On roll No. 319, On Agreeing to the Resolution providing for consideration of the bill (H.R. 5672), making appropriations for Science, the Departments of State, Justice, and Commerce, and related agencies for the fiscal year ending September 30, 2007, and for other purposes; I would have voted "nay."

On roll No. 320, To Suspend the Rules and Agree to the Conference Report for the Coast Guard and Maritime Transportation Act; I would have voted "yea."

On roll No. 321, On Motion to Suspend the Rules and Pass, as Amended for the Veterans' Compensation Cost-of-Living Adjustment Act; I would have voted "yea."

PERSONAL EXPLANATION

Mr. GUTIERREZ. Mr. Speaker, I was unavoidably absent from this Chamber today. I would like the Record to show that, had I been present, I would have voted "no" on rollcall vote 319 and "yea" on rollcall votes 320 and 321.

FLOOD INSURANCE REFORM AND MODERNIZATION ACT OF 2006

The SPEAKER pro tempore. Pursuant to House Resolution 891 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4973.

□ 1340

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4973) to restore the financial solvency of the national flood insurance program, and for other purposes, with Mr. MILLER of Florida in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered read the first time.

The gentleman from Ohio (Mr. OXLEY) and the gentleman from Massachusetts (Mr. FRANK) each will control 30 minutes.

The Chair recognizes the gentleman from Ohio.

Mr. OXLEY. Mr. Chairman, I yield myself such time as I may consume.

I rise today in support of H.R. 4973, the Flood Insurance Reform and Modernization Act of 2006, or the FIRM Act. This legislation will significantly reform the National Flood Insurance Program and ensure its continued viability. After all the rain we have seen in our Nation's capital these past few days, now is an especially good time to take a close look at this program that millions of Americans count on to protect the investment they have made in their homes from flood damages.

The Financial Services Committee has a history of reforming the NFIP and with conducting oversight over the program. Spearheaded by the efforts of our former colleague, Representative Doug Bereuter of Nebraska, this committee took significant steps toward reform with passage of the Bunning-Bereuter-Blumenauer Act in 2004. That bill helped ensure that those people whose homes flooded on a frequent basis will not continue to soak the American taxpayers by filing flood loss claims time and time again.

Under the leadership of my friend BOB NEY, chairman of the Subcommittee on Housing and Community Opportunity, the committee continued to oversee the NFIP last year with a field hearing in his district and with hearings on the status of flood map modernization and the program in general. These hearings exposed a number of deficiencies in the NFIP, including the fact that FEMA was not moving quickly enough to reform the program and that the Nation's flood maps are often outdated and inaccurate.

Then came Hurricanes Katrina, Wilma and Rita. These storms placed an unprecedented strain on the NFIP that continues to this day. We had to raise the borrowing authority of the flood program first to $3.5 billion, then to $18.5 billion, then to $20.8 billion. FEMA tells us that it is still not enough to cover all the claims from last year. When all is said and done, the NFIP will need $25 billion to pay all of those claims, and that does not take into account any storms we have before hurricane season ends this year.

We have an obligation to these estimated 225,000 policyholders who have already filed a claim resulting from the events of 2005. These homeowners who have a binding contract with the NFIP to cover flood events could initiate legal action against FEMA and the U.S. Government if the flood insurance program does not make good on this contract.

At the same time, we also have an obligation to reform and modernize the NFIP so that homeowners will continue to have access to flood insurance. According to recent estimates, more than half the U.S. population lives within 50 miles of the sea. While senseless coastal development should not be subsidized or encouraged, these homeowners who play by the rules and live in homes that take proper flood mitigation steps should also not be penalized.

The FIRM Act is a bipartisan bill. Chairman BAKER and I have worked closely with Ranking Member FRANK to put together numerous reforms that will serve to increase FEMA's accountability and address the weaknesses exposed by last year's flooding.

In an effort to make the NFIP more actuarially sound, the FIRM Act phases out the subsidized rates currently enjoyed by the owners of hundreds of thousands of vacation homes and second homes. If you can afford one of those homes, you can afford to pay your freight. In addition, the bill introduces new lines of coverage at actuarial prices and increases the program's coverage limits to reflect inflation. These are common-sense reforms that, again, will be actuarially priced.

The FIRM Act requires FEMA to administer the program more responsibly. Flood maps will be improved and updated, and FEMA will have to certify to Congress that they have done so. The NFIP's borrowing authority will be temporarily increased to ensure that all outstanding claims will be paid.

The FIRM Act increases the amount that FEMA can raise policy rates in any given year from 10 percent to 15 percent; and for those lending institutions that drop the ball on enforcing mandatory flood insurance purchase requirements, fines will be tripled from where they are now.

I remain committed to the reform of the National Flood Insurance Program that we in the Financial Services Committee started with passage of the Bunning-Bereuter-Blumenauer Act in 2004. H.R. 4973 is the logical next step on the road to fiscal soundness for NFIP.

I commend Mr. BAKER for his work and strongly urge a vote for final passage.

Mr. Chairman, I retain the balance of my time.

□ 1345

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

I fully agree with the statement of the chairman, and I am very proud to say that this is part of an ongoing, bipartisan effort that this committee has undertaken.

A few years ago, we found a flood insurance program which was both important but flawed in a number of ways, and we began, at the urging of our former colleague from Nebraska, Mr. Bereuter, and our continuing colleague from Oregon (Mr. BLUMENAUER), to make improvements. We have not been able to get everything we wanted, but we have improved it.

This bill takes substantial steps forward, and I think it is important for Members to know this is a bill which makes improvements at the same time from both the environmental and the fiscal standpoints. We make it a better program, we make it a more responsible program fiscally, and we make it a more responsible program environmentally.

There will be various amendments, many of which I think are very important, including, and I want to particularly call attention to the amendment offered by our colleague from Mississippi (Mr. TAYLOR), who as much as anybody in this House encountered personally the problems of the flood insurance program, and he has a very important amendment that would go to the aid of individuals who have not been fairly treated, and I strongly will be supporting that amendment. We won't have a lot of time to debate it, and I wanted to say that now.

I also want to make one general point that should not go unnoticed. We are dealing here with a public program. This is a case of the Federal Government stepping in to meet a very important social need that cannot be met by

the private market. The private market is a wonderful thing and does great things, and in the area of insurance we rely heavily in this country on the private market. But there are examples of market failure, not in a pejorative sense, but in a more technical sense. Flood insurance is one of them. If it were not for the role of the Federal Government here, there would be many, many Americans in great distress and unable to get the kind of insurance that they need.

So for those who believe that the public sector is always the problem, that the private sector is not only a valuable part of our life but provides all good, and that you always ought to be denigrating the public sector, they probably don't want to vote for this bill. Because this is a bill which significantly improves a public sector response to a problem which, left without this, the private sector couldn't handle.

Mr. Chairman, I reserve the balance of my time.

Mr. OXLEY. Mr. Chairman, I recognize the gentleman from Ohio (Mr. NEY) and yield him 2 minutes.

Mr. NEY. Mr. Chairman, I thank Chairman OXLEY of the committee, and I rise today to support H.R. 4973, the Flood Insurance Reform and Modernization Act of 2006, also known as the FIRM Act.

This important measure, approved by the House Financial Services Committee on March 16, will significantly reform the National Flood Insurance Program and ensure its continued viability by increasing accountability, eliminating unnecessary Federal subsidies, and updating the flood insurance program to meet the needs of the 21st century.

Last year, in the immediate aftermath of Hurricane Katrina, I introduced H.R. 3669, the National Flood Insurance Program Enhanced Borrowing Authority Act of 2005. That piece of legislation increased FEMA's borrowing authority for flood insurance by $2 billion, which went a long way in helping the Department's flood insurance response.

Since that time, FEMA estimates that it will need a total of $25 billion in borrowing authority to cover claims. These claims from homes and businesses that have been damaged or destroyed by Hurricanes Katrina, Rita, and Wilma are not a new obligation. They are the result of a legal promise that we made to those homeowners and business owners when the Congress passed the National Flood Insurance Act of 1968 and subsequent revisions.

Every single one of these claims represents someone who has taken the responsible course of action by purchasing flood insurance and paying premiums to the government. We not only have a legal obligation to honor our commitments, but we have a moral obligation, Mr. Chairman, to provide the coverage we promised to provide to those citizens.

Small business owners will be eligible to purchase business interruption coverage at actuarial rates to better prepare them to meet payroll and other obligations during the next big storm. And for the first time since 1944, the bill updates maximum insurance coverage limits for residential and nonresidential properties.

Our subcommittee in the Financial Services Committee, under the leadership of Chairman MIKE OXLEY, Mr. BAKER, Mr. FRANK, Congresswoman MAXINE WATERS and others, has spent considerable time on flood insurance reform in the past several years. In 2004, the Bunning, Bereuter, Blumenauer Flood Insurance Reform Act addressed and strengthened the operations.

I urge my colleagues to support this important piece of legislation.

Mr. FRANK of Massachusetts. Mr. Chairman, I now yield 3 minutes to one of our colleagues who has been dealing very directly with the negative consequences of the hurricanes and the damage that has been done, the gentleman from Florida (Mr. DAVIS).

Mr. DAVIS of Florida. I thank the gentleman for yielding.

The National Flood Insurance Program is critical to our country, particularly those of us that live in the coastal States. It is even more critical now because, as we have learned in Florida and in Mississippi and many States, we have entered a cycle of historic proportions in terms of hurricane and hurricane damage.

The reason I rise is to speak in support of the Taylor amendment, which will be offered by Congressman TAYLOR of Mississippi, that calls for a study by the Inspector General of the Department of Homeland Security into what I think is a growing crisis not just in Mississippi but now in Florida.

In Florida, the insurance industry recently succeeded in a session of the legislature in passing a law that repeals a 100-year-old law called the ''value policy law.'' This loophole that has been created in Florida is resulting in hundreds, and I fear soon thousands, of Floridians sitting back and waiting to get paid by their insurance company and watching the flood insurer blame the wind insurer, and the wind insurer blame the flood insurer.

It is even worse in Mississippi, where one of our colleagues, Congressman TAYLOR, who is offering this amendment, is being forced, while serving as a Member of Congress, to sue his own insurance company. The same is true down at the other end of the Capitol, with Senator TRENT LOTT and at least one Federal judge.

This law in Mississippi, now the law in Florida, could become a law throughout the country; and we need to study this because I think the impact on the consumer will be devastating.

If you fly over Florida, which you and many of your constituents will do, now that it is summer vacation, you will still see thousands of blue tarps from a year ago from the last hurricanes. Every time you see one of those tarps, it represents a Floridian, a family who either cannot live in their home or is suffering water damage every time it rains. And it rains in Florida in the summertime.

This is not a Federal issue, at least yet; but it is a very important State issue to our constituents. The least we can do as a Congress is to support Congressman TAYLOR's very simple amendment to have this study done about the impact to the consumer of this loophole that has been created in Mississippi and now in Florida and perhaps other States. We need to be there to protect our constituents in a time of storm.

Mr. OXLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana (Mr. BAKER).

Mr. BAKER. I thank the chairman for yielding time and for his continuing diligence and hard work on this important matter to all the people of this country, but particularly those of us in Louisiana.

I certainly want to express my appreciation to Mr. FRANK and to colleagues on his side who have also worked hand in hand with us to try to come to accommodation on this difficult issue.

The flood insurance program is one that has been roundly criticized, and appropriately so in some instances. The repetitive loss problem that was addressed several years ago by this Congress was one of embarrassment for those who are responsible and felt that the program had been abused. But those chapters are now closed.

The problem that faces us today is one of a different nature, and that is people entered into contractual obligations to protect their property, and storms beyond anyone's comprehension have now caused individuals to make claim on those policies, leaving the program today at a $20 billion borrowing level, a record high, and as previously noted, a requirement to go to $25 billion if the agency is to meet all of its contractual obligations.

But I believe one point needs to be made clear in the hearing record on this matter, and the flood insurance program is unique. It is a program that collects premiums and from premiums collected makes payments to claimants. It is the only disaster response program in the United States which has a stream of income from which people who suffer loss may be reimbursed.

Through 2004, the fund balance on hand after paying out $15 billion in claims within the flood insurance program was a positive balance of $1.8 billion. This is the only mechanism I know of when FEMA writes a check as the result of a declaration of a Presidential disaster where the taxpayers see their money come back. So I find it problematic when this program is criticized, because in all other cases where there is a disaster response, taxpayer

money is spent without any recourse of recovery.

In this case, we need to address the problems before us. The bill increases the borrowing authority to $25 billion, and also, from a financially soundness perspective, increases the amount of money to flow back into the program with increases in premium.

The most important sector where these increases occur is in the nonprimary residence structures, meaning businesses and vacation homes. Premiums will increase, or may increase, up to a maximum of 30 percent per year. This is estimated to get the program in sound financial condition over the next 3 to 4 years, of course barring what we hope will not happen, and that is another cataclysmic Katrina-Rita combination.

I do believe this program serves an essential service in the function of our economy. Pointing to the area still decimated by Katrina, we need to get people back into their homes. They need to have the knowledge they have flood insurance coverage, because there are important economic activities that must occur in that region of the State in order to provide the United States with a free flow of energy and to have access to our ports through which agricultural products are exported.

I certainly hope the House will adopt a great bipartisan product.

Mr. FRANK of Massachusetts. Mr. Chairman, I am now pleased to yield 6 minutes to one of the Members who has really taken the lead in improving this program, the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Chairman, I appreciate the gentleman's courtesy in permitting me to speak on this, and for his leadership, along with the chairman, Mr. OXLEY, and my friend, Mr. BAKER. This is truly important bipartisan legislation to address the flood insurance program's challenges both in the short term and the long term.

I strongly support this legislation and appreciate the willingness of the committee staff to work with people outside the committee to be a part of the process. Those of us here on the floor have known for a long time that the flood insurance program, while an invaluable asset to communities in the floodplain, is not functioning as originally designed. Hurricane Katrina taught us we cannot just let the status quo continue, or the flood insurance program will cease to function. It will be in bankruptcy or people will lose their tolerance for Federal bailouts.

This bill is an excellent start, but you can be guaranteed that it is not the last time we will be talking about these changes on the floor. There are differing views about what needs to be done. Some have recommended making the program actuarially sound, and I agree with those measures. But one thing we have learned from Mr. BAKER and from Mr. TAYLOR is that we have to be sensitive to the people who live in flood-prone areas. They are not just statistics of repetitive flooding, and they are rarely homeowners who are gaming the system. These are people caught up in the cycle of flooding and rebuilding who want to take steps to reduce their vulnerability.

In 2004, we did pass a bill to provide mitigation assistance to severe repetitive-loss property owners. We found that these repetitively flooded properties, which constitute just 1 percent of all the properties in the program, accounted for 25 percent of the flood loss dollars. Addressing these properties, we wanted to help move people out of harm's way, either literally, by buying them out, or helping them take mitigation actions, such as elevation.

Unfortunately, the repetitive-loss pilot project in the 2004 bill had not been fully implemented and we were not able to see the positive impacts before Hurricane Katrina. That is why I am glad the bill before us extends the pilot program so that it will have a chance to work. It also goes further to strengthen the flood insurance program and make it more fiscally sound over the next 50 years.

Some have argued that all properties owners who enjoy artificially low flood insurance rates should be required to pay actuarial rates. This would increase the premium enough to make the program more actuarially sound, saving $1.3 billion. But while I agree the program should move closer to risk-based rates, the response of policyholders to the loss of the subsidy is unclear.

The CBO estimates that some would reduce their amount of coverage or drop flood insurance all together. Many of these subsidized properties are second homes or vacation homes, and the legislation addresses these and I think is a good compromise. Phasing in risk-based rates for second homes will also ensure that families in New Orleans and Mississippi and other flood-prone areas that rely on flood insurance won't be forced to pay artificially high rates to subsidize somebody's second home or vacation home.

□ 1400

The bill also helps encourage participation in the program. Many people living in the floodplains do not have flood insurance now. Less than 40 percent of the property owners who are required to buy insurance actually do so.

In parts of Mississippi and Alabama, hit hardest by Katrina, the coverage rate was only 15 percent. That means that people did not have access to insurance payouts to make them whole, and they are relying on grants and loans from the disaster relief programs that are paid by the taxpayer.

The challenge is figuring out how to make sure that more people who are supposed to have flood insurance do so, and this bill helps the situation by increasing the penalties levied for nonenforcement of Federal mandatory purchase requirements.

It also includes an important study on how to better enforce mandatory flood insurance.

The bill also addresses the inaccuracy and inadequacy of flood insurance maps. We are going to talk a little about this later in the day.

Current flood insurance is required only where there is a 1 percent chance of a flood on an annual basis and not in other low-lying areas where surges are likely to follow major storms. Many of the people who flooded in Katrina did not technically live in the floodplain. They were out of this 100-year cycle, or they lived behind levees and did not realize they should have flood insurance.

These updated maps are important, because FEMA uses them to issue flood elevation requirements. Communities want to have the confidence that their residents are paying the right amount for flood insurance, and we should be loathe to tinker with that.

In addition to directing FEMA to develop more sophisticated maps, this legislation authorizes FEMA to study the implications of requiring flood insurance behind the levees. This is a very important part of the bill. I don't think it has been given the proper attention by more of us in Congress. I hope that we will move towards requiring flood insurance for those situations.

The saying goes, there are only two kinds of levees, those that fail and those that will fail. But this study moves us in the right direction.

While this bill, I think, sets the stage, for moving us in the right direction, simple, common-sense steps strengthen the program and bring together a vast, diverse range of people, from environmentalists to fiscal conservatives, people in real estate, and most important, most important, people whose lives we saw torn apart living in flood-prone areas.

I deeply appreciate the work of this committee and our colleagues in making important steps that are going to make a difference for people for generations to come.

Mr. OXLEY. Mr. Chairman, I yield 3½ minutes to the gentlewoman from Pennsylvania (Ms. HART).

Ms. HART. Mr. Chairman, I especially want to thank Chairman OXLEY, Ranking Member FRANK, subcommittee Chairman BOB NEY and Ranking Member Ms. WATERS for addressing this issue. It is one that I know many of our colleagues have dealt with with their constituents due to flash flooding, which occurs all over the United States, not just in coastal areas.

I rise in support of this bill because it will help many of those people who, unfortunately, on top of the suffering that they faced as a result of the flooding, also faced more suffering because they didn't get what they needed as a result of, I think, poor administration of the National Flood Insurance Program.

The story is all too common across the country. Young couple saves money, buys their dream home, finds that it is in a flood-prone zone, so they

buy Federal flood insurance, thinking things will be okay. In fact, even their paperwork makes it look like they will be completely covered.

But in September, 2004, in my district, remnants of the Hurricanes Frances and Ivan came through my district in Pennsylvania; and I worked with many families throughout my region who had lost their homes.

My staff and I spent a significant amount of time with them and learned of all of the deficiencies involved in the National Flood Insurance Program. We learned that these incidents were as a result of poor administration of some rules that needed to be carried out that had been put in place in 2004. We raised these concerns with Chairman OXLEY and Chairman NEY, and they offered graciously to hold a hearing on this issue.

One of my constituents, Beth Beam, was given the opportunity, along with other victims of flooding throughout the eastern seaboard, in fact, to highlight the problems they had experienced with the NFIP. It became clear from this hearing that we needed serious reform.

Many of my constituents learned too late that they were listed in the wrong flood zones or the maps were outdated and they really were not listed as being eligible or that they had problems receiving adequate compensation for their actual losses.

Most frustrating was the lack of support and information that they received when they raised their concerns. The lack of true appeals process within the NFIP meant that many individuals had no recourse when they believed the system was not meeting their needs and the agreement that they had made on their policies.

This bill is a great solution to ensure these types of problems don't happen again.

First, it directs FEMA to develop more sophisticated and updated maps so that we will update the standards and people will know if they are actually in a flood zone.

Second, the bill reinforces the need for FEMA under the legislation that Congress passed a couple of years ago to create this appeals process that will help people have the opportunity to have their concerns addressed.

It will also require adequate training for the insurance agents who sell this federally subsidized flood insurance. That issue is so important as people will need help getting through the process when they have lost so much.

Finally, the bill provides optional coverage for living expenses, business interruption insurance, basement repair costs and replacement of contents, things that obviously people who face these losses need so much.

Following the floods in my district, people were surprised to learn how much of their property was not covered. People were very surprised and disappointed to learn how much of their property was not covered, although their policy showed that it might be.

This legislation will ensure that they are able to receive compensation for the damages they actually experience, which is in line with what they have bought insurance to cover.

Again, I want to thank the chairman and the committee for listening to these concerns. The NFIP is supposed to fill the gaps for those who lose their homes and properties. Unfortunately, the inadequacies have caused so much harm in the past and made people's lives even worse. Programs like NFIP are supposed to be a safety net, and I believe this bill will help us fix it and make it the safety net that people expect.

The NFIP has been directed to make these changes. I urge Congress and my colleagues to support this legislation so that we can carefully oversee this process and ensure our constituents will not face these problems again.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. WATERS), who is the ranking member of the subcommittee and who has been compiling a very productive record in the work of that subcommittee.

Ms. WATERS. Mr. Chairman and Members, I would like to thank both the chairman and Mr. FRANK, to make sure that we would work together to increase the coverage and raise the limit for flood insurance. It has not been increased for over 20 years.

I had the opportunity to be in the gulf coast region with my colleagues and to hear the stories of the people who had been devastated by Katrina. Not only did we find that there were residents who had been given mortgages and the banks and financial institutions had not required flood insurance but then this bickering with the insurance companies who were disputing damage. They said, no, it was not flood damage, it was wind damage, and vice versa.

I think this bill will go a long way toward dealing with some of the issues that we learned about.

Certainly, we want to make sure that the insurance companies are doing what they are supposed to do. My colleague from Mississippi, who will have an amendment, Mr. TAYLOR, on this floor today, I certainly support. I was there with him, and I saw the devastation and the destruction. We heard the complaints about the insurance companies.

Let me just say, in addition to raising the limit, this will go a little bit further, and it will deal with business interruption. It will help to meet the needs of those who are confronted and faced with this kind of devastation for the future.

Again, I would like to thank not only Mr. BAKER and Mr. FRANK but Mr. OXLEY and Mr. TAYLOR for the work that he is doing.

Mr. OXLEY. Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, at this time, I would yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE), another representative who has great concerns, because of the area that she represents, with the fair worth of the program.

But, before we do, I would note that this bill is being supported by the National Taxpayers Union, Citizens Against Government Waste and Taxpayers for Common Sense. As I said, this is an unusual case, I think, where both environmental groups and groups primarily concerned with reducing government spending have come together in support of a piece of legislation.

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Chairman, I thank the gentleman for his distinguished leadership on this issue, along with Mr. OXLEY, as well as the ranking subcommittee member, Mrs. WATERS, and the leadership of Mr. NEY.

Let me also acknowledge the leadership of Mr. BAKER, who I assume has walked the walk in our region, in our gulf coast region.

I, too, have walked those streets and seen the impact that the devastation of Katrina has caused, and likewise in the City of Houston, not only the, if you will, Katrina survivors but also those who experienced the flooding of Rita.

In addition, I walked along the pathways and saw the devastation in Mr. TAYLOR's district, and again thank him for his leadership, along with many, many Members who have addressed this question.

Mr. FRANK, I hold in my hand a book that says, From Poverty to Opportunity: A Covenant for a New America, which talks about overcoming poverty. I say that, and I support certainly this document, but I raise that with respect to H.R. 4973, because it helps those who have done everything right in America. They pay their taxes, and they have worked and invested in the American dream, and that is their home, to be able to find relief.

This bill provides an extra $25 billion to cover the Katrina-related claims, but it is also an overhaul, an important overhaul of the flood insurance program, because it allows the National Flood Insurance Program to offer actuarially priced business interruption. How many of those who came through these recent storms lost their homes and their businesses?

In fact, I was just with the FEMA director in Houston on Friday. In the room were two elderly persons who stood up and said, we have flood insurance, but nobody did anything. We didn't get anything. We lost everything. So there is a fracture in the system.

I hope that this will be able to, one, provide, if you will, an embellishment of this program but also be able to give people help for the losses that they experience.

I want to say very much thanks for the phase-out subsidy of vacation homes. That is the right way to do it. We know that sounds bad to some individuals. We thank them for having vacation homes, second homes, but we certainly don't want to strike it out immediately. Give them an opportunity to get coverage; and we recognize they, too, need coverage. But we understand the economies of scale. This is a reasonable and respectable approach to take.

Let me also say that we are also delighted that you are dealing with flood maps. Mr. ETHERIDGE and myself on the Science Committee did work on inland flooding. Hurricane Allison, what we call Storm Allison in Houston was what we call inland flooding. We lost billions of dollars in the medical center because it wasn't called a hurricane, but the flooding destroyed so much.

We appreciate the fact that this will update flood maps, maintain an inventory of levees in the United States and move more quickly to update flood elevation standards and flood maps in the areas affected by last year's hurricane. Most importantly, this is a model of what we can do to ensure that homeowners and taxpayers and hard-working Americans certainly are not thrown into poverty. Certainly we hope that we will move others out of poverty.

I would ask my colleagues to support this legislation.

Mr. OXLEY. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. SHAW).

Mr. SHAW. Mr. Chairman, I, along with my colleague Ms. GINNY BROWN-WAITE, have introduced the Homeowners Insurance Protection Act. The bill provides financial protection to all Americans that live in natural catastrophe-prone areas through a three-layered approach. Our goal is to keep homeowners' insurance premiums at affordable rates. This program would assure that when a big one hits, the responsibility for insured losses is with insurance companies and not with the bailouts from the Federal Government, such as FEMA.

First, this bill would create the Federal Catastrophe Fund, to be known as the Hurricane and Earthquake Loss Protection Fund, or the HELP Fund.

Second, each State that chooses to participate in this voluntary program must establish a State Catastrophe Fund, which we call the CAT Fund, similar to that which we have in Florida.

Third, the State CAT fund then purchases reinsurance from the Federal HELP fund. The HELP fund is thus financed directly by insurance premiums and not by taxpayer dollars.

We live in a diverse nation facing diverse natural catastrophes. This bill encourages States to take responsibility for their residents and gives the States the discretion of insuring for their own catastrophic needs.

I yield to the chairman.

Mr. OXLEY. I thank the gentleman for yielding.

I understand that this is an issue in many States around the country but especially in those States hit by hurricanes in the last 2 years. I would welcome the opportunity to explore this issue further with the gentleman and my good friend from Florida, as well as the gentlewoman from Florida.

Mr. SHAW. I thank the chairman for his comments.

I would just add, in closing, that we are facing a tremendous catastrophe in Florida, the economy. The gentleman from Pensacola can verify this.

□ 1415

Insurance is almost unaffordable. We need a secondary insurance that would back this up, that would spread the risk further than just throughout one State. This isn't just Florida. This is all the gulf coast. The gentleman from Louisiana seated behind me will certainly verify that.

So it is a good bill. It prepares for the future and it does it in a very conservative and practical way.

Mr. FRANK of Massachusetts. Mr. Chairman, I now yield to one of the Members who has really been in the forefront of trying to improve our national response to this crisis because of his own firsthand experience and the leadership he has had to show in the region that he represents and trying to deal with the otherwise inadequate Federal Government response to Katrina.

I yield as much time as he may consume to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Chairman, I want to thank the gentleman from Massachusetts, the gentleman from Ohio.

Mr. Chairman, not everything our Nation does is wrong. And one of the things our Nation does that the private sector wouldn't do or chose not to do was insure people against flooding. And that is a very good program.

When you consider that the predictions are that within the next 50 years 80 percent of all Americans will live within 50 miles of a coast line, then protection from flood insurance, protection from hurricanes is very important.

In southern Mississippi I have had very, very few complaints about the Federal flood insurance program. I have had tens of thousands of complaints about how people were treated by the wind coverage. So I want to commend the gentleman from Massachusetts and the gentleman from Ohio for raising the amounts that people can buy coverage for.

Most of southern Mississippi had older homes. People had lived in them for decades. And now they, and I, are going through simultaneous sticker shock. Houses that you may have bought 20, 30 years ago for $50,000, you have now got to replace for a heck of a lot more than that. So by raising the amount that people can cover themselves from $250,000 to $335,000 is a huge improvement. Also, raising the contents up to $135,000 again is a huge improvement. I think as people put a pad to their contents after they woke up the next morning and discovered that they were gone, I think everyone was surprised that they owned more than they thought they did and they lost more than they thought they did. So again this is a move in the right direction.

I want to commend the committee for putting in the money for the new flood maps. Water in Bay St. Louis got to be 26 feet above sea level in some places. That was unprecedented since the Europeans landed over 300 years ago. And the Navy Oceanographic Lab tells us we are in for 10 years of this. So, again, since this is a public entity funded with taxpayer dollars, I think it is very important, whether it is Pensacola, Florida, or Gulf Shores, Alabama. Anywhere in coastal America I think it is important that we know the propensity to flood, take adequate steps to minimize losses in future hurricanes.

I would also like to commend the committee for working with me on trying to address the Katrina fraud. Citizens of this country are noticeably upset that some of the generous money given to them, either as taxpayers or through groups like the Red Cross, was abused, that people milked the system, in some instances, to do things like a sex-change operation.

I happen to think the biggest fraud of all, though, Mr. Chairman, came from the insurance industry. And I will walk you through this. Under the National Flood Insurance Plan, we count on the private sector not only to sell the insurance policy; we count on the private sector to adjudicate the claim.

Now, wind damage is paid for by a private company. Flood damage is paid for by the Nation through the National Flood Insurance Plan.

So imagine yourself, a 25-year-old insurance adjuster. You have visions of being a company man or getting that next promotion. You may even own stock in your company. You are sent out to adjudicate a claim on a house that is no longer there, knowing that if you said the wind did it, it is coming out of your company's pocketbook. If you say the water did it, it is coming out of the taxpayers' pocketbook.

The FBI says that fraud is a crime of opportunity. And I think under this system, we have given the insurance industry the opportunity to stick the bill to the taxpayers every time there was any question. And I think they did.

Is it a coincidence that the insurance industry reported $44 billion in profits last year, in the same year that the National Flood Insurance Program lost $25 billion? Are they that much better at what they do? I don't think so.

I think they took claims that legitimately should have been paid by the wind policies and stuck it to the taxpayer to the tune of millions, if not billions, of dollars. And I am going to

offer an amendment in a little while to ask for an Inspector General's report to see if that is true. And if it is true, then we need to come back and change the system so that we don't just count on an insurance adjuster blindly sending the bill to the government and the government paying it every time.

Think about it. If the Members in this room want to be reimbursed for their trip to the airport, they have got to turn in a taxi receipt for 15 or 20 bucks. But in the case of the National Flood Insurance Program, Allstate, State Farm, Nationwide, fill in the blank, can bill the government for hundreds of billions of dollars, and we pay that claim without even bothering to look into this. That is wrong. It is a system ripe for abuse. And I am convinced it has been abused.

Last, and several other speakers have touched on this, we need to rethink the whole flood insurance program. Whether you are from Florida, Georgia, Alabama, Mississippi, any coastal State, we don't need people who have invested their life savings in their houses getting abused by their insurance company. And let me tell you, it is happening every day.

Senator TRENT LOTT, one of the most powerful men in the Senate, feels like the only way he is going to get justice out of his insurer is to sue them.

Federal Judge Lou Guirola had to drop hearing cases, like Senator LOTT, so that he could sue his insurance company.

Now, when U.S. Senators and Federal judges feel like the only way they are going to get justice is to go to court themselves, what is it like for the grandmas and grandpas out there? What kind of fair shake are they going to get? And the answer is they are not getting one.

So if the private sector is not going to do it fairly, if they are not going to do it right, then maybe we need to expand the National Flood Insurance Program and call it the National Hurricane Insurance Program. Because let me tell you what I think is going to happen. We spend a lot of money to send the hurricane hunters out there for the Air Force, a lot of money to tell us where these storms are going to hit and when. We have satellites up in space to tell us about these storms. Why do we do that? So that people will get the heck out of there before a storm hits.

Based on what has happened, based on the tens of thousands of southern Mississippians who have been denied legitimate claims for their wind coverage, I am convinced in the next hurricane people are going to die needlessly because they stay behind in their home with a camcorder so they can prove to the insurance adjuster whether it is wind or water. That is wrong. It is completely contrary to why we fund the hurricane hunters; it is completely contrary to why we put those satellites in space. A person should not have to die on his property to get justice from his insurance company. And although there is no Federal regulation of the insurance industry, maybe the abuses that took place after Katrina will cause some of my colleagues to rethink this.

So, again, the bill takes some very important steps on allowing people to purchase more flood insurance, to purchase more contents insurance. It is taking the right step on getting the flood maps much more accurate, not so much for the guys who have lived there for 20 or 30 years, but for all the new folks who are moving to the coast who need to know if their property has a propensity to flood.

So I am grateful for what has been done. I have offered some observations of what needs to be done.

Mr. OXLEY. Mr. Chairman, I yield 4 minutes to the gentleman from California (Mr. GARY G. MILLER).

Mr. GARY G. MILLER of California. Mr. Chairman, I rise to support H.R. 4973, the Flood Insurance Reform and Modernization Act, before us today.

The National Flood Insurance Program is a valuable tool in addressing the losses incurred throughout this country due to floods. It assures that businesses and families have access to affordable flood insurance that would not be available on the open market.

Prior to the passage of the National Flood Insurance Act in 1968, insurance companies generally did not offer coverage for flood disaster because of the high risk involved. Today more than 20,000 communities participate in the National Flood Insurance Program. More than 90 insurance companies sell and service flood service insurance. There are more than four million policies covering the total of $800 billion.

The National Flood Insurance Program provides Federal flood insurance for properties located in flood-prone areas where the community has voluntarily agreed to institute floodplain management and land use control measures that minimize the risk of flooding and mitigate potential flood damage. The program is intended to provide a more cost-efficient alternative to costly Federal disaster assistance by encouraging communities to take preventive measures to reduce flood losses and providing affordable flood insurance that would not otherwise be commercially available.

Last year's hurricane season resulted in significant strains on the NFIP. The claims resulting from the losses from these catastrophic hurricanes is unprecedented in the history of the program.

Since the NFIP's inception in 1968, the program paid out $15 billion in claims. In contrast, claims for Hurricanes Katrina and Rita alone are expected to exceed $25 billion. This far surpasses claims paid by the entire history of the NFIP.

In the past, when losses exceeded premiums, the NFIP had been allowed to borrow from the U.S. Treasury to repay claims. Such loans have traditionally been paid back rather quickly with interest.

The bill before us today increases the amount that FEMA may borrow from the U.S. Treasury to $25 billion to cover the expenses incurred by the National Flood Insurance Program, NFIP, during the last year's hurricane season.

As CBO has stated, the funds borrowed from Treasury so far exceed the program's income from premiums and fees they will likely never be repaid. As such, this bill proposes a number of reforms to the program to ensure that it is actuarially sound in the future.

When we debated this in committee, some individuals made proposals; and for the best of reasons, they said we should look at a 100-year traditional floodplain, and anybody within a 100-year traditional floodplain should be required to pay for insurance.

The problem that many of us have who represent districts who have mitigated 100-year floodplains is that all of our people who are not at risk would be required to basically boost the program by increased premiums by them participating in it also.

And when Federal dollars, State, and local have been spent to mitigate 100-year floodplains, many of us thought that that was unreasonable. In fact, the 100-year floodplain would have impacted a large portion of L.A. County that I represent. Anything near the L.A. River would have been included, and most of Orange County would also because the Prado Dam mitigates that.

There was another proposal made with the best of heart and the best of concern for the people of this country. That said, let's look at a historical 500-year floodplain. The problem we had with that is there is no evidence available and then there is no information available either that we can dictate and determine how much a 500-year floodplain might be.

If we had taken a 500-year historical floodplain, it would have included all of L.A., most of L.A. County, and most of Orange County and any other city in this country that is next to a river or near the coast.

I offered an amendment and it was supported by the committee that said let's do a GAO study to determine if we need to expand the program, how it should be done, how it should be implemented. I think it is a reasonable approach, rather than us just making a knee-jerk reaction to a severe problem. And it is a problem we have to address. I am not saying we don't. But to tax people who are not impacted or not at risk of flood to boost the program, I think, is unreasonable. It would have impacted many of our districts that don't live in areas of high risk. And I do understand the need that we need to protect those who are within the program. We need to make the program actuarially sound. And I am pleased with the language in this bill that is included here, and it expands the coverage of the program. And I urge my colleagues to reject any amendment

that would further expand it without GAO studies.

Mrs. MCCARTHY. Mr. Chairman, H.R. 4973 is necessary but not sufficient.

It is necessary because the hurricanes and flooding in 2004 and 2005 have shown that the present flood insurance programs must be reformed.

It is not sufficient because those same hurricanes, especially Hurricane Katrina, convinced me that flood insurance alone will not protect the millions of Americans who now live in harm's way along our Nation's coasts and rivers.

I had the privilege of visiting the Gulf Coast earlier this year. I saw the devastating impact of wind and water on homes, on businesses, and on lives. I also heard the horror stories from people who were told that the damage to their lives was caused by water and not wind. In these cases, neither flood insurance nor homeowner's insurance protected them. Others indicated that officials told them they didn't need flood insurance because they were not in a danger zone.

It is time for Congress to go beyond the traditional approach of distinguishing between flood and wind damage. We have to develop a comprehensive natural disaster program that will protect homes from hurricanes, earthquakes, volcanoes, and other natural disasters that one day will affect 49 of our 50 states.

Insurance companies know that a disaster can occur. Some companies already are refusing to insure homes on Long Island and in other communities where a ''big one'' is overdue. The hurricane of 1938—the so-called Long Island Express—killed 600 to 700 people, destroyed 75,000 buildings and caused $300 million in damage. At that time, Long Island was the home to 600,000 people. Today, 2.8 million live there. A category 4 hurricane could cause $100 billion in insured damage alone.

Earlier this year, the gentleman from New York (Mr. ISRAEL) and I asked the Financial Services Committee to conduct hearings as soon as possible on the disaster insurance bills before the Committee. Our letter stated that ''We believe that Congress needs to pass a strong reinsurance program. Natural disasters can occur in any region at any time. Since the insurance industry appears unable or unwilling to provide protection for our constituents, then it is time for Congress to act swiftly and positively.''

The initial response indicated that we should wait until after the GAO completes its study of natural disaster insurance needs later this year. Fortunately, the real facts of Katrina, a number of extensive newspaper investigations, and the airing of several ''what if' programs on cable TV are opening eyes even here. The Housing Subcommittee is holding its second hearing tomorrow (June 28) on natural disaster insurance needs. This one will focus on ''The Housing Market and Natural Catastrophes.''

I am convinced that this country needs an insurance program that will cover all natural disaster risks. If properly crafted, this program, will reduce the amount of emergency funds that Congress will have to provide after the next emergency, whether it occurs in the Northeast, Midwest, West Coast, Southeast, or Gulf Coast regions.

I want to encourage the administration, all financial services companies, state and local officials, and this body to work together and to develop a comprehensive and responsible natural disaster insurance program. The policy should be priced according to the risks of that state; it should cover all major natural disasters. It must be mandatory and cover both homes and businesses. States need to update and enforce building codes and to require mitigation both before and after a natural disaster. Finally, the federal program would be a backup for private reinsurance. These are the goals that I will pursue.

The House should pass HR 4973 today. Then, we must turn our attention to the larger disaster insurance issue. The American people cannot afford to add another $20 billion or $50 billion or $100 billion natural disaster relief program to the deficit, not when a fiscally sound alternative may be within reach. Tomorrow may be too late.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield back the balance of my time.

Mr. OXLEY. Mr. Chairman, we have no further speakers. I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the bill is considered read for amendment under the 5-minute rule.

The text of the bill is as follows:

H.R. 4973

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Flood Insurance Reform and Modernization Act of 2006''.

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

Sec. 1. Short title and table of contents.
Sec. 2. Findings and purposes.
Sec. 3. Study regarding status of pre-FIRM properties and mandatory purchase requirement for natural 100-year floodplain and non-Federally related loans.
Sec. 4. Phase-in of actuarial rates for non-residential properties and non-primary residences.
Sec. 5. Reduction of waiting period for effective date of policies.
Sec. 6. Enforcement.
Sec. 7. Maximum coverage limits.
Sec. 8. Coverage for additional living expenses, basement improvements, business interruption, and replacement cost of contents.
Sec. 9. Increase in annual limitation on premium increases.
Sec. 10. Increase in borrowing authority.
Sec. 11. FEMA participation in State disaster claims mediation programs.
Sec. 12. FEMA reports on financial status of insurance program.
Sec. 13. Extension of pilot program for mitigation of severe repetitive loss properties.
Sec. 14. Notice of availability of flood insurance and escrow in RESPA good faith estimate.
Sec. 15. Reiteration of FEMA responsibilities under 2004 Reform Act.
Sec. 16. Updating of flood maps and elevation standards.
Sec. 17. National levee inventory.
Sec. 18. Clarification of replacement cost provisions, forms, and policy language.
Sec. 19. Authorization of additional FEMA staff.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) flooding has been shown to occur in all 50 States;

(2) the aggregate amount of the flood insurance claims resulting from Hurricane Katrina, Hurricane Rita, and other recent events has exceeded the aggregate amount of all claims previously paid in the history of the national flood insurance program, requiring a significant increase in the program's borrowing authority;

(3) flood insurance policyholders have a legitimate expectation that they will receive fair and timely compensation for losses covered under their policies;

(4) substantial flooding has occurred, and will likely occur again, outside the areas designated by the Federal Emergency Management Agency as flood hazard areas;

(5) properties located in low- to moderate-risk areas are eligible to purchase flood insurance policies with premiums as low as $112 a year;

(6) about 450,000 vacation homes, second homes, and commercial properties are subsidized and are not paying actuarially sound rates for flood insurance;

(7) phasing out subsidies currently extended to vacation homes, second homes, and commercial properties would result in estimated average savings to the taxpayers of the United States and the national flood insurance program of $335,000,000 each year;

(8) the maximum coverage limits for flood insurance policies should be increased to reflect inflation and the increased cost of housing;

(9) significant reforms to the national flood insurance program required in the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 have yet to be implemented; and

(10) in addition to reforms required in the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004, the national flood insurance program requires a modernized and updated administrative model to ensure that the program is solvent and the people of the United States have continued access to flood insurance.

(b) PURPOSES.—The purposes of this Act are—

(1) to protect the integrity of the national flood insurance program by fully funding existing legal obligations expected by existing policyholders who have paid policy premiums in return for flood insurance coverage;

(2) to increase incentives for homeowners and communities to participate in the national flood insurance program and to improve oversight to ensure full participation in the program for owners of properties for which such participation is mandatory; and

(3) to increase awareness of homeowners of flood risks and improve the quality of information regarding such risks provided to homeowners.

SEC. 3. STUDY REGARDING STATUS OF PRE-FIRM PROPERTIES AND MANDATORY PURCHASE REQUIREMENT FOR NATURAL 100-YEAR FLOODPLAIN AND NON-FEDERALLY RELATED LOANS.

(a) IN GENERAL.—The Comptroller General shall conduct a study as follows:

(1) PRE-FIRM PROPERTIES.—The study shall determine the status of the the national flood insurance program, as of the date of the enactment of this Act, with respect to the provision of flood insurance coverage for pre-FIRM properties (as such term is defined in section 578(b) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4014 note)), which shall include determinations of—

(A) the number of pre-FIRM properties for which coverage is provided and the extent of such coverage;

(B) the cost of providing coverage for such pre-FIRM properties to the national flood insurance program;

(C) the anticipated rate at which such pre-FIRM properties will cease to be covered under the program; and

(D) the effects that implementation of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 will have on the national flood insurance program generally and on coverage of pre-FIRM properties under the program.

(2) MANDATORY PURCHASE REQUIREMENT FOR NATURAL 100-YEAR FLOODPLAIN.—The study shall assess the impact, effectiveness, and feasibility of amending the provisions of the Flood Disaster Protection Act of 1973 regarding the properties that are subject to the mandatory flood insurance coverage purchase requirements under such Act to extend such requirements to properties located in any area that would be designated as an area having special flood hazards but for the existence of a structural flood protection system, and shall determine—

(A) the regulatory, financial and economic impacts of extending such mandatory purchase requirements on the costs of homeownership, the actuarial soundness of the national flood insurance program, the Federal Emergency Management Agency, local communities, insurance companies, and local land use;

(B) the effectiveness of extending such mandatory purchase requirements in protecting homeowners from financial loss and in protecting the financial soundness of the national flood insurance program; and

(C) any impact on lenders of complying with or enforcing such extended mandatory requirements.

(3) MANDATORY PURCHASE REQUIREMENT FOR NON-FEDERALLY RELATED LOANS.—The study shall assess the impact, effectiveness, and feasibility of, and basis under the Constitution of the United States for, amending the provisions of the Flood Disaster Protection Act of 1973 regarding the properties that are subject to the mandatory flood insurance coverage purchase requirements under such Act to extend such requirements to any property that is located in any area having special flood hazards and which secures the repayment of a loan that is not described in paragraph (1), (2), or (3) of section 102(b) of such Act, and shall determine how best to administer and enforce such a requirement, taking into consideration other insurance purchase requirements under Federal and State law.

(b) REPORT.—The Comptroller General shall submit a report to the Congress regarding the results and conclusions of the study under this subsection not later than the expiration of the 6-month period beginning on the date of the enactment of this Act.

SEC. 4. PHASE-IN OF ACTUARIAL RATES FOR NONRESIDENTIAL PROPERTIES AND NON-PRIMARY RESIDENCES.

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

(1) by redesignating paragraph (2) as paragraph (4); and

(2) by inserting after paragraph (1) the following new paragraphs:

''(2) NONRESIDENTIAL PROPERTIES.—Any nonresidential property.

''(3) NON-PRIMARY RESIDENCES.—Any residential property that is not the primary residence of an individual.''.

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

(1) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking ''Subject only to the limitations provided under paragraphs (1) and (2), the'' and inserting ''The''; and

(B) in paragraph (1), by striking '', except'' and all that follows through ''subsection (e)''; and

(2) in subsection (e), by striking ''paragraph (2) or (3)'' and inserting ''paragraph (4)''.

(c) EFFECTIVE DATE AND TRANSITION.—

(1) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply beginning on the publication by the Director of the Federal Emergency Management Agency of the certification under section 16(b)(2), except as provided in paragraph (2) of this subsection.

(2) TRANSITION.—In the case of any property described in paragraph (2) or (3) of section 1308(c) of the National Flood Insurance Act of 1968, as amended by subsection (a) of this section, that, on the date of the enactment of this Act, is covered under a policy for flood insurance made available under the national flood insurance program for which the chargeable premium rates are less than the applicable estimated risk premium rate under section 1307(a)(1) for the area in which the property is located, the Director of the Federal Emergency Management Agency shall increase the chargeable premium rates for such property over time to such applicable estimated risk premium rate under section 1307(a)(1). Such increase shall be made by increasing the chargeable premium rates for the property (after application of any increase in the premium rates otherwise applicable to such property) by 15 percent (or such lesser amount as may be necessary so that the chargeable rate does not exceed such applicable estimated risk premium rate) once during the 12-month period that begins upon the date of the enactment of this Act and once every 12 months thereafter until such increase is accomplished. The provisions of paragraphs (2) and (3) of such section 1308(c) shall apply to such a property upon the accomplishment of such increase and thereafter.

SEC. 5. REDUCTION OF WAITING PERIOD FOR EFFECTIVE DATE OF POLICIES.

Section 1306(c)(1) is amended by striking ''30-day'' and inserting ''15-day''.

SEC. 6. ENFORCEMENT.

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

(1) in paragraph (5)—

(A) in the first sentence, by striking ''$350'' and inserting ''$2,000''; and

(B) in the last sentence, by striking ''$100,000'' and inserting ''$1,000,000''; and

(2) in paragraph (6), by adding after the period at the end the following: ''No penalty may be imposed under this subsection on a regulated lending institution or enterprise that has made a good faith effort to comply with the requirements of the provisions referred to in paragraph (2) or for any non-material violation of such requirements.''.

SEC. 7. MAXIMUM COVERAGE LIMITS.

Subsection (b) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—

(1) in paragraph (2), by striking ''$250,000'' and inserting ''$335,000'';

(2) in paragraph (3), by striking ''$100,000'' and inserting ''$135,000''; and

(3) in paragraph (4), by striking ''$500,000'' each place such term appears and inserting ''$670,000''.

SEC. 8. COVERAGE FOR ADDITIONAL LIVING EXPENSES, BASEMENT IMPROVEMENTS, BUSINESS INTERRUPTION, AND REPLACEMENT COST OF CONTENTS.

Subsection (b) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013) is amended—

(1) in paragraph (4), by striking ''and'' at the end;

(2) in paragraph (5)—

(A) by inserting ''pursuant to paragraph (2), (3), or (4)'' after ''any flood insurance coverage''; and

(B) by striking the period at the end and inserting a semicolon; and

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

''(6) in the case of any residential property, each renewal or new contract for flood insurance coverage shall provide not less than $1,000 aggregate liability per dwelling unit for any necessary increases in living expenses incurred by the insured when losses from a flood make the residence unfit to live in, which coverage shall be available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1);

''(7) in the case of any residential property, optional coverage for additional living expenses described in paragraph (6) shall be made available to every insured upon renewal and every applicant in excess of the limits provided in paragraph (6) in such amounts and at such rates as the Director shall establish, except that such chargeable rates shall not be less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1);

''(8) in the case of any residential property, optional coverage for losses, resulting from floods, to improvements and personal property located in basements, crawl spaces, and other enclosed areas under buildings that are not covered by primary flood insurance coverage under this title, shall be made available to every insured upon renewal and every applicant, except that such coverage shall be made available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1);

''(9) in the case of any commercial property, optional coverage for losses resulting from any partial or total interruption of the insured's business caused by damage to, or loss of, such property from a flood shall be made available to every insured upon renewal and every applicant, except that—

''(A) for purposes of such coverage, losses shall be determined based on the profits the covered business would have earned, based on previous financial records, had the flood not occurred; and

''(B) such coverage shall be made available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1); and

''(10) in the case of any residential property and any commercial property, optional coverage for the full replacement costs of any contents related to the structure that exceed the limits of coverage otherwise provided in this subsection shall be made available to every insured upon renewal and every applicant, except that such coverage shall be made available only at chargeable rates that are not less than the estimated premium rates for such coverage determined in accordance with section 1307(a)(1).''.

SEC. 9. INCREASE IN ANNUAL LIMITATION ON PREMIUM INCREASES.

Section 1308(e) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(e)) is amended by striking ''10 percent'' and inserting ''15 percent''.

SEC. 10. INCREASE IN BORROWING AUTHORITY.

(a) BORROWING AUTHORITY.—The first sentence of subsection (a) of section 1309 of the National Flood Insurance Act of 1968 (42 U.S.C. 4016(a)), as amended by the National Flood Insurance Program Further Enhanced Borrowing Authority Act of 2005 (Public Law 109–106; 119 Stat. 2288), is amended by striking ''$18,500,000,000'' and inserting ''$25,000,000,000''.

(b) FEMA REPORT.—Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Director of the Federal Emergency Management Agency shall submit a report to the Congress setting forth a plan for repaying any amounts borrowed pursuant to increase in borrowing authority authorized under the amendments made by subsection (a).

SEC. 11. FEMA PARTICIPATION IN STATE DISASTER CLAIMS MEDIATION PROGRAMS.

The National Flood Insurance Act of 1968 is amended by inserting after section 1313 (42 U.S.C. 4020) the following new section:

''SEC. 1314. FEMA PARTICIPATION IN STATE DISASTER CLAIMS MEDIATION PROGRAMS.

''(a) REQUIREMENT TO PARTICIPATE.—In the case of the occurrence of a natural catastrophe that may result in flood damage claims under the national flood insurance program, upon a request made by the insurance commissioner of a State (or such other official responsible for regulating the business of insurance in the State) for the participation of representatives of the Director in a program sponsored by such State for nonbinding mediation of insurance claims resulting from a natural catastrophe, the Director shall cause appropriate representatives of national flood insurance program to participate in such State program to expedite settlement of any flood damage claims under the national flood insurance program resulting from such catastrophe.

''(b) EXTENT OF PARTICIPATION.—Participation by representatives of the Director required under subsection (a) with respect to flood damage claims resulting from a natural catastrophe shall include—

''(1) providing adjusters certified for purposes of the national flood insurance program who are authorized to settle claims against such program resulting from such catastrophe in amounts up to the limits of policies under such program;

''(2) requiring such adjusters to attend State-sponsored mediation meetings regarding flood insurance claims resulting from such catastrophe at times and places as may be arranged by the State;

''(3) participating in good-faith negotiations toward the settlement of such claims with policyholders of coverage made available under the national flood insurance program; and

''(4) finalizing the settlement of such claims on behalf of the national flood insurance program with such policyholders.

''(c) COORDINATION.—Adjusters representing the national flood insurance program who participate pursuant to subsection (b)(1) in a State-sponsored mediation program with respect to a natural catastrophe shall at all times coordinate their activities with insurance officials of the State and representatives of insurers for the purpose of consolidating and expediting the settlement of claims under the national flood insurance program resulting from such catastrophe at the earliest possible time.''.

SEC. 12. FEMA REPORTS ON FINANCIAL STATUS OF INSURANCE PROGRAM.

Section 1320 of the National Flood Insurance Act of 1968 (42 U.S.C. 4027) is amended—

(1) in the section heading, by striking ''**REPORT TO THE PRESIDENT**'' and inserting ''**REPORTS**'';

(2) in subsection (a), by striking ''IN GENERAL'' and inserting ''BIENNIAL REPORT TO PRESIDENT''; and

(3) by adding at the end the following new subsection:

''(c) SEMIANNUAL REPORTS TO CONGRESS ON FINANCIAL STATUS.—Not later than June 30 and December 31 of each year, the Director shall submit a report to the Congress regarding the financial status of the national flood insurance program under this title. Each such report shall describe the financial status of the National Flood Insurance Fund and current and projected levels of claims, premium receipts, expenses, and borrowing under the program.''.

SEC. 13. EXTENSION OF PILOT PROGRAM FOR MITIGATION OF SEVERE REPETITIVE LOSS PROPERTIES.

Section 1361A of the National Flood Insurance Act of 1968 (42 U.S.C. 4102a) is amended as follows:

(1) FUNDING.—In subsection (k)(1), by striking ''and 2009'' and inserting ''2009, 2010, and 2011''.

(2) TERMINATION.—In subsection (l), by striking ''September 30, 2009'' and inserting ''September 30, 2011''.

SEC. 14. NOTICE OF AVAILABILITY OF FLOOD INSURANCE AND ESCROW IN RESPA GOOD FAITH ESTIMATE.

Subsection (c) of section 5 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2604(c)) is amended by adding at the end the following new sentence: ''Each such good faith estimate shall include the following conspicuous statements: (1) that flood insurance coverage for residential real estate is generally available under the National Flood Insurance Program whether or not the real estate is located in an area having special flood hazards and that, to obtain such coverage, a home owner or purchaser should contact a property insurance agent, broker, or company; and (2) that the escrowing of flood insurance payments is required for many loans under section 102(d) of the Flood Disaster Protection Act of 1973, and may be a convenient and available option with respect to other loans.''.

SEC. 15. REITERATION OF FEMA RESPONSIBILITIES UNDER 2004 REFORM ACT.

(a) APPEALS PROCESS.—As directed in section 205 of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (42 U.S.C. 4011 note), the Director of the Federal Emergency Management Agency is again directed to, not later than 90 days after the date of the enactment of this Act, establish an appeals process through which holders of a flood insurance policy may appeal the decisions, with respect to claims, proofs of loss, and loss estimates relating to such flood insurance policy as required by such section.

(b) MINIMUM TRAINING AND EDUCATION REQUIREMENTS.—The Director of the Federal Emergency Management Agency is directed to continue to work with the insurance industry, State insurance regulators, and other interested parties to implement the minimum training and education standards for all insurance agents who sell flood insurance policies that were established by the Director under the notice published September 1, 2005 (70 Fed. Reg. 52117) pursuant to section 207 of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (42 U.S.C. 4011 note).

(c) REPORT.—Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Director of the Federal Emergency Management Agency shall submit a report to the Congress describing the implementation of each provision of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (Public Law 108–264) and identifying each regulation, order, notice, and other material issued by the Director in implementing each such provision.

SEC. 16. UPDATING OF FLOOD MAPS AND ELEVATION STANDARDS.

(a) FLOOD MAPPING PROGRAM.—Section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101) is amended by adding at the end the following new subsection:

''(k) PROGRAM TO REVIEW, UPDATE, AND MAINTAIN FLOOD INSURANCE PROGRAM MAPS.—

''(1) IN GENERAL.—The Director, in coordination with the Technical Mapping Advisory Council established pursuant to section 576 of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note) and section 16(c) of the Flood Insurance Reform and Modernization Act of 2006, shall establish a program under which the Director shall review, update, and maintain national flood insurance program rate maps in accordance with this subsection.

''(2) INCLUSIONS.—

''(A) COVERED AREAS.—Each map updated under this subsection shall include a depiction of—

''(i) the 500-year floodplain;

''(ii) areas that could be inundated as a result of the failure of a levee, as determined by the Director; and

''(iii) areas that could be inundated as a result of the failure of a dam, as identified under the National Dam Safety Program Act (33 U.S.C. 467 et seq.).

''(B) OTHER INCLUSIONS.—In updating maps under this subsection, the Director may include—

''(i) 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;

''(ii) any relevant information of the Geographical Service on stream flows, watershed characteristics, and topography that is useful in the identification of flood hazard areas, as determined by the Director; and

''(iii) a description of any hazard that might impact flooding, including, as determined by the Director—

''(I) land subsidence and coastal erosion areas;

''(II) sediment flow areas;

''(III) mud flow areas;

''(IV) ice jam areas; and

''(V) areas on coasts and inland that are subject to the failure of structural protective works, such as levees, dams, and floodwalls.

''(3) STANDARDS.—In updating and maintaining maps under this subsection, the Director shall establish standards to—

''(A) ensure that maps are adequate for—

''(i) flood risk determinations; and

''(ii) use by State and local governments in managing development to reduce the risk of flooding; and

''(B) facilitate the Director, in conjunction with State and local governments, to identify and use consistent methods of data collection and analysis in developing maps for communities with similar flood risks, as determined by the Director.

''(4) HURRICANES KATRINA AND RITA MAPPING PRIORITY.—In updating and maintaining maps under this subsection, the Director shall—

''(A) give priority to the updating and maintenance of maps of coastal areas affected by Hurricane Katrina or Hurricane Rita to provide guidance with respect to hurricane recovery efforts; and

''(B) use the process of updating and maintaining maps under subparagraph (A) as a model for updating and maintaining other maps.

''(5) ANNUAL REPORT.—Not later than June 30 of each year, the Director shall submit a report to the Congress describing, for the preceding 12-month period, the activities of the Director under the program under this section and the reviews and updates of flood insurance program rate maps conducted under the program. Each such annual report shall contain the most recent report of the Technical Mapping Advisory Council pursuant to section 576(c)(3) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note).

''(6) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Director to carry out this subsection $300,000,000 for each of fiscal years 2007 through 2012.''.

(b) REVIEW AND UPDATING OF ALL FLOOD ZONES AND ANNUAL MAP MODERNIZATION REPORTS.—

(1) REQUIRED REVISION.—In carrying out the program under subsection (k) of section 1360 of the National Flood Insurance Act of 1968 (as added by subsection (a) of this section), the Director of the Federal Emergency Management Agency shall, as soon as possible after the date of the enactment of this Act, conduct a review of all floodplain areas and flood-risk zones identified, delineated, or established pursuant to such section 1360 and shall revise and update all such areas and zones.

(2) CERTIFICATION OF COMPLETION.—Upon completing the review, revision, and updating required under paragraph (1), the Director shall submit to the Congress a report certifying such completion.

(3) ANNUAL REPORTS.—During the period that ends upon certification under paragraph (2) of this subsection by the Director, the Director shall include in the annual report required under section 1360(k)(5) of the National Flood Insurance Act of 1968 (as added by subsection (a) of this section) a description of the extent to which the review and updating required under paragraph (1) of this subsection has been completed.

(c) REESTABLISHMENT OF TECHNICAL MAPPING ADVISORY COUNCIL.—

(1) REESTABLISHMENT.—There is reestablished the Technical Mapping Advisory Council, in accordance with this subsection and section 576 of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note).

(2) MEMBERSHIP.—Paragraph (1) of section 576(b) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note) is amended—

(A) by redesignating subparagraphs (E), (F), (G), (H), (I), and (J) as subparagraphs (F), (G), (H), (K), (M), and (N), respectively;

(B) by inserting after subparagraph (D) the following new subparagraph:

''(E) a representative of the Corps of Engineers of the United States Army;'';

(C) by inserting after subparagraph (H) (as so redesignated by subparagraph (A) of this paragraph) the following new subparagraphs:

''(I) a representative of local or regional flood and stormwater agencies;

''(J) a representative of State geographic information coordinators;''; and

(D) by inserting after subparagraph (K) (as so redesignated by subparagraph (A) of this paragraph) the following new subparagraph:

''(L) a representative of flood insurance servicing companies;''.

(3) APPOINTMENT.—The Director of the Federal Emergency Management Agency, or the Director's designee, shall take action as soon as possible after the date of the enactment of this Act to appoint the members of the Technical Mapping Advisory Council pursuant to section 576(b)(1) of the National Flood Insurance Reform Act of 1994, as amended by paragraph (2) of this subsection.

(4) DUTIES.—Subsection (c) of section 576 of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note) is amended to read as follows:

''(c) DUTIES.—The Council shall—

''(1) make recommendations to the Director for improvements to the flood map modernization program under section 1360(k) of the National Flood Insurance Act of 1968 (42 U.S.C. 41010(k));

''(2) make recommendations to the Director for maintaining a modernized inventory of flood hazard maps and information; and

''(3) submit an annual report to the Director that contains a description of the activities and recommendations of the Council.''.

(5) TERMINATION.—Subsection (k) of section 576 of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4101 note) is amended by striking ''under subsection (b)(1)'' and inserting ''pursuant to subsection (b)(1) of this section and section 16(c)(3) of the Flood Insurance Reform and Modernization Act of 2006''.

(d) POST-DISASTER FLOOD ELEVATION DETERMINATIONS.—Section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104) is amended by adding at the end the following new subsection:

''(h) EXPEDITED COMMUNITY ADOPTION OF POST-DISASTER ADVISORY FLOOD ELEVATIONS.—If the Director determines that it is appropriate to examine flood elevation determinations after flood-related disasters, to incorporate data gathered since the publication of an effective flood insurance rate map or other flood hazard map and to issue advisory flood elevations, the Director shall expedite the notification and publication procedures in this section. The Director shall require community adoption of the advisory flood elevation information under such expedited procedures for the purposes of local land use and control measures and for the purposes of facilitating flood-resistant reconstruction when Federal funds are made available. Expediting the notification and publication procedures shall be accomplished to preserve all rights to submit information and to appeal the Director's findings.''.

SEC. 17. NATIONAL LEVEE INVENTORY.

To identify levees for the national flood insurance program, the Director of the Federal Emergency Management Agency shall maintain and periodically publish an inventory of levees in the United States, and shall consult with the Secretary of the Army as necessary to maintain such inventory.

SEC. 18. CLARIFICATION OF REPLACEMENT COST PROVISIONS, FORMS, AND POLICY LANGUAGE.

Not later than the expiration of the 3-month period beginning on the date of the enactment of this Act, the Director of the Federal Emergency Management Agency shall—

(1) issue regulations, and revise any materials made available by such Agency, to clarify the applicability of replacement cost coverage under the national flood insurance program;

(2) revise any regulations, forms, notices, guidance, and publications relating to the full cost of repair or replacement under the replacement cost coverage to more clearly describe such coverage to flood insurance policyholders and information to be provided by such policyholders relating to such coverage, and to avoid providing misleading information to such policyholders; and

(3) revise the language in standard flood insurance policies under such program regarding rating and coverage descriptions in a manner that is consistent with language used widely in other homeowners and property and casualty insurance policies, including such language regarding classification of buildings, basements, crawl spaces, detached garages, enclosures below elevated buildings, and replacement costs.

SEC. 19. AUTHORIZATION OF ADDITIONAL FEMA STAFF.

Notwithstanding any other provision of law, the Director of the Federal Emergency Management Agency may employ such additional staff of such Agency as may be necessary to carry out all of the responsibilities of the Director pursuant to this Act and the amendments made by this Act. There are authorized to be appropriated to Director such sums as may be necessary for costs of employing such additional staff.

The CHAIRMAN. No amendment to the bill shall be in order except those printed in House Report 109–530. Each amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. OXLEY

The CHAIRMAN. It is now in order to consider amendment No. 1 printed in House Report 109–530.

Mr. OXLEY. Mr. Chairman, I have an amendment at the desk made in order under the rule.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. OXLEY:

Page 9, strike lines 9 and 10 and insert ''the submission to the Congress, by the Director of the Federal Emergency Management Agency, of the report required under''.

Page 9, line 17, strike ''date of the enactment of this Act'' and insert ''effective date under paragraph (1) of this subsection''.

Page 10, line 10, strike ''date of the enactment of this Act'' and insert ''effective date under paragraph (1) of this subsection''.

Page 10, line 18, after ''Section 1306(c)(1)'' insert ''of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(c)(1))''.

Page 11, line 2, after ''$1,000,000'' (and before the close quotation marks) insert the following: ''; except that such limitation shall not apply to a regulated lending institution or enterprise for a calendar year if, in any three (or more) of the five calendar years immediately preceding such calendar year, the total amount of penalties assessed under this subsection against such lending institution or enterprise was $1,000,000''.

Strike line 20 on page 15 and all that follows through line 8 on page 16 and insert the following:

''(a) REQUIREMENT TO PARTICIPATE.—In the case of the occurrence of a natural catastrophe that may have resulted in flood damage covered by insurance made available under the National Flood Insurance Program and a loss covered by personal lines residential property insurance policy, upon request made by the insurance commissioner of a State (or such other official responsible for regulating the business of insurance in the State) for the participation of representatives of the Director in a program sponsored by such State for nonbinding mediation of insurance claims resulting from a natural catastrophe, the Director shall cause such representatives to participate in such State program, when claims under the national flood insurance program are involved, to expedite settlement of flood damage claims resulting from such catastrophe.''.

Page 17 lines 4 through 6, strike ''Adjusters representing the national flood insurance program who participate pursuant to subsection (b)(1)'' and insert ''Representatives of the Director who participate pursuant to this section''.

Page 17, line 12, strike the quotation marks and the last period.

Page 17, after line 12 insert the following:

''(d) MEDIATION PROCEEDINGS AND PRIVILEGED DOCUMENTS.—As a condition of the participation of Representatives of the Director pursuant to this section in State-sponsored mediation, all statements made and documents produced pursuant to such mediation involving representatives of the Director shall be deemed privileged and confidential settlement negotiations made in anticipation of litigation.

''(e) EFFECT OF PARTICIPATION ON LIABILITY, RIGHT, AND OBLIGATIONS.—Participation of Representatives of the Director pursuant to this section in State-sponsored mediation shall not affect or expand the liability of any party in contract or in tort, nor shall it affect the rights or obligations of the parties as provided in the Standard Flood Insurance Policy under the national flood insurance program, regulations of the Federal Emergency Management Agency, this Act, or Federal common law.

''(f) EXCLUSIVE FEDERAL JURISDICTION.—Participation of Representatives of the Director pursuant to this section in State-sponsored mediation shall not alter, change or modify the original exclusive jurisdiction of United States courts as provided in this Act.

''(g) COST LIMITATION.—Nothing in this section shall be construed to require the Director or representatives of the Director to pay additional mediation fees relating to flood claims associated with a State-sponsored mediation program in which representatives of the Director participate.

''(h) EXCEPTION.—In the case of the occurrence of a natural catastrophe that results in flood damage claims under the national flood insurance program and does not result in any loss covered by a personal lines residential property insurance policy—

''(1) this section shall not apply; and

''(2) the provisions of the Standard Flood Insurance Policy under the national flood insurance program and the appeals process established pursuant to section 205 of the Bunning-Bereueter-Blumenauer Flood Insurance Reform Act of 2004 (Public Law 108–264; 118 Stat. 726) and regulations issued pursuant to such section shall apply exclusively.

''(i) REPRESENTATIVES OF DIRECTOR.—For purposes of this section, the term 'representatives of the Director' means representatives of the national flood insurance program who participate in the appeals process established pursuant to section 205 of the Bunning-Bereueter-Blumenauer Flood Insurance Reform Act of 2004 (Public Law 108–264; 118 Stat. 726) and regulations issued pursuant to such section.''.

Page 15, line 5, strike ''$18,500,000,000'' and insert ''$20,775,000,000''.

Page 24, line 22, before ''REVIEW'' insert ''ONE-TIME''.

Strike line 24 on page 24 and all that follows through line 2 on page 25 and insert the following:

(2) REQUIRED REVISION.—The Director of the

Page 25, line 8, after the period insert the following: ''The revisions and updating under this paragraph shall not be subject to the requirements of section 1360(k) of the National Flood Insurance Act of 1968 (as added by subsection (a) of this section).''.

Strike line 8 on page 28 and all that follows through line 2 on page 29 and insert the following:

(d) POST-DISASTER FLOOD ELEVATION DETERMINATIONS.—Section 1361 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

''(l) INTERIM POST-DISASTER FLOOD ELEVATIONS.—

''(1) AUTHORITY.—Notwithstanding any other provision of this section or section 1363, the Director may, after any flood-related disaster, establish by order interim flood elevation requirements for purposes of the national flood insurance program for any areas affected by such flood-related disaster.

''(2) EFFECTIVENESS.—Such interim elevation requirements for such an area shall take effect immediately upon issuance and may remain in effect until the Director establishes new flood elevations for such area in accordance with section 1363 or the Director provides otherwise.''.

The CHAIRMAN. Pursuant to House Resolution 891, the gentleman from Ohio (Mr. OXLEY) and a Member opposed each will control 5 minutes.

Mr. FRANK of Massachusetts. Mr. Chairman, in the absence of any opposition, I ask unanimous consent to be recognized for the other 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio.

Mr. OXLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of the manager's amendment to H.R. 4973. In addition to making technical changes necessary for the bill, the manager's amendment will clarify the drafter's intent in a handful of areas.

□ 1430

This amendment establishes that the phasing in of actuarial rates for second homes and nonresidential properties will begin once FEMA has certified completion of their map modernization efforts. This is necessary to ensure that subsidies are eliminated fairly and without inaccurate information about which homeowners should be purchasing flood insurance in the first place.

In addition, the amendment provides that the $1 million cap on penalties for nonenforcement of NFIP requirements not apply to regulated entities that have been assessed a penalty of $1 million in any 3 of the past 5 calendar years. This will help ensure that bad actors not get away with ignoring the need for adequate enforcement or mandatory flood insurance purchase requirements.

This amendment more clearly defines FEMA participation in State disaster claims mediation programs and ensures the confidentiality of documents and conversations during the mediation process.

In addition, it clarifies that mediation participation does not interfere with the exclusive Federal jurisdiction enjoyed by the Federal courts over the NFIP and provides that FEMA will not incur any additional fees as a result of mediation participation.

The manager's amendment also more clearly sets out the timeline for FEMA's inclusion of certain features on updated floodplain maps and clarifies the FEMA Director's authority regarding the ability to issue interim postdisaster flood elevation building requirements.

This amendment is a bipartisan effort that makes this bill better and more technically sound. I urge my colleagues to support it.

Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I concur fully with the gentleman from Ohio.

Mr. Chairman, I yield back the balance of my time.

Mr. OXLEY. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. OXLEY).

The amendment was agreed to.

AMENDMENT NO. 2 OFFERED BY MR. BURTON OF INDIANA

The CHAIRMAN. It is now in order to consider amendment No. 2 printed in House Report 109–530.

Mr. BURTON of Indiana. Mr. Chairman, I rise to discuss my amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. BURTON of Indiana:

Page 29, after line 2, insert the following new section:

SEC. 17. NOTIFICATION AND APPEAL OF MAP CHANGES; NOTIFICATION OF ESTABLISHMENT OF FLOOD ELEVATIONS.

Section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104) is amended by striking the section designation and all that follows through the end of subsection (a) and inserting the following:

''SEC. 1363. (a) In establishing projected flood elevations for land use purposes with respect to any community pursuant to section 1361, the Director shall first propose such determinations—

''(1) by providing the chief executive officer of each community affected by the proposed elevations, by certified mail, with a return receipt requested, notice of the elevations, including a copy of the maps for the elevations for such community and a statement explaining the process under this section to appeal for changes in such elevations;

''(2) by causing notice of such elevations to be published in the Federal Register, which notice shall include information sufficient to identify the elevation determinations and the communities affected, information explaining how to obtain copies of the elevations, and a statement explaining the process under this section to appeal for changes in the elevations;

''(3) by publishing the elevations in a prominent local newspaper; and

''(4) by providing written notification, by first class mail, to each owner of real property affected by the proposed elevations of—

''(A) the status of such property, both prior to and after the effective date of the proposed determination, with respect to flood zone and flood insurance requirements under this Act and the Flood Disaster Protection Act of 1973;

''(B) the process under this section to appeal a flood elevation determination; and

''(C) the mailing address and phone number of a person the owner may contact for more information or to initiate an appeal.''.

The CHAIRMAN. Pursuant to House Resolution 891, the gentleman from Indiana (Mr. BURTON) and a Member opposed each will control 5 minutes.

Mr. BLUMENAUER. Mr. Chairman, I seek time in opposition to the amendment.

The CHAIRMAN. The gentleman will control 5 minutes.

The Chair recognizes the gentleman from Indiana.

Mr. BURTON of Indiana. Congressman STARK and I both realized a problem that exists in the redrawing of the floodplain maps across this country. FEMA is in the process of reshooting the maps in several parts of the country, and the only way people who are in the affected areas know about it is, in the classified section of the newspaper, there is some very fine print that says that there is going to be a meeting discussing the elevations of the new floodplains. We had about 3 or 400 people in my district that didn't know anything about this until after the fact.

Now, the problem is, once FEMA has redrawn these maps and they have been approved, the only way a person in a projected floodplain knows about it is if the insurance company contacts him and says you have 45 days to buy insurance or else we will add it to your mortgage payment. We had about 300 people in moderate income areas that were going to be hit with an extra thousand or $2,000 a year for flood insurance when there hadn't been a flood there for 100 or 150 years. In fact, nobody ever heard of having a flood in this area. Yet these people have been adversely affected.

Once these maps have been drawn and approved, the only way a person in a newly affected area can have restitution is to go and spend maybe a thousand or $2,000 hiring a lawyer and then fighting the governmental process, the agency, to prove that they are not in a floodplain.

What my bill does and Mr. STARK's bill does is simply say that FEMA has to send a first-class letter to everybody in the affected area so they know there is going to be a meeting talking about them being in a newly designated floodplain. It will cost maybe 35 to 40 cents a letter, maybe even less than that if they would use bulk mail.

In this particular case, the 300 families in the affected area, it would have cost $120 to notify them that there was a change in their status. There had not been a flood there in anybody's recollection, at least not in 100 or 150 years.

I think this is a very important amendment. It helps people all across the country. I really appreciate the chairman of the committee and the ranking member saying they would approve this amendment. So I thank you very much, Mr. Chairman and Mr. Ranking Member.

I yield to my colleague, Mr. STARK.

Mr. STARK. I thank the distinguished gentleman from Indiana for yielding. I would like to associate myself with his remarks.

In my community, this came to my attention several years back when 3 or 4,000 households in two different cities received notification just 45 days before the insurance bill was due from their mortgage companies and were told that within 45 days they would have to pay between $1,000 and $2,000 in insurance. In both communities, half of the households were excluded, but each household had to go individually, perhaps at a cost of $1,000 to $2,000 a household. That was a million to $2 million without even hiring lawyers or surveyors in my district to relieve themselves from this onerous, unneeded insurance premium. We can send a million letters for less than $400,000 if that became necessary.

It is a question of timely notification. I think it is only fair for us to notify the individual property owners, to give them time to be able to get the surveys and get the information they needed before they have to pay up the first thousand or $2,000 in premium and then later try and escape from under this, if their property is excludable, from the floodplain. I urge the adoption of the amendment.

Mr. Chairman, I want to thank the gentleman from Indiana for yielding and for his work on this issue.

This first came to my attention back in 2000 when flood maps were updated in Alameda County in the 13th Congressional District. Thousands of residents in San Leandro and Fremont found out that they were added to a floodplain by getting a letter from their lender. They had 45 days to select a policy and pay the annual premium or the lender would choose for them and add it to their monthly payment.

There was no explanation of what had suddenly determined them to be in a floodplain and the community appeal window was already closed. Needless to say, the National Flood Insurance Program ranks somewhere just above the IRS in popularity in my district.

Considering the ongoing nationwide map modernization program and the new FEMA requirement to assume houses behind levees require flood insurance unless the levees are certified, this problem will affect almost every congressional district in the country, if it hasn't already.

The logic of the Burton/Stark amendment is simple. Translating flood maps into on-the-ground information about households is already happening, but often only in time to send the first bill for flood insurance.

Our amendment merely changes the timeline to guarantee that property owners will find out earlier in the process when there is still time to get involved and appeal as a community.

In my district, more than half of the households added to the floodplain were later taken out. If they could have done so as a group rather than individually appealing and hiring their own surveyors, it would have saved both time and money, not to mention the reputation of the flood insurance program.

I urge my colleagues to support the Burton/Stark amendment. All our constituents deserve to be kept informed about federal requirements that directly impact their pocketbooks.

I thank the gentleman for yielding.

Mr. BURTON of Indiana. Once again, I want to thank my colleague for being a cosponsor; and I want to thank the chairman for accepting.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BURTON of Indiana. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I just want to be clear that I support this amendment.

Mr. BURTON of Indiana. Thank you, Mr. FRANK. Thank you, Mr. Chairman.

Mr. FRANK of Massachusetts. If the gentleman would yield further, I would just say that anytime the gentleman from Indiana and the gentleman from California support an amendment, I will be there.

Mr. BURTON of Indiana. Thank you, BARNEY.

Mr. BLUMENAUER. Let me say, I appreciate the intent that is offered by the sponsors of this amendment. I was prepared, however, to argue rather strongly in opposition in terms of the reimbursement mechanism that was involved, but I understand that that has been stripped out and it is now just purely a notification. While I am hopeful that, as this works its way through the process, we can deal with making sure that the notification process doesn't get in the way of trying to move this in an orderly fashion, I am not prepared to demand a rollcall or be cranky about it, because I do think you have adjusted your amendment so that it loses its onerous nature in the way that it was originally filed.

I appreciate the direction you are going and would look forward to working with the gentlemen to make sure that this furthers the public notification but does not bog down the process unnecessarily. As I say, I appreciate the direction that you are going.

Mr. STARK. Mr. Chairman, will the gentleman yield?

Mr. BLUMENAUER. I yield to the gentleman from California.

Mr. STARK. I appreciate his usual tenacity in watch-dogging the Federal dollar.

I would apologize. On our side of the aisle, the whip notice had it incorrect as it came out this morning. The gentleman is correct. It has been corrected. The distinguished gentleman from Indiana has seen that the amendment is limited to the notification, and I think it will assuage concerns.

I thank the gentleman for yielding.

Mr. BLUMENAUER. I personally feel more comfortable about that. I didn't know it when I claimed time in opposition because I had some outdated information. I didn't realize how fast this legislative train was rolling, but I feel better now.

Mr. Chairman, I yield back the balance of my time.

Mr. BURTON of Indiana. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. BURTON).

The amendment was agreed to.

AMENDMENT NO. 3 OFFERED BY MR. GARRETT OF NEW JERSEY

The CHAIRMAN. It is now in order to consider amendment No. 3 printed in House Report 109–530.

Mr. GARRETT of New Jersey. Mr. Chairman, I have an amendment at the desk.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. GARRETT of New Jersey:

Page 8, line 4, after ''**PROPERTIES**'' insert ''**, CERTAIN PRE-FIRM PROPERTIES,**''.

Page 8, line 17, strike the quotation marks and the second period.

Page 8, after line 17, insert the following new paragraph:

''(4) RECENTLY PURCHASED PRE-FIRM PROPERTIES.—Any property that—

''(A) has been constructed or substantially improved and for which such construction or improvement was started, as determined by the Director, before December 31, 1974, or before the effective date of the initial rate map published by the Director under paragraph (2) of section 1360 for the area in which such property is located, whichever is later; and

''(B) is purchased after the date of the enactment of the Flood Insurance Reform and Modernization Act of 2006.''.

Page 9, line 14, strike ''or (3)'' and insert '', (3), or (4)''.

Page 10, line 12, strike ''and (3)'' and insert '', (3), and (4)''.

The CHAIRMAN. Pursuant to House Resolution 891, the gentleman from New Jersey (Mr. GARRETT) and a Member opposed each will control 5 minutes.

Mr. BLUMENAUER. Mr. Chairman, I would claim the time in opposition.

The CHAIRMAN. The gentleman will control 5 minutes.

The Chair recognizes the gentleman from New Jersey.

Mr. GARRETT of New Jersey. Mr. Chairman, back in 1968, Congress created the National Flood Insurance Program, the NFIP, with the intent of providing homeowners that live in floodplains the opportunity to purchase flood insurance from the Federal Government. At the time, there were little to no opportunities to purchase flood insurance from the private insurance market.

Over the years, some problems have developed in that program, and so I come to the floor of this House today to thank Chairman OXLEY, Chairman BAKER and Ranking Member FRANK for all their hard work in putting together the important piece of legislation that is before this House today to try to address some of those problems that have been experienced in the past and to make sure that we have a national flood program worthy of the constituents at home and the problems that they face.

There were several different solutions to address one of the issues that came up, and that is dealing with homeowners who were in existing pre-FIRM homes and the insurance that they could afford to buy and coming forward with those homes maybe right across the street from them that did not qualify.

In an effort to reach a compromise between the two sides, I am offering today an amendment that is a compromise, a commonsense one, I think, a middle ground, if you will, that would provide additional resources to the flood insurance program in a fair way and not subject current homeowners of pre-FIRM houses to an unanticipated or unplanned increase in their flood insurance premiums.

My amendment would simply require any purchaser of a pre-FIRM residential home to pay a phased-in actuarially correct flood insurance price using the same phase-in structure that nonresidential and nonprimary homes are currently subject to in this system.

In essence, it comes down to this. If someone has a pre-FIRM home and had that home for a period of time and someone across the street came in and purchased that home, that current purchaser would look across the street and say that they are subsidizing the gentleman across the street. We are saying that should not occur indefinitely. That when that pre-FIRM homeowner eventually, whenever that date occurs, sells that home, that property then would phase into the current system, there would no more subsidization of those homes any further, and everyone would be on the same level playing field.

Again, I thank the members of the committee, I thank the chairman as well, for working with us on this program as we brought it up in the committee at that time.

Mr. Chairman, I reserve the balance of my time.

Mr. BLUMENAUER. Mr. Chairman, I would yield myself 3 minutes.

Let me say, I appreciate the gentleman's deep interest in making sure that we are moving forward with reform in the flood insurance program and that we are dealing with some of the idiosyncratic ways that there are some folks that never get out of being an exception. With all due respect, that the approach that has been adopted by the committee is one that over the long run is going to be the most advantageous.

I share your concern, but as I have been working with the floodplain managers from the various States around the country, the people on the ground are concerned about the impact that the rapid movement towards dealing with these other subsidized residential properties would have. There is a very real problem because a lot of these properties do change hands frequently, in knowing what the impact is, and that many people would end up not seeking subsidized property, that communities may opt out, all this could end up being counterproductive. Particularly as it relates to the area, and again I referenced in my opening comments being sensitized by Mr. TAYLOR and by Mr. BAKER, about some of the practical realities, particularly for low-income communities. While it seems that this would be a way to phase it in only when the property changes hands, this would have the practical effect of discounting the value overnight to the people who own these properties, many of whom may be low income. So it would depress the price of the homes that they own because the seller would be subjected to the higher premium.

You and I know that in the long run that is a more rational policy for the taxpayer and for the people who hold those policies, but there is a psychology that is at work with some communities and with some owners and it may well be counterproductive.

So, with all due respect, I would suggest that what we ought to be doing is looking for ways to phase it in over time with these communities, that we deal with emphasizing mitigation like we had in the 2004 legislation, because I fear there may be a double whammy, where communities are less interested in participating and that you may be penalizing some of the very low-income property owners in a way that I don't think any of us want.

□ 1445

So while I sympathize with the approach, while I applaud the committee for advancing the boundaries, this is one area where I would suggest that this, what looks like a simple phase-in, actually may not be a simple phase-in and may have unintended consequences.

Mr. Chairman, I reserve the balance of my time.

Mr. GARRETT of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I thank the gentleman for yielding, and I thank him for his leadership on this issue. I also want to thank Chairman OXLEY and Chairman BAKER for all of their good work in bringing this bill to the floor, because it addresses a very, very serious challenge that we have.

We all know that Hurricanes Katrina and Rita represented a great physical catastrophe for this generation. I think it is incumbent upon us to make sure that it does not turn into a great fiscal tragedy for the next.

I remember speaking to a factory worker at the Pepsi plant in my district in Mesquite, Texas. He said, Congressman, I want to do everything I can to help those people on the gulf coast, but tell me you are going to do a few things differently so I don't have to do it again.

We know that the National Flood Insurance Program is not actuarially sound. It is not fiscally solvent. Congress is having to bail it out. Yet if you look at the legislative history, since 1981 it was supposed to be fiscally solvent. So the underlying bill takes a

number of steps to start taking us in that direction.

But if we are going to have a National Flood Insurance Program, we should not be subsidizing people and incenting them to live in places that, frankly, put them in harm's way, especially at the taxpayers' expense. If they are going to put themselves in harm's way, that is the decision they need to make, but we should not be a party to incenting them to do it.

So I think that the gentleman from New Jersey, his amendment takes a very, very reasonable small step towards helping make this program a little bit more fiscally solvent, and I think it is fair.

It is one thing to say on the pre-FIRM properties when we were trying to incent people to get into the program, okay, to some extent you are grandfathered. But new people who are coming in, if we are going to save this program for new future generations, I believe we need to take more steps toward fiscal responsibility, and the gentleman from New Jersey, his amendment is a very reasoned amendment that takes us in that direction, and I believe the House should support it.

Mr. BLUMENAUER. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Chairman, I thank the gentleman.

We sometimes get into confusing phrases here. We are talking about pre-FIRM. I know a lot of us are worrying about that stage in life when you are post-FIRM. But here we are talking about an important issue.

I am torn on this. I have been ambivalent. I opposed this amendment in committee. I thought some more about it. Both my friends, both the gentleman from Oregon and the gentleman from New Jersey, make some good points, and I would say this: I expect this amendment will probably get adopted. But I hope we can do this. In general, I think it is a reasonable thing to do, but there are low-income buyers, owners, who, through no fault of their own, they weren't warned, find themselves in this position, and there is the danger that the one small asset they have can get devalued.

Our colleague from Texas, Mr. GREEN, had an amendment that tried to provide some relief on premiums for people in the very low end. I would hope if this amendment were adopted, I would address this to the chairman, the gentleman from Louisiana and others, we might then as a committee take up the question of whether some relief might be appropriate for people who are at the lowest end of the spectrum, people who do own a home, but that is about all they have.

I think this is a case where the general principle is a good one, but a negative impact may be excessive on some people at the lower end. So that would be my hope, we would then, because this is an ongoing process, be able to look at that.

Mr. GARRETT of New Jersey. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I will just conclude by saying to the ranking member the same thing the ranking member said to me in the committee, and that is when we first proposed it, I will be glad to work with you to try to make this amendment an even better amendment.

I appreciate your consideration that there were two ends of the spectrum, one that said we should eliminate this subsidy, if you will, today, and other people have said we should never eliminate it, it should just continue on; and we were just trying to find that proverbial middle ground. Hopefully, we have gotten one step closer to that with this amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. BLUMENAUER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I appreciate what the gentleman is saying. I have spent the last 6 years trying to inject some fiscal responsibility into the program. I have supported the work that the committee has done. But along the way, I have been sensitized to some of the impacts that we don't want to have that are unintended in terms of discouraging participation.

So as you are working with the committee in terms of refining this, I would hope that there would be some sensitivity, if this amendment passes, to the impact on low income.

For instance, one of the unintended consequences may be driving people who are in this circumstance to be seeking financing from sub prime lenders there by avoiding flood insurance, by very expensive financing mechanisms. It ought to go hand in hand with what we do in terms of having more mandatory coverage so there aren't people that are sort of drifting along, and that it doesn't have unintended consequences for having people and communities opt out, or for low-income people, being unduly disadvantaged. I sympathize with what you are saying, and I would be happy to work with you as well.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. GARRETT).

The amendment was agreed to.

AMENDMENT NO. 4 OFFERED BY MR. TAYLOR OF MISSISSIPPI

The CHAIRMAN. It is now in order to consider amendment No. 4 printed in House Report 109–530.

Mr. TAYLOR of Mississippi. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Mr. TAYLOR of Mississippi:

At the end of the bill, add the following new section:

SEC. 20. INVESTIGATION OF WRITE-YOUR-OWN INSURERS' ADJUSTMENT OF CLAIMS RELATING TO HURRICANE KATRINA.

(a) INVESTIGATION.—The Inspector General of the Department of Homeland Security shall carry out an investigation of insurers making flood insurance coverage available under the Write-Your-Own program pursuant to section 1345 of the National Flood Insurance Act of 1968 (42 U.S.C. 4081) and subpart C of part 62 of title 44, Code of Federal Regulations to determine—

(1) whether any such insurers, in adjusting and settling claims resulting from Hurricane Katrina, improperly attributed damages from such hurricane to flooding covered under coverage provided under the national flood insurance program rather than to windstorms covered by other coverage provided by such insurers or by windstorm insurance pools in which such insurers participated; and

(2) the extent to which such improper attribution of damages occurred.

(b) REPORT.—Not later than the expiration of the 6-month period that begins upon the date of the enactment of this Act, the Inspector General of the Department of Homeland Security shall submit to the Congress a report setting forth the conclusions of the investigation pursuant to subsection (a).

The CHAIRMAN. Pursuant to House Resolution 891, the gentleman from Mississippi (Mr. TAYLOR) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Mississippi.

Mr. TAYLOR of Mississippi. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, when the National Flood Insurance Program was put together, a couple of steps were taken to minimize the administrative costs of that program. One, under the National Write Your Own Program, allowed the private sector, companies like Allstate, State Farm and Nationwide, to sell this policy, get a fee for selling this policy, but the cost of actually paying the claims would be borne by the Federal Government. There is really nothing wrong with that. The problem came in when at the same time they allowed the same companies to adjudicate the claim in the aftermath of the storm.

The example I used earlier is that you have got a young claims adjuster. He is a company man. He works for State Farm; he works for Allstate or Nationwide. He has visions of being promoted to a manager. He has stock in that company. He wants to go far.

He is sent out to what is now a slab that just a few days ago was someone's home. There is nothing there. And he has to determine whether that house was destroyed by wind or by water.

In the case of south Mississippi, the Navy Oceanographic Lab tells us we had 6 to 8 hours of maximum hurricane winds before the water ever got there. In the case of the little town of Bay St. Louis, that meant you had winds for 6 to 8 hours from 100 miles an hour up to 150 miles an hour before the tidal surge came in and destroyed the evidence of what the wind did.

So this claims adjuster, who wants to go far with the company, can decide whether his company is going to pay

that claim through the wind pool, or whether the taxpayers are going to pay through the flood insurance program.

The FBI says that fraud is a crime of opportunity. No matter how well-intended Congress was when they wrote this, they created the opportunity for a heck of a lot of fraud. In fact, I think the biggest fraud that occurred after Hurricane Katrina wasn't people getting an extra FEMA check or two or three extra checks from the Red Cross, although that is deplorable. The biggest fraud occurred at the corporate level where the insurance industry made a corporate decision to, whenever possible, blame flooding every time and stick the taxpayers with bills that they should have paid.

Mr. Chairman, last year the insurance industry reported a $44 billion profit after everything. Last year Federal flood insurance lost $25 billion. That is the reason this bill is on the floor today. I don't think it is a coincidence, because I think what happened was whenever given the opportunity, the insurance industry stuck the taxpayer with bills that they should have paid.

So what I am asking for is for the Inspector General to look into this and hopefully use the Fraudulent Claims Act, which requires treble damages for anyone who submits a false claim to our Nation, in addition to a $5,000 or $10,000 fine every time a false claim is submitted. Because I am convinced that is precisely what happened.

Mr. Chairman, after we are told that that is what happened, I hope this Congress will come back and find a way to where we as a Nation won't just blindly accept the claims of an insurance industry when we pay that bill.

I used the analogy before. If Mr. OXLEY, if Mr. PICKERING, any Member of this body wants to be reimbursed for their trip to the airport, they have got to submit a claims ticket from that taxi driver for the 15 bucks, or they don't get paid.

But in the instance of national flood insurance, these insurance companies submitted claims for $100,000, $200,000, $250,000, and the taxpayer paid it every time without anyone second guessing. That is the opportunity for fraud, and I believe that fraud took place.

So, Mr. Chairman, I don't know of anyone who in their right mind could oppose this, I don't know of anyone who wants to see our tax dollars used unwisely, and I don't know of anyone who wants to see the National Flood Insurance Program defrauded or the subject of fraud.

So, again, it is my understanding that Mr. OXLEY will accept this amendment. I very much appreciate that. I hope that when the Inspector General report comes back 6 months from now that the next Congress will take steps to take away this opportunity for fraud.

Mr. OXLEY. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Mississippi. I yield to the gentleman from Ohio.

Mr. OXLEY. Mr. Chairman, I appreciate the gentleman yielding and also say to my friend from Mississippi, congratulations on a well-thought-out amendment. I know the gentleman has had personal issues with this, as well as our good friend, former House Member Senator LOTT; and we have had a number of discussions about the frustration that you and many of your constituents feel.

We think that it is appropriate that the IG conduct that investigation and report back within 6 months, and therefore we are prepared to accept the amendment.

Mr. TAYLOR of Mississippi. Again, Mr. Chairman, I very much thank the gentleman from Ohio, and I thank the gentleman from Massachusetts.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi (Mr. TAYLOR).

The amendment was agreed to.

The CHAIRMAN. It is now in order to consider amendment No. 5 printed in House Report 109–530.

AMENDMENT NO. 6 OFFERED BY MR. PICKERING

The CHAIRMAN. It is now in order to consider amendment No. 6 printed in House Report 109–530.

Mr. PICKERING. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. PICKERING:

Page 10, line 16, strike "**REDUCTION OF**".

Page 10, line 18, before "Section" insert "(a) REDUCTION.—".

Page 10, after line 18, insert the following new subsection:

(b) EXCEPTION.—Section 1306(c)(2)(A) of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(c)(2)(A)) is amended by inserting before the semicolon the following: "or is in connection with the purchase or other transfer of the property for which the coverage is provided (regardless of whether a loan is involved in the purchase or transfer transaction)".

The CHAIRMAN. Pursuant to House Resolution 891, the gentleman from Mississippi (Mr. PICKERING) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Mississippi.

Mr. PICKERING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, my amendment will simply allow the flood insurance coverage to become effective immediately upon the purchase or transfer of real property for which coverage is provided without regard to the financial mechanism used to purchase such property.

In sum, whether you buy using a loan as a mechanism of purchase or if you make a cash purchase of the property, what we discovered after Katrina is that some individuals had purchased a home using full payment, cash, and not using a loan, thinking that they would have the coverage of the flood insurance. They came to discover that unless it was through a loan mechanism, they would not be eligible for that coverage.

So this simply closes the loophole that has been discovered in the aftermath of Katrina, without undoing the congressional intent of protecting against the fraud or the actions of people who just go out to buy coverage when a hurricane or a flood warning comes. It is only with the purchase and the transfer of property that they are able to purchase the flood insurance. But it makes the policy clear, whether you are buying with cash or by loan, you will be able to have the protection that you believe you have a right to and are entitled to and assume that you would have in the event of a disaster.

I want to thank the committee for working with me and my staff as we close this loophole and would ask for their support as we go forward in this amendment. Again, I thank them for their cooperation as we went through the policy.

Mr. OXLEY. Mr. Chairman, will the gentleman yield?

Mr. PICKERING. I yield to the gentleman from Ohio.

Mr. OXLEY. Mr. Chairman, we are pleased to accept the amendment. I congratulate the gentleman on his foresight. We are prepared to vote in favor of the amendment.

Mr. PICKERING. Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN (Mr. BONILLA). The question is on the amendment offered by the gentleman from Mississippi (Mr. PICKERING).

The amendment was agreed to.

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AMENDMENT NO. 7 OFFERED BY MS. MATSUI

The Acting CHAIRMAN. It is now in order to consider amendment No. 7 printed in House Report 109–530.

Ms. MATSUI. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Ms. MATSUI:

Page 23, line 13, strike "and".

Page 23, line 19, strike the final period and insert "; and".

Page 23, after line 19 insert the following:

"(C) ensure that emerging weather forecasting technology is used, where practicable, in flood map evaluations and the identification of potential risk areas.".

The Acting CHAIRMAN. Pursuant to House Resolution 891, the gentlewoman from California (Ms. MATSUI) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California.

Ms. MATSUI. Mr. Chairman, I yield myself such time as I may consume.

My amendment, Mr. Chairman, simply asks that FEMA utilize emerging weather forecasting technology as they update our national flood maps. Applying such technologies gives us new

ways to solve old problems and address rising challenges. FEMA needs to be prepared to utilize this technology as it becomes more available to us.

This amendment makes sense. It will ensure that FEMA has the highest quality information when it works to determine the level of risk for vulnerable geographies. This language would not impose any additional financial burdens on FEMA.

As a member of the Science Committee, I made it one of my priorities to find ways to integrate emerging technologies into complex policy initiatives.

Mr. Chairman, I ask my colleagues to support my amendment.

Mr. OXLEY. Mr. Chairman, will the gentlewoman yield?

Ms. MATSUI. I yield to the gentleman from Ohio.

Mr. OXLEY. Mr. Chairman, the Chair is prepared to accept the amendment. I want to thank the gentlewoman for her foresight and also for merging this new technology with the ability of FEMA to make better and more accurate mapping.

Ms. MATSUI. Mr. Chairman, reclaiming my time, I thank the gentleman very much for supporting my amendment.

Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentlewoman from California (Ms. MATSUI).

The amendment was agreed to.

AMENDMENT NO. 8 OFFERED BY MS. EDDIE BERNICE JOHNSON OF TEXAS

The Acting CHAIRMAN. It is now in order to consider amendment No. 8 printed in House Report 109–530.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Ms. EDDIE BERNICE JOHNSON of Texas:

Page 24, after line 6 insert the following new paragraph:

''(5) EDUCATION PROGRAM.—The Director shall, after each update to a flood insurance program rate map, in consultation with the chief executive officer of each community affected by the update, conduct a program to educate each such community about the update to the flood insurance program rate map and the effects of the update.''.

Page 24, line 7, redesignate paragraph (5) as paragraph (6).

Page 24, line 18, redesignate paragraph (6) as paragraph (7).

The Acting CHAIRMAN. Pursuant to House Resolution 891, the gentlewoman from Texas (Ms. EDDIE BERNICE JOHNSON) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Texas.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Chairman, last year, our Nation was devastated with a series of natural disasters that negatively impacted our economic and social structures. The South especially incurred severe flood damage to their infrastructure and local communities. The floods varied from severe, slow and fast rising but were consistent in destroying people's homes and businesses.

This past hurricane season brought forth a series of catastrophes that devastated southern communities, injuring people's livelihoods and souls. The wave of destruction was insurmountable to none ever experienced.

The amendment that I have, Mr. Chairman, is to amend the Act simply to indicate the responsibility we feel that FEMA has to reach out and educate our communities.

FEMA uses the information produced by the flood insurance studies to prepare a flood insurance rate map that depicts the spatial extent of special flood hazard areas and our thematic features related to flood risk assessment.

The rate map is the basis for floodplain management, mitigation and insurance activities of the insurance program. As a result, flood risks have been assessed at approximately 20,400 communities nationwide.

As it stands, FEMA currently has a regulatory function that calls for communities to implement local outreach. However, no such function exists to mitigate any outreach responsibility on FEMA. Neither the code nor the regulations require FEMA to proactively implement outreach programs to educate local landowners.

In response to this oversight, I offer this amendment that requires FEMA to conduct educational programs to better inform local communities of changes made in the flood insurance map.

Currently, H.R. 4973, the Flood Insurance Reform and Modernization Act of 2006, lacks a mandate that calls for FEMA to implement the initiatives necessary to reach out to local communities and educate property owners who are affected by the map update. Many homeowners do not know about changes in the map. The only thing they know is that, after they have suffered a severe flood, they are not covered.

I think this amendment is a necessary step to ensure that FEMA is made responsible to make the vital information available to everyone who might be a flood victim. I believe that this is a necessary step to protect the lives of innocent people who have no choice but to rely on this congressional body to implement necessary safeguards that protects their well-being.

I urge adoption of this amendment.

Mr. OXLEY. Mr. Chairman, will the gentlewoman yield?

Ms. EDDIE BERNICE JOHNSON of Texas. I yield to the gentleman from Ohio.

Mr. OXLEY. Mr. Chairman, we have reviewed the amendment and are prepared to accept it.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Chairman, I thank the gentleman very much.

Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentlewoman from Texas (Ms. EDDIE BERNICE JOHNSON).

The amendment was agreed to.

Mr. OXLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mrs. MILLER of Michigan) having assumed the chair, Mr. BONILLA, Acting Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4973) to restore the financial solvency of the national flood insurance program, and for other purposes, had come to no resolution thereon.

PERMISSION TO OFFER AMENDMENT NO. 5 OUT OF SEQUENCE DURING FURTHER CONSIDERATION OF H.R. 4973, FLOOD INSURANCE REFORM AND MODERNIZATION ACT OF 2006

Ms. JACKSON-LEE of Texas. Madam Speaker, I ask unanimous consent that, during further consideration of H.R. 4973 pursuant to H. Res. 891, I may offer amendment No. 5 out of sequence.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Texas?

There was no objection.

FLOOD INSURANCE REFORM AND MODERNIZATION ACT OF 2006

The SPEAKER pro tempore. Pursuant to House Resolution 891 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 4973.

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IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4973) to restore the financial solvency of the national flood insurance program, and for other purposes, with Mr. BONILLA (Acting Chairman) in the chair.

The Clerk read the title of the bill.

The Acting CHAIRMAN. When the Committee of the Whole rose earlier today, amendment No. 8 printed in House Report 109–530 offered by the gentlewoman from Texas (Ms. EDDIE BERNICE JOHNSON) had been disposed of.

AMENDMENT NO. 5 OFFERED BY MS. JACKSON-LEE OF TEXAS

The Acting CHAIRMAN. It is now in order to consider amendment No. 5 printed in House Report 109–530.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.