H.R. 2246, the "Taxpayer Exposure Mitigation Act of 2017"
Section-by-Section Summary
June 14, 2017

SEC. 1. SHORT TITLE.

This Act may be cited as the "Taxpayer Exposure Mitigation Act of 2017".

SEC. 2. OPT-OUT OF MANDATORY COVERAGE REQUIREMENT FOR COMMERCIAL PROPERTIES.

Amends the Flood Disaster Protection Act of 1973 and the National Flood Insurance Act of 1968 to eliminate the NFIP's mandatory purchase requirement for all commercial properties, while preserving the eligibility of commercial properties voluntarily to purchase NFIP coverage if they so choose.

SEC. 3 RISK TRANSFER REQUIREMENT.

No later than 18 months after bill enactment, the FEMA Administrator shall annually cede a portion of the risk of the NFIP to the private reinsurance or capital markets, as determined by the Administrator, in an amount that (i) is sufficient to maintain the ability of the program to pay claims; and (ii) manages and limits the annual exposure of the NFIP to flood losses in accordance with the probable maximum loss target established each such year. The Administrator shall establish the probable maximum loss target for the NFIP that is expected to occur such fiscal year. In establishing the probable maximum loss target, the Administrator shall consider – (i) the probable maximum loss targets for other U.S. public natural catastrophe insurance program, including State wind pools and earthquake programs; (ii) the probable maximum loss targets of other risk management organizations, including the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; (iii) catastrophic, actuarial, and other appropriate data modeling results of the NFIP portfolio; (iv) the availability of funds in the National Flood Insurance Fund; (v) the availability of funds in the National Flood Insurance Reserve Fund; (vi) the availability of NFIP borrowing authority; (vii) the ability of the Administrator to repay outstanding debt; (viii) amounts appropriated to the Administrator to carry out the NFIP; (ix) reinsurance, capital markets, catastrophe bonds, collateralized reinsurance, resilience bonds, and other insurance-linked securities, and other risk transfer opportunities; and (x) any other factor the Administrator determines appropriate.

Gives the Administrator the ability to enter into multi-year contracts for re-insurance.

SEC. 4. PRIVATE OR COMMUNITY FLOOD MAPS.

Twelve months after bill enactment, the Technical Mapping Advisory Council (TMAC) shall develop and establish a set of standards, guidelines, and procedures for (i) state and local governments to develop alternative maps to NFIP rate maps; and (ii) certification, by the Administrator and within 90 days of submission, of such maps for use under the NFIP in the case of any area covered by an NFIP rate map developed and approved by the Administrator that has not been updated or reissued for 36 months or longer.

Subject to certification and approval by the Administrator, the map shall be considered the flood insurance rate map in effect for all purposes of the NFIP, with respect to the area covered by the map. Such local maps may not be revised, updated or replaced before the expiration of the 36-month period beginning upon such certification.

Until the Administrator promulgates regulations implementing this section, the Administrator may adopt policies and procedures necessary to implement this section without undergoing notice and comment rulemaking.