

118TH CONGRESS
2D SESSION

H. R. 6944

To require the Secretary of the Treasury to establish a catastrophic property loss reinsurance program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 10, 2024

Mr. SCHIFF (for himself, Ms. TLAIB, Mr. MULLIN, Ms. SALINAS, Ms. HOYLE of Oregon, Ms. LOFGREN, and Ms. BROWNLEY) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the Secretary of the Treasury to establish a catastrophic property loss reinsurance program, 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 “Incorporating National
5 Support for Unprecedented Risks and Emergencies Act”
6 or the “INSURE Act”.

1 **SEC. 2. CATASTROPHIC PROPERTY LOSS REINSURANCE**
2 **PROGRAM.**

3 (a) IN GENERAL.—The Secretary of the Treasury
4 shall, not later than 4 years after the date of the enact-
5 ment of this section, establish a catastrophic property loss
6 reinsurance program (in this Act referred to as the “Pro-
7 gram”) to provide reinsurance for qualifying primary in-
8 surance companies.

9 (b) ELIGIBILITY.—An insurer is qualified to partici-
10 pate in the Program established by the Secretary under
11 this section if such insurer—

12 (1) offers an all-perils property insurance policy
13 for—

14 (A) residential property insurance policies;

15 or

16 (B) commercial property insurance policies;

17 and

18 (2) offers a loss prevention partnership with the
19 policyholder to encourage investments and activities
20 that reduce insured and economic losses from a ca-
21 tastrophe peril.

22 (c) CONSULTATION.—The Secretary may contract
23 with reinsurance brokers and consultants to assist the
24 Secretary in the design and management of the Program.

25 (d) PROGRAM PHASE-IN TIMELINE.—The Secretary
26 shall—

1 (1) not later than January 1 of the year begin-
2 ning 4 years after the date of the enactment of this
3 section, operate the Program for the peril of flood;

4 (2) not later than January 1 of the year begin-
5 ning 5 years after the date of the enactment of this
6 section, operate the Program for the perils of wind
7 and hurricane;

8 (3) not later than January 1 of the year begin-
9 ning 6 years after the date of the enactment of this
10 section, operate the Program for the perils of severe
11 convective storm and wildfire; and

12 (4) not later than the earlier of January 1 of
13 the year beginning 8 years after the date of the en-
14 actment of this section or the date on which the fea-
15 sibility report described in paragraph (2) of section
16 4 is submitted, operate the Program for the peril of
17 earthquake.

18 (e) NATIONAL FLOOD INSURANCE PROGRAM DIS-
19 CONTINUATION.—On the date that the Secretary begins
20 operating the Program with respect to the peril of flood,
21 the Administrator of the Federal Emergency Management
22 Agency shall—

23 (1) discontinue the issuance and renewal of
24 policies under the national flood insurance program;
25 and

1 (2) continue to operate the national flood insur-
2 ance program until—

3 (A) policies under such program issued
4 prior to the discontinuation date under para-
5 graph (1) have expired; and

6 (B) all claims on policies under such pro-
7 gram issued prior to the discontinuation date
8 have been closed.

9 (f) THRESHOLD FOR PAYMENT.—

10 (1) IN GENERAL.—The Secretary shall, after
11 consulting with the advisory committee established
12 under subsection (i), establish a financial threshold
13 at which a participating insurer may receive
14 amounts from the fund established under subsection
15 (j).

16 (2) THRESHOLD CALCULATION.—The threshold
17 established under paragraph (1) shall be an amount
18 not greater than 40 percent of the probable max-
19 imum loss of an individual participating insurer for
20 each catastrophe peril included in the Program.

21 (3) CONSIDERATIONS.—In establishing the
22 threshold described in paragraph (1), the Secretary
23 shall consider—

1 (A) the amount of reinsurance necessary to
2 meaningfully reduce the cost to the partici-
3 pating insurer to—

4 (i) provide coverage for catastrophe
5 perils covered by the Program; and

6 (ii) encourage States to require par-
7 ticipating insurers to offer an all-perils
8 property insurance policy;

9 (B) the levels of primary insurer retention
10 and private reinsurance market capacity nec-
11 essary to—

12 (i) promote stable and competitive
13 markets for catastrophe reinsurance; and

14 (ii) incentivize the establishment by
15 private parties of capital market alter-
16 natives to reinsurance, for example the cre-
17 ation of a market for catastrophe bonds;
18 and

19 (C) the role of the Program in promoting
20 investments by participating insurers that
21 would be aimed at decreasing losses.

22 (g) PREMIUMS.—

23 (1) IN GENERAL.—The Secretary shall require
24 participating insurers to pay a premium to the Sec-
25 retary each quarter.

1 (2) PREMIUM AMOUNT CONSIDERATIONS.—The
2 amount of the premium required under paragraph
3 (1) shall reflect only the following considerations:

4 (A) The expected average annual losses for
5 the participating insurer, as calculated by the
6 Secretary based on the exposure of such partici-
7 pating insurer.

8 (B) The administrative costs to administer
9 and manage the Program.

10 (3) CONSULTATION.—The Secretary shall con-
11 sult with the advisory committee established under
12 subsection (i) when establishing premium amounts
13 and may contract for services to assist in the estab-
14 lishment of premium amounts.

15 (4) MINIMUM PREMIUM REQUIRED.—The Sec-
16 retary may not establish any premium that is less
17 than 50 percent of the amount equal to the sum of
18 the—

19 (A) expected average annual losses for the
20 participating insurer, as calculated by the Sec-
21 retary based on the exposure of such partici-
22 pating insurer; and

23 (B) administrative costs to administer and
24 manage the Program.

1 (5) PREMIUM ADJUSTMENTS.—The Secretary
2 shall adjust premiums each quarter for each partici-
3 pating insurer to reflect material changes in the ex-
4 posure of such insurer.

5 (6) PREMIUM INCREASES.—Excluding any ad-
6 justment made under paragraph (5), the Secretary
7 may increase premiums for a participating insurer
8 not more than 7 percent annually.

9 (h) LOSS PREVENTION PARTNERSHIPS.—

10 (1) IN GENERAL.—The Secretary, in coordina-
11 tion with the advisory committee established under
12 subsection (i), State insurance agencies, and State
13 and Federal emergency management agencies, shall
14 develop a list of activities that qualify as loss preven-
15 tion partnerships for purposes of this section. The
16 list may include the following activities:

17 (A) Participating insurers providing
18 amounts to insured parties to cover the cost, in
19 whole or in part, of activities aimed at reducing
20 losses to the insured party.

21 (B) Participating insurers making coverage
22 contingent upon the implementation of a loss
23 prevention activity by a potential insured party.

24 (2) ACTIVITIES EXCLUDED FROM LOSS PRE-
25 VENTION PARTNERSHIPS.—The Secretary, State in-

1 surance agencies, and State and Federal emergency
2 management may not include the following activities
3 as loss prevention partnerships for purposes of this
4 section:

5 (A) The provision of an insurance pre-
6 mium discount for an investment by an insured
7 party or potential insured party in an activity
8 designed to reduce the losses of the partici-
9 pating insurer, absent an investment by the
10 participating insurer.

11 (B) The provision of general information
12 about loss prevention.

13 (i) ADVISORY COMMITTEE.—

14 (1) IN GENERAL.—The Secretary shall establish
15 an advisory committee to advise the Secretary with
16 respect to the Program.

17 (2) MEMBERSHIP.—The committee established
18 in paragraph (1) shall include the following mem-
19 bers:

20 (A) 5 members representing consumer or-
21 ganizations engaged in fair housing, insurance,
22 environmental, climate, and technology advoca-
23 cacy.

24 (B) 3 members selected from individual
25 primary insurance companies selling property

1 insurance policies, including one large national
2 insurer, one medium sized regional insurer, and
3 one small insurer.

4 (C) 1 global reinsurer active in United
5 States property insurance markets.

6 (D) 1 domestic-focused reinsurer active in
7 United States property insurance markets.

8 (E) 2 insurance regulators from a State,
9 Territory, or the District of Colombia.

10 (F) 2 State legislators who serve on State
11 legislative committees with oversight over insur-
12 ance matters and who are not employed directly
13 or indirectly by any person or organization en-
14 gaged in the business of insurance.

15 (G) 2 members selected from independent
16 insurance agents who serve traditionally under-
17 served areas.

18 (H) 1 representative from a mortgage
19 lender.

20 (I) 1 representative from a bank.

21 (J) 1 representative from each of the fol-
22 lowing agencies:

23 (i) The Department of Housing and
24 Urban Development.

1 (ii) The Department of Health and
2 Human Services.

3 (iii) The Federal Housing Finance
4 Agency.

5 (iv) The Department of Veterans Af-
6 fairs.

7 (v) The Department of Agriculture.

8 (vi) The Federal Emergency Manage-
9 ment Agency.

10 (vii) The Office of Management and
11 Budget.

12 (viii) The Environmental Protection
13 Agency.

14 (K) 1 representative from the Financial
15 Stability Oversight Council.

16 (j) FEDERAL CATASTROPHE REINSURANCE FUND.—

17 (1) IN GENERAL.—The Secretary shall establish
18 the Federal Catastrophe Reinsurance Fund (in this
19 section referred to as the “Fund”) to hold and in-
20 vest premiums paid by participating insurers.

21 (2) ISSUANCE OF NOTES AND BONDS.—

22 (A) IN GENERAL.—If amounts in the Fund
23 are insufficient to pay obligations to partici-
24 pating insurers, the Secretary shall issue notes
25 and bonds under this paragraph, the proceeds

1 of which shall be used for payment obligations
2 to participating insurers.

3 (B) TERMS.—Notes and bonds issued
4 under this paragraph shall be in such form and
5 denominations, and shall be subject to such
6 terms and conditions of issue, conversion, re-
7 demption, maturation, and payment as the Sec-
8 retary may prescribe and shall be fully and un-
9 conditionally guaranteed both as to interest and
10 principal by the United States, and such guar-
11 anty shall be expressed on the face of each
12 bond.

13 (C) INTEREST.—Notes and bonds issued
14 under this paragraph shall bear interest at a
15 rate not less than the current average yield on
16 outstanding market obligations of the United
17 States of comparable maturity during the
18 month preceding the issuance of the obligation
19 as determined by the Secretary.

20 (D) TREATMENT.—All notes and bonds
21 issued under this paragraph, and the interest
22 on credits with respect to such obligations, shall
23 not be subject to taxation by any State, county,
24 municipality, or local taxing authority.

1 (E) SATISFACTION.—The Secretary shall
2 utilize investment revenue from the Fund to
3 satisfy any notes or bonds issued under this
4 paragraph.

5 (k) DATA COLLECTION.—

6 (1) IN GENERAL.—The Secretary shall—

7 (A) establish a statistical plan for quar-
8 terly reporting by participating insurers of pol-
9 icy-level claim transaction data;

10 (B) consult with the advisory committee
11 established under subsection (i) and the Na-
12 tional Association of Insurance Commissioners
13 with respect to—

14 (i) the contents of the statistical plan;

15 and

16 (ii) the method of data collection;

17 (C) collect quarterly reports from each par-
18 ticipating insurer that include—

19 (i) a description of all exposures cov-
20 ered by the Program at the time of the
21 submission of the report; and

22 (ii) a list of the type and amount of
23 all claims made in the previous quarter;

24 (D) in a manner that does not risk public
25 disclosure of personally identifiable information

1 of policyholders, provide the quarterly reports
2 received under subparagraph (C) to—

3 (i) the Director of the Office of Fi-
4 nancial Research to assess risk to—

5 (I) the financial stability of the
6 United States; and

7 (II) international financial sys-
8 tems arising from United States prop-
9 erty insurance markets, including lack
10 of available property insurance or in-
11 adequate coverage from property in-
12 surance;

13 (ii) the Director of the Federal Insur-
14 ance Office to assess the risks to the finan-
15 cial stability arising from under-insurance
16 of property insurance policies covering ca-
17 tastrophe perils, including in traditionally
18 underserved insurance markets;

19 (iii) the head of the department of in-
20 surance in each State; and

21 (iv) any other Federal, State, or local
22 government entity that, as determined by
23 the Secretary, is related to—

24 (I) catastrophe loss prevention,
25 mitigation, or recovery; or

1 (II) the promotion of competitive
2 property insurance markets; and

3 (E) make the data collected under this
4 paragraph available online in a manner that
5 does not risk public disclosure of personally
6 identifiable information of policyholders.

7 (2) CONTRACTING WITH A STATISTICAL
8 AGENT.—

9 (A) IN GENERAL.—The Secretary shall
10 contract with a statistical agent via a competi-
11 tive bidding process to collect and review the
12 data under this subsection for accuracy and
13 completeness.

14 (B) OFFICE OF FINANCIAL RESEARCH AS
15 THE STATISTICAL AGENT.—If the Secretary is
16 unable to identify a qualified statistical agent
17 for collection of data under this subsection, the
18 Director of the Office of Financial Research
19 shall establish a data collection infrastructure
20 for collection of such data.

21 **SEC. 3. GRANT PROGRAM TO PROMOTE LOSS PREVENTION**
22 **INVESTMENTS.**

23 (a) IN GENERAL.—The Secretary shall establish a
24 grant program to provide grants to States to—

1 (1) incentivize participating insurers, policy-
2 holders, and State and local governments to provide
3 funding for investments in activities aimed at reduc-
4 ing losses to insurance providers; and

5 (2) encourage States to mandate that insurers
6 offer an all-perils property insurance policy.

7 (b) AMOUNT OF GRANTS.—When providing amounts
8 to States under the grant program established under sub-
9 section (a), the Secretary shall—

10 (1) solicit proposals from States describing the
11 ways in which States will use any amounts provided
12 to improve the availability and affordability of all-
13 perils property insurance policies through invest-
14 ments in loss mitigation and risk management;

15 (2) prioritize grants that yield the greatest re-
16 turn on investment for loss prevention and risk miti-
17 gation which benefit or target low and moderate in-
18 come consumers and small businesses; and

19 (3) prioritize the awarding of grants to States
20 with the strongest building codes and which require
21 property insurance policies that provide coverage for
22 the catastrophe perils covered by the Program with-
23 out excessively large deductibles as determined by
24 the Secretary.

1 (c) LOW AND MODERATE INCOME CONSUMERS DE-
 2 FINED.—In this section, the term “low and moderate in-
 3 come consumers” means a consumer with an income of
 4 less than 120 percent of the median household income for
 5 the community.

6 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
 7 authorized to be appropriated to the Secretary to carry
 8 out this section—

- 9 (1) \$50,000,000,000 in 2026;
- 10 (2) \$55,000,000,000 in 2027;
- 11 (3) \$60,000,000,000 in 2028;
- 12 (4) \$65,000,000,000 in 2029; and
- 13 (5) \$70,000,000,000 in 2030.

14 **SEC. 4. REPORTS ON RELOCATION FUND AND EARTH-**
 15 **QUAKE COVERAGE.**

16 The Secretary shall not later than—

17 (1) 2 years after the date of the enactment of
 18 this Act, submit to Congress a report on the feasi-
 19 bility of establishing a fund to relocate homes and
 20 businesses that have become uninsurable due to ca-
 21 tastrophe perils; and

22 (2) 3 years after the date of the enactment of
 23 this Act, submit to Congress a report on the feasi-
 24 bility of including earthquakes as a peril covered
 25 under the all-perils property insurance policy.

1 **SEC. 5. ASSISTANCE FOR LOW-INCOME CONSUMERS.**

2 (a) IN GENERAL.—The Secretary shall, as amounts
3 appropriated under this section allow, establish a grant
4 program for States to provide financial assistance to low-
5 income consumers for whom residential property insur-
6 ance—

7 (1) is required; and

8 (2) represents a significant portion of the
9 household income of such consumers.

10 (b) APPLICATION.—In applying for a grant under
11 this section, a State shall demonstrate how the State will
12 use grant amounts in the order of priority under sub-
13 section (c).

14 (c) ORDER OF PRIORITY FOR GRANT AMOUNTS.—A
15 State receiving grant amounts under this section shall
16 prioritize the use of such amounts in the following man-
17 ner:

18 (1) The use of grant amounts for risk reduction
19 as the means to reduce the primary insurance pre-
20 mium for the consumer.

21 (2) The use of grant amounts to relocate the
22 homeowner from an uninsurable property.

23 (3) The use of grant amounts as cash assist-
24 ance to pay a portion of the insurance premium.

1 (d) CONSULTATION.—When establishing the grant
2 program under subsection (a), the Secretary shall consult
3 with the—

4 (1) Secretary of Housing and Urban Develop-
5 ment;

6 (2) Director of the Federal Housing Finance
7 Agency;

8 (3) Secretary of Veterans Affairs;

9 (4) Assistant Secretary for Housing and Fed-
10 eral Housing Commissioner for the Federal Housing
11 Administration; and

12 (5) Secretary of Agriculture.

13 (e) REPORT.—The Secretary shall, not later than 2
14 years after the date of the enactment of this section and
15 each year thereafter, publish a report that analyzes which
16 risk reduction investments under subsection (c)(1) are
17 most cost-effective, broken down by State and by type of
18 catastrophe peril.

19 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
20 authorized to be appropriated to the Secretary
21 \$50,000,000,000 annually to carry out this section.

22 **SEC. 6. LONG-TERM POLICY PILOT PROGRAM.**

23 (a) IN GENERAL.—The Secretary shall, in consulta-
24 tion with States and the National Association of Insurance
25 Commissioners, establish a pilot program for all-perils

1 property insurance policies with a policy term of at least
2 5 years (in this section referred to as a “multi-year pol-
3 icy”).

4 (b) PREMIUM AND POLICY CONDITIONS.—An insurer
5 who participates in the pilot program established under
6 this section may—

7 (1) increase premiums based on—

8 (A) price indexes of construction costs;

9 (B) changes in home value; and

10 (C) optional coverages selected by the pol-
11 icyholder;

12 (2) not increase premiums based on a change in
13 the assessment by the insurer of the catastrophe
14 peril risks associated with the insured property;

15 (3) require property maintenance consistent
16 with the condition of the property at time of initial
17 policy issuance; and

18 (4) require loss mitigation investment partner-
19 ships as a condition for the multi-year policy.

20 (c) ACTIONS BY THE POLICYHOLDER.—

21 (1) POLICY CONTINUATION.—With the agree-
22 ment of the insurer, a consumer purchasing the
23 property during the term of the multi-year policy
24 may continue the policy for the remainder of the
25 term.

1 (2) ELECTION TO NEW INSURER.—If the policy-
 2 holder elects to move to a new insurer during the
 3 term of the multi-year policy, the new insurer may
 4 pay the pro-rata share of the loss mitigation invest-
 5 ment for the policyholder.

6 (3) CANCELLATION BY POLICYHOLDER.—If the
 7 policyholder is the recipient of any funds for loss
 8 prevention property improvements from the insurer,
 9 Federal, State, local government, or other source
 10 and the policyholder cancels the policy before the
 11 end of the multi-year policy term, the policyholder
 12 shall return a pro-rata share of such improvement to
 13 the source of the funds.

14 **SEC. 7. DEFINITIONS.**

15 In this Act:

16 (1) ALL-PERILS PROPERTY INSURANCE POL-
 17 ICY.—The term “all-perils property insurance pol-
 18 icy” means a property insurance policy approved by
 19 a State which includes coverage for catastrophe per-
 20 ils as such perils are added to the Program.

21 (2) CATASTROPHE PERIL.—The term “catas-
 22 trophe peril” means the damage caused by—

23 (A) wind, hurricane, wildfire, severe con-
 24 vective storm, and flood as they are added to
 25 the Program under section 2(d);

1 (B) earthquake, conditioned on the report
2 under section 4(2); and

3 (C) any other peril as determined by the
4 Secretary and added to the Program.

5 (3) ENGAGED IN THE BUSINESS OF INSUR-
6 ANCE.—The term “engaged in the business of insur-
7 ance” means a person or entity that is subject to
8 oversight by a State insurance department.

9 (4) INSURER.—The term “insurer”—

10 (A) means an admitted or non-admitted in-
11 surance company licensed or authorized to sell
12 primary property insurance by State insurance
13 regulators; and

14 (B) does not include a reinsurance com-
15 pany or a captive insurance company.

16 (5) PARTICIPATING INSURER.—The term “par-
17 ticipating insurer” means an insurer that is partici-
18 pating in the Program.

19 (6) PROPERTY INSURANCE POLICY.—The term
20 “property insurance policy” means a contract of in-
21 surance, through a policy form approved by a State
22 insurance department, that provides, among other
23 coverages, coverage for physical damage to residen-
24 tial or commercial property.

1 (7) SECRETARY.—The term “Secretary” means
2 the Secretary of the Treasury.

3 (8) STATISTICAL PLAN.—The term “statistical
4 plan” means—

5 (A) a description of the data elements to
6 be reported; and

7 (B) the instructions and procedures for ac-
8 curately reporting data.

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