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(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To achieve reforms to improve the financial stability of the National Flood Insurance Program, to enhance the development of more accurate estimates of flood risk through new technology and better maps, to increase the role of private markets in the management of flood insurance risks, and to provide for alternative methods to insure against flood peril, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To achieve reforms to improve the financial stability of the National Flood Insurance Program, to enhance the development of more accurate estimates of flood risk through new technology and better maps, to increase the role of private markets in the management of flood insurance risks, and to provide for alternative methods to insure against flood peril, 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,*

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

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “21st Century Flood Reform Act”.

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

Sec. 1. Short title and table of contents.

TITLE I—POLICYHOLDER PROTECTIONS AND INFORMATION

- Sec. 101. Annual limitation on premium increases.
- Sec. 102. Flood insurance affordability program.
- Sec. 103. Disclosure of premium methodology.
- Sec. 104. Consideration of coastal and inland locations in premium rates.
- Sec. 105. Monthly installment payment of premiums.
- Sec. 106. Enhanced clear communication of flood risks.
- Sec. 107. Availability of flood insurance information upon request.

**TITLE II—INCREASING CONSUMER CHOICE THROUGH PRIVATE
MARKET DEVELOPMENT**

- Sec. 201. Elimination of non-compete requirement.
- Sec. 202. Public availability of program information.
- Sec. 203. Refund of premiums upon cancellation of policy because of replacement with private flood insurance.
- Sec. 204. GAO study of flood damage savings accounts.
- Sec. 205. Demonstration program for flood damage savings accounts.

TITLE III—MAPPING FAIRNESS

- Sec. 301. Use of other risk assessment tools in determining premium rates.
- Sec. 302. Appeals regarding existing flood maps.
- Sec. 303. Appeals and publication of projected special flood hazard areas.
- Sec. 304. Communication and outreach regarding map changes.

**TITLE IV—PROTECTING CONSUMERS AND INDIVIDUALS
THROUGH IMPROVED MITIGATION**

- Sec. 401. Provision of Community Rating System premium credits to maximum number of communities practicable.

TITLE V—PROGRAM INTEGRITY

- Sec. 501. Independent actuarial review.
- Sec. 502. Adjustments to homeowner flood insurance affordability surcharge.
- Sec. 503. National Flood Insurance Reserve Fund compliance.
- Sec. 504. Designation and treatment of multiple-loss properties.
- Sec. 505. Elimination of coverage for properties with excessive lifetime claims.
- Sec. 506. Addressing tomorrow’s high-risk structures today.
- Sec. 507. Allowance for Write Your Own companies.
- Sec. 508. Enforcement of mandatory purchase requirements.

Sec. 509. Satisfaction of mandatory purchase requirement in States requiring flood coverage in all-perils policies.

Sec. 510. Flood insurance purchase requirements.

1 **TITLE I—POLICYHOLDER PRO-**
2 **TECTIONS AND INFORMATION**

3 **SEC. 101. ANNUAL LIMITATION ON PREMIUM INCREASES.**

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

6 (1) in paragraph (1) , by striking “18 percent”
7 and inserting “15 percent”; and

8 (2) in paragraph (2), by striking “5 percent”
9 and inserting “8 percent”

10 **SEC. 102. FLOOD INSURANCE AFFORDABILITY PROGRAM.**

11 Chapter I of the National Flood Insurance Act of
12 1968 (42 U.S.C. 4011 et seq.) is amended by adding at
13 the end the following new section:

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

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

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

1 “(c) STATE ADMINISTRATION.—Each participating
2 State shall delegate to a State agency or nonprofit organi-
3 zation the responsibilities for administering the State’s
4 program under this section.

5 “(d) ELIGIBLE HOUSEHOLDS.—

6 “(1) IN GENERAL.—During any fiscal year, as-
7 sistance under the program under this section may
8 be provided only for a household that has an income,
9 as determined for such fiscal year by the partici-
10 pating State in which such household resides, that is
11 less than the income limitation established for such
12 fiscal year for purposes of the State program by the
13 participating State, except that—

14 “(A) assistance under the program under
15 this section may not be provided for a house-
16 hold having a income that exceeds the greater
17 of—

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

20 “(ii) the amount equal to 60 percent
21 of the median income of households resid-
22 ing in such State; and

23 “(B) a State may not exclude a household
24 from eligibility in a fiscal year solely on the
25 basis of household income if such income is less

1 than 110 percent of the poverty level for the
2 State in which such household resides.

3 “(2) STATE VERIFICATION OF INCOME ELIGI-
4 BILITY.—In verifying income eligibility for purposes
5 of paragraph (1), the participating State may apply
6 procedures and policies consistent with procedures
7 and policies used by the State agency administering
8 programs under part A of title IV of the Social Se-
9 curity Act (42 U.S.C. 601 et seq.), under title XX
10 of the Social Security Act (42 U.S.C. 1397 et seq.),
11 under subtitle B of title VI of the Omnibus Budget
12 Reconciliation Act of 1981 (42 U.S.C. 9901 et seq.;
13 relating to community services block grant program)
14 , under any other provision of law that carries out
15 programs which were administered under the Eco-
16 nomic Opportunity Act of 1964 (42 U.S.C. 2701 et
17 seq.) before August 13, 1981, or under other income
18 assistance or service programs (as determined by the
19 State).

20 “(3) CERTIFICATION BY STATE OF ELIGIBILITY
21 HOUSEHOLDS.—For each fiscal year, each partici-
22 pating State shall certify to the Administrator com-
23 pliance of households who are to be provided assist-
24 ance under the State program during such fiscal

1 year with the income requirements under paragraph
2 (1).

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

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

7 “(2) that is owned and occupied by an eligible
8 household;

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

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

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

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

22 “(1) LIMITATION ON RATE INCREASES.—By es-
23 tablishing a limitation on the rate of increases in the
24 amount of chargeable premiums paid by eligible

1 households for flood insurance coverage made avail-
2 able under this title.

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

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

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

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

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

1 based on the type and levels of assistance elected pursuant
2 to subsection (f) by the participating State for such fiscal
3 year.

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

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

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

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

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

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

24 “(j) FUNDING THROUGH STATE AFFORDABILITY
25 SURCHARGES.—

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

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

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

1 eligible households in the participating State
2 are discounted pursuant to subsection (f); and

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

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

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

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

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

1 of the State program of such participating State
2 pursuant to subsection (g)(1).

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

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

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

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

21 **SEC. 103. DISCLOSURE OF PREMIUM METHODOLOGY.**

22 Section 1308 of the National Flood Insurance Act of
23 1968 (42 U.S.C. 4015) is amended by adding at the end
24 the following new subsection:

25 “(n) DISCLOSURE OF PREMIUM METHODOLOGY.—

1 “(1) DISCLOSURE.—Six months prior to the ef-
2 fective date of risk premium rates, the Adminis-
3 trator shall cause to be published in the Federal
4 Register an explanation of the bases for, and meth-
5 odology used to determine, the chargeable premium
6 rates to be effective for flood insurance coverage
7 under this title.

8 “(2) ALIGNMENT WITH INDUSTRY PRAC-
9 TICES.—The disclosure required under paragraph
10 (1) shall, to the extent practicable, be aligned with
11 industry patterns and practices and shall include in-
12 formation and data recommended by the State in-
13 surance commissioners guidelines on rate filings.

14 “(3) PUBLIC MEETINGS.—The Administrator
15 shall, on an annual basis, hold at least one public
16 meeting in each of the geographical regions of the
17 United States, as defined by the Administrator for
18 purposes of the National Flood Insurance Program,
19 for the purpose of explaining the methodology de-
20 scribed in paragraph (1) and answering questions
21 and receiving comments regarding such method-
22 ology. The Administrator shall provide notice of each
23 such public meeting in advance, in such manner, and
24 in using such means as are reasonably designed to
25 notify interested parties and members of the public

1 of the date and time, location, and purpose of such
2 meeting, and of how to submit questions or com-
3 ments.”.

4 **SEC. 104. CONSIDERATION OF COASTAL AND INLAND LOCA-**
5 **TIONS IN PREMIUM RATES.**

6 (a) ESTIMATES OF PREMIUM RATES.—Subparagraph
7 (A) of section 1307(a)(1) of the National Flood Insurance
8 Act of 1968 (42 U.S.C. 4014(a)(1)(A)) is amended—

9 (1) in clause (i), by striking “and” at the end;
10 (2) by adding at the end the following new
11 clause:

12 “(iii) the differences in flood risk for
13 properties located in coastal areas and
14 properties located inland; and”.

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 in flood risk for properties located in coastal areas and
20 properties located inland and” after “including differences
21 in risks”.

22 (c) REVISED RATES.—Not later than the expiration
23 of the two-year period beginning on the date of the enact-
24 ment of this Act, the Administrator of the Federal Emer-
25 gency Management Agency shall revise risk premium rates

1 under the National Flood Insurance Program to imple-
2 ment the amendments made by this section.

3 **SEC. 105. MONTHLY INSTALLMENT PAYMENT OF PRE-**
4 **MIUMS.**

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 and in alignment and
22 consistent with existing industry escrow and
23 servicing standards, necessary to implement
24 such paragraph without undergoing notice and
25 comment rulemaking and without conducting

1 regulatory analyses otherwise required by stat-
2 ute, regulation, or executive order.

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

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

11 **SEC. 106. ENHANCED CLEAR COMMUNICATION OF FLOOD**
12 **RISKS.**

13 (a) **IN GENERAL.**—Subsection (l) of section 1308 of
14 the National Flood Insurance Act of 1968 (42 U.S.C.
15 4015(l)) is amended to read as follows:

16 “(l) **CLEAR COMMUNICATIONS.**—

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

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

1 request for such information by the current owner of a
2 property, the Administrator shall provide to the owner any
3 information, including historical information, available to
4 the Administrator on flood insurance program coverage,
5 payment of claims, and flood damages for the property
6 at issue, and any information the Administrator has on
7 whether the property owner may be required to purchase
8 coverage under the National Flood Insurance Program
9 due to previous receipt of Federal disaster assistance, in-
10 cluding assistance provided by the Small Business Admin-
11 istration, the Department of Housing and Urban Develop-
12 ment, or the Federal Emergency Management Agency, or
13 any other type of assistance that subjects the property to
14 the mandatory purchase requirement under section 102
15 of the Flood Disaster Protection Act of 1973 (42 U.S.C.
16 4012a).”.

17 **TITLE II—INCREASING CON-**
18 **SUMER CHOICE THROUGH**
19 **PRIVATE MARKET DEVELOP-**
20 **MENT**

21 **SEC. 201. ELIMINATION OF NON-COMPETE REQUIREMENT.**

22 Section 1345 of the National Flood Insurance Act of
23 1968 (42 U.S.C. 4081) is amended by adding at the end
24 the following new subsection:

1 “(f) AUTHORITY TO PROVIDE OTHER FLOOD COV-
2 ERAGE.—

3 “(1) IN GENERAL.—The Administrator may
4 not, as a condition of participating in the Write
5 Your Own Program (as such term is defined in sec-
6 tion 1370(a)) or in otherwise participating in the
7 utilization by the Administrator of the facilities and
8 services of insurance companies, insurers, insurance
9 agents and brokers, and insurance adjustment orga-
10 nizations pursuant to the authority in this section,
11 nor as a condition of eligibility to engage in any
12 other activities under the National Flood Insurance
13 Program under this title, restrict any such company,
14 insurer, agent, broker, or organization from offering
15 and selling private flood insurance (as such term is
16 defined in section 102(b)(9) of the Flood Disaster
17 Protection Act of 1973 (42 U.S.C. 4012a(b)(9)).

18 “(2) FINANCIAL ASSISTANCE/SUBSIDY AR-
19 RANGEMENT.—After the date of the enactment of
20 this subsection—

21 “(A) the Administrator may not include in
22 any agreement entered into with any insurer for
23 participation in the Write Your Own Program
24 any provision establishing a condition prohib-
25 ited by paragraph (1), including the provisions

1 of Article XIII of the Federal Emergency Man-
2 agement Agency, Federal Insurance Adminis-
3 tration, Financial Assistance/Subsidy Arrange-
4 ment, as adopted pursuant to section 62.23(a)
5 of title 44 of the Code of Federal Regulations;
6 and

7 “(B) any such provision in any such agree-
8 ment entered into before such date of enact-
9 ment shall not have any force or effect, and the
10 Administrator may not take any action to en-
11 force such provision.”.

12 **SEC. 202. PUBLIC AVAILABILITY OF PROGRAM INFORMA-**
13 **TION.**

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

17 **“SEC. 1349. PUBLIC AVAILABILITY OF PROGRAM INFORMA-**
18 **TION.**

19 “(a) FLOOD RISK INFORMATION.—

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), to facilitate the National Flood Insurance
22 Program becoming a source of information and data
23 for research and development of technology that bet-
24 ter understands flooding, the risk of flooding, and
25 the predictability of perils of flooding, the Adminis-

1 trator shall make publicly available all data, models,
2 assessments, analytical tools, and other information
3 in the possession of the Administrator relating to
4 the National Flood Insurance Program under this
5 title that is used in assessing flood risk or identi-
6 fying and establishing flood elevations and pre-
7 miums, including—

8 “(A) data relating to risk on individual
9 properties and loss ratio information and other
10 information identifying losses under the pro-
11 gram;

12 “(B) current and historical policy informa-
13 tion, limited to the amount and term only, for
14 properties currently covered by flood insurance
15 and for properties that are no longer covered by
16 flood insurance;

17 “(C) current and historical claims informa-
18 tion, limited to the date and amount paid only,
19 for properties currently covered by flood insur-
20 ance and for properties that are no longer cov-
21 ered by flood insurance;

22 “(D) identification of whether a property
23 was constructed before or after the effective
24 date of the first flood insurance rate map for a
25 community;

1 “(E) identification of properties that have
2 been mitigated through elevation, a buyout, or
3 any other mitigation action; and

4 “(F) identification of unmitigated multiple-
5 loss properties.

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

12 “(b) COMMUNITY INFORMATION.—Not later than the
13 expiration of the 12-month period beginning upon the date
14 of the enactment of this section, the Administrator shall
15 establish and maintain a publicly searchable database that
16 provides information about each community participating
17 in the National Flood Insurance Program, which shall in-
18 clude the following information:

19 “(1) The status of the community’s compliance
20 with the National Flood Insurance Program, includ-
21 ing any findings of noncompliance, the status of any
22 enforcement actions initiated by a State or by the
23 Administrator, and the number of days of any such
24 continuing noncompliance.

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

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

9 “(4) The total number of current and historical
10 claims located outside the community’s special flood
11 hazard areas.

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

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

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

22 “(d) PROTECTION OF PERSONALLY IDENTIFIABLE
23 INFORMATION.—The information provided pursuant to
24 subsections (a) and (b) shall be disclosed in a format that
25 does not reveal individually identifiable information about

1 property owners in accordance with the section 552a of
2 title 5, United States Code.

3 “(e) DEFINITION OF LOSS RATIO.—For purposes of
4 this section, the term ‘loss ratio’ means, with respect to
5 the National Flood Insurance Program, the ratio of the
6 amount of claims paid under the Program to the amount
7 of premiums paid under the Program.”.

8 **SEC. 203. REFUND OF PREMIUMS UPON CANCELLATION OF**
9 **POLICY BECAUSE OF REPLACEMENT WITH**
10 **PRIVATE FLOOD INSURANCE.**

11 Section 1306 of the National Flood Insurance Act of
12 1968 (42 U.S.C. 4013) is amended by adding at the end
13 the following new subsection:

14 “(e) REFUND OF UNEARNED PREMIUMS FOR POLI-
15 CIES CANCELED BECAUSE OF REPLACEMENT WITH PRI-
16 VATE FLOOD INSURANCE.—

17 “(1) REQUIRED REFUND.—Subject to sub-
18 section (c), if at any time an insured under a policy
19 for flood insurance coverage for a property that is
20 made available under this title cancels such policy
21 because other duplicate flood insurance coverage for
22 the same property has been obtained from a source
23 other than the National Flood Insurance Program
24 under this title, the Administrator shall refund to
25 the former insured a portion of the premiums paid

1 for the coverage made available under this title, as
2 determined consistent with industry practice accord-
3 ing to the portion of the term of the policy that such
4 coverage was in effect, but only if a copy of declara-
5 tions page of the new policy obtained from a source
6 other than the program under this title is provided
7 to the Administrator:

8 “(2) EFFECTIVE DATE OF CANCELLATION.—

9 For purposes of this subsection, a cancellation of a
10 policy for coverage made available under the na-
11 tional flood insurance program under this title, for
12 the reason specified in paragraph (1), shall be effec-
13 tive—

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

20 “(B) on the date of the receipt by the Ad-
21 ministrator of the request for cancellation, if
22 the request for such cancellation was received
23 by the Administrator after the expiration of the
24 6-month period beginning on the effective date
25 of the new policy.

1 “(3) PROHIBITION OF REFUNDS FOR PROP-
2 ERTIES RECEIVING INCREASED COST OF COMPLI-
3 ANCE CLAIMS.—No premium amounts paid for cov-
4 erage made available under this title may be re-
5 funded pursuant to this subsection—

6 “(A) with respect to coverage for any prop-
7 erty for which measures have been implemented
8 using amounts received pursuant to a claim
9 under increased cost of compliance coverage
10 made available pursuant to section 1304(b); or

11 “(B) if a claim has been paid or is pending
12 under the policy term for which the refund is
13 sought.”.

14 **SEC. 204. GAO STUDY OF FLOOD DAMAGE SAVINGS AC-**
15 **COUNTS.**

16 (a) IN GENERAL.—The Comptroller General of the
17 United States shall conduct a study to analyze the feasi-
18 bility and effectiveness, and problems involved, in reducing
19 flood insurance premiums and eliminating the need for
20 purchase of flood insurance coverage by authorizing own-
21 ers of residential properties to establish flood damage sav-
22 ings accounts described in subsection (b) in lieu of com-
23 plying with the mandatory requirements under section 102
24 of the Flood Disaster Protection Act of 1973 (42 U.S.C.
25 4012a) to purchase flood insurance for such properties.

1 (b) FLOOD DAMAGE SAVINGS ACCOUNT.—A flood
2 damage savings account described in this subsection is a
3 savings account—

4 (1) that would be established by an owner of
5 residential property with respect to such property in
6 accordance with requirements established by the Ad-
7 ministrator of the Federal Emergency Management
8 Agency; and

9 (2) the proceeds of which would be available for
10 use only to cover losses to such properties resulting
11 from flooding, pursuant to adjustment of a claim for
12 such losses in the same manner and according to the
13 same procedures as apply to claims for losses under
14 flood insurance coverage made available under the
15 National Flood Insurance Act of 1968.

16 (c) ISSUES.—Such study shall include an analysis of,
17 and recommendation regarding, each of the following
18 issues:

19 (1) Whether authorizing the establishment of
20 such flood damage savings accounts would be effec-
21 tive and efficient in reducing flood insurance pre-
22 miums, eliminating the need for purchase of flood
23 insurance coverage made available under the Na-
24 tional Flood Insurance Program, and reducing risks

1 to the financial safety and soundness of the National
2 Flood Insurance Fund.

3 (2) Possible options for structuring such flood
4 damage savings accounts, including—

5 (A) what types of institutions could hold
6 such accounts and the benefits and problems
7 with each such type of institution;

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

10 (C) options regarding considerations the
11 conditions under which such an account may be
12 terminated.

13 (3) The feasibility and effectiveness, and prob-
14 lems involved in, authorizing the Administrator of
15 the Federal Emergency Management Agency to
16 make secondary flood insurance coverage available
17 under the National Flood Insurance Program to
18 cover the portion of flood losses or damages to prop-
19 erties for which such flood damage savings accounts
20 have been established that exceed the amounts held
21 in such accounts.

22 (4) The benefits and problems involved in au-
23 thORIZING the establishment of such accounts for
24 non-residential properties.

1 (d) REPORT.—Not later than the expiration of the
2 12-month period beginning on the date of the enactment
3 of this Act, the Comptroller General shall submit a report
4 to the Committee on Financial Services of the House of
5 Representatives, the Committee on Banking, Housing,
6 and Urban Affairs of the Senate, and the Administrator
7 that sets forth the analysis, conclusions, and recommenda-
8 tions resulting from the study under this section. Such re-
9 port shall identify elements that should be taken into con-
10 sideration by the Administrator in designing and carrying
11 out the demonstration program under section 205.

12 **SEC. 205. DEMONSTRATION PROGRAM FOR FLOOD DAMAGE**
13 **SAVINGS ACCOUNTS.**

14 (a) PLAN.—If the Comptroller General of the United
15 States concludes in the report required under section 204
16 that a demonstration program under this section is fea-
17 sible and should be considered, then the Administrator of
18 the Federal Emergency Management Agency shall, not
19 later than the expiration of the 12-month period beginning
20 upon the submission of the report under section 204(d),
21 submit to the Committee on Financial Services of the
22 House of Representatives and the Committee on Banking,
23 Housing, and Urban Affairs of the Senate a plan and
24 guidelines for a demonstration program, to be carried out
25 by the Administrator, to demonstrate the feasibility and

1 effectiveness of authorizing the establishment of flood
2 damage savings accounts, taking into consideration the
3 analysis, conclusions, and recommendations included in
4 such report.

5 (b) AUTHORITY.—The Administrator of the Federal
6 Emergency Management Agency shall carry out a pro-
7 gram to demonstrate the feasibility and effectiveness of
8 authorizing the establishment of flood damage savings ac-
9 counts in the manner provided in plan and guidelines for
10 the demonstration program submitted pursuant to sub-
11 section (a).

12 (c) SCOPE.—The demonstration program under this
13 section shall provide for the establishment of flood damage
14 savings accounts with respect to not more than 5 percent
15 of the residential properties that have 4 or fewer resi-
16 dences and that are covered by flood insurance coverage
17 made available under the National Flood Insurance Pro-
18 gram.

19 (d) TIMING.—The Administrator shall commence the
20 demonstration program under this section not later than
21 the expiration of the 12-month period beginning upon the
22 submission of the plan and guidelines for the demonstra-
23 tion pursuant to subsection (a).

24 (e) GEOGRAPHICAL DIVERSITY.— The Administrator
25 shall ensure that properties for which flood damage sav-

1 ings accounts are established under the demonstration are
2 located in diverse geographical areas throughout the
3 United States.

4 (f) REPORT.—Upon the expiration of the 2-year pe-
5 riod beginning upon the date of the commencement of the
6 demonstration program under this section, the Adminis-
7 trator shall submit a report to the Committee on Financial
8 Services of the House of Representatives and the Com-
9 mittee on Banking, Housing, and Urban Affairs of the
10 Senate describing and assessing the demonstration, and
11 setting forth conclusions and recommendations regarding
12 continuing and expanding the demonstration.

13 (g) FEASIBILITY.—The Administrator shall imple-
14 ment this section only after determining that implementa-
15 tion is supported by the Comptroller’s conclusions and rec-
16 ommendations contained in the report required under sec-
17 tion 204.

18 **TITLE III—MAPPING FAIRNESS**

19 **SEC. 301. USE OF OTHER RISK ASSESSMENT TOOLS IN DE-** 20 **TERMINING PREMIUM RATES.**

21 (a) ESTIMATES OF PREMIUM RATES.—Subparagraph
22 (A) of section 1307(a)(1) of the National Flood Insurance
23 Act of 1968 (42 U.S.C. 4014(a)(1)(A)) is amended—

24 (1) in clause (i), by striking “and” at the end;

1 (2) by adding at the end the following new
2 clause:

3 “(iii) both the risk identified by the
4 applicable flood insurance rate maps and
5 by other risk assessment data and tools,
6 including risk assessment models and
7 scores from appropriate sources; and”.

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

16 (c) EFFECTIVE DATE AND REGULATIONS.—

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

22 (2) REGULATIONS.—The Administrator of the
23 Federal Emergency Management Agency shall issue
24 regulations necessary to implement the amendments
25 made by subsections (a) and (b), which shall identify

1 risk assessment data and tools to be used in identi-
2 fying flood risk and appropriate sources for risk as-
3 sessment models and scores to be so used. Such reg-
4 ulations shall be issued not later than the expiration
5 of the 36-month period beginning on the date of the
6 enactment of this Act and shall take effect upon the
7 expiration of such period.

8 **SEC. 302. APPEALS REGARDING EXISTING FLOOD MAPS.**

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

12 “(k) APPEALS OF EXISTING MAPS.—

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

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

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

1 “(B) factors exist that mitigate the risk of
2 flooding, including ditches, banks, walls, vegeta-
3 tion, levees, lakes, dams, reservoirs, basin, re-
4 tention ponds, and other natural or manmade
5 topographical features.

6 “(3) APPEALS PROCESS.—

7 “(A) ADMINISTRATIVE ADJUDICATION.—
8 An appeal under this subsection shall be deter-
9 mined by a final adjudication on the record,
10 and after opportunity for an administrative
11 hearing.

12 “(B) RIGHTS UPON ADVERSE DECISION.—
13 If an appeal pursuant to subparagraph (A) does
14 not result in a decision in favor of the State,
15 local government, owner, or lessee, such party
16 may appeal the adverse decision to the Sci-
17 entific Resolution Panel provided for in section
18 1363A, which shall recommend a non-binding
19 decision to the Administrator.

20 “(4) RELIEF.—

21 “(A) WHOLLY SUCCESSFUL APPEALS.—In
22 the case of a successful appeal resulting in a
23 policyholder’s property being removed from a
24 special flood hazard area, such policyholder may
25 cancel the policy at any time within the current

1 policy year, and the Administrator shall provide
2 such policyholder a refund in the amount of any
3 premiums paid for such policy year, plus any
4 premiums paid for flood insurance coverage
5 that the policyholder was required to purchase
6 or maintain during the 2-year period preceding
7 such policy year.

8 “(B) PARTIALLY SUCCESSFUL APPEALS.—

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

23 “(C) ADDITIONAL RELIEF.—The Adminis-
24 trator may provide additional refunds in excess
25 of the amounts specified in subparagraphs (A)

1 and (B) if the Administrator determines that
2 such additional amounts are warranted.

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

1 (1) in subsection (b), by striking the second
2 sentence and inserting the following: “Any owner or
3 lessee of real property within the community who be-
4 lieves the owner’s or lessee’s rights to be adversely
5 affected by the Administrator’s proposed determina-
6 tion may appeal such determination to the local gov-
7 ernment no later than 90 days after the date of the
8 second publication.”

9 (2) in subsection (d), by striking “subsection
10 (e)” and inserting “subsection (f)”;

11 (3) by redesignating subsections (e), (f), and
12 (g) as subsections (f), (g), and (h), respectively; and

13 (4) by inserting after subsection (d) the fol-
14 lowing new subsection:

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

24 (b) PUBLICATION.—Subsection (a) of section 1363 of
25 the National Flood Insurance Act of 1968 (42 U.S.C.

1 4104(a)) is amended by striking “in the Federal Reg-
2 ister”.

3 (c) INAPPLICABILITY TO PRIVATE AND COMMUNITY
4 FLOOD MAPS.—Section 1363 of the National Flood Insur-
5 ance Act of 1968 (42 U.S.C. 4104), as amended by the
6 preceding provisions of this section, is further amended
7 by adding at the end the following new subsection:

8 “(i) INAPPLICABILITY TO COMMUNITY FLOOD
9 MAPS.—This section shall not apply with respect to any
10 flood map that is in effect pursuant to certification under
11 the standards, guidelines, and procedures established pur-
12 suant to section 100215(m)(1) of the Biggert-Waters
13 Flood Insurance Reform Act of 2012 (42 U.S.C.
14 4101a(m)(1)), which shall include procedures for pro-
15 viding notification and appeal rights to individuals within
16 the communities of the proposed flood elevation deter-
17 minations.”.

18 **SEC. 304. COMMUNICATION AND OUTREACH REGARDING**
19 **MAP CHANGES.**

20 Paragraph (1) of section 100216(d) of the Biggert-
21 Waters Flood Insurance Reform Act of 2012 (42 U.S.C.
22 4101b(d)(1)) is amended—

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

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

3 **TITLE IV—PROTECTING CON-**
4 **SUMERS AND INDIVIDUALS**
5 **THROUGH IMPROVED MITI-**
6 **GATION**

7 **SECTION 401. PROVISION OF COMMUNITY RATING SYSTEM**
8 **PREMIUM CREDITS TO MAXIMUM NUMBER**
9 **OF COMMUNITIES PRACTICABLE.**

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

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

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

18 **TITLE V—PROGRAM INTEGRITY**

19 **SEC. 501. INDEPENDENT ACTUARIAL REVIEW.**

20 Section 1309 of the National Flood Insurance Act of
21 1968 (42 U.S.C. 4016) is amended by adding at the end
22 the following new subsection:

23 “(e) INDEPENDENT ACTUARIAL REVIEW.—

24 “(1) FIDUCIARY RESPONSIBILITY.—The Admin-
25 istrator has a responsibility to ensure that the Na-

1 tional Flood Insurance Program remains financially
2 sound. Pursuant to this responsibility, the Adminis-
3 trator shall from time to time review and eliminate
4 nonessential costs and positions within the Program,
5 unless otherwise authorized or required by law, as
6 the Administrator determines to be necessary.

7 “(2) ANNUAL INDEPENDENT ACTUARIAL
8 STUDY.—The Administrator shall provide for an
9 independent actuarial study of the National Flood
10 Insurance Program to be conducted annually, which
11 shall analyze the financial position of the program
12 based on the long-term estimated losses of the pro-
13 gram. The Administrator shall submit a report (to-
14 gether with the independent actuarial study) annu-
15 ally to the Committee on Financial Services of the
16 House of Representatives and the Committee on
17 Banking, Housing, and Urban Affairs of the Senate
18 describing the results of such study, including a de-
19 termination of whether the Program has collected
20 revenue sufficient to cover the administrative ex-
21 penses of carrying out the flood insurance program,
22 which are reflected in the risk premium rates, cost
23 of capital, all other costs associated with the transfer
24 of risks, and expected claims payments during the

1 reporting period, and an overall assessment of the fi-
2 nancial status of the Program.

3 “(3) DETERMINATION OF ACTUARIAL BUDGET
4 DEFICIT.—

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

13 “(B) BASIS OF DETERMINATION.—The de-
14 termination required by subparagraph (A) shall
15 be based solely upon whether the portion of pre-
16 miums estimated and collected by the Program
17 during the reporting period is sufficient to cover
18 the administrative expenses of carrying out the
19 flood insurance program, which are reflected in
20 the risk premium rates, cost of capital, all other
21 costs associated with the transfer of risk, and
22 expected claims payments for the reporting pe-
23 riod.

24 “(4) QUARTERLY REPORTS.—During each fiscal
25 year, on a calendar quarterly basis, the Secretary

1 shall cause to be published in the Federal Register
2 or comparable method, with notice to the Committee
3 on Financial Services of the House of Representa-
4 tives and the Committee on Banking, Housing, and
5 Urban Affairs of the Senate, information which shall
6 specify—

7 “(A) the cumulative volume of policies that
8 have been underwritten under the National
9 Flood Insurance Program during such fiscal
10 year through the end of the quarter for which
11 the report is submitted;

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

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

16 “(D) projected versus actual loss rates;

17 “(E) the cumulative number of currently
18 insured repetitive-loss properties, severe repet-
19 itive-loss properties, and extreme repetitive-loss
20 properties that have been identified during such
21 fiscal year through the end of the quarter for
22 which the report is submitted;

23 “(F) the cumulative number of properties
24 that have undergone mitigation assistance,
25 through the National Flood Insurance Program,

1 during such fiscal year through the end of the
2 quarter for which the report is submitted; and

3 “(G) the number and location, by State or
4 territory, of each policyholder that has been
5 identified for such fiscal year as an eligible
6 household for purposes of the flood insurance
7 affordability program under section 1326.

8 The first quarterly report under this paragraph shall
9 be submitted on the last day of the first quarter of
10 fiscal year 2018, or on the last day of the first full
11 calendar quarter following the enactment of the 21st
12 Century Flood Reform Act, whichever occurs later.”.

13 **SEC. 502. ADJUSTMENTS TO HOMEOWNER FLOOD INSUR-**
14 **ANCE AFFORDABILITY SURCHARGE.**

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

18 (1) in subsection (a), by striking the first sen-
19 tence and inserting the following: “The Adminis-
20 trator shall impose and collect a non-refundable an-
21 nual surcharge, in the amount provided in sub-
22 section (b), on all policies for flood insurance cov-
23 erage under the National Flood Insurance Program
24 that are newly issued or renewed after the date of
25 the enactment of this section” ; and

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

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

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

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

11 “(B) eligible for preferred risk rate method
12 premiums.

13 “(2) NON-RESIDENTIAL PROPERTIES AND NON-
14 PRIMARY RESIDENCES NOT ELIGIBLE FOR PRP.—
15 The amount of the surcharge under subsection (a)
16 shall be \$275 in case of in the case of a policy for
17 any property that is—

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

19 “(B) a residential property that is—

20 “(i) not the primary residence of an
21 individual; and

22 “(ii) not eligible for preferred risk
23 rate method premiums.”.

24 (b) APPLICABILITY.—The amendment made by sub-
25 section (a) shall apply with respect to policies for flood

1 insurance coverage under the National Flood Insurance
2 Act of 1968 that are newly issued or renewed after the
3 expiration of the 12-month period beginning on the date
4 of the enactment of this Act.

5 **SEC. 503. NATIONAL FLOOD INSURANCE RESERVE FUND**
6 **COMPLIANCE.**

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

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

13 (2) in subsection (c)(3), by striking subpara-
14 graph (A) and inserting the following new subpara-
15 graph:

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

21 (3) in subsection (d)—

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

1 “(1) IN GENERAL.—Beginning in fiscal year
2 2018 and not ending until the fiscal year in which
3 the ratio required under subsection (b) is achieved—

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

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

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

20 (C) in paragraph (3), by inserting before
21 the period at the end the following: “and para-
22 graph (1)(B) shall apply until the fiscal year in
23 which the ratio required under subsection (b) is
24 achieved”.

1 **SEC. 504. DESIGNATION AND TREATMENT OF MULTIPLE-**
2 **LOSS PROPERTIES.**

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

6 (1) in subsection (a)—

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

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

11 (2) by adding at the end the following new sub-
12 section:

13 “(d) MULTIPLE-LOSS PROPERTIES.—

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

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

20 “(B) REPETITIVE-LOSS PROPERTY.—The
21 term ‘repetitive-loss property’ means a struc-
22 ture that has incurred flood damage for which
23 two or more separate claims payments of any
24 amount have been made under flood insurance
25 coverage under this title;

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

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

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

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

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

8 (b) PREMIUM ADJUSTMENT TO REFLECT CURRENT
9 FLOOD RISK.—

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

15 “(o) PREMIUM ADJUSTMENT TO REFLECT CURRENT
16 FLOOD RISK.—

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

24 “(2) ADJUSTMENT FOR EXISTING POLICIES.—
25 For policies for flood insurance under this title in

1 force on the date of the enactment of this Act for
2 properties described in paragraph (1)—

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

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

13 (2) CONFORMING AMENDMENT.—Section
14 1307(g)(2) of the National Flood Insurance Act of
15 1968 (42 U.S.C. 4014(g)(2)) is amended by striking
16 subparagraph (B) and inserting the following new
17 subparagraph:

18 “(B) in connection with a multiple-loss
19 property.”.

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

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

24 (A) in subsection (a)(2)—

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

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

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

7 (iii) in subparagraph (E)—

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

10 (II) in clause (ii)—

11 (aa) by striking “fair”; and

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

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

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

21 (B) by striking subsection (h).

22 (2) ANNUAL LIMITATION ON PREMIUM IN-
23 CREASES.—Subsection (e) of section 1308 of the
24 National Flood Insurance Act of 1968 (42 U.S.C.
25 4015(e)) is amended—

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

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

6 (C) by adding at the end the following new
7 paragraph:

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

16 (d) MINIMUM DEDUCTIBLES FOR CERTAIN MUL-
17 TIPLE-LOSS PROPERTIES.—

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

20 (A) by transferring subsection (b) of sec-
21 tion 1312 (42 U.S.C. 4019(b)) to 1306 (42
22 U.S.C. 4013), inserting such subsection at the
23 end of such section, and redesignating such
24 subsection as subsection (e);

1 (B) in section 1312 (42 U.S.C. 4019), by
2 redesignating subsection (e) as subsection (b).

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

9 “(3) CERTAIN MULTIPLE-LOSS PROPERTIES.—
10 Notwithstanding paragraph (1) or (2), the minimum
11 annual deductible for damage to any severe repet-
12 itive-loss property or extreme repetitive-loss property
13 shall be not less than \$5,000.”.

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

21 (f) INCREASED COST OF COMPLIANCE COVERAGE.—
22 Paragraph (1) of section 1304(b) of the National Flood
23 Insurance Act of 1968 (42 U.S.C. 4011(b)(1)) is amended
24 by striking “repetitive loss structures” and inserting
25 “multiple-loss properties”.

1 (g) AVAILABILITY OF INSURANCE FOR MULTIPLE-
2 LOSS PROPERTIES.—

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

7 **“SEC. 1304A. AVAILABILITY OF INSURANCE FOR MULTIPLE-
8 LOSS PROPERTIES.**

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

17 “(b) REFUSAL TO MITIGATE.—

18 “(1) IN GENERAL.—Except as provided pursu-
19 ant to paragraph (2), the Administrator may not
20 make flood insurance coverage available under this
21 title for any extreme repetitive-loss property for
22 which a claim payment for flood loss was made
23 under coverage made available under this title that
24 occurred after the date of enactment of the 21st
25 Century Flood Reform Act if the property owner re-

1 fuses an offer of mitigation for the property under
2 section 1366(a)(2) (42 U.S.C. 4104e(a)(2)).

3 “(2) EXCEPTIONS; APPEALS.—The Director
4 shall develop guidance to provide appropriate excep-
5 tions to the prohibition under paragraph (1) and to
6 allow for appeals to such prohibition.”

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

12 (h) RATES FOR PROPERTIES NEWLY MAPPED INTO
13 AREAS WITH SPECIAL FLOOD HAZARDS.—Subsection (i)
14 of section 1308 of the National Flood Insurance Act of
15 1968 (42 U.S.C. 4015(i)) is amended—

16 (1) by striking the subsection designation and
17 all that follows through “Notwithstanding” and in-
18 serting the following:

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

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

23 (2) by redesignating paragraphs (1) and (2) as
24 subparagraphs (A) and (B), respectively, and mov-
25 ing the left margins of such subparagraphs, as so re-

1 designated, and the matter following subparagraph
2 (B), 2 ems to the right;

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

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

8 (i) CLEAR COMMUNICATION OF MULTIPLE-LOSS
9 PROPERTY STATUS.—

10 (1) IN GENERAL.—Subsection (l) of section
11 1308 of the National Flood Insurance Act of 1968
12 (42 U.S.C. 4015(l)), as amended by the preceding
13 provisions of this Act, is further amended by adding
14 at the end the following new paragraph:

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

22 (j) MITIGATION ASSISTANCE PROGRAM.—Section
23 1366 of the National Flood Insurance Act of 1968 (42
24 U.S.C. 4104c) is amended—

25 (1) in subsection (a)—

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

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

8 (C) by striking paragraphs (2) and (3) and
9 inserting the following:

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

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

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

23 (3) in subsection (d)—

24 (A) in paragraph (1)—

1 (i) by striking “SEVERE REPETITIVE
2 LOSS STRUCTURES” and inserting “EX-
3 TREME REPETITIVE-LOSS PROPERTIES”;
4 and

5 (ii) by striking “severe repetitive loss
6 structures” and inserting “extreme repet-
7 itive-loss properties;”;

8 (B) in paragraph (2)—

9 (i) by striking “REPETITIVE LOSS
10 STRUCTURES” and inserting “SEVERE RE-
11 PETITIVE-LOSS PROPERTIES”;

12 (ii) by striking “repetitive loss struc-
13 tures” and inserting “severe repetitive-loss
14 properties”; and

15 (iii) by striking “90 percent” and in-
16 serting “100 percent”;

17 (C) by redesignating paragraph (3) as
18 paragraph (4); and

19 (D) by inserting after paragraph (2) the
20 following new paragraph:

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

25 (4) in subsection (h)—

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

2 (B) by striking the subsection designation

3 and all that follows through “shall apply:”; and

4 (C) in paragraph (1)—

5 (i) by striking “COMMUNITY” and in-
6 serting “DEFINITION OF COMMUNITY”;

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

9 (iii) by redesignating such paragraph
10 as subsection (j);

11 (iv) in subparagraph (B), by striking
12 “subparagraph (A)” and inserting “para-
13 graph (1)”;

14 (v) by redesignating subparagraphs
15 (A) and (B) as paragraphs (1) and (2), re-
16 spectively; and

17 (vi) by moving the left margins of
18 subsection (h) and paragraphs (1) and (2),
19 all as so redesignated, two ems to the left;
20 and

21 (5) by inserting after subsection (g) the fol-
22 lowing new subsections:

23 “(h) ALIGNMENT WITH INCREASED COST OF COM-
24 PLIANCE.—Notwithstanding any provision of law, any
25 funds appropriated for assistance under this title may be

1 transferred to the National Flood Insurance Fund estab-
2 lished under section 1310 (42 U.S.C. 4017) for the pay-
3 ment of claims to enable the Administrator to deliver
4 grants under subsection (a)(2) of this section to align with
5 the delivery of coverage for increased cost of compliance
6 for extreme repetitive-loss properties.

7 “(i) FUNDING.—

8 “(1) AUTHORIZATION OF APPROPRIATIONS.—

9 There is authorized to be appropriated
10 \$225,000,000 for each fiscal year for flood mitiga-
11 tion assistance grants.

12 “(2) AVAILABILITY.—Amounts appropriated
13 pursuant to this subsection for any fiscal year may
14 remain available for obligation until expended.”.

15 **SEC. 505. ELIMINATION OF COVERAGE FOR PROPERTIES**
16 **WITH EXCESSIVE LIFETIME CLAIMS.**

17 Section 1305 of the National Flood Insurance Act of
18 1968 (42 U.S.C. 4012) is amended by adding at the end
19 the following new subsection:

20 “(e) PROHIBITION OF COVERAGE FOR PROPERTIES
21 WITH EXCESSIVE LIFETIME CLAIMS.—After the expira-
22 tion of the 18-month period beginning on the date of the
23 enactment of this subsection, the Administrator may not
24 make available any new or renewed coverage for flood in-
25 surance under this title for any multiple-loss property for

1 which the aggregate amount in claims payments that have
2 been made after the expiration of such period under flood
3 insurance coverage under this title exceeds twice the
4 amount of the replacement value of the structure.”.

5 **SEC. 506. ADDRESSING TOMORROW'S HIGH-RISK STRUC-**
6 **TURES TODAY.**

7 The National Flood Insurance Act of 1968 is amend-
8 ed—

9 (1) in section 1305 (42 U.S.C. 4012), as
10 amended by the preceding provisions of this Act, by
11 adding at the end the following new subsections:

12 “(f) **REDUCING FUTURE RISKS OF THE NATIONAL**
13 **FLOOD INSURANCE FUND.—**

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

24 “(A) **NEW STRUCTURES ADDED TO FLOOD**
25 **HAZARD ZONES.—**Any new coverage for any

1 property for which new construction is com-
2 menced on or after such date and that, upon
3 completion of such construction, is located in an
4 area having special flood hazards.

5 “(B) STRUCTURES WITH HIGH-VALUE RE-
6 PLACEMENT COSTS.—Any new or renewed cov-
7 erage for any residential property having 4 or
8 fewer residences and a replacement value of the
9 structure, at the time, exclusive of the value of
10 the real estate on which the structure is lo-
11 cated, of \$1,000,000 or more (as such amount
12 is adjusted pursuant to clause (i)), subject to
13 the following provisions:

14 “(i) ADJUSTMENT OF AMOUNTS.—
15 The dollar amount in the matter of this
16 subparagraph that precedes this clause (as
17 it may have been previously adjusted) shall
18 be adjusted for inflation by the Adminis-
19 trator upon the expiration of the 5-year pe-
20 riod beginning upon the enactment of this
21 subsection and upon the expiration of each
22 successive 5-year period thereafter, in ac-
23 cordance with an inflationary index se-
24 lected by the Administrator.

1 “(ii) VALUATION.—The Administrator
2 shall determine the replacement value of a
3 property for purposes of this subparagraph
4 using such valuation methods or indicia as
5 the Administrator determines are reason-
6 ably accurate, consistent, reliable, and
7 available for such purposes.

8 “(2) ACTUARIAL STRUCTURES WITH HIDDEN
9 RISKS.—For any property with risk premium rates
10 estimated under section 1307(a)(1), on or after Jan-
11 uary 1, 2021, the Administrator shall charge risk
12 premium rates based on the current risk of flood re-
13 flected in the flood insurance rate map or com-
14 parable risk rating metric in effect at the time a pol-
15 icy is newly issued, unless the newly issued policy
16 covers a property with continuous flood insurance
17 coverage under this title, or upon the renewal of a
18 policy. For all such policy renewals, the Adminis-
19 trator shall increase the risk premium rate in ac-
20 cordance with section 1308(e)(2) until the risk pre-
21 mium rate is equal to the risk of flood reflected in
22 the flood insurance rate map or comparable risk rat-
23 ing metric in effect at the time of renewal.

24 “(3) IMPLEMENTATION.—The Administrator
25 may implement this subsection without rulemaking,

1 except that any such implementation shall include
2 advance publication of notice in the Federal Register
3 or advance notice by another comparable method,
4 such as posting on an official website of the Admin-
5 istrator.

6 “(g) AVAILABILITY OF OTHERWISE PROHIBITED
7 FLOOD INSURANCE DURING COUNTER-CYCLICAL MARKET
8 ADJUSTMENT.—

9 “(1) AUTHORITY.—Upon the effectiveness of a
10 determination under paragraph (2) with respect to a
11 geographical area, the Administrator may tempo-
12 rarily make available, for properties that are de-
13 scribed in subparagraph (A) or (B), or both, of sub-
14 section (f)(1), and are located in such area, coverage
15 for flood insurance under such Act, notwithstanding
16 subsection (f), during the period that begins upon
17 such determination and ends upon the termination
18 date with respect to such period determined under
19 paragraph (7) of this subsection.

20 “(2) DETERMINATION OF MARKET CONTRAC-
21 TION.—A determination under this paragraph for a
22 geographical area is a determination, made by the
23 State insurance regulator for the affected geo-
24 graphical area, that the availability or affordability
25 of private flood insurance coverage in the United

1 States for properties that are described in subpara-
2 graph (A) or (B), or both, of subsection (f)(1) and
3 are located in such area has contracted significantly,
4 made in accordance with the following requirements:

5 “(A) The State insurance coordinator has
6 determined that there is no evidence that the
7 State regulatory or legislative structure has un-
8 duly hindered the ability of private insurance
9 carriers to compete in the State.

10 “(B) The State insurance coordinator has
11 determined that there is evidence of a low mar-
12 ket penetration of private flood insurance in the
13 State, or a geographic area of the State, where
14 private insurance carriers have been allowed to
15 participate in the market in a fair process.

16 “(C) The State insurance coordinator has
17 determined that private insurers have been
18 given an opportunity to offer flood insurance
19 but have failed to penetrate the markets by
20 more than 10 percent of the market share for
21 flood insurance.

22 “(D) The determination under this para-
23 graph was made after the State insurance com-
24 missioner provided private insurance carriers
25 and consumers an opportunity to provide infor-

1 mation regarding the determination under this
2 paragraph, which included holding a public
3 hearing regarding such determination at which
4 to provide such information that was held not
5 less than 45 days after public notice of the time
6 and place of such hearing was first made avail-
7 able.

8 “(E) The Secretary of the Treasury has
9 confirmed the determination under this para-
10 graph based on the conditions of the insurance
11 market for such determination, including the
12 geographic area subject to the determination.

13 “(3) EFFECTIVE DATE.—A determination
14 under paragraph (2) shall take effect for purposes of
15 paragraph (1) upon receipt by the Administrator of
16 written notice of such determination, in accordance
17 with such requirements as the Administrator shall
18 establish.

19 “(4) SURCHARGE.—Any flood insurance cov-
20 erage made available for a property pursuant to this
21 subsection shall be made available at chargeable pre-
22 mium rates otherwise determined under this title for
23 such property, notwithstanding subsection (f), except
24 that the Administrator shall impose and collect a
25 surcharge for such coverage in an amount equal to

1 10 percent of such chargeable premium rate, which
2 shall be deposited into the National Flood Insurance
3 Fund established under section 1310.

4 “(5) CONDITIONS FOR TERMINATION.—Upon
5 making a determination under paragraph (2), the
6 Administrator shall also identify measurable criteria
7 for determining when the conditions determined
8 under paragraph (2) have ceased to exist for the af-
9 fected geographical area.

10 “(6) NOTICE TO CONGRESS.—Upon making a
11 determination under paragraph (2), the Adminis-
12 trator shall provide, to the Committee on Financial
13 Services of the House of Representatives and the
14 Committee on Banking, Housing, and Urban Affairs
15 of the Senate, written notice of such determination,
16 the geographical area to which such determination
17 applies, and the specific measurable criteria identi-
18 fied pursuant to paragraph (5).

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

22 “(A) the expiration of the 12-month period
23 beginning upon the date that notice under para-
24 graph (6) is provided to the specified Commit-
25 tees; or

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

3 “(8) RULES OF CONSTRUCTION.—

4 “(A) MULTIPLE DETERMINATIONS.—Noth-
5 ing in this subsection may be construed to pre-
6 vent multiple or consecutive periods during
7 which direct flood insurance coverage may be
8 made available pursuant to this subsection for
9 properties referred to in subsection (f)(1).

10 “(B) EFFECTIVENESS OF POLICIES.—The
11 termination pursuant to paragraph (7) of au-
12 thority to make direct flood insurance coverage
13 available pursuant to this subsection may not
14 be construed to affect the effectiveness or term
15 of coverage of any policy for such coverage pur-
16 chased pursuant to such authority.”; and

17 (2) in section 1306(a)(1) (42 U.S.C.
18 4013(a)(1)), by inserting “, subject to subsections
19 (f) and (g) of section 1305” before the semicolon at
20 the end.

21 **SEC. 507. ALLOWANCE FOR WRITE YOUR OWN COMPANIES.**

22 Section 1345 of the National Flood Insurance Act of
23 1968 (42 U.S.C. 4081), as amended by the preceding pro-
24 visions of this Act, is further amended by adding at the
25 end the following new subsection:

1 “(g) ALLOWANCE FOR WRITE YOUR OWN COMPA-
2 NIES.—The allowance paid to companies participating in
3 the Write Your Own Program (as such term is defined
4 in section 1370 (42 U.S.C. 4121) with respect to a policy
5 for flood insurance coverage made available under this
6 title shall not be greater than 25 percent of the chargeable
7 premium for such coverage.”.

8 **SEC. 508. ENFORCEMENT OF MANDATORY PURCHASE RE-**
9 **QUIREMENTS.**

10 (a) PENALTIES.—Paragraph (5) of section 102(f) of
11 the Flood Disaster Protection Act of 1973 (42 U.S.C.
12 4012a(f)(5)) is amended by striking “\$2,000” and insert-
13 ing “\$5,000”.

14 (b) INSURED DEPOSITORY INSTITUTIONS.—Subpara-
15 graph (A) of section 10(i)(2) of the Federal Deposit Insur-
16 ance Act (12 U.S.C. 1820(i)(2)(A)) is amended by strik-
17 ing “date of enactment of the Riegle Community Develop-
18 ment and Regulatory Improvement Act of 1994 and bien-
19 nially thereafter for the next 4 years” and inserting “date
20 of enactment of the 21st Century Flood Reform Act and
21 biennially thereafter”.

22 (c) CREDIT UNIONS.—Subparagraph (A) of section
23 204(e)(2) of the Federal Credit Union Act (12 U.S.C.
24 1784(e)(2)(A)) is amended by striking “date of enactment
25 of the Riegle Community Development and Regulatory

1 Improvement Act of 1994 and biennially thereafter for the
2 next 4 years” and inserting “date of enactment of the 21st
3 Century Flood Reform Act and annually thereafter”.

4 (d) GOVERNMENT-SPONSORED ENTERPRISES.—
5 Paragraph (4) of section 1319B(a) of the Federal Hous-
6 ing Enterprises Financial Safety and Soundness Act of
7 1992 (12 U.S.C. 4521(a)(4)) is amended, in the matter
8 after and below subparagraph (B), by striking “first,
9 third, and fifth annual reports under this subsection re-
10 quired to be submitted after the expiration of the 1-year
11 period beginning on the date of enactment of the Riegle
12 Community Development and Regulatory Improvement
13 Act of 1994” and inserting “first annual report under this
14 subsection required to be submitted after the expiration
15 of the 1-year period beginning on the date of enactment
16 of the 21st Century Flood Reform Act and every such sec-
17 ond annual report thereafter”.

18 (e) MANDATORY PURCHASE STUDY; GUIDELINES.—

19 (1) STUDY.—

20 (A) IN GENERAL.—The Comptroller Gen-
21 eral of the United States shall conduct a study
22 of the implementation and efficacy of the re-
23 quirements of section 102 of the Flood Disaster
24 Protection Act of 1973 (42 U.S.C. 4012a).

1 Such study shall at minimum consider the fol-
2 lowing questions:

3 (i) How effectively do Federal agen-
4 cies, regulated lending institutions, and
5 Federal entities for lending regulation im-
6 plement the requirements of section 102 of
7 the Flood Disaster Protection Act of 1973?

8 (ii) Does the current implementation
9 of Flood Disaster Protection Act of 1973
10 align with the congressional findings and
11 purposes described in section 2(b) of such
12 Act (42 U.S.C. 4002)?

13 (iii) What, if any, unintended con-
14 sequences have resulted from the require-
15 ments and implementation of section 102
16 of such Act?

17 (B) REPORT.—Not later than the expira-
18 tion of the 18-month period beginning on the
19 date of the enactment of this Act, the Comp-
20 troller General shall submit a report to the
21 Committee on Financial Services of the House
22 of Representatives and the Committee on Bank-
23 ing, Housing, and Urban Affairs of the Senate
24 regarding the findings and conclusions of the
25 study conducted pursuant to this paragraph.

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. 510. FLOOD INSURANCE PURCHASE REQUIREMENTS.**

9 Section 102 of the Flood Disaster Protection Act of
10 1973 (42 U.S.C. 4012a), as amended by the preceding
11 provisions of this 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 21st Century Flood Reform Act and upon the expi-
19 ration of each successive 5-year period thereafter, in
20 accordance with an inflationary index selected by the
21 Administrator”; and

22 (2) by adding at the end the following new sub-
23 section:

24 “(j) FLOOD INSURANCE PURCHASE REQUIRE-
25 MENTS.—Notwithstanding any other provision of law, a

1 State or local government or private lender may require
2 the purchase of flood insurance coverage for a structure
3 that is located outside of an area having special flood haz-
4 ards.”.