 “(d) MULTIPLE-LOSS PROPERTIES.—

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

17 “(A) MULTIPLE-LOSS PROPERTY.—The
18 term ‘multiple-loss property’ means any prop-
19 erty that is a repetitive-loss property, a severe
20 repetitive-loss property, or an extreme repet-
21 itive-loss property.

22 “(B) REPETITIVE-LOSS PROPERTY.—The
23 term ‘repetitive-loss property’ means a struc-
24 ture that has incurred flood damage for which
25 two or more separate claims payments of any

1 amount have been made under flood insurance
2 coverage under this title;

3 “(C) SEVERE REPETITIVE-LOSS PROP-
4 ERTY.—The term ‘severe repetitive-loss prop-
5 erty’ means a structure that has incurred flood
6 damage for which—

7 “(i) 4 or more separate claims pay-
8 ments have been made under flood insur-
9 ance coverage under this title, with the
10 amount of each such claim exceeding
11 \$5,000, and with the cumulative amount of
12 such claims payments exceeding \$20,000;
13 or

14 “(ii) at least 2 separate claims pay-
15 ments have been made under flood insur-
16 ance coverage under this title, with the cu-
17 mulative amount of such claims payments
18 exceeding the value of the structure.

19 “(D) EXTREME REPETITIVE-LOSS PROP-
20 ERTY.—The term ‘extreme repetitive-loss prop-
21 erty’ means a structure that has incurred flood
22 damage for which at least 2 separate claims
23 have been made under flood insurance coverage
24 under this title, with the cumulative amount of
25 such claims payments exceeding 150 percent of

1 the maximum coverage amount available for the
2 structure.

3 “(2) TREATMENT OF CLAIMS BEFORE COMPLI-
4 ANCE WITH STATE AND LOCAL REQUIREMENTS.—
5 The Administrator shall not consider claims that oc-
6 curred before a structure was made compliant with
7 State and local floodplain management requirements
8 for purposes of determining a structure’s status as
9 a multiple-loss property.”.

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

12 (1) IN GENERAL.—Section 1308 of the Na-
13 tional Flood Insurance Act of 1968 (42 U.S.C.
14 4015) is amended by adding at the end the following
15 new subsection:

16 “(n) PREMIUM ADJUSTMENT TO REFLECT CURRENT
17 FLOOD RISK.—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), the Administrator shall rate a multiple-
20 loss property that is charged a risk premium rate es-
21 timated under section 1307(a)(1) (42 U.S.C.
22 4014(a)(1)) based on the current risk of flood re-
23 flected in the flood insurance rate map in effect at
24 the time of rating.

1 “(2) ADJUSTMENT FOR EXISTING POLICIES.—
2 For policies for flood insurance under this title in
3 force on the date of the enactment of this Act for
4 properties described in paragraph (1)—

5 “(A) notwithstanding subsection (e) of this
6 section, the Administrator shall increase risk
7 premium rates by not less than 15 percent each
8 year until such rates comply with paragraph (1)
9 of this subsection.; and

10 “(B) any rate increases required by para-
11 graph (1) shall commence following a claim
12 payment for flood loss under coverage made
13 available this title that occurred after the date
14 of enactment of this Act.”.

15 (2) CONFORMING AMENDMENT.—Section
16 1307(g)(2) of the National Flood Insurance Act of
17 1968 (42 U.S.C. 4014(g)(2)) is amended by striking
18 subparagraph (B) and inserting the following new
19 subparagraph:

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

22 (c) PRE-FIRM MULTIPLE LOSS PROPERTY.—

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

1 (A) in subsection (a)(2)—

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

4 “(C) any extreme repetitive-loss prop-
5 erty;”;

6 (ii) in subparagraph (D), by striking
7 “or”;

8 (iii) in subparagraph (E)—

9 (I) in clause (i), by striking
10 “fair”; and

11 (II) in clause (ii)—

12 (aa) by striking “fair”; and

13 (bb) by striking “and” and
14 inserting “or”; and

15 (iv) by adding at the end the following
16 new subparagraph:

17 “(F) any repetitive-loss property that has
18 received a claim payment for flood loss under
19 coverage made available this title that occurred
20 after the date of enactment of this Act; and”;
21 and

22 (B) by striking subsection (h).

23 (2) ANNUAL LIMITATION ON PREMIUM IN-
24 CREASES.—Subsection (e) of section 1308 of the

1 National Flood Insurance Act of 1968 (42 U.S.C.
2 4015(e)) is amended—

3 (A) in paragraph (3), by striking “and” at
4 the end;

5 (B) in paragraph (4), by striking “de-
6 scribed under paragraph (3).” and inserting
7 “estimated under section 1307(a)(1); and”; and

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

10 “(5) the chargeable risk premium rates for
11 flood insurance under this title for any properties
12 described in subparagraph (F) of section 1307(a)(2)
13 shall be increased by not less than 15 percent each
14 year, until the average risk premium rate for such
15 properties is equal to the average of the risk pre-
16 mium rates for properties estimated under section
17 1307(a)(1).”.

18 (d) MINIMUM DEDUCTIBLES FOR MULTIPLE-LOSS
19 PROPERTIES.—

20 (1) CLERICAL AMENDMENT.—The National
21 Flood Insurance Act of 1968 is amended—

22 (A) by transferring subsection (b) of sec-
23 tion 1312 (42 U.S.C. 4019(b)) to 1306 (42
24 U.S.C. 4013), inserting such subsection at the

1 end of such section, and redesignating such
2 subsection as subsection (e);

3 (B) in section 1312 (42 U.S.C. 4019), by
4 redesignating subsection (c) as subsection (b).

5 (2) MULTIPLE-LOSS PROPERTIES.—Subsection
6 (e) of section 1306 of the National Flood Insurance
7 Act of 1968 (42 U.S.C. 4013(e)), as so added and
8 redesignated by paragraph (1) of this subsection, is
9 amended adding at the end the following new para-
10 graph:

11 “(3) MULTIPLE-LOSS PROPERTIES.—Notwith-
12 standing paragraph (1) or (2), the minimum annual
13 deductible for damage to any multiple-loss property
14 shall be not less than \$5,000.”.

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

22 (f) INCREASED COST OF COMPLIANCE COVERAGE.—
23 Paragraph (1) of section 1304(b) of the National Flood
24 Insurance Act of 1968 (42 U.S.C. 4011(b)(1)) is amended

1 by striking “repetitive loss structures” and inserting
2 “multiple-loss properties”.

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

5 (1) IN GENERAL.—The National Flood Insur-
6 ance Act of 1968 is amended by inserting after sec-
7 tion 1304 (42 U.S.C. 4011) the following new sec-
8 tion:

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

11 “(a) DATE AND INFORMATION IDENTIFYING CUR-
12 RENT FLOOD RISK.—The Administrator may provide
13 flood insurance coverage under this title for a multiple-
14 loss property only if the owner of the property submits
15 to the Administrator such data and information necessary
16 to determine such property’s current risk of flood, as de-
17 termined by the Administrator, at the time of application
18 for or renewal of such coverage .

19 “(b) REFUSAL TO MITIGATE.—The Administrator
20 may not make flood insurance coverage available under
21 this title for any extreme repetitive-loss property for which
22 a claim payment for flood loss was made under coverage
23 made available under this title that occurred after the date
24 of enactment of the National Flood Insurance Program
25 Integrity Improvement Act of 2017 if the property owner

1 refuses an offer of mitigation for the property under sec-
2 tion 1366(a)(2) (42 U.S.C. 4104c(a)(2)).”.

3 (2) EFFECTIVE DATE.—Section 1304A of the
4 National Flood Insurance Act of 1968, as added by
5 paragraph (1) of this subsection, shall apply begin-
6 ning upon the expiration of the 12-month period be-
7 ginning on the date of the enactment of this Act.

8 (h) RATES FOR PROPERTIES NEWLY MAPPED INTO
9 AREAS WITH SPECIAL FLOOD HAZARDS.—Subsection (i)
10 of section 1308 of the National Flood Insurance Act of
11 1968 (42 U.S.C. 4015(i)) is amended—

12 (1) by striking the subsection designation and
13 all that follows through “Notwithstanding” and in-
14 serting the following:

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

17 “(1) IN GENERAL.—Except as provided in para-
18 graph (2) and notwithstanding”;

19 (2) by redesignating paragraphs (1) and (2) as
20 subparagraphs (A) and (B), respectively, and mov-
21 ing the left margins of such subparagraphs, as so re-
22 designated, and the matter following subparagraph
23 (B), 2 ems to the right;

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

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

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

6 (1) IN GENERAL.—Subsection (l) of section
7 1308 of the National Flood Insurance Act of 1968
8 (42 U.S.C. 4015(l)) is amended—

9 (A) by striking the subsection designation
10 and all that follows through “The Adminis-
11 trator” and inserting the following:

12 “(l) CLEAR COMMUNICATIONS.—

13 “(1) INDIVIDUAL PROPERTY OWNERS.—The
14 Administrator”; and

15 (B) by adding at the end the following new
16 paragraph:

17 “(2) MULTIPLE-LOSS PROPERTIES.—Pursuant
18 to paragraph (1), the Administrator shall clearly
19 communicate to all policyholders for multiple-loss
20 properties the effect on the premium rates charged
21 for such a property of filing any further claims
22 under a flood insurance policy with respect to that
23 property”.

1 (j) MITIGATION ASSISTANCE PROGRAM.—Section
2 1366 of the National Flood Insurance Act of 1968 (42
3 U.S.C. 4104c) is amended—

4 (1) in subsection (a)—

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

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

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

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

19 The Administrator shall take such actions as may be nec-
20 essary to ensure that grants under this subsection are pro-
21 vided in a manner that is consistent with the delivery of
22 coverage for increased cost of compliance provided under
23 section 1304(b).”;

1 (2) in subsection (c)(2)(A)(ii), by striking “se-
2 vere repetitive loss structures” and inserting “mul-
3 tiple-loss properties”;

4 (3) in subsection (d)—

5 (A) in paragraph (1)—

6 (i) by striking “SEVERE REPETITIVE
7 LOSS STRUCTURES” and inserting “EX-
8 TREME REPETITIVE-LOSS PROPERTIES”;
9 and

10 (ii) by striking “severe repetitive loss
11 structures” and inserting “extreme repet-
12 itive-loss properties;”;

13 (B) in paragraph (2)—

14 (i) by striking “REPETITIVE LOSS
15 STRUCTURES” and inserting “SEVERE RE-
16 PETITIVE-LOSS PROPERTIES”;

17 (ii) by striking “repetitive loss struc-
18 tures” and inserting “severe repetitive-loss
19 properties”; and

20 (iii) by striking “90 percent” and in-
21 serting “100 percent”;

22 (C) by redesignating paragraph (3) as
23 paragraph (4); and

24 (D) by inserting after paragraph (2) the
25 following new paragraph:

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

5 (4) in subsection (h)—

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

7 (B) by striking the subsection designation
8 and all that follows through “shall apply:”; and

9 (C) in paragraph (1)—

10 (i) by striking “COMMUNITY” and in-
11 sserting “DEFINITION OF COMMUNITY”;

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

14 (iii) by redesignating such paragraph
15 as subsection (i);

16 (iv) in subparagraph (B), by striking
17 “subparagraph (A)” and inserting “para-
18 graph (1)”;

19 (v) by redesignating subparagraphs
20 (A) and (B) as paragraphs (1) and (2), re-
21 spectively; and

22 (vi) by moving the left margins of
23 subsection (h) and paragraphs (1) and (2),
24 all as so redesignated, two ems to the left;
25 and

1 (5) by inserting after subsection (g) the fol-
2 lowing new subsection:

3 “(h) FUNDING.—Notwithstanding any provision of
4 law, any funds appropriated for assistance under this title
5 may be transferred to the National Flood Insurance Fund
6 established under section 1310 (42 U.S.C. 4017) for the
7 payment of claims to enable the Administrator to deliver
8 grants under subsection (a)(2) of this section to align with
9 the delivery of coverage for increased cost of compliance
10 for extreme repetitive-loss properties.”.

11 **SEC. 7. ELIMINATION OF COVERAGE FOR PROPERTIES**
12 **WITH EXCESSIVE LIFETIME CLAIMS.**

13 Section 1305 of the National Flood Insurance Act of
14 1968 (42 U.S.C. 4012) is amended by adding at the end
15 the following new subsection:

16 “(e) PROHIBITION OF COVERAGE FOR PROPERTIES
17 WITH EXCESSIVE LIFETIME CLAIMS.—After the expira-
18 tion of the 18-month period beginning on the date of the
19 enactment of this subsection, the Administrator may not
20 make available any new or renewed coverage for flood in-
21 surance under this title for any multiple-loss property for
22 which the aggregate amount in claims payments that have
23 been made after the expiration of such period under flood
24 insurance coverage under this title exceeds twice the
25 amount of the replacement value of the structure.”.

1 **SEC. 8. ADDRESSING TOMORROW'S HIGH-RISK STRUC-**
2 **TURES TODAY.**

3 The National Flood Insurance Act of 1968 is amend-
4 ed—

5 (1) in section 1305 (42 U.S.C. 4012), by add-
6 ing at the end the following new subsections:

7 “(e) **REDUCING FUTURE RISKS OF THE NATIONAL**
8 **FLOOD INSURANCE FUND.**—

9 “(1) **PROHIBITION OF NEW COVERAGE FOR**
10 **HIGH-RISK PROPERTIES.**—Except as provided in
11 subsection (f) and notwithstanding any other provi-
12 sion of this title, in carrying out the fiduciary re-
13 sponsibility to the National Flood Insurance Pro-
14 gram under section 1309(e) (42 U.S.C. 4016(e))
15 and to reduce future risks to the National Flood In-
16 surance Fund, on or after January 1, 2021, the Ad-
17 ministrator may not make available flood insurance
18 coverage under this title as follows:

19 “(A) **NEW STRUCTURES ADDED TO FLOOD**
20 **HAZARD ZONES.**—Any new coverage for any
21 property for which new construction is com-
22 menced on or after such date and that, upon
23 completion of such construction, is located in an
24 area having special flood hazards.

25 “(B) **STRUCTURES WITH HIGH-VALUE RE-**
26 **PLACEMENT COSTS.**—Any new or renewed cov-

1 erage for any residential property having 4 or
2 fewer residences and a replacement value of the
3 structure, at the time, exclusive of the value of
4 the real estate on which the structure is lo-
5 cated, of \$1,000,000 or more (as such amount
6 is adjusted pursuant to clause (i)), subject to
7 the following provisions:

8 “(i) ADJUSTMENT OF AMOUNTS.—

9 The dollar amount in the matter of this
10 subparagraph that precedes this clause (as
11 it may have been previously adjusted) shall
12 be adjusted for inflation by the Adminis-
13 trator upon the expiration of the 5-year pe-
14 riod beginning upon the enactment of this
15 subsection and upon the expiration of each
16 successive 5-year period thereafter, in ac-
17 cordance with an inflationary index se-
18 lected by the Administrator.

19 “(ii) VALUATION.—The Administrator

20 shall determine the replacement value of a
21 property for purposes of this subparagraph
22 using such valuation methods or indicia as
23 the Administrator determines are reason-
24 ably accurate, consistent, reliable, and
25 available for such purposes.

1 “(C) ACTUARIAL STRUCTURES WITH HID-
2 DEN RISKS.—Any renewal of coverage, for any
3 property for which the chargeable risk premium
4 rate under the policy being renewed is not less
5 than the applicable estimated risk premium rate
6 under section 1307(a)(1), having a chargeable
7 risk premium rate that is less than the applica-
8 ble estimated risk premium rate under section
9 1307(a)(1).

10 “(2) IMPLEMENTATION.—The Administrator
11 may implement this subsection without rulemaking,
12 except that any such implementation shall include
13 advance publication of notice in the Federal Register
14 or advance notice by another comparable method,
15 such as posting on an official website of the Admin-
16 istrator.

17 “(f) AVAILABILITY OF OTHERWISE PROHIBITED
18 FLOOD INSURANCE DURING COUNTER-CYCLICAL MARKET
19 ADJUSTMENT.—

20 “(1) AUTHORITY.—Upon the effectiveness of a
21 determination under paragraph (2) with respect to a
22 geographical area, the Administrator may tempo-
23 rarily make available, for properties that are de-
24 scribed in subparagraph (A) or (B), or both, of sub-
25 section (e)(1), and are located in such area, direct

1 coverage for flood insurance under such Act, not-
2 withstanding subsection (e), during the period that
3 begins upon such determination and ends upon the
4 termination date with respect to such period deter-
5 mined under paragraph (7) of this subsection.

6 “(2) DETERMINATION OF MARKET CONTRAC-
7 TION.—A determination under this paragraph for a
8 geographical area is a determination, made by the
9 State insurance regulator for the affected geo-
10 graphical area, that the availability or affordability
11 of private flood insurance coverage in the United
12 States for properties that are described in subpara-
13 graph (A) or (B), or both, of subsection (e)(1) and
14 are located in such area has contracted significantly,
15 made in accordance with the following requirements:

16 “(A) The State insurance coordinator has
17 determined that there is no evidence that the
18 State regulatory or legislative structure has un-
19 duly hindered the ability of private insurance
20 carriers to compete in the State.

21 “(B) The State insurance coordinator has
22 determined that there is evidence of a low mar-
23 ket penetration of private flood insurance in the
24 State, or a geographic area of the State, where

1 private insurance carriers have been allowed to
2 participate in the market in a fair process.

3 “(C) The State insurance coordinator has
4 determined that private insurers have been
5 given an opportunity to offer flood insurance
6 but have failed to penetrate the markets by
7 more than 10 percent of the market share for
8 flood insurance.

9 “(D) The determination under this para-
10 graph was made after the State insurance com-
11 missioner provided private insurance carriers
12 and consumers an opportunity to provide infor-
13 mation regarding the determination under this
14 paragraph, which included holding a public
15 hearing regarding such determination at which
16 to provide such information that was held not
17 less than 45 days after public notice of the time
18 and place of such hearing was first made avail-
19 able.

20 “(E) The Secretary of the Treasury has
21 confirmed the determination under this para-
22 graph based on the conditions of the insurance
23 market for such determination, including the
24 geographic area subject to the determination.

1 “(3) EFFECTIVE DATE.—A determination
2 under paragraph (2) shall take effect for purposes of
3 paragraph (1) upon receipt by the Administrator of
4 written notice of such determination, in accordance
5 with such requirements as the Administrator shall
6 establish.

7 “(4) SURCHARGE.—Any flood insurance cov-
8 erage made available for a property pursuant to this
9 subsection shall be made available at chargeable pre-
10 mium rates otherwise determined under this title for
11 such property, notwithstanding subsection (e), ex-
12 cept that the Administrator shall impose and collect
13 a surcharge for such coverage in an amount equal
14 to 10 percent of such chargeable premium rate.

15 “(5) CONDITIONS FOR TERMINATION.—Upon
16 making a determination under paragraph (2), the
17 Administrator shall also identify measurable criteria
18 for determining when the conditions determined
19 under paragraph (2) have ceased to exist for the af-
20 fected geographical area.

21 “(6) NOTICE TO CONGRESS.—Upon making a
22 determination under paragraph (2), the Adminis-
23 trator shall provide, to the Committee on Financial
24 Services of the House of Representatives and the
25 Committee on Banking, Housing, and Urban Affairs

1 of the Senate, written notice of such determination,
2 the geographical area to which such determination
3 applies, and the specific measurable criteria identi-
4 fied pursuant to paragraph (5).

5 “(7) TERMINATION.—The authority to make di-
6 rect flood insurance coverage available pursuant to
7 this subsection shall terminate upon the earlier of—

8 “(A) the expiration of the 12-month period
9 beginning upon the date that notice under para-
10 graph (6) is provided to the specified Commit-
11 tees; or

12 “(B) the occurrence of the conditions iden-
13 tified pursuant to paragraph (5).

14 “(8) RULES OF CONSTRUCTION.—

15 “(A) MULTIPLE DETERMINATIONS.—Noth-
16 ing in this subsection may be construed to pre-
17 vent multiple or consecutive periods during
18 which direct flood insurance coverage may be
19 made available pursuant to this subsection for
20 properties referred to in subsection (e)(1).

21 “(B) EFFECTIVENESS OF POLICIES.—The
22 termination pursuant to paragraph (7) of au-
23 thority to make direct flood insurance coverage
24 available pursuant to this subsection may not
25 be construed to affect the effectiveness or term

1 of coverage of any policy for such coverage pur-
2 chased pursuant to such authority.”; and

3 (2) in section 1306(a)(1) (42 U.S.C.
4 4013(a)(1)), by inserting “, subject to subsections
5 (e) and (f) of section 1305” before the semicolon at
6 the end.

7 **SEC. 9. ALLOWANCE FOR WRITE YOUR OWN COMPANIES.**

8 Section 1345 of the National Flood Insurance Act of
9 1968 (42 U.S.C. 4081) is amended by adding at the end
10 the following new subsection:

11 “(f) ALLOWANCE FOR WRITE YOUR OWN COMPA-
12 NIES.—The allowance paid to companies participating in
13 the Write Your Own Program (as such term is defined
14 in section 1370 (42 U.S.C. 4121) with respect to a policy
15 for flood insurance coverage made available under this
16 title shall not be greater than 25 percent of the chargeable
17 premium for such coverage.”.

18 **SEC. 10. ENFORCEMENT OF MANDATORY PURCHASE RE-**
19 **QUIREMENTS.**

20 (a) PENALTIES.—Paragraph (5) of section 102(f) of
21 the Flood Disaster Protection Act of 1973 (42 U.S.C.
22 4012a(f)(5)) is amended by striking “\$2,000” and insert-
23 ing “\$5,000”.

24 (b) INSURED DEPOSITORY INSTITUTIONS.—Subpara-
25 graph (A) of section 10(i)(2) of the Federal Deposit Insur-

1 ance Act (12 U.S.C. 1820(i)(2)(A)) is amended by strik-
2 ing “date of enactment of the Riegle Community Develop-
3 ment and Regulatory Improvement Act of 1994 and bien-
4 nially thereafter for the next 4 years” and inserting “date
5 of enactment of the National Flood Insurance Program
6 Integrity Improvement Act of 2017 and biennially there-
7 after”.

8 (c) CREDIT UNIONS.—Subparagraph (A) of section
9 204(e)(2) of the Federal Credit Union Act (12 U.S.C.
10 1784(e)(2)(A)) is amended by striking “date of enactment
11 of the Riegle Community Development and Regulatory
12 Improvement Act of 1994 and biennially thereafter for the
13 next 4 years” and inserting “date of enactment of the Na-
14 tional Flood Insurance Program Integrity Improvement
15 Act of 2017 and annually thereafter”.

16 (d) GOVERNMENT-SPONSORED ENTERPRISES.—
17 Paragraph (4) of section 1319B(a) of the Federal Hous-
18 ing Enterprises Financial Safety and Soundness Act of
19 1992 (12 U.S.C. 4521(a)(4)) is amended, in the matter
20 after and below subparagraph (B), by striking “first,
21 third, and fifth annual reports under this subsection re-
22 quired to be submitted after the expiration of the 1-year
23 period beginning on the date of enactment of the Riegle
24 Community Development and Regulatory Improvement
25 Act of 1994” and inserting “first annual report under this

1 subsection required to be submitted after the expiration
2 of the 1-year period beginning on the date of enactment
3 of the National Flood Insurance Program Integrity Im-
4 provement Act of 2017 and every such second annual re-
5 port thereafter”.

6 (e) MANDATORY PURCHASE GUIDELINES.—Not later
7 than the expiration of the 12-month period beginning on
8 the date of the enactment of this Act, the Administrator
9 of the Federal Emergency Management Agency shall up-
10 date and reissue the rescinded document of the Adminis-
11 trator entitled “Mandatory Purchase of Flood Insurance
12 Guidelines” (last updated on October 29, 2014).

13 **SEC. 11. SATISFACTION OF MANDATORY PURCHASE RE-**
14 **QUIREMENT IN STATES REQUIRING FLOOD**
15 **COVERAGE IN ALL-PERILS POLICIES.**

16 Section 102 of the Flood Disaster Protection Act of
17 1973 (42 U.S.C. 4012a) is amended—

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

21 (2) in subsection (b)—

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

1 (B) in paragraph (2), by striking “Each”
2 and inserting “Subject to subsection (i) of this
3 section, A”; and

4 (C) in paragraph (3), by striking “The”
5 and inserting “Subject to subsection (i) of this
6 section, the”;

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

10 (4) by adding at the end the following new sub-
11 section:

12 “(i) SATISFACTION OF MANDATORY PURCHASE RE-
13 QUIREMENT IN STATES REQUIRING FLOOD COVERAGE IN
14 ALL-PERILS POLICIES.—

15 “(1) WAIVERS.—Subsections (a), (b), and (e) of
16 section 102 shall not apply with respect to residen-
17 tial properties in any State for which the Adminis-
18 trator determines that State law, including any reg-
19 ulation or executive order, requires that with respect
20 residential properties any property insurance cov-
21 erage that covers all perils except specifically ex-
22 cluded perils shall include coverage for flood perils
23 in an amount at least equal to the outstanding prin-
24 cipal balance of the loan or the maximum limit of
25 flood insurance coverage made available under this

1 title with respect to such type of residential prop-
2 erty, whichever is less.

3 “(2) DEFINITIONS, PROCEDURES, STAND-
4 ARDS.—The Administrator may establish such defi-
5 nitions, procedures, and standards as the Adminis-
6 trator considers necessary for making determina-
7 tions under paragraph (1).”.

8 **SEC. 12. FLOOD INSURANCE PURCHASE REQUIREMENTS.**

9 Section 102 of the Flood Disaster Protection Act of
10 1973 (42 U.S.C. 4012a), as amended by section 11 of this
11 Act, is further amended —

12 (1) in subsection (c)(2)(A), by striking “\$5,000
13 or less” and inserting the following: “\$25,000 or
14 less, except that such amount (as it may have been
15 previously adjusted) shall be adjusted for inflation
16 by the Administrator upon the expiration of the 5-
17 year period beginning upon the enactment of the
18 National Flood Insurance Program Integrity Im-
19 provement Act of 2017 and upon the expiration of
20 each successive 5-year period thereafter, in accord-
21 ance with an inflationary index selected by the Ad-
22 ministrator”; and

23 (2) by adding at the end the following new sub-
24 section:

1 “(j) FLOOD INSURANCE PURCHASE REQUIRE-
2 MENTS.—Notwithstanding any other provision of law, a
3 State or local government or private lender may require
4 the purchase of flood insurance coverage for a structure
5 that is located outside of an area having special flood haz-
6 ards.”.

.....
(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To provide for administrative reforms to the National Flood Insurance Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To provide for administrative reforms to the National Flood Insurance Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Flood Insur-
5 ance Program Administrative Reform Act of 2017”.

1 **SEC. 2. PENALTIES FOR FRAUD AND FALSE STATEMENTS**
2 **IN THE NATIONAL FLOOD INSURANCE PRO-**
3 **GRAM.**

4 Part C of chapter 2 of the National Flood Insurance
5 Act of 1968 (42 U.S.C. 4081 et seq.) is amended by add-
6 ing at the end the following new section:

7 **“SEC. 1349. PENALTIES FOR FRAUD AND FALSE STATE-**
8 **MENTS IN THE NATIONAL FLOOD INSURANCE**
9 **PROGRAM.**

10 “(a) OFFENSE.—The Administrator shall prohibit, in
11 the preparation, production, or submission of any report
12 in connection with the proving or adjusting of a claim for
13 flood insurance coverage made available under this title,
14 including any engineering report or claims adjustment re-
15 port, any person to knowingly engage in the practice of
16 engineering without a license, to knowingly forge any such
17 report, or to knowingly make any materially false, ficti-
18 tious, or fraudulent statement or representation in such
19 a report.

20 “(b) PENALTIES.—Whoever violates subsection (a)
21 shall be subject to such penalties as the Administrator and
22 the Secretary of Homeland Security shall, by regulation,
23 establish, which may include suspension and debarment
24 from participation in the National Flood Insurance Pro-
25 gram.”.

1 **SEC. 3. ENHANCED POLICYHOLDER APPEALS PROCESS**
2 **RIGHTS.**

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

7 **“SEC. 1350. APPROVAL OF DECISIONS RELATING TO FLOOD**
8 **INSURANCE COVERAGE.**

9 “(a) **IN GENERAL.**—The Administrator shall estab-
10 lish an appeals process to enable holders of a flood insur-
11 ance policy provided under this title to appeal the decisions
12 of their insurer, with respect to the disallowance, in whole
13 or in part, of any claims for proved and approved losses
14 covered by flood insurance. Such appeals shall be limited
15 to the claim or portion of the claim disallowed by the in-
16 surer.

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

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

1 “(1) making the Federal Emergency Manage-
2 ment Agency or the Administrator a party to the
3 flood insurance contract; or

4 “(2) creating any action or remedy not other-
5 wise provided by this title.’”.

6 **SEC. 4. DEADLINE FOR APPROVAL OF CLAIMS.**

7 (a) IN GENERAL.—Section 1312 of the National
8 Flood Insurance Act of 1968 (42 U.S.C. 4019) is amend-
9 ed—

10 (1) in subsection (a), by striking “The Adminis-
11 trator” and inserting “Subject to other provisions of
12 this section, the Administrator”; and

13 (2) by adding at the end the following new sub-
14 section:

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

16 “(1) IN GENERAL.—The Administrator shall
17 provide that, in the case of any claim for damage to
18 or loss of property under flood insurance coverage
19 made available under this title, a final determination
20 regarding approval of a claim for payment or dis-
21 approval of the claim be made, and notification of
22 such determination be provided to the insured mak-
23 ing such claim, not later than the expiration of the
24 90-day period (as such period may be extended pur-
25 suant to paragraph (2)) beginning upon the day on

1 which such claim was made. Payment of approved
2 claims shall be made as soon as possible after such
3 approval.

4 “(2) EXTENSION OF DEADLINE.—The Adminis-
5 trator shall provide that the period referred to in
6 paragraph (1) may be extended by a single addi-
7 tional period of 15 days in cases where extraordinary
8 circumstances are demonstrated. The Administrator
9 shall, by regulation, establish criteria for dem-
10 onstrating such extraordinary circumstances and for
11 determining to which claims such extraordinary cir-
12 cumstances apply.”.

13 (b) APPLICABILITY.—The amendments made by sub-
14 section (a) shall apply to any claim under flood insurance
15 coverage made available under the National Flood Insur-
16 ance Act of 1968 (42 U.S.C. 4001 et seq.) pending on
17 the date of the enactment of this Act and any claims made
18 after such date of enactment.

19 **SEC. 5. LITIGATION PROCESS OVERSIGHT AND REFORM.**

20 (a) IN GENERAL.—Part C of chapter II of the Na-
21 tional Flood Insurance Act of 1968 (42 U.S.C. 4081 et
22 seq.), as amended by the preceding provisions of this Act,
23 is further amended by adding at the end the following new
24 section:

1 **“SEC. 1351. OVERSIGHT OF LITIGATION.**

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

6 “(1) litigation expenses are reasonable, appro-
7 priate, and cost-effective; and

8 “(2) Write Your Own companies comply with
9 guidance and procedures established by the Adminis-
10 trator regarding the conduct of litigation.

11 “(b) DENIAL OF REIMBURSEMENT FOR EX-
12 PENSES.—The Administrator may deny reimbursement
13 for litigation expenses that are determined to be unreason-
14 able, excessive, contrary to guidance issued by the Admin-
15 istrator, or outside the scope of any arrangement entered
16 into with a Write Your Own company.

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

21 “(d) SUBSTITUTION.—If at any time, the Adminis-
22 trator determines there is a conflict of interest between
23 the Write Your Own company and the National Flood In-
24 surance Program, or it is in the best interest of the United
25 States, the Administrator may promptly take any nec-
26 essary action to be substituted for the WYO company in

1 any action arising out of any claim arising under a con-
2 tract for flood insurance sold by a Write Your Own com-
3 pany.”.

4 (b) IMPLEMENTATION.—The Administrator of the
5 Federal Emergency Management Agency shall initiate
6 compliance with Section 1352(d) of the National Flood In-
7 surance Act of 1968, as added by the amendment made
8 by subsection (a) of this section, not later than the expira-
9 tion of the 12-month period beginning on the date of the
10 enactment of this Act.

11 **SEC. 6. PROHIBITION ON HIRING DISBARRED ATTORNEYS.**

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

16 **“SEC. 1352. PROHIBITION ON HIRING DISBARRED ATTOR-**
17 **NEYS.**

18 “The Administrator may not at any time newly em-
19 ploy in connection with the flood insurance program under
20 this title any attorney who has been suspended or dis-
21 barred by any court, bar, or Federal or State agency to
22 which the individual was previously admitted to practice.”.

1 **SEC. 7. UNDERPAYMENT OF CLAIMS BY WRITE YOUR OWN**
2 **COMPANIES.**

3 Section 1345 of the National Flood Insurance Act of
4 1968 (42 U.S.C. 4081) is amended by adding at the end
5 the following new subsection:

6 “(f) UNDERPAYMENT OF CLAIMS BY WYO COMPA-
7 NIES.—The Administrator shall establish penalties for
8 companies participating in the Write Your Own program
9 knowingly underpaying claims for losses covered by flood
10 insurance made available under this title, which penalties
11 shall be commensurate, with respect to the amount of the
12 penalty, to the penalties applicable to overpayment of such
13 claims by a similar amount by such companies.”.

14 **SEC. 8. TECHNICAL ASSISTANCE REPORTS.**

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

19 “(e) USE OF TECHNICAL ASSISTANCE REPORTS.—
20 When adjusting claims for any damage to or loss of prop-
21 erty which is covered by flood insurance made available
22 under this title, the Administrator may rely upon technical
23 assistance reports, as such term is defined in section
24 1312A, only if such reports are final and are prepared
25 in compliance with applicable State and Federal laws re-
26 garding professional licensure and conduct.”.

1 (b) DISCLOSURE.—The National Flood Insurance
2 Act of 1968 is amended by inserting after section 1312
3 (42 U.S.C. 4019) the following new section:

4 **“SEC. 1312A. DISCLOSURE OF TECHNICAL ASSISTANCE RE-**
5 **PORTS.**

6 “(a) IN GENERAL.—Notwithstanding section 552a of
7 title 5, United States Code, upon request by a policy-
8 holder, the Administrator shall provide a true, complete,
9 and unredacted copy of any technical assistance report
10 that the Administrator relied upon in adjusting and pay-
11 ing for any damage to or loss of property insured by the
12 policyholder and covered by flood insurance made available
13 under this title. Such disclosures shall be in addition to
14 any other right of disclosure otherwise made available pur-
15 suant such section 552a or any other provision of law.

16 “(b) DIRECT DISCLOSURE BY WRITE YOUR OWN
17 COMPANIES AND DIRECT SERVICING AGENTS.—A Write
18 Your Own company or direct servicing agent in possession
19 of a technical assistance report subject to disclosure under
20 subsection (a) may disclose such technical assistance re-
21 port without further review or approval by the Adminis-
22 trator.

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

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

5 “(2) TECHNICAL ASSISTANCE REPORT.—The
6 term ‘technical assistance report’ means a report
7 created for the purpose of furnishing technical as-
8 sistance to an insurance claims adjuster assigned by
9 the National Flood Insurance Program, including by
10 engineers, surveyors, salvors, architects, and cer-
11 tified public accounts.’”.

12 **SEC. 9. IMPROVED DISCLOSURE REQUIREMENT FOR**
13 **STANDARD FLOOD INSURANCE POLICIES.**

14 Section 100234 of the Biggert-Waters Flood Insur-
15 ance Reform Act of 2012 (42 U.S.C. 4013a) is amended
16 by adding at the end the following new subsections:

17 “(c) DISCLOSURE OF COVERAGE.—

18 “(1) DISCLOSURE SHEET.—Each policy under
19 the National Flood Insurance Program shall include
20 a disclosure sheet that sets forth, in plain lan-
21 guage—

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

24 “(B) a description of what type of flood
25 forces are necessary so that losses from an

1 event are covered under the policy, including
2 overflow of inland or tidal waves, unusual and
3 rapid accumulation or runoff of a surface any
4 source, and mudflow;

5 “(C) a statement of the types and charac-
6 teristics of losses that are not covered under the
7 policy;

8 “(D) a summary of total cost and amount
9 of insurance coverage, and any other informa-
10 tion relating to such coverage required to be
11 disclosed under section 1308(l) of the National
12 Flood Insurance Act of 1968 (42 U.S.C.
13 4015(l));

14 “(E) a statement that the disclosure sheet
15 provides general information about the policy-
16 holder’s standard flood insurance policy;

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

24 “(G) a statement that if the policyholder
25 has any questions regarding information in the

1 disclosure sheet or policy he or she should con-
2 tact the entity selling the policy on behalf of the
3 Program, together with contact information suf-
4 ficient to allow the policyholder to contact such
5 entity.

6 “(2) ACKNOWLEDGMENT SHEET.—Each policy
7 under the National Flood Insurance Program shall
8 include an acknowledgment sheet that sets forth, in
9 plain language—

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

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

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

23 “(D) a statement that if the policyholder
24 has any questions regarding information in the
25 acknowledgment sheet or policy he or she

1 should contact the entity selling the policy on
2 behalf of the Program, together with contact in-
3 formation sufficient to allow the policyholder to
4 contact such entity.

5 “(3) REQUIRED SIGNATURES.—A policy for
6 flood insurance coverage under the National Flood
7 Insurance Program may not take effect unless the
8 disclosure sheet required under paragraph (1) and
9 the acknowledgment sheet required under paragraph
10 (2), with respect to the policy, are signed and dated
11 by the policyholder and the seller of the policy who
12 is acting on behalf of the Program.”.

13 **SEC. 10. RESERVE FUND AMOUNTS.**

14 Section 1310 of the National Flood Insurance Act of
15 1968 (42 U.S.C. 4017) is amended by adding at the end
16 the following new subsection:

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

21 **SEC. 11. SUFFICIENT STAFFING FOR OFFICE OF FLOOD IN-**
22 **SURANCE ADVOCATE.**

23 (a) IN GENERAL.—Section 24 of the Homeowner
24 Flood Insurance Affordability Act of 2014 (42 U.S.C.

1 4033) is amended by adding at the end the following new
2 subsection:

3 “(c) STAFF.—The Administrator shall ensure that
4 the Flood Insurance Advocate has sufficient staff to carry
5 out all of the duties and responsibilities of the Advocate
6 under this section, which shall include providing direction
7 as necessary, including by direct conversations with insur-
8 ance agents.”.

9 (b) TIMING.—The Administrator of the Federal
10 Emergency Management Agency shall take such actions
11 as may be necessary to provide for full compliance with
12 section 24(c) of the Homeowner Flood Insurance Afford-
13 ability Act of 2014, as added by the amendment made by
14 subsection (a) of this section, not later than the expiration
15 of the 180-day period beginning on the date of the enact-
16 ment of this Act.

17 **SEC. 12. TECHNICAL INSURANCE ADVISORY COUNCIL.**

18 (a) ESTABLISHMENT.—There is established a council
19 to be known as the Technical Insurance Advisory Council
20 (in this section referred to as the “Council”).

21 (b) MEMBERSHIP.—The Council shall consist of—

22 (1) the Administrator of the Federal Emer-
23 gency Management Agency (in this section referred
24 to as the “Administrator”, or the designee thereof;

1 (2) the Secretary of the Treasury, or the des-
2 ignee thereof; and

3 (3) additional members appointed by the Ad-
4 ministrator or the designee of the Administrator,
5 who shall be—

6 (A) two representatives of the property and
7 casualty insurance sector;

8 (B) two individuals who served in the past,
9 or are currently serving, as an insurance regu-
10 lator of a State, the District of Columbia, the
11 Commonwealth of Puerto Rico, Guam, the
12 Commonwealth of the Northern Mariana Is-
13 lands, the Virgin Islands, American Samoa, or
14 any federally-recognized Indian tribe;

15 (C) two representatives of the financial or
16 insurance sectors who are involved in risk
17 transfers, including reinsurance, resilience
18 bonds, and other insurance-linked securities;

19 (D) one representative of a recognized con-
20 sumer advocacy organization;

21 (E) one individual having demonstrated ex-
22 pertise in the challenges in insuring low-income
23 communities;

1 (F) one representative from an academic
2 institution who has demonstrated expertise in
3 insurance; and

4 (G) such other recognized experts in the
5 field of insurance as the Administrator con-
6 siders necessary.

7 (c) DUTIES.—The Council shall review, and make
8 recommendations to the Administrator, on matters related
9 to the insurance aspects of the National Flood Insurance
10 Program, including ratemaking, technology to administer
11 insurance, risk assessment, compensation and allowances,
12 generally and based on the complexities of the program,
13 and best insurance practices.

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

17 (e) COMPENSATION.—Members of the Council shall
18 receive no additional compensation by reason of their serv-
19 ice on the Council.

20 (f) MEETINGS AND ACTIONS.—

21 (1) IN GENERAL.—The Council shall meet not
22 less frequently than twice each year at the request
23 of the Chairperson or a majority of its members,
24 and may take action by a vote of the majority of the
25 members.

1 (2) INITIAL MEETING.—The Administrator, or
2 a person designated by the Administrator, shall re-
3 quest and coordinate the initial meeting of the Coun-
4 cil.

5 (g) STAFF OF FEMA.—Upon the request of the
6 Chairperson, the Administrator may detail, on a non-
7 reimbursable basis, personnel of the Federal Emergency
8 Management Agency to assist the Council in carrying out
9 its duties.

10 (h) POWERS.—In carrying out this section, the Coun-
11 cil may hold hearings, receive evidence and assistance, pro-
12 vide information, and conduct research, as it considers ap-
13 propriate.

14 (i) REPORTS TO CONGRESS.—The Administrator, on
15 an annual basis, shall report to the Committee on Finan-
16 cial Services of the House of Representatives, the Com-
17 mittee on Banking, Housing, and Urban Affairs of the
18 Senate, and the Office of Management and Budget on—

19 (1) the recommendations made by the Council;

20 (2) actions taken by the Federal Emergency
21 Management Agency to address such recommenda-
22 tions to improve the insurance aspects of the na-
23 tional flood insurance program; and

1 (3) any recommendations made by the Council
2 that have been deferred or not acted upon, together
3 with an explanatory statement.

4 **SEC. 13. INTERAGENCY GUIDANCE ON COMPLIANCE.**

5 Not later than the expiration of the 12-month period
6 beginning on the date of the enactment of this Act, and
7 at least biennial thereafter, the Administrator of the Fed-
8 eral Emergency Management Agency, the Comptroller of
9 the Currency, the Board of Governors of the Federal Re-
10 serve System, the Federal Deposit Insurance Corporation,
11 the Office of Thrift Supervision, and the National Credit
12 Union Administration shall update and reissue the docu-
13 ment entitled “Interagency Questions and Answers Re-
14 garding Flood Insurance”.

15 **SEC. 14. GAO STUDY OF CLAIMS ADJUSTMENT PRACTICES.**

16 The Comptroller General of the United States shall
17 conduct a study of the policies and practices for adjust-
18 ment of claims for losses under flood insurance coverage
19 made available under the National Flood Insurance Act,
20 which shall include—

21 (1) a comparison such policies and practices
22 with the policies and practices for adjustment of
23 claims for losses under other insurance coverage;

1 (2) an assessment the quality of the adjust-
2 ments conducted and the effects of such policies and
3 practices on such quality;

4 (3) identification of any incentives under such
5 policies and practices that affect the speed with
6 which such adjustments are conducted; and

7 (4) identification of the affects of such policies
8 and practices on insureds submitting such claims for
9 losses.

10 Not later than the expiration of the 18-month period be-
11 ginning on the date of the enactment of this Act, the
12 Comptroller General shall submit a report to the Com-
13 mittee on Financial Services of the House of Representa-
14 tives and the Committee on Banking, Housing, and Urban
15 Affairs of the Senate regarding the findings and conclu-
16 sions of the study conducted pursuant to this section.

17 **SEC. 15. GAO STUDY OF FLOOD INSURANCE COVERAGE**
18 **TREATMENT OF EARTH MOVEMENT.**

19 The Comptroller General of the United States shall
20 conduct a study of the treatment, under flood insurance
21 coverage made available under the National Flood Insur-
22 ance Act, of earth movement and subsidence, including
23 earth movement and subsidence caused by flooding, which
24 shall include—

1 (1) identification and analysis of the effects of
2 such treatment on the National Flood Insurance
3 Program and insureds under the program;

4 (2) an assessment of the availability and afford-
5 ability of coverage in the private insurance market
6 for earth movement and subsidence caused by flood-
7 ing; and

8 (3) an assessment of the effects on the National
9 Flood Insurance Program of covering earth move-
10 ment and subsidence caused by flooding.

11 Not later than the expiration of the 18-month period be-
12 ginning on the date of the enactment of this Act, the
13 Comptroller General shall submit a report to the Com-
14 mittee on Financial Services of the House of Representa-
15 tives and the Committee on Banking, Housing, and Urban
16 Affairs of the Senate regarding the findings and conclu-
17 sions of the study conducted pursuant to this section.

18 **SEC. 16. DEFINITIONS.**

19 (a) NATIONAL FLOOD INSURANCE ACT OF 1968.—
20 Subsection (a) of section 1370 of the National Flood In-
21 surance Act of 1968 (42 U.S.C. 4121(a)) is amended—

22 (1) in paragraph (14), by striking “and” at the
23 end;

24 (2) in paragraph (15), by striking the period at
25 the end and inserting a semicolon; and

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

3 “(16) the term ‘Write Your Own Program’
4 means the program under which the Federal Emer-
5 gency Management Agency enters into a standard
6 arrangement with private property insurance compa-
7 nies to sell contracts for flood insurance coverage
8 under this title under their own business lines of in-
9 surance, and to adjust and pay claims arising under
10 such contracts; and

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

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

19 “(5) WRITE YOUR OWN.—The terms ‘Write
20 Your Own Program’ and ‘Write Your Own company’
21 have the meanings given such terms in section
22 1370(a) of the National Flood Insurance Act of
23 1968 (42 U.S.C. 4121(a)).”.