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(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. 4104e(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.”.