

110<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3959

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IN THE SENATE OF THE UNITED STATES

JANUARY 24, 2008

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

To amend the National Flood Insurance Act of 1968 to provide for the phase-in of actuarial rates for certain pre-FIRM properties.

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. PHASE-IN OF ACTUARIAL RATES FOR CERTAIN**  
2 **PRE-FIRM PROPERTIES.**

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

6 (1) by redesignating paragraph (2) as para-  
7 graph (3); and

8 (2) by inserting after paragraph (1) the fol-  
9 lowing new paragraph:

10 “(2) RECENTLY PURCHASED PRE-FIRM SINGLE  
11 FAMILY PROPERTIES USED AS PRINCIPAL RESI-  
12 DENCES.—Any single family property that is used as  
13 a principal residence that—

14 “(A) has been constructed or substantially  
15 improved and for which such construction or  
16 improvement was started, as determined by the  
17 Director, before December 31, 1974, or before  
18 the effective date of the initial rate map pub-  
19 lished by the Director under paragraph (2) of  
20 section 1360 for the area in which such prop-  
21 erty is located, whichever is later; and

22 “(B) is purchased—

23 “(i) after the date of enactment of  
24 this paragraph; and

25 “(ii) for not less than \$600,000.”.

1 (b) TECHNICAL AMENDMENTS.—Section 1308(c) of  
2 the National Flood Insurance Act of 1968 (42 U.S.C.  
3 4015(c)) is amended—

4 (1) in the matter preceding paragraph (1), by  
5 striking “the limitations provided under paragraphs  
6 (1) and (2)” and inserting “subsection (e)”; and

7 (2) in paragraph (1), by striking “, except” and  
8 all that follows through “subsection (e)”.

9 (c) EFFECTIVE DATE AND TRANSITION.—

10 (1) EFFECTIVE DATE.—The amendments made  
11 by subsections (a) and (b) shall apply beginning on  
12 January 1, 2011, except as provided in paragraph  
13 (2) of this subsection.

14 (2) TRANSITION FOR PROPERTIES COVERED BY  
15 FLOOD INSURANCE UPON EFFECTIVE DATE.—

16 (A) INCREASE OF RATES OVER TIME.—In  
17 the case of any property described in paragraph  
18 (2) of section 1308(c) of the National Flood In-  
19 surance Act of 1968, as amended by subsection  
20 (a) of this section, that, as of the effective date  
21 under paragraph (1) of this subsection, is cov-  
22 ered under a policy for flood insurance made  
23 available under the national flood insurance  
24 program for which the chargeable premium  
25 rates are less than the applicable estimated risk

1 premium rate under section 1307(a)(1) for the  
2 area in which the property is located, the Direc-  
3 tor of the Federal Emergency Management  
4 Agency shall increase the chargeable premium  
5 rates for such property over time to such appli-  
6 cable estimated risk premium rate under section  
7 1307(a)(1).

8 (B) ANNUAL INCREASE.—Such increase  
9 shall be made by increasing the chargeable pre-  
10 mium rates for the property (after application  
11 of any increase in the premium rates otherwise  
12 applicable to such property), once during the  
13 12-month period that begins upon the effective  
14 date under paragraph (1) of this subsection,  
15 and once every 12 months thereafter until such  
16 increase is accomplished, by 15 percent (or such  
17 lesser amount as may be necessary so that the  
18 chargeable rate does not exceed such applicable  
19 estimated risk premium rate or to comply with  
20 subparagraph (C)). Any increase in chargeable  
21 premium rates for a property pursuant to this  
22 paragraph shall not be considered for purposes  
23 of the limitation under section 1308(e) of such  
24 Act.

1                   (C) FULL ACTUARIAL RATES.—The provi-  
2                   sions of paragraph (2) of such section 1308(c)  
3                   shall apply to such a property upon the accom-  
4                   plishment of the increase under this paragraph  
5                   and thereafter.

Passed the House of Representatives January 23,  
2008.

Attest:                   LORRAINE C. MILLER,  
*Clerk.*