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(Original Signature of Member)

115TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To increase consumer choice through development of the private flood insurance market, and for other purposes.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

M. \_\_\_\_\_ introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To increase consumer choice through development of the private flood insurance market, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Private Flood Insur-  
5 ance Market Development Act of 2017”.

6 **SEC. 2. PRIVATE FLOOD INSURANCE.**

7 (a) MANDATORY PURCHASE REQUIREMENT.—

8 (1) AMOUNT AND TERM OF COVERAGE.—Sec-  
9 tion 102 of the Flood Disaster Protection Act of

1       1973 (42 U.S.C. 4012a) is amended by striking  
2       “Sec. 102. (a)” and all that follows through the end  
3       of subsection (a) and inserting the following:

4       “SEC. 102. (a) AMOUNT AND TERM OF COVERAGE.—  
5 After the expiration of sixty days following the date of the  
6 enactment of this Act, no Federal officer or agency shall  
7 approve any financial assistance for acquisition or con-  
8 struction purposes for use in any area that has been iden-  
9 tified by the Administrator as an area having special flood  
10 hazards and in which the sale of flood insurance has been  
11 made available under the National Flood Insurance Act  
12 of 1968, unless the building or mobile home and any per-  
13 sonal property to which such financial assistance relates  
14 is covered by flood insurance: *Provided*, That the amount  
15 of flood insurance (1) in the case of Federal flood insur-  
16 ance, is at least equal to the development or project cost  
17 of the building, mobile home, or personal property (less  
18 estimated land cost), the outstanding principal balance of  
19 the loan, or the maximum limit of Federal flood insurance  
20 coverage made available with respect to the particular type  
21 of property, whichever is less; or (2) in the case of private  
22 flood insurance, is at least equal to the development or  
23 project cost of the building, mobile home, or personal  
24 property (less estimated land cost), the outstanding prin-  
25 cipal balance of the loan, or the maximum limit of Federal

1 flood insurance coverage made available with respect to  
2 the particular type of property, whichever is less: *Provided*  
3 *further*, That if the financial assistance provided is in the  
4 form of a loan or an insurance or guaranty of a loan, the  
5 amount of flood insurance required need not exceed the  
6 outstanding principal balance of the loan and need not be  
7 required beyond the term of the loan. The requirement  
8 of maintaining flood insurance shall apply during the life  
9 of the property, regardless of transfer of ownership of such  
10 property.”.

11 (2) REQUIREMENT FOR MORTGAGE LOANS.—

12 Subsection (b) of section 102 of the Flood Disaster  
13 Protection Act of 1973 (42 U.S.C. 4012a(b)) is  
14 amended—

15 (A) by striking paragraph (7);

16 (B) by redesignating paragraph (6) as  
17 paragraph (7);

18 (C) by striking the subsection designation  
19 and all that follows through the end of para-  
20 graph (5) and inserting the following:

21 “(b) REQUIREMENT FOR MORTGAGE LOANS.—

22 “(1) REGULATED LENDING INSTITUTIONS.—

23 Each Federal entity for lending regulation (after  
24 consultation and coordination with the Financial In-  
25 stitutions Examination Council established under the

1 Federal Financial Institutions Examination Council  
2 Act of 1974) shall by regulation direct regulated  
3 lending institutions not to make, increase, extend, or  
4 renew any loan secured by improved real estate or  
5 a mobile home located or to be located in an area  
6 that has been identified by the Administrator as an  
7 area having special flood hazards and in which flood  
8 insurance has been made available under the Na-  
9 tional Flood Insurance Act of 1968, unless the  
10 building or mobile home and any personal property  
11 securing such loan is covered for the term of the  
12 loan by flood insurance: *Provided*, That the amount  
13 of flood insurance (A) in the case of Federal flood  
14 insurance, is at least equal to the outstanding prin-  
15 cipal balance of the loan or the maximum limit of  
16 Federal flood insurance coverage made available  
17 with respect to the particular type of property,  
18 whichever is less; or (B) in the case of private flood  
19 insurance, is at least equal to the outstanding prin-  
20 cipal balance of the loan or the maximum limit of  
21 Federal flood insurance coverage made available  
22 with respect to the particular type of property,  
23 whichever is less.

24 “(2) FEDERAL AGENCY LENDERS AND MORT-  
25 GAGE INSURANCE AND GUARANTEE AGENCIES.—

1           “(A) FEDERAL AGENCY LENDERS.—A  
2           Federal agency lender may not make, increase,  
3           extend, or renew any loan secured by improved  
4           real estate or a mobile home located or to be lo-  
5           cated in an area that has been identified by the  
6           Administrator as an area having special flood  
7           hazards and in which flood insurance has been  
8           made available under the National Flood Insur-  
9           ance Act of 1968, unless the building or mobile  
10          home and any personal property securing such  
11          loan is covered for the term of the loan by flood  
12          insurance in accordance with paragraph (1).  
13          Each Federal agency lender may issue any reg-  
14          ulations necessary to carry out this paragraph.  
15          Such regulations shall be consistent with and  
16          substantially identical to the regulations issued  
17          under paragraph (1).

18           “(B) OTHER FEDERAL MORTGAGE ENTI-  
19          TIES.—

20           “(i) COVERAGE REQUIREMENTS.—  
21          Each covered Federal mortgage entity  
22          shall implement procedures reasonably de-  
23          signed to ensure that, for any loan that—

24                           “(I) is secured by improved real  
25                           estate or a mobile home located in an

1 area that has been identified, at the  
2 time of the origination of the loan or  
3 at any time during the term of the  
4 loan, by the Administrator as an area  
5 having special flood hazards and in  
6 which flood insurance is available  
7 under the National Flood Insurance  
8 Act of 1968, and

9 “(II) is made, insured, held, or  
10 guaranteed by such entity, or backs or  
11 on which is based any trust certificate  
12 or other security for which such entity  
13 guarantees the timely payment of  
14 principal and interest,

15 the building or mobile home and any per-  
16 sonal property securing the loan is covered  
17 for the term of the loan by flood insurance  
18 in the amount provided in paragraph (1).

19 “(ii) DEFINITION.—For purposes of  
20 this subparagraph, the term ‘covered Fed-  
21 eral mortgage entity’ means—

22 “(I) the Secretary of Housing  
23 and Urban Development, with respect  
24 to mortgages insured under the Na-  
25 tional Housing Act;

1                   “(II) the Secretary of Agri-  
2                   culture, with respect to loans made,  
3                   insured, or guaranteed under title V  
4                   of the Housing Act of 1949; and

5                   “(III) the Government National  
6                   Mortgage Association.

7                   “(C) REQUIREMENT TO ACCEPT FLOOD IN-  
8                   SURANCE.—Each Federal agency lender and  
9                   each covered Federal mortgage entity shall ac-  
10                  cept flood insurance as satisfaction of the flood  
11                  insurance coverage requirement under subpara-  
12                  graph (A) or (B), respectively, if the flood in-  
13                  surance coverage meets the requirements for  
14                  coverage under such subparagraph and the re-  
15                  quirements relating to financial strength issued  
16                  pursuant to paragraph (4).

17                  “(3) GOVERNMENT-SPONSORED ENTERPRISES  
18                  FOR HOUSING.—The Federal National Mortgage As-  
19                  sociation and the Federal Home Loan Mortgage  
20                  Corporation shall implement procedures reasonably  
21                  designed to ensure that, for any loan that is—

22                  “(A) secured by improved real estate or a  
23                  mobile home located in an area that has been  
24                  identified, at the time of the origination of the  
25                  loan or at any time during the term of the loan,

1 by the Administrator as an area having special  
2 flood hazards and in which flood insurance is  
3 available under the National Flood Insurance  
4 Act of 1968, and

5 “(B) purchased or guaranteed by such en-  
6 tity,

7 the building or mobile home and any personal prop-  
8 erty securing the loan is covered for the term of the  
9 loan by flood insurance in the amount provided in  
10 paragraph (1). The Federal National Mortgage As-  
11 sociation and the Federal Home Loan Mortgage  
12 Corporation shall accept flood insurance as satisfac-  
13 tion of the flood insurance coverage requirement  
14 under paragraph (1) if the flood insurance coverage  
15 provided meets the requirements for coverage under  
16 that paragraph and the requirements relating to fi-  
17 nancial strength issued pursuant to paragraph (4).

18 “(4) REQUIREMENTS REGARDING FINANCIAL  
19 STRENGTH.—The Director of the Federal Housing  
20 Finance Agency, in consultation with the Federal  
21 National Mortgage Association, the Federal Home  
22 Loan Mortgage Corporation, the Secretary of Hous-  
23 ing and Urban Development, the Government Na-  
24 tional Mortgage Association, and the Secretary of  
25 Agriculture shall develop and implement require-



1       ments relating to the financial strength of private  
2       insurance companies from which such entities and  
3       agencies will accept private flood insurance, provided  
4       that such requirements shall not affect or conflict  
5       with any State law, regulation, or procedure con-  
6       cerning the regulation of the business of insurance.

7               “(5) APPLICABILITY.—

8                       “(A) EXISTING COVERAGE.—Except as  
9                       provided in subparagraph (B), paragraph (1)  
10                      shall apply on the date of enactment of the Rie-  
11                      gle Community Development and Regulatory  
12                      Improvement Act of 1994.

13                     “(B) NEW COVERAGE.—Paragraphs (2)  
14                     and (3) shall apply only with respect to any  
15                     loan made, increased, extended, or renewed  
16                     after the expiration of the 1-year period begin-  
17                     ning on the date of enactment of the Riegle  
18                     Community Development and Regulatory Im-  
19                     provement Act of 1994. Paragraph (1) shall  
20                     apply with respect to any loan made, increased,  
21                     extended, or renewed by any lender supervised  
22                     by the Farm Credit Administration only after  
23                     the expiration of the period under this subpara-  
24                     graph.

1           “(C) CONTINUED EFFECT OF REGULA-  
2           TIONS.—Notwithstanding any other provision of  
3           this subsection, the regulations to carry out  
4           paragraph (1), as in effect immediately before  
5           the date of enactment of the Riegle Community  
6           Development and Regulatory Improvement Act  
7           of 1994, shall continue to apply until the regu-  
8           lations issued to carry out paragraph (1) as  
9           amended by section 522(a) of such Act take ef-  
10          fect.

11          “(6) RULE OF CONSTRUCTION.—Except as oth-  
12          erwise specified, any reference to flood insurance in  
13          this section shall be considered to include Federal  
14          flood insurance and private flood insurance. Nothing  
15          in this subsection shall be construed to supersede or  
16          limit the authority of a Federal entity for lending  
17          regulation, the Federal Housing Finance Agency, a  
18          Federal agency lender, a covered Federal mortgage  
19          entity (as such term is defined in paragraph  
20          (2)(B)(ii)), the Federal National Mortgage Associa-  
21          tion, or the Federal Home Loan Mortgage Corpora-  
22          tion to establish requirements relating to the finan-  
23          cial strength of private insurance companies from  
24          which the entity or agency will accept private flood  
25          insurance, provided that such requirements shall not

1 affect or conflict with any State law, regulation, or  
2 procedure concerning the regulation of the business  
3 of insurance.”; and

4 (D) by adding at the end the following new  
5 paragraphs:

6 “(8) NOTIFICATION OF PRIVATE FLOOD INSUR-  
7 ANCE.—Notwithstanding any other provision of this  
8 section, private flood insurance may not be used to  
9 satisfy the flood insurance coverage requirement  
10 under paragraph (1), (2), or (3) with respect to a  
11 building or mobile home, and personal property, un-  
12 less—

13 “(A) the insurance company providing the  
14 private flood insurance coverage has notified  
15 the borrower in advance of the effectiveness of  
16 such coverage, of such use and private flood in-  
17 surance coverage for such building or mobile  
18 home, and personal property; and

19 “(B) the policyholder has agreed in writing  
20 to such use and private flood insurance cov-  
21 erage.

22 “(9) DEFINITIONS.—In this section:

23 “(A) FLOOD INSURANCE.—The term ‘flood  
24 insurance’ means—

25 “(i) Federal flood insurance; and

1 “(ii) private flood insurance.

2 “(B) FEDERAL FLOOD INSURANCE.—The  
3 term ‘Federal flood insurance’ means an insur-  
4 ance policy made available under the National  
5 Flood Insurance Act of 1968 (42 U.S.C. 4001  
6 et seq.).

7 “(C) PRIVATE FLOOD INSURANCE.—The  
8 term ‘private flood insurance’ means an insur-  
9 ance policy that—

10 “(i) is issued by an insurance com-  
11 pany that is—

12 “(I) licensed, admitted, or other-  
13 wise approved to engage in the busi-  
14 ness of insurance in the State in  
15 which the insured building is located,  
16 by the insurance regulator of that  
17 State; or

18 “(II) eligible as a nonadmitted  
19 insurer to provide insurance in the  
20 home State of the insured, in accord-  
21 ance with sections 521 through 527 of  
22 the Dodd-Frank Wall Street Reform  
23 and Consumer Protection Act (15  
24 U.S.C. 8201 through 8206);

1           “(ii) is issued by an insurance com-  
2           pany that is not otherwise disapproved as  
3           a surplus lines insurer by the insurance  
4           regulator of the State in which the prop-  
5           erty to be insured is located;

6           “(iii) provides flood insurance cov-  
7           erage that complies with the laws and reg-  
8           ulations of that State; and

9           “(iv) provides flood insurance cov-  
10          erage with respect to a property that is lo-  
11          cated in an area in which flood insurance  
12          coverage has been made available under  
13          the National Flood Insurance Act of 1968  
14          (42 U.S.C. 4001 et seq.).

15          “(D) STATE.—The term ‘State’ means any  
16          State of the United States, the District of Co-  
17          lumbia, the Commonwealth of Puerto Rico,  
18          Guam, the Northern Mariana Islands, the Vir-  
19          gin Islands, and American Samoa.”.

20          (b) EFFECT OF PRIVATE FLOOD INSURANCE COV-  
21          ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—  
22          Section 1308 of the National Flood Insurance Act of 1968  
23          (42 U.S.C. 4015) is amended by adding at the end the  
24          following:

1       “(n) EFFECT OF PRIVATE FLOOD INSURANCE COV-  
2 ERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—  
3 For purposes of applying any statutory, regulatory, or ad-  
4 ministrative continuous coverage requirement, including  
5 under section 1307(g)(1), the Administrator shall consider  
6 any period during which a property was continuously cov-  
7 ered by private flood insurance (as defined in section  
8 102(b)(9) of the Flood Disaster Protection Act of 1973  
9 (42 U.S.C. 4012a(b)(9))) to be a period of continuous cov-  
10 erage.”.

11 **SEC. 3. EQUIVALENCY FEE FOR PRIVATE FLOOD INSUR-**  
12 **ANCE.**

13       The National Flood Insurance Act of 1968 is amend-  
14 ed by inserting after section 1308A (42 U.S.C. 4015a) the  
15 following new section:

16 **“SEC. 1308B. EQUIVALENCY FEE FOR PRIVATE FLOOD IN-**  
17 **SURANCE.**

18       “(a) IMPOSITION AND COLLECTION.—Subject to sub-  
19 section (c), the Administrator shall impose and collect an  
20 annual fee, to cover expenses incurred in floodplain man-  
21 agement and mapping activities and flood mitigation ac-  
22 tivities, on all policies for private flood insurance (as such  
23 term is defined in section 102(b)(9) of the Flood Disaster  
24 Protection Act of 1973 (42 U.S.C. 4012a(b)(9)) that are  
25 described in subsection (b) of this section and on all quali-

1 fied savings accounts (within the meaning given such term  
2 for purposes of title III of the Flood Disaster Protection  
3 Act of 1973) maintained during such 12-month period.  
4 The fees imposed pursuant to this section shall be in the  
5 same amount as the fees imposed on each policy for flood  
6 insurance coverage made available under this title pursu-  
7 ant to paragraphs (1)(B)(iii) and (2) of section 1307(a)  
8 and section 1308(b)(3).

9 “(b) PRIVATE POLICIES COVERED.—The private  
10 flood insurance policies described in this subsection are—

11 “(1) any policy that is used to satisfy the flood  
12 insurance coverage requirement under paragraph  
13 (1), (2), or (3) of section 102(b) of the Flood Dis-  
14 aster Protection Act of 1973 with respect to a build-  
15 ing or mobile home; and

16 “(2) any policy that—

17 “(A) is not used in the manner provided in  
18 paragraph (1);

19 “(B) provides coverage that is equivalent  
20 to coverage provided under this title, as deter-  
21 mined by the Administrator; and

22 “(C) does not involve a loss-deductible.

23 “(c) EXCLUSION.—The fee under subsection (a) shall  
24 not be imposed or collected on any policy for private flood  
25 insurance that provides coverage in excess of the limits

1 for coverage made available under this title that are then  
2 in effect pursuant to section 1306 (42 U.S.C. 4013).

3 “(d) DEPOSIT.—The Administrator shall deposit all  
4 fees collected under this section in the National Flood In-  
5 surance Fund established under section 1310.”.

6 **SEC. 4. ELIMINATION OF NON-COMPETE REQUIREMENT.**

7 Section 1345 of the National Flood Insurance Act of  
8 1968 (42 U.S.C. 4081) is amended by adding at the end  
9 the following new subsection:

10 “(f) AUTHORITY TO PROVIDE OTHER FLOOD COV-  
11 ERAGE.—

12 “(1) IN GENERAL.—The Administrator may  
13 not, as a condition of participating in the Write  
14 Your Own Program (as such term is defined in sec-  
15 tion 1370(a)) or in otherwise participating in the  
16 utilization by the Administrator of the facilities and  
17 services of insurance companies, insurers, insurance  
18 agents and brokers, and insurance adjustment orga-  
19 nizations pursuant to the authority in this section,  
20 nor as a condition of eligibility to engage in any  
21 other activities under the National Flood Insurance  
22 Program under this title, restrict any such company,  
23 insurer, agent, broker, or organization from offering  
24 and selling private flood insurance (as such term is



1 defined in section 102(b)(9) of the Flood Disaster  
2 Protection Act of 1973 (42 U.S.C. 4012a(b)(9)).

3 “(2) FINANCIAL ASSISTANCE/SUBSIDY AR-  
4 RANGEMENT.—After the date of the enactment of  
5 this subsection—

6 “(A) the Administrator may not include in  
7 any agreement entered into with any insurer for  
8 participation in the Write Your Own Program  
9 any provision establishing a condition prohib-  
10 ited by paragraph (1), including the provisions  
11 of Article XIII of the Federal Emergency Man-  
12 agement Agency, Federal Insurance Adminis-  
13 tration, Financial Assistance/Subsidy Arrange-  
14 ment, as set forth as of such date of enactment,  
15 in Appendix A to part 62 of the Administrator’s  
16 regulations (44 C.F.R Part 62, Appendix A; re-  
17 lating to restriction on other flood insurance);  
18 and

19 “(B) any such provision in any such agree-  
20 ment entered into before such date of enact-  
21 ment shall not have any force or effect, and the  
22 Administrator may not take any action to en-  
23 force such provision.”.

1 **SEC. 5. PUBLIC AVAILABILITY OF PROGRAM INFORMATION.**

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

5 **“SEC. 1349. PUBLIC AVAILABILITY OF PROGRAM INFORMA-**  
6 **TION.**

7 “(a) FLOOD RISK INFORMATION.—

8 “(1) IN GENERAL.—Except as provided in para-  
9 graph (2), to facilitate the National Flood Insurance  
10 Program becoming a source of information and data  
11 for research and development of technology that bet-  
12 ter understands flooding, the risk of flooding, and  
13 the predictability of perils of flooding, the Adminis-  
14 trator shall make publicly available all data, models,  
15 assessments, analytical tools, and other information  
16 in the possession of the Administrator relating to  
17 the National Flood Insurance Program under this  
18 title that is used in assessing flood risk or identi-  
19 fying and establishing flood elevations and pre-  
20 miums, including—

21 “(A) data relating to risk on individual  
22 properties and loss ratio information and other  
23 information identifying losses under the pro-  
24 gram;

25 “(B) current and historical policy informa-  
26 tion, limited to the amount and term only, for

1 properties currently covered by flood insurance  
2 and for properties that are no longer covered by  
3 flood insurance;

4 “(C) current and historical claims informa-  
5 tion, limited to the date and amount paid only,  
6 for properties currently covered by flood insur-  
7 ance and for properties that are no longer cov-  
8 ered by flood insurance;

9 “(D) identification of whether a property  
10 was constructed before or after the effective  
11 date of the first flood insurance rate map for a  
12 community;

13 “(E) identification of properties that have  
14 been mitigated through elevation, a buyout, or  
15 any other mitigation action; and

16 “(F) identification of unmitigated multiple-  
17 loss properties.

18 “(2) OPEN SOURCE DATA SYSTEM.—In carrying  
19 out paragraph (1), the Administrator shall establish  
20 an open source data system by which all information  
21 required to be made publicly available by such sub-  
22 section may be accessed by the public on an imme-  
23 diate basis by electronic means.

24 “(b) COMMUNITY INFORMATION.—Not later than the  
25 expiration of the 12-month period beginning upon the date

1 of the enactment of this section, the Administrator shall  
2 establish and maintain a publicly searchable database that  
3 provides information about each community participating  
4 in the National Flood Insurance Program, which shall in-  
5 clude the following information:

6           “(1) The status of the community’s compliance  
7 with the National Flood Insurance Program, includ-  
8 ing any findings of noncompliance, the status of any  
9 enforcement actions initiated by a State or by the  
10 Administrator, and the number of days of any such  
11 continuing noncompliance.

12           “(2) The number of properties located in the  
13 community’s special flood hazard areas that were  
14 built before the effective date of the first flood insur-  
15 ance rate map for the community.

16           “(3) The number of properties located in the  
17 community’s special flood hazard areas that were  
18 built after the effective date of the first flood insur-  
19 ance rate map for the community.

20           “(4) The total number of current and historical  
21 claims located outside the community’s special flood  
22 hazard areas.

23           “(5) The total number of multiple-loss prop-  
24 erties in the community.

1           “(6) The portion of the community, stated as a  
2           percentage and in terms of square miles, that is lo-  
3           cated within special flood hazard areas.

4           “(c) IDENTIFICATION OF PROPERTIES.—The infor-  
5           mation provided pursuant to subsections (a) and (b) shall  
6           be based on data that identifies properties at the zip code  
7           or census block level, and shall include the name of the  
8           community and State in which a property is located.

9           “(d) PROTECTION OF PERSONALLY IDENTIFIABLE  
10          INFORMATION.—The information provided pursuant to  
11          subsections (a) and (b) shall be disclosed in a format that  
12          does not reveal individually identifiable information about  
13          property owners in accordance with the section 552a of  
14          title 5, United States Code.

15          “(e) DEFINITION OF LOSS RATIO.—For purposes of  
16          this section, the term ‘loss ratio’ means, with respect to  
17          the National Flood Insurance Program, the ratio of the  
18          amount of claims paid under the Program to the amount  
19          of premiums paid under the Program.”.

20       **SEC. 6. REFUND OF PREMIUMS UPON CANCELLATION OF**  
21                               **POLICY BECAUSE OF REPLACEMENT WITH**  
22                               **PRIVATE FLOOD INSURANCE.**

23          Section 1306 of the National Flood Insurance Act of  
24          1968 (42 U.S.C. 4013) is amended by adding at the end  
25          the following new subsection:

1           “(e) REFUND OF UNEARNED PREMIUMS FOR POLI-  
2 CIES CANCELED BECAUSE OF REPLACEMENT WITH PRI-  
3 VATE FLOOD INSURANCE.—

4           “(1) REQUIRED REFUND.—Subject to sub-  
5 section (c), if at any time an insured under a policy  
6 for flood insurance coverage for a property that is  
7 made available under this title cancels such policy  
8 because other duplicate flood insurance coverage for  
9 the same property has been obtained from a source  
10 other than the National Flood Insurance Program  
11 under this title, the Administrator shall refund to  
12 the former insured a portion of the premiums paid  
13 for the coverage made available under this title, as  
14 determined on a pro rata basis according to the por-  
15 tion of the term of the policy that such coverage was  
16 in effect, but only if the following documentation is  
17 provided to the Administrator:

18           “(A) A copy of declarations page of the  
19 new policy obtained from a source other than  
20 the program under this title.

21           “(B) If the property is subject to an out-  
22 standing mortgage, a statement from the mort-  
23 gagee that the new policy is acceptable, for pur-  
24 poses of this title and the Flood Disaster Pro-

1           tection Act of 1973 (42 U.S.C. 4002 et seq.),  
2           as a replacement for the policy being canceled.

3           “(2) EFFECTIVE DATE OF CANCELLATION.—

4           For purposes of this subsection, a cancellation of a  
5           policy for coverage made available under the na-  
6           tional flood insurance program under this title, for  
7           the reason specified in paragraph (1), shall be effec-  
8           tive—

9                   “(A) on the effective date of the new policy  
10           obtained from a source other than the program  
11           under this title, if the request for such cancella-  
12           tion was received by the Administrator before  
13           the expiration of the 6-month period beginning  
14           on the effective date of the new policy; or

15                   “(B) on the date of the receipt by the Ad-  
16           ministrator of the request for cancellation, if  
17           the request for such cancellation was received  
18           by the Administrator after the expiration of the  
19           6-month period beginning on the effective date  
20           of the new policy.

21           “(3) PROHIBITION OF REFUNDS FOR PROP-  
22           ERTIES RECEIVING INCREASED COST OF COMPLI-  
23           ANCE CLAIMS.—In the case of any property for  
24           which measures have been implemented using  
25           amounts received pursuant to a claim under in-





1           (2) the proceeds of which would be available for  
2 use only to cover losses to such properties resulting  
3 from flooding, pursuant to adjustment of a claim for  
4 such losses in the same manner and according to the  
5 same procedures as apply to claims for losses under  
6 flood insurance coverage made available under the  
7 National Flood Insurance Act of 1968.

8           (c) ISSUES.—Such study shall include an analysis of,  
9 and recommendation regarding, each of the following  
10 issues:

11           (1) Whether authorizing the establishment of  
12 such flood damage savings accounts would be effec-  
13 tive and efficient in reducing flood insurance pre-  
14 miums, eliminating the need for purchase of flood  
15 insurance coverage made available under the Na-  
16 tional Flood Insurance Program, and reducing risks  
17 to the financial safety and soundness of the National  
18 Flood Insurance Fund.

19           (2) Possible options for structuring such flood  
20 damage savings accounts, including—

21           (A) what types of institutions could hold  
22 such accounts and the benefits and problems  
23 with each such type of institution;

24           (B) considerations affecting the amounts  
25 required to be held in such accounts; and

1           (C) options regarding considerations the  
2           conditions under which such an account may be  
3           terminated.

4           (3) The feasibility and effectiveness, and prob-  
5           lems involved in, authorizing the Administrator of  
6           the Federal Emergency Management Agency to  
7           make secondary flood insurance coverage available  
8           under the National Flood Insurance Program to  
9           cover the portion of flood losses or damages to prop-  
10          erties for which such flood damage savings accounts  
11          have been established that exceed the amounts held  
12          in such accounts.

13          (4) The benefits and problems involved in au-  
14          thorizing the establishment of such accounts for  
15          non-residential properties.

16          (d) REPORT.—Not later than the expiration of the  
17          12-month period beginning on the date of the enactment  
18          of this Act, the Comptroller General shall submit a report  
19          to the Committee on Financial Services of the House of  
20          Representatives, the Committee on Banking, Housing,  
21          and Urban Affairs of the Senate, and the Administrator  
22          that sets forth the analysis, conclusions, and recommenda-  
23          tions resulting from the study under this section. Such re-  
24          port shall identify elements that should be taken into con-

1 sideration by the Administrator in designing and carrying  
2 out the demonstration program under section 8.

3 **SEC. 8. DEMONSTRATION PROGRAM FOR FLOOD DAMAGE**  
4 **SAVINGS ACCOUNTS.**

5 (a) PLAN.—Not later than the expiration of the 12-  
6 month period beginning upon the submission of the report  
7 under section 7(d), the Administrator of the Federal  
8 Emergency Management Agency shall submit to the Com-  
9 mittee on Financial Services of the House of Representa-  
10 tives and the Committee on Banking, Housing, and Urban  
11 Affairs of the Senate a plan and guidelines for a dem-  
12 onstration program, to be carried out by the Adminis-  
13 trator, to demonstrate the feasibility and effectiveness of  
14 authorizing the establishment of flood damage savings ac-  
15 counts, taking into consideration the analysis, conclusions,  
16 and recommendations included in such report.

17 (b) AUTHORITY.—The Administrator of the Federal  
18 Emergency Management Agency shall carry out a pro-  
19 gram to demonstrate the feasibility and effectiveness of  
20 authorizing the establishment of flood damage savings ac-  
21 counts in the manner provided in plan and guidelines for  
22 the demonstration program submitted pursuant to sub-  
23 section (a).

24 (c) SCOPE.—The demonstration program under this  
25 section shall provide for the establishment of flood damage

1 savings accounts with respect to not more than 5 percent  
2 of the residential properties that have 4 or fewer resi-  
3 dences and that are covered by flood insurance coverage  
4 made available under the National Flood Insurance Pro-  
5 gram.

6 (d) TIMING.—The Administrator shall commence the  
7 demonstration program under this section not later than  
8 the expiration of the 12-month period beginning upon the  
9 submission of the plan and guidelines for the demonstra-  
10 tion pursuant to subsection (a).

11 (e) GEOGRAPHICAL DIVERSITY.— The Administrator  
12 shall ensure that properties for which flood damage sav-  
13 ings accounts are established under the demonstration are  
14 located in diverse geographical areas throughout the  
15 United States.

16 (f) REPORT.—Upon the expiration of the 2-year pe-  
17 riod beginning upon the date of the commencement of the  
18 demonstration program under this section, the Adminis-  
19 trator shall submit a report to the Committee on Financial  
20 Services of the House of Representatives and the Com-  
21 mittee on Banking, Housing, and Urban Affairs of the  
22 Senate describing and assessing the demonstration, and  
23 setting forth conclusions and recommendations regarding  
24 continuing and expanding the demonstration.