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1ST SESSION

H. R. 2873

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to provide for an expanded Federal program of hazard mitigation, relief, and insurance against the risk of catastrophic natural disasters, such as hurricanes, earthquakes, and volcanic eruptions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 1993

Mr. MINETA (for himself and Mr. BOEHLERT) introduced the following bill; which was referred jointly to the Committees on Public Works and Transportation and Banking, Finance and Urban Affairs

FEBRUARY 2, 1994

Additional sponsors: Mr. GIBBONS, Mr. YOUNG of Alaska, Mr. SHAW, Mr. BACCHUS of Florida, Mr. PORTER, Mr. QUILLEN, Mr. RAVENEL, Mr. SUNDQUIST, Ms. BROWN of Florida, Mr. MICA, Mr. MCCOLLUM, Mr. UNDERWOOD, Mr. JOHNSTON of Florida, Mr. PETERSON of Florida, Mr. HUTTO, Mr. CANADY, Mr. KNOLLENBERG, Mr. LIPINSKI, Mr. EWING, Mr. DEUTSCH, Mr. DEFazio, Mr. COOPER, Mr. BROWN of California, Mr. BURTON of Indiana, Mr. HASTINGS, Mr. MILLER of Florida, Mr. TAYLOR of North Carolina, Mr. HOBSON, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. LAUGHLIN, Mr. FILNER, Mr. STARK, Mr. GORDON, Mr. BILIRAKIS, Mr. LEWIS of Florida, Mr. CLINGER, Mr. OBERSTAR, Mr. LEVY, Mr. LEWIS of California, Mr. KLECZKA, Mr. GENE GREEN of Texas, Mr. SWIFT, Ms. MOLINARI, Mr. RAHALL, Mr. CALLAHAN, Mrs. LLOYD, Mr. BACHUS of Alabama, Mr. STENHOLM, Mrs. MEEK, Mr. DERRICK, Mr. MINGE, Mr. TANNER, Ms. DUNN, Mr. CALVERT, Mr. VOLKMER, Ms. ROS-LEHTINEN, Mr. TORRICELLI, Mr. JEFFERSON, Mr. CLYBURN, Mr. DIAZ-BALART, Mr. SWETT, Mr. FARR of California, Mr. CLEMENT, Mr. SPENCE, Ms. CANTWELL, Mr. BORSKI, Mrs. FOWLER, Mr. WELDON, Mr. CONDIT, Mr. BLILEY, Mr. ENGEL, Mr. FOGLIETTA, Mr. DOOLITTLE, Mr. FORD of Tennessee, Mr. HAYES, Mr. GILLMOR, Mr. TUCKER, Mr. COSTELLO, and Mr. EDWARDS of California

A BILL

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to provide for an expanded Federal program of hazard mitigation, relief, and insurance against the risk of catastrophic natural disasters, such as hurricanes, earthquakes, and volcanic eruptions, 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 shall be cited as the “Natural Disaster Pro-
5 tection Act of 1993”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 Section 101 of the Robert T. Stafford Disaster Relief
8 and Emergency Assistance Act (42 U.S.C. 5121) is
9 amended as follows:

10 (a) In subsection (a), by—

11 (1) striking “and” in paragraph (1);

12 (2) inserting “and” following the semicolon in
13 paragraph (2);

14 (3) inserting the following new paragraph be-
15 fore “special measures”:

16 “(3) because catastrophic natural disasters,
17 such as major hurricanes, earthquakes, and volcanic
18 eruptions, pose particular problems in terms of sub-
19 stantial long-term consequences, ill-equipped pre-

1 paredness efforts, lack of hazard mitigation meas-
2 ures (such as enforced building codes), and inad-
3 equate insurance and reinsurance coverage;”;

4 (4) inserting “promoting hazard mitigation
5 compliance and in” after “affected States in”; and

6 (5) inserting “insurance and reinsurance cov-
7 erage,” after “rendering of aid, assistance,”.

8 (b) In subsection (b), by—

9 (1) inserting before the semicolon in paragraph
10 (1) “by including State hazard mitigation compli-
11 ance, Federal primary insurance, and Federal excess
12 reinsurance programs”;

13 (2) inserting after “preparedness” in paragraph
14 (2) “, hazard mitigation compliance,”;

15 (3) striking the second “and” in paragraph (3)
16 and inserting in lieu thereof “, hazard mitigation,
17 emergency first response”;

18 (4) striking “insurance coverage” in paragraph
19 (4) and inserting in lieu thereof “multi-hazard pri-
20 mary insurance coverage with premiums based on
21 risk”;

22 (5) inserting before the semicolon in paragraph
23 (4) “and creating a Federal excess reinsurance pro-
24 gram in partnership with the private-sector to speed
25 rebuilding following a catastrophic natural disaster”;

1 (6) inserting before the semicolon in paragraph
2 (5) “and the adoption and enforcement of multi-haz-
3 ard building codes, and improved first responder ca-
4 pabilities”; and

5 (7) inserting after “disasters” in paragraph (6)
6 “and a self-sustaining funding mechanism to help
7 States pay for hazard mitigation.”.

8 **SEC. 3. DEFINITIONS.**

9 Section 102 of the Robert T. Stafford Disaster Relief
10 and Emergency Assistance Act (42 U.S.C. 5122) is
11 amended as follows:

12 (a) In paragraph (7) add “the Federal National
13 Mortgage Association, and the Federal Home Loan Mort-
14 gage Corporation,” following “United State Postal Serv-
15 ice,”.

16 (b) Add at the end the following new paragraphs:

17 “(10) The term ‘critical facilities’ means
18 schools and structures essential to emergency serv-
19 ices necessary for post natural disaster recovery (in-
20 cluding hospitals, fire and police facilities, temporary
21 shelters, and emergency operating and preparedness
22 centers).

23 “(11) The term ‘Director’ means the Director
24 of the Federal Emergency Management Agency.

1 “(12) The term ‘disaster-prone State’ means
2 any State determined by the Director pursuant to
3 section 701 to be a hurricane-prone, windstorm-
4 prone, earthquake-prone, volcanic eruption-prone, or
5 flood-prone State.

6 “(13) The term ‘earthquake’ means any shak-
7 ing or trembling of the crust of the earth caused by
8 underground seismic forces or by breaking and shift-
9 ing of rock beneath the surface.

10 “(14) The term ‘earthquake-prone State’ means
11 a State determined by the Director pursuant to sec-
12 tion 701 to have an exposure to the earthquake
13 peril.

14 “(15) The term ‘Federal assistance’ means any
15 form of financial aid, including grants, loans, loan-
16 guarantees, subsidies, insurance, and payments, pro-
17 vided by a Federal agency.

18 “(16) The term ‘first responder’ means those
19 fire fighting, police, and emergency medical person-
20 nel with the statutory authority to engage in and
21 provide immediate emergency response services.

22 “(17) The term ‘flood’ or ‘flooding’ means a
23 general and temporary condition of partial or com-
24 plete inundation of normally dry land areas from the
25 overflow of inland or tidal waters or the unusual and

1 rapid accumulation of runoff of surface waters from
2 any source.

3 “(18) The term ‘flood-prone State’ means a
4 State determined by the Director pursuant to sec-
5 tion 701 to have an exposure to the flood peril.

6 “(19) The term ‘hurricane’ means a non-fron-
7 tal, warm core, low pressure atmospheric system
8 having a definite organized circulation, including any
9 associated windstorm events occurring within 72
10 hours before and after the hurricane, with sustained
11 wind speeds of 74 miles per hour or greater and offi-
12 cially declared to be a hurricane by the National
13 Hurricane Center.

14 “(20) The term ‘hurricane-prone State’ means
15 a State determined by the Director pursuant to sec-
16 tion 701 to have an exposure to the hurricane peril.

17 “(21) The term ‘hurricane zone’ means an area
18 within a State identified by the Director as being
19 subject to major risk from the hurricane peril.

20 “(22) The term ‘insurance industry’ means all
21 private insurers and private reinsurers.

22 “(23) The term ‘lifelines’ means critical public
23 infrastructure, including highways, bridges, water
24 transportation and treatment facilities, electric

1 transmission systems, pipelines, and telecommuni-
2 cations networks.

3 “(24) The term ‘local community’ means a po-
4 litical subdivision of a State which has zoning and
5 building code jurisdiction over a particular area
6 which is exposed to the hurricane, windstrom, earth-
7 quake, volcanic-eruption, or flood peril.

8 “(25) The term ‘multi-hazard coverage’ means
9 policies, riders, or endorsements of insurance issued
10 on Federal paper pursuant to subtitle A of title VIII
11 that provide indemnity, in whole or in part, for the
12 loss, destruction, or damage of residential property.

13 “(26) The term ‘ordinance or law coverage’
14 means insurance coverage for the increased cost of
15 construction to repair or rebuild structures and the
16 cost of demolition due to the enforcement of any
17 ordinance or law, such as building codes.

18 “(27) The terms ‘private insurer’ and ‘private
19 reinsurer’ mean any insurer or reinsurer that is (A)
20 licensed or admitted to write property and casualty
21 insurance or reinsurance within a State, or (B) is a
22 branch of an insurer or reinsurer organized or incor-
23 porated in a country other than the United States
24 that is entered through and licensed by a State to
25 conduct insurance or reinsurance business. In the

1 case of an insurance exchange or group of unincor-
2 porated underwriters, the term means an underwrit-
3 ing syndicate, notwithstanding the licensed or admit-
4 ted status of the insurance exchange or group of
5 unincorporated underwriters.

6 “(28) The term ‘residential property’ means
7 any (A) 1- to 4-family residential structure (includ-
8 ing mobile or manufactured homes) and the personal
9 property therein, and (B) personal property of occu-
10 pants of residential structures (including condomin-
11 iums, cooperatives, and apartment structures).

12 “(29) The term ‘seismic zone’ means an area
13 within a State identified by the Director as being
14 subject to major risk from the earthquake peril.

15 “(30) The term ‘State residual insurance pool-
16 ing program’ means any State-authorized joint un-
17 derwriting or joint reinsurance association, risk pool,
18 residual market mechanism, or other type of State-
19 sanctioned entity providing property insurance cov-
20 erage against hurricanes, earthquakes, volcanic
21 eruptions, or tsunamis.

22 “(31) The term ‘substantially modified building
23 construction’ means additional or improvements to
24 an existing structure which constitute at least a 50
25 percent increase in the overall value of the structure.

1 “(32) The term ‘supplemental losses’ means
2 claim and loss adjustment expense payments for the
3 multi-hazard coverage issued pursuant to subtitle A
4 of title VIII that exceed the accumulated amounts in
5 the Primary Insurance Program Fund.

6 “(33) The term ‘tsunami’ means an ocean wave
7 generated by underwater disturbances in the earth’s
8 crust, primarily earthquakes and submarine volcanic
9 eruptions.

10 “(34) The term ‘volcanic eruption’ means the
11 expulsion, as a result of natural causes, of molten
12 rock, rock fragments, gases, ashes, mud, lava flows,
13 and other natural substances through an opening in
14 the crust of the Earth.

15 “(35) The term ‘volcanic eruption-prone State’
16 means a State determined by the Director pursuant
17 to section 701 to have an exposure to the volcanic
18 eruption peril.

19 “(36) The term ‘volcanic zone’ means an area
20 within a State identified by the Director as being
21 subject to major risk from the volcanic eruption
22 peril.

23 “(37) the term ‘windstorm’ means an atmos-
24 pheric disturbance marked by high velocity move-

1 ments of air, such as a tornado, but does not include
2 a hurricane.

3 “(38) The term ‘windstorm-prone State’ means
4 a State determined by the Director pursuant to sec-
5 tion 701 to have an exposure to the windstorm
6 peril.”.

7 **SEC. 4. DISASTER ASSISTANCE AMENDMENTS.**

8 Title IV of the Robert T. Stafford Disaster Relief and
9 Emergency Assistance Act (42 U.S.C. 5121 et seq.) is
10 amended as follows:

11 (a) In section 404 (42 U.S.C. 7170c), add “(a) HAZ-
12 ARD MITIGATION GRANTS.—” following the section head-
13 ing and add the following new subsections at the end:

14 “(b) HAZARD MITIGATION INITIATIVES.—Consistent
15 with this title and other existing Federal law, the Director
16 shall develop programs to carry out the following multi-
17 hazard mitigation and emergency management initia-
18 tives—

19 “(1) the development of model building codes
20 and other hazard mitigation measures for cata-
21 strophic natural disasters, such as hurricanes, wind-
22 storms, earthquakes, volcanic-eruptions, or floods,
23 which are based on both preventing personal injuries
24 and mitigating property damage;

1 “(2) adequate training and licensing of archi-
2 tects, engineers building inspectors, building code
3 enforcement personnel, planners, and similar profes-
4 sionals to ensure proper compliance with hazard
5 mitigation standards;

6 “(3) expanded research to strengthen building
7 codes and promote development of cost-effective
8 building technologies and related hazard mitigation
9 measures;

10 “(4) the transfer of hazard mitigation tech-
11 nology to States, local communities, and other per-
12 sons, such as private building contractors, respon-
13 sible for the implementation and enforcement of
14 hazard mitigation measures;

15 “(5) aid for Federal, State, and local emergency
16 response operations following natural disasters which
17 could include the acquisition of additional facilities,
18 equipment, and personnel as well as resources for
19 training and public assistance; and

20 “(6) education to enhance public awareness of
21 the risk of and hazards from natural disasters and
22 ways to mitigate the personal, physical, and eco-
23 nomic losses.

24 “(c) FEDERAL REGULATIONS.—Within 18 months of
25 the date of enactment of the Natural Disaster Protection

1 Act of 1993, the Director, in coordination with other Fed-
2 eral agencies, shall issue final multi-hazard mitigation reg-
3 ulations necessary to carry out the hazard mitigation ac-
4 tivities described in subsection (b). Such regulations shall
5 be issued pursuant to the provisions of subchapter II of
6 charter 5 of title 5, United States Code.”.

7 (b) In section 405 (42 U.S.C. 5171), add the follow-
8 ing new subsection at the end:

9 “(d) **FEDERALLY-CONNECTED BUILDINGS.**—All new
10 buildings owned or leased by any Federal agency or receiv-
11 ing Federal assistance shall meet the newest edition of the
12 relevant building code requirements, including relevant
13 building and housing codes and performance building
14 standards. Within 18 months of the date of enactment of
15 the Natural Disaster Protection Act of 1993, the Director,
16 in coordination with other Federal agencies, shall issue
17 final regulations necessary to carry out this subsection,
18 pursuant to the provisions of subchapter II of chapter 5
19 of title 5, United States Code.”.

20 (c) In section 406 (42 U.S.C. 5172), add the follow-
21 ing new subsection at the end:

22 “(g) **MITIGATION NON-COMPLIANCE PENALTY.**—No
23 public assistance disaster funds under this section shall
24 be provided to any local community which has failed, with-
25 in 5 years from the date of enactment of the Natural Dis-

1 aster Protection Act of 1993, to comply with the multi-
 2 hazard building and safety codes described in section
 3 702(a) and the flood performance standards described in
 4 section 702(b).”.

5 (d) In section 407 (42 U.S.C. 5173), add the follow-
 6 ing new subsection at the end:

7 “(e) MITIGATION NON-COMPLIANCE PENALTY.—No
 8 public assistance disaster funds under this section shall
 9 be provided to any local community which has failed, with-
 10 in 5 years from the date of enactment of the Natural Dis-
 11 aster Protection Act of 1993, to comply with the multi-
 12 hazard building and safety codes described in section
 13 702(a) and the flood performance standards described in
 14 section 702(b).”.

15 **SEC. 5. MULTI-HAZARD MITIGATION PROGRAM.**

16 The Robert T. Stafford Disaster Relief and Emer-
 17 gency Assistance Act (42 U.S.C. 5121 et seq.) is amended
 18 by adding at the end the following new title:

19 **TITLE VII—MULTI-HAZARD MITIGATION**
 20 **PROGRAM**

21 **“SEC. 701. IDENTIFICATION AND DESIGNATION OF DISAS-**
 22 **TER-PRONE STATES.**

23 “(a) INITIAL IDENTIFICATION.—The Director, con-
 24 sistent with existing Federal law, shall identify States

1 which are prone to damages from the following natural
2 disaster perils—

3 “(1) hurricanes;

4 “(2) windstorms;

5 “(3) earthquakes;

6 “(4) volcanic eruptions; and

7 “(5) flooding.

8 “(b) DESIGNATION BY PERIL.—The Director shall
9 designate all States identified pursuant to subsection (a)
10 as disaster-prone States, and separately designate States
11 as hurricane-prone, windstorm-prone, earthquake-prone,
12 volcanic eruption-prone, or flood-prone, as appropriate,
13 within 1 year of the date of the enactment of the Natural
14 Disaster Protection Act of 1993. The Director shall cause
15 a listing of such States to be published in the Federal Reg-
16 ister and in widely circulated local newspapers in the ap-
17 plicable States before the expiration of such 1-year period.

18 “(c) FINAL NOTIFICATION.—The designation for
19 each State under subsection (b) shall become final for the
20 purposes of this Act 6 months after such designations are
21 published in the Federal Register. The Director shall
22 notify the chief executive officer of each such State des-
23 igned, in writing, before the expiration of such 6-month
24 period.

1 “(d) ONGOING DESIGNATION AND NOTIFICATION.—
2 Based upon any additional hurricane, windstorm, seismic,
3 volcanic, or flood information that from time-to-time be-
4 comes available, the Director may designate States (not
5 designated under subsection (b)) having an exposure to
6 hurricane, windstorm, earthquake, volcanic eruption, or
7 flood perils. Any such States shall be designated pursuant
8 to the terms of subsection (b) and notified pursuant to
9 terms of subsection (c).

10 “(e) APPEAL.—Any State aggrieved by a final deter-
11 mination as a disaster-prone State, pursuant to sub-
12 sections (c) or (d), may, after exhausting administrative
13 remedies, appeal such determination to any United States
14 district court for a district located within the State, not
15 more than 60 days after receipt of notice of such deter-
16 mination. The scope of review by the court shall be as pro-
17 vided under chapter 7 of title 5, United States Code. Dur-
18 ing the pendency of any such litigation, all determinations
19 of the Director shall be effective and final for the purposes
20 of this title unless stayed by the court for good cause
21 shown.

22 **“SEC. 702. BUILDING AND SAFETY STANDARDS.**

23 “(a) MULTI-HAZARD BUILDING AND SAFETY
24 CODES.—At a minimum, each State designated as a hurri-

1 cane-prone State, a windstorm-prone State, or an earth-
2 quake-prone State shall either—

3 “(1) for all new and substantially modified
4 building construction in that State, adopt the rel-
5 evant natural disaster hazard mitigation portions of
6 the newest edition of the National Building Code,
7 the Standard Building Code, or the Uniform Build-
8 ing Code and other relevant building and housing
9 codes and standards, including the national consen-
10 sus safety codes of the National Fire Protection As-
11 sociation (specifically the National Electrical Code,
12 the National Fuel Gas Code, the Flammable and
13 Combustible Liquids Code, and the Standard for the
14 Storage and Handling of Liquefied Petroleum
15 Gases); or

16 “(2) certify that the State’s local communities
17 have adopted and are enforcing building codes which
18 meet or exceed the minimum natural disaster hazard
19 mitigation portions of any of the 3 model building
20 codes and other building and housing codes and
21 standards described in paragraph (1) for all new and
22 substantially modified building construction in that
23 State.

1 “(b) FLOOD PERFORMANCE STANDARDS.—At a min-
2 imum, each State designated as a flood-prone State shall
3 either—

4 “(1) adopt the relevant flood minimum per-
5 formance standards, flood-proofing, and other flood
6 protection measures authorized pursuant to the Na-
7 tional Flood Insurance Act of 1968, as amended (42
8 U.S.C. 4001 et seq.), which minimize flood damage
9 for new and substantially modified building con-
10 struction located in flood-prone local communities; or

11 “(2) certify that all the State’s flood-prone local
12 communities have adopted and are enforcing the
13 minimum performance standards described in para-
14 graph (1) for new and substantially modified build-
15 ing construction.

16 **“SEC. 703. STATE MITIGATION PLANS.**

17 “(a) GENERAL AUTHORITY.—Each State designated
18 as a disaster-prone State shall either—

19 “(1) develop a mitigation plan which establishes
20 the State’s plan with accompanying schedules for
21 improving the State’s ability to reduce the hazards
22 of future natural disasters, such as hurricanes,
23 windstorms, earthquakes, volcanic-eruptions, or
24 floods; or

1 “(2) designate an existing mitigation plan
2 which includes the processes described in subsection
3 (b).

4 “(b) CONTENT OF STATE MITIGATION PLANS.—
5 Each State mitigation plan shall include, at a minimum,
6 a process for—

7 “(1) verifying compliance with the multi-hazard
8 building and safety codes described in section 702(a)
9 and the flood performance standards described in
10 section 702(b) to ensure these building standards
11 are being enforced;

12 “(2) identifying, consistent with the National
13 Flood Insurance Act, as amended (42 U.S.C. 4001
14 et seq.), the areas within the State which have some
15 risk from the hazards of natural disasters, including
16 hurricanes, windstorms, earthquakes, volcanic erup-
17 tions, and floods, and further categorizing at-risk
18 areas based on the degree of risk;

19 “(3) establishing priorities by risk and location
20 of which types of structures, including State build-
21 ings, lifelines, and critical facilities, may be in need
22 of hazard mitigation;

23 “(4) identifying which hazard mitigation meas-
24 ures, such as building codes, non-structural mitiga-
25 tion, and retrofitting, for each of the natural disas-

1 ter perils that are most cost-effective and most likely
2 to prevent personal injury and reduce property
3 losses;

4 “(5) improving the emergency response to natu-
5 ral disasters, which shall include capabilities for fire
6 fighting, search and rescue, and the provision of
7 shelters, communications, and medical relief;

8 “(6) expediting the rebuilding of lifelines and
9 the recovery by individuals and the State’s business
10 and commercial sector;

11 “(7) encouraging the development of local com-
12 munity-based hazard mitigation plans;

13 “(8) achieving compliance with and enforcement
14 of the Federal multi-hazard mitigation standards or
15 requirements set forth in regulations promulgated by
16 the Director pursuant to this Act; and

17 “(9) developing standards and guidelines for
18 the safe staffing, operations, and regular training of
19 first responders for disaster emergency mitigation.

20 “(c) SUBMISSION OF STATE MITIGATION PLANS TO
21 FEMA.—Within 2 years of being designated disaster-
22 prone pursuant to section 701, each disaster-prone State
23 shall submit its completed mitigation plan to the Director.

1 **“SEC. 704. COMPLIANCE BY STATES.**

2 “(a) DEFINITION OF COMPLIANCE STATE.—A disas-
3 ter-prone State shall be considered a compliance State for
4 purposes of this title, if within 5 years of the date of enact-
5 ment of the Natural Disaster Protection Act of 1993, the
6 State is certified under subsection (b)(3) as a compliance
7 State and, where appropriate, if its compliance status has
8 been renewed pursuant to the terms of subsection (b)(4).

9 “(b) DETERMINATION OF COMPLIANCE.—

10 “(1) STATE SUBMISSION OF CERTIFICATION.—
11 Within 3 years of being designated disaster-prone
12 pursuant to section 701, each disaster-prone State
13 shall submit a certification to the Director stating
14 whether the State has—

15 “(A) substantially complied with, and is
16 substantially enforcing, the multi-hazard build-
17 ing codes provisions of section 702(a) and the
18 flood performance standards of section 702(b);
19 and

20 “(B) started implementing its mitigation
21 plan, including the specific processes described
22 in section 703(b).

23 “(2) REVIEW BY DIRECTOR.—The Director
24 shall review each certification submitted under para-
25 graph (1) to determine whether it is an accurate
26 manifestation of the submitting State’s substantial

1 compliance with, and enforcement of, the hazard
2 mitigation measures described in sections 702 and
3 703.

4 “(3) COMPLIANCE DETERMINATION.—If the
5 Director determines that the State certification is
6 substantially accurate and the State has substan-
7 tially adopted and is substantially enforcing and car-
8 rying out the applicable hazard mitigation measures
9 described in sections 702 and 703, the Director shall
10 promptly certify the State as a compliance State for
11 purposes of subsection (a). If the Director deter-
12 mines that the State certification is substantially in-
13 accurate, the Director shall promptly return the cer-
14 tification submission to the State with suggested
15 changes for obtaining certification as a compliance
16 State.

17 “(4) COMPLIANCE RENEWAL.—The Director
18 shall review the compliance with, and enforcement
19 of, the applicable hazard mitigation measures by
20 each compliance State meeting the requirements of
21 subsection (a) not less than once every 2 years and
22 shall renew compliance certificates under the terms
23 of paragraph (3) as appropriate.

24 “(5) REGULATIONS.—The Director shall issue
25 final regulations not later than 18 months after the

1 date of the enactment of the Natural Disaster Pro-
2 tection Act of 1993 describing the criteria to be used
3 in determining whether a State is a compliance
4 State.

5 (c) PENALTIES FOR NON-COMPLIANCE.—The follow-
6 ing penalties shall become effective 5 years from the date
7 of enactment of the Natural Disaster Protection Act of
8 1993:

9 “(1) NO MITIGATION FUNDS.—Funds from the
10 Self-Sustaining Mitigation Fund under section 705
11 shall not be made available to any State which has
12 not been certified as a compliance State.

13 “(2) HIGHER PREMIUMS AND DEDUCTIBLES.—
14 Premium rates and deductibles assessed under the
15 Primary Insurance Program of subtitle A of title
16 VIII shall be increased, as determined by the Direc-
17 tor under the plan of operation of section 821 and
18 consistent with actuarially sound requirements of
19 section 804, for all policyholders residing in a State
20 which has not been certified as a compliance State.

21 “(3) NO ASSISTANCE OR FEDERAL BUILD-
22 INGS.—No Federal assistance shall be provided to
23 any new Federal building or new Federally leased,
24 assisted, or regulated building covered under Execu-
25 tive Order 11988 (“Floodplain Management”, May

1 24, 1977) and Executive Order 12699 (“Seismic
2 Safety of Federal and Federally Assisted or Regu-
3 lated New Building Construction”, January 5, 1990)
4 which is located in a State which has not been cer-
5 tified as a compliance State.

6 **“SEC. 705. SELF-SUSTAINING MITIGATION FUND.**

7 “(a) ESTABLISHMENT.—

8 “(1) A percentage of the annual multi-hazard
9 coverage premiums collected under the Primary In-
10 surance Program under subtitle A of title VIII and
11 the excess reinsurance premiums collected under the
12 Reinsurance Program under subtitle B of title VIII
13 shall be deposited, on a quarterly basis, in a sepa-
14 rate fund to be known as the Self-Sustaining Mitiga-
15 tion Fund.

16 “(2) The Director shall set the percentage de-
17 scribed in paragraph (1) which shall be at least 5
18 percent, but shall not exceed 10 percent, unless the
19 Director determines that the amounts in the Pri-
20 mary Insurance Program Fund established under
21 section 805 and the Reinsurance Fund established
22 under section 815 are sufficient to provide for any
23 probable expected losses from future hurricanes,
24 earthquakes, and volcanic eruptions.

1 “(3) Interest on amounts in the Self-Sustaining
2 Mitigation Fund shall be credited to the Fund.

3 “(b) USE.—Amounts in the Self-Sustaining Mitiga-
4 tion Fund shall be available, to the extent provided in ap-
5 propriations Acts, to the Director to use as follows:

6 “(1) STATE SUPPORT.—The Director shall pro-
7 vide amounts in the Fund as financial assistance to
8 each disaster-prone State, unless 5 years from the
9 date of enactment of the Natural Disaster Protec-
10 tion Act of 1993 has passed and that State has not
11 been certified as a compliance State under section
12 704.

13 “(A) Each State’s share of such financial
14 assistance shall be based solely on a pro rata
15 formula of the Primary Insurance Program pre-
16 miums collected pursuant to subtitle A of title
17 VIII from the policyholders residing in that
18 State.

19 “(B) Such financial assistance shall be
20 used by disaster-prone States to support hazard
21 mitigation activities described in sections 702
22 and 703 and any activities required by the Fed-
23 eral regulations issued pursuant to section 404.
24 Priority shall be given to those hazard mitiga-
25 tion activities necessary to bring the State into

1 compliance with the building standards of sec-
2 tion 702, including the adequate enforcement of
3 such standards.

4 “(C) Disaster-prone States shall transfer a
5 percentage, as established in Federal regula-
6 tions, of such financial assistance to local com-
7 munities to support activities necessary to en-
8 sure State compliance with the hazard mitiga-
9 tion requirements of this title.

10 “(D) The Director shall from time-to-time
11 conduct audits to ensure that disaster-prone
12 States and local communities are using such fi-
13 nancial assistance to support the hazard mitiga-
14 tion activities described in subparagraphs (B)
15 and (C).

16 “(2) FEDERAL SUPPORT.—A portion of the
17 amounts in the Self-Sustaining Mitigation Fund, as
18 determined by the Director, may be used to support
19 Federal hazard mitigation and emergency manage-
20 ment activities described in section 404.

21 “(c) FEDERAL REGULATION.—Within 12 months of
22 the date of enactment of the Natural Disaster Protection
23 Act of 1993, the Director shall issue final Federal regula-
24 tions, pursuant to the provisions of subchapter II of chap-

1 ter 5 of title 5, United States Code, necessary to carry
2 out this section.

3 **“SEC. 706. NATURAL DISASTER MITIGATION AND PLANNING**
4 **ADVISORY COMMITTEE.**

5 “(a) ESTABLISHMENT.—There is established an inde-
6 pendent advisory committee within the executive branch
7 to be known as the Natural Disaster Mitigation and Plan-
8 ning Advisory Committee (in this section referred to as
9 the ‘Committee’). To the extent not contradicted by the
10 provisions of this section, the Committee shall be subject
11 to the provisions of the Federal Advisory Committee Act
12 (5 U.S.C. Appendix 2). The establishment of the Commit-
13 tee shall not result in the creation of any new permanent
14 staff or new office facilities.

15 “(b) MEMBERSHIP.—The Committee shall be com-
16 posed of 20 members appointed by the Director. The
17 members shall be chosen from among citizens of the
18 United States and shall include—

19 “(1) 1 individual who is a metropolitan fire
20 chief;

21 “(2) 1 individual who is a State fire marshal;

22 “(3) 1 individual who is a volunteer fire fighter;

23 “(4) 1 individual who is an organized labor rep-
24 resentative of the fire services;

1 “(5) 1 individual who is a search and rescue
2 expert;

3 “(6) 1 individual who is a State director of
4 emergency medical services;

5 “(7) 1 individual who represents the interests of
6 the model building code bodies;

7 “(8) 1 individual who is a State emergency
8 manager;

9 “(9) 1 individual who is a local emergency
10 manager;

11 “(10) 1 individual who is a flood plain
12 manager;

13 “(11) 1 individual who represents the interests
14 of law enforcement;

15 “(12) 1 individual who is an architect;

16 “(13) 1 individual who is a builder;

17 “(14) 1 individual who is a structural engineer;

18 “(15) 1 individual who represents a building
19 trades labor union;

20 “(16) 1 individual who is a recognized seismic
21 hazard mitigation expert;

22 “(17) 1 individual who is a recognized wind
23 hazard mitigation expert;

24 “(18) 1 individual who represents the interests
25 of consumers;

1 “(19) 1 individual who represents the private
2 insurers; and

3 “(20) 1 individual who represents the insurance
4 agents.

5 “(c) VACANCIES.—A vacancy on the Committee shall
6 be filled in the manner in which the original appointment
7 was made.

8 “(d) CHAIRPERSON.—The Director shall designate a
9 chairperson of the Committee from among members
10 selected for appointment to the Committee.

11 “(e) SELECTION.—Not later than 180 days after the
12 date of the enactment of the Natural Disaster Protection
13 Act of 1993 and after consulting with the State and local
14 emergency management community, the Director shall ap-
15 point the members of the Committee.

16 “(f) FUNCTIONS OF THE COMMITTEE.—The Com-
17 mittee shall advise the Director on hazard mitigation and
18 disaster planning, including the development and imple-
19 mentation of the multi-hazard mitigation programs cre-
20 ated pursuant to this title. The Committee shall review
21 and comment on all draft Federal regulations issued by
22 the Director pursuant to this title.

23 “(g) RESPONSIBILITIES OF THE DIRECTOR.—The
24 Director shall fully cooperate with the Committee and pro-
25 vide the Committee with access to personnel and informa-

1 tion as the Committee considers necessary to carry out
2 its functions. The Director shall request comments from
3 the Committee on any questions regarding operation of
4 multi-hazard mitigation programs established under this
5 title.”.

6 **SEC. 6. FEDERAL INSURANCE PROGRAMS.**

7 The Robert T. Stafford Disaster Relief and Emer-
8 gency Assistance Act (42 U.S.C. 5121 et seq.) is amended
9 by adding after title VII as set forth above, the following
10 new title:

11 **“TITLE VIII—FEDERAL INSURANCE**
12 **PROGRAMS**

13 **“Subtitle A—Primary Insurance Program**

14 **“SEC. 801. BASIC AUTHORITY AND PROGRAM OPERATION.**

15 “(a) ESTABLISHMENT.—To carry out the purposes of
16 this subtitle, the Director shall establish and carry out a
17 national multi-hazard insurance program (in this title re-
18 ferred to as the ‘Primary Insurance Program’) to provide
19 insurance against loss resulting from physical damage to
20 or loss of real property or personal property related there-
21 to, in any State or States, arising from any earthquake
22 and volcanic eruption (including any fire proximately
23 caused by such volcanic eruption).

24 “(b) IMPLEMENTATION.—In carrying out the Pri-
25 mary Insurance Program, the Director shall arrange for

1 participation, on other than a risk-sharing basis, by pri-
2 vate insurers, insurance agents and brokers, insurance
3 adjustment organizations, and other persons. The Direc-
4 tor may take any actions reasonably necessary and appro-
5 priate to carry out this subtitle, including the making of
6 contracts, the employment and compensation of persons,
7 the acquisition of real and personal property, and the rea-
8 sonable auditing of private insurers participating in the
9 Primary Insurance Program limited to matters directly re-
10 lated to their participation in such program.

11 “(c) INSURANCE PRACTICES.—Any actions of the
12 Director under this subtitle shall be consistent with stand-
13 ard insurance practices and generally accepted accounting,
14 actuarial, and underwriting principles.

15 “(d) FLOOD INSURANCE STUDY.—The Director shall
16 evaluate the feasibility and benefits of including flood as
17 a covered peril under the national multi-hazard insurance
18 program. Such evaluation shall include an examination of
19 whether to integrate existing flood insurance policies is-
20 sued under the National Flood Insurance Act of 1968, as
21 amended (42 U.S.C. 4001 et seq.), into the multi-hazard
22 coverage policy issued under this subtitle. The Director
23 shall submit a report, including any recommendations, to
24 the Congress within 1 year of the date of enactment of
25 the Natural Disaster Protection Act of 1993.

1 “(e) IMPROVED PARTICIPATION IN FEDERAL FLOOD
2 INSURANCE PROGRAM.—

3 “(1) NOTIFICATION REQUIREMENT.—Agents
4 and brokers or private insurers participating in the
5 Federal flood insurance program pursuant to the
6 National Flood Insurance Act, as amended (42
7 U.S.C. 4001 et seq.), shall promptly notify the Di-
8 rector of any policyholder who refuses to purchase
9 Federal flood insurance if such policyholder is re-
10 quired pursuant to such Act to purchase such cov-
11 erage as a condition of receiving any Federal assist-
12 ance for acquisition or construction of the insured
13 property and the agent, broker, or private insurer
14 knows of such requirement.

15 “(2) FEMA OBLIGATION.—

16 (A) GENERAL AUTHORITY.—Within 180
17 days of receiving a notification of any non-com-
18 pliant policholder as described in paragraph (1),
19 the Director shall take necessary and appro-
20 priate steps consistent with the National Flood
21 Insurance Act, as amended (42 U.S.C. 4001 et
22 seq.), to assure said policyholder purchases the
23 required Federal flood insurance coverage.

24 “(B) REPORT TO CONGRESS.—Within 180
25 days of enactment of the Natural Disaster Pro-

1 tection Act of 1993, the Director shall submit
2 a report to Congress of any additional sanc-
3 tions, or other measures, deemed necessary and
4 appropriate to assure policyholders purchase
5 the required Federal insurance coverage under
6 subparagraph (A).

7 “(3) REGULATIONS.—Pursuant to the provi-
8 sions of subchapter II of chapter 5 of title 5, United
9 States Code, the Director shall issue any regulations
10 necessary to carry out this subsection.”.

11 **“SEC. 802. SCOPE OF PROGRAM.**

12 “(a) ELIGIBLE PROPERTIES.—In carrying out the
13 Primary Insurance Program, the Director shall make
14 multi-hazard coverage available only for residential prop-
15 erties that are located in earthquake and volcanic erup-
16 tion-prone States as determined by section 701.

17 “(b) ADDITIONAL TYPES OF PROPERTIES.—If the
18 Director makes an affirmative finding, in consultation
19 with the Federal Insurance and Reinsurance Advisory
20 Committee established pursuant to section 822, that the
21 private insurance industry cannot adequately provide cov-
22 erage to other types of properties, the Director may rec-
23 ommend to Congress that multi-hazard coverage under
24 this subtitle be made available to cover other types of
25 properties.

1 **“SEC. 803. TERMS AND LIMITATIONS OF INSURANCE**
2 **COVERAGE.**

3 “(a) TERMS.—Pursuant to the plan of operation es-
4 tablished under section 821 and after consultation with
5 the Federal Insurance and Reinsurance Advisory Commit-
6 tee established under section 822, the Director shall estab-
7 lish, by regulation, the general terms and conditions of
8 insurability for properties eligible for multi-hazard cov-
9 erage under section 802. Such regulations shall meet the
10 requirements of this section and may include—

11 “(1) the type and locational classification of
12 such eligible properties;

13 “(2) specific insurability definitions for eligible
14 properties;

15 “(3) the specific types of damage that may be
16 covered by such insurance;

17 “(4) appropriate premium rates consistent with
18 the actuarial requirement of section 804;

19 “(5) appropriate loss-deductibles including vari-
20 able deductibles based on the existence of loss-reduc-
21 tion measures that affect the risk of loss;

22 “(6) appropriate limits on coverage for each
23 classification of eligible properties;

24 “(7) appropriate minimum coverage amounts
25 for each classification of eligible properties, which
26 may not be less than the outstanding principal bal-

1 ance of the mortgage loan securing the property or
2 the maximum coverage limit for the property under
3 paragraph (6), whichever is less; and

4 “(8) any other terms and limitations relating to
5 such residential property insurance coverage that
6 may be necessary to carry out the purposes of this
7 subtitle.

8 “(b) HAZARDS COVERED.—The multi-hazard cov-
9 erage under this subtitle shall cover any damage to cov-
10 ered eligible property, including debris removal, additional
11 living expenses incurred as a result of direct damage to
12 the premises, and ordinance and law coverage up to the
13 policy limits set by subsection (a)(5) with additional ordi-
14 nance and law coverage available pursuant to the plan of
15 operation under section 821, proximately caused by—

16 “(1) an earthquake, except for any fire proxi-
17 mately caused by an earthquake;

18 “(2) a volcanic eruption, including any fire
19 proximately caused by a volcanic eruption; and

20 “(3) a tsunami associated with an earthquake
21 or volcanic eruption.

22 “(c) PROGRAM PARTICIPATION.—Upon the issuance
23 of regulations establishing the plan of operation under sec-
24 tion 821, any private insurer may participate in the Pri-
25 mary Insurance Program regardless of whether such pri-

1 vate insurer provides any insurance to residential property
2 policyholders.

3 “(d) OBLIGATIONS OF PARTICIPATING INSURERS.—

4 Any private insurer electing to participate in the Primary
5 Insurance Program shall provide to all its residential prop-
6 erty policyholders for residential property determined to
7 be eligible under subsection (a) and located in earthquake
8 and volcanic eruption-prone States either—

9 “(1) the multi-hazard coverage under this sub-
10 title, or

11 “(2) coverage on its own behalf that is equiva-
12 lent to the multi-hazard coverage provided under
13 this subtitle at rates established for the coverage
14 under this subtitle.

15 “(e) OBLIGATIONS OF NON-PARTICIPATING INSUR-

16 ERS.—Any private insurer electing not to participate in
17 the Primary Insurance Program shall notify, pursuant to
18 regulations adopted by the Director, all of its residential
19 policyholders in earthquake and volcanic eruption-prone
20 States of its non-participation in such program, and of
21 the absence of insurance and reinsurance protection for
22 multi-hazard coverage under this title.

23 **“SEC. 804. ACTUARIALLY SOUND RATES.**

24 “(a) ESTABLISHMENT OF RATES.—The Director
25 shall from time-to-time establish and prescribe by regula-

1 tion on a State, risk zone, or other appropriate basis, actu-
2 rially sound rates for types or classes of property eligible
3 for multi-hazard coverage and the terms and conditions
4 under which such rates apply.

5 “(b) CONSULTATION.—In carrying out this section,
6 the Director shall consult with the Federal Insurance and
7 Reinsurance Advisory Committee established under sec-
8 tion 822 and may enter into contracts, agreements, or
9 other arrangements to utilize the services of the United
10 States Geological Survey, the National Oceanic and At-
11 mospheric Administration, and other relevant Federal,
12 State, and local governmental agencies, and other persons.

13 “(c) CONSIDERATIONS.—The Director shall establish
14 actuarially sound rates under this section based on—

15 “(1) considerations of the risks involved, includ-
16 ing an examination of any of the following factors
17 which are deemed relevant—

18 “(A) the severity and frequency of earth-
19 quakes by seismic zone and States in which the
20 insured property is located, including known
21 differences in risks from active faults and
22 known susceptibility to landslide, site amplifi-
23 cation, and liquefaction;

24 “(B) the risk of damage associated with a
25 volcanic eruption by volcanic zone and States in

1 which the insured property is located, including
2 proximity to known lava flows;

3 “(C) the risk of damage associated with a
4 tsunami caused by an earthquake or volcanic
5 eruption;

6 “(D) the value of the insured property;

7 “(E) the age of the structures located on
8 the insured property;

9 “(F) the construction type of the struc-
10 tures located on the insured property, including
11 woodframe, masonry, and masonry veneer;

12 “(G) the architectural type of the struc-
13 tures located on the insured property, including
14 soft first floor, box construction, and split level;

15 “(H) hazard mitigation measures followed
16 in the construction or subsequent retrofitting of
17 residential property structures; and

18 “(I) any other relevant criteria; and

19 “(2) application of accepted actuarial and rate-
20 making principles that reflect the risks involved, an-
21 ticipated insurance-related administrative and oper-
22 ating costs and loss and loss-adjustment expense
23 payments, contributions from the Self-Sustaining
24 Mitigation Fund established under section 705, and
25 provision for adequate reserves.

1 “(d) MINIMIZATION OF CROSS-SUBSIDIZATION.—To
2 the maximum extent practicable, the rates established
3 under this section shall be actuarially sound and shall re-
4 sult in a minimum of cross-subsidization by reasonably re-
5 flecting the risk of damaging earthquakes, volcanic erup-
6 tions, and tsunamis, as appropriate, in total and for each
7 subclassification of policyholders.

8 “(e) ACTUARIALLY SOUND REQUIREMENT.—In set-
9 ting and adjusting rates under this section, the Director
10 shall provide that, over an extended period of time, ex-
11 pected expenditures from the Primary Insurance Program
12 Fund under section 805(c) do not exceed expected receipts
13 of the Primary Insurance Program Fund under section
14 805(b).

15 “(f) LIMITATIONS.—

16 “(1) To the maximum extent practicable, any
17 rate classification system developed by the Director
18 to establish actuarially sound rates under this sec-
19 tion shall be—

20 “(A) cost effective and shall not impose
21 costs for the initial establishment or the subse-
22 quent administration of the rating plan that are
23 disproportionate to the size of the insurance
24 premiums collected; and

1 “(B) simple and easy to understand, iden-
2 tify, and use by insurance agents and policy-
3 holders.

4 “(2) The premiums collected under the Primary
5 Insurance Program shall not be used to establish
6 highly specific geographic rating zones and micro-
7 zonation maps for the earthquake, volcanic eruption,
8 and tsunami perils.

9 **“SEC. 805. PRIMARY INSURANCE PROGRAM FUND.**

10 “(a) ESTABLISHMENT.—There is established in the
11 Treasury of the United States the Primary Insurance Pro-
12 gram Fund (in this section referred to as the ‘Insurance
13 Fund’) for the purpose of carrying out the Primary Insur-
14 ance Program under this subtitle.

15 “(b) CREDITS OF FUND.—The Insurance Fund shall
16 be credited with—

17 “(1) insurance premiums received by the Direc-
18 tor under the Primary Insurance Program (less any
19 amounts credited to the Self-Sustaining Mitigation
20 Fund under section 705) and interest earned on pre-
21 miums, as provided in subsection (e);

22 “(2) any amounts borrowed under section 806;

23 “(3) any amounts appropriated to the Insur-
24 ance Fund; and

1 “(4) any interest earned on amounts invested
2 under subsection (d).

3 “(c) USES OF FUND.—Amounts in the Insurance
4 Fund shall be available for—

5 “(1) payments for losses and loss adjustment
6 expenses under subsection (f);

7 “(2) payments for insurance company expense
8 allowances paid (including agents’ commissions,
9 State premium taxes, and companies’ administration
10 expenses);

11 “(3) any and all administrative and operating
12 expenses in carrying out the Primary Insurance Pro-
13 gram; and

14 “(4) principal and interest payments on
15 amounts borrowed under section 806 for supple-
16 mental losses, if any.

17 “(d) INVESTMENT OF AMOUNTS.—The Director may
18 request the Secretary of the Treasury to invest any
19 amount in the Primary Insurance Program Fund in obli-
20 gations issued or guaranteed by the United States, as the
21 Director considers appropriate.

22 “(e) INSURANCE PAYMENTS TO FUND.—Private in-
23 surers issuing multi-hazard coverage shall remit the pre-
24 miums collected, less the insurers’ expense allowances (as
25 provided for in the plan of operation under section 821),

1 to the Director on a quarterly basis 30 days after the end
2 of the quarter, according to the procedures prescribed in
3 the plan of operation. Such private insurers shall maintain
4 a separate, interest-bearing account for the premiums to
5 be submitted to the Director. The interest collected on this
6 account shall be forwarded to the Insurance Fund with
7 the premiums on a quarterly basis.

8 “(f) REIMBURSEMENT OF INSURERS.—

9 “(1) REQUIREMENT AND PROCEDURE.—The
10 Director shall reimburse private insurers providing
11 multi-hazard coverage pursuant to this subtitle from
12 amounts made available from the Insurance Fund.
13 Reimbursement for all claim payments up to and in-
14 cluding the policy limits of coverage and for all loss
15 adjustment expenses paid as a result of an earth-
16 quake, volcanic eruption, or tsunami, as appropriate,
17 shall be made as follows:

18 “(A) The Director shall reimburse insurers
19 within 30 days of the date any claim payments
20 and loss adjustment expense payments are
21 made pursuant to the Federal Government’s
22 obligations.

23 “(B) If the gross reimbursements exceed
24 amounts available in the Insurance Fund,
25 amounts borrowed from the Treasury of the

1 United States under section 806 shall cover the
2 supplemental losses.

3 “(2) REGULATIONS.—The Director may issue
4 regulations establishing the general method or meth-
5 ods by which proved and approved claims for losses
6 may be adjusted and paid for damages covered by
7 the multi-hazard coverage issued under this subtitle.
8 The claim practices of the Insurance Fund shall be
9 subject to and conform with any applicable State in-
10 surance unfair trade practices statutes. Judicial re-
11 view of a decision of the Director regarding reim-
12 bursement of a private insurer shall be available
13 pursuant to section 821(e).

14 “(g) OBLIGATIONS.—All multi-hazard coverage pro-
15 vided through the Primary Insurance Program under this
16 subtitle shall constitute obligations of the United States.
17 The full faith and credit of the United States is pledged
18 for the full payment and performance of such obligations.
19 The private insurers participating in the program shall
20 bear no risk and shall assume no liability for the multi-
21 hazard coverage provided through the program.

22 “(h) STATUS OF FUND.—Any premiums collected for
23 deposit in the Insurance Fund shall be exempt from all
24 taxation now or hereafter imposed by the United States,
25 by any territory, dependency or possession thereof, or by

1 the State, county, municipality, or local taxing authority,
2 except that the insurance policies issued by or in conjunc-
3 tion with the Federal Government pursuant to this title
4 shall be subject, where applicable, to State insurance pre-
5 mium taxes.

6 **“SEC. 806. BORROWING FROM TREASURY.**

7 “(a) **AUTHORITY.**—To the extent that the accumu-
8 lated assets, including any return on investments, in the
9 Primary Insurance Program Fund established under sec-
10 tion 805 are insufficient to pay claims and expenses, the
11 Director shall issue, from time-to-time, to the Secretary
12 of the Treasury, notes and other obligations to cover the
13 insufficiency; except that the amounts of such obligations
14 outstanding at any one time shall not exceed such sums
15 as the Congress may provide acting upon the rec-
16 ommendation of the Director.

17 “(b) **INTEREST RATE.**—Obligations under subsection
18 (a) shall bear interest at a rate determined by the Sec-
19 retary of the Treasury, taking into consideration the cur-
20 rent average market yield on outstanding marketable obli-
21 gations of the United States of comparable maturities.

22 “(c) **DEPOSITS.**—Any amounts borrowed by the Di-
23 rector under this section shall be deposited in the Primary
24 Insurance Program Fund established under section 805.

1 “(d) REPAYMENT.—Any amounts borrowed under
2 this section shall be recouped, including interest on the
3 borrowed funds, in future premiums for multi-hazard cov-
4 erage pursuant to the plan of operation established under
5 section 821. The Secretary of the Treasury shall grant ex-
6 tensions in repayment schedules that the Director advises
7 the Secretary are necessary.

8 **“SEC. 807. INSURANCE MITIGATION INCENTIVES.**

9 “In carrying out the Primary Insurance Program
10 under this subtitle and pursuant to the plan of operation
11 established under section 821, the Director shall provide
12 for the following insurance mitigation incentives which
13 shall conform with the actuarially sound rate requirements
14 of section 804:

15 “(1) Charging lower premiums or deductible
16 amounts for any residential property located in an
17 earthquake-prone State which meets the seismic
18 building standards under section 702(a).

19 “(2) Charging lower premium rates or deduct-
20 ible amounts for any residential property located in
21 an earthquake-prone State that passes a seismic
22 safety inspection and meets the requirements of the
23 seismic mitigation standards established in title VII.

24 “(3) Charging lower premium rates or deduct-
25 ible amounts for new residential property not con-

1 structured in volcanic zones in a volcanic eruption-
2 prone State.

3 **“Subtitle B—Reinsurance Program**

4 **“SEC. 811. BASIC AUTHORITY AND PROGRAM OPERATION.**

5 “(a) ELIGIBILITY.—

6 “(1) PROVISION OF COVERAGE.—Upon the is-
7 suance of regulations establishing the plan of oper-
8 ation under section 821, the Director shall make
9 available to eligible entities excess reinsurance cov-
10 erage for any direct and indirect losses under the
11 covered lines set forth in section 813 that arise from
12 a hurricane, earthquake, volcanic eruption, or tsu-
13 nami.

14 “(2) ELIGIBLE ENTITIES.—The following enti-
15 ties are eligible to purchase the excess reinsurance
16 coverage:

17 “(A) Any private insurer participating in
18 the Primary Insurance Program under subtitle
19 A.

20 “(B) Any private reinsurer which reinsures
21 any private insurer participating in the Primary
22 Insurance Program under subtitle A.

23 “(C) Any workers’ compensation fund op-
24 erated by a State.

1 “(D) Any State residual insurance pooling
2 program.

3 “(b) TERMS.—The reinsurance contracts issued by
4 the Federal Government pursuant to this subtitle shall
5 contain terms and conditions similar to those generally
6 used in private catastrophic reinsurance contracts.

7 “(c) JUDICIAL REVIEW.—Judicial review of a deci-
8 sion of the Director regarding payment of claims shall be
9 made available pursuant to section 821(e).

10 “(d) SINGLE ENTITIES.—Any private insurer and re-
11 insurer companies or United States affiliates under the
12 same ownership or management or part of the same hold-
13 ing company system, as determined under the plan of op-
14 eration established under section 821, shall be considered
15 a single entity for purposes of this subtitle.

16 **“SEC. 812. LEVELS OF RETAINED LOSSES.**

17 “(a) INDUSTRY-WIDE ELIGIBILITY.—Excess reinsur-
18 ance under this subtitle shall be available to all private
19 insurers and private reinsurers eligible for reinsurance
20 pursuant to section 811(a)(2) as follows:

21 “(1) INDUSTRY RETAINED LOSSES.—The Rein-
22 surance Fund established under section 815 shall
23 provide excess reinsurance when, as determined by
24 the Director pursuant to the plan of operation under
25 section 821, the insurance industry is likely to incur

1 gross losses in the lines covered in section 813(a)
2 arising from hurricane, earthquake, volcanic erup-
3 tion, and tsunami events occurring during any 12-
4 month period that exceed 15 percent of the consoli-
5 dated industry surplus as regards policyholders; pro-
6 vided that, only such separate events which will like-
7 ly result in industry gross losses of at least
8 \$1,500,000,000, adjusted annually in accordance
9 with the percentage change in the Consumer Price
10 Index, shall be aggregated to reach the 15-percent
11 level.

12 “(2) INDIVIDUAL COMPANY RETAINED
13 LOSSES.—After the insurance industry has sustained
14 gross losses described in paragraph (1), the Reinsur-
15 ance Fund established under section 815 shall pay
16 to an individual private insurer or private reinsurer
17 95 percent of qualifying losses in excess of 15 per-
18 cent of the consolidated surplus as regards policy-
19 holders of the private insurer or private reinsurer.

20 “(b) INDIVIDUAL INSURER ELIGIBILITY.—

21 “(1) INDIVIDUAL INSURER RETAINED
22 LOSSES.—If subsection (a) is not applicable, a pri-
23 vate insurer or private reinsurer shall be eligible for
24 excess reinsurance coverage and reimbursement from
25 the Reinsurance Fund established under section 815

1 if the insurer or reinsurer has incurred gross losses
2 from a single—

3 “(A) earthquake, volcanic eruption, or tsu-
4 nami event that is included in the lines covered
5 in section 813(a) and that exceeds 20 percent
6 of the consolidated surplus as regards policy-
7 holders of the private insurer or private rein-
8 surer; or

9 “(B) hurricane event that is included in
10 the lines covered in section 813(a) and that ex-
11 ceeds 20 percent of the consolidated surplus as
12 regards policyholders of the private insurer or
13 private reinsurer, except that the workers’ com-
14 pensation and earthquake lines of coverage
15 under section 813(a) shall be excluded.

16 “(2) REINSURANCE FUND PAYMENTS.—After
17 the private insurer or private reinsurer has sustained
18 gross losses described in paragraph (1), the Reinsur-
19 ance Fund established under section 815 shall pay
20 95 percent of qualifying losses, as defined in sub-
21 section (d), in excess of 20 percent of the consoli-
22 dated surplus as regards policyholders of the private
23 insurer or the private reinsurer.

24 “(3) LIMITATION OF REINSURANCE FUND PAY-
25 MENTS.—The payments by the Reinsurance Fund

1 under this subsection shall be limited to 200 percent
2 of the consolidated surplus as regards policyholders
3 of the private insurer or private reinsurer.

4 “(c) STATE INSURANCE PROGRAMS.—Excess rein-
5 surance under this subtitle shall be available to each State
6 workers’ compensation program and State residual insur-
7 ance pooling program eligible for reinsurance pursuant to
8 section 811(a)(2) as follows:

9 “(1) INDUSTRY LOSSES.—The Reinsurance
10 Fund established under section 815 shall provide ex-
11 cess reinsurance when, as determined by the Direc-
12 tor pursuant to the plan of operation under section
13 821, the insurance industry is likely to incur gross
14 losses in the State served by the eligible State insur-
15 ance program arising from hurricane, earthquake,
16 volcanic eruption, and tsunami events occurring dur-
17 ing any 12-month period that exceed 10 times the
18 sum of the direct earned premiums for the lines of
19 coverage described in sections 813(a) (2), (3), (4),
20 and (5) or \$10,000,000,000, adjusted annually in
21 accordance with the percentage change in the
22 Consumer Price Index, whichever amount is less.

23 “(2) MINIMUM LOSSES.—Such lessor amount
24 described in paragraph (1) must equal at least

1 \$500,000,000, adjusted annually in accordance with
2 the percentage change in the Consumer Price Index.

3 “(3) RETAINED LOSSES.—After the insurance
4 industry has sustained gross losses described in
5 paragraph (1), the Reinsurance Fund established
6 under section 815 shall pay to an individual State
7 workers’ compensation program or State residual in-
8 surance pooling program 95 percent of qualifying
9 losses in excess of the lesser amount described in
10 paragraph (1).

11 “(d) QUALIFYING LOSSES.—For the purpose of this
12 subtitle, “qualifying losses” includes—

13 “(1) the losses and loss adjustment expenses in-
14 curred by a private insurer, private reinsurer, State
15 workers’ compensation fund, or State residual insur-
16 ance pooling program, and

17 “(2) any assessments, surcharges, or other li-
18 abilities imposed by any State residual insurance
19 pooling program or guaranty fund,

20 attributable to hurricanes, earthquakes, volcanic erup-
21 tions, and tsunamis occurring during any 12-month period
22 encompassing the events described in subsections (a)(1)
23 and (c)(1) or the event described in subsection (b)(1)
24 reduced by—

25 “(1) any collectible reinsurance recoverable, and

1 “(2) an appropriate percentage of any
2 uncollectible reinsurance arising from the event as
3 set in the plan of operation to be issued by regula-
4 tion under section 821.

5 “(e) OBLIGATIONS.—All reinsurance contracts issued
6 under this subtitle shall constitute obligations, in accord-
7 ance with the terms of such reinsurance, of the United
8 States. The full faith and credit of the United States is
9 pledged for the full payment and performance of such
10 obligations.

11 “(f) DEFINITIONS.—For purposes of this subtitle:

12 “(1) The term ‘consolidated industry surplus as
13 regards policyholders’ means the consolidated sur-
14 plus as regards policyholders of the property and
15 casualty insurance industry (excluding life insur-
16 ance) for the calendar year immediately preceding
17 the hurricane, earthquake, volcanic eruption, or tsu-
18 nami events described in subsection (a)(1) as deter-
19 mined by the National Association of Insurance
20 Commissioners or other credible source and pub-
21 lished annually in the Federal Register by the
22 Director.

23 “(2) The term ‘consolidated surplus as regards
24 policyholders’ means the surplus as regards policy-
25 holders of the private insurer, private reinsurer, or

1 group of private insurers and/or reinsurers (exclud-
2 ing life insurance) based on financial data submitted
3 to the National Association of Insurance Commis-
4 sioners or other credible source and published annu-
5 ally in the Federal Register by the Director for the
6 calendar year immediately preceding the hurricane,
7 earthquake, volcanic eruption, or tsunami event or
8 events described in subsections (a)(1) and (b)(1).

9 “(3) The term ‘direct earned premiums’ means
10 the direct earned premiums for certain lines of prop-
11 erty and casualty insurance coverage as published in
12 the National Association of Insurance Commis-
13 sioners Fire and Casualty Annual Statement filed
14 with the applicable State department of insurance
15 for the most recent calendar year available preceding
16 the hurricane, earthquake, volcanic eruption, or tsu-
17 nami events described in subsection (c)(1).

18 “(4) The term ‘gross losses’ means all losses
19 and loss adjustment expenses, prior to deducting any
20 private reinsurance recoverables.

21 “(5) The term ‘subject net written premium’
22 means direct and reinsurance premiums received by
23 private insurers and private reinsurers, less pre-
24 miums paid for ceded reinsurance, for all lines of
25 coverage listed in section 313(a), except the workers’

1 compensation and earthquake lines of coverage shall
2 be excluded for the purposes of setting actuarially
3 sound rates for hurricanes.

4 “(6) The term ‘uncollectible reinsurance’ means
5 reinsurance proceeds due and payable in accordance
6 with the terms of the reinsurance contract which are
7 not paid within 12 months of the due date.

8 **“SEC. 813. LINES OF INSURANCE.**

9 “(a) COVERED LINES.—The Director shall provide
10 reinsurance coverage to private insurers, State workers’
11 compensation funds and State residual insurance pooling
12 programs for all of the following lines of insurance appear-
13 ing in the National Association of Insurance Commis-
14 sioners Fire and Casualty Annual Statement:

15 “(1) Fire.

16 “(2) Allied Lines.

17 “(3) Farmowners Multiple Peril.

18 “(4) Homeowners Multiple Peril.

19 “(5) Commercial Multiple Peril.

20 “(6) Ocean Marine.

21 “(7) Inland Marine.

22 “(8) Earthquake.

23 “(9) Workers’ Compensation.

24 “(10) Other Liability.

25 “(11) Products Liability.

1 “(12) Aircraft (All Perils).

2 “(13) Glass.

3 “(14) Burglary and Theft.

4 “(15) Boiler and Machinery.

5 “(16) Reinsurance.

6 Reinsurance coverage must be purchased for all covered
7 lines of insurance and in all affected hurricane, seismic,
8 or volcanic rating zones in hurricane-prone, earthquake-
9 prone, or volcanic eruption-prone States with the rates for
10 such coverage set by the Director, pursuant to section
11 814.

12 “(b) OTHER LINES.—The Reinsurance Fund estab-
13 lished under section 815 shall provide reinsurance cov-
14 erage to private reinsurers for all of the lines of insurance
15 referred to in subsection (a) as well as other lines of insur-
16 ance appearing in the National Association of Insurance
17 Commissioners Fire and Casualty Annual Statement, as
18 determined by the Director in the plan of operation pursu-
19 ant to section 821 and in consultation with the Federal
20 Insurance and Reinsurance Advisory Committee estab-
21 lished under section 822.

22 **“SEC. 814. ACTUARIALLY SOUND RATES.**

23 “(a) ESTABLISHMENT.—Using generally accepted ac-
24 tuarial principles, the Director shall establish the rates for
25 the excess reinsurance coverage and adjust the rates when

1 necessary. To the maximum extent practicable, such rates
2 shall be actuarially sound and shall result in a minimum
3 of cross-subsidization, consistent with the infrequency of
4 catastrophic hurricanes, earthquakes, volcanic eruptions,
5 and tsunamis. In setting and adjusting the rates, the Di-
6 rector shall provide that, over an extended period of time,
7 expected expenditures from the Reinsurance Fund under
8 section 815(c) do not exceed expected receipts of the Rein-
9 surance Fund under section 815(b).

10 “(b) CONSULTATION.—In carrying out this section,
11 the Director shall consult with the Federal Insurance and
12 Reinsurance Advisory Committee established in section
13 822 and may enter into contracts, agreements, or other
14 arrangements to utilize the services of the United States
15 Geological Survey, the National Oceanic and Atmospheric
16 Administration, and other relevant Federal, State, and
17 local governmental agencies, and other persons.

18 “(c) CONSIDERATIONS—In setting or adjusting such
19 actuarially sound rates, the Director shall provide for a
20 minimum degree of cross-subsidization among classes of
21 reinsureds by reasonably reflecting the differences in risk
22 of and vulnerability to loss from hurricanes, earthquakes,
23 and volcanic eruptions that would be subject to payment
24 from the Reinsurance Fund established under section 815,
25 by giving due consideration to the following:

1 “(1) The premium rate volume of the reinsured
2 by line of insurance under section 813(a) by hurri-
3 cane, seismic, or volcanic zone or State in which the
4 risks insured or reinsured by the reinsurer are lo-
5 cated.

6 “(2) The proportion of the total expected
7 amount of payments for qualifying losses and loss
8 adjustment expenses by line of insurance under sec-
9 tion 813(a) by hurricane, seismic, or volcanic zone
10 or State expected for each reinsured.

11 “(3) The nature, scope, and adequacy of the
12 private reinsurance or retrocessional reinsurance
13 purchased by the private insurer, private reinsurer,
14 State workers’ compensation fund, or State residual
15 insurance pooling program in light of its manage-
16 ment expertise and the number, size, concentration,
17 and location of its risk exposures by lines of insur-
18 ance under section 813(a).

19 “(4) The payback of losses sustained by the Re-
20 insurance Fund established under section 815 due to
21 payments made to a private insurer, private rein-
22 surer, State workers’ compensation fund, or State
23 residual insurance pooling program.

24 “(5) The ratio between subject net written pre-
25 mium and consolidated surplus as regards policy-

1 holders for each private insurer and reinsurer during
2 the most recent calendar year.

3 “(6) The nature of the risk for each private in-
4 surer and reinsurer insured under coverages re-
5 ported in the National Association of Insurance
6 Commissioners Fire and Casualty Annual Statement
7 filed with the applicable State department of insur-
8 ance for the most recent calendar year and covering
9 the lines of businesses listed in section 813(a).

10 “(d) LIMITATION.—Any rate classification system
11 used by the Director under this section shall be cost-effec-
12 tive and shall not impose costs for the initial establishment
13 or the subsequent administration of the rating plan that
14 are disproportionate to the size of the insurance premiums
15 collected.

16 “(e) QUARTERLY PAYMENT.—Premiums paid to the
17 Reinsurance Fund for reinsurance coverage under this
18 subtitle shall be paid on a quarterly basis and shall be
19 accumulated in the Reinsurance Fund, to be managed
20 pursuant to section 815.

21 **“SEC. 815. REINSURANCE FUND.**

22 “(a) ESTABLISHMENT.—There is established in the
23 Treasury of the United States the Reinsurance Fund for
24 the purposes of carrying out the Reinsurance Program
25 under this subtitle.

1 “(b) CREDITS OF FUND.—The Reinsurance Fund
2 shall be credited with—

3 “(1) any reinsurance premiums received by the
4 Director under the Reinsurance Program;

5 “(2) any amounts borrowed under section 816;
6 and

7 “(3) any amounts earned under subsection (d).

8 “(c) USE OF FUND.—The Reinsurance Fund shall be
9 available to the Director for—

10 “(1) payments for qualifying losses under the
11 Reinsurance Program under this subtitle;

12 “(2) any and all administrative and operating
13 expenses in carrying out the Reinsurance Program;
14 and

15 “(3) principal and interest payments on
16 amounts borrowed from the Treasury under section
17 816, if any.

18 “(d) INVESTMENT.—The Director shall request the
19 Secretary of the Treasury to invest any amounts in the
20 Reinsurance Fund in obligations issued or guaranteed by
21 the United States, as the Director considers appropriate.

22 “(e) STATUS OF FUNDS.—Any reinsurance premiums
23 collected for deposit in the Reinsurance Fund shall be ex-
24 empt from all taxation now or hereafter imposed by the
25 United States, by any territory, dependency or possession

1 thereof, or by any State, county, municipality, or local tax-
2 ing authority.

3 **“SEC. 816. BORROWING FROM TREASURY.**

4 “(a) **AUTHORITY.**—To the extent that the accumu-
5 lated assets, including any return on investments, in the
6 Reinsurance Fund are insufficient to pay claims and ex-
7 penses, the Director shall issue, from time-to-time, to the
8 Secretary of the Treasury, notes and other obligations to
9 cover the insufficiency; except that the amounts of such
10 obligations outstanding at any one time shall not exceed
11 such sums as the Congress may provide acting upon the
12 recommendation of the Director.

13 “(b) **INTEREST RATE.**—Obligations under subsection
14 (a) shall bear interest at a rate determined by the Sec-
15 retary of the Treasury, taking into consideration the cur-
16 rent average market yield on outstanding marketable obli-
17 gations of the United States or comparable maturities.

18 “(c) **DEPOSITS.**—Any amounts borrowed by the Di-
19 rector under this section shall be deposited in the Reinsur-
20 ance Fund.

21 “(d) **REPAYMENT.**—Any amounts borrowed pursuant
22 to this section shall be recouped, including interest on the
23 borrowed funds, in future rates for excess reinsurance cov-
24 erage pursuant to the plan of operation established under
25 section 821. The Secretary of the Treasury shall grant ex-

1 tensions in repayment schedules that the Director advises
2 the Secretary are necessary.

3 **“Subtitle C—Program Administration**

4 **“SEC. 821. PLAN OF OPERATION.**

5 “(a) DEVELOPMENT.—The Director shall develop a
6 plan of operation to ensure the fair, reasonable, and equi-
7 table administration of the Primary Insurance Program
8 Fund established under section 805, the Reinsurance
9 Fund established under section 815, and other activities
10 under this title.

11 “(b) CONTENTS.—The plan of operation shall set
12 forth the specific policy and programmatic details for op-
13 erating the Primary Insurance Program created under
14 subtitle A and the Reinsurance Program created under
15 subtitle B, including all guidelines, criteria, definitions,
16 clarifications, and procedures necessary to carry out this
17 title.

18 “(c) ESTABLISHMENT.—

19 “(1) SUBMISSION OF DRAFT TO ADVISORY COM-
20 MITTEE.—Not later than the expiration of the 12-
21 month period beginning on the date of the enact-
22 ment of the Natural Disaster Protection Act of
23 1993, the Director shall submit a draft of the plan
24 of operation to the Federal Insurance and Reinsur-
25 ance Advisory Committee established under section

1 822. Before issuing any regulations under paragraph
2 (2), the Director shall consider any recommenda-
3 tions made by such Advisory Committee regarding
4 the draft plan of operation.

5 “(2) REGULATIONS.—Not later than the expira-
6 tion of the 18-month period beginning on the date
7 of the enactment of the Natural Disaster Protection
8 Act of 1993, the Director shall issue final regula-
9 tions establishing the plan of operation under this
10 section, subject to the provisions of subchapter II of
11 chapter 5 of title 5, United States Code. In issuing
12 regulations under this paragraph, the Director shall
13 cause to be published in the Federal Register a de-
14 scription of any differences between the rec-
15 ommendations of the Federal Insurance and Rein-
16 surance Advisory Committee established under sec-
17 tion 822 and the regulations (including the guide-
18 lines, criteria, definitions, clarifications, and proce-
19 dures under the plan) developed by the Director.
20 The description shall contain, for each such dif-
21 ference, an explanation of why the recommendations
22 of the Federal Insurance and Reinsurance Advisory
23 Committee were not included in the proposed regula-
24 tions.

1 “(3) SUBSEQUENT CHANGES.—Any future
2 changes to the plan of operation shall be made in ac-
3 cordance with the process described in paragraphs
4 (1) and (2).

5 “(d) ADDITIONAL REGULATIONS.—In addition to the
6 regulations establishing the plan of operation, the Director
7 may issue any regulations necessary to carry out this title,
8 pursuant to the provisions of subchapter II of chapter 5
9 of title 5, United States Code.

10 “(e) SUITS.—Any lawsuits by or against the Director
11 (or employees of the Federal Emergency Management
12 Agency) in connection with activities under this title shall
13 be brought in the district court of the United States with
14 jurisdiction over the action, except that any action by an
15 insurer or reinsurer against the Director (or employees of
16 the Federal Emergency Management Agency) shall be
17 brought in the United States District Court for the Dis-
18 trict of Columbia.

19 **“SEC. 822. FEDERAL INSURANCE AND REINSURANCE ADVI-**
20 **SORY COMMITTEE.**

21 “(a) ESTABLISHMENT.—There is established an inde-
22 pendent advisory committee within the executive branch
23 to be known as the Federal Insurance and Reinsurance
24 Advisory Committee (in this section referred to as the
25 Committee). To the extent not contradicted by the provi-

1 sions of this section, the Committee shall be subject to
2 the provisions of the Federal Advisory Committee Act (5
3 U.S.C. Appendix 2). The establishment of the Committee
4 shall not result in the creation of any new permanent staff
5 or new office facilities.

6 “(b) MEMBERSHIP.—The Committee shall be com-
7 posed of 7 members appointed by the Director. The mem-
8 bers shall be chosen from among citizens of the United
9 States and shall include—

10 “(1) 1 individual who represents the interests of
11 consumers;

12 “(2) 1 individual who is a State emergency
13 planner;

14 “(3) 1 individual who is a State insurance com-
15 missioner;

16 “(4) 1 individual who represents the interests of
17 the private insurers;

18 “(5) 1 individual who represents the interests of
19 the private reinsurers;

20 “(6) 1 individual who represents the interests of
21 the insurance agents; and

22 “(7) 1 individual who is a professional actuary.

23 “(c) VACANCIES.—A vacancy in the Commission shall
24 be filled in the manner in which the original appointment
25 was made.

1 “(d) CHAIRPERSON.—The Director shall designate a
2 chairperson of the Committee from among members se-
3 lected for appointment to the Committee.

4 “(e) SELECTION.—Not later than 180 days after the
5 date of the enactment of the Natural Disaster Protection
6 Act of 1993 and after consulting with the insurance indus-
7 try and the State and local emergency management com-
8 munity, the Director shall appoint the members of the
9 Committee.

10 “(f) FUNCTIONS OF THE COMMITTEE.—The Com-
11 mittee shall review the draft plan of operation established
12 under section 821. Within 120 days after receiving the
13 draft plan of operation, the Committee shall submit to the
14 Director written comments and recommendations for any
15 changes to the plan. After regulations establishing the
16 plan of operation have been issued, the committee shall
17 submit a written report not less than once every 180 days
18 to the Director and the Congress evaluating the operation
19 of the Federal insurance programs established under this
20 title and making recommendations for any actions relating
21 to such programs. The Committee shall provide counsel
22 to the Director regarding actuarial and insurance related
23 services pursuant to sections 804(b) and 814(b). The
24 Committee shall respond as soon as practicable to all re-

1 quests of the Director made pursuant to subsection (g)
2 or section 821(c).

3 “(g) RESPONSIBILITIES OF THE DIRECTOR.—The
4 Director shall fully cooperate with the Committee and pro-
5 vide the Committee with access to personnel and informa-
6 tion as the Committee considers necessary to carry out
7 its functions. The Director shall request comments from
8 the Committee on any questions regarding operation of
9 the Federal insurance programs established under this
10 title.”.

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