

## Calendar No. 460

110TH CONGRESS  
1ST SESSION**S. 2284****[Report No. 110–214]**

To amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 1, 2007

Mr. DODD, from the Committee on Banking, Housing, and Urban Affairs, reported the following original bill; which was read twice and placed on the calendar

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**A BILL**

To amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, 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; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Flood Insurance Reform and Modernization Act of  
6       2007”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

- Sec. 1. Short title; Table of contents.
- Sec. 2. Findings.
- Sec. 3. Definitions.
- Sec. 4. Extension of National Flood Insurance Program.
- Sec. 5. Availability of insurance for multifamily properties.
- Sec. 6. Reform of premium rate structure.
- Sec. 7. Mandatory coverage areas.
- Sec. 8. Premium adjustment.
- Sec. 9. State chartered financial institutions.
- Sec. 10. Enforcement.
- Sec. 11. Escrow of flood insurance payments.
- Sec. 12. Borrowing authority debt forgiveness.
- Sec. 13. Minimum deductibles for claims under the National Flood Insurance Program.
- Sec. 14. Considerations in determining chargeable premium rates.
- Sec. 15. Reserve fund.
- Sec. 16. Repayment plan for borrowing authority.
- Sec. 17. Payment of condominium claims.
- Sec. 18. Technical Mapping Advisory Council.
- Sec. 19. National Flood Mapping Program.
- Sec. 20. Removal of limitation on State contributions for updating flood maps.
- Sec. 21. Coordination.
- Sec. 22. Interagency coordination study.
- Sec. 23. Nonmandatory participation.
- Sec. 24. Notice of flood insurance availability under RESPA.
- Sec. 25. Testing of new floodproofing technologies.
- Sec. 26. Participation in State disaster claims mediation programs.
- Sec. 27. Reiteration of FEMA responsibilities under the 2004 Reform Act.
- Sec. 28. Additional authority of FEMA to collect information on claims payments.
- Sec. 29. Expense reimbursements of insurance companies.
- Sec. 30. Extension of pilot program for mitigation of severe repetitive loss properties.
- Sec. 31. Flood insurance advocate.
- Sec. 32. Studies and Reports.

3 **SEC. 2. FINDINGS.**

4 Congress finds that—

5 (1) the flood insurance claims resulting from  
 6 the hurricane season of 2005 will likely exceed all  
 7 previous claims paid by the National Flood Insur-  
 8 ance Program;

1           (2) in order to pay the legitimate claims of pol-  
2           icyholders from the hurricane season of 2005, the  
3           Federal Emergency Management Agency has bor-  
4           rowed over \$20,000,000,000 from the Treasury;

5           (3) the interest alone on this debt, is almost  
6           \$1,000,000,000 annually, and that the Federal  
7           Emergency Management Agency has indicated that  
8           it will be unable to pay back this debt;

9           (4) the flood insurance program must be  
10          strengthened to ensure it can pay future claims;

11          (5) while flood insurance is mandatory in the  
12          100-year floodplain, substantial flooding occurs out-  
13          side of existing special flood hazard areas;

14          (6) recent events throughout the country involv-  
15          ing areas behind man-made structures, known as  
16          “residual risk” areas, have produced catastrophic  
17          losses;

18          (7) although such man-made structures produce  
19          an added element of safety and therefore lessen the  
20          probability that a disaster will occur, they are never-  
21          theless susceptible to catastrophic loss, even though  
22          such areas at one time were not included within the  
23          100-year floodplain; and

24          (8) voluntary participation in the National  
25          Flood Insurance Program has been minimal and

1       many families residing outside the 100-year flood-  
2       plain remain unaware of the potential risk to their  
3       lives and property.

4   **SEC. 3. DEFINITIONS.**

5       (a) IN GENERAL.—In this Act, the following defini-  
6       tions shall apply:

7           (1) DIRECTOR.—The term “Director” means  
8       the Administrator of the Federal Emergency Man-  
9       agement Agency.

10          (2) NATIONAL FLOOD INSURANCE PROGRAM.—  
11       The term “National Flood Insurance Program”  
12       means the program established under the National  
13       Flood Insurance Act of 1968 (42 U.S.C. 4011 et  
14       seq.).

15          (3) 100-YEAR FLOODPLAIN.—The term “100-  
16       year floodplain” means that area which is subject to  
17       inundation from a flood having a 1 percent chance  
18       of being equaled or exceeded in any given year.

19          (4) 500-YEAR FLOODPLAIN.—The term “500-  
20       year floodplain” means that area which is subject to  
21       inundation from a flood having a 0.2 percent chance  
22       of being equaled or exceeded in any given year.

23          (5) WRITE YOUR OWN.—The term “Write Your  
24       Own” means the cooperative undertaking between  
25       the insurance industry and the Flood Insurance Ad-

1       ministration which allows participating property and  
2       casualty insurance companies to write and service  
3       standard flood insurance policies.

4       (b) COMMON TERMINOLOGY.—Except as otherwise  
5       provided in this Act, any terms used in this Act shall have  
6       the meaning given to such terms under section 1370 of  
7       the National Flood Insurance Act of 1968 (42 U.S.C.  
8       4121).

9       **SEC. 4. EXTENSION OF NATIONAL FLOOD INSURANCE PRO-**  
10       **GRAM.**

11       Section 1319 of the National Flood Insurance Act of  
12       1968 (42 U.S.C. 4026), is amended by striking “2008”  
13       and inserting “2013.”.

14       **SEC. 5. AVAILABILITY OF INSURANCE FOR MULTIFAMILY**  
15       **PROPERTIES.**

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

19       “(d) AVAILABILITY OF INSURANCE FOR MULTI-  
20       FAMILY PROPERTIES.—

21       “(1) IN GENERAL.—The Director shall make  
22       flood insurance available to cover residential prop-  
23       erties of more than 4 units. Notwithstanding any  
24       other provision of law, the maximum coverage  
25       amount that the Director may make available under

1       this subsection to such residential properties shall be  
 2       equal to the coverage amount made available to com-  
 3       mercial properties.

4           “(2) RULE OF CONSTRUCTION.—Nothing in  
 5       this subsection shall be construed to limit the ability  
 6       of individuals residing in residential properties of  
 7       more than 4 units to obtain insurance for the con-  
 8       tents and personal articles located in such resi-  
 9       dences.”.

10 **SEC. 6. REFORM OF PREMIUM RATE STRUCTURE.**

11       (a) TO EXCLUDE CERTAIN PROPERTIES FROM RE-  
 12       CEIVING SUBSIDIZED PREMIUM RATES.—

13           (1) IN GENERAL.—Section 1307 of the Na-  
 14       tional Flood Insurance Act of 1968 (42 U.S.C.  
 15       4014) is amended—

16           (A) in subsection (a)—

17                   (i) in paragraph (2), by striking “;  
 18                   and” and inserting a semicolon;

19                   (ii) in paragraph (3), by striking the  
 20                   period at the end and inserting “; and”;  
 21                   and

22                   (iii) by adding at the end the fol-  
 23                   lowing:

24                   “(4) the exclusion of prospective insureds from  
 25       purchasing flood insurance at rates less than those

1       estimated under paragraph (1), as required by para-  
 2       graph (2), for certain properties, including for—

3               “(A) any property which is not the pri-  
 4               mary residence of an individual;

5               “(B) any severe repetitive loss property, as  
 6               defined in section 1361A(b);

7               “(C) any property that has incurred flood-  
 8               related damage in which the cumulative  
 9               amounts of payments under this title equaled or  
 10              exceeded the fair market value of such property;

11              “(D) any business property; and

12              “(E) any property which on or after the  
 13              date of enactment of the Flood Insurance Re-  
 14              form and Modernization Act of 2007 has expe-  
 15              rienced or sustained—

16                      “(i) substantial damage exceeding 50  
 17                      percent of the fair market value of such  
 18                      property; or

19                      “(ii) substantial improvement exceed-  
 20                      ing 30 percent of the fair market value of  
 21                      such property.”; and

22              (B) by adding at the end the following:

23              “(g) NO EXTENSION OF SUBSIDY TO NEW POLICIES  
 24              OR LAPSED POLICIES.—The Director shall not provide  
 25              flood insurance to prospective insureds at rates less than

1 those estimated under subsection (a)(1), as required by  
 2 paragraph (2) of that subsection, for—

3 “(1) any property not insured by the flood in-  
 4 surance program as of the date of enactment of the  
 5 Flood Insurance Reform and Modernization Act of  
 6 2007; and

7 “(2) any policy under the flood insurance pro-  
 8 gram that has lapsed in coverage, as a result of the  
 9 deliberate choice of the holder of such policy.”.

10 (2) EFFECTIVE DATE.—The amendments made  
 11 by paragraph (1) shall become effective 90 days  
 12 after the date of the enactment of this Act.

13 (b) INCREASE IN ANNUAL LIMITATION ON PREMIUM  
 14 INCREASES.—Section 1308(e) of the National Flood In-  
 15 surance Act of 1968 (42 U.S.C. 4015(e)) is amended—

16 (1) by striking “under this title for any prop-  
 17 erties within any single” and inserting the following:  
 18 “under this title for any properties—

19 “(1) within any single”; and

20 (2) by striking “10 percent” and inserting “15  
 21 percent”; and

22 (3) by striking the period at the end and insert-  
 23 ing the following: “; and

24 “(2) described in section 1307(a)(4) shall be in-  
 25 creased by 25 percent each year, until the average



1 risk premium rate for such properties is equal to the  
 2 average of the risk premium rates for properties de-  
 3 scribed under paragraph (1).”.

4 **SEC. 7. MANDATORY COVERAGE AREAS.**

5 (a) SPECIAL FLOOD HAZARD AREAS.—Not later  
 6 than 90 days after the date of enactment of this Act, the  
 7 Director shall issue final regulations establishing a revised  
 8 definition of areas of special flood hazards for purposes  
 9 of the National Flood Insurance Program.

10 (b) RESIDUAL RISK AREAS.—The regulations re-  
 11 quired by subsection (a) shall—

12 (1) include any area previously identified by the  
 13 Director as an area having special flood hazards  
 14 under section 102 of the Flood Disaster Protection  
 15 Act of 1973 (42 U.S.C. 4012a); and

16 (2) require the expansion of areas of special  
 17 flood hazards to include areas of residual risk, in-  
 18 cluding areas that are located behind levees, dams,  
 19 and other man-made structures.

20 (c) MANDATORY PARTICIPATION IN NATIONAL  
 21 FLOOD INSURANCE PROGRAM.—

22 (1) IN GENERAL.—Any area described in sub-  
 23 section (b) shall be subject to the mandatory pur-  
 24 chase requirements of sections 102 and 202 of the

1 Flood Disaster Protection Act of 1973 (42 U.S.C.  
2 4012a, 4106).

3 (2) LIMITATION.—The mandatory purchase re-  
4 quirement under paragraph (1) shall have no force  
5 or effect until the mapping of all residual risk areas  
6 in the United States that the Director determines  
7 essential in order to administer the National Flood  
8 Insurance Program, as required under section 19,  
9 are in the maintenance phase.

10 **SEC. 8. PREMIUM ADJUSTMENT.**

11 Section 1308 of the National Flood Insurance Act of  
12 1968 (42 U.S.C. 4015) is amended by adding at the end  
13 the following:

14 “(g) PREMIUM ADJUSTMENT TO REFLECT CURRENT  
15 RISK OF FLOOD.—Notwithstanding subsection (f), and  
16 upon completion of the updating of any flood insurance  
17 rate map under this Act, the Flood Disaster Protection  
18 Act of 1973, or the Flood Insurance Reform and Mod-  
19 ernization Act of 2007, any property located in an area  
20 that is participating in the national flood insurance pro-  
21 gram shall have the risk premium rate charged for flood  
22 insurance on such property adjusted to accurately reflect  
23 the current risk of flood to such property, subject to any  
24 other provision of this Act. Any increase in the risk pre-  
25 mium rate charged for flood insurance on any property

1 that is covered by a flood insurance policy on the date  
 2 of completion of such updating or remapping that is a re-  
 3 sult of such updating or remapping shall be phased in over  
 4 a 2-year period at the rate of 50 percent per year.”.

5 **SEC. 9. STATE CHARTERED FINANCIAL INSTITUTIONS.**

6 Section 1305(c) of the National Flood Insurance Act  
 7 of 1968 (42 U.S.C. 4012(c)) is amended—

8 (1) in paragraph (1), by striking “; and” and  
 9 inserting a semicolon;

10 (2) in paragraph (2), by striking the period at  
 11 the end and inserting “; and”; and

12 (3) by adding at the end the following:

13 “(3) given satisfactory assurance that by De-  
 14 cember 31, 2008, lending institutions chartered by a  
 15 State, and not insured by the Federal Deposit Insur-  
 16 ance Corporation, shall be subject to regulations by  
 17 that State that are consistent with the requirements  
 18 of section 102 of the Flood Disaster Protection Act  
 19 of 1973 (42 U.S.C. 4012a).”.

20 **SEC. 10. ENFORCEMENT.**

21 Section 102(f)(5) of the Flood Disaster Protection  
 22 Act of 1973 (42 U.S.C. 4012a(f)(5)) is amended—

23 (1) in the first sentence, by striking “\$350”  
 24 and inserting “\$2,000”; and

25 (2) by striking the second sentence.

1 **SEC. 11. ESCROW OF FLOOD INSURANCE PAYMENTS.**

2 (a) IN GENERAL.—Section 102(d) of the Flood Dis-  
 3 aster Protection Act of 1973 (42 U.S.C. 4012a(d)) is  
 4 amended—

5 (1) by amending paragraph (1) to read as fol-  
 6 lows:

7 “(1) REGULATED LENDING INSTITUTIONS.—

8 “(A) FEDERAL ENTITIES RESPONSIBLE  
 9 FOR LENDING REGULATIONS.—Each Federal  
 10 entity for lending regulation (after consultation  
 11 and coordination with the Federal Financial In-  
 12 stitutions Examination Council) shall, by regu-  
 13 lation, direct that any premiums and fees for  
 14 flood insurance under the National Flood Insur-  
 15 ance Act of 1968, on any property for which a  
 16 loan has been made for acquisition or construc-  
 17 tion purposes, shall be paid to the mortgage  
 18 lender, with the same frequency as payments on  
 19 the loan are made, for the duration of the loan.  
 20 Upon receipt of any premiums or fees, the lend-  
 21 er shall deposit such premiums and fees in an  
 22 escrow account on behalf of the borrower. Upon  
 23 receipt of a notice from the Director or the pro-  
 24 vider of the flood insurance that insurance pre-  
 25 miums are due, the remaining balance of an es-

1           crow account shall be paid to the provider of  
2           the flood insurance.

3           “(B) STATE ENTITIES RESPONSIBLE FOR  
4           LENDING REGULATIONS.—In order to continue  
5           to participate in the flood insurance program,  
6           each State shall direct that its entity or agency  
7           with primary responsibility for the supervision  
8           of lending institutions in that State require that  
9           premiums and fees for flood insurance under  
10          the National Flood Insurance Act of 1968, on  
11          any property for which a loan has been made  
12          for acquisition or construction purposes shall be  
13          paid to the mortgage lender, with the same fre-  
14          quency as payments on the loan are made, for  
15          the duration of the loan. Upon receipt of any  
16          premiums or fees, the lender shall deposit such  
17          premiums and fees in an escrow account on be-  
18          half of the borrower. Upon receipt of a notice  
19          from such State entity or agency, the Director,  
20          or the provider of the flood insurance that in-  
21          surance premiums are due, the remaining bal-  
22          ance of an escrow account shall be paid to the  
23          provider of the flood insurance.”; and

24          (2) by adding at the end the following:

1           “(6) NOTICE UPON LOAN TERMINATION.—Upon  
 2           final payment of the mortgage, a regulated lending  
 3           institution shall provide notice to the policyholder  
 4           that insurance coverage may cease with such final  
 5           payment. The regulated lending institution shall also  
 6           provide direction as to how the homeowner may con-  
 7           tinue flood insurance coverage after the life of the  
 8           loan.”.

9           (b) APPLICABILITY.—The amendment made by sub-  
 10          section (a)(1) shall apply to any mortgage outstanding or  
 11          entered into on or after the expiration of the 2-year period  
 12          beginning on the date of enactment of this Act.

13       **SEC. 12. BORROWING AUTHORITY DEBT FORGIVENESS.**

14          (a) IN GENERAL.—The Secretary of the Treasury re-  
 15          linquishes the right to any repayment of amounts due  
 16          from the Director in connection with the exercise of the  
 17          authority vested to the Director to borrow such sums  
 18          under section 1309 of the National Flood Insurance Act  
 19          of 1968 (42 U.S.C. 4016), to the extent such borrowed  
 20          sums were used to fund the payment of flood insurance  
 21          claims under the National Flood Insurance Program for  
 22          any damage to or loss of property resulting from the hurri-  
 23          canes of 2005.

24          (b) CERTIFICATION.—The debt forgiveness described  
 25          under subsection (a) shall only take effect if the Director

1 certifies to the Secretary of Treasury that all authorized  
 2 resources or funds available to the Director to operate the  
 3 National Flood Insurance Program—

4 (1) have been otherwise obligated to pay claims  
 5 under the National Flood Insurance Program; and

6 (2) are not otherwise available to make pay-  
 7 ments to the Secretary on any outstanding notes or  
 8 obligations issued by the Director and held by the  
 9 Secretary.

10 (c) DECREASE IN BORROWING AUTHORITY.—The  
 11 first sentence of subsection (a) of section 1309 of the Na-  
 12 tional Flood Insurance Act of 1968 (42 U.S.C. 4016(a))  
 13 is amended by striking “; except that, through September  
 14 30, 2008, clause (2) of this sentence shall be applied by  
 15 substituting ‘\$20,775,000,000’ for ‘\$ 1,500,000,000’ ”.

16 **SEC. 13. MINIMUM DEDUCTIBLES FOR CLAIMS UNDER THE**  
 17 **NATIONAL FLOOD INSURANCE PROGRAM.**

18 Section 1312 of the National Flood Insurance Act of  
 19 1968 (42 U.S.C. 4019) is amended—

20 (1) by striking “The Director is” and inserting  
 21 the following:

22 “(a) IN GENERAL.—The Director is”; and

23 (2) by adding at the end the following:

24 “(b) MINIMUM ANNUAL DEDUCTIBLE.—

1           “(1) PRE-FIRM PROPERTIES.—For any struc-  
2           ture which is covered by flood insurance under this  
3           title, and on which construction or substantial im-  
4           provement occurred on or before December 31,  
5           1974, or before the effective date of an initial flood  
6           insurance rate map published by the Director under  
7           section 1360 for the area in which such structure is  
8           located, the minimum annual deductible for damage  
9           to such structure shall be—

10                   “(A) \$1,500, if the flood insurance cov-  
11                   erage for such structure covers loss of, or phys-  
12                   ical damage to, such structure in an amount  
13                   equal to or less than \$100,000; and

14                   “(B) \$2,000, if the flood insurance cov-  
15                   erage for such structure covers loss of, or phys-  
16                   ical damage to, such structure in an amount  
17                   greater than \$100,000.

18           “(2) POST-FIRM PROPERTIES.—For any struc-  
19           ture which is covered by flood insurance under this  
20           title, and on which construction or substantial im-  
21           provement occurred after December 31, 1974, or  
22           after the effective date of an initial flood insurance  
23           rate map published by the Director under section  
24           1360 for the area in which such structure is located,



1 the minimum annual deductible for damage to such  
2 structure shall be—

3 “(A) \$750, if the flood insurance coverage  
4 for such structure covers loss of, or physical  
5 damage to, such structure in an amount equal  
6 to or less than \$100,000; and

7 “(B) \$1,000, if the flood insurance cov-  
8 erage for such structure covers loss of, or phys-  
9 ical damage to, such structure in an amount  
10 greater than \$100,000.”.

11 **SEC. 14. CONSIDERATIONS IN DETERMINING CHARGEABLE**  
12 **PREMIUM RATES.**

13 Section 1308 of the National Flood Insurance Act of  
14 1968 (42 U.S.C. 4015(b)) is amended—

15 (1) in subsection (a), by striking “, after con-  
16 sultation with” and all that follows through “by reg-  
17 ulation” and inserting “prescribe, after providing  
18 notice”;

19 (2) in subsection (b)—

20 (A) in paragraph (1), by striking the pe-  
21 riod at the end and inserting a semicolon;

22 (B) in paragraph (2), by striking the  
23 comma at the end and inserting a semicolon;

24 (C) in paragraph (3), by striking “, and”  
25 and inserting a semicolon;

1 (D) in paragraph (4), by striking the pe-  
 2 riod and inserting “; and”; and

3 (E) by adding at the end the following:

4 “(5) adequate, on the basis of accepted actu-  
 5 arial principles, to cover the average historical loss  
 6 year obligations incurred by the National Flood In-  
 7 surance Fund.”; and

8 (3) by adding at the end the following:

9 “(h) RULE OF CONSTRUCTION.—For purposes of this  
 10 section, the calculation of an ‘average historical loss  
 11 year’—

12 “(1) includes catastrophic loss years; and

13 “(2) shall be computed in accordance with gen-  
 14 erally accepted actuarial principles.”.

15 **SEC. 15. RESERVE FUND.**

16 Chapter I of the National Flood Insurance Act of  
 17 1968 (42 U.S.C. 4011 et seq.) is amended by inserting  
 18 after section 1310 the following:

19 **“SEC. 1310A. RESERVE FUND.**

20 “(a) ESTABLISHMENT OF RESERVE FUND.—In car-  
 21 rying out the flood insurance program authorized by this  
 22 chapter, the Director shall establish in the Treasury of  
 23 the United States a National Flood Insurance Reserve  
 24 Fund (in this section referred to as the ‘Reserve Fund’)  
 25 which shall—

1           “(1) be an account separate from any other ac-  
2           counts or funds available to the Director; and

3           “(2) be available for meeting the expected fu-  
4           ture obligations of the flood insurance program.

5           “(b) RESERVE RATIO.—Subject to the phase-in re-  
6           quirements under subsection (d), the Reserve Fund shall  
7           maintain a balance equal to—

8           “(1) 1 percent of the sum of the total potential  
9           loss exposure of all outstanding flood insurance poli-  
10          cies in force in the prior fiscal year; or

11          “(2) such higher percentage as the Director de-  
12          termines to be appropriate, taking into consideration  
13          any circumstance that may raise a significant risk of  
14          substantial future losses to the Reserve Fund.

15          “(c) MAINTENANCE OF RESERVE RATIO.—

16          “(1) IN GENERAL.—The Director shall have the  
17          authority to establish, increase, or decrease the  
18          amount of aggregate annual insurance premiums to  
19          be collected for any fiscal year necessary—

20                 “(A) to maintain the reserve ratio required  
21                 under subsection (b); and

22                 “(B) to achieve such reserve ratio, if the  
23                 actual balance of such reserve is below the  
24                 amount required under subsection (b).

1           “(2) CONSIDERATIONS.—In exercising the au-  
2           thority granted under paragraph (1), the Director  
3           shall consider—

4                   “(A) the expected operating expenses of  
5           the Reserve Fund;

6                   “(B) the insurance loss expenditures under  
7           the flood insurance program;

8                   “(C) any investment income generated  
9           under the flood insurance program; and

10                   “(D) any other factor that the Director de-  
11           termines appropriate.

12           “(3) LIMITATIONS.—In exercising the authority  
13           granted under paragraph (1), the Director shall be  
14           subject to all other provisions of this Act, including  
15           any provisions relating to chargeable premium rates  
16           or annual increases of such rates.

17           “(d) PHASE-IN REQUIREMENTS.—The phase-in re-  
18           quirements under this subsection are as follows:

19                   “(1) IN GENERAL.—Beginning in fiscal year  
20           2008 and not ending until the fiscal year in which  
21           the ratio required under subsection (b) is achieved,  
22           in each such fiscal year the Director shall place in  
23           the Reserve Fund an amount equal to not less than  
24           7.5 percent of the reserve ratio required under sub-  
25           section (b).

1           “(2) AMOUNT SATISFIED.—As soon as the ratio  
 2           required under subsection (b) is achieved, and except  
 3           as provided in paragraph (3), the Director shall not  
 4           be required to set aside any amounts for the Reserve  
 5           Fund.

6           “(3) EXCEPTION.—If at any time after the  
 7           ratio required under subsection (b) is achieved, the  
 8           Reserve Fund falls below the required ratio under  
 9           subsection (b), the Director shall place in the Re-  
 10          serve Fund for that fiscal year an amount equal to  
 11          not less than 7.5 percent of the reserve ratio re-  
 12          quired under subsection (b).

13          “(e) LIMITATION ON RESERVE RATIO.—In any given  
 14          fiscal year, if the Director determines that the reserve  
 15          ratio required under subsection (b) cannot be achieved, the  
 16          Director shall submit a report to Congress that—

17                 “(1) describes and details the specific concerns  
 18                 of the Director regarding such consequences;

19                 “(2) demonstrates how such consequences  
 20                 would harm the long-term financial soundness of the  
 21                 flood insurance program; and

22                 “(3) indicates the maximum attainable reserve  
 23                 ratio for that particular fiscal year.”.

1 **SEC. 16. REPAYMENT PLAN FOR BORROWING AUTHORITY.**

2 Section 1309 of the National Flood Insurance Act of  
3 1968 (42 U.S.C. 4016) is amended by adding at the end  
4 the following:

5 “(c) Any funds borrowed by the Director under the  
6 authority established in subsection (a) shall include a  
7 schedule for repayment of such amounts which shall be  
8 transmitted to the—

9 “(1) Secretary of the Treasury;

10 “(2) Committee on Banking, Housing, and  
11 Urban Affairs of the Senate; and

12 “(3) Committee on Financial Services of the  
13 House of Representatives.

14 “(d) In addition to the requirement under subsection  
15 (c), in connection with any funds borrowed by the Director  
16 under the authority established in subsection (a), the Di-  
17 rector, beginning 6 months after the date on which such  
18 borrowed funds are issued, and continuing every 6 months  
19 thereafter until such borrowed funds are fully repaid, shall  
20 submit a report on the progress of such repayment to  
21 the—

22 “(1) Secretary of the Treasury;

23 “(2) Committee on Banking, Housing, and  
24 Urban Affairs of the Senate; and

25 “(3) Committee on Financial Services of the  
26 House of Representatives.”.

1 **SEC. 17. PAYMENT OF CONDOMINIUM CLAIMS.**

2 Section 1312 of the National Flood Insurance Act of  
3 1968 (42 U.S.C. 4019), as amended by section 13, is fur-  
4 ther amended by adding at the end the following:

5 “(c) PAYMENT OF CLAIMS TO CONDOMINIUM OWN-  
6 ERS.—The Director may not deny payment for any dam-  
7 age to or loss of property which is covered by flood insur-  
8 ance to condominium owners who purchased such flood in-  
9 surance separate and apart from the flood insurance pur-  
10 chased by the condominium association in which such  
11 owner is a member, based, solely or in any part, on the  
12 flood insurance coverage of the condominium association  
13 or others on the overall property owned by the condo-  
14 minium association. Notwithstanding any regulations,  
15 rules, or restrictions established by the Director relating  
16 to appeals and filing deadlines, the Director shall ensure  
17 that the requirements of this subsection are met with re-  
18 spect to any claims for damages resulting from flooding  
19 in 2005 and 2006.”.

20 **SEC. 18. TECHNICAL MAPPING ADVISORY COUNCIL.**

21 (a) ESTABLISHMENT.—There is established a council  
22 to be known as the Technical Mapping Advisory Council  
23 (in this section referred to as the “Council”).

24 (b) MEMBERSHIP.—

25 (1) IN GENERAL.—The Council shall consist of  
26 the Director, or the designee thereof, and 12 addi-

1 tional members to be appointed by the Director or  
2 the designee of the Director, who shall be—

3 (A) the Under Secretary of Commerce for  
4 Oceans and Atmosphere (or the designee there-  
5 of);

6 (B) a member of a recognized professional  
7 surveying association or organization

8 (C) a member of a recognized professional  
9 mapping association or organization;

10 (D) a member of a recognized professional  
11 engineering association or organization;

12 (E) a member of a recognized professional  
13 association or organization representing flood  
14 hazard determination firms;

15 (F) a representative of the United States  
16 Geological Survey;

17 (G) a representative of a recognized profes-  
18 sional association or organization representing  
19 State geographic information;

20 (H) a representative of State national flood  
21 insurance coordination offices;

22 (I) a representative of the Corps of Engi-  
23 neers;

24 (J) the Secretary of the Interior (or the  
25 designee thereof);



1 (K) the Secretary of Agriculture (or the  
2 designee thereof); and

3 (L) a member of a recognized regional  
4 flood and storm water management organiza-  
5 tion.

6 (2) QUALIFICATIONS.—Members of the Council  
7 shall be appointed based on their demonstrated  
8 knowledge and competence regarding surveying, car-  
9 tography, remote sensing, geographic information  
10 systems, or the technical aspects of preparing and  
11 using flood insurance rate maps.

12 (c) DUTIES.—The Council shall—

13 (1) recommend to the Director how to improve  
14 in a cost-effective manner the—

15 (A) accuracy, general quality, ease of use,  
16 and distribution and dissemination of flood in-  
17 surance rate maps and risk data; and

18 (B) performance metrics and milestones  
19 required to effectively and efficiently map flood  
20 risk areas in the United States;

21 (2) recommend to the Director mapping stand-  
22 ards and guidelines for—

23 (A) flood insurance rate maps; and

24 (B) data accuracy, data quality, data cur-  
25 rency, and data eligibility;

1           (3) recommend to the Director how to maintain  
2           on an ongoing basis flood insurance rate maps and  
3           flood risk identification;

4           (4) recommend procedures for delegating map-  
5           ping activities to State and local mapping partners;

6           (5) recommend to the Director and other Fed-  
7           eral agencies participating in the Council—

8                   (A) methods for improving interagency and  
9                   intergovernmental coordination on flood map-  
10                  ping and flood risk determination; and

11                  (B) a funding strategy to leverage and co-  
12                  ordinate budgets and expenditures across Fed-  
13                  eral agencies; and

14           (6) submit an annual report to the Director  
15           that contains—

16                   (A) a description of the activities of the  
17                   Council;

18                   (B) an evaluation of the status and per-  
19                   formance of flood insurance rate maps and  
20                   mapping activities to revise and update flood in-  
21                   surance rate maps, as required under section  
22                   19; and

23                   (C) a summary of recommendations made  
24                   by the Council to the Director.

1 (d) FUTURE CONDITIONS RISK ASSESSMENT AND  
2 MODELING REPORT.—

3 (1) IN GENERAL.—The Council shall consult  
4 with scientists and technical experts, other Federal  
5 agencies, States, and local communities to—

6 (A) develop recommendations on how to—

7 (i) ensure that flood insurance rate  
8 maps incorporate the best available climate  
9 science to assess flood risks; and

10 (ii) ensure that the Federal Emer-  
11 gency Management Agency uses the best  
12 available methodology to consider the im-  
13 pact of—

14 (I) the rise in the sea level; and

15 (II) future development on flood  
16 risk; and

17 (B) not later than 1 year after the date of  
18 enactment of this Act, prepare written rec-  
19 ommendations in a future conditions risk as-  
20 sessment and modeling report and to submit  
21 such recommendations to the Director.

22 (2) RESPONSIBILITY OF THE DIRECTOR.—The  
23 Director, as part of the ongoing program to review  
24 and update National Flood Insurance Program rate  
25 maps under section 19, shall incorporate any future

1 risk assessment submitted under paragraph (1)(B)  
2 in any such revision or update.

3 (e) CHAIRPERSON.—The members of the Council  
4 shall elect 1 member to serve as the chairperson of the  
5 Council (in this section referred to as the “Chairperson”).

6 (f) COORDINATION.—To ensure that the Council’s  
7 recommendations are consistent, to the maximum extent  
8 practicable, with national digital spatial data collection  
9 and management standards, the Chairperson shall consult  
10 with the Chairperson of the Federal Geographic Data  
11 Committee (established pursuant to OMB Circular A–16).

12 (g) COMPENSATION.—Members of the Council shall  
13 receive no additional compensation by reason of their serv-  
14 ice on the Council.

15 (h) MEETINGS AND ACTIONS.—

16 (1) IN GENERAL.—The Council shall meet not  
17 less frequently than twice each year at the request  
18 of the Chairperson or a majority of its members,  
19 and may take action by a vote of the majority of the  
20 members.

21 (2) INITIAL MEETING.—The Director, or a per-  
22 son designated by the Director, shall request and co-  
23 ordinate the initial meeting of the Council.

1 (i) OFFICERS.—The Chairperson may appoint offi-  
 2 cers to assist in carrying out the duties of the Council  
 3 under subsection (c).

4 (j) STAFF.—

5 (1) STAFF OF FEMA.—Upon the request of the  
 6 Chairperson, the Director may detail, on a non-  
 7 reimbursable basis, personnel of the Federal Emer-  
 8 gency Management Agency to assist the Council in  
 9 carrying out its duties.

10 (2) STAFF OF OTHER FEDERAL AGENCIES.—  
 11 Upon request of the Chairperson, any other Federal  
 12 agency that is a member of the Council may detail,  
 13 on a non-reimbursable basis, personnel to assist the  
 14 Council in carrying out its duties.

15 (k) POWERS.—In carrying out this section, the Coun-  
 16 cil may hold hearings, receive evidence and assistance, pro-  
 17 vide information, and conduct research, as it considers ap-  
 18 propriate.

19 (l) REPORT TO CONGRESS.—The Director, on an an-  
 20 nual basis, shall report to the Committee on Banking,  
 21 Housing, and Urban Affairs of the Senate, the Committee  
 22 on Financial Services of the House of Representatives,  
 23 and the Office of Management and Budget on the—

24 (1) recommendations made by the Council; and

1           (2) actions taken by the Federal Emergency  
 2           Management Agency to address such recommenda-  
 3           tions to improve flood insurance rate maps and flood  
 4           risk data.

5   **SEC. 19. NATIONAL FLOOD MAPPING PROGRAM.**

6           (a) REVIEWING, UPDATING, AND MAINTAINING  
 7   MAPS.—The Director, in coordination with the Technical  
 8   Mapping Advisory Council established under section 18,  
 9   shall establish an ongoing program under which the Direc-  
 10   tor shall review, update, and maintain National Flood In-  
 11   surance Program rate maps in accordance with this sec-  
 12   tion.

13          (b) MAPPING.—

14               (1) IN GENERAL.—In carrying out the program  
 15               established under subsection (a), the Director  
 16               shall—

17                       (A) identify, review, update, maintain, and  
 18                       publish National Flood Insurance Program rate  
 19                       maps with respect to—

20                               (i) all areas located within the 100-  
 21                               year floodplain;

22                               (ii) all areas located within the 500-  
 23                               year floodplain;

24                               (iii) areas of residual risk that have  
 25                               not previously been identified, including

1 areas that are protected levees, dams, and  
 2 other man-made structures; and

3 (iv) areas that could be inundated as  
 4 a result of the failure of a levee, dam, or  
 5 other man-made structure;

6 (B) establish or update flood-risk zone  
 7 data in all such areas, and make estimates with  
 8 respect to the rates of probable flood caused  
 9 loss for the various flood risk zones for each  
 10 such area; and

11 (C) use, in identifying, reviewing, updat-  
 12 ing, maintaining, or publishing any National  
 13 Flood Insurance Program rate map required  
 14 under this section or under the National Flood  
 15 Insurance Act of 1968, the most accurate to-  
 16 pography and elevation data available.

17 (2) MAPPING ELEMENTS.—Each map updated  
 18 under this section shall:

19 (A) GROUND ELEVATION DATA.—Assess  
 20 the accuracy of current ground elevation data  
 21 used for hydrologic and hydraulic modeling of  
 22 flooding sources and mapping of the flood haz-  
 23 ard and wherever necessary acquire new ground  
 24 elevation data utilizing the most up-to-date  
 25 geospatial technologies in accordance with the

existing guidelines and specifications of the Federal Emergency Management Agency.

(B) DATA ON A WATERSHED BASIS.—Develop National Flood Insurance Program flood data on a watershed basis—

(i) to provide the most technically effective and efficient studies and hydrologic and hydraulic modeling; and

(ii) to eliminate, to the maximum extent possible, discrepancies in base flood elevations between adjacent political subdivisions.

(3) OTHER INCLUSIONS.—In updating maps under this section, the Director shall include—

(A) any relevant information on coastal inundation from—

(i) an applicable inundation map of the Corps of Engineers; and

(ii) data of the National Oceanic and Atmospheric Administration relating to storm surge modeling;

(B) any relevant information of the United States Geological Survey on stream flows, watershed characteristics, and topography that is



1           useful in the identification of flood hazard  
2           areas, as determined by the Director;

3           (C) any relevant information on land sub-  
4           sidence, coastal erosion areas, and other floor-  
5           related hazards;

6           (D) any relevant information or data of  
7           the National Oceanic and Atmospheric Admin-  
8           istration and the United States Geological Sur-  
9           vey relating to the best available climate science  
10          and the potential for future inundation from  
11          sea level rise, increased precipitation, and in-  
12          creased intensity of hurricanes due to global  
13          warming; and

14          (E) any other relevant information as may  
15          be recommended by the Technical Mapping Ad-  
16          visory Committee.

17          (c) STANDARDS.—In updating and maintaining maps  
18          under this section, the Director shall—

19               (1) establish standards to—

20                   (A) ensure that maps are adequate for—

21                           (i) flood risk determinations; and

22                           (ii) use by State and local govern-  
23                   ments in managing development to reduce  
24                   the risk of flooding; and

1 (B) facilitate identification and use of con-  
 2 sistent methods of data collection and analysis  
 3 by the Director, in conjunction with State and  
 4 local governments, in developing maps for com-  
 5 munities with similar flood risks, as determined  
 6 by the Director; and

7 (2) publish maps in a format that is—

8 (A) digital geospatial data compliant;

9 (B) compliant with the open publishing  
 10 and data exchange standards established by the  
 11 Open Geospatial Consortium; and

12 (C) compliant with the North American  
 13 Vertical Datum of 1998 for New Hydrologic  
 14 and Hydraulic Engineering.

15 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
 16 authorized to be appropriated to the Director to carry out  
 17 this section \$400,000,000 for each of fiscal years 2008  
 18 through 2013.

19 **SEC. 20. REMOVAL OF LIMITATION ON STATE CONTRIBU-**  
 20 **TIONS FOR UPDATING FLOOD MAPS.**

21 Section 1360(f)(2) of the National Flood Insurance  
 22 Act of 1968 (42 U.S.C. 4101(f)(2)) is amended by striking  
 23 “, but which may not exceed 50 percent of the cost of  
 24 carrying out the requested revision or update”.

1 **SEC. 21. COORDINATION.**

2 (a) INTERAGENCY BUDGET CROSSCUT REPORT.—

3 (1) IN GENERAL.—The Secretary of Homeland  
4 Security, the Director, the Director of the Office of  
5 Management and Budget, and the heads of each  
6 Federal department or agency carrying out activities  
7 under sections 18 and 19 shall work together to en-  
8 sure that flood risk determination data and  
9 geospatial data are shared among Federal agencies  
10 in order to coordinate the efforts of the Nation to  
11 reduce its vulnerability to flooding hazards.

12 (2) REPORT.—Not later than 30 days after the  
13 submission of the budget of the United States Gov-  
14 ernment by the President to Congress, the Director  
15 of the Office of Management and Budget, in coordi-  
16 nation with the Federal Emergency Management  
17 Agency, the United States Geological Survey, the  
18 National Oceanic and Atmospheric Administration,  
19 the Corps of Engineers, and other Federal agencies,  
20 as appropriate, shall submit to the appropriate au-  
21 thorizing and appropriating committees of the Sen-  
22 ate and the House of Representatives a financial re-  
23 port, certified by the Secretary or head of each such  
24 agency, an interagency budget crosscut report that  
25 displays the budget proposed for each of the Federal  
26 agencies working on flood risk determination data

1 and digital elevation models, including any planned  
2 interagency or intraagency transfers.

3 (b) DUTIES OF THE DIRECTOR.—In carrying out sec-  
4 tions 18 and 19, the Director shall—

5 (1) participate, pursuant to section 216 of Pub-  
6 lic Law 107–347 (116 Stat. 2945), in the establish-  
7 ment of such standards and common protocols as  
8 are necessary to assure the interoperability of  
9 geospatial data for all users of such information;

10 (2) coordinate with, seek assistance and co-  
11 operation of, and provide liaison to the Federal Geo-  
12 graphic Data Committee pursuant to Office of Man-  
13 agement and Budget Circular A–16 and Executive  
14 Order 12906 for the implementation of and compli-  
15 ance with such standards;

16 (3) integrate with, leverage, and coordinate  
17 funding of, to the maximum extent practicable, the  
18 current flood mapping activities of each unit of  
19 State and local government;

20 (4) integrate with, leverage, and coordinate, to  
21 the maximum extent practicable, the current  
22 geospatial activities of other Federal agencies and  
23 units of State and local government; and

24 (5) develop a funding strategy to leverage and  
25 coordinate budgets and expenditures, and to estab-

1       lish joint funding mechanisms with other Federal  
2       agencies and units of State and local government to  
3       share the collection and utilization of geospatial data  
4       among all governmental users.

5   **SEC. 22. INTERAGENCY COORDINATION STUDY.**

6       (a) IN GENERAL.—The Director shall enter into a  
7       contract with the National Academy of Public Administra-  
8       tion to conduct a study on how the Federal Emergency  
9       Management Agency—

10           (1) should improve interagency and intergovern-  
11       mental coordination on flood mapping, including a  
12       funding strategy to leverage and coordinate budgets  
13       and expenditures; and

14           (2) can establish joint funding mechanisms with  
15       other Federal agencies and units of State and local  
16       government to share the collection and utilization of  
17       data among all governmental users.

18       (b) TIMING.—Not later than 180 days after the date  
19       of enactment of this Act, the National Academy of Public  
20       Administration shall report the findings of the study re-  
21       quired under subsection (a) to the—

22           (1) Committee on Banking, Housing, and  
23       Urban Affairs of the Senate;

24           (2) Committee on Financial Services of the  
25       House of Representatives;

- 1           (3) Committee on Appropriations of the Senate;  
 2       and  
 3           (4) Committee on Appropriations of the House  
 4       of Representatives.

5 **SEC. 23. NONMANDATORY PARTICIPATION.**

6       (a) NONMANDATORY PARTICIPATION IN NATIONAL  
 7 FLOOD INSURANCE PROGRAM FOR 500-YEAR FLOOD-  
 8 PLAIN.—Any area located within the 500-year floodplain  
 9 shall not be subject to the mandatory purchase require-  
 10 ments of sections 102 or 202 of the Flood Disaster Protec-  
 11 tion Act of 1973 (42 U.S.C. 4012a, 4106).

12       (b) NOTICE.—

13           (1) BY DIRECTOR.—In carrying out the Na-  
 14 tional Flood Insurance Program, the Director shall  
 15 provide notice to any community located in an area  
 16 within the 500-year floodplain.

17           (2) TIMING OF NOTICE.—The notice required  
 18 under paragraph (1) shall be made not later than 6  
 19 months after the date of completion of the initial  
 20 mapping of the 500-year floodplain, as required  
 21 under section 18.

22           (3) LENDER REQUIRED NOTICE.—

23           (A) REGULATED LENDING INSTITU-  
 24 TIONS.—Each Federal or State entity for lend-  
 25 ing regulation (after consultation and coordina-

tion with the Federal Financial Institutions Examination Council) shall, by regulation, require regulated lending institutions, as a condition of making, increasing, extending, or renewing any loan secured by property located in an area within the 500-year floodplain, to notify the purchaser or lessee (or obtain satisfactory assurances that the seller or lessor has notified the purchaser or lessee) and the servicer of the loan that such property is located in an area within the 500-year floodplain, in a manner that is consistent with and substantially identical to the notice required under section 1364(a)(1) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104a(a)(1)).

(B) FEDERAL OR STATE AGENCY LENDERS.—Each Federal or State agency lender shall, by regulation, require notification in the same manner as provided under subparagraph (A) with respect to any loan that is made by a Federal or State agency lender and secured by property located in an area within the 500-year floodplain.

(C) PENALTY FOR NONCOMPLIANCE.—Any regulated lending institution or Federal or

1 State agency lender that fails to comply with  
 2 the notice requirements established by this  
 3 paragraph shall be subject to the penalties pre-  
 4 scribed under section 102(f)(5) of the Flood  
 5 Disaster Protection Act of 1973 (42 U.S.C.  
 6 4012a(f)(5)).

7 **SEC. 24. NOTICE OF FLOOD INSURANCE AVAILABILITY**  
 8 **UNDER RESPA.**

9 Section 5(b) of the Real Estate Settlement Proce-  
 10 dures Act of 1974 (12 U.S.C. 2604(b)) is amended—

11 (1) in paragraph (4), by striking “; and” and  
 12 inserting a semicolon;

13 (2) in paragraph (5), by striking the period and  
 14 inserting “; and”; and

15 (3) by adding at the end the following:

16 “(6) an explanation of flood insurance and the  
 17 availability of flood insurance under the National  
 18 Flood Insurance Program, whether or not the real  
 19 estate is located in an area having special flood haz-  
 20 ards.”.

21 **SEC. 25. TESTING OF NEW FLOODPROOFING TECH-**  
 22 **NOLOGIES.**

23 (a) PERMISSIBLE TESTING.—A temporary residential  
 24 structure built for the purpose of testing a new flood  
 25 proofing technology, as described in subsection (b), in any



1 State or community that receives mitigation assistance  
2 under section 1366 of the National Flood Insurance Act  
3 of 1968 (42 U.S.C. 4104e) may not be construed to be  
4 in violation of any flood risk mitigation plan developed by  
5 that State or community and approved by the Director  
6 of the Federal Emergency Management Agency.

7 (b) CONDITIONS ON TESTING.—Testing permitted  
8 under subsection (a) shall—

9 (1) be performed on an uninhabited residential  
10 structure;

11 (2) require dismantling of the structure at the  
12 conclusion of such testing; and

13 (3) require that all costs associated with such  
14 testing and dismantling be covered by the individual  
15 or entity conducting the testing, or on whose behalf  
16 the testing is conducted.

17 (c) RULE OF CONSTRUCTION.—Nothing in this sec-  
18 tion shall be construed to alter, limit, or extend the avail-  
19 ability of flood insurance to any structure that may em-  
20 ploy, utilize, or apply any technology tested under sub-  
21 section (b).

1 **SEC. 26. PARTICIPATION IN STATE DISASTER CLAIMS MEDI-**  
2 **ATION PROGRAMS.**

3 Chapter I of the National Flood Insurance Act of  
4 1968 (42 U.S.C. 4011 et seq.) is amended by inserting  
5 after section 1313 the following:

6 **“SEC. 1314. PARTICIPATION IN STATE DISASTER CLAIMS**  
7 **MEDIATION PROGRAMS.**

8 “(a) REQUIREMENT TO PARTICIPATE.—In the case  
9 of the occurrence of a major disaster, as defined in section  
10 102 of the Robert T. Stafford Disaster Relief and Emer-  
11 gency Assistance Act (42 U.S.C. 5122) that may have re-  
12 sulted in flood damage under the flood insurance program  
13 established under this chapter and other personal lines  
14 residential property insurance coverage offered by a State  
15 regulated insurer, upon request made by the insurance  
16 commissioner of a State (or such other official responsible  
17 for regulating the business of insurance in the State) for  
18 the participation of representatives of the Director in a  
19 program sponsored by such State for nonbinding medi-  
20 ation of insurance claims resulting from a major disaster,  
21 the Director shall cause representatives of the flood insur-  
22 ance program to participate in such a State program  
23 where claims under the flood insurance program are in-  
24 volved to expedite settlement of flood damage claims re-  
25 sulting from such disaster.

1       “(b) EXTENT OF PARTICIPATION.—In satisfying the  
2 requirements of subsection (a), the Director shall require  
3 that each representative of the Director—

4           “(1) be certified for purposes of the flood insur-  
5 ance program to settle claims against such program  
6 resulting from such disaster in amounts up to the  
7 limits of policies under such program;

8           “(2) attend State-sponsored mediation meetings  
9 regarding flood insurance claims resulting from such  
10 disaster at such times and places as may be ar-  
11 ranged by the State;

12          “(3) participate in good faith negotiations to-  
13 ward the settlement of such claims with policy-  
14 holders of coverage made available under the flood  
15 insurance program; and

16          “(4) finalize the settlement of such claims on  
17 behalf of the flood insurance program with such pol-  
18 icyholders.

19       “(c) COORDINATION.—Representatives of the Direc-  
20 tor shall at all times coordinate their activities with insur-  
21 ance officials of the State and representatives of insurers  
22 for the purposes of consolidating and expediting settle-  
23 ment of claims under the national flood insurance program  
24 resulting from such disaster.

1       “(d) QUALIFICATIONS OF MEDIATORS.—Each State  
 2 mediator participating in State-sponsored mediation under  
 3 this section shall be—

4               “(1)(A) a member in good standing of the State  
 5 bar in the State in which the mediation is to occur  
 6 with at least 2 years of practical experience; and

7               “(B) an active member of such bar for at least  
 8 1 year prior to the year in which such mediator’s  
 9 participation is sought; or

10              “(2) a retired trial judge from any United  
 11 States jurisdiction who was a member in good stand-  
 12 ing of the bar in the State in which the judge pre-  
 13 sided for at least 5 years prior to the year in which  
 14 such mediator’s participation is sought.

15       “(e) MEDIATION PROCEEDINGS AND DOCUMENTS  
 16 PRIVILEGED.—As a condition of participation, all state-  
 17 ments made and documents produced pursuant to State-  
 18 sponsored mediation involving representatives of the Di-  
 19 rector shall be deemed privileged and confidential settle-  
 20 ment negotiations made in anticipation of litigation.

21       “(f) LIABILITY, RIGHTS, OR OBLIGATIONS NOT AF-  
 22 FECTED.—Participation in State-sponsored mediation, as  
 23 described in this section does not—

24              “(1) affect or expand the liability of any party  
 25 in contract or in tort; or

1           “(2) affect the rights or obligations of the par-  
2       ties, as established—

3           “(A) in any regulation issued by the Direc-  
4       tor, including any regulation relating to a  
5       standard flood insurance policy;

6           “(B) under this Act; and

7           “(C) under any other provision of Federal  
8       law.

9       “(g) EXCLUSIVE FEDERAL JURISDICTION.—Partici-  
10   pation in State-sponsored mediation shall not alter,  
11   change, or modify the original exclusive jurisdiction of  
12   United States courts, as set forth in this Act.

13       “(h) COST LIMITATION.—Nothing in this section  
14   shall be construed to require the Director or a representa-  
15   tive of the Director to pay additional mediation fees relat-  
16   ing to flood insurance claims associated with a State-spon-  
17   sored mediation program in which such representative of  
18   the Director participates.

19       “(i) EXCEPTION.—In the case of the occurrence of  
20   a major disaster that results in flood damage claims under  
21   the national flood insurance program and that does not  
22   result in any loss covered by a personal lines residential  
23   property insurance policy—

24       “(1) this section shall not apply; and

1           “(2) the provisions of the standard flood insur-  
 2           ance policy under the national flood insurance pro-  
 3           gram and the appeals process established under sec-  
 4           tion 205 of the Bunning-Bereuter-Blumenauer  
 5           Flood Insurance Reform Act of 2004 (42 U.S.C.  
 6           4011 note) and the regulations issued pursuant to  
 7           such section shall apply exclusively.

8           “(j) REPRESENTATIVES OF THE DIRECTOR.—For  
 9           purposes of this section, the term ‘representatives of the  
 10          Director’ means representatives of the national flood in-  
 11          surance program who participate in the appeals process  
 12          established under section 205 of the Bunning-Bereuter-  
 13          Blumenauer Flood Insurance Reform Act of 2004 (42  
 14          U.S.C. 4011 note).”.

15   **SEC. 27. REITERATION OF FEMA RESPONSIBILITIES UNDER**  
 16                           **THE 2004 REFORM ACT.**

17          (a) MINIMUM TRAINING AND EDUCATION REQUIRE-  
 18          MENTS.—The Director shall continue to work with the in-  
 19          surance industry, State insurance regulators, and other in-  
 20          terested parties to implement the minimum training and  
 21          education standards for all insurance agents who sell flood  
 22          insurance policies, as such standards were determined by  
 23          the Director in the notice published in the Federal Reg-  
 24          ister on September 1, 2005 (70 Fed. Reg. 52117) pursu-  
 25          ant to section 207 of the Bunning-Bereuter-Blumenauer

1 Flood Insurance Reform Act of 2004 (42 U.S.C. 4011  
2 note).

3 (b) REPORT ON THE OVERALL IMPLEMENTATION OF  
4 THE REFORM ACT OF 2004.—Not later than 3 months  
5 after the date of the enactment of this Act, the Director  
6 shall submit a report to Congress—

7 (1) describing the implementation of each provi-  
8 sion of the Bunning-Bereuter-Blumenauer Flood In-  
9 surance Reform Act of 2004 (Public Law 108–264;  
10 118 Stat. 712);

11 (2) identifying each regulation, order, notice,  
12 and other material issued by the Director in imple-  
13 menting each provision of that Act;

14 (3) explaining any statutory or implied dead-  
15 lines that have not been met; and

16 (4) providing an estimate of when the require-  
17 ments of such missed deadlines will be fulfilled.

18 **SEC. 28. ADDITIONAL AUTHORITY OF FEMA TO COLLECT**  
19 **INFORMATION ON CLAIMS PAYMENTS.**

20 (a) IN GENERAL.—The Director shall collect, from  
21 property and casualty insurance companies that are au-  
22 thorized by the Director to participate in the Write Your  
23 Own program any information and data needed to deter-  
24 mine the accuracy of the resolution of flood claims filed  
25 on any property insured with a standard flood insurance

1 policy obtained under the program that was subject to a  
2 flood.

3 (b) TYPE OF INFORMATION TO BE COLLECTED.—

4 The information and data to be collected under subsection  
5 (a) may include—

6 (1) any adjuster estimates made as a result of  
7 flood damage, and if the insurance company also in-  
8 sures the property for wind damage—

9 (A) any adjuster estimates for both wind  
10 and flood damage;

11 (B) the amount paid to the property owner  
12 for wind and flood claims;

13 (C) the total amount paid to the policy-  
14 holder for damages as a result of the event that  
15 caused the flooding and other losses;

16 (2) any amounts paid to the policyholder by the  
17 insurance company for damages to the insured prop-  
18 erty other than flood damages; and

19 (3) the total amount paid to the policyholder by  
20 the insurance company for all damages incurred to  
21 the insured property as a result of the flood.

22 **SEC. 29. EXPENSE REIMBURSEMENTS OF INSURANCE COM-**  
23 **PANIES.**

24 (a) SUBMISSION OF BIENNIAL REPORTS.—



1           (1) TO THE DIRECTOR.—Not later than 20  
2       days after the date of enactment of this Act, each  
3       property and casualty insurance company that is au-  
4       thorized by the Director to participate in the Write  
5       Your Own program shall submit to the Director any  
6       biennial report prepared in the prior 5 years by such  
7       company.

8           (2) TO GAO.—Not later than 10 days after the  
9       submission of the biennial reports under paragraph  
10      (1), the Director shall submit all such reports to the  
11      Comptroller General of the United States.

12          (3) NOTICE TO CONGRESS OF FAILURE TO COM-  
13      PLY.—The Director shall notify and report to the  
14      Committee on Banking, Housing, and Urban Affairs  
15      of the Senate and the Committee on Financial Serv-  
16      ices of the House of Representatives on any property  
17      and casualty insurance company participating in the  
18      Write Your Own program that failed to submit its  
19      biennial reports as required under paragraph (1).

20          (b) FEMA RULEMAKING ON EXPENSES OF WYO  
21      PROGRAM.—Not later than 180 days after the date of en-  
22      actment of this Act, the Director shall conduct a rule-  
23      making proceeding to devise a data collection methodology  
24      to allow the Federal Emergency Management Agency to  
25      collect consistent information on the expenses (including

1 the operating and administrative expenses for adjustment  
 2 of claims) of property and casualty insurance companies  
 3 participating in the Write Your Own program for selling,  
 4 writing, and servicing, standard flood insurance policies.

5 (c) SUBMISSION OF EXPENSE REPORTS.—Not later  
 6 than 60 days after the effective date of the final rule es-  
 7 tablished pursuant to subsection (b), each property and  
 8 casualty insurance company participating in the Write  
 9 Your Own program shall submit a report to the Director  
 10 that details for the prior 5 years the expense levels of each  
 11 such company for selling, writing, and servicing standard  
 12 flood insurance policies based on the methodologies estab-  
 13 lished under subsection (b).

14 (d) FEMA RULEMAKING ON REIMBURSEMENT OF  
 15 EXPENSES UNDER THE WYO PROGRAM.—Not later than  
 16 15 months after the date of enactment of this Act, the  
 17 Director shall conduct a rulemaking proceeding to formu-  
 18 late revised expense reimbursements to property and cas-  
 19 ualty insurance companies participating in the Write Your  
 20 Own program for their expenses (including their operating  
 21 and administrative expenses for adjustment of claims) in  
 22 selling, writing, and servicing standard flood insurance  
 23 policies, including how such companies shall be reimbursed  
 24 in both catastrophic and non-catastrophic years. Such re-  
 25 imbursements shall be structured to ensure reimburse-

1 ments track the actual expenses, including standard busi-  
2 ness costs and operating expenses, of such companies as  
3 close as practicably possible.

4 (e) REPORT OF THE DIRECTOR.—Not later than 60  
5 days after the effective date of any final rule established  
6 pursuant to subsection (b) or subsection (d), the Director  
7 shall submit to the Committee on Banking, Housing, and  
8 Urban Affairs of the Senate and the Committee on Finan-  
9 cial Services of the House of Representatives a report con-  
10 taining—

11 (1) the specific rationale and purposes of such  
12 rule;

13 (2) the reasons for the adoption of the policies  
14 contained in such rule; and

15 (3) the degree to which such rule accurately  
16 represents the true operating costs and expenses of  
17 property and casualty insurance companies partici-  
18 pating in the Write Your Own program.

19 (f) GAO STUDY AND REPORT ON EXPENSES OF  
20 WYO PROGRAM.—

21 (1) STUDY.—Not later than 180 days after the  
22 effective date of the final rule established pursuant  
23 to subsection (d), the Comptroller General of the  
24 United States shall—

1 (A) conduct a study on the efficacy, ade-  
2 quacy, and sufficiency of the final rules estab-  
3 lished pursuant to subsections (b) and (d); and

4 (B) report to the Committee on Banking,  
5 Housing, and Urban Affairs of the Senate and  
6 the Committee on Financial Services of the  
7 House of Representatives on the findings of the  
8 study conducted under subparagraph (A).

9 (2) GAO AUTHORITY.—In conducting the study  
10 and report required under paragraph (1), the Comp-  
11 troller General—

12 (A) may use any previous findings, studies,  
13 or reports that the Comptroller General pre-  
14 viously completed on the Write Your Own pro-  
15 gram;

16 (B) shall determine if—

17 (i) the final rules established pursuant  
18 to subsections (b) and (d) allow the Fed-  
19 eral Emergency Management Agency to  
20 access adequate information regarding the  
21 actual expenses of property and casualty  
22 insurance companies participating in the  
23 Write Your Own program; and

24 (ii) the actual reimbursements paid  
25 out under the final rule established in sub-

section (d) accurately reflect the expenses reported by property and casualty insurance companies participating in the Write Your Own program, including the standard business costs and operating expenses of such companies; and

(C) shall analyze the effect of such rules on the level of participation of property and casualty insurers in the Write Your Own program.

**SEC. 30. EXTENSION OF PILOT PROGRAM FOR MITIGATION  
OF SEVERE REPETITIVE LOSS PROPERTIES.**

(a) IN GENERAL.—Section 1361A of the National Flood Insurance Act of 1968 (42 U.S.C. 4102a) is amended—

(1) in subsection (k)(1)—

(A) in the first sentence, by striking “in each of fiscal years 2005, 2006, 2007, 2008, and 2009” and inserting “in each fiscal year through fiscal year 2013”; and

(B) by adding at the end the following new sentence: “For fiscal years 2008 through the 2013, the total amount that the Director may use to provide assistance under this section shall not exceed \$240,000,000.”; and

1           (2) by striking subsection (l).

2           (b) REPORT TO CONGRESS ON IMPLEMENTATION  
3 STATUS.—Not later than 6 months after the date of en-  
4 actment of this Act, the Director shall report to the Com-  
5 mittee on Banking, Housing, and Urban Affairs of the  
6 Senate and the Committee on Financial Services of the  
7 House of Representatives on the status of the implementa-  
8 tion of the pilot program for severe repetitive loss prop-  
9 erties authorized under section 1361A of the National  
10 Flood Insurance Act of 1968 (42 U.S.C. 4102a).

11          (c) RULEMAKING.—No later than 90 days after the  
12 date of enactment of this Act, the Director shall issue final  
13 rules to carry out the severe repetitive loss pilot program  
14 authorized under section 1361A of the National Flood In-  
15 surance Act of 1968 (42 U.S.C. 4102a).

16 **SEC. 31. FLOOD INSURANCE ADVOCATE.**

17          Chapter II of the National Flood Insurance Act of  
18 1968 is amended by inserting after section 1330 (42  
19 U.S.C. 4041) the following new section:

20 **“SEC. 1330A. OFFICE OF THE FLOOD INSURANCE ADVO-**  
21 **CATE.**

22          “(a) ESTABLISHMENT OF POSITION.—

23               “(1) IN GENERAL.—There shall be in the Fed-  
24 eral Emergency Management Agency an Office of  
25 the Flood Insurance Advocate which shall be headed

1 by the National Flood Insurance Advocate. The Na-  
2 tional Flood Insurance Advocate shall report directly  
3 to the Director and shall, to the extent amounts are  
4 provided pursuant to subsection (f), be compensated  
5 at the same rate as the highest rate of basic pay es-  
6 tablished for the Senior Executive Service under sec-  
7 tion 5382 of title 5, United States Code, or, if the  
8 Director so determines, at a rate fixed under section  
9 9503 of such title.

10 “(2) APPOINTMENT.—The National Flood In-  
11 surance Advocate shall be appointed by the Director  
12 and the flood insurance advisory committee estab-  
13 lished pursuant to section 1318 and without regard  
14 to the provisions of title 5, United States Code, re-  
15 lating to appointments in the competitive service or  
16 the Senior Executive Service.

17 “(3) QUALIFICATIONS.—An individual ap-  
18 pointed under paragraph (2) shall have—

19 “(A) a background in customer service as  
20 well as insurance; and

21 “(B) experience in representing individual  
22 insureds.

23 “(4) RESTRICTION ON EMPLOYMENT.—An indi-  
24 vidual may be appointed as the National Flood In-  
25 surance Advocate only if such individual was not an

1 officer or employee of the Federal Emergency Man-  
 2 agement Agency with duties relating to the national  
 3 flood insurance program during the 2-year period  
 4 ending with such appointment and such individual  
 5 agrees not to accept any employment with the Fed-  
 6 eral Emergency Management Agency for at least 2  
 7 years after ceasing to be the National Flood Insur-  
 8 ance Advocate. Service as an employee of the Na-  
 9 tional Flood Insurance Advocate shall not be taken  
 10 into account in applying this paragraph.

11 “(5) STAFF.—To the extent amounts are pro-  
 12 vided pursuant to subsection (f), the National Flood  
 13 Insurance Advocate may employ such personnel as  
 14 may be necessary to carry out the duties of the Of-  
 15 fice.

16 “(b) FUNCTIONS OF OFFICE.—

17 “(1) IN GENERAL.—It shall be the function of  
 18 the Office of the Flood Insurance Advocate to—

19 “(A) assist insureds under the national  
 20 flood insurance program in resolving problems  
 21 with the Federal Emergency Management  
 22 Agency relating to such program;

23 “(B) identify areas in which such insureds  
 24 have problems in dealings with the Federal



1           Emergency Management Agency relating to  
2           such program;

3           “(C) propose changes in the administrative  
4           practices of the Federal Emergency Manage-  
5           ment Agency to mitigate problems identified  
6           under subparagraph (B); and

7           “(D) identify potential legislative, adminis-  
8           trative, or regulatory changes which may be ap-  
9           propriate to mitigate such problems.

10          “(2) ANNUAL REPORTS.—

11               “(A) ACTIVITIES.—Not later than Decem-  
12               ber 31 of each calendar year, the National  
13               Flood Insurance Advocate shall report to the  
14               Committee on Banking, Housing, and Urban  
15               Affairs of the Senate and the Committee on Fi-  
16               nancial Services of the House of Representa-  
17               tives on the activities of the Office of the Flood  
18               Insurance Advocate during the fiscal year end-  
19               ing during such calendar year. Any such report  
20               shall contain a full and substantive analysis of  
21               such activities, in addition to statistical infor-  
22               mation, and shall—

23                       “(i) identify the initiatives the Office  
24                       of the Flood Insurance Advocate has taken  
25                       on improving services for insureds under

1 the national flood insurance program and  
2 responsiveness of the Federal Emergency  
3 Management Agency with respect to such  
4 initiatives;

5 “(ii) describe the nature of rec-  
6 ommendations made to the Director under  
7 subsection (e);

8 “(iii) contain a summary of the most  
9 serious problems encountered by such in-  
10 sureds, including a description of the na-  
11 ture of such problems;

12 “(iv) contain an inventory of any  
13 items described in clauses (i), (ii), and (iii)  
14 for which action has been taken and the  
15 result of such action;

16 “(v) contain an inventory of any items  
17 described in clauses (i), (ii), and (iii) for  
18 which action remains to be completed and  
19 the period during which each item has re-  
20 mained on such inventory;

21 “(vi) contain an inventory of any  
22 items described in clauses (i), (ii), and (iii)  
23 for which no action has been taken, the pe-  
24 riod during which each item has remained

1 on such inventory and the reasons for the  
2 inaction;

3 “(vii) identify any Flood Insurance  
4 Assistance Recommendation which was not  
5 responded to by the Director in a timely  
6 manner or was not followed, as specified  
7 under subsection (e);

8 “(viii) contain recommendations for  
9 such administrative and legislative action  
10 as may be appropriate to resolve problems  
11 encountered by such insureds;

12 “(ix) identify areas of the law or regu-  
13 lations relating to the national flood insur-  
14 ance program that impose significant com-  
15 pliance burdens on such insureds or the  
16 Federal Emergency Management Agency,  
17 including specific recommendations for  
18 remedying these problems;

19 “(x) identify the most litigated issues  
20 for each category of such insureds, includ-  
21 ing recommendations for mitigating such  
22 disputes; and

23 “(xi) include such other information  
24 as the National Flood Insurance Advocate  
25 may deem advisable.

1           “(B) DIRECT SUBMISSION OF REPORT.—

2           Each report required under this paragraph  
3           shall be provided directly to the committees  
4           identified in subparagraph (A) without any  
5           prior review or comment from the Director, the  
6           Secretary of Homeland Security, or any other  
7           officer or employee of the Federal Emergency  
8           Management Agency or the Department of  
9           Homeland Security, or the Office of Manage-  
10          ment and Budget.

11          “(3) OTHER RESPONSIBILITIES.—The National  
12          Flood Insurance Advocate shall—

13               “(A) monitor the coverage and geographic  
14               allocation of regional offices of flood insurance  
15               advocates;

16               “(B) develop guidance to be distributed to  
17               all Federal Emergency Management Agency of-  
18               ficers and employees having duties with respect  
19               to the national flood insurance program, out-  
20               lining the criteria for referral of inquiries by in-  
21               sureds under such program to regional offices  
22               of flood insurance advocates;

23               “(C) ensure that the local telephone num-  
24               ber for each regional office of the flood insur-

1           ance advocate is published and available to such  
2           insureds served by the office; and

3           “(D) establish temporary State or local of-  
4           fices where necessary to meet the needs of  
5           qualified insureds following a flood event.

6           “(4) PERSONNEL ACTIONS.—

7           “(A) IN GENERAL.—The National Flood  
8           Insurance Advocate shall have the responsibility  
9           and authority to—

10           “(i) appoint regional flood insurance  
11           advocates in a manner that will provide ap-  
12           propriate coverage based upon regional  
13           flood insurance program participation; and

14           “(ii) hire, evaluate, and take per-  
15           sonnel actions (including dismissal) with  
16           respect to any employee of any regional of-  
17           fice of a flood insurance advocate described  
18           in clause (i).

19           “(B) CONSULTATION.—The National  
20           Flood Insurance Advocate may consult with the  
21           appropriate supervisory personnel of the Fed-  
22           eral Emergency Management Agency in car-  
23           rying out the National Flood Insurance Advo-  
24           cate’s responsibilities under this paragraph.

1       “(c) RESPONSIBILITIES OF DIRECTOR.—The Direc-  
 2       tor shall establish procedures requiring a formal response  
 3       consistent with the requirements of subsection (e)(3) to  
 4       all recommendations submitted to the Director by the Na-  
 5       tional Flood Insurance Advocate.

6       “(d) OPERATION OF REGIONAL OFFICES.—

7               “(1) IN GENERAL.—Each regional flood insur-  
 8       ance advocate appointed pursuant to subsection  
 9       (b)—

10               “(A) shall report to the National Flood In-  
 11       surance Advocate or delegate thereof;

12               “(B) may consult with the appropriate su-  
 13       pervisory personnel of the Federal Emergency  
 14       Management Agency regarding the daily oper-  
 15       ation of the regional office of the flood insur-  
 16       ance advocate;

17               “(C) shall, at the initial meeting with any  
 18       insured under the national flood insurance pro-  
 19       gram seeking the assistance of a regional office  
 20       of the flood insurance advocate, notify such in-  
 21       sured that the flood insurance advocate offices  
 22       operate independently of any other Federal  
 23       Emergency Management Agency office and re-  
 24       port directly to Congress through the National  
 25       Flood Insurance Advocate; and

1           “(D) may, at the flood insurance advo-  
2           cate’s discretion, not disclose to the Director  
3           contact with, or information provided by, such  
4           insured.

5           “(2) MAINTENANCE OF INDEPENDENT COMMU-  
6           NICATIONS.—Each regional office of the flood insur-  
7           ance advocate shall maintain a separate phone, fac-  
8           simile, and other electronic communication access.  
9           “(e) FLOOD INSURANCE ASSISTANCE RECOMMENDA-  
10          TIONS.—

11           “(1) AUTHORITY TO ISSUE.—Upon application  
12          filed by a qualified insured with the Office of the  
13          Flood Insurance Advocate (in such form, manner,  
14          and at such time as the Director shall by regulation  
15          prescribe), the National Flood Insurance Advocate  
16          may issue a Flood Insurance Assistance Rec-  
17          ommendation, if the Advocate finds that the quali-  
18          fied insured is suffering a significant hardship, such  
19          as a significant delay in resolving claims where the  
20          insured is incurring significant costs as a result of  
21          such delay, or where the insured is at risk of adverse  
22          action, including the loss of property, as a result of  
23          the manner in which the flood insurance laws are  
24          being administered by the Director.

1           “(2) TERMS OF A FLOOD INSURANCE ASSIST-  
 2           ANCE RECOMMENDATION.—The terms of a Flood In-  
 3           surance Assistance Recommendation may rec-  
 4           ommend to the Director that the Director, within a  
 5           specified time period, cease any action, take any ac-  
 6           tion as permitted by law, or refrain from taking any  
 7           action, including the payment of claims, with respect  
 8           to the qualified insured under any other provision of  
 9           law which is specifically described by the National  
 10          Flood Insurance Advocate in such recommendation.

11          “(3) DIRECTOR RESPONSE.—Not later than 15  
 12          days after the receipt of any Flood Insurance Assist-  
 13          ance Recommendation under this subsection, the Di-  
 14          rector shall respond in writing as to—

15                 “(A) whether such recommendation was  
 16                 followed;

17                 “(B) why such recommendation was or was  
 18                 not followed; and

19                 “(C) what, if any, additional actions were  
 20                 taken by the Director to prevent the hardship  
 21                 indicated in such recommendation.

22          “(4) DEFINITIONS.—For purposes of this sub-  
 23          section:

24                 “(A) NATIONAL FLOOD INSURANCE ADVO-  
 25                 CATE.—The term ‘National Flood Insurance



1 Advocate' includes any designee of the National  
2 Flood Insurance Advocate.

3 “(B) QUALIFIED INSURED.—The term  
4 ‘qualified insured’ means an insured under cov-  
5 erage provided under the national flood insur-  
6 ance program under this title.

7 “(f) FUNDING.—Pursuant to section 1310(a)(8), the  
8 Director may use amounts from the National Flood Insur-  
9 ance Fund to fund the activities of the Office of the Flood  
10 Advocate in each of fiscal years 2008 through 2013, ex-  
11 cept that the amount so used in each such fiscal year may  
12 not exceed \$5,000,000 and shall remain available until ex-  
13 pended. Notwithstanding any other provision of this title,  
14 amounts made available pursuant to this subsection shall  
15 not be subject to offsetting collections through premium  
16 rates for flood insurance coverage under this title.”.

17 **SEC. 32. STUDIES AND REPORTS.**

18 (a) REPORT ON EXPANDING THE NATIONAL FLOOD  
19 INSURANCE PROGRAM.—Not later than 1 year after the  
20 date of the enactment of this Act, the Comptroller General  
21 of the United States shall conduct a study and submit a  
22 report to the Committee on Banking, Housing, and Urban  
23 Affairs of the Senate and the Committee on Financial  
24 Services of the House of Representatives, on—

1           (1) the number of flood insurance policy holders  
2           currently insuring—

3                   (A) a residential structure up to the max-  
4                   imum available coverage amount, as established  
5                   in section 61.6 of title 44, Code of Federal Reg-  
6                   ulations, of—

7                           (i) \$250,000 for the structure; and

8                           (ii) \$100,000 for the contents of such  
9                   structure; or

10                  (B) a commercial structure up to the max-  
11                  imum available coverage amount, as established  
12                  in section 61.6 of title 44, Code of Federal Reg-  
13                  ulations, of \$500,000;

14           (2) the increased losses the National Flood In-  
15           surance Program would have sustained during the  
16           2004 and 2005 hurricane season if the National  
17           Flood Insurance Program had insured all policy-  
18           holders up to the maximum conforming loan limit  
19           for fiscal year 2006 of \$417,000, as established  
20           under section 302(b)(2) of the Federal National  
21           Mortgage Association Charter Act (12 U.S.C.  
22           1717(b)(2));

23           (3) the availability in the private marketplace of  
24           flood insurance coverage in amounts that exceed the  
25           current limits of coverage amounts established in

1 section 61.6 of title 44, Code of Federal Regula-  
2 tions; and

3 (4) what effect, if any—

4 (A) raising the current limits of coverage  
5 amounts established in section 61.6 of title 44,  
6 Code of Federal Regulations, would have on the  
7 ability of private insurers to continue providing  
8 flood insurance coverage; and

9 (B) reducing the current limits of coverage  
10 amounts established in section 61.6 of title 44,  
11 Code of Federal Regulations, would have on the  
12 ability of private insurers to provide sufficient  
13 flood insurance coverage to effectively replace  
14 the current level of flood insurance coverage  
15 being provided under the National Flood Insur-  
16 ance Program.

17 (b) REPORT OF THE DIRECTOR ON ACTIVITIES  
18 UNDER THE NATIONAL FLOOD INSURANCE PROGRAM.—

19 (1) IN GENERAL.—The Director shall, on an  
20 annual basis, submit a full report on the operations,  
21 activities, budget, receipts, and expenditures of the  
22 National Flood Insurance Program for the preceding  
23 12-month period to the Committee on Banking,  
24 Housing, and Urban Affairs of the Senate and the

1 Committee on Financial Services of the House of  
2 Representatives.

3 (2) TIMING.—Each report required under para-  
4 graph (1) shall be submitted to the committees de-  
5 scribed in paragraph (1) not later than 3 months  
6 following the end of each fiscal year.

7 (3) CONTENTS.—Each report required under  
8 paragraph (1) shall include—

9 (A) the current financial condition and in-  
10 come statement of the National Flood Insur-  
11 ance Fund established under section 1310 of  
12 the National Flood Insurance Act of 1968 (42  
13 U.S.C. 4017), including—

14 (i) premiums paid into such Fund;  
15 (ii) policy claims against such Fund;  
16 and  
17 (iii) expenses in administering such  
18 Fund;

19 (B) the number and face value of all poli-  
20 cies issued under the National Flood Insurance  
21 Program that are in force;

22 (C) a description and summary of the  
23 losses attributable to repetitive loss structures;

1 (D) a description and summary of all  
2 losses incurred by the National Flood Insurance  
3 Program due to—

- 4 (i) hurricane related damage; and  
5 (ii) nonhurricane related damage;

6 (E) the amounts made available by the Di-  
7 rector for mitigation assistance under section  
8 1366(e)(5) of the National Flood Insurance Act  
9 of 1968 (42 U.S.C. 4104c(e)(5)) for the pur-  
10 chase of properties substantially damaged by  
11 flood for that fiscal year, and the actual num-  
12 ber of flood damaged properties purchased and  
13 the total cost expended to purchase such prop-  
14 erties;

15 (F) the estimate of the Director as to the  
16 average historical loss year, and the basis for  
17 that estimate;

18 (G) the estimate of the Director as to the  
19 maximum amount of claims that the National  
20 Flood Insurance Program would have to expend  
21 in the event of a catastrophic year;

22 (H) the average—

- 23 (i) amount of insurance carried per  
24 flood insurance policy;

1 (ii) premium per flood insurance pol-  
2 icy; and

3 (iii) loss per flood insurance policy;  
4 and

5 (I) the number of claims involving dam-  
6 ages in excess of the maximum amount of flood  
7 insurance available under the National Flood  
8 Insurance Program and the sum of the amount  
9 of all damages in excess of such amount.

10 (c) GAO STUDY ON PRE-FIRM STRUCTURES.—Not  
11 later than 1 year after the date of the enactment of this  
12 Act, the Comptroller General of the United States shall  
13 conduct a study and submit a report to the Committee  
14 on Banking, Housing, and Urban Affairs of the Senate  
15 and the Committee on Financial Services of the House of  
16 Representatives, on the—

17 (1) composition of the remaining pre-FIRM  
18 structures that are explicitly receiving discounted  
19 premium rates under section 1307 of the National  
20 Flood Insurance Act of 1968 (42 U.S.C. 4104), in-  
21 cluding the historical basis for the receipt of such  
22 subsidy and whether such subsidy has outlasted its  
23 purpose;

24 (2) number and fair market value of such struc-  
25 tures;

1           (3) respective income level of each owner of  
2       such structure;

3           (4) number of times each such structure has  
4       been sold since 1968, including specific dates, sales  
5       price, and any other information the Secretary de-  
6       termines appropriate;

7           (5) total losses incurred by such structures  
8       since the establishment of the National Flood Insur-  
9       ance Program compared to the total losses incurred  
10      by all structures that are charged a nondiscounted  
11      premium rate;

12          (6) total cost of foregone premiums since the  
13      establishment of the National Flood Insurance Pro-  
14      gram, as a result of the subsidies provided to such  
15      structures;

16          (7) annual cost to the taxpayer, as a result of  
17      the subsidies provided to such structures;

18          (8) the premium income collected and the losses  
19      incurred by the National Flood Insurance Program  
20      as a result of such explicitly subsidized structures  
21      compared to the premium income collected and the  
22      losses incurred by such Program as result of struc-  
23      tures that are charged a nondiscounted premium  
24      rate, on a State-by-State basis; and

1           (9) the most efficient way to eliminate the sub-  
2       sidy to such structures.

3       (d) GAO REVIEW OF FEMA CONTRACTORS.—The  
4       Comptroller General of the United States, in conjunction  
5       with the Department of Homeland Security’s Inspectors  
6       general Office, shall—

7           (1) conduct a review of the 3 largest contrac-  
8       tors the Director uses in administering the National  
9       Flood Insurance Program; and

10          (2) not later than 18 months after the date of  
11       enactment of this Act, submit a report on the find-  
12       ings of such review to the Director, the Committee  
13       on Banking, Housing, and Urban Affairs of the Sen-  
14       ate, and the Committee on Financial Services of the  
15       House of Representatives.





Calendar No. 460

110<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**S. 2284**

[Report No. 110-214]

**A BILL**

To amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes.

NOVEMBER 1, 2007

Read twice and placed on the calendar