

110TH CONGRESS  
1ST SESSION

# H. R. 3121

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 28, 2007

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

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## AN ACT

To restore the financial solvency of the national flood insurance program and to provide for such program to make available multiperil coverage for damage resulting from windstorms and floods, and for other purposes.

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

1 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

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

5 (b) **TABLE OF CONTENTS.**—The table of contents for  
 6 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 nonresidential properties and non-primary residences.
- Sec. 5. Exception to waiting period for effective date of policies.
- Sec. 6. Enforcement.
- Sec. 7. Multiperil coverage for flood and windstorm.
- Sec. 8. Maximum coverage limits.
- Sec. 9. Coverage for additional living expenses, basement improvements, business interruption, and replacement cost of contents.
- Sec. 10. Notification to tenants of availability of contents insurance.
- Sec. 11. Increase in annual limitation on premium increases.
- Sec. 12. Report regarding borrowing authority.
- Sec. 13. FEMA participation in State disaster claims mediation programs.
- Sec. 14. FEMA annual report on insurance program.
- Sec. 15. Flood insurance outreach.
- Sec. 16. Grants for direct funding of mitigation activities for individual repetitive claims properties.
- Sec. 17. Extension of pilot program for mitigation of severe repetitive loss properties.
- Sec. 18. Flood mitigation assistance program.
- Sec. 19. GAO study of methods to increase flood insurance program participation by low-income families.
- Sec. 20. Notice of availability of flood insurance and escrow in RESPA good faith estimate.
- Sec. 21. Reiteration of FEMA responsibilities under 2004 Reform Act.
- Sec. 22. Ongoing modernization of flood maps and elevation standards.
- Sec. 23. Notification and appeal of map changes; notification of establishment of flood elevations.
- Sec. 24. Clarification of replacement cost provisions, forms, and policy language.
- Sec. 25. Authorization of additional FEMA staff.
- Sec. 26. Extension of deadline for filing proof of loss.
- Sec. 27. 5-year extension of program.
- Sec. 28. Report on inclusion of building codes in floodplain management criteria.
- Sec. 29. Study of economic effects of charging actuarially-based premium rates for pre-firm structures.

- Sec. 30. Prohibition on enforcement of penalty assessed on condominium associations.
- Sec. 31. Report of administrative expenses of write-your-own insurers; independent audits.
- Sec. 32. Plan to verify maintenance of flood insurance on Mississippi and Louisiana properties receiving emergency supplemental funds.
- Sec. 33. GAO study of factors affecting enrollment in multiperil insurance program.
- Sec. 34. National flood insurance advocate; reports.
- Sec. 35. Requirements relating to windstorm and flood.
- Sec. 36. Notations on flood insurance rate maps for areas protected against 100-year and 500-year floods by certified flood control structure.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—The Congress finds that—

3 (1) flooding has been shown to occur in all 50  
4 States, the District of Columbia, and in all terri-  
5 tories and possessions of the United States;

6 (2) the national flood insurance program  
7 (NFIP) is the only affordable and reliable source of  
8 insurance to protect against flood losses;

9 (3) the aggregate amount of the flood insurance  
10 claims resulting from Hurricane Katrina, Hurricane  
11 Rita, and other events has exceeded the aggregate  
12 amount of all claims previously paid in the history  
13 of the national flood insurance program, requiring a  
14 significant increase in the program's borrowing au-  
15 thority;

16 (4) flood insurance policyholders have a legiti-  
17 mate expectation that they will receive fair and time-  
18 ly compensation for losses covered under their poli-  
19 cies;

1           (5) substantial flooding has occurred, and will  
2 likely occur again, outside the areas designated by  
3 the Federal Emergency Management Agency  
4 (FEMA) as high-risk flood hazard areas;

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

8           (7) about 450,000 vacation homes, second  
9 homes, and commercial properties are subsidized  
10 and are not paying actuarially sound rates for flood  
11 insurance;

12           (8) phasing out subsidies currently extended to  
13 vacation homes, second homes, and commercial  
14 properties would result in estimated average annual  
15 savings to the taxpayers of the United States and  
16 the national flood insurance program of  
17 \$335,000,000;

18           (9) the maximum coverage limits for flood in-  
19 surance policies should be increased to reflect infla-  
20 tion and the increased cost of housing;

21           (10) significant reforms to the national flood in-  
22 surance program required in the Bunning-Bereuter-  
23 Blumenauer Flood Insurance Reform Act of 2004  
24 have yet to be implemented; and

1           (11) in addition to reforms required in the  
2           Bunning-Bereuter-Blumenauer Flood Insurance Re-  
3           form Act of 2004, the national flood insurance pro-  
4           gram requires a modernized and updated adminis-  
5           trative model to ensure that the program is solvent  
6           and the people of the United States have continued  
7           access to flood insurance.

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

9           (1) to protect the integrity of the national flood  
10          insurance program by fully funding existing legal ob-  
11          ligations expected by existing policyholders who have  
12          paid policy premiums in return for flood insurance  
13          coverage and to pay debt service on funds borrowed  
14          by the NFIP;

15          (2) to increase incentives for homeowners and  
16          communities to participate in the national flood in-  
17          surance program and to improve oversight to ensure  
18          better accountability of the NFIP and FEMA;

19          (3) to increase awareness of homeowners of  
20          flood risks and improve the quality of information  
21          regarding such risks provided to homeowners; and

22          (4) to provide for the national flood insurance  
23          program to make available optional multiperil insur-  
24          ance coverage against loss resulting from physical

1 damage to or loss of real or personal property arising from any flood or windstorm.

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

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

10 (1) PRE-FIRM PROPERTIES.—The study shall  
11 determine the status of the national flood insurance  
12 program, as of the date of the enactment of this Act,  
13 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)),  
14 which shall include determinations of—

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

21 (B) the cost of providing coverage for such  
22 pre-FIRM properties to the national flood insurance program;  
23

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

4 (D) the effects that implementation of the  
5 Bunning-Bereuter-Blumenauer Flood Insurance  
6 Reform Act of 2004 will have on the national  
7 flood insurance program generally and on cov-  
8 erage of pre-FIRM properties under the pro-  
9 gram.

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

21 (A) the regulatory, financial and economic  
22 impacts of extending such mandatory purchase  
23 requirements on the costs of homeownership,  
24 the actuarial soundness of the national flood in-  
25 surance program, the Federal Emergency Man-

1           agement Agency, local communities, insurance  
2           companies, and local land use;

3           (B) the effectiveness of extending such  
4           mandatory purchase requirements in protecting  
5           homeowners from financial loss and in pro-  
6           tecting the financial soundness of the national  
7           flood insurance program; and

8           (C) any impact on lenders of complying  
9           with or enforcing such extended mandatory re-  
10          quirements.

11          (3) MANDATORY PURCHASE REQUIREMENT FOR  
12          NON-FEDERALLY RELATED LOANS.—The study shall  
13          assess the impact, effectiveness, and feasibility of,  
14          and basis under the Constitution of the United  
15          States for, amending the provisions of the Flood  
16          Disaster Protection Act of 1973 regarding the prop-  
17          erties that are subject to the mandatory flood insur-  
18          ance coverage purchase requirements under such Act  
19          to extend such requirements to any property that is  
20          located in any area having special flood hazards and  
21          which secures the repayment of a loan that is not  
22          described in paragraph (1), (2), or (3) of section  
23          102(b) of such Act, and shall determine how best to  
24          administer and enforce such a requirement, taking



1 into consideration other insurance purchase require-  
2 ments under Federal and State law.

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

8 **SEC. 4. PHASE-IN OF ACTUARIAL RATES FOR NONRESIDEN-**  
9 **TIAL PROPERTIES AND NON-PRIMARY RESI-**  
10 **DENCES.**

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

14 (1) by redesignating paragraph (2) as para-  
15 graph (4); and

16 (2) by inserting after paragraph (1) the fol-  
17 lowing new paragraphs:

18 “(2) NONRESIDENTIAL PROPERTIES.—Any non-  
19 residential property, which term shall not include  
20 any multifamily rental property that consists of four  
21 or more dwelling units.

22 “(3) NON-PRIMARY RESIDENCES.—Any residen-  
23 tial property that is not the primary residence of any  
24 individual, including the owner of the property or

1 any other individual who resides in the property as  
2 a tenant.”.

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

6 (1) in subsection (c)—

7 (A) in the matter preceding paragraph (1),  
8 by striking “the limitations provided under  
9 paragraphs (1) and (2)” and inserting “sub-  
10 section (e)”; and

11 (B) in paragraph (1), by striking “, ex-  
12 cept” and all that follows through “subsection  
13 (e)”; and

14 (2) in subsection (e), by striking “paragraph  
15 (2) or (3)” and inserting “paragraph (4)”.

16 (c) EFFECTIVE DATE AND TRANSITION.—

17 (1) EFFECTIVE DATE.—The amendments made  
18 by subsections (a) and (b) shall apply beginning on  
19 January 1, 2011, except as provided in paragraph  
20 (2) of this subsection.

21 (2) TRANSITION FOR PROPERTIES COVERED BY  
22 FLOOD INSURANCE UPON EFFECTIVE DATE.—

23 (A) INCREASE OF RATES OVER TIME.—In  
24 the case of any property described in paragraph  
25 (2) or (3) of section 1308(c) of the National

1 Flood Insurance Act of 1968, as amended by  
2 subsection (a) of this section, that, as of the ef-  
3 fective date under paragraph (1) of this sub-  
4 section, is covered under a policy for flood in-  
5 surance made available under the national flood  
6 insurance program for which the chargeable  
7 premium rates are less than the applicable esti-  
8 mated risk premium rate under section  
9 1307(a)(1) for the area in which the property  
10 is located, the Director of the Federal Emer-  
11 gency Management Agency shall increase the  
12 chargeable premium rates for such property  
13 over time to such applicable estimated risk pre-  
14 mium rate under section 1307(a)(1).

15 (B) ANNUAL INCREASE.—Such increase  
16 shall be made by increasing the chargeable pre-  
17 mium rates for the property (after application  
18 of any increase in the premium rates otherwise  
19 applicable to such property), once during the  
20 12-month period that begins upon the effective  
21 date under paragraph (1) of this subsection and  
22 once every 12 months thereafter until such in-  
23 crease is accomplished, by 15 percent (or such  
24 lesser amount as may be necessary so that the  
25 chargeable rate does not exceed such applicable

1 estimated risk premium rate or to comply with  
2 subparagraph (C)). Any increase in chargeable  
3 premium rates for a property pursuant to this  
4 paragraph shall not be considered for purposes  
5 of the limitation under section 1308(e) of such  
6 Act.

7 (C) PROPERTIES SUBJECT TO PHASE-IN  
8 AND ANNUAL INCREASES.—In the case of any  
9 pre-FIRM property (as such term is defined in  
10 section 578(b) of the National Flood Insurance  
11 Reform Act of 1974), the aggregate increase,  
12 during any 12-month period, in the chargeable  
13 premium rate for the property that is attrib-  
14 utable to this paragraph or to an increase de-  
15 scribed in section 1308(e) of the National Flood  
16 Insurance Act of 1968 may not exceed the fol-  
17 lowing percentage:

18 (i) NONRESIDENTIAL PROPERTIES.—

19 In the case of any property described in  
20 such section 1308(c)(2), 20 percent.

21 (ii) NON-PRIMARY RESIDENCES.—In

22 the case of any property described in such  
23 section 1308(c)(3), 25 percent.

24 (D) FULL ACTUARIAL RATES.—The provi-  
25 sions of paragraphs (2) and (3) of such section

1           1308(c) shall apply to such a property upon the  
2           accomplishment of the increase under this para-  
3           graph and thereafter.

4 **SEC. 5. EXCEPTION TO WAITING PERIOD FOR EFFECTIVE**  
5 **DATE OF POLICIES.**

6           Section 1306(c)(2)(A) of the National Flood Insur-  
7           ance Act of 1968 (42 U.S.C. 4013(c)(2)(A)) is amended  
8           by inserting before the semicolon the following: “or is in  
9           connection with the purchase or other transfer of the prop-  
10          erty for which the coverage is provided (regardless of  
11          whether a loan is involved in the purchase or transfer  
12          transaction), but only when such initial purchase of cov-  
13          erage is made not later 30 days after such making, in-  
14          creasing, extension, or renewal of the loan or not later  
15          than 30 days after such purchase or other transfer of the  
16          property, as applicable”.

17 **SEC. 6. ENFORCEMENT.**

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

20                 (1) in paragraph (5)—

21                         (A) in the first sentence, by striking  
22                         “\$350” and inserting “\$2,000”; and

23                         (B) in the last sentence, by striking  
24                         “\$100,000” and inserting “\$1,000,000; except  
25                         that such limitation shall not apply to a regu-

1           lated lending institution or enterprise for a cal-  
2           endar year if, in any three (or more) of the five  
3           calendar years immediately preceding such cal-  
4           endar year, the total amount of penalties as-  
5           sessed under this subsection against such lend-  
6           ing institution or enterprise was \$1,000,000”;  
7           and

8           (2) in paragraph (6), by adding after the period  
9           at the end the following: “No penalty may be im-  
10          posed under this subsection on a regulated lending  
11          institution or enterprise that has made a good faith  
12          effort to comply with the requirements of the provi-  
13          sions referred to in paragraph (2) or for any non-  
14          material violation of such requirements.”.

15 **SEC. 7. MULTIPERIL COVERAGE FOR FLOOD AND WIND-**  
16 **STORM.**

17          (a) IN GENERAL.—Section 1304 of the National  
18 Flood Insurance Act of 1968 (42 U.S.C. 4011) is amend-  
19 ed—

20           (1) by redesignating subsection (c) as sub-  
21          section (d); and

22           (2) by inserting after subsection (b) the fol-  
23          lowing new subsection:

24          “(c) MULTIPERIL COVERAGE FOR DAMAGE FROM  
25 FLOOD OR WINDSTORM.—

1           “(1) IN GENERAL.—Subject to paragraph (8),  
2           the national flood insurance program established  
3           pursuant to subsection (a) shall enable the purchase  
4           of optional insurance against loss resulting from  
5           physical damage to or loss of real property or per-  
6           sonal property related thereto located in the United  
7           States arising from any flood or windstorm, subject  
8           to the limitations in this subsection and section  
9           1306(b).

10           “(2) COMMUNITY PARTICIPATION REQUIRE-  
11           MENT.—Multiperil coverage pursuant to this sub-  
12           section may not be provided in any area (or subdivi-  
13           sion thereof) unless an appropriate public body shall  
14           have adopted adequate mitigation measures (with ef-  
15           fective enforcement provisions) which the Director  
16           finds are consistent with the criteria for construction  
17           described in the International Code Council building  
18           codes relating to wind mitigation.

19           “(3) PROHIBITION AGAINST DUPLICATIVE COV-  
20           ERAGE.—Multiperil coverage pursuant to this sub-  
21           section may not be provided with respect to any  
22           structure (or the personal property related thereto)  
23           for any period during which such structure is cov-  
24           ered, at any time, by flood insurance coverage made  
25           available under this title.

1           “(4) NATURE OF COVERAGE.—Multiperil cov-  
2 erage pursuant to this subsection shall—

3                   “(A) cover losses only from physical dam-  
4 age resulting from flooding or windstorm; and

5                   “(B) provide for approval and payment of  
6 claims under such coverage upon proof that  
7 such loss must have resulted from either wind-  
8 storm or flooding, but shall not require for ap-  
9 proval and payment of a claim that the specific  
10 cause of the loss, whether windstorm or flood-  
11 ing, be distinguished or identified.

12           “(5) ACTUARIAL RATES.—Multiperil coverage  
13 pursuant to this subsection shall be made available  
14 for purchase for a property only at chargeable risk  
15 premium rates that, based on consideration of the  
16 risks involved and accepted actuarial principles, and  
17 including operating costs and allowance and admin-  
18 istrative expenses, are required in order to make  
19 such coverage available on an actuarial basis for the  
20 type and class of properties covered.

21           “(6) TERMS OF COVERAGE.—The Director  
22 shall, after consultation with persons and entities re-  
23 ferred to in section 1306(a), provide by regulation  
24 for the general terms and conditions of insurability  
25 which shall be applicable to properties eligible for



1 multiperil coverage under this subsection, subject to  
2 the provisions of this subsection, including—

3 “(A) the types, classes, and locations of  
4 any such properties which shall be eligible for  
5 such coverage, which shall include residential  
6 and nonresidential properties;

7 “(B) subject to paragraph (7), the nature  
8 and limits of loss or damage in any areas (or  
9 subdivisions thereof) which may be covered by  
10 such coverage;

11 “(C) the classification, limitation, and re-  
12 jection of any risks which may be advisable;

13 “(D) appropriate minimum premiums;

14 “(E) appropriate loss deductibles; and

15 “(F) any other terms and conditions relat-  
16 ing to insurance coverage or exclusion that may  
17 be necessary to carry out this subsection.

18 “(7) LIMITATIONS ON AMOUNT OF COV-  
19 ERAGE.—The regulations issued pursuant to para-  
20 graph (6) shall provide that the aggregate liability  
21 under multiperil coverage made available under this  
22 subsection shall not exceed the lesser of the replace-  
23 ment cost for covered losses or the following  
24 amounts, as applicable:

1           “(A) RESIDENTIAL STRUCTURES.—In the  
2 case of residential properties, which shall in-  
3 clude structures containing multiple dwelling  
4 units that are made available for occupancy by  
5 rental (notwithstanding any treatment or classi-  
6 fication of such properties for purposes of sec-  
7 tion 1306(b))—

8                   “(i) for any single-family dwelling,  
9                   \$500,000;

10                   “(ii) for any structure containing  
11 more than one dwelling unit, \$500,000 for  
12 each separate dwelling unit in the struc-  
13 ture, which limit, in the case of such a  
14 structure containing multiple dwelling  
15 units that are made available for occu-  
16 pancy by rental, shall be applied so as to  
17 enable any insured or applicant for insur-  
18 ance to receive coverage for the structure  
19 up to a total amount that is equal to the  
20 product of the total number of such rental  
21 dwelling units in such property and the  
22 maximum coverage limit per dwelling unit  
23 specified in this clause; and

24                   “(iii) \$150,000 per dwelling unit  
25 for—

1           “(I) any contents related to such  
2           unit; and

3           “(II) any necessary increases in  
4           living expenses incurred by the in-  
5           sured when losses from flooding or  
6           windstorm make the residence unfit to  
7           live in.

8           “(B) NONRESIDENTIAL PROPERTIES.—In  
9           the case of nonresidential properties (including  
10          church properties)—

11           “(i) \$1,000,000 for any single struc-  
12          ture; and

13           “(ii) \$750,000 for—

14           “(I) any contents related to such  
15          structure; and

16           “(II) in the case of any nonresi-  
17          dential property that is a business  
18          property, any losses resulting from  
19          any partial or total interruption of the  
20          insured’s business caused by damage  
21          to, or loss of, such property from  
22          flooding or windstorm, except that for  
23          purposes of such coverage, losses shall  
24          be determined based on the profits the  
25          covered business would have earned,

1                   based on previous financial records,  
2                   had the flood or windstorm not oc-  
3                   curred.

4                   “(8) REQUIREMENT TO CEASE OFFERING COV-  
5                   ERAGE IF BORROWING TO PAY CLAIMS.—If at any  
6                   time the Director utilizes the borrowing authority  
7                   under section 1309(a) for the purpose of obtaining  
8                   amounts to pay claims under multiperil coverage  
9                   made available under this subsection, the Director  
10                  may not, during the period beginning upon the ini-  
11                  tial such use of such borrowing authority and ending  
12                  upon repayment to the Secretary of the Treasury of  
13                  the full amount of all outstanding notes and obliga-  
14                  tions issued by the Director for such purpose, to-  
15                  gether with all interest owed on such notes and obli-  
16                  gations, enter into any new policy, or renew any ex-  
17                  isting policy, for coverage made available under this  
18                  subsection.

19                  “(9) EFFECTIVE DATE.—This subsection shall  
20                  take effect on, and shall apply beginning on, June  
21                  30, 2008.”.

22                  (b) PROHIBITION AGAINST DUPLICATIVE COV-  
23                  ERAGE.—The National Flood Insurance Act of 1968 is  
24                  amended by inserting after section 1313 (42 U.S.C. 4020)  
25                  the following new section:

1 “PROHIBITION AGAINST DUPLICATIVE COVERAGE

2 “SEC. 1314. Flood insurance under this title may not  
3 be provided with respect to any structure (or the personal  
4 property related thereto) for any period during which such  
5 structure is covered, at any time, by multiperil insurance  
6 coverage made available pursuant to section 1304(c).”.

7 (c) COMPLIANCE WITH STATE AND LOCAL LAW.—  
8 Section 1316 of the National Flood Insurance Act of 1968  
9 (42 U.S.C. 4023) is amended—

10 (1) by inserting “(a) FLOOD PROTECTION  
11 MEASURES.—” before “No new”; and

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

14 “(b) WINDSTORM PROTECTION MEASURES.—No new  
15 multiperil coverage shall be provided under section  
16 1304(c) for any property that the Director finds has been  
17 declared by a duly constituted State or local zoning au-  
18 thority, or other authorized public body to be in violation  
19 of State or local laws, regulations, or ordinances, which  
20 are intended to reduce damage caused by windstorms.”.

21 (d) CRITERIA FOR LAND MANAGEMENT AND USE.—  
22 Section 1361 of the National Flood Insurance Act of 1968  
23 (42 U.S.C. 4102) is amended by adding at the end the  
24 following new subsection:

25 “(d) WINDSTORMS.—

1           “(1) STUDIES AND INVESTIGATIONS.—The Di-  
2           rector shall carry out studies and investigations  
3           under this section to determine appropriate meas-  
4           ures in wind events as to wind hazard prevention,  
5           and may enter into contracts, agreements, and other  
6           appropriate arrangements to carry out such activi-  
7           ties. Such studies and investigations shall include  
8           laws, regulations, and ordinance relating to the or-  
9           derly development and use of areas subject to dam-  
10          age from windstorm risks, and zoning building  
11          codes, building permits, and subdivision and other  
12          building restrictions for such areas.

13          “(2) CRITERIA.—On the basis of the studies  
14          and investigations pursuant to paragraph (1) and  
15          such other information as may be appropriate, the  
16          Direct shall establish comprehensive criteria de-  
17          signed to encourage, where necessary, the adoption  
18          of adequate State and local measures which, to the  
19          maximum extent feasible, will assist in reducing  
20          damage caused by windstorms, discourage density  
21          and intensity or range of use increases in locations  
22          subject to windstorm damage, and enforce restric-  
23          tions on the alteration of wetlands coastal dunes and  
24          vegetation and other natural features that are  
25          known to prevent or reduce such damage.

1           “(3) COORDINATION WITH STATE AND LOCAL  
2 GOVERNMENTS.—The Director shall work closely  
3 with and provide any necessary technical assistance  
4 to State, interstate, and local governmental agencies,  
5 to encourage the application of criteria established  
6 under paragraph (2) and the adoption and enforce-  
7 ment of measures referred to in such paragraph.”.

8           (e) DEFINITIONS.—Section 1370 of the National  
9 Flood Insurance Act of 1968 (42 U.S.C. 4121) is amend-  
10 ed—

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

13           (2) in paragraph (15) by striking the period at  
14 the end and inserting “; and”; and

15           (3) by adding at the end the following new  
16 paragraph:

17           “(16) the term ‘windstorm’ means any hurri-  
18 cane, tornado, cyclone, typhoon, or other wind  
19 event.”.

20 **SEC. 8. MAXIMUM COVERAGE LIMITS.**

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

23           (1) in paragraph (2), by striking “\$250,000”  
24 and inserting “\$335,000”;

1           (2) in paragraph (3), by striking “\$100,000”  
2           and inserting “\$135,000”; and

3           (3) in paragraph (4)—

4                 (A) by striking “\$500,000” each place  
5                 such term appears and inserting “\$670,000”;  
6                 and

7                 (B) by inserting before “; and” the fol-  
8                 lowing: “; except that, in the case of any non-  
9                 residential property that is a structure con-  
10                taining more than one dwelling unit that is  
11                made available for occupancy by rental (not-  
12                withstanding the provisions applicable to the  
13                determination of the risk premium rate for such  
14                property), additional flood insurance in excess  
15                of such limits shall be made available to every  
16                insured upon renewal and every applicant for  
17                insurance so as to enable any such insured or  
18                applicant to receive coverage up to a total  
19                amount that is equal to the product of the total  
20                number of such rental dwelling units in such  
21                property and the maximum coverage limit per  
22                dwelling unit specified in paragraph (2); except  
23                that in the case of any such multi-unit, nonresi-  
24                dential rental property that is a pre-FIRM  
25                structure (as such term is defined in section



1           578(b) of the National Flood Insurance Reform  
2           Act of 1994 (42 U.S.C. 4014 note)), the risk  
3           premium rate for the first \$500,000 of coverage  
4           shall be determined in accordance with section  
5           1307(a)(2) and the risk premium rate for any  
6           coverage in excess of such amount shall be de-  
7           termined in accordance with section  
8           1307(a)(1)”.

9   **SEC. 9. COVERAGE FOR ADDITIONAL LIVING EXPENSES,**  
10                   **BASEMENT IMPROVEMENTS, BUSINESS**  
11                   **INTERRUPTION, AND REPLACEMENT COST**  
12                   **OF CONTENTS.**

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

15           (1) in paragraph (4), by striking “and” at the  
16   end;

17           (2) in paragraph (5)—

18                   (A) by inserting “pursuant to paragraph  
19                   (2), (3), or (4)” after “any flood insurance cov-  
20                   erage”; and

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

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

1           “(6) in the case of any residential property,  
2           each renewal or new contract for flood insurance  
3           coverage shall provide not less than \$1,000 aggre-  
4           gate liability per dwelling unit for any necessary in-  
5           creases in living expenses incurred by the insured  
6           when losses from a flood make the residence unfit to  
7           live in, which coverage shall be available only at  
8           chargeable rates that are not less than the estimated  
9           premium rates for such coverage determined in ac-  
10          cordance with section 1307(a)(1);

11           “(7) in the case of any residential property, op-  
12          tional coverage for additional living expenses de-  
13          scribed in paragraph (6) shall be made available to  
14          every insured upon renewal and every applicant in  
15          excess of the limits provided in paragraph (6) in  
16          such amounts and at such rates as the Director  
17          shall establish, except that such chargeable rates  
18          shall not be less than the estimated premium rates  
19          for such coverage determined in accordance with sec-  
20          tion 1307(a)(1);

21           “(8) in the case of any residential property, op-  
22          tional coverage for losses, resulting from floods, to  
23          improvements and personal property located in base-  
24          ments, crawl spaces, and other enclosed areas under  
25          buildings that are not covered by primary flood in-

1 surance coverage under this title, shall be made  
2 available to every insured upon renewal and every  
3 applicant, except that such coverage shall be made  
4 available only at chargeable rates that are not less  
5 than the estimated premium rates for such coverage  
6 determined in accordance with section 1307(a)(1);

7 “(9) in the case of any commercial property or  
8 other residential property, including multifamily  
9 rental property, optional coverage for losses result-  
10 ing from any partial or total interruption of the in-  
11 sured’s business caused by damage to, or loss of,  
12 such property from a flood shall be made available  
13 to every insured upon renewal and every applicant,  
14 except that—

15 “(A) for purposes of such coverage, losses  
16 shall be determined based on the profits the  
17 covered business would have earned, based on  
18 previous financial records, had the flood not oc-  
19 curred; and

20 “(B) such coverage shall be made available  
21 only at chargeable rates that are not less than  
22 the estimated premium rates for such coverage  
23 determined in accordance with section  
24 1307(a)(1); and



1       tion of the information under subsection (b) in the  
2       manner that the manager or landlord deems most  
3       appropriate, to each such tenant and to each new  
4       tenant upon commencement of such a tenancy.

5       “(b) NOTICE.—Notice to a tenant of a property in  
6       accordance with this subsection is written notice that  
7       clearly informs a tenant—

8               “(1) that the property is located in an area hav-  
9       ing special flood hazards;

10              “(2) that flood insurance coverage is available  
11       under the national flood insurance program under  
12       this title for contents of the unit or structure leased  
13       by the tenant;

14              “(3) of the maximum amount of such coverage  
15       for contents available under this title at that time;  
16       and

17              “(4) of where to obtain information regarding  
18       how to obtain such coverage, including a telephone  
19       number, mailing address, and location on the World  
20       Wide Web of the Director where such information is  
21       available.”.

1 **SEC. 11. INCREASE IN ANNUAL LIMITATION ON PREMIUM**  
2 **INCREASES.**

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

6 **SEC. 12. REPORT REGARDING BORROWING AUTHORITY.**

7 Not later than the expiration of the 6-month period  
8 beginning on the date of the enactment of this Act, the  
9 Director of the Federal Emergency Management Agency  
10 shall submit a report to the Congress setting forth a plan  
11 for repaying within 10 years all amounts that, as of the  
12 expiration of such period, have been borrowed under the  
13 authority of section 1309(a) of the National Flood Insur-  
14 ance Act of 1968 (42 U.S.C. 4016(a)) and not yet repaid  
15 as of such date.

16 **SEC. 13. FEMA PARTICIPATION IN STATE DISASTER CLAIMS**  
17 **MEDIATION PROGRAMS.**

18 Chapter I of the National Flood Insurance Act of  
19 1968 (42 U.S.C. 4011 et seq.) is amended by adding at  
20 the end the following new section:

21 **“SEC. 1325. FEMA PARTICIPATION IN STATE DISASTER**  
22 **CLAIMS MEDIATION PROGRAMS.**

23 **“(a) REQUIREMENT TO PARTICIPATE.—**In the case  
24 of the occurrence of a natural catastrophe that may have  
25 resulted in flood damage covered by insurance made avail-  
26 able under the national flood insurance program and a loss

1 covered by personal lines residential property insurance  
2 policy, upon request made by the insurance commissioner  
3 of a State (or such other official responsible for regulating  
4 the business of insurance in the State) for the participa-  
5 tion of representatives of the Director in a program spon-  
6 sored by such State for nonbinding mediation of insurance  
7 claims resulting from a natural catastrophe, the Director  
8 shall cause such representatives to participate in such  
9 State program, when claims under the national flood in-  
10 surance program are involved, to expedite settlement of  
11 flood damage claims resulting from such catastrophe.

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

16 “(1) providing adjusters certified for purposes  
17 of the national flood insurance program who are au-  
18 thorized to settle claims against such program re-  
19 sulting from such catastrophe in amounts up to the  
20 limits of policies under such program;

21 “(2) requiring such adjusters to attend State-  
22 sponsored mediation meetings regarding flood insur-  
23 ance claims resulting from such catastrophe at times  
24 and places as may be arranged by the State;

1           “(3) participating in good-faith negotiations to-  
2           ward the settlement of such claims with policy-  
3           holders of coverage made available under the na-  
4           tional flood insurance program; and

5           “(4) finalizing the settlement of such claims on  
6           behalf of the national flood insurance program with  
7           such policyholders.

8           “(c) COORDINATION.—Representatives of the Direc-  
9           tor who participate pursuant to this section in a State-  
10          sponsored mediation program with respect to a natural ca-  
11          tastrophe shall at all times coordinate their activities with  
12          insurance officials of the State and representatives of in-  
13          surers for the purpose of consolidating and expediting the  
14          settlement of claims under the national flood insurance  
15          program resulting from such catastrophe at the earliest  
16          possible time.

17          “(d) MEDIATION PROCEEDINGS AND PRIVILEGED  
18          DOCUMENTS.—As a condition of the participation of Rep-  
19          resentatives of the Director pursuant to this section in  
20          State-sponsored mediation, all statements made and docu-  
21          ments produced pursuant to such mediation involving rep-  
22          resentatives of the Director shall be deemed privileged and  
23          confidential settlement negotiations made in anticipation  
24          of litigation.



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

10       “(f) EXCLUSIVE FEDERAL JURISDICTION.—Partici-  
11 pation of Representatives of the Director pursuant to this  
12 section in State-sponsored mediation shall not alter,  
13 change or modify the original exclusive jurisdiction of  
14 United States courts as provided in this Act.

15       “(g) COST LIMITATION.—Nothing in this section  
16 shall be construed to require the Director or representa-  
17 tives of the Director to pay additional mediation fees relat-  
18 ing to flood claims associated with a State-sponsored me-  
19 diation program in which representatives of the Director  
20 participate.

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

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

2           “(2) the provisions of the Standard Flood In-  
3           surance Policy under the national flood insurance  
4           program and the appeals process established pursu-  
5           ant to section 205 of the Bunning-Bereuter-  
6           Blumenauer Flood Insurance Reform Act of 2004  
7           (Public Law 108–264; 118 Stat. 726) and regula-  
8           tions issued pursuant to such section shall apply ex-  
9           clusively.

10          “(i) REPRESENTATIVES OF DIRECTOR.—For pur-  
11         poses of this section, the term ‘representatives of the Di-  
12         rector’ means representatives of the national flood insur-  
13         ance program who participate in the appeals process es-  
14         tablished pursuant to section 205 of the Bunning-Bereu-  
15         ter-Blumenauer Flood Insurance Reform Act of 2004  
16         (Public Law 108–264; 118 Stat. 726) and regulations  
17         issued pursuant to such section.”.

18         **SEC. 14. FEMA ANNUAL REPORT ON INSURANCE PROGRAM.**

19                 Section 1320 of the National Flood Insurance Act of  
20         1968 (42 U.S.C. 4027) is amended—

21                         (1) and inserting in the section heading, by  
22                 striking “ANNUAL REPORT TO CONGRESS”;

23                         (2) in subsection (a)—

24                                 (A) by striking “biennially”;

1 (B) by striking “the President for submis-  
2 sion to”; and

3 (C) by inserting “not later than June 30  
4 of each year” before the period at the end;

5 (3) in subsection (b), by striking “biennial” and  
6 inserting “annual”; and

7 (4) by adding at the end the following new sub-  
8 section:

9 “(c) **FINANCIAL STATUS OF PROGRAM.**—The report  
10 under this section for each year shall include information  
11 regarding the financial status of the national flood insur-  
12 ance program under this title, including a description of  
13 the financial status of the National Flood Insurance Fund  
14 and current and projected levels of claims, premium re-  
15 ceipts, expenses, and borrowing under the program.”.

16 **SEC. 15. FLOOD INSURANCE OUTREACH.**

17 (a) **GRANTS.**—Chapter I of the National Flood Insur-  
18 ance Act of 1968 (42 U.S.C. 4011 et seq.), as amended  
19 by the preceding provisions of this Act, is further amended  
20 by adding at the end the following new section:

21 **“SEC. 1326. GRANTS FOR OUTREACH TO PROPERTY OWN-  
22 ERS AND RENTERS.**

23 “(a) **IN GENERAL.**—The Director may, to the extent  
24 amounts are made available pursuant to subsection (h),  
25 make grants to local governmental agencies responsible for

1 floodplain management activities (including such agencies  
2 of Indians tribes, as such term is defined in section 4 of  
3 the Native American Housing Assistance and Self-Deter-  
4 mination Act of 1996 (25 U.S.C. 4103)) in communities  
5 that participate in the national flood insurance program  
6 under this title, for use by such agencies to carry out out-  
7 reach activities to encourage and facilitate the purchase  
8 of flood insurance protection under this Act by owners and  
9 renters of properties in such communities and to promote  
10 educational activities that increase awareness of flood risk  
11 reduction.

12       “(b) OUTREACH ACTIVITIES.—Amounts from a grant  
13 under this section shall be used only for activities designed  
14 to—

15               “(1) identify owners and renters of properties  
16 in communities that participate in the national flood  
17 insurance program, including owners of residential  
18 and commercial properties;

19               “(2) notify such owners and renters when their  
20 properties become included in, or when they are ex-  
21 cluded from, an area having special flood hazards  
22 and the effect of such inclusion or exclusion on the  
23 applicability of the mandatory flood insurance pur-  
24 chase requirement under section 102 of the Flood

1 Disaster Protection Act of 1973 (42 U.S.C. 4012a)  
2 to such properties;

3 “(3) educate such owners and renters regarding  
4 the flood risk and reduction of this risk in their  
5 community, including the continued flood risks to  
6 areas that are no longer subject to the flood insur-  
7 ance mandatory purchase requirement;

8 “(4) educate such owners and renters regarding  
9 the benefits and costs of maintaining or acquiring  
10 flood insurance, including, where applicable, lower-  
11 cost preferred risk policies under this title for such  
12 properties and the contents of such properties; and

13 “(5) encouraging such owners and renters to  
14 maintain or acquire such coverage.

15 “(c) COST SHARING REQUIREMENT.—

16 “(1) IN GENERAL.—In any fiscal year, the Di-  
17 rector may not provide a grant under this section to  
18 a local governmental agency in an amount exceeding  
19 3 times the amount that the agency certifies, as the  
20 Director shall require, that the agency will con-  
21 tribute from non-Federal funds to be used with  
22 grant amounts only for carrying out activities de-  
23 scribed in subsection (b).

24 “(2) NON-FEDERAL FUNDS.—For purposes of  
25 this subsection, the term ‘non-Federal funds’ in-

1 includes State or local government agency amounts,  
2 in-kind contributions, any salary paid to staff to  
3 carry out the eligible activities of the grant recipient,  
4 the value of the time and services contributed by vol-  
5 unteers to carry out such services (at a rate deter-  
6 mined by the Director), and the value of any do-  
7 nated material or building and the value of any lease  
8 on a building.

9 “(d) ADMINISTRATIVE COST LIMITATION.—Notwith-  
10 standing subsection (b), the Director may use not more  
11 than 5 percent of amounts made available under sub-  
12 section (g) to cover salaries, expenses, and other adminis-  
13 trative costs incurred by the Director in making grants  
14 and provide assistance under this section.

15 “(e) APPLICATION AND SELECTION.—

16 “(1) IN GENERAL.—The Director shall provide  
17 for local governmental agencies described in sub-  
18 section (a) to submit applications for grants under  
19 this section and for competitive selection, based on  
20 criteria established by the Director, of agencies sub-  
21 mitting such applications to receive such grants.

22 “(2) SELECTION CONSIDERATIONS.—In select-  
23 ing applications of local government agencies to re-  
24 ceive grants under paragraph (1), the Director shall  
25 consider—

1           “(A) the existence of a cooperative tech-  
2           nical partner agreement between the local gov-  
3           ernmental agency and the Federal Emergency  
4           Management Agency;

5           “(B) the history of flood losses in the rel-  
6           evant area that have occurred to properties,  
7           both inside and outside the special flood haz-  
8           ards zones, which are not covered by flood in-  
9           surance coverage;

10          “(C) the estimated percentage of high-risk  
11          properties located in the relevant area that are  
12          not covered by flood insurance;

13          “(D) demonstrated success of the local  
14          governmental agency in generating voluntary  
15          purchase of flood insurance; and

16          “(E) demonstrated technical capacity of  
17          the local governmental agency for outreach to  
18          individual property owners.

19          “(f) DIRECT OUTREACH BY FEMA.—In each fiscal  
20          year that amounts for grants are made available pursuant  
21          to subsection (h), the Director may use not more than 50  
22          percent of such amounts to carry out, and to enter into  
23          contracts with other entities to carry out, activities de-  
24          scribed in subsection (b) in areas that the Director deter-  
25          mines have the most immediate need for such activities.

1       “(g) REPORTING.—Each local government agency  
2 that receives a grant under this section, and each entity  
3 that receives amounts pursuant to subsection (f), shall  
4 submit a report to the Director, not later than 12 months  
5 after such amounts are first received, which shall include  
6 such information as the Director considers appropriate to  
7 describe the activities conducted using such amounts and  
8 the effect of such activities on the retention or acquisition  
9 of flood insurance coverage.

10       “(h) AUTHORIZATION OF APPROPRIATIONS.—There  
11 is authorized to be appropriated for grants under this sec-  
12 tion \$50,000,000 for each of fiscal years 2008 through  
13 2012.”.

14       (b) REPORT ON CURRENT EFFORTS.—Not later than  
15 the expiration of the 60-day period beginning on the date  
16 of the enactment of this Act, the Director of the Federal  
17 Emergency Management Agency shall submit a report to  
18 the Congress identifying and describing the marketing and  
19 outreach efforts then currently being undertaken to edu-  
20 cate consumers regarding the benefits of obtaining cov-  
21 erage under the national flood insurance program.



1 **SEC. 16. GRANTS FOR DIRECT FUNDING OF MITIGATION**  
2 **ACTIVITIES FOR INDIVIDUAL REPETITIVE**  
3 **CLAIMS PROPERTIES.**

4 (a) DIRECT GRANTS TO OWNERS.—Section 1323 of  
5 the National Flood Insurance Act of 1968 (42 U.S.C.  
6 4030) is amended—

7 (1) in the section heading, by inserting “**DI-**  
8 **RECT**” before “**GRANTS**”; and

9 (2) in the matter in subsection (a) that pre-  
10 cedes paragraph (1)—

11 (A) by inserting “, to owners of such prop-  
12 erties,” before “for mitigation actions”; and

13 (B) by striking “1” and inserting “two”.

14 (b) AVAILABILITY OF FUNDS.—Paragraph (9) of sec-  
15 tion 1310(a) of the National Flood Insurance Act of 1968  
16 (42 U.S.C. 4017(a)) is amended by inserting “which shall  
17 remain available until expended,” after “any fiscal year,”.

18 **SEC. 17. EXTENSION OF PILOT PROGRAM FOR MITIGATION**  
19 **OF SEVERE REPETITIVE LOSS PROPERTIES.**

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

22 (1) in subsection (k)(1), by striking “2005,  
23 2006, 2007, 2008, and 2009” and inserting “2008,  
24 2009, 2010, 2011, and 2012”; and

25 (2) by striking subsection (l).

1 **SEC. 18. FLOOD MITIGATION ASSISTANCE PROGRAM.**

2 (a) **ELIGIBILITY OF PROPERTY DEMOLITION AND**  
3 **REBUILDING.**—Section 1366(e)(5)(B) of the National  
4 Flood Insurance Act of 1968 (42 U.S.C. 4104e(e)(5)(B))  
5 is amended by striking “or floodproofing” and inserting  
6 “floodproofing, or demolition and rebuilding”.

7 (b) **ELIMINATION OF LIMITATIONS ON AGGREGATE**  
8 **AMOUNT OF ASSISTANCE.**—Section 1366 of the National  
9 Flood Insurance Act of 1968 is amended by striking sub-  
10 section (f).

11 (c) **SOURCE OF FUNDS.**—Subsection (a) of section  
12 1367 of the National Flood Insurance Act of 1968 (42  
13 U.S.C. 4104d(a)) is amended by adding at the end the  
14 following new sentence: “Notwithstanding any other provi-  
15 sion of this title, amounts made available pursuant to this  
16 subsection shall not be subject to offsetting collections  
17 through premium rates for flood insurance coverage under  
18 this title.”.

19 (d) **TECHNICAL AMENDMENTS.**—Section 1366 of the  
20 National Flood Insurance Act of 1968 is amended—

21 (1) by striking “subsection (g)” each place such  
22 term appears in subsections (h) and (i)(2) and in-  
23 serting “subsection (f)”;

24 (2) by redesignating subsections (g) through (k)  
25 as subsections (f) through (j), respectively; and

1           (3) by redesignating subsection (m) as sub-  
2           section (k).

3 **SEC. 19. GAO STUDY OF METHODS TO INCREASE FLOOD IN-**  
4 **SURANCE PROGRAM PARTICIPATION BY LOW-**  
5 **INCOME FAMILIES.**

6           (a) IN GENERAL.—The Comptroller General of the  
7 United States shall conduct a study to identify and ana-  
8 lyze potential methods, practices, and incentives that  
9 would increase the extent to which low-income families (as  
10 such term is defined in section 3(b) of the United States  
11 Housing Act of 1937 (42 U.S.C. 1437a(b))) that own resi-  
12 dential properties located within areas having special flood  
13 hazards purchase flood insurance coverage for such prop-  
14 erties under the national flood insurance program. In con-  
15 ducting the study, the Comptroller General shall analyze  
16 the effectiveness and costs of the various methods, prac-  
17 tices, and incentives identified, including their effects on  
18 the national flood insurance program.

19           (b) REPORT.—The Comptroller General shall submit  
20 to the Congress a report setting forth the conclusions of  
21 the study under this section not later than 12 months  
22 after the date of the enactment of this Act.

1 **SEC. 20. NOTICE OF AVAILABILITY OF FLOOD INSURANCE**  
2 **AND ESCROW IN RESPA GOOD FAITH ESTI-**  
3 **MATE.**

4 Subsection (c) of section 5 of the Real Estate Settle-  
5 ment Procedures Act of 1974 (12 U.S.C. 2604(c)) is  
6 amended by adding at the end the following new sentence:  
7 “Each such good faith estimate shall include the following  
8 conspicuous statements and information: (1) that flood in-  
9 surance coverage for residential real estate is generally  
10 available under the national flood insurance program  
11 whether or not the real estate is located in an area having  
12 special flood hazards and that, to obtain such coverage,  
13 a home owner or purchaser should contact the national  
14 flood insurance program; (2) a telephone number and a  
15 location on the World Wide Web by which a home owner  
16 or purchaser can contact the national flood insurance pro-  
17 gram; and (3) that the escrowing of flood insurance pay-  
18 ments is required for many loans under section 102(d) of  
19 the Flood Disaster Protection Act of 1973, and may be  
20 a convenient and available option with respect to other  
21 loans.”.

22 **SEC. 21. REITERATION OF FEMA RESPONSIBILITIES UNDER**  
23 **2004 REFORM ACT.**

24 (a) APPEALS PROCESS.—As directed in section 205  
25 of the Bunning-Bereuter-Blumenauer Flood Insurance  
26 Reform Act of 2004 (42 U.S.C. 4011 note), the Director

1 of the Federal Emergency Management Agency is again  
2 directed to, not later than 90 days after the date of the  
3 enactment of this Act, establish an appeals process  
4 through which holders of a flood insurance policy may ap-  
5 peal the decisions, with respect to claims, proofs of loss,  
6 and loss estimates relating to such flood insurance policy  
7 as required by such section.

8 (b) MINIMUM TRAINING AND EDUCATION REQUIRE-  
9 MENTS.—The Director of the Federal Emergency Man-  
10 agement Agency is directed to continue to work with the  
11 insurance industry, State insurance regulators, and other  
12 interested parties to implement the minimum training and  
13 education standards for all insurance agents who sell flood  
14 insurance policies that were established by the Director  
15 under the notice published September 1, 2005 (70 Fed.  
16 Reg. 52117) pursuant to section 207 of the Bunning-Be-  
17 reuter-Blumenauer Flood Insurance Reform Act of 2004  
18 (42 U.S.C. 4011 note).

19 (c) REPORT.—Not later than the expiration of the 6-  
20 month period beginning on the date of the enactment of  
21 this Act, the Director of the Federal Emergency Manage-  
22 ment Agency shall submit a report to the Congress de-  
23 scribing the implementation of each provision of the  
24 Bunning-Bereuter-Blumenauer Flood Insurance Reform  
25 Act of 2004 (Public Law 108–264) and identifying each

1 regulation, order, notice, and other material issued by the  
2 Director in implementing each such provision.

3 **SEC. 22. ONGOING MODERNIZATION OF FLOOD MAPS AND**  
4 **ELEVATION STANDARDS.**

5 (a) ONGOING FLOOD MAPPING PROGRAM.—Section  
6 1360 of the National Flood Insurance Act of 1968 (42  
7 U.S.C. 4101) is amended by adding at the end the fol-  
8 lowing new subsection:

9 “(k) ONGOING PROGRAM TO REVIEW, UPDATE, AND  
10 MAINTAIN FLOOD INSURANCE PROGRAM MAPS.—

11 “(1) IN GENERAL.—The Director, in coordina-  
12 tion with the Technical Mapping Advisory Council  
13 established pursuant to section 576 of the National  
14 Flood Insurance Reform Act of 1994 (42 U.S.C.  
15 4101 note) and section 22(b) of the Flood Insurance  
16 Reform and Modernization Act of 2007, shall estab-  
17 lish an ongoing program under which the Director  
18 shall review, update, and maintain national flood in-  
19 surance program rate maps in accordance with this  
20 subsection.

21 “(2) INCLUSIONS.—

22 “(A) COVERED AREAS.—Each map up-  
23 dated under this subsection shall include a de-  
24 piction of—

25 “(i) the 500-year floodplain;

1           “(ii) areas that could be inundated as  
2 a result of the failure of a levee, as deter-  
3 mined by the Director;

4           “(iii) areas that could be inundated as  
5 a result of the failure of a dam, as identi-  
6 fied under the National Dam Safety Pro-  
7 gram Act (33 U.S.C. 467 et seq.); and

8           “(iv) the 100-year floodplain, includ-  
9 ing any area that would be in the 100-year  
10 floodplain if not protected by a levee, dam,  
11 or other man-made structure.

12           “(B) OTHER INCLUSIONS.—In updating  
13 maps under this subsection, the Director may  
14 include—

15           “(i) any relevant information on  
16 coastal inundation from—

17           “(I) an applicable inundation  
18 map of the Corps of Engineers; and

19           “(II) data of the National Oce-  
20 anic and Atmospheric Administration  
21 relating to storm surge modeling;

22           “(ii) any relevant information of the  
23 Geographical Service on stream flows, wa-  
24 tershed characteristics, and topography  
25 that is useful in the identification of flood

1 hazard areas, as determined by the Direc-  
2 tor; and

3 “(iii) a description of any hazard that  
4 might impact flooding, including, as deter-  
5 mined by the Director—

6 “(I) land subsidence and coastal  
7 erosion areas;

8 “(II) sediment flow areas;

9 “(III) mud flow areas;

10 “(IV) ice jam areas; and

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

15 “(C) EFFECTS OF GLOBAL WARMING.—In  
16 updating and maintaining maps under this sec-  
17 tion, the Director shall—

18 “(i) take into consideration and ac-  
19 count for the impacts of global climate  
20 change on flood, storm, and drought risks  
21 in the United States;

22 “(ii) take into consideration and ac-  
23 count for the potential future impact of  
24 global climate change-related weather  
25 events, such as increased hurricane activ-



1           ity, intensity, storm surge, sea level rise,  
2           and associated flooding; and

3           “(iii) use the best available climate  
4           science in assessing flood and storm risks  
5           to determine flood risks and develop such  
6           maps.

7           “(3) STANDARDS.—In updating and maintain-  
8           ing maps under this subsection, the Director shall  
9           establish standards to—

10          “(A) ensure that maps are adequate for—

11           “(i) flood risk determinations; and

12           “(ii) use by State and local govern-  
13          ments in managing development to reduce  
14          the risk of flooding;

15          “(B) facilitate the Director, in conjunction  
16          with State and local governments, to identify  
17          and use consistent methods of data collection  
18          and analysis in developing maps for commu-  
19          nities with similar flood risks, as determined by  
20          the Director; and

21          “(C) ensure that emerging weather fore-  
22          casting technology is used, where practicable, in  
23          flood map evaluations and the identification of  
24          potential risk areas.

1           “(4) MAPPING ELEMENTS.—Each map updated  
2 under this section shall meet the following require-  
3 ments:

4           “(A) GROUND ELEVATION DATA.—The  
5 maps shall assess the accuracy of current  
6 ground elevation data used for hydrologic and  
7 hydraulic modeling of flooding sources and  
8 mapping of the flood hazard and wherever nec-  
9 essary acquire new ground elevation data uti-  
10 lizing the most up-to-date geospatial tech-  
11 nologies in accordance with the existing guide-  
12 lines and specifications of the Federal Emer-  
13 gency Management Agency.

14           “(B) DATA ON A WATERSHED BASIS.—The  
15 maps shall develop national flood insurance pro-  
16 gram flood data on a watershed basis—

17           “(i) to provide the most technically ef-  
18 fective and efficient studies and hydrologic  
19 and hydraulic modeling; and

20           “(ii) to eliminate, to the maximum ex-  
21 tent possible, discrepancies in base flood  
22 elevations between adjacent political sub-  
23 divisions.

24           “(C) OTHER DATA.—The maps shall in-  
25 clude any other relevant information as may be

1 recommended by the Technical Mapping Advi-  
2 sory Council reestablished by section 22(b) of  
3 the Flood Insurance Reform and Modernization  
4 Act of 2007.

5 “(5) HURRICANES KATRINA AND RITA MAPPING  
6 PRIORITY.—In updating and maintaining maps  
7 under this subsection, the Director shall—

8 “(A) give priority to the updating and  
9 maintenance of maps of coastal areas affected  
10 by Hurricane Katrina or Hurricane Rita to pro-  
11 vide guidance with respect to hurricane recovery  
12 efforts; and

13 “(B) use the process of updating and  
14 maintaining maps under subparagraph (A) as a  
15 model for updating and maintaining other  
16 maps.

17 “(6) PREVENTING DELAY OF 100-YEAR MAPS.—  
18 In carrying out this section and this subsection, the  
19 Director shall take such actions as may be necessary  
20 to ensure that updating and publication of national  
21 flood insurance program rate maps to include a de-  
22 piction of the 500-year floodplain does not in any  
23 manner delay the completion or publication of the  
24 program rate maps for the 100-year floodplain.

1           “(7) EDUCATION PROGRAM.—The Director  
2 shall, after each update to a flood insurance pro-  
3 gram rate map, in consultation with the chief execu-  
4 tive officer of each community affected by the up-  
5 date, conduct a program to educate each such com-  
6 munity about the update to the flood insurance pro-  
7 gram rate map and the effects of the update.

8           “(8) ANNUAL REPORT.—Not later than June  
9 30 of each year, the Director shall submit a report  
10 to the Congress describing, for the preceding 12-  
11 month period, the activities of the Director under  
12 the program under this section and the reviews and  
13 updates of flood insurance program rate maps con-  
14 ducted under the program. Each such annual report  
15 shall contain the most recent report of the Technical  
16 Mapping Advisory Council pursuant to section  
17 576(c)(3) of the National Flood Insurance Reform  
18 Act of 1994 (42 U.S.C. 4101 note).

19           “(9) USE OF MAPS FOR RATES.—The Director  
20 shall not adjust the chargeable premium rate for  
21 flood insurance under this title based on an updated  
22 national flood insurance program rate map or re-  
23 quire the purchase of flood insurance for a property  
24 not subject to such a requirement of purchase prior  
25 to the updating of such national flood insurance pro-

1       gram rate map until an updated national flood in-  
2       surance program rate map is completed for the en-  
3       tire district of the Corps of Engineers affected by  
4       the map, as determined by the district engineer for  
5       such district.

6               “(10) AUTHORIZATION OF APPROPRIATIONS.—

7       There is authorized to be appropriated to the Direc-  
8       tor to carry out this subsection \$400,000,000 for  
9       each of fiscal years 2008 through 2013.”.

10       (b) REESTABLISHMENT OF TECHNICAL MAPPING  
11       ADVISORY COUNCIL FOR ONGOING MAPPING PROGRAM.—

12               (1) REESTABLISHMENT.—There is reestab-  
13       lished the Technical Mapping Advisory Council, in  
14       accordance with this subsection and section 576 of  
15       the National Flood Insurance Reform Act of 1994  
16       (42 U.S.C. 4101 note).

17               (2) MEMBERSHIP.—Paragraph (1) of section  
18       576(b) of the National Flood Insurance Reform Act  
19       of 1994 (42 U.S.C. 4101 note) is amended—

20                       (A) in the matter preceding subparagraph

21                       (A), by striking “10” and inserting “15”;

22                       (B) by redesignating subparagraphs (E),

23                       (F), (G), (H), (I), and (J) as subparagraphs

24                       (F), (G), (H), (K), (O), and (P), respectively;

1 (C) by inserting after subparagraph (D)  
2 the following new subparagraph:

3 “(E) a representative of the Corps of Engi-  
4 neers of the United States Army;”;

5 (D) by inserting after subparagraph (H)  
6 (as so redesignated by subparagraph (B) of this  
7 paragraph) the following new subparagraphs:

8 “(I) a representative of local or regional  
9 flood and stormwater agencies;

10 “(J) a representative of State geographic  
11 information coordinators;”;

12 (E) by inserting after subparagraph (K)  
13 (as so redesignated by subparagraph (B) of this  
14 paragraph) the following new subparagraphs:

15 “(L) a representative of flood insurance  
16 servicing companies;

17 “(M) a real estate professional;

18 “(N) a member of a professional mapping  
19 association or organization;”.

20 (3) TERMS OF MEMBERS AND APPOINTMENT.—  
21 Section 576(b) of the National Flood Insurance Re-  
22 form Act of 1994 (42 U.S.C. 4101 note) is amended  
23 by adding at the end the following new paragraph:

24 “(3) TERMS OF MEMBERS.—

1           “(A) IN GENERAL.—Each member of the  
2 Council pursuant to any of subparagraphs (B)  
3 through (N) of paragraph (1) shall be ap-  
4 pointed for a term of 5 years, except as pro-  
5 vided in subparagraphs (B) and (C).

6           “(B) TERMS OF INITIAL APPOINTEES.—As  
7 designated by the Director (or the designee of  
8 the Director) at the time of appointment, of the  
9 members of the Council first appointed pursu-  
10 ant to subparagraph (D)—

11                   “(i) 4 shall be appointed for a term of  
12                   1 year;

13                   “(ii) 4 shall be appointed for a term  
14                   of 3 years; and

15                   “(iii) 5 shall be appointed for a term  
16                   of 5 years.

17           “(C) VACANCIES.—Any member of the  
18 Council appointed to fill a vacancy occurring  
19 before the expiration of the term for which the  
20 member’s predecessor was appointed shall be  
21 appointed only for the remainder of that term.  
22 A member may serve after the expiration of  
23 that member’s term until a successor has taken  
24 office. A vacancy in the Council shall be filled

1 in the manner in which the original appoint-  
2 ment was made.

3 “(D) INITIAL APPOINTMENT.—The Direc-  
4 tor, or the Director’s designee, shall take action  
5 as soon as possible after the date of the enact-  
6 ment of the Flood Insurance Reform and Mod-  
7 ernization Act of 2007 to appoint the members  
8 of the Council pursuant to this subsection.”.

9 (4) DUTIES.—Subsection (c) of section 576 of  
10 the National Flood Insurance Reform Act of 1994  
11 (42 U.S.C. 4101 note) is amended to read as fol-  
12 lows:

13 “(c) DUTIES.—The Council shall—

14 “(1) make recommendations to the Director for  
15 improvements to the flood map modernization pro-  
16 gram under section 1360(k) of the National Flood  
17 Insurance Act of 1968 (42 U.S.C. 41010(k));

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

21 “(3) submit an annual report to the Director  
22 that contains a description of the activities and rec-  
23 ommendations of the Council.”.

24 (5) ELIMINATION OF TERMINATION.—Section  
25 576 of the National Flood Insurance Reform Act of



1 1994 (42 U.S.C. 4101 note) is amended by striking  
2 subsection (k) and inserting the following new sub-  
3 section:

4 “(k) CONTINUED EXISTENCE.—Section 14(a)(2)(B)  
5 of the Federal Advisory Committee Act (5 U.S.C. App.;  
6 relating to termination of advisory committees) shall not  
7 apply to the Council.”.

8 (c) POST-DISASTER FLOOD ELEVATION DETERMINA-  
9 TIONS.—Section 1360 of the National Flood Insurance  
10 Act of 1968 (42 U.S.C. 4101), as amended by the pre-  
11 ceding provisions of this Act, is further amended by add-  
12 ing at the end the following new subsection:

13 “(l) INTERIM POST-DISASTER FLOOD ELE-  
14 VATIONS.—

15 “(1) AUTHORITY.—Notwithstanding any other  
16 provision of this section or section 1363, the Direc-  
17 tor may, after any flood-related disaster, establish by  
18 order interim flood elevation requirements for pur-  
19 poses of the national flood insurance program for  
20 any areas affected by such flood-related disaster.

21 “(2) EFFECTIVENESS.—Such interim elevation  
22 requirements for such an area shall take effect im-  
23 mediately upon issuance and may remain in effect  
24 until the Director establishes new flood elevations

1 for such area in accordance with section 1363 or the  
2 Director provides otherwise.”.

3 (d) UPDATING UPON REQUEST OF COMMUNITY.—  
4 Paragraph (2) of section 1360(f) of the National Flood  
5 Insurance Act of 1968 (42 U.S.C. 4101(f)(2)) is amended  
6 by inserting before the period at the end the following:  
7 “, except that such a revision or update shall be made  
8 at no cost to the unit of government making the request  
9 if the request is being made to reflect repairs and up-  
10 grades to dams, levees, or other flood control projects  
11 under the jurisdiction and responsibility of the Federal  
12 Government”.

13 (e) 5-YEAR DISCOUNT OF FLOOD INSURANCE RATES  
14 FOR FORMERLY PROTECTED AREAS.—Section 1308 of  
15 the National Flood Insurance Act of 1968 (42 U.S.C.  
16 4015), as amended by the preceding provisions of this Act,  
17 is further amended—

18 (1) in subsection (c), by inserting “and sub-  
19 section (g)” before the first comma; and

20 (2) by adding at the end the following new sub-  
21 section:

22 “(g) 5-YEAR DISCOUNT OF FLOOD INSURANCE  
23 RATES FOR FORMERLY PROTECTED AREAS.—Notwith-  
24 standing any other provision of law relating to chargeable  
25 risk premium rates for flood insurance coverage under this

1 title, in the case of any area that previously was not des-  
2 ignated as an area having special flood hazards because  
3 the area was protected by a flood protection system and  
4 that, pursuant to remapping under section 1360(k), be-  
5 comes designated as such an area as a result of the decer-  
6 tification of such flood protection system, during the 5-  
7 year period that begins upon the initial such designation  
8 of the area, the chargeable premium rate for flood insur-  
9 ance under this title with respect to any property that is  
10 located within such area shall be equal to 50 percent of  
11 the chargeable risk premium rate otherwise applicable  
12 under this title to the property.”.

13 (f) PHASE-IN OF FLOOD INSURANCE PREMIUMS FOR  
14 LOW-COST PROPERTIES.—Section 1308 of the National  
15 Flood Insurance Act of 1968 (42 U.S.C. 4015), as amend-  
16 ed by the preceding provisions of this Act, is further  
17 amended—

18 (1) in subsection (c), by inserting “and sub-  
19 section (h)” before the first comma; and

20 (2) by adding at the end the following new sub-  
21 section:

22 “(h) 5-YEAR PHASE-IN OF PREMIUMS FOR NEWLY  
23 COVERED LOW-COST PROPERTIES.—

24 “(1) IN GENERAL.—In the case of any area not  
25 previously designated as an area having special flood

1 hazards that becomes designated as such an area as  
2 a result of remapping pursuant to section 1360(k),  
3 during the 5-year period that begins upon the initial  
4 such designation of the area, the chargeable pre-  
5 mium rate for flood insurance under this title with  
6 respect to any low-cost property that is located with-  
7 in such area shall be—

8 “(A) for the first year of such 5-year pe-  
9 riod, 20 percent of the chargeable risk premium  
10 rate otherwise applicable under this title to the  
11 property;

12 “(B) for the second year of such 5-year pe-  
13 riod, 40 percent of the chargeable risk premium  
14 rate otherwise applicable under this title to the  
15 property;

16 “(C) for the third year of such 5-year pe-  
17 riod, 60 percent of the chargeable risk premium  
18 rate otherwise applicable under this title to the  
19 property;

20 “(D) for the fourth year of such 5-year pe-  
21 riod, 80 percent of the chargeable risk premium  
22 rate otherwise applicable under this title to the  
23 property; and

24 “(E) for the fifth year of such 5-year pe-  
25 riod, 100 percent of the chargeable risk pre-

1           mimum rate otherwise applicable under this title  
2           to the property.

3           “(2) LOW-COST PROPERTY.—For purposes of  
4           this subsection, the term ‘low-cost property’ means  
5           a single-family dwelling, or a dwelling unit in a resi-  
6           dential structure containing more than one dwelling  
7           unit, that—

8                   “(A) is the principal residence of the owner  
9                   or renter occupying the dwelling or unit; and

10                   “(B) has a value, at the time of the initial  
11                   designation of the area having special flood haz-  
12                   ards, that does not exceed 75 percent of median  
13                   home value for the State in which the property  
14                   is located.”.

15 **SEC. 23. NOTIFICATION AND APPEAL OF MAP CHANGES;**  
16                   **NOTIFICATION OF ESTABLISHMENT OF**  
17                   **FLOOD ELEVATIONS.**

18           Section 1363 of the National Flood Insurance Act of  
19 1968 (42 U.S.C. 4104) is amended by striking the section  
20 designation and all that follows through the end of sub-  
21 section (a) and inserting the following:

22           “SEC. 1363. (a) In establishing projected flood ele-  
23 vations for land use purposes with respect to any commu-  
24 nity pursuant to section 1361, the Director shall first pro-  
25 pose such determinations—

1           “(1) by providing the chief executive officer of  
2 each community affected by the proposed elevations,  
3 by certified mail, with a return receipt requested,  
4 notice of the elevations, including a copy of the maps  
5 for the elevations for such community and a state-  
6 ment explaining the process under this section to ap-  
7 peal for changes in such elevations;

8           “(2) by causing notice of such elevations to be  
9 published in the Federal Register, which notice shall  
10 include information sufficient to identify the ele-  
11 vation determinations and the communities affected,  
12 information explaining how to obtain copies of the  
13 elevations, and a statement explaining the process  
14 under this section to appeal for changes in the ele-  
15 vations;

16           “(3) by publishing in a prominent local news-  
17 paper the elevations, a description of the appeals  
18 process for flood determinations, and the mailing ad-  
19 dress and telephone number of a person the owner  
20 may contact for more information or to initiate an  
21 appeal; and

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

1           “(A) the status of such property, both  
2           prior to and after the effective date of the pro-  
3           posed determination, with respect to flood zone  
4           and flood insurance requirements under this  
5           Act and the Flood Disaster Protection Act of  
6           1973;

7           “(B) the process under this section to ap-  
8           peal a flood elevation determination; and

9           “(C) the mailing address and phone num-  
10          ber of a person the owner may contact for more  
11          information or to initiate an appeal.”.

12 **SEC. 24. CLARIFICATION OF REPLACEMENT COST PROVI-**  
13 **SIONS, FORMS, AND POLICY LANGUAGE.**

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

18           (1) in plain language using easy to understand  
19           terms and concepts, issue regulations, and revise any  
20           materials made available by such Agency, to clarify  
21           the applicability of replacement cost coverage under  
22           the national flood insurance program;

23           (2) in plain language using easy to understand  
24           terms and concepts, revise any regulations, forms,  
25           notices, guidance, and publications relating to the

1 full cost of repair or replacement under the replace-  
2 ment cost coverage to more clearly describe such  
3 coverage to flood insurance policyholders and infor-  
4 mation to be provided by such policyholders relating  
5 to such coverage, and to avoid providing misleading  
6 information to such policyholders;

7 (3) revise the language in standard flood insur-  
8 ance policies under such program regarding rating  
9 and coverage descriptions in a manner that is con-  
10 sistent with language used widely in other home-  
11 owners and property and casualty insurance policies,  
12 including such language regarding classification of  
13 buildings, basements, crawl spaces, detached ga-  
14 rages, enclosures below elevated buildings, and re-  
15 placement costs; and

16 (4) require the use, in connection with flood in-  
17 surance policies, of the supplemental forms devel-  
18 oped pursuant to section 202 of the Bunning-Bereu-  
19 ter-Blumenauer Flood Insurance Reform Act of  
20 2004 (Public Law 108–264; 118 Stat. 725).

21 **SEC. 25. AUTHORIZATION OF ADDITIONAL FEMA STAFF.**

22 Notwithstanding any other provision of law, the Di-  
23 rector of the Federal Emergency Management Agency  
24 may employ such additional staff as may be necessary to  
25 carry out all of the responsibilities of the Director pursu-



1 ant to this Act and the amendments made by this Act.  
2 There are authorized to be appropriated to Director such  
3 sums as may be necessary for costs of employing such ad-  
4 ditional staff.

5 **SEC. 26. EXTENSION OF DEADLINE FOR FILING PROOF OF**  
6 **LOSS.**

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

10 (1) by inserting “(a) PAYMENT.—” before “The  
11 Director”; and

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

14 “(b) FILING DEADLINE FOR PROOF OF LOSS.—

15 “(1) IN GENERAL.—In establishing any require-  
16 ments regarding notification, proof, or approval of  
17 claims for damage to or loss of property which is  
18 covered by flood insurance made available under this  
19 title, the Director may not require an insured to no-  
20 tify the Director of such damage or loss, submit a  
21 claim for such damage or loss, or certify to or sub-  
22 mit proof of such damage or loss, before the expira-  
23 tion of the 180-day period that begins on the date  
24 that such damage or loss occurred.

1           “(2) EXCEPTIONS.—Notwithstanding any dead-  
2           line established in accordance with paragraph (1),  
3           the Director may not deny a claim for damage or  
4           loss described in such paragraph solely for failure to  
5           meet such deadline if the insured demonstrates any  
6           good cause for such failure.”.

7           (b) APPLICABILITY.—Subsection (b) of section 1312  
8           of the National Flood Insurance Act of 1968, as added  
9           by subsection (a)(2) of this section, shall apply with re-  
10          spect to any claim under which the damage to or loss of  
11          property occurred on or after the date of the enactment  
12          of this Act.

13       **SEC. 27. 5-YEAR EXTENSION OF PROGRAM.**

14          Section 1319 of the National Flood Insurance Act of  
15          1968 (42 U.S.C. 4026) is amended by striking “Sep-  
16          tember 30, 2008” and inserting “September 30, 2013”.

17       **SEC. 28. REPORT ON INCLUSION OF BUILDING CODES IN**  
18                               **FLOODPLAIN MANAGEMENT CRITERIA.**

19          Not later than the expiration of the 6-month period  
20          beginning on the date of the enactment of this Act, the  
21          Director of the Federal Emergency Management Agency  
22          shall conduct a study and submit a report to the Com-  
23          mittee on Financial Services of the House of Representa-  
24          tives and the Committee on Banking, Housing and Urban  
25          Affairs of the Senate regarding the impact, effectiveness,

1 and feasibility of amending section 1361 of the National  
2 Flood Insurance Act of 1968 (42 U.S.C. 4102) to include  
3 widely used and nationally recognized building codes as  
4 part of the floodplain management criteria developed  
5 under such section, and shall determine—

6           (1) the regulatory, financial, and economic im-  
7           pacts of such a building code requirement on home-  
8           owners, States and local communities, local land use  
9           policies, and the Federal Emergency Management  
10          Agency;

11          (2) the resources required of State and local  
12          communities to administer and enforce such a build-  
13          ing code requirement;

14          (3) the effectiveness of such a building code re-  
15          quirement in reducing flood-related damage to build-  
16          ings and contents;

17          (4) the impact of such a building code require-  
18          ment on the actuarial soundness of the National  
19          Flood Insurance Program;

20          (5) the effectiveness of nationally recognized  
21          codes in allowing innovative materials and systems  
22          for flood-resistant construction; and

23          (6) the feasibility and effectiveness of providing  
24          an incentive in lower premium rates for flood insur-  
25          ance coverage under such Act for structures meeting

1       whichever of such widely used and nationally recog-  
2       nized building code or any applicable local building  
3       code provides greater protection from flood damage.

4 **SEC. 29. STUDY OF ECONOMIC EFFECTS OF CHARGING AC-**  
5                   **TUARIALY-BASED PREMIUM RATES FOR**  
6                   **PRE-FIRM STRUCTURES.**

7       (a) STUDY.—The Director of the Federal Emergency  
8 Management Agency (in this section referred to as the  
9 “Director”) shall conduct a study of the economic effects  
10 that would result from increasing premium rates for flood  
11 insurance coverage made available under the national  
12 flood insurance program for non-primary residences and  
13 non-residential pre-FIRM structures (as such term is de-  
14 fined in section 578(b) of the National Flood Insurance  
15 Reform Act of 1994 (42 U.S.C. 4014 note) to the full  
16 actuarial risk based premium rate determined under sec-  
17 tion 1307(a)(1) of the National Flood Insurance Act of  
18 1968 for the area in which the property is located. In con-  
19 ducting the study, the Director shall—

20               (1) determine each area that would be subject  
21       to such increased premium rates; and

22               (2) for each such area, determine—

23                       (A) the amount by which premium rates  
24       would be increased;

1 (B) the number and types of properties af-  
2 fected and the number and types of properties  
3 covered by flood insurance under this title likely  
4 to cancel such insurance if the rate increases  
5 were made;

6 (C) the effects that the increased premium  
7 rates would have on land values and property  
8 taxes; and

9 (D) any other effects that the increased  
10 premium rates would have on the economy,  
11 homeowners, and renters of non-primary resi-  
12 dences.

13 (b) REPORT.—The Director shall submit a report to  
14 the Congress describing and explaining the findings of the  
15 study conducted under this section. The report shall be  
16 submitted not later than 12 months after the date of the  
17 enactment of this Act.

18 **SEC. 30. PROHIBITION ON ENFORCEMENT OF PENALTY AS-**  
19 **SESSED ON CONDOMINIUM ASSOCIATIONS.**

20 Notwithstanding any other provision of law, the Di-  
21 rector of the Federal Emergency Management Agency  
22 shall not apply or enforce any penalty relating to the na-  
23 tional flood insurance program assessed, during 2005 or  
24 thereafter, on condominium associations that are under-  
25 insured under such program.

1 **SEC. 31. REPORT OF ADMINISTRATIVE EXPENSES OF**  
2 **WRITE-YOUR-OWN INSURERS; INDEPENDENT**  
3 **AUDITS.**

4 Section 1348 of the National Flood Insurance Act of  
5 1968 (42 U.S.C. 4084) is amended by adding at the end  
6 the following new subsections:

7 “(c) Any insurance company or other private organi-  
8 zation executing any contract, agreement, or other appro-  
9 priate arrangement with the Director under this part  
10 shall—

11 “(1) annually submit to the Director a record  
12 of all administrative and operating costs of the pro-  
13 gram undertaken; and

14 “(2) biennially submit to the Director an inde-  
15 pendent audit of the program undertaken that is  
16 conducted by a certified public accountant to ensure  
17 that payments made are proper and in accordance  
18 with this Act.

19 “(d) The Director shall review the records and audits  
20 submitted under paragraphs (1) and (2) of subsection (c)  
21 to determine if such payments are reasonable and if the  
22 system by which the Director makes payments to an insur-  
23 ance company or other private organization under this  
24 part should be revised.”.

1 **SEC. 32. PLAN TO VERIFY MAINTENANCE OF FLOOD INSUR-**  
2 **ANCE ON MISSISSIPPI AND LOUISIANA PROP-**  
3 **ERTIES RECEIVING EMERGENCY SUPPLE-**  
4 **MENTAL FUNDS.**

5 The Director of the Federal Emergency Management  
6 Agency shall develop and implement a plan to verify that  
7 persons receiving funds under the Homeowner Grant As-  
8 sistance Program of the State of Mississippi or the Road  
9 Home Program of the State of Louisiana from amounts  
10 allocated to the State of Mississippi or the State of Lou-  
11 isiana, respectively, from the Community development  
12 fund under the Emergency Supplemental Appropriations  
13 Act to Address Hurricanes in the Gulf of Mexico and Pan-  
14 demic Influenza, 2006 (Public Law 109–148) are main-  
15 taining flood insurance on the property for which such  
16 persons receive such funds as required by each such Pro-  
17 gram.

18 **SEC. 33. GAO STUDY OF FACTORS AFFECTING ENROLL-**  
19 **MENT IN MULTIPERIL INSURANCE PROGRAM.**

20 (a) IN GENERAL.—The Comptroller General of the  
21 United States shall conduct a study to identify and ana-  
22 lyze factors affecting enrollment in the multiperil insur-  
23 ance program. Such study shall include a study of the ef-  
24 fects of the multiperil insurance program on enrollment  
25 and pricing of State residual property and casualty mar-  
26 kets or plans and State catastrophe plans.

1 (b) REPORT.—Not later than 270 days after the date  
2 of the enactment of this Act, the Comptroller General shall  
3 submit to Congress a report containing the conclusions of  
4 the study conducted under subsection (a).

5 **SEC. 34. NATIONAL FLOOD INSURANCE ADVOCATE; RE-**  
6 **PORTS.**

7 Chapter II of the National Flood Insurance Act of  
8 1968 is amended by inserting after section 1330 (42  
9 U.S.C. 4041) the following new section:

10 **“SEC. 1330A. NATIONAL FLOOD INSURANCE ADVOCATE.**

11 “(a) ESTABLISHMENT OF POSITION.—

12 “(1) IN GENERAL.—There shall be in the Fed-  
13 eral Emergency Management Agency a National  
14 Flood Insurance Advocate. The National Flood In-  
15 surance Advocate shall report directly to the Direc-  
16 tor and shall, to the extent amounts are provided  
17 pursuant to subsection (c), be compensated at the  
18 same rate as the highest rate of basic pay estab-  
19 lished for the Senior Executive Service under section  
20 5382 of title 5, United States Code, or, if the Direc-  
21 tor so determines, at a rate fixed under section 9503  
22 of such title.

23 “(2) APPOINTMENT.—The National Flood In-  
24 surance Advocate shall be appointed by the Director  
25 and the flood insurance advisory committee estab-



1 lished pursuant to section 1318 (42 U.S.C. 4025)  
2 and without regard to the provisions of title 5,  
3 United States Code, relating to appointments in the  
4 competitive service or the Senior Executive Service.

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

7 “(A) a background in customer service as  
8 well as insurance; and

9 “(B) experience in representing individual  
10 insureds.

11 “(4) RESTRICTION ON EMPLOYMENT.—An indi-  
12 vidual may be appointed as the National Flood In-  
13 surance Advocate only if such individual was not an  
14 officer or employee of the Federal Emergency Man-  
15 agement Agency with duties relating to the national  
16 flood insurance program during the 2-year period  
17 ending with such appointment and such individual  
18 agrees not to accept any employment with the Fed-  
19 eral Emergency Management Agency for at least 5  
20 years after ceasing to be the National Flood Insur-  
21 ance Advocate. Service as an employee of the Na-  
22 tional Flood Insurance Advocate shall not be taken  
23 into account in applying this paragraph.

24 “(5) STAFF.—To the extent amounts are pro-  
25 vided pursuant to subsection (c), the National Flood

1 Insurance Advocate may employ such personnel as  
2 may be necessary to carry out the duties of the Ad-  
3 vocate.

4 “(b) DUTIES.—The duties of the National Flood In-  
5 surance Advocate shall be to conduct studies with respect  
6 to, and submit, the following reports:

7 “(1) REPORT ON PROBLEMS OF INSUREDS  
8 UNDER NATIONAL FLOOD INSURANCE PROGRAM.—  
9 Not later than the expiration of the 12-month period  
10 beginning on the date of the enactment of the Flood  
11 Insurance Reform and Modernization Act of 2007,  
12 the National Flood Insurance Advocate shall submit  
13 a report to the Congress regarding the national flood  
14 insurance program, which shall—

15 “(A) identify areas in which insureds  
16 under such program have problems in dealings  
17 with the Federal Emergency Management  
18 Agency relating to such program, and shall con-  
19 tain a summary of at least 20 of the most seri-  
20 ous problems encountered by such insureds, in-  
21 cluding a description of the nature of such  
22 problems;

23 “(B) identify areas of the law relating to  
24 the flood insurance that impose significant com-  
25 pliance burdens on such insureds or the Federal

1           Emergency Management Agency, including spe-  
2           cific recommendations for remedying such prob-  
3           lems;

4           “(C) identify the 10 most litigated issues  
5           for each category of such insureds, including  
6           recommendations for mitigating such disputes;

7           “(D) identify the initiatives of the Agency  
8           to improve services for insureds under the na-  
9           tional flood insurance program and actions  
10          taken by the Agency with respect to such pro-  
11          gram;

12          “(E) contain recommendations for such  
13          administrative and legislative action as may be  
14          appropriate to mitigate or resolve problems en-  
15          countered by such insureds; and

16          “(F) include such other information as the  
17          National Flood Insurance Advocate considers  
18          appropriate.

19          “(2) REPORT ON ESTABLISHMENT OF AN OF-  
20          FICE OF THE FLOOD INSURANCE ADVOCATE.—Not  
21          later than the expiration of the 6-month period be-  
22          ginning on the date of the initial appointment of a  
23          National Flood Insurance Advocate under this sec-  
24          tion, the Advocate shall submit a report to the Con-  
25          gress regarding the feasibility and effectiveness of

1 establishing an Office of the Flood Insurance Advo-  
2 cate, headed by the National Flood Insurance Advo-  
3 cate, to assist insureds under the national flood in-  
4 surance program in resolving problems with the Fed-  
5 eral Emergency Management Agency relating to  
6 such program. Such report shall examine and ana-  
7 lyze, and include recommendations regarding—

8 “(A) an appropriate structure in which to  
9 establish such an Office, and appropriate levels  
10 of personnel for such Office;

11 “(B) other appropriate functions for such  
12 an Office, which may include—

13 “(i) identifying areas in which such  
14 insureds have problems in dealing with the  
15 Agency relating to such program;

16 “(ii) proposing changes in the admin-  
17 istrative practices of the Agency to resolve  
18 or mitigate problems encountered by such  
19 insureds; and

20 “(iii) identifying potential legislative  
21 changes which may be appropriate to re-  
22 solve or mitigate such problems;

23 “(C) appropriate procedures for formal re-  
24 sponse by the Director to recommendations sub-

1           mitted to the Director by the National Flood  
2           Insurance Advocate;

3           “(D) the feasibility and effectiveness of au-  
4           thorizing the National Flood Insurance Advo-  
5           cate to issue flood insurance assistance orders  
6           in cases in which the Advocate determines that  
7           a qualified insured is suffering or about to suf-  
8           fer a significant hardship as a result of the  
9           manner in which the flood insurance laws are  
10          being administered or meets such other require-  
11          ments may be appropriate, including examining  
12          and analyzing—

13                   “(i) appropriate limitations on the  
14                   scope and effect of such orders;

15                   “(ii) an appropriate standard for de-  
16                   termining such a significant hardship;

17                   “(iii) appropriate terms of flood insur-  
18                   ance assistance orders; and

19                   “(iv) appropriate procedures for modi-  
20                   fying or rescinding such orders;

21          “(E) the feasibility and effectiveness of es-  
22          tablishing offices of flood insurance advocates  
23          who report to the National Flood Insurance Ad-  
24          vocate, including examining and analyzing—

1           “(i) the appropriate coverage and geo-  
2           graphic allocation of such offices;

3           “(ii) appropriate procedures and cri-  
4           teria for referral of inquiries by insureds  
5           under such program to such offices;

6           “(iii) allowing such advocates to con-  
7           sult with appropriate supervisory personnel  
8           of the Agency regarding the daily oper-  
9           ation of the offices; and

10          “(iv) providing authority for such ad-  
11          vocates not disclose to the Director contact  
12          with, or information provided by, such an  
13          insured;

14          “(F) appropriate methods for developing  
15          career paths for flood insurance advocates re-  
16          ferred to in subparagraph (E) who may choose  
17          to make a career in the Office of the Flood In-  
18          surance Advocate; and

19          “(G) such other issues regarding the estab-  
20          lishment of an Office of the Flood Insurance  
21          Advocate as the National Flood Insurance Ad-  
22          vocate considers appropriate.

23          “(3) DIRECT SUBMISSION OF REPORTS.—Each  
24          report required under paragraph (2) shall be pro-  
25          vided directly to the Congress by the National Flood

1 Insurance Advocate without any prior review or com-  
2 ment from the Director, the Secretary of Homeland  
3 Security, or any other officer or employee of the  
4 Federal Emergency Management Agency or the De-  
5 partment of Homeland Security, or the Office of  
6 Management and Budget.

7 “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
8 are authorized to be appropriated for fiscal year 2008 and  
9 each fiscal year thereafter such sums as may be necessary  
10 to carry out this section.”.

11 **SEC. 35. REQUIREMENTS RELATING TO WINDSTORM AND**  
12 **FLOOD.**

13 Section 1345 of the National Flood Insurance Act of  
14 1968 (42 U.S.C. 4081) is amended by adding at the end  
15 the following new subsection:

16 “(d) REQUIREMENTS FOR WRITE-YOUR-OWN INSUR-  
17 ERS RELATING TO WINDSTORM AND FLOOD.—The Direc-  
18 tor may not utilize the facilities or services of any insur-  
19 ance company or other insurer to offer flood insurance  
20 coverage under this title unless such company or insurer  
21 enters into a written agreement with the Director that  
22 provides as follows:

23 “(1) PROHIBITION ON EXCLUSION OF WIND  
24 DAMAGE COVERAGE.—The agreement shall prohibit  
25 the company or insurer from including, in any policy

1 provided by the company or insurer for homeowners'  
2 insurance coverage or coverage for damage from  
3 windstorms, any provision that excludes coverage for  
4 wind or other damage solely because flooding also  
5 contributed to damage to the insured property.

6 “(2) FIDUCIARY RESPONSIBILITY.—The agree-  
7 ment shall provide that the company or insurer—

8 “(A) has a fiduciary duty with respect to  
9 the Federal taxpayers;

10 “(B) in selling and servicing policies for  
11 flood insurance coverage under this title and  
12 adjusting claims under such coverage, will act  
13 in the best interests the national flood insur-  
14 ance program rather than in the interests of the  
15 company or insurer; and

16 “(C) will provide written guidance to each  
17 insurance agent and claims adjuster for the  
18 company or insurer setting forth the terms of  
19 the agreement pursuant to subparagraphs (A)  
20 and (B).”.



1 **SEC. 36. NOTATIONS ON FLOOD INSURANCE RATE MAPS**  
2 **FOR AREAS PROTECTED AGAINST 100-YEAR**  
3 **AND 500-YEAR FLOODS BY CERTIFIED FLOOD**  
4 **CONTROL STRUCTURE.**

5 The National Flood Insurance Act of 1968 is amend-  
6 ed by inserting after section 1361A (42 U.S.C. 4102a) the  
7 following new section:

8 **“SEC. 1362. NOTATIONS ON FLOOD INSURANCE RATE MAPS**  
9 **FOR AREAS PROTECTED AGAINST 100-YEAR**  
10 **AND 500-YEAR FLOODS BY CERTIFIED FLOOD**  
11 **CONTROL STRUCTURE.**

12 “(a) 100-YEAR FLOODPLAIN.—The Director may  
13 publish, through the publication of a national flood insur-  
14 ance program rate map, a note to designate areas pro-  
15 tected against at least the 100-year flood by a certified  
16 flood control structure which shall read as follows:  
17 ‘NOTE: This area is shown as being protected from at  
18 least the 1-percent-annual-chance flood hazard by levee,  
19 dike, or other structure. Overtopping or failure of any  
20 flood control structure is possible. Property owners are en-  
21 couraged to evaluate their flood risk, based on full and  
22 accurate information, and to consider flood insurance cov-  
23 erage as appropriate.’.

24 “(b) 500-YEAR FLOODPLAIN.—The Director may  
25 publish, through the issuance of a national flood insurance  
26 program rate map, a note to designate areas protected

1 against at least the 500-year flood by a certified flood con-  
 2 trol structure which shall read as follows: ‘NOTE: This  
 3 area is shown as being protected from at least the 0.2-  
 4 percent-annual-chance flood hazard by levee, dike, or other  
 5 structure. Overtopping or failure of any flood control  
 6 structure is possible. Property owners are encouraged to  
 7 evaluate their flood risk, based on full and accurate infor-  
 8 mation, and to consider flood insurance coverage as appro-  
 9 priate.’.

10 “(c) EFFECT OF NOTES.—The publication of a note  
 11 under subsection (a) or (b) shall not be considered a re-  
 12 quirement of participation in the national flood insurance  
 13 program.”.

Passed the House of Representatives September 27,  
 2007.

Attest: LORRAINE C. MILLER,  
*Clerk.*