

21st CENTURY FLOOD REFORM ACT

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “21st Century Flood Reform Act”.

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

Sec. 1. Short title and table of contents.

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Sec. 103. Disclosure of premium methodology.

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- Sec. 507. Pay for performance and streamlining costs and reimbursement.
- Sec. 508. Enforcement of mandatory purchase requirements.
- Sec. 509. Satisfaction of mandatory purchase requirement in States allowing all-perils policies.
- Sec. 510. Flood insurance purchase requirements.
- Sec. 511. Clarifications; deadline for approval of claims.
- Sec. 511. GAO study of simplification of National Flood Insurance Program.

TITLE I—POLICYHOLDER PROTECTIONS AND INFORMATION

SEC. 101. ANNUAL LIMITATION ON PREMIUM INCREASES.

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

- (1) in paragraph (1), by striking “18 percent” and inserting “15 percent”; and
- (2) in paragraph (2), by striking “5 percent” and inserting “~~8 percent~~ “6.5 percent, except that (A) during the 12-month period on the date of the enactment of the 21st Century Flood Reform Act this paragraph shall be applied by substituting ‘5 percent’ for ‘6.5 percent’, (B) during the 12-month period beginning upon the expiration of the period referred to in clause (A), this paragraph shall be applied by substituting ‘5.5 percent’ for ‘6.5 percent’, and (C) during the 12-month period beginning upon the expiration of the period referred to in clause (B), this paragraph shall be applied by substituting ‘6.0 percent’ for ‘6.5 percent’.”.

SEC. 102. FLOOD INSURANCE AFFORDABILITY PROGRAM.

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

“SEC. 1326. FLOOD INSURANCE AFFORDABILITY PROGRAM.

“(a) **AUTHORITY.**—The Administrator shall carry out a program under this section to provide financial assistance, through State programs carried out by participating States, for eligible low-income households residing in eligible properties to purchase policies for flood insurance coverage made available under this title.

“(b) **PARTICIPATION.**—Participation in the program under this section shall be voluntary on the part of a State or consortium of States.

“(c) **STATE ADMINISTRATION.**—Each participating State shall delegate to a State agency or nonprofit organization the responsibilities for administering the State’s program under this section.

“(d) **ELIGIBLE HOUSEHOLDS.**—

“(1) **IN GENERAL.**—During any fiscal year, assistance under the program under this section may be provided only for a household that has an income, as determined for such fiscal year by the participating State in which such household resides, that is less than the income limitation established for such fiscal year for purposes of the State program by the participating State, except that—

“(A) assistance under the program under this section may not be provided for a household having a income that exceeds the greater of—

“(i) the amount equal to 150 percent of the poverty level for such State; or

“(ii) the amount equal to 60 percent of the median income of households residing in such State; and

“(B) a State may not exclude a household from eligibility in a fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for the State in which such household resides.

“(2) STATE VERIFICATION OF INCOME ELIGIBILITY.—In verifying income eligibility for purposes of paragraph (1), the participating State may apply procedures and policies consistent with procedures and policies used by the State agency administering programs under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), under title XX of the Social Security Act (42 U.S.C. 1397 et seq.), under subtitle B of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9901 et seq.; relating to community services block grant program), under any other provision of law that carries out programs which were administered under the Economic Opportunity Act of 1964 (42 U.S.C. 2701 et seq.) before August 13, 1981, or under other income assistance or service programs (as determined by the State).

“(3) CERTIFICATION BY STATE OF ELIGIBILITY HOUSEHOLDS.—For each fiscal year, each participating State shall certify to the Administrator compliance of households who are to be provided assistance under the State program during such fiscal year with the income requirements under paragraph (1).

“(e) ELIGIBLE PROPERTIES.—Assistance under the program under this section may be provided only for a residential property—

“(1) that has 4 or fewer residences;

“(2) that is owned and occupied by an eligible household;

“(3) for which a base flood elevation is identified on a flood insurance rate map of the Administrator that is in effect;

“(4) for which such other information is available as the Administrator considers necessary to determine the flood risk associated with such property; and

“(5) that is located in a community that is participating in the national flood insurance program.

“(f) TYPES OF ASSISTANCE.—Under the program under this section, a participating State shall elect to provide financial assistance for eligible households in one of the following forms:

“(1) LIMITATION ON RATE INCREASES.—By establishing a limitation on the rate of increases in the amount of chargeable premiums paid by eligible households for flood insurance coverage made available under this title.

“(2) LIMITATION ON RATES.—By establishing a limitation on the amount of chargeable premiums paid by eligible households for flood insurance coverage made available under this title.

“(g) NOTIFICATION TO FEMA.—Under the program under this section, a participating State shall, on a fiscal year basis and at the time and in the manner provided by the Administrator—

“(1) identify for the Administrator the eligible households residing in the State who are to be provided assistance under the State program during such fiscal year; and

“(2) notify the Administrator of the type and levels of assistance elected under subsection (f) to be provided under the State program with respect to such eligible households residing in the State.

“(h) AMOUNT OF ASSISTANCE.—Under the program under this section, in each fiscal year the Administrator shall, notwithstanding section 1308, make flood insurance coverage available for purchase by households identified as eligible households for such fiscal year by a participating State pursuant to subsection (e) at chargeable premium rates that are discounted by an amount that is based on the type and levels of assistance elected pursuant to subsection (f) by the participating State for such fiscal year.

“(i) BILLING STATEMENT.—In the case of an eligible household for which assistance under the program under this section is provided with respect to a policy for flood insurance coverage, the annual billing statement for such policy shall include statements of the following amounts:

“(1) The estimated risk premium rate for the property under section 1307(a)(1).

“(2) If applicable, the estimated risk premium rate for the property under section 1307(a)(2).

“(3) The chargeable risk premium rate for the property taking into consideration the discount pursuant to subsection (h).

“(4) The amount of the discount pursuant to subsection (h) for the property.

“(5) The number and dollar value of claims filed for the property, over the life of the property, under a flood insurance policy made available under the Program and the effect, under this Act, of filing any further claims under a flood insurance policy with respect to that property.

“(j) FUNDING THROUGH STATE AFFORDABILITY SURCHARGES.—

“(1) IMPOSITION AND COLLECTION.—Notwithstanding section 1308, for each fiscal year in which flood insurance coverage under this title is made available for properties in a participating State at chargeable premium rates that are discounted pursuant to subsection (f), the Administrator shall impose and collect a State affordability surcharge on each policy for flood insurance coverage for a property located in such participating State that is (A) not a residential property having 4 or fewer residences, or (B) is such a residential property but is owned by a household that is not an eligible household for purposes of such fiscal year.

“(2) AMOUNT.—The amount of the State affordability surcharge imposed during a fiscal year on each such policy for a property in a participating State shall be—

“(A) sufficient such that the aggregate amount of all such State affordability surcharges imposed on properties in such participating State during such fiscal year is equal to the aggregate amount by which all policies for flood insurance coverage under this title sold during such fiscal year for properties owned by eligible households in the participating State are discounted pursuant to subsection (f); and

“(B) the same amount for each property in the participating State being charged such a surplus.

“(k) TREATMENT OF OTHER SURCHARGES.—The provision of assistance under the program under this section with respect to any property and any limitation on premiums or premium increases pursuant to subsection (f) for the property shall not affect the applicability or amount of any surcharge under section 1308A for the property, of any increase in premiums charged for the property pursuant to section 1310A(c), or of any equivalency fee under section 1308B for the property.

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

“(1) PARTICIPATING STATE.—The term ‘participating State’ means, with respect to a fiscal year, a State that is participating in the program under this section for such fiscal year.

“(2) ELIGIBLE HOUSEHOLD.—The term ‘eligible household’ means, with respect to a fiscal year and a participating State, a household that has an income that is less than the amount of the income limitation for the fiscal year established for purposes of the State program of such participating State pursuant to subsection (g)(1).

“(3) POVERTY LEVEL.—The term ‘poverty level’ means, with respect to a household in any State, the income poverty line as prescribed and revised at least annually pursuant to section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), as applicable to such State.

“(4) STATE.—The term ‘State’ shall include a consortium of States established for purposes of administering the program under this section with respect to the member States of the consortium.

“(5) STATE PROGRAM.—The term ‘State program’ means a program carried out in compliance with this section by a participating State in conjunction with the program under this section of the Administrator.

“(m) REGULATIONS.—The Administrator shall issue such regulations as may be necessary to carry out the program under this section.”.

SEC. 103. DISCLOSURE OF PREMIUM METHODOLOGY.

Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015) is amended by adding at the end the following new subsection:

“(n) DISCLOSURE OF PREMIUM METHODOLOGY.—

“(1) DISCLOSURE.—Six months prior to the effective date of risk premium rates, the Administrator shall cause to be published in the Federal Register an explanation of the bases for, and methodology used to determine, the chargeable premium rates to be effective for flood insurance coverage under this title.

“(2) ALIGNMENT WITH INDUSTRY PRACTICES.—The disclosure required under paragraph (1) shall, to the extent practicable, be aligned with industry patterns and practices and shall include information and data recommended by the State insurance commissioners guidelines on rate filings.

“(3) PUBLIC MEETINGS.—The Administrator shall, on an annual basis, hold at least one public meeting in each of the geographical regions of the United States, as defined by the Administrator for purposes of the National Flood Insurance Program, for the purpose of explaining the methodology described in paragraph (1) and answering questions and receiving comments regarding such methodology. The Administrator shall provide notice of each such public meeting in advance, in such manner, and in using such means as are reasonably designed to notify interested parties and members of the public of the date and time, location, and purpose of such meeting, and of how to submit questions or comments.”.

SEC. 104. CONSIDERATION OF COASTAL AND INLAND LOCATIONS IN PREMIUM RATES.

(a) ESTIMATES OF PREMIUM RATES.—Subparagraph (A) of section 1307(a)(1) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(a)(1)(A)) is amended—

(1) in clause (i), by striking “and” at the end; and

(2) by adding at the end the following new clause:

“(iii) the differences in flood risk for properties impacted by coastal flood risk and properties impacted by riverine, or inland flood risk; and”.

(b) ESTABLISHMENT OF CHARGEABLE PREMIUM RATES.—Paragraph (1) of section 1308(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(b)(1)) is amended by inserting “due to differences in flood risk resulting from coastal flood hazards and riverine, or inland flood hazards and” after “including differences in risks”.

(c) REVISED RATES.—Not later than the expiration of the two-year period beginning on the date of the enactment of this Act, the Administrator of the Federal Emergency Management Agency shall revise risk premium rates under the National Flood Insurance Program to implement the amendments made by this section.

SEC. 105. MONTHLY INSTALLMENT PAYMENT OF PREMIUMS.

Subsection (g) of section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(g)) is amended—

(1) by striking the subsection designation and all that follows through “With respect” and inserting the following:

“(g) FREQUENCY OF PREMIUM COLLECTION.—

“(1) OPTIONS.—With respect”; and

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

“(2) MONTHLY INSTALLMENT PAYMENT OF PREMIUMS.—

“(A) EXEMPTION FROM RULEMAKING.—Until such time as the Administrator promulgates regulations implementing paragraph (1) of this subsection, the Administrator may adopt policies and procedures, notwithstanding any other provisions of law and in alignment and consistent with existing industry escrow and servicing standards, necessary to implement such paragraph without undergoing notice and comment rulemaking and without conducting regulatory analyses otherwise required by statute, regulation, or Executive order.

“(B) INSTALLMENT PLAN FEE.—The Administrator may charge policyholders choosing to pay premiums in monthly installments a fee not to exceed \$50 annually.

“(C) PILOT PROGRAM.—The Administrator may initially implement paragraph (1) of this subsection as a pilot program that provides for a gradual phase-in of implementation.”.

SEC. 106. ENHANCED CLEAR COMMUNICATION OF FLOOD RISKS.

(a) IN GENERAL.—Subsection (l) of section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(l)) is amended to read as follows:

“(l) CLEAR COMMUNICATIONS.—

“(1) NEWLY ISSUED AND RENEWED POLICIES.—For all policies for flood insurance coverage under the National Flood Insurance Program that are newly issued or renewed, the Administrator shall clearly communicate to policyholders—

“(A) their full flood risk determinations, regardless of whether their premium rates are full actuarial rates; and

“(B) the number and dollar value of claims filed for the property, over the life of the property, under a flood insurance policy made available under the Program and the effect, under this Act, of filing any further claims under a flood insurance policy with respect to that property.”.

(b) EFFECTIVE DATE.—Subsection (l) of section 1308 of the National Flood Insurance Act of 1968, as added by subsection (a) of this section, shall take effect beginning upon the expiration of the 12-month period that begins on the date of the enactment of this Act. Such subsection (l), as in effect immediately before the amendment made by paragraph (1), shall apply during such 12-month period.

SEC. 107. AVAILABILITY OF FLOOD INSURANCE INFORMATION UPON REQUEST.

Section 1313 of the National Flood Insurance Act of 1968 (42 U.S.C. 4020) is amended—

(1) by inserting “(a) PUBLIC INFORMATION AND DATA.—” after “SEC. 1313.”; and

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

“(b) AVAILABILITY OF FLOOD INSURANCE INFORMATION UPON REQUEST.—Not later than 30 days after a request for such information by the current owner of a property, the Administrator shall provide to the owner any information, including historical information, available to the Administrator on flood insurance program coverage, payment of claims, and flood damages for the property at issue, and any information the Administrator has on whether the property owner may be required to purchase coverage under the National Flood Insurance Program due to previous receipt of Federal disaster assistance, including assistance provided by the Small Business Administration, the Department of Housing and Urban Development, or the Federal Emergency Management Agency, or any other type of assistance that subjects the property to the mandatory purchase requirement under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a).”.

SEC. 108. DISCLOSURE OF FLOOD RISK INFORMATION UPON TRANSFER OF PROPERTY.

(a) IN GENERAL.—Chapter 1 of the National Flood Insurance Act of 1968 (42 U.S.C. 4011 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:

“SEC. 1327. DISCLOSURE OF FLOOD RISK INFORMATION UPON TRANSFER OF PROPERTY.

“(a) REQUIREMENT FOR PARTICIPATION IN PROGRAM.—After September 30, 2022, no new flood insurance coverage may be provided under this title for any real property located in any area (or subdivision thereof) unless an appropriate body has imposed, by statute or regulation, a duty on any seller or lessor of improved real estate located in such area to provide to any purchaser or lessee of such property a property flood hazard disclosure which the Administrator has determined meets the requirements of subsection (b).

“(b) DISCLOSURE REQUIREMENTS.—A property flood hazard disclosure for a property shall meet the requirements of this subsection only if the disclosure—

“(1) is made in writing;

“(2) discloses any actual knowledge of the seller or lessor of—

“(A) prior physical damage caused by flood to any building located on the property;

“(B) prior insurance claims for losses covered under the National Flood Insurance Program or private flood insurance with respect to such property;

“(C) any previous notification regarding the designation of the property as a repetitive loss or severe repetitive loss property; and

“(D) any Federal legal obligation to obtain and maintain flood insurance running with the property, such as any obligation due to a previous form of disaster assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act received by any owner of the property; and

“(3) is delivered by or on behalf of the seller or lessor to the purchaser or lessee before such purchaser or lessee becomes obligated under any contract for purchase or lease of the property.”.

(b) AVAILABILITY OF FLOOD INSURANCE COVERAGE.—Subsection (c) of section 1305 of the National Flood Insurance Act of 1968 (42 U.S.C. 4012(c)) is amended—

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

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

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

“(3) given satisfactory assurance that by September 31, 2022, property flood hazard disclosure requirements will have been adopted for the area that meet the requirements of section 1326.”.

SEC. 109. VOLUNTARY COMMUNITY-BASED FLOOD INSURANCE PILOT PROGRAM.

(a) ESTABLISHMENT.—The Administrator of the Federal Emergency Management Agency (in this section referred to as the “Administrator”) may carry out a community-based flood insurance pilot program to make available, for purchase by participating communities, a single, community-wide flood insurance policy under the National Flood Insurance Program that—

(1) covers all residential and non-residential properties within the community; and

(2) satisfies, for all such properties within the community, the mandatory purchase requirements under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a).

(b) PARTICIPATION.—Participation by a community in the pilot program under this section shall be entirely voluntary on the part of the community.

(c) REQUIREMENTS FOR COMMUNITY-WIDE POLICIES.—The Administrator shall ensure that a community-wide flood insurance policy made available under the pilot program under this section incorporates the following requirements:

(1) A mapping requirement for properties covered by the policy.

- (2) A cap on premiums.
- (3) A deductible.
- (4) Certification or accreditation of mitigation infrastructure when available and appropriate.
- (5) A community audit.
- (6) The Community Rating System under section 1315(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4022(b)).
- (7) A method of preventing redundant claims payments by the National Flood Insurance Program in the case of a claim by an individual property owner who is covered by a community-wide flood insurance policy and an individual policy obtained through the Program.
- (8) Coverage for damage arising from flooding that complies with the standards under the National Flood Insurance Program appropriate to the nature and type of property covered.
- (d) TIMING.—The Administrator may establish the demonstration program under this section not later than the expiration of the 180-day period beginning on the date of the enactment of this Act and the program shall terminate on September 30, 2022.
- (e) DEFINITION OF COMMUNITY.—For purposes of this section, the term “community” means any unit of local government, within the meaning given such term under the laws of the applicable State.

SEC. 110. EXTENSION OF NATIONAL FLOOD INSURANCE PROGRAM.

- (a) FINANCING.—Section 1309(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4016(a)) is amended by striking “September 30, 2017” and inserting “September 30, 2022”.
- (b) PROGRAM EXPIRATION.—Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended by striking “September 30, 2017” and inserting “September 30, 2022”.

TITLE II—INCREASING CONSUMER CHOICE THROUGH PRIVATE MARKET DEVELOPMENT

SEC. 201. ELIMINATION OF NON-COMPETE REQUIREMENT.

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

“(f) AUTHORITY TO PROVIDE OTHER FLOOD COVERAGE.—

“(1) IN GENERAL.—The Administrator may not, as a condition of participating in the Write Your Own Program (as such term is defined in section 1370(a)) or in otherwise participating in the utilization by the Administrator of the facilities and services of insurance companies, insurers, insurance agents and brokers, and insurance adjustment organizations pursuant to the authority in this section, nor as a condition of eligibility to engage in any other activities under the National Flood Insurance Program under this title, restrict any such company, insurer, agent, broker, or organization from offering and selling private flood insurance (as such term is defined in section 102(b)(9) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(b)(9))).

“(2) FINANCIAL ASSISTANCE/SUBSIDY ARRANGEMENT.—After the date of the enactment of this subsection—

“(A) the Administrator may not include in any agreement entered into with any insurer for participation in the Write Your Own Program any provision establishing a condition prohibited by paragraph (1), including the provisions of Article XIII of the Federal Emergency Management Agency, Federal Insurance Administration, Financial Assistance/Subsidy Arrangement, as adopted pursuant to section 62.23(a) of title 44 of the Code of Federal Regulations; and

“(B) any such provision in any such agreement entered into before such date of enactment shall not have any force or effect, and the Administrator may not take any action to enforce such provision.”.

SEC. 202. PUBLIC AVAILABILITY OF PROGRAM INFORMATION.

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

“SEC. 1349. PUBLIC AVAILABILITY OF PROGRAM INFORMATION.

“(a) FLOOD RISK INFORMATION.—

“(1) IN GENERAL.—Except as provided in paragraph (2), to facilitate the National Flood Insurance Program becoming a source of information and data for research and development of technology that better understands flooding, the risk of flooding, and the predictability of perils of flooding, the Administrator shall make publicly available all data, models, assessments, analytical tools, and other information in the possession of the Administrator relating to the National Flood Insurance Program under this title that is used in assessing flood risk or identifying and establishing flood elevations and premiums, including—

“(A) data relating to risk on individual properties and loss ratio information and other information identifying losses under the program;

“(B) current and historical policy information, limited to the amount and term only, for properties currently covered by flood insurance and for properties that are no longer covered by flood insurance;

“(C) current and historical claims information, limited to the date and amount paid only, for properties currently covered by flood insurance and for properties that are no longer covered by flood insurance;

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

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

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

“(2) OPEN SOURCE DATA SYSTEM.—In carrying out paragraph (1), the Administrator shall establish an open source data system by which all information required to be made publicly available by such subsection may be accessed by the public on an immediate basis by electronic means.

“(b) COMMUNITY INFORMATION.—Not later than the expiration of the 12-month period beginning upon the date of the enactment of this section, the Administrator shall establish and maintain a publicly searchable database that provides information about each community participating in the National Flood Insurance Program, which shall include the following information:

“(1) The status of the community’s compliance with the National Flood Insurance Program, including any findings of noncompliance, the status of any enforcement actions initiated by a State or by the Administrator, and the number of days of any such continuing noncompliance.

“(2) The number of properties located in the community’s special flood hazard areas that were built before the effective date of the first flood insurance rate map for the community.

“(3) The number of properties located in the community’s special flood hazard areas that were built after the effective date of the first flood insurance rate map for the community.

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

“(5) The total number of multiple-loss properties in the community.

“(6) The portion of the community, stated as a percentage and in terms of square miles, that is located within special flood hazard areas.

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

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

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

SEC. 203. REFUND OF PREMIUMS UPON CANCELLATION OF POLICY BECAUSE OF REPLACEMENT WITH PRIVATE FLOOD INSURANCE.

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

“(e) REFUND OF UNEARNED PREMIUMS FOR POLICIES CANCELED BECAUSE OF REPLACEMENT WITH PRIVATE FLOOD INSURANCE.—

“(1) REQUIRED REFUND.—Subject to subsection (c), if at any time an insured under a policy for flood insurance coverage for a property that is made available under this title cancels such policy because other duplicate flood insurance coverage for the same property has been obtained from a source other than the National Flood Insurance Program under this title, the Administrator shall refund to the former insured a portion of the premiums paid for the coverage made available under this title, as determined consistent with industry practice according to the portion of the term of the policy that such coverage was in effect, but only if a copy of declarations page of the new policy obtained from a source other than the program under this title is provided to the Administrator.

“(2) EFFECTIVE DATE OF CANCELLATION.—For purposes of this subsection, a cancellation of a policy for coverage made available under the national flood insurance program under this title, for the reason specified in paragraph (1), shall be effective—

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

“(B) on the date of the receipt by the Administrator of the request for cancellation, if the request for such cancellation was received by the Administrator after the expiration of the 6-month period beginning on the effective date of the new policy.

“(3) PROHIBITION OF REFUNDS FOR PROPERTIES RECEIVING INCREASED COST OF COMPLIANCE CLAIMS.—No premium amounts paid for coverage made available under this title may be refunded pursuant to this subsection—

“(A) with respect to coverage for any property for which measures have been implemented using amounts received pursuant to a claim under increased cost of compliance coverage made available pursuant to section 1304(b); or

“(B) if a claim has been paid or is pending under the policy term for which the refund is sought.”.

SEC. 204. PROVISION OF PRIVATE FLOOD INSURANCE BY MUTUAL AID SOCIETIES.

Paragraph (7) of section 102(b) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(c)) is amended to read as follows:

“(7) DEFINITIONS.—In this section:

“(A) FEDERAL FLOOD INSURANCE.—The term ‘Federal flood insurance’ means an insurance policy made available under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.).

“(B) FLOOD INSURANCE.—The term ‘flood insurance’ means—

“(i) Federal flood insurance; and

“(ii) private flood insurance.

“(C) MUTUAL AID SOCIETY.—The term ‘mutual aid society’ means an organization—

“(i) the members of which—

“(I) share a common set of ethical or religious beliefs; and

“(II) in accordance with the beliefs described in subclause (I), agree to cover expenses arising from damage to property of the members of the organization, including damage caused by flooding; and

“(ii) that has a demonstrated history of fulfilling the terms of agreements to cover expenses arising from damage to property of the members of the organization caused by flooding.

“(D) PRIVATE FLOOD INSURANCE.—The term ‘private flood insurance’ means—

“(i) an insurance policy that—

“(I) is issued by an insurance company that is—

“(aa) licensed, admitted, or otherwise approved to engage in the business of insurance in the State in which the insured building is located, by the insurance regulator of that State; or

“(bb) eligible as a nonadmitted insurer to provide insurance in the home State of the insured, in accordance with sections 521 through 527 of the Nonadmitted and Reinsurance Reform Act of 2010 (15 U.S.C. 8201 through 8206);

“(II) is issued by an insurance company that is not otherwise disapproved as a surplus lines insurer by the insurance regulator of the State in which the property to be insured is located; and

“(III) provides flood insurance coverage that complies with the laws and regulations of that State; or

“(ii) an agreement with a mutual aid society for such society to cover expenses arising from damage to property of the members of such society caused by flooding, unless the State in which the property to be insured is located has—

“(I) determined that the specific mutual aid society may not provide such coverage or provide such coverage in such manner; or

“(II) specifically provided through law or regulation that mutual aid societies may not provide such coverage or provide such coverage in such manner.

“(E) STATE.—The term ‘State’ means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.”.

SEC. 205. GAO STUDY OF FLOOD DAMAGE SAVINGS ACCOUNTS.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study to analyze the feasibility and effectiveness, and problems involved, in reducing flood insurance premiums and eliminating the need for purchase of flood insurance coverage by authorizing owners of residential properties to establish flood damage savings accounts described in subsection (b) in lieu of complying with the mandatory requirements under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) to purchase flood insurance for such properties.

(b) FLOOD DAMAGE SAVINGS ACCOUNT.—A flood damage savings account described in this subsection is a savings account—

(1) that would be established by an owner of residential property with respect to such property in accordance with requirements established by the Administrator of the Federal Emergency Management Agency; and

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

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

(1) Whether authorizing the establishment of such flood damage savings accounts would be effective and efficient in reducing flood insurance premiums, eliminating the need for purchase of flood insurance coverage made available under the National Flood Insurance Program, and reducing risks to the financial safety and soundness of the National Flood Insurance Fund.

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

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

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

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

(3) The feasibility and effectiveness, and problems involved in, authorizing the Administrator of the Federal Emergency Management Agency to make secondary flood insurance coverage available under the National Flood Insurance Program to cover the portion of flood losses or damages to properties for which such flood damage savings accounts have been established that exceed the amounts held in such accounts.

(4) The benefits and problems involved in authorizing the establishment of such accounts for non-residential properties.

(d) REPORT.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Committee on Financial Services of the House of Representatives, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Administrator that sets forth the analysis, conclusions, and recommendations resulting from the study under this section. Such report shall identify elements that should be taken into consideration by the Administrator in designing and carrying out the demonstration program under section 205.

SEC. 206. DEMONSTRATION PROGRAM FOR FLOOD DAMAGE SAVINGS ACCOUNTS.

(a) PLAN.—If the Comptroller General of the United States concludes in the report required under section 205 that a demonstration program under this section is feasible and should be considered, then the Administrator of the Federal Emergency Management Agency shall, not later than the expiration of the 12-month period beginning upon the submission of the report under section 205(d), submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a plan and guidelines for a demonstration program, to be carried out by the Administrator, to demonstrate the feasibility and effectiveness of authorizing the establishment of flood damage savings accounts, taking into consideration the analysis, conclusions, and recommendations included in such report.

(b) AUTHORITY.—The Administrator of the Federal Emergency Management Agency shall carry out a program to demonstrate the feasibility and effectiveness of authorizing the establishment of flood damage savings accounts in the manner provided in plan and guidelines for the demonstration program submitted pursuant to subsection (a).

(c) SCOPE.—The demonstration program under this section shall provide for the establishment of flood damage savings accounts with respect to not more than 5 percent of the residential properties

that have 4 or fewer residences and that are covered by flood insurance coverage made available under the National Flood Insurance Program.

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

(e) **GEOGRAPHICAL DIVERSITY.**—The Administrator shall ensure that properties for which flood damage savings accounts are established under the demonstration are located in diverse geographical areas throughout the United States.

(f) **REPORT.**—Upon the expiration of the 2-year period beginning upon the date of the commencement of the demonstration program under this section, the Administrator shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate describing and assessing the demonstration, and setting forth conclusions and recommendations regarding continuing and expanding the demonstration.

(g) **FEASIBILITY.**—The Administrator shall implement this section only after determining that implementation is supported by the Comptroller’s conclusions and recommendations contained in the report required under section 205.

TITLE III—MAPPING FAIRNESS

SEC. 301. USE OF OTHER RISK ASSESSMENT TOOLS IN DETERMINING PREMIUM RATES.

(a) **ESTIMATES OF PREMIUM RATES.**—Subparagraph (A) of section 1307(a)(1) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(a)(1)(A)) is amended—

(1) in clause (ii), by striking “and” at the end; and

(2) by adding at the end the following new clause:

“(iv) both the risk identified by the applicable flood insurance rate maps and by other risk assessment data and tools, including risk assessment models and scores from appropriate sources; and”.

(b) **ESTABLISHMENT OF CHARGEABLE PREMIUM RATES.**—Paragraph (1) of section 1308(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(b)(1)) is amended by inserting before the semicolon at the end the following: “, taking into account both the risk identified by the applicable flood insurance rate maps and by other risk assessment data and tools, including risk assessment models and scores from appropriate sources”.

(c) **EFFECTIVE DATE AND REGULATIONS.**—

(1) **EFFECTIVE DATE.**—The amendments made by subsections (a) and (b) shall be made, and shall take effect, upon the expiration of the 36-month period beginning on the date of the enactment of this Act.

(2) **REGULATIONS.**—The Administrator of the Federal Emergency Management Agency shall issue regulations necessary to implement the amendments made by subsections (a) and (b), which shall identify risk assessment data and tools to be used in identifying flood risk and appropriate sources for risk assessment models and scores to be so used. Such regulations shall be issued not later than the expiration of the 36-month period beginning on the date of the enactment of this Act and shall take effect upon the expiration of such period.

SEC. 302. APPEALS REGARDING EXISTING FLOOD MAPS.

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

“(k) APPEALS OF EXISTING MAPS.—

“(1) RIGHT TO APPEAL.—Subject to paragraph (6), a State or local government, or the owner or lessee of real property, who has made a formal request to the Administrator to update a flood map that the Administrator has denied may at any time appeal such a denial as provided in this subsection.

“(2) BASIS FOR APPEAL.—The basis for appeal under this subsection shall be the possession of knowledge or information that—

“(A) the base flood elevation level or designation of any aspect of a flood map is scientifically or technically inaccurate; or

“(B) factors exist that mitigate the risk of flooding, including ditches, banks, walls, vegetation, levees, lakes, dams, reservoirs, basin, retention ponds, and other natural or manmade topographical features.

“(3) APPEALS PROCESS.—

“(A) ADMINISTRATIVE ADJUDICATION.—An appeal under this subsection shall be determined by a final adjudication on the record, and after opportunity for an administrative hearing.

“(B) RIGHTS UPON ADVERSE DECISION.—If an appeal pursuant to subparagraph (A) does not result in a decision in favor of the State, local government, owner, or lessee, such party may appeal the adverse decision to the Scientific Resolution Panel provided for in section 1363A, which shall recommend a non-binding decision to the Administrator.

“(4) RELIEF.—

“(A) WHOLLY SUCCESSFUL APPEALS.—In the case of a successful appeal resulting in a policyholder’s property being removed from a special flood hazard area, such policyholder may cancel the policy at any time within the current policy year, and the Administrator shall provide such policyholder a refund in the amount of any premiums paid for such policy year, plus any premiums paid for flood insurance coverage that the policyholder was required to purchase or maintain during the 2-year period preceding such policy year.

“(B) PARTIALLY SUCCESSFUL APPEALS.—In the case of any appeal in which mitigating factors were determined to have reduced, but not eliminated, the risk of flooding, the Administrator shall reduce the amount of flood insurance coverage required to be maintained for the property concerned by the ratio of the successful portion of the appeal as compared to the entire appeal. The Administrator shall refund to the policyholder any payments made in excess of the amount necessary for such new coverage amount, effective from the time when the mitigating factor was created or the beginning of the second policy year preceding the determination of the appeal, whichever occurred later.

“(C) ADDITIONAL RELIEF.—The Administrator may provide additional refunds in excess of the amounts specified in subparagraphs (A) and (B) if the Administrator determines that such additional amounts are warranted.

“(5) RECOVERY OF COSTS.—When, incident to any appeal which is successful in whole or part regarding the designation of the base flood elevation or any aspect of the flood map, including elevation or designation of a special flood hazard area, the community, or the owner or lessee of real property, as the case may be, incurs expense in connection with the appeal, including services provided by surveyors, engineers, and scientific experts, the Administrator shall reimburse such individual or community for reasonable expenses to an extent measured by the ratio of the successful portion of the appeal as compared to the entire appeal, but not including legal services, in the effecting of an appeal based on a scientific or technical error on the part of the Federal Emergency

Management Agency. No reimbursement shall be made by the Administrator in respect to any fee or expense payment, the payment of which was agreed to be contingent upon the result of the appeal. The Administrator may use such amounts from the National Flood Insurance Fund established under section 1310 as may be necessary to carry out this paragraph.

“(6) INAPPLICABILITY TO COMMUNITY FLOOD MAPS.—This subsection shall not apply with respect to any flood map that is in effect pursuant to certification under the standards, guidelines, and procedures established pursuant to section 100215(m)(1)(B) of the Biggert-Waters Flood Insurance Reform Act of 2012 (42 U.S.C. 4101a(m)(1)(B)).

“(7) GUIDANCE.—The Administrator shall issue guidance to implement this subsection, which shall not be subject to the notice and comment requirements under section 553 of title 5, United States Code.”.

(b) DEADLINE.—The Administrator of the Federal Emergency Management Agency shall issue the guidance referred to section 1360(k)(7) of the National Flood Insurance Act of 1968 (42 U.S.C. 4101(k)(7)), as added by the amendment made by subsection (a) of this section, not later than the expiration of the 6-month period beginning on the date of the enactment of this Act.

SEC. 303. APPEALS AND PUBLICATION OF PROJECTED SPECIAL FLOOD HAZARD AREAS.

(a) APPEALS.—Section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104) is amended—

(1) in subsection (b), by striking the second sentence and inserting the following:

“Any owner or lessee of real property within the community who believes the owner’s or lessee’s rights to be adversely affected by the Administrator’s proposed determination may appeal such determination to the local government no later than 90 days after the date of the second publication.”;

(2) in subsection (d), by striking “subsection (e)” and inserting “subsection (f)”;

(3) by redesignating subsections (e), (f), and (g) as subsections (f), (g), and (h), respectively; and

(4) by inserting after subsection (d) the following new subsection:

“(e) DETERMINATION BY ADMINISTRATOR IN THE ABSENCE OF APPEALS.—If the Administrator has not received any appeals, upon expiration of the 90-day appeal period established under subsection (b) of this section the Administrator’s proposed determination shall become final. The community shall be given a reasonable time after the Administrator’s final determination in which to adopt local land use and control measures consistent with the Administrator’s determination.”.

(b) PUBLICATION.—Subsection (a) of section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104(a)) is amended by striking “in the Federal Register”.

(c) INAPPLICABILITY TO PRIVATE AND COMMUNITY FLOOD MAPS.—Section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104), as amended by the preceding provisions of this section, is further amended by adding at the end the following new subsection:

“(i) INAPPLICABILITY TO COMMUNITY FLOOD MAPS.—This section shall not apply with respect to any flood map that is in effect pursuant to certification under the standards, guidelines, and procedures established pursuant to section 100215(m)(1) of the Biggert-Waters Flood Insurance Reform Act of 2012 (42 U.S.C. 4101a(m)(1)), which shall include procedures for providing notification and appeal rights to individuals within the communities of the proposed flood elevation determinations.”.

SEC. 304. COMMUNICATION AND OUTREACH REGARDING MAP CHANGES.

Paragraph (1) of section 100216(d) of the Biggert-Waters Flood Insurance Reform Act of 2012 (42 U.S.C. 4101b(d)(1)) is amended—

(1) in subparagraph (B), by inserting “maximum” before “30-day period”; and

(2) in subparagraph (C), by inserting “maximum” before “30-day period”.

SEC. 305. SHARING AND USE OF MAPS AND DATA.

Subsection (b) of section 100216 of the Biggert-Waters Flood Insurance Reform Act of 2012 (42 U.S.C. 4101b(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B), by striking “and” at the end;

(B) in subparagraph (C), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following new subparagraph:

“(D) consult and coordinate with the Department of Defense, the United States Geological Survey, and the National Oceanic and Atmospheric Administration for the purpose of obtaining the most-up-to-date maps and other information of such agencies, including information on topography, water flow, and any other issues, relevant to mapping for flood insurance purposes.”; and

(2) in paragraph (3)—

(A) in subparagraph (D), by striking “and” at the end;

(B) by redesignating subparagraph (E) as subparagraph (F); and

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

“(E) any other information relevant to mapping for flood insurance purposes obtained pursuant to paragraph (1)(D); and”.

**TITLE IV—PROTECTING CONSUMERS AND INDIVIDUALS
THROUGH IMPROVED MITIGATION**

**SEC. 401. PROVISION OF COMMUNITY RATING SYSTEM PREMIUM CREDITS TO
MAXIMUM NUMBER OF COMMUNITIES PRACTICABLE.**

Subsection (b) of section 1315 of the National Flood Insurance Act of 1968 (42 U.S.C. 4022(b)) is amended—

(1) in paragraph (2), by striking “may” and inserting “shall”; and

(2) in paragraph (3), by inserting “, and the Administrator shall provide credits to the maximum number of communities practicable” after “under this program”.

TITLE V—PROGRAM INTEGRITY

SEC. 501. INDEPENDENT ACTUARIAL REVIEW.

Section 1309 of the National Flood Insurance Act of 1968 (42 U.S.C. 4016) is amended by adding at the end the following new subsection:

“(e) INDEPENDENT ACTUARIAL REVIEW.—

“(1) FIDUCIARY RESPONSIBILITY.—The Administrator has a responsibility to ensure that the National Flood Insurance Program remains financially sound. Pursuant to this responsibility, the Administrator shall from time to time review and eliminate nonessential costs and positions within the Program, unless otherwise authorized or required by law, as the Administrator determines to be necessary.

“(2) ANNUAL INDEPENDENT ACTUARIAL STUDY.—The Administrator shall provide for an independent actuarial study of the National Flood Insurance Program to be conducted annually, which shall analyze the financial position of the program based on the long-term estimated losses of

the program. The Administrator shall submit a report (together with the independent actuarial study) annually to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate describing the results of such study, including a determination of whether the Program has collected revenue sufficient to cover the administrative expenses of carrying out the flood insurance program, which are reflected in the risk premium rates, cost of capital, all other costs associated with the transfer of risks, and expected claims payments during the reporting period, and an overall assessment of the financial status of the Program.

“(3) DETERMINATION OF ACTUARIAL BUDGET DEFICIT.—

“(A) REQUIREMENT.—Within the report submitted under paragraph (2), the Administrator shall issue a determination of whether there exists an actuarial budget deficit for the Program for the year covered in the report. The report shall recommend any changes to the Program, if necessary, to ensure that the program remains financially sound.

“(B) BASIS OF DETERMINATION.—The determination required by subparagraph (A) shall be based solely upon whether the portion of premiums estimated and collected by the Program during the reporting period is sufficient to cover the administrative expenses of carrying out the flood insurance program, which are reflected in the risk premium rates, cost of capital, all other costs associated with the transfer of risk, and expected claims payments for the reporting period.

“(4) QUARTERLY REPORTS.—During each fiscal year, on a calendar quarterly basis, the Secretary shall cause to be published in the Federal Register or comparable method, with notice to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, information which shall specify—

“(A) the cumulative volume of policies that have been underwritten under the National Flood Insurance Program during such fiscal year through the end of the quarter for which the report is submitted;

“(B) the types of policies insured, categorized by risk;

“(C) any significant changes between actual and projected claim activity;

“(D) projected versus actual loss rates;

“(E) the cumulative number of currently insured repetitive-loss properties, severe repetitive-loss properties, and extreme repetitive-loss properties that have been identified during such fiscal year through the end of the quarter for which the report is submitted;

“(F) the cumulative number of properties that have undergone mitigation assistance, through the National Flood Insurance Program, during such fiscal year through the end of the quarter for which the report is submitted; and

“(G) the number and location, by State or territory, of each policyholder that has been identified for such fiscal year as an eligible household for purposes of the flood insurance affordability program under section 1326.

The first quarterly report under this paragraph shall be submitted on the last day of the first quarter of fiscal year 2018, or on the last day of the first full calendar quarter following the enactment of the 21st Century Flood Reform Act, whichever occurs later.”.

SEC. 502. ADJUSTMENTS TO HOMEOWNER FLOOD INSURANCE AFFORDABILITY SURCHARGE.

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

(1) in subsection (a), by striking the first sentence and inserting the following:

“The Administrator shall impose and collect a non-refundable annual surcharge, in the amount provided in subsection (b), on all policies for flood insurance coverage under the National Flood Insurance Program that are newly issued or renewed after the date of the enactment of this section.”; and

(2) by striking subsection (b) and inserting the following new subsection:

“(b) AMOUNT.—The amount of the surcharge under subsection (a) shall be \$40, except as follows:

“(1) NON-PRIMARY RESIDENCES ELIGIBLE FOR PRP.—The amount of the surcharge under subsection (a) shall be \$125 in the case of in the case of a policy for any property that is—

“(A) a residential property that is not the primary residence of an individual, and

“(B) eligible for preferred risk rate method premiums.

“(2) NON-RESIDENTIAL PROPERTIES AND NON-PRIMARY RESIDENCES NOT ELIGIBLE FOR PRP.—The amount of the surcharge under subsection (a) shall be \$275 in case of in the case of a policy for any property that is—

“(A) a non-residential property; or

“(B) a residential property that is—

“(i) not the primary residence of an individual; and

“(ii) not eligible for preferred risk rate method premiums.”.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to policies for flood insurance coverage under the National Flood Insurance Act of 1968 that are newly issued or renewed after the expiration of the 12-month period beginning on the date of the enactment of this Act.

SEC. 503. NATIONAL FLOOD INSURANCE RESERVE FUND COMPLIANCE.

Section 1310A of the National Flood Insurance Act of 1968 (42 U.S.C. 4017A) is amended—

(1) in subsection (c)(2)(D), by inserting before the period at the end the following:

“, including any provisions relating to chargeable premium rates or annual increases of such rates”;

(2) in subsection (c)(3), by striking subparagraph (A) and inserting the following new subparagraph:

“(A) PARITY.—In exercising the authority granted under paragraph (1) to increase premiums, the Administrator shall institute a single annual, uniform rate of assessment for all individual policyholders.”; and

(3) in subsection (d)—

(A) by striking paragraph (1) and inserting the following new paragraph:

“(1) IN GENERAL.—Beginning in fiscal year 2018 and not ending until the fiscal year in which the ratio required under subsection (b) is achieved—

“(A) in each fiscal year the Administrator shall place in the Reserve Fund an amount equal to not less than 7.5 percent of the reserve ratio required under subsection (b); and

“(B) if in any given fiscal year the Administrator fails to comply with subparagraph (A), for the following fiscal year the Administrator shall increase the rate of the annual assessment pursuant to subsection (c)(3)(A) by at least one percentage point over the rate of the annual assessment pursuant to subsection (c)(3)(A) in effect on the first day of such given fiscal year.”;

(B) in paragraph (2), by inserting before the period at the end the following: “nor to increase assessments pursuant to paragraph (1)(B)”;

(C) in paragraph (3), by inserting before the period at the end the following: “and paragraph (1)(B) shall apply until the fiscal year in which the ratio required under subsection (b) is achieved”.

SEC. 504. DESIGNATION AND TREATMENT OF MULTIPLE-LOSS PROPERTIES.

(a) DEFINITION.—Section 1370 of the National Flood Insurance Act of 1968 (42 U.S.C. 4121) is amended—

(1) in subsection (a)—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8) through (15) as paragraphs (7) through (14), respectively; and

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

“(d) MULTIPLE-LOSS PROPERTIES.—

“(1) DEFINITIONS.—As used in this title:

“(A) MULTIPLE-LOSS PROPERTY.—The term ‘multiple-loss property’ means any property that is a repetitive-loss property, a severe repetitive-loss property, or an extreme repetitive-loss property.

“(B) REPETITIVE-LOSS PROPERTY.—The term ‘repetitive-loss property’ means a structure that has incurred flood damage for which two or more separate claims payments of any amount have been made under flood insurance coverage under this title.

“(C) SEVERE REPETITIVE-LOSS PROPERTY.—The term ‘severe repetitive-loss property’ means a structure that has incurred flood damage for which—

“(i) 4 or more separate claims payments have been made under flood insurance coverage under this title, with the amount of each such claim exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; or

“(ii) at least 2 separate claims payments have been made under flood insurance coverage under this title, with the cumulative amount of such claims payments exceeding the value of the structure.

“(D) EXTREME REPETITIVE-LOSS PROPERTY.—The term ‘extreme repetitive loss property’ means a structure that has incurred flood damage for which at least 2 separate claims have been made under flood insurance coverage under this title, with the cumulative amount of such claims payments exceeding 150 percent of the maximum coverage amount available for the structure.

“(2) TREATMENT OF CLAIMS BEFORE COMPLIANCE WITH STATE AND LOCAL REQUIREMENTS.—

The Administrator shall not consider claims that occurred before a structure was made compliant with State and local floodplain management requirements for purposes of determining a structure’s status as a multiple-loss property.”.

(b) PREMIUM ADJUSTMENT TO REFLECT CURRENT FLOOD RISK.—

(1) IN GENERAL.—Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(o) PREMIUM ADJUSTMENT TO REFLECT CURRENT FLOOD RISK.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the Administrator shall rate a multiple-loss property that is charged a risk premium rate estimated under section 1307(a)(1) (42 U.S.C. 4014(a)(1)) based on the current risk of flood reflected in the flood insurance rate map in effect at the time of rating.

“(2) ADJUSTMENT FOR EXISTING POLICIES.—For policies for flood insurance under this title in force on the date of the enactment of this Act for properties described in paragraph (1)—

“(A) notwithstanding subsection (e) of this section, the Administrator shall increase risk premium rates by not less than 15 percent each year until such rates comply with paragraph (1) of this subsection; and

“(B) any rate increases required by paragraph (1) shall commence following a claim payment for flood loss under coverage made available this title that occurred after the date of enactment of this Act.”.

(2) CONFORMING AMENDMENT.—Section 1307(g)(2) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(g)(2)) is amended by striking subparagraph (B) and inserting the following new subparagraph:

“(B) in connection with a multiple-loss property.”.

(c) PRE-FIRM MULTIPLE-LOSS PROPERTY.—

(1) TERMINATION OF SUBSIDY.—Section 1307 of the National Flood Insurance Act of 1968 (42 U.S.C. 4014) is amended—

(A) in subsection (a)(2)—

(i) by striking subparagraph (C) and inserting the following new subparagraph:

“(C) any extreme repetitive-loss property;”;

(ii) in subparagraph (D), by striking “or”;

(iii) in subparagraph (E)—

(I) in clause (i), by striking “fair”; and

(II) in clause (ii)—

(aa) by striking “fair”; and

(bb) by striking “and” and inserting “or”; and

(iv) by adding at the end the following new subparagraph:

“(F) any repetitive-loss property that has received a claim payment for flood loss under coverage made available under this title that occurred after the date of enactment of this Act; and”; and

(B) by striking subsection (h).

(2) ANNUAL LIMITATION ON PREMIUM INCREASES.—Subsection (e) of section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(e)) is amended—

(A) in paragraph (3), by striking “and” at the end;

(B) in paragraph (4), by striking “described under paragraph (3).” and inserting “estimated under section 1307(a)(1); and”; and

(C) by adding at the end the following new paragraph:

“(5) the chargeable risk premium rates for flood insurance under this title for any properties described in subparagraph (F) of section 1307(a)(2) shall be increased by not less than 15 percent each year, until the average risk premium rate for such properties is equal to the average of the risk premium rates for properties estimated under section 1307(a)(1).”.

(d) MINIMUM DEDUCTIBLES FOR CERTAIN MULTIPLE-LOSS PROPERTIES.—

(1) CLERICAL AMENDMENT.—The National Flood Insurance Act of 1968, as amended by the preceding provisions of this Act, is further amended—

(A) by transferring subsection (b) of section 1312 (42 U.S.C. 4019(b)) to section 1306 (42 U.S.C. 4013), inserting such subsection at the end of such section, and redesignating such subsection as subsection (f); and

(B) in section 1312 (42 U.S.C. 4019), by redesignating subsection (c) as subsection (b).

(2) CERTAIN MULTIPLE-LOSS PROPERTIES.—Subsection (f) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(e)), as so transferred and redesignated by paragraph (1) of this subsection, is amended adding at the end the following new paragraph:

“(3) CERTAIN MULTIPLE-LOSS PROPERTIES.—Notwithstanding paragraph (1) or (2), the minimum annual deductible for damage to any severe repetitive-loss property or extreme repetitive-loss property shall be not less than \$5,000.”.

(e) CLAIM HISTORY VALIDATION.—Beginning not later than the expiration of the 180-day period beginning on the date of the enactment of this Act, the Administrator of the Federal Emergency Management Agency shall undertake efforts to validate the reasonable accuracy of claim history data maintained pursuant to the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.).

(f) INCREASED COST OF COMPLIANCE COVERAGE.—Paragraph (1) of section 1304(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4011(b)(1)) is amended by striking “repetitive loss structures” and inserting “multiple-loss properties”.

(g) AVAILABILITY OF INSURANCE FOR MULTIPLE-LOSS PROPERTIES.—

(1) IN GENERAL.—The National Flood Insurance Act of 1968 is amended by inserting after section 1304 (42 U.S.C. 4011) the following new section:

“SEC. 1304A. AVAILABILITY OF INSURANCE FOR MULTIPLE-LOSS PROPERTIES.

“(a) DATE AND INFORMATION IDENTIFYING CURRENT FLOOD RISK.—The Administrator may provide flood insurance coverage under this title for a multiple-loss property only if the owner of the property submits to the Administrator such data and information necessary to determine such property’s current risk of flood, as determined by the Administrator, at the time of application for or renewal of such coverage.

“(b) REFUSAL TO MITIGATE.—

“(1) IN GENERAL.—Except as provided pursuant to paragraph (2), the Administrator may not make flood insurance coverage available under this title for any extreme repetitive-loss property for which a claim payment for flood loss was made under coverage made available under this title that occurred after the date of enactment of the 21st Century Flood Reform Act if the property owner refuses an offer of mitigation for the property under section 1366(a)(2) (42 U.S.C. 4104c(a)(2)).

“(2) EXCEPTIONS; APPEALS.—The Director shall develop guidance to provide appropriate exceptions to the prohibition under paragraph (1) and to allow for appeals to such prohibition.”.

(2) EFFECTIVE DATE.—Section 1304A of the National Flood Insurance Act of 1968, as added by paragraph (1) of this subsection, shall apply beginning upon the expiration of the 12-month period beginning on the date of the enactment of this Act.

(h) RATES FOR PROPERTIES NEWLY MAPPED INTO AREAS WITH SPECIAL FLOOD HAZARDS.—Subsection (i) of section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(i)) is amended—

(1) by striking the subsection designation and all that follows through “Notwithstanding” and inserting the following:

“(i) RATES FOR PROPERTIES NEWLY MAPPED INTO AREAS WITH SPECIAL FLOOD HAZARDS.—

“(1) IN GENERAL.—Except as provided in paragraph (2) and notwithstanding”;

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and moving the left margins of such subparagraphs, as so redesignated, and the matter following subparagraph (B), 2 ems to the right; and

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

“(2) INAPPLICABILITY TO MULTIPLE-LOSS PROPERTIES.—Paragraph (1) shall not apply to multiple-loss properties.”.

(i) CLEAR COMMUNICATION OF MULTIPLE-LOSS PROPERTY STATUS.—

(1) IN GENERAL.—Subsection (l) of section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(l)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new paragraph:

“(2) MULTIPLE-LOSS PROPERTIES.—Pursuant to paragraph (1), the Administrator shall clearly communicate to all policyholders for multiple-loss properties the effect on the premium rates charged for such a property of filing any further claims under a flood insurance policy with respect to that property.”.

(j) MITIGATION ASSISTANCE PROGRAM.—Section 1366 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by inserting after the period at the end of the first sentence the following: “Priority under the program shall be given to providing assistance with respect to multiple-loss properties.”;

(B) in paragraph (1), by inserting “and” after the semicolon at the end; and

(C) by striking paragraphs (2) and (3) and inserting the following:

“(2) to property owners, in coordination with the State and community, in the form of direct grants under this section for carrying out mitigation activities that reduce flood damage to extreme repetitive-loss properties.

The Administrator shall take such actions as may be necessary to ensure that grants under this subsection are provided in a manner that is consistent with the delivery of coverage for increased cost of compliance provided under section 1304(b).”;

(2) in subsection (c)(2)(A)(ii), by striking “severe repetitive loss structures” and inserting “multiple-loss properties”;

(3) in subsection (d)—

(A) in paragraph (1)—

(i) by striking “SEVERE REPETITIVE LOSS STRUCTURES” and inserting “EXTREME REPETITIVE-LOSS PROPERTIES”; and

(ii) by striking “severe repetitive loss structures” and inserting “extreme repetitive-loss properties”;

(B) in paragraph (2)—

(i) by striking “REPETITIVE LOSS STRUCTURES” and inserting “SEVERE REPETITIVE-LOSS PROPERTIES”;

(ii) by striking “repetitive loss structures” and inserting “severe repetitive-loss properties”; and

(iii) by striking “90 percent” and inserting “100 percent”;

(C) by redesignating paragraph (3) as paragraph (4); and

(D) by inserting after paragraph (2) the following new paragraph:

“(3) REPETITIVE-LOSS PROPERTY.—In the case of mitigation activities to repetitive-loss properties, in an amount up to 100 percent of all eligible costs.”;

(4) in subsection (h)—

(A) by striking paragraphs (2) and (3);

(B) by striking the subsection designation and all that follows through “shall apply.”; and

(C) in paragraph (1)—

(i) by striking “COMMUNITY” and inserting “DEFINITION OF COMMUNITY”;

(ii) by striking “The” and inserting “For purposes of this section, the”;

(iii) by redesignating such paragraph as subsection (j);

(iv) in subparagraph (B), by striking “subparagraph (A)” and inserting “paragraph (1)”;

(v) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively;

(vi) in paragraph (1), as so redesignated by clause (v) of this subparagraph, by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively (and moving the margins two ems to the left); and (vii) by moving the left margins of subsection (j) (as so redesignated) and paragraphs (1) and (2), all as so redesignated, two ems to the left; and

(5) by inserting after subsection (g) the following new subsections:

“(h) ALIGNMENT WITH INCREASED COST OF COMPLIANCE.—Notwithstanding any provision of law, any funds appropriated for assistance under this title may be transferred to the National Flood Insurance Fund established under section 1310 (42 U.S.C. 4017) for the payment of claims to enable the Administrator to deliver grants under subsection (a)(2) of this section to align with the delivery of coverage for increased cost of compliance for extreme repetitive-loss properties.

“(i) FUNDING.—

“(1) AUTHORIZATION OF APPROPRIATIONS.—Notwithstanding any other provision of law, assistance provided under this section shall be funded by—

“(A) \$225,000,000 in each fiscal year, subject to offsetting collections, through risk premium rates for flood insurance coverage under this title, and shall be available subject to section 1310(f);

“(B) any penalties collected under section 102(f) the Flood Disaster Protect Act of 1973 (42 U.S.C. 4012a(f); and

“(C) any amounts recaptured under subsection (e) of this section.

The Administrator may not use more than 5 percent of amounts made available under this subsection to cover salaries, expenses, and other administrative costs incurred by the Administrator to make grants and provide assistance under this section.

“(2) AVAILABILITY.—Amounts appropriated pursuant to this subsection for any fiscal year may remain available for obligation until expended.”.

(k) REPEAL.—Section 1367 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104d) is repealed.

SEC. 505. ELIMINATION OF COVERAGE FOR PROPERTIES WITH EXCESSIVE LIFETIME CLAIMS.

Section 1305 of the National Flood Insurance Act of 1968 (42 U.S.C. 4012) is amended by adding at the end the following new subsection:

“(e) PROHIBITION OF COVERAGE FOR PROPERTIES WITH EXCESSIVE LIFETIME CLAIMS.—After the expiration of the 18-month period beginning on the date of the enactment of this subsection, the Administrator may not make available any new or renewed coverage for flood insurance under this title for any multiple-loss property for which the aggregate amount in claims payments that have been made after the expiration of such period under flood insurance coverage under this title exceeds twice the amount of the replacement value of the structure.”.

SEC. 506. ~~ADDRESSING TOMORROW'S HIGH RISK STRUCTURES TODAY.~~

~~(a) IN GENERAL.— The National Flood Insurance Act of 1968 is amended—~~

~~(1) in section 1305 (42 U.S.C. 4012), as amended by the preceding provisions of this Act, by adding at the end the following new subsections:~~

~~“(f) REDUCING FUTURE RISKS OF THE NATIONAL FLOOD INSURANCE FUND.—~~

~~“(1) PROHIBITION OF NEW COVERAGE FOR HIGH RISK PROPERTIES.— Except as provided in subsection (g) and notwithstanding~~

PROHIBITION OF NEW COVERAGE FOR STRUCTURES WITH HIGH-VALUE REPLACEMENT COSTS.

Section 1305 of the National Flood Insurance Act of 1968 (42 U.S.C. 4012), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(f) PROHIBITION OF NEW COVERAGE FOR STRUCTURES WITH HIGH-VALUE REPLACEMENT COSTS.—Notwithstanding any other provision of this title, in carrying out the fiduciary responsibility to the National Flood Insurance Program under section 1309(e) (42 U.S.C. 4016(e)) and to reduce future risks to the National Flood Insurance Fund, on or after January 1, 2021, the Administrator ~~may not make available flood insurance coverage under this title as follows:~~

~~“(A) NEW STRUCTURES ADDED TO FLOOD HAZARD ZONES.— Any new coverage for any property for which new construction is commenced on or after such date and that, upon completion of such construction, is located in an area having special flood hazards.~~

~~“(B) STRUCTURES WITH HIGH VALUE REPLACEMENT COSTS.—Any new or renewed coverage for any residential property having 4 or more residences and a replacement value of the structure, at the time, exclusive of the value of the real estate on which the structure is located, that is equal to or exceeds the amount that is equal to \$1,000,000 multiplied by the number of dwelling units in the structure (as such amount is adjusted pursuant to clause (i) paragraph (1)), subject to the following provisions:~~

~~“(i) ADJUSTMENT OF AMOUNTS.—The dollar amount in the matter of this subparagraph that precedes this clause (as it (1) ADJUSTMENT OF AMOUNTS.—The dollar amount in the matter of this subsection that precedes this paragraph (as it may have been previously adjusted) shall be adjusted for inflation by the Administrator upon the expiration of the 5-year period beginning upon the enactment of this subsection and upon the expiration of each successive 5-year period thereafter, in accordance with an inflationary index selected by the Administrator.~~

~~“(ii) VALUATION.—The Administrator (2) VALUATION.—The Administrator shall determine the replacement value of a property for purposes of this subparagraph subsection using such valuation methods or indicia as the Administrator determines are reasonably accurate, consistent, reliable, and available for such purposes.~~

~~“(2) ACTUARIAL STRUCTURES WITH HIDDEN RISKS.—For any property with risk premium rates estimated under section 1307(a)(1), on or after January 1, 2021, the Administrator shall charge risk premium rates based on the current risk of flood reflected in the flood insurance rate map or comparable risk rating metric in effect at the time a policy is newly issued, unless the newly issued policy covers a property with continuous flood insurance coverage under this title, or upon the renewal of a policy. For all such policy renewals, the Administrator shall increase the risk premium rate in accordance with section 1308(c)(2) until the risk premium rate is equal to the risk of flood reflected in the flood insurance rate map or comparable risk rating metric in effect at the time of renewal.~~

~~“(3) IMPLEMENTATION.—The Administrator may implement this subsection without rulemaking, except that any such implementation shall include advance publication of notice in the Federal Register or advance notice by another comparable method, such as posting on an official website of the Administrator.~~

~~“(g) AVAILABILITY OF OTHERWISE PROHIBITED FLOOD INSURANCE COVERAGE WHERE PRIVATE MARKET COVERAGE IS UNAVAILABLE.—~~

~~“(1) IN GENERAL.—The Administrator may make available flood insurance coverage under this Act for a property described in subparagraph (A) or (B) of subsection (f)(1), notwithstanding subsection (f) of this section, if, within the 30 day period beginning upon submission to the Clearinghouse established pursuant to section 1350 of an application for flood insurance coverage for such property, the Clearinghouse does not provide the applicant with one or more bona fide offers for private flood insurance coverage for such property.~~

~~“(2) SURCHARGE.—Any flood insurance coverage made available for a property pursuant to this subsection shall be made available at chargeable premium rates otherwise determined under this title for such property, except that the Administrator shall impose and collect a surcharge for such coverage in an amount equal to 10 percent of such chargeable premium rate, which shall be deposited into the National Flood Insurance Fund established under section 1310.”; and~~

~~(2) in section 1306(a)(1) (42 U.S.C. 4013(a)(1)), by inserting “, subject to subsections (f) and (g) of section 1305” before the semicolon at the end.~~

~~(b) STUDY OF FLOOD INSURANCE CLEARINGHOUSE.—~~

~~(1) IN GENERAL.—The Administrator of the Federal Emergency Management Agency (in this subsection referred to as the “Administrator”) shall conduct a study—~~

~~(A) to analyze the feasibility and effectiveness, and problems involved, in establishing, maintaining, and operating a Flood Insurance Clearinghouse in accordance with section 1350 of the National Flood Insurance Act of 1968 (as added by the amendment made by subsection (e) of this section); and~~

~~(B) to develop a plan and guidelines for establishment, design, and operation of such a Clearinghouse~~

~~(2) REPORT.—Not later than the expiration of the two year period beginning on the date of the enactment of this Act, the Administrator shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate that sets forth the analysis, conclusions, and recommendations resulting from the study under this section. Such report shall include a plan for establishment, design, and operation of the Flood Insurance Clearinghouse, and guidelines for such Clearinghouse, sufficient to provide for commencement of operations of the Clearinghouse under section 1350 of the National Flood Insurance Act of 1968.~~

~~(e) ESTABLISHMENT OF CLEARINGHOUSE.—Part C of chapter II of the National Flood Insurance Act of 1968 (42 U.S.C. 4081 et seq.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new section:~~

~~**“SEC. 1350. FLOOD INSURANCE CLEARINGHOUSE.**~~

~~“(a) ESTABLISHMENT AND OPERATIONS.—Not later than January 1, 2021, the Administrator shall establish and commence operations of a Flood Insurance Clearinghouse (in this section referred to as the ‘Clearinghouse’) in accordance with the report, plan, and guidelines required under section 506(b)(2) of the 21st Century Flood Reform Act.~~

~~“(b) PURPOSE.—The Clearinghouse shall be established for the purpose of receiving applications from prospective insureds for flood insurance coverage for properties for which such coverage is prohibited under section 1305(f) of the National Flood Insurance Act of 1968 (42 U.S.C. 4012(f)) and for providing to such applicants offers for such coverage from insurers providing private flood insurance (as such term is defined for purposes of section 102(e) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(e)) and, subject to the limitations in this section, for coverage made available under the National Flood Insurance Program.~~

~~“(c) FUNCTIONS.—The Clearinghouse shall have as its functions—~~

~~“(1) to provide for prospective insureds to submit to the Clearinghouse applications for flood insurance coverage for properties described in subsection (b);~~

~~“(2) to determine, with respect to a property identified in an application, the chargeable premium rate for coverage made available under this title;~~

~~“(3) with respect to a property identified in an application, to solicit offers of coverage under private flood insurance from providers of such insurance during a reasonable period of time after such application, which offers shall provide terms and conditions of insurance, including deductibles and exclusions, that are sufficient to meet the requirements of section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a); and~~

~~“(4) to provide to the applicant for insurance—~~

~~“(A) any bona fide offers for private insurance coverage made pursuant to paragraph (3) for the property identified in the application;~~

~~“(B) in the case only of a property for which such coverage is authorized pursuant to subsection (g) of section 1305, a bona fide offer for flood insurance coverage made available under this title for the property; and~~

~~“(C) information to help the applicant for insurance understand such offers and the limitation under section 1305(g);~~

~~“(d) MANAGEMENT AND OPERATION.—The Clearinghouse shall be managed and operated by a third party pursuant to a contract with the Administrator.~~

~~“(e) AGREEMENTS.—The Administrator may enter into such agreements with insurers providing private flood insurance coverage as may be necessary for the Clearinghouse to carry out its functions.~~

~~“(f) FEES.—The Clearinghouse may charge a fee to applicants to cover administrative costs of the Clearinghouse.~~

~~“(g) REPORTS.—The Clearinghouse shall report periodically, as determined by the Administrator, to the Administrator regarding the operations and activities of the Clearinghouse.”~~

SEC. 507. PAY FOR PERFORMANCE AND STREAMLINING COSTS AND REIMBURSEMENT.

Section 1345 of the National Flood Insurance Act of 1968 (42 U.S.C. 4081), as amended by the preceding provisions of this Act, is further amended by adding at the end the following subsection:

“(g) WRITE YOUR OWN ALLOWANCE AND PROGRAM SAVINGS.—

“(1) ALLOWANCE RATE.—

“(A) LIMITATION.—The allowance paid to companies participating in the Write Your Own Program (as such term is defined in section 1370 (42 U.S.C. 4004)) with respect to a policy for flood insurance coverage made available under this title shall not be greater than 27.9 percent of the chargeable premium for such coverage.

“(B) INAPPLICABILITY.—Subparagraph (A) shall not apply to actual and necessary costs related to section 1312(a) (42 U.S.C. 4019(a)), or to payments deemed necessary by the Administrator.

“(C) IMPLEMENTATION.—The limitation in subparagraph (A) shall be imposed by equal reductions over the 3-year period beginning on the date of the enactment of this subsection.

“(2) PROGRAM SAVINGS.—

“(A) IMPLEMENTATION.—The Administrator, within three years of the date of the enactment of this Act, shall reduce the costs and unnecessary burdens for the companies participating in the Write Your Own program by at least half of the amount by which the limitation under paragraph (1)(A) reduced costs compared to the costs as of the date of the enactment of this subsection.

“(B) CONSIDERATION OF SAVINGS.—In meeting the requirement of subparagraph (A), the Administrator shall consider savings including—

“(i) indirect payments by the Administrator of premium;

“(ii) eliminating unnecessary communications requirements;

“(iii) reducing the frequency of National Flood Insurance Program changes;

“(iv) simplifying the flood rating system; and

“(v) other ways of streamlining the Program to reduce costs while maintaining customer service and distribution.”.

SEC. 508. ENFORCEMENT OF MANDATORY PURCHASE REQUIREMENTS.

(a) PENALTIES.—Paragraph (5) of section 102(f) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(f)(5)) is amended by striking “\$2,000” and inserting “\$5,000”.

(b) INSURED DEPOSITORY INSTITUTIONS.—Subparagraph (A) of section 10(i)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1820(i)(2)(A)) is amended by striking “date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994 and biennially thereafter for the next 4 years” and inserting “date of enactment of the 21st Century Flood Reform Act and biennially thereafter”.

(c) CREDIT UNIONS.—Subparagraph (A) of section 204(e)(2) of the Federal Credit Union Act (12 U.S.C. 1784(e)(2)(A)) is amended by striking “date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994 and biennially thereafter for the next 4 years” and inserting “date of enactment of the 21st Century Flood Reform Act and annually thereafter”.

(d) GOVERNMENT-SPONSORED ENTERPRISES.—Paragraph (4) of section 1319B(a) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4521(a)(4)) is amended, in the matter after and below subparagraph (B), by striking “first, third, and fifth annual reports under this subsection required to be submitted after the expiration of the 1-year period beginning on the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994” and inserting “first annual report under this subsection required to be submitted after the expiration of the 1-year period beginning on the date of enactment of the 21st Century Flood Reform Act and every such second annual report thereafter”.

(e) MANDATORY PURCHASE STUDY; GUIDELINES.—

(1) STUDY.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the implementation and efficacy of the requirements of section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a). Such study shall at minimum consider the following questions:

(i) How effectively do Federal agencies, regulated lending institutions, and Federal entities for lending regulation implement the requirements of section 102 of the Flood Disaster Protection Act of 1973?

(ii) Does the current implementation of Flood Disaster Protection Act of 1973 align with the congressional findings and purposes described in section 2(b) of such Act (42 U.S.C. 4002)?

(iii) What, if any, unintended consequences have resulted from the requirements and implementation of section 102 of such Act?

(B) REPORT.—Not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate regarding the findings and conclusions of the study conducted pursuant to this paragraph.

(2) GUIDELINES.—The Federal entities for lending regulation (as such term is defined in section 3(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4003(a))), in consultation with the Administrator of the Federal Emergency Management Agency, shall jointly update and reissue the rescinded document of the Administrator entitled “Mandatory Purchase of Flood Insurance Guidelines” (lasted updated on October 29, 2014). The updated document shall incorporate recommendations made by the Comptroller General pursuant to paragraph (1) of this subsection.

SEC. 509. SATISFACTION OF MANDATORY PURCHASE REQUIREMENT IN STATES ALLOWING ALL-PERILS POLICIES.

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

(1) in subsection (a), by striking “After” and inserting “Subject to subsection (i) of this section, after”;

(2) in subsection (b)—

(A) in paragraph (1), by striking “Each” and inserting “Subject to subsection (i) of this section, each”;

(B) in paragraph (2), by striking “Each” the first place such term appears and inserting “Subject to subsection (i) of this section, A”; and

(C) in paragraph (3), by striking “The” the first place such term appears and inserting “Subject to subsection (i) of this section, the”;

(3) in subsection (e)(1), by striking “If” and inserting “Subject to subsection (i) of this section, if”; and
(4) by adding at the end the following new subsection:

“(i) SATISFACTION OF MANDATORY PURCHASE REQUIREMENT IN STATES ALLOWING ALL-PERILS POLICIES.—

“(1) WAIVERS.—Section 102 shall not apply with respect to residential properties in any State that allows any property insurance coverage that covers ‘all-perils’ except specifically excluded perils that includes coverage for flood perils in an amount at least equal to the outstanding principal balance of the loan or the maximum limit of flood insurance coverage made available under this title with respect to such type of residential property, whichever is less.

“(2) DEFINITIONS, PROCEDURES, STANDARDS.—The Administrator may establish such definitions, procedures, and standards as the Administrator considers necessary for making determinations under paragraph (1).”.

SEC. 510. FLOOD INSURANCE PURCHASE REQUIREMENTS.

Section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a), as amended by the preceding provisions of this Act, is further amended—

(1) in subsection (c)(2)(A), by striking “\$5,000 or less” and inserting the following:

“\$25,000 or less, except that such amount (as it may have been previously adjusted) shall be adjusted for inflation by the Administrator upon the expiration of the 5-year period beginning upon the enactment of the 21st Century Flood Reform Act and upon the expiration of each successive 5-year period thereafter, in accordance with an inflationary index selected by the Administrator”; and

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

“(j) FLOOD INSURANCE PURCHASE REQUIREMENTS.—Notwithstanding any other provision of law, a State or local government or private lender may require the purchase of flood insurance coverage for a structure that is located outside of an area having special flood hazards.”.

SEC. 511. CLARIFICATIONS; DEADLINE FOR APPROVAL OF CLAIMS.

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

“SEC. ~~1351~~ 1350. RULES OF CONSTRUCTION.

“(a) DEFINITION.—For purposes of this part, the term ‘knowingly’ means having actual knowledge of or acting with deliberate ignorance of or reckless disregard for the prohibitions under this part.

“(b) ADMINISTRATIVE REMEDY.—A policyholder of a policy for flood insurance coverage made available under this title must exhaust all administrative remedies, including submission of disputed claims to appeal under any appeal process made available by the Administrator, prior to commencing legal action on any disputed claim under such a policy.”.

(b) DEADLINE FOR APPROVAL OF CLAIMS.—

(1) IN GENERAL.—Section 1312 of the National Flood Insurance Act of 1968 (42 U.S.C. 4019), as amended by the preceding provisions of this Act, is further amended—

(A) in subsection (a), by striking “The Administrator” and inserting “Subject to other provisions of this section, the Administrator”; and (B) by adding at the end the following new subsection:

“(c) DEADLINE FOR APPROVAL OF CLAIMS.—

“(1) IN GENERAL.—The Administrator shall provide that, in the case of any claim for damage to or loss of property under flood insurance coverage made available under this title, an initial determination regarding approval of a claim for payment or disapproval of the claim be made, and notification of such determination be provided to the insured making such claim, not later than the

expiration of the 120-day period (as such period may be extended pursuant to paragraph (2)) beginning upon the day on which the policyholder submits a signed proof of loss detailing the damage and amount of the loss. Payment of approved claims shall be made as soon as possible after such approval.

“(2) EXTENSION OF DEADLINE.—The Administrator shall provide that the period referred to in paragraph (1) may be extended by a single additional period of 15 days in cases where extraordinary circumstances are demonstrated. The Administrator shall, by regulation, establish criteria for demonstrating such extraordinary circumstances and for determining to which claims such extraordinary circumstances apply.”.

(2) APPLICABILITY.—The amendments made by paragraph (1) shall apply to any claim under flood insurance coverage made available under the National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.) pending on the date of the enactment of this Act and any claims made after such date of enactment.

SEC. 511. GAO STUDY OF SIMPLIFICATION OF NATIONAL FLOOD INSURANCE PROGRAM.

(a) STUDY.—The Comptroller General of the United States shall conduct a study of options for simplifying flood insurance coverage made available under the National Flood Insurance Act, which shall include the following:

(1) An analysis of how the administration of the National Flood Insurance Program can be simplified—statutorily, regulatorily, and administratively—for private flood insurance policyholders, companies, agents, mortgage lenders, and flood insurance vendors.

(2) An assessment of ways in which flood insurance coverage made available under the National Flood Insurance Act and the program for providing and administering such coverage may be harmonized with private insurance industry standards.

(3) Identification and analysis of ways in which the structure of the National Flood Insurance Program may be simplified, including analysis of the efficacy and effects each of the following actions:

(A) Eliminating the use of two deductibles under the Program.

(B) Including in claims for flood-damages full replacement cost for property not damaged, but rendered unusable, by the flooding.

(C) Using umbrella policies that allow multiple structures on a property to be insured under the same policy.

(b) REPORT.—Not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate regarding the findings and conclusions of the study conducted pursuant to this section.