

115TH CONGRESS  
1ST SESSION

# H. R. 2875

To make administrative reforms to the National Flood Insurance Program to increase fairness and accuracy and protect the taxpayer from program fraud and abuse, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2017

Ms. VELÁZQUEZ introduced the following bill; which was referred to the Committee on Financial Services

---

## A BILL

To make administrative reforms to the National Flood Insurance Program to increase fairness and accuracy and protect the taxpayer from program fraud and abuse, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “National Flood Insur-  
5       ance Program Administrative Reform Act of 2017”.

6       **SEC. 2. INCREASED COST OF COMPLIANCE COVERAGE.**

7       (a) **COVERAGE OF PROPERTIES AT HIGH RISK OF**  
8       **FUTURE FLOOD DAMAGE.**—Subsection (b) of section

1 1304 of the National Flood Insurance Act of 1968 (42  
2 U.S.C. 4011(b)) is amended—

3 (1) in paragraph (4), by redesignating subpara-  
4 graphs (A) through (D) as clauses (i) through (iv),  
5 respectively, and realigning such clauses, as so re-  
6 designated, so as to be indented 6 ems from the left  
7 margin;

8 (2) by redesignating paragraphs (1) through  
9 (4) as subparagraphs (A) through (D), respectively,  
10 and realigning such subparagraphs, as so redesign-  
11 ated, so as to be indented 4 ems from the left mar-  
12 gin;

13 (3) by striking the subsection designation and  
14 all that follows through “The national” and insert-  
15 ing the following:

16 “(b) ADDITIONAL COVERAGE FOR COMPLIANCE  
17 WITH LAND USE AND CONTROL MEASURES.—

18 “(1) AUTHORITY; ELIGIBLE PROPERTIES.—The  
19 national”;

20 (4) in subparagraph (C) (as so redesignated by  
21 paragraph (2) of this subsection), by striking  
22 “Fund” and all that follows and inserting “Fund to  
23 require the implementation of such measures;”;

24 (5) in subparagraph (D)(iv) (as so redesignated  
25 by paragraphs (1) and (2) of this subsection), by

1 striking the period at the end and inserting a semi-  
2 colon; and

3 (6) by adding at the end the following new sub-  
4 paragraphs:

5 “(E) properties that have been identified  
6 by the Administrator, or by a community in ac-  
7 cordance with such requirements as the Admin-  
8 istrator shall establish, as at a high risk of fu-  
9 ture flood damage; and

10 “(F) properties that are located within an  
11 area identified pursuant to section  
12 1361(e)(1)(A) (42 U.S.C. 4102(e)(1)(A)) by a  
13 covered community (as such term is defined in  
14 paragraph (3) of such section 1361(e)).”.

15 (b) COVERAGE AMOUNT.—Section 1304(b) of the  
16 National Flood Insurance Act of 1968 (42 U.S.C.  
17 4011(b)) is amended—

18 (1) in paragraph (1) (as so designated by sub-  
19 section (a)(3) of this section), by striking the last  
20 sentence (relating to a surcharge); and

21 (2) by adding at the end the following new  
22 paragraph:

23 “(2) COVERAGE AMOUNT.—

24 “(A) PRIMARY COVERAGE.—Each policy  
25 for flood insurance coverage made available

1 under this title shall provide coverage under  
2 this subsection having an aggregate liability for  
3 any single property of \$30,000.

4 “(B) ENHANCED COVERAGE.—The Admin-  
5 istrator shall make additional coverage available  
6 under this subsection, in excess of the limit  
7 specified in subparagraph (A), having an aggre-  
8 gate liability for any single property of up to  
9 \$60,000.”.

10 (c) AMOUNT OF SURCHARGE.—Subsection (b) of sec-  
11 tion 1304 of the National Flood Insurance Act of 1968  
12 (42 U.S.C. 4011(b)), as amended by the preceding provi-  
13 sions of this section, is further amended by adding at the  
14 end the following new paragraph:

15 “(3) SURCHARGE FOR COVERAGE.—

16 “(A) PRIMARY COVERAGE.—The Adminis-  
17 trator shall impose a surcharge on each insured  
18 of such amount per policy as the Administrator  
19 determines is appropriate to provide cost of  
20 compliance coverage in accordance with para-  
21 graph (2)(A).

22 “(B) ENHANCED COVERAGE.—For each  
23 flood policy for flood insurance coverage under  
24 this title under which additional cost of compli-  
25 ance coverage is provided pursuant to para-

1 graph (2)(B), the Administrator shall impose a  
2 surcharge, in addition to the surcharge under  
3 subparagraph (A) of this paragraph, in such  
4 amount as the Administrator determines is ap-  
5 propriate for the amount of such coverage pro-  
6 vided.”.

7 (d) USE OF CERTAIN MATERIALS.—Subsection (b) of  
8 section 1304 of the National Flood Insurance Act of 1968  
9 (42 U.S.C. 4011(b)), as amended by the preceding provi-  
10 sions of this section, is further amended by adding at the  
11 end the following new paragraph:

12 “(4) USE OF CERTAIN MATERIALS.—The Ad-  
13 ministrator shall require that any measures imple-  
14 mented using amounts made available from coverage  
15 provided pursuant to this subsection be carried out  
16 using materials, identified by the Administrator,  
17 that minimize the impact of flooding on the usability  
18 of the covered property and reduce the duration that  
19 flooding renders the property unusable or uninhabit-  
20 able.”.

21 (e) CONTINUED FLOOD INSURANCE REQUIRE-  
22 MENT.—Subsection (b) of section 1304 of the National  
23 Flood Insurance Act of 1968 (42 U.S.C. 4011(b)), as  
24 amended by the preceding provisions of this section, is fur-

1 ther amended by adding at the end the following new para-  
2 graph:

3           “(5) CONTINUED FLOOD INSURANCE REQUIRE-  
4           MENT.—The Administrator may require, as a condi-  
5           tion of providing cost of compliance coverage under  
6           this subsection for a property, that the owner of the  
7           property enter into such binding agreements as the  
8           Administrator considers necessary to ensure that the  
9           owner of the property (and any subsequent owners)  
10          will maintain flood insurance coverage under this  
11          title for the property in such amount, and at all  
12          times during a period having such duration, as the  
13          Administrator considers appropriate to carry out the  
14          purposes of this subsection.”.

15 **SEC. 3. PILOT PROGRAM FOR PROPERTIES WITH PRE-**  
16 **EXISTING CONDITIONS.**

17          Section 1311 of the National Flood Insurance Act of  
18 1968 (42 U.S.C. 4018) is amended by adding at the end  
19 the following new subsection:

20           “(c) PILOT PROGRAM FOR INVESTIGATION OF PRE-  
21 EXISTING STRUCTURAL CONDITIONS.—

22           “(1) VOLUNTARY PROGRAM.—The Adminis-  
23           trator shall carry out a pilot program under this  
24           subsection to provide for companies participating in  
25           the Write Your Own program (as such term is de-

1        fined in section 1370(a) (42 U.S.C. 4121(a))) to in-  
2        vestigate preexisting structural conditions of insured  
3        properties and potentially insured properties that  
4        could result in the denial of a claim under a policy  
5        for flood insurance coverage under this title in the  
6        event of a flood loss to such property. Participation  
7        in the pilot program shall be voluntary on the part  
8        of Write Your Own companies.

9            “(2) INVESTIGATION OF PROPERTIES.—Under  
10        the pilot program under this subsection, a Write  
11        Your Own company participating in the program  
12        shall—

13            “(A) provide in policies for flood insurance  
14        coverage under this title covered by the pro-  
15        gram that, upon the request of the policyholder,  
16        the company shall provide for—

17            “(i) an investigation of the property  
18        covered by such policy, using common  
19        methods, to determine whether preexisting  
20        structural conditions are present that could  
21        result in the denial of a claim under such  
22        policy for flood losses; and

23            “(ii) if such investigation is not deter-  
24        minative, an on-site inspection of the prop-

1           erty to determine whether such preexisting  
2           structural conditions are present;

3           “(B) upon completion of an investigation  
4           or inspection pursuant to subparagraph (A)  
5           that determines that such a preexisting struc-  
6           tural condition is present or absent, submit a  
7           report to the policyholder and Administrator de-  
8           scribing the condition; and

9           “(C) impose a surcharge on each policy de-  
10          scribed in subparagraph (A) in such amount  
11          that the Administrator determines is appro-  
12          priate to cover the costs of investigations and  
13          inspections performed pursuant to such policies  
14          and reimburse Write Your Own companies par-  
15          ticipating in the program under this subsection  
16          for such costs.

17          “(3) INTERIM REPORT.—Not later than Decem-  
18          ber 31, 2021, the Administrator shall submit a re-  
19          port to the Committee on Financial Services of the  
20          House of Representatives and the Committee on  
21          Banking, Housing, and Urban Affairs of the Senate  
22          describing the operation of the pilot program to that  
23          date.

1           “(4) SUNSET.—The Administrator may not  
2 provide any policy for flood insurance described in  
3 paragraph (2)(A) after December 31, 2022.

4           “(5) FINAL REPORT.—Not later than March  
5 31, 2023, the Administrator shall submit a final re-  
6 port regarding the pilot program under this section  
7 to the Committee on Financial Services of the House  
8 of Representatives and the Committee on Banking,  
9 Housing, and Urban Affairs of the Senate. The re-  
10 port shall include any findings and recommendations  
11 of the Administrator regarding the pilot program.”.

12 **SEC. 4. PENALTIES FOR FRAUD AND FALSE STATEMENTS**  
13                   **IN THE NATIONAL FLOOD INSURANCE PRO-**  
14                   **GRAM.**

15           Part C of chapter 2 of the National Flood Insurance  
16 Act of 1968 (42 U.S.C. 4081 et seq.) is amended by add-  
17 ing at the end the following new section:

18 **“SEC. 1349. PENALTIES FOR FRAUD AND FALSE STATE-**  
19                   **MENTS IN THE NATIONAL FLOOD INSURANCE**  
20                   **PROGRAM.**

21           “(a) PROHIBITED ACTS.—A person shall not know-  
22 ingly make a false or misleading statement, production,  
23 or submission in connection with the proving or adjusting  
24 of a claim for flood insurance coverage made available  
25 under this Act. Such prohibited acts include—

1           “(1) knowingly forging an engineering report,  
2           claims adjustment report or technical assistance re-  
3           port used to support a claim determination;

4           “(2) knowingly making any materially false, fic-  
5           titious, or fraudulent statement or representation in  
6           an engineering report, claims adjustment report, or  
7           technical assistance report to support a claim deter-  
8           mination;

9           “(3) knowingly submitting a materially false,  
10          fictitious, or fraudulent claim.

11          “(b) CIVIL ENFORCEMENT.—The Attorney General  
12          may bring a civil action for such relief as may be appro-  
13          priate whenever it appears that any person has violated  
14          or is about to violate any provision of this section. Such  
15          action may be brought in an appropriate United States  
16          district court.

17          “(c) REFERRAL TO ATTORNEY GENERAL.—The Ad-  
18          ministrators shall expeditiously refer to the Attorney Gen-  
19          eral for appropriate action any evidence developed in the  
20          performance of functions under this Act that may warrant  
21          consideration for criminal or civil prosecution.

22          “(d) PENALTIES.—

23                 “(1) CIVIL MONETARY PENALTY.—Any person  
24                 who violates subsection (a) shall be subject to a civil  
25                 penalty of not more than \$10,000 for each violation,

1 which shall be deposited into the National Flood In-  
2 surance Fund established under section 1310 (42  
3 U.S.C. 4017).

4 “(2) SUSPENSION AND DEBARMENT.—Any per-  
5 son who violates subsection (a) shall not be eligible,  
6 for a period of not less than 2 years and not to ex-  
7 ceed 5 years, to—

8 “(A) receive flood insurance coverage pur-  
9 suant to this title; or

10 “(B) provide services in connection with  
11 the selling, servicing, or handling of claims for  
12 flood insurance policies provided pursuant to  
13 this title.

14 “(3) OTHER PENALTIES.—The penalties pro-  
15 vided for in this subsection shall be in addition to  
16 any other civil or criminal penalty available under  
17 law.”.

18 **SEC. 5. ENHANCED POLICYHOLDER APPEALS PROCESS**

19 **RIGHTS.**

20 (a) ESTABLISHMENT.—Part C of chapter II of the  
21 National Flood Insurance Act of 1968 (42 U.S.C. 4081  
22 et seq.), as amended by the preceding provisions of this  
23 Act, is further amended by adding at the end the following  
24 new section:

1 **“SEC. 1350. APPROVAL OF DECISIONS RELATING TO FLOOD**  
2 **INSURANCE COVERAGE.**

3 “(a) IN GENERAL.—The Administrator shall estab-  
4 lish an appeals process to enable holders of a flood insur-  
5 ance policy provided under this title to appeal the decisions  
6 of their insurer, with respect to the disallowance, in whole  
7 or in part, of any claims for proved and approved losses  
8 covered by flood insurance. Such appeals shall be limited  
9 to the claim or portion of the claim disallowed by the in-  
10 surer.

11 “(b) APPEAL DECISION.—Upon a decision in an ap-  
12 peal under subsection (a), the Administrator shall provide  
13 the policyholder with a written appeal decision. The appeal  
14 decision shall explain the Administrator’s determination to  
15 uphold or overturn the decision of the flood insurer. The  
16 Administrator may direct the flood insurer to take action  
17 necessary to resolve the appeal, to include re-inspection,  
18 re-adjustment, or payment, as appropriate.

19 “(c) RULES OF CONSTRUCTION.—This section shall  
20 not be construed as—

21 “(1) making the Federal Emergency Manage-  
22 ment Agency or the Administrator a party to the  
23 flood insurance contract; or

24 “(2) creating any action or remedy not other-  
25 wise provided by this title.”.

1 (b) REPEAL.—Section 205 of the Bunning-Blu-  
2 menauer-Bereuter Flood Insurance Reform Act of 2004  
3 (42 U.S.C. 4011 note) is hereby repealed.

4 **SEC. 6. DEADLINE FOR APPROVAL OF CLAIMS.**

5 (a) IN GENERAL.—Section 1312 of the National  
6 Flood Insurance Act of 1968 (42 U.S.C. 4019) is amend-  
7 ed—

8 (1) in subsection (a), by striking “The Adminis-  
9 trator” and inserting “Subject to other provisions of  
10 this section, the Administrator”; and

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

13 “(d) DEADLINE FOR APPROVAL OF CLAIMS.—

14 “(1) IN GENERAL.—The Administrator shall  
15 provide that, in the case of any claim for damage to  
16 or loss of property under flood insurance coverage  
17 made available under this title, a final determination  
18 regarding approval of a claim for payment or dis-  
19 approval of the claim be made, and notification of  
20 such determination be provided to the insured mak-  
21 ing such claim, not later than the expiration of the  
22 90-day period (as such period may be extended pur-  
23 suant to paragraph (2)) beginning upon the day on  
24 which such claim was made. Payment of approved

1 claims shall be made as soon as possible after such  
2 approval.

3 “(2) EXTENSION OF DEADLINE.—The Adminis-  
4 trator shall provide that the period referred to in  
5 paragraph (1) may be extended by a single addi-  
6 tional period of 15 days in cases where extraordinary  
7 circumstances are demonstrated. The Administrator  
8 shall, by regulation, establish criteria for dem-  
9 onstrating such extraordinary circumstances and for  
10 determining to which claims such extraordinary cir-  
11 cumstances apply.”.

12 (b) APPLICABILITY.—The amendments made by sub-  
13 section (a) shall apply to any claim under flood insurance  
14 coverage made available under the National Flood Insur-  
15 ance Act of 1968 (42 U.S.C. 4001 et seq.) pending on  
16 the date of the enactment of this Act and any claims made  
17 after such date of enactment.

18 **SEC. 7. LITIGATION PROCESS OVERSIGHT AND REFORM.**

19 (a) IN GENERAL.—Part C of chapter II of the Na-  
20 tional Flood Insurance Act of 1968 (42 U.S.C. 4081 et  
21 seq.), as amended by the preceding provisions of this Act,  
22 is further amended by adding at the end the following new  
23 section:

1 **“SEC. 1351. OVERSIGHT OF LITIGATION.**

2       “(a) OVERSIGHT.—The Administrator shall monitor  
3 and oversee litigation conducted by Write Your Own com-  
4 panies arising under contracts for flood insurance sold  
5 pursuant to this title, to ensure that—

6               “(1) litigation expenses are reasonable, appro-  
7 priate, and cost-effective; and

8               “(2) Write Your Own companies comply with  
9 guidance and procedures established by the Adminis-  
10 trator regarding the conduct of litigation.

11       “(b) DENIAL OF REIMBURSEMENT FOR EX-  
12 PENSES.—The Administrator may deny reimbursement  
13 for litigation expenses that are determined to be unreason-  
14 able, excessive, contrary to guidance issued by the Admin-  
15 istrator, or outside the scope of any arrangement entered  
16 into with a Write Your Own company.

17       “(c) LITIGATION STRATEGY.—The Administrator  
18 may direct litigation strategy for claims arising under a  
19 contract for flood insurance sold by a Write Your Own  
20 company.

21       “(d) SUBSTITUTION.—If at any time, the Adminis-  
22 trator determines there is a conflict of interest between  
23 the Write Your Own company and the National Flood In-  
24 surance Program, or it is in the best interest of the United  
25 States, the Administrator may promptly take any nec-  
26 essary action to be substituted for the WYO company in

1 any action arising out of any claim arising under a con-  
2 tract for flood insurance sold by a Write Your Own com-  
3 pany.”.

4 (b) IMPLEMENTATION.—The Administrator of the  
5 Federal Emergency Management Agency shall initiate  
6 compliance with section 1352(d) of the National Flood In-  
7 surance Act of 1968, as added by the amendment made  
8 by subsection (a) of this section, not later than the expira-  
9 tion of the 12-month period beginning on the date of the  
10 enactment of this Act.

11 **SEC. 8. PROHIBITION ON HIRING DISBARRED ATTORNEYS.**

12 Part C of chapter II of the National Flood Insurance  
13 Act of 1968 (42 U.S.C. 4081 et seq.), as amended by the  
14 preceding provisions of this Act, is further amended by  
15 adding at the end the following new section:

16 **“SEC. 1352. PROHIBITION ON HIRING DISBARRED ATTOR-**  
17 **NEYS.**

18 “The Administrator may not at any time newly em-  
19 ploy in connection with the flood insurance program under  
20 this title any attorney who has been suspended or dis-  
21 barred by any court, bar, or Federal or State agency to  
22 which the individual was previously admitted to practice.”.

1 **SEC. 9. UNDERPAYMENT OF CLAIMS BY WRITE YOUR OWN**  
2 **COMPANIES.**

3 Section 1345 of the National Flood Insurance Act of  
4 1968 (42 U.S.C. 4081) is amended by adding at the end  
5 the following new subsection:

6 “(f) UNDERPAYMENT OF CLAIMS BY WYO COMPA-  
7 NIES.—The Administrator shall establish penalties for  
8 companies participating in the Write Your Own program  
9 knowingly underpaying claims for losses covered by flood  
10 insurance made available under this title, which penalties  
11 shall be commensurate, with respect to the amount of the  
12 penalty, to the penalties applicable to overpayment of such  
13 claims by a similar amount by such companies.”.

14 **SEC. 10. TECHNICAL ASSISTANCE REPORTS.**

15 (a) USE.—Section 1312 of the National Flood Insur-  
16 ance Act of 1968 (42 U.S.C. 4019), as amended by the  
17 preceding provisions of this Act, is further amended by  
18 adding at the end the following new subsection:

19 “(e) USE OF TECHNICAL ASSISTANCE REPORTS.—  
20 When adjusting claims for any damage to or loss of prop-  
21 erty which is covered by flood insurance made available  
22 under this title, the Administrator may rely upon technical  
23 assistance reports, as such term is defined in section  
24 1312A, only if such reports are final and are prepared  
25 in compliance with applicable State and Federal laws re-  
26 garding professional licensure and conduct.”.

1 (b) DISCLOSURE.—The National Flood Insurance  
2 Act of 1968 is amended by inserting after section 1312  
3 (42 U.S.C. 4019) the following new section:

4 **“SEC. 1312A. DISCLOSURE OF TECHNICAL ASSISTANCE RE-**  
5 **PORTS.**

6 “(a) IN GENERAL.—Notwithstanding section 552a of  
7 title 5, United States Code, upon request by a policy-  
8 holder, the Administrator shall provide a true, complete,  
9 and unredacted copy of any technical assistance report  
10 that the Administrator relied upon in adjusting and pay-  
11 ing for any damage to or loss of property insured by the  
12 policyholder and covered by flood insurance made available  
13 under this title. Such disclosures shall be in addition to  
14 any other right of disclosure otherwise made available pur-  
15 suant such section 552a or any other provision of law.

16 “(b) DIRECT DISCLOSURE BY WRITE YOUR OWN  
17 COMPANIES AND DIRECT SERVICING AGENTS.—A Write  
18 Your Own company or direct servicing agent in possession  
19 of a technical assistance report subject to disclosure under  
20 subsection (a) may disclose such technical assistance re-  
21 port without further review or approval by the Adminis-  
22 trator.

23 “(c) DEFINITIONS.—For purposes of this section, the  
24 following definitions shall apply:

1           “(1) POLICYHOLDER.—The term ‘policyholder’  
2 means a person or persons shown as an insured on  
3 the declarations page of a policy for flood insurance  
4 coverage sold pursuant to this title.

5           “(2) TECHNICAL ASSISTANCE REPORT.—The  
6 term ‘technical assistance report’ means a report  
7 created for the purpose of furnishing technical as-  
8 sistance to an insurance claims adjuster assigned by  
9 the National Flood Insurance Program, including by  
10 engineers, surveyors, salvors, architects, and cer-  
11 tified public accounts.”.

12 **SEC. 11. IMPROVED DISCLOSURE REQUIREMENT FOR**  
13 **STANDARD FLOOD INSURANCE POLICIES.**

14           Section 100234 of the Biggert-Waters Flood Insur-  
15 ance Reform Act of 2012 (42 U.S.C. 4013a) is amended  
16 by adding at the end the following new subsections:

17           “(c) DISCLOSURE OF COVERAGE.—

18           “(1) DISCLOSURE SHEET.—Each policy under  
19 the National Flood Insurance Program shall include  
20 a disclosure sheet that sets forth, in plain lan-  
21 guage—

22           “(A) the definition of the term ‘flood’ for  
23 purposes of coverage under the policy;

24           “(B) a description of what type of flood  
25 forces are necessary so that losses from an

1 event are covered under the policy, including  
2 overflow of inland or tidal waves, unusual and  
3 rapid accumulation or runoff of a surface any  
4 source, and mudflow;

5 “(C) a statement of the types and charac-  
6 teristics of losses that are not covered under the  
7 policy;

8 “(D) a summary of total cost and amount  
9 of insurance coverage, and any other informa-  
10 tion relating to such coverage required to be  
11 disclosed under section 1308(l) of the National  
12 Flood Insurance Act of 1968 (42 U.S.C.  
13 4015(l));

14 “(E) a statement that the disclosure sheet  
15 provides general information about the policy-  
16 holder’s standard flood insurance policy;

17 “(F) a statement that the standard flood  
18 insurance policy, together with the application,  
19 endorsements, and declarations page, make up  
20 the official contract and are controlling in the  
21 event that there is any difference between the  
22 information on the disclosure sheet and the in-  
23 formation in the policy; and

24 “(G) a statement that if the policyholder  
25 has any questions regarding information in the

1 disclosure sheet or policy he or she should con-  
2 tact the entity selling the policy on behalf of the  
3 Program, together with contact information suf-  
4 ficient to allow the policyholder to contact such  
5 entity.

6 “(2) ACKNOWLEDGMENT SHEET.—Each policy  
7 under the National Flood Insurance Program shall  
8 include an acknowledgment sheet that sets forth, in  
9 plain language—

10 “(A) a statement of whether or not there  
11 is a basement in the property to be covered by  
12 the policy;

13 “(B) a statement of whether or not the  
14 policy provides coverage for the contents of the  
15 property covered by the policy;

16 “(C) a statement that the standard flood  
17 insurance policy, together with the application,  
18 endorsements, and declarations page, make up  
19 the official contract and are controlling in the  
20 event that there is any difference between the  
21 information on the acknowledgment sheet and  
22 the information in the policy; and

23 “(D) a statement that if the policyholder  
24 has any questions regarding information in the  
25 acknowledgment sheet or policy he or she

1           should contact the entity selling the policy on  
2           behalf of the Program, together with contact in-  
3           formation sufficient to allow the policyholder to  
4           contact such entity.

5           “(3)     REQUIRED     SIGNATURES.—Notwith-  
6           standing section 1306(c) of the National Flood In-  
7           surance Act of 1968 (42 U.S.C. 4013(c)), a policy  
8           for flood insurance coverage under the National  
9           Flood Insurance Program may not take effect unless  
10          the disclosure sheet required under paragraph (1)  
11          and the acknowledgment sheet required under para-  
12          graph (2), with respect to the policy, are signed and  
13          dated by the policyholder and the seller of the policy  
14          who is acting on behalf of the Program.”.

15   **SEC. 12. RESERVE FUND AMOUNTS.**

16          Section 1310 of the National Flood Insurance Act of  
17   1968 (42 U.S.C. 4017) is amended by adding at the end  
18   the following new subsection:

19          “(g) CREDITING OF RESERVE FUND AMOUNTS.—  
20   Funds collected pursuant to section 1310A may be cred-  
21   ited to the Fund under this section to be available for the  
22   purpose described in subsection (d)(1).”.

1 **SEC. 13. SUFFICIENT STAFFING FOR OFFICE OF FLOOD IN-**  
2 **SURANCE ADVOCATE.**

3 (a) IN GENERAL.—Section 24 of the Homeowner  
4 Flood Insurance Affordability Act of 2014 (42 U.S.C.  
5 4033) is amended by adding at the end the following new  
6 subsection:

7 “(c) STAFF.—The Administrator shall ensure that  
8 the Flood Insurance Advocate has sufficient staff to carry  
9 out all of the duties and responsibilities of the Advocate  
10 under this section.”.

11 (b) TIMING.—The Administrator of the Federal  
12 Emergency Management Agency shall take such actions  
13 as may be necessary to provide for full compliance with  
14 section 24(c) of the Homeowner Flood Insurance Afford-  
15 ability Act of 2014, as added by the amendment made by  
16 subsection (a) of this section, not later than the expiration  
17 of the 180-day period beginning on the date of the enact-  
18 ment of this Act.

19 **SEC. 14. FEDERAL FLOOD INSURANCE ADVISORY COM-**  
20 **MITTEE.**

21 (a) ESTABLISHMENT.—There is established an advi-  
22 sory committee to be known as the Federal Flood Insur-  
23 ance Advisory Committee (in this section referred to as  
24 the “Committee”).

25 (b) MEMBERSHIP.—

1           (1) MEMBERS.—The Committee shall consist  
2 of—

3                   (A) the Administrator of the Federal  
4 Emergency Management Agency (in this section  
5 referred to as the “Administrator”), or the des-  
6 ignee thereof;

7                   (B) the Secretary of the Treasury, or the  
8 designee thereof; and

9                   (C) additional members appointed by the  
10 Administrator or the designee of the Adminis-  
11 trator, who shall be—

12                           (i) two representatives of the property  
13 and casualty insurance sector;

14                           (ii) one individual who served in the  
15 past, or is currently serving, as an insur-  
16 ance regulator of a State, the District of  
17 Columbia, the Commonwealth of Puerto  
18 Rico, Guam, the Commonwealth of the  
19 Northern Mariana Islands, the Virgin Is-  
20 lands, American Samoa, or any federally-  
21 recognized Indian tribe;

22                           (iii) one representative of the financial  
23 or insurance sectors who is involved in risk  
24 transfers, including reinsurance, resilience

1 bonds, and other insurance-linked securi-  
2 ties;

3 (iv) one actuary with demonstrated  
4 high-level knowledge of catastrophic risk  
5 insurance;

6 (v) two insurance professionals with  
7 demonstrated experience with the sale of  
8 flood insurance under the National Flood  
9 Insurance Program;

10 (vi) two representatives of cata-  
11 strophic risk insurance programs;

12 (vii) one insurance claims specialist;

13 (viii) one representative of a recog-  
14 nized consumer advocacy organization;

15 (ix) one individual having dem-  
16 onstrated expertise in the challenges in in-  
17 suring low-income communities;

18 (x) one representative from an aca-  
19 demic institution who has demonstrated  
20 expertise in insurance; and

21 (xi) such other recognized experts in  
22 the field of insurance as the Administrator  
23 considers necessary.

24 (2) QUALIFICATIONS.—In appointing members  
25 under paragraph (1)(C), the Administrator shall, to

1 the maximum extent practicable, ensure the mem-  
2 bership of the Committee has a balance of members  
3 reflecting geographic diversity, including representa-  
4 tion from areas inland or with coastline identified by  
5 the Administrator as at high risk for flooding or as  
6 areas having special flood hazards.

7 (c) DUTIES.—The Committee shall review, and make  
8 recommendations to the Administrator, upon request, on  
9 matters related to the insurance aspects of the National  
10 Flood Insurance Program, including ratemaking, tech-  
11 nology to administer insurance, risk assessment, actuarial  
12 practices, claims practices, sales and insurance delivery,  
13 compensation and allowances, generally and based on the  
14 complexities of the program, and best insurance practices.

15 (d) CHAIRPERSON.—The members of the Committee  
16 shall elect one member to serve as the chairperson of the  
17 Committee (in this section referred to as the “Chair-  
18 person”).

19 (e) COMPENSATION.—Members of the Committee  
20 shall receive no additional compensation by reason of their  
21 service on the Committee.

22 (f) MEETINGS AND ACTIONS.—

23 (1) IN GENERAL.—The Committee shall meet  
24 not less frequently than twice each year at the re-  
25 quest of the Chairperson or a majority of its mem-

1       bers, and may take action by a vote of the majority  
2       of the members in accordance with the Committee's  
3       charter.

4           (2) INITIAL MEETING.—The Administrator, or  
5       a person designated by the Administrator, shall re-  
6       quest and coordinate the initial meeting of the Com-  
7       mittee.

8           (g) STAFF OF FEMA.—Upon the request of the  
9       Chairperson, the Administrator may detail, on a nonreim-  
10      bursable basis, personnel of the Federal Emergency Man-  
11      agement Agency to assist the Committee in carrying out  
12      its duties.

13          (h) POWERS.—In carrying out this section, the Com-  
14      mittee may hold hearings, receive evidence and assistance,  
15      provide information, and conduct research, as it considers  
16      appropriate.

17          (i) REPORTS TO CONGRESS.—The Administrator, on  
18      an annual basis, shall report to the Committee on Finan-  
19      cial Services of the House of Representatives, the Com-  
20      mittee on Banking, Housing, and Urban Affairs of the  
21      Senate, and the Office of Management and Budget on—

22           (1) the recommendations made by the Com-  
23      mittee;

24           (2) actions taken by the Federal Emergency  
25      Management Agency to address such recommenda-

1 tions to improve the insurance aspects of the na-  
2 tional flood insurance program; and

3 (3) any recommendations made by the Com-  
4 mittee that have been deferred or not acted upon,  
5 together with an explanatory statement.

6 **SEC. 15. INTERAGENCY GUIDANCE ON COMPLIANCE.**

7 The Federal entities for lending regulation (as such  
8 term is defined in section 3(a) of the Flood Disaster Pro-  
9 tection Act of 1973 (42 U.S.C. 4003(a))), in consultation  
10 with the Administrator of the Federal Emergency Man-  
11 agement Agency, shall update and reissue the document  
12 entitled “Interagency Questions and Answers Regarding  
13 Flood Insurance” not later than the expiration of the 12-  
14 month period beginning on the date of the enactment of  
15 this Act and not less frequently than biennially thereafter.

16 **SEC. 16. GAO STUDY OF CLAIMS ADJUSTMENT PRACTICES.**

17 The Comptroller General of the United States shall  
18 conduct a study of the policies and practices for adjust-  
19 ment of claims for losses under flood insurance coverage  
20 made available under the National Flood Insurance Act,  
21 which shall include—

22 (1) a comparison of such policies and practices  
23 with the policies and practices for adjustment of  
24 claims for losses under other insurance coverage;

1           (2) an assessment of the quality of the adjust-  
2           ments conducted and the effects of such policies and  
3           practices on such quality;

4           (3) identification of any incentives under such  
5           policies and practices that affect the speed with  
6           which such adjustments are conducted; and

7           (4) identification of the affects of such policies  
8           and practices on insureds submitting such claims for  
9           losses.

10 Not later than the expiration of the 18-month period be-  
11 ginning on the date of the enactment of this Act, the  
12 Comptroller General shall submit a report to the Com-  
13 mittee on Financial Services of the House of Representa-  
14 tives and the Committee on Banking, Housing, and Urban  
15 Affairs of the Senate regarding the findings and conclu-  
16 sions of the study conducted pursuant to this section.

17 **SEC. 17. GAO STUDY OF FLOOD INSURANCE COVERAGE**  
18 **TREATMENT OF EARTH MOVEMENT.**

19           The Comptroller General of the United States shall  
20           conduct a study of the treatment, under flood insurance  
21           coverage made available under the National Flood Insur-  
22           ance Act, of earth movement and subsidence, including  
23           earth movement and subsidence caused by flooding, which  
24           shall include—

1           (1) identification and analysis of the effects of  
2           such treatment on the National Flood Insurance  
3           Program and insureds under the program;

4           (2) an assessment of the availability and afford-  
5           ability of coverage in the private insurance market  
6           for earth movement and subsidence caused by flood-  
7           ing;

8           (3) an assessment of the effects on the National  
9           Flood Insurance Program of covering earth move-  
10          ment and subsidence caused by flooding; and

11          (4) a projection of the increased premiums that  
12          would be required to make coverage for earth move-  
13          ment losses actuarially sound and not fiscally detri-  
14          mental to the continuation of the National Flood In-  
15          surance Program.

16 Not later than the expiration of the 18-month period be-  
17 ginning on the date of the enactment of this Act, the  
18 Comptroller General shall submit a report to the Com-  
19 mittee on Financial Services of the House of Representa-  
20 tives and the Committee on Banking, Housing, and Urban  
21 Affairs of the Senate regarding the findings and conclu-  
22 sions of the study conducted pursuant to this section.

1 **SEC. 18. DEFINITIONS.**

2 (a) NATIONAL FLOOD INSURANCE ACT OF 1968.—

3 Subsection (a) of section 1370 of the National Flood In-  
4 surance Act of 1968 (42 U.S.C. 4121(a)) is amended—

5 (1) in paragraph (14), by striking “and” at the  
6 end;

7 (2) in paragraph (15), by striking the period at  
8 the end and inserting a semicolon; and

9 (3) by adding at the end the following new  
10 paragraphs:

11 “(16) the term ‘Write Your Own Program’  
12 means the program under which the Federal Emer-  
13 gency Management Agency enters into a standard  
14 arrangement with private property insurance compa-  
15 nies to sell contracts for flood insurance coverage  
16 under this title under their own business lines of in-  
17 surance, and to adjust and pay claims arising under  
18 such contracts; and

19 “(17) the term ‘Write Your Own company’  
20 means a private property insurance company that  
21 participates in the Write Your Own Program.”.

22 (b) BIGGERT-WATERS FLOOD INSURANCE REFORM  
23 ACT OF 2012.—Subsection (a) of section 100202 of the  
24 Biggert-Waters Flood Insurance Reform Act of 2012 (42  
25 U.S.C. 4004(a)) is amended by striking paragraph (5) and  
26 inserting the following new paragraph:

1           “(5) WRITE YOUR OWN.—The terms ‘Write  
2           Your Own Program’ and ‘Write Your Own company’  
3           have the meanings given such terms in section  
4           1370(a) of the National Flood Insurance Act of  
5           1968 (42 U.S.C. 4121(a)).”.

○