

109TH CONGRESS  
2D SESSION

# H. R. 4973

To restore the financial solvency of the national flood insurance program,  
and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 2006

Mr. BAKER (for himself and Mr. FRANK of Massachusetts) introduced the  
following bill; which was referred to the Committee on Financial Services

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## A BILL

To restore the financial solvency of the national flood  
insurance program, and for other purposes.

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

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

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Flood Insurance Reform and Modernization Act of  
6 2006”.

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

Sec. 1. Short title and table of contents

Sec. 2. Findings and purposes

Sec. 3. Study regarding status of pre-FIRM properties and mandatory purchase requirement for natural 100-year floodplain and non-Federally related loans

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

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

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

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

5 (2) the aggregate amount of the flood insurance  
6 claims resulting from Hurricane Katrina, Hurricane  
7 Rita, and other recent events has exceeded the ag-  
8 gregate amount of all claims previously paid in the  
9 history of the national flood insurance program, re-  
10 quiring a significant increase in the program's bor-  
11 rowing authority;

12 (3) flood insurance policyholders have a legiti-  
13 mate expectation that they will receive fair and time-  
14 ly compensation for losses covered under their poli-  
15 cies;

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

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

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

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

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

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

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

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

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

14          (2) to increase incentives for homeowners and  
15          communities to participate in the national flood in-  
16          surance program and to improve oversight to ensure  
17          full participation in the program for owners of prop-  
18          erties for which such participation is mandatory; and

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

1 **SEC. 3. STUDY REGARDING STATUS OF PRE-FIRM PROP-**  
2 **ERTIES AND MANDATORY PURCHASE RE-**  
3 **QUIREMENT FOR NATURAL 100-YEAR FLOOD-**  
4 **PLAIN AND NON-FEDERALLY RELATED**  
5 **LOANS.**

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

8 (1) PRE-FIRM PROPERTIES.—The study shall  
9 determine the status of the the national flood insur-  
10 ance program, as of the date of the enactment of  
11 this Act, with respect to the provision of flood insur-  
12 ance coverage for pre-FIRM properties (as such  
13 term is defined in section 578(b) of the National  
14 Flood Insurance Reform Act of 1994 (42 U.S.C.  
15 4014 note)), which shall include determinations of—

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

19 (B) the cost of providing coverage for such  
20 pre-FIRM properties to the national flood in-  
21 surance program;

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

25 (D) the effects that implementation of the  
26 Bunning-Bereuter-Blumenauer Flood Insurance

1 Reform Act of 2004 will have on the national  
2 flood insurance program generally and on cov-  
3 erage of pre-FIRM properties under the pro-  
4 gram.

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

16 (A) the regulatory, financial and economic  
17 impacts of extending such mandatory purchase  
18 requirements on the costs of homeownership,  
19 the actuarial soundness of the national flood in-  
20 surance program, the Federal Emergency Man-  
21 agement Agency, local communities, insurance  
22 companies, and local land use;

23 (B) the effectiveness of extending such  
24 mandatory purchase requirements in protecting  
25 homeowners from financial loss and in pro-

1 tecting the financial soundness of the national  
2 flood insurance program; and

3 (C) any impact on lenders of complying  
4 with or enforcing such extended mandatory re-  
5 quirements.

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

22 (b) REPORT.—The Comptroller General shall submit  
23 a report to the Congress regarding the results and conclu-  
24 sions of the study under this subsection not later than the

1 expiration of the 6-month period beginning on the date  
2 of the enactment of this Act.

3 **SEC. 4. PHASE-IN OF ACTUARIAL RATES FOR NONRESIDEN-**  
4 **TIAL PROPERTIES AND NON-PRIMARY RESI-**  
5 **DENCES.**

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

9 (1) by redesignating paragraph (2) as para-  
10 graph (4); and

11 (2) by inserting after paragraph (1) the fol-  
12 lowing new paragraphs:

13 “(2) NONRESIDENTIAL PROPERTIES.—Any non-  
14 residential property.

15 “(3) NON-PRIMARY RESIDENCES.—Any residen-  
16 tial property that is not the primary residence of an  
17 individual.”.

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

21 (1) in subsection (c)—

22 (A) in the matter preceding paragraph (1),  
23 by striking “Subject only to the limitations pro-  
24 vided under paragraphs (1) and (2), the” and  
25 inserting “The”; and

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

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

6 (c) EFFECTIVE DATE AND TRANSITION.—

7 (1) EFFECTIVE DATE.—The amendments made  
8 by subsections (a) and (b) shall apply beginning on  
9 the publication by the Director of the Federal Emer-  
10 gency Management Agency of the certification under  
11 section 16(b)(2), except as provided in paragraph  
12 (2) of this subsection.

13 (2) TRANSITION.—In the case of any property  
14 described in paragraph (2) or (3) of section 1308(c)  
15 of the National Flood Insurance Act of 1968, as  
16 amended by subsection (a) of this section, that, on  
17 the date of the enactment of this Act, is covered  
18 under a policy for flood insurance made available  
19 under the national flood insurance program for  
20 which the chargeable premium rates are less than  
21 the applicable estimated risk premium rate under  
22 section 1307(a)(1) for the area in which the prop-  
23 erty is located, the Director of the Federal Emer-  
24 gency Management Agency shall increase the  
25 chargeable premium rates for such property over

1 time to such applicable estimated risk premium rate  
2 under section 1307(a)(1). Such increase shall be  
3 made by increasing the chargeable premium rates  
4 for the property (after application of any increase in  
5 the premium rates otherwise applicable to such prop-  
6 erty) by 15 percent (or such lesser amount as may  
7 be necessary so that the chargeable rate does not ex-  
8 ceed such applicable estimated risk premium rate)  
9 once during the 12-month period that begins upon  
10 the date of the enactment of this Act and once every  
11 12 months thereafter until such increase is accom-  
12 plished. The provisions of paragraphs (2) and (3) of  
13 such section 1308(c) shall apply to such a property  
14 upon the accomplishment of such increase and there-  
15 after.

16 **SEC. 5. REDUCTION OF WAITING PERIOD FOR EFFECTIVE**  
17 **DATE OF POLICIES.**

18 Section 1306(c)(1) is amended by striking “30-day”  
19 and inserting “15-day”.

20 **SEC. 6. ENFORCEMENT.**

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

23 (1) in paragraph (5)—

24 (A) in the first sentence, by striking  
25 “\$350” and inserting “\$2,000”; and

1 (B) in the last sentence, by striking  
2 “\$100,000” and inserting “\$1,000,000”; and  
3 (2) in paragraph (6), by adding after the period  
4 at the end the following: “No penalty may be im-  
5 posed under this subsection on a regulated lending  
6 institution or enterprise that has made a good faith  
7 effort to comply with the requirements of the provi-  
8 sions referred to in paragraph (2) or for any non-  
9 material violation of such requirements.”.

10 **SEC. 7. MAXIMUM COVERAGE LIMITS.**

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

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

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

17 (3) in paragraph (4), by striking “\$500,000”  
18 each place such term appears and inserting  
19 “\$670,000”.

20 **SEC. 8. COVERAGE FOR ADDITIONAL LIVING EXPENSES,  
21 BASEMENT IMPROVEMENTS, BUSINESS  
22 INTERRUPTION, AND REPLACEMENT COST  
23 OF CONTENTS.**

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

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

3           (2) in paragraph (5)—

4                 (A) by inserting “pursuant to paragraph  
5                 (2), (3), or (4)” after “any flood insurance cov-  
6                 erage”; and

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

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

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

21                 “(7) in the case of any residential property, op-  
22                 tional coverage for additional living expenses de-  
23                 scribed in paragraph (6) shall be made available to  
24                 every insured upon renewal and every applicant in  
25                 excess of the limits provided in paragraph (6) in

1 such amounts and at such rates as the Director  
2 shall establish, except that such chargeable rates  
3 shall not be less than the estimated premium rates  
4 for such coverage determined in accordance with sec-  
5 tion 1307(a)(1);

6 “(8) in the case of any residential property, op-  
7 tional coverage for losses, resulting from floods, to  
8 improvements and personal property located in base-  
9 ments, crawl spaces, and other enclosed areas under  
10 buildings that are not covered by primary flood in-  
11 surance coverage under this title, shall be made  
12 available to every insured upon renewal and every  
13 applicant, except that such coverage shall be made  
14 available only at chargeable rates that are not less  
15 than the estimated premium rates for such coverage  
16 determined in accordance with section 1307(a)(1);

17 “(9) in the case of any commercial property,  
18 optional coverage for losses resulting from any par-  
19 tial or total interruption of the insured’s business  
20 caused by damage to, or loss of, such property from  
21 a flood shall be made available to every insured upon  
22 renewal and every applicant, except that—

23 “(A) for purposes of such coverage, losses  
24 shall be determined based on the profits the  
25 covered business would have earned, based on

1 previous financial records, had the flood not oc-  
2 curred; and

3 “(B) such coverage shall be made available  
4 only at chargeable rates that are not less than  
5 the estimated premium rates for such coverage  
6 determined in accordance with section  
7 1307(a)(1); and

8 “(10) in the case of any residential property  
9 and any commercial property, optional coverage for  
10 the full replacement costs of any contents related to  
11 the structure that exceed the limits of coverage oth-  
12 erwise provided in this subsection shall be made  
13 available to every insured upon renewal and every  
14 applicant, except that such coverage shall be made  
15 available only at chargeable rates that are not less  
16 than the estimated premium rates for such coverage  
17 determined in accordance with section 1307(a)(1).”.

18 **SEC. 9. INCREASE IN ANNUAL LIMITATION ON PREMIUM IN-**  
19 **CREASES.**

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

23 **SEC. 10. INCREASE IN BORROWING AUTHORITY.**

24 (a) BORROWING AUTHORITY.—The first sentence of  
25 subsection (a) of section 1309 of the National Flood In-

1 surance Act of 1968 (42 U.S.C. 4016(a)), as amended by  
2 the National Flood Insurance Program Further Enhanced  
3 Borrowing Authority Act of 2005 (Public Law 109–106;  
4 119 Stat. 2288), is amended by striking  
5 “\$18,500,000,000” and inserting “\$25,000,000,000”.

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

13 **SEC. 11. FEMA PARTICIPATION IN STATE DISASTER CLAIMS**  
14 **MEDIATION PROGRAMS.**

15 The National Flood Insurance Act of 1968 is amend-  
16 ed by inserting after section 1313 (42 U.S.C. 4020) the  
17 following new section:

18 **“SEC. 1314. FEMA PARTICIPATION IN STATE DISASTER**  
19 **CLAIMS MEDIATION PROGRAMS.**

20 “(a) REQUIREMENT TO PARTICIPATE.—In the case  
21 of the occurrence of a natural catastrophe that may result  
22 in flood damage claims under the national flood insurance  
23 program, upon a request made by the insurance commis-  
24 sioner of a State (or such other official responsible for reg-  
25 ulating the business of insurance in the State) for the par-

1 participation of representatives of the Director in a program  
2 sponsored by such State for nonbinding mediation of in-  
3 surance claims resulting from a natural catastrophe, the  
4 Director shall cause appropriate representatives of na-  
5 tional flood insurance program to participate in such State  
6 program to expedite settlement of any flood damage  
7 claims under the national flood insurance program result-  
8 ing from such catastrophe.

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

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

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

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

1           “(4) finalizing the settlement of such claims on  
2           behalf of the national flood insurance program with  
3           such policyholders.

4           “(c) COORDINATION.—Adjusters representing the na-  
5           tional flood insurance program who participate pursuant  
6           to subsection (b)(1) in a State-sponsored mediation pro-  
7           gram with respect to a natural catastrophe shall at all  
8           times coordinate their activities with insurance officials of  
9           the State and representatives of insurers for the purpose  
10          of consolidating and expediting the settlement of claims  
11          under the national flood insurance program resulting from  
12          such catastrophe at the earliest possible time.”.

13       **SEC. 12. FEMA REPORTS ON FINANCIAL STATUS OF INSUR-**  
14                               **ANCE PROGRAM.**

15          Section 1320 of the National Flood Insurance Act of  
16       1968 (42 U.S.C. 4027) is amended—

17               (1) in the section heading, by striking “RE-  
18               PORT TO THE PRESIDENT” and inserting “RE-  
19               PORTS”;

20               (2) in subsection (a), by striking “IN GEN-  
21               ERAL” and inserting “BIENNIAL REPORT TO PRESI-  
22               DENT”; and

23               (3) by adding at the end the following new sub-  
24               section:

1       “(c) SEMIANNUAL REPORTS TO CONGRESS ON FI-  
2       NANCIAL STATUS.—Not later than June 30 and December  
3       31 of each year, the Director shall submit a report to the  
4       Congress regarding the financial status of the national  
5       flood insurance program under this title. Each such report  
6       shall describe the financial status of the National Flood  
7       Insurance Fund and current and projected levels of  
8       claims, premium receipts, expenses, and borrowing under  
9       the program.”.

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

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

14               (1) FUNDING.—In subsection (k)(1), by strik-  
15       ing “and 2009” and inserting “2009, 2010, and  
16       2011”.

17               (2) TERMINATION.—In subsection (l), by strik-  
18       ing “September 30, 2009” and inserting “September  
19       30, 2011”.

20   **SEC. 14. NOTICE OF AVAILABILITY OF FLOOD INSURANCE**  
21                           **AND ESCROW IN RESPA GOOD FAITH ESTI-**  
22                           **MATE.**

23       Subsection (c) of section 5 of the Real Estate Settle-  
24       ment Procedures Act of 1974 (12 U.S.C. 2604(c)) is  
25       amended by adding at the end the following new sentence:

1 “Each such good faith estimate shall include the following  
2 conspicuous statements: (1) that flood insurance coverage  
3 for residential real estate is generally available under the  
4 National Flood Insurance Program whether or not the  
5 real estate is located in an area having special flood haz-  
6 ards and that, to obtain such coverage, a home owner or  
7 purchaser should contact a property insurance agent,  
8 broker, or company; and (2) that the escrowing of flood  
9 insurance payments is required for many loans under sec-  
10 tion 102(d) of the Flood Disaster Protection Act of 1973,  
11 and may be a convenient and available option with respect  
12 to other loans.”.

13 **SEC. 15. REITERATION OF FEMA RESPONSIBILITIES UNDER**  
14 **2004 REFORM ACT.**

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

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

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

21 **SEC. 16. UPDATING OF FLOOD MAPS AND ELEVATION**  
22 **STANDARDS.**

23 (a) FLOOD MAPPING PROGRAM.—Section 1360 of  
24 the National Flood Insurance Act of 1968 (42 U.S.C.

1 4101) is amended by adding at the end the following new  
2 subsection:

3 “(k) PROGRAM TO REVIEW, UPDATE, AND MAINTAIN  
4 FLOOD INSURANCE PROGRAM MAPS.—

5 “(1) IN GENERAL.—The Director, in coordina-  
6 tion with the Technical Mapping Advisory Council  
7 established pursuant to section 576 of the National  
8 Flood Insurance Reform Act of 1994 (42 U.S.C.  
9 4101 note) and section 16(c) of the Flood Insurance  
10 Reform and Modernization Act of 2006, shall estab-  
11 lish a program under which the Director shall re-  
12 view, update, and maintain national flood insurance  
13 program rate maps in accordance with this sub-  
14 section.

15 “(2) INCLUSIONS.—

16 “(A) COVERED AREAS.—Each map up-  
17 dated under this subsection shall include a de-  
18 picture of—

19 “(i) the 500-year floodplain;

20 “(ii) areas that could be inundated as  
21 a result of the failure of a levee, as deter-  
22 mined by the Director; and

23 “(iii) areas that could be inundated as  
24 a result of the failure of a dam, as identi-

1           fied under the National Dam Safety Pro-  
2           gram Act (33 U.S.C. 467 et seq.).

3           “(B) OTHER INCLUSIONS.—In updating  
4           maps under this subsection, the Director may  
5           include—

6                   “(i) any relevant information on  
7                   coastal inundation from—

8                           “(I) an applicable inundation  
9                           map of the Corps of Engineers; and

10                           “(II) data of the National Oce-  
11                           anic and Atmospheric Administration  
12                           relating to storm surge modeling;

13                           “(ii) any relevant information of the  
14                           Geographical Service on stream flows, wa-  
15                           tershed characteristics, and topography  
16                           that is useful in the identification of flood  
17                           hazard areas, as determined by the Direc-  
18                           tor; and

19                           “(iii) a description of any hazard that  
20                           might impact flooding, including, as deter-  
21                           mined by the Director—

22                                   “(I) land subsidence and coastal  
23                                   erosion areas;

24                                   “(II) sediment flow areas;

25                                   “(III) mud flow areas;

1 “(IV) ice jam areas; and

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

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

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

10 “(i) flood risk determinations; and

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

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

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

23 “(A) give priority to the updating and  
24 maintenance of maps of coastal areas affected  
25 by Hurricane Katrina or Hurricane Rita to pro-

1           vide guidance with respect to hurricane recovery  
2           efforts; and

3           “(B) use the process of updating and  
4           maintaining maps under subparagraph (A) as a  
5           model for updating and maintaining other  
6           maps.

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

18          “(6) AUTHORIZATION OF APPROPRIATIONS.—  
19          There is authorized to be appropriated to the Direc-  
20          tor to carry out this subsection \$300,000,000 for  
21          each of fiscal years 2007 through 2012.”.

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

24                 (1) REQUIRED REVISION.—In carrying out the  
25                 program under subsection (k) of section 1360 of the

1 National Flood Insurance Act of 1968 (as added by  
2 subsection (a) of this section), the Director of the  
3 Federal Emergency Management Agency shall, as  
4 soon as possible after the date of the enactment of  
5 this Act, conduct a review of all floodplain areas and  
6 flood-risk zones identified, delineated, or established  
7 pursuant to such section 1360 and shall revise and  
8 update all such areas and zones.

9 (2) CERTIFICATION OF COMPLETION.—Upon  
10 completing the review, revision, and updating re-  
11 quired under paragraph (1), the Director shall sub-  
12 mit to the Congress a report certifying such comple-  
13 tion.

14 (3) ANNUAL REPORTS.—During the period that  
15 ends upon certification under paragraph (2) of this  
16 subsection by the Director, the Director shall include  
17 in the annual report required under section  
18 1360(k)(5) of the National Flood Insurance Act of  
19 1968 (as added by subsection (a) of this section) a  
20 description of the extent to which the review and up-  
21 dating required under paragraph (1) of this sub-  
22 section has been completed.

23 (c) REESTABLISHMENT OF TECHNICAL MAPPING  
24 ADVISORY COUNCIL.—

1           (1) REESTABLISHMENT.—There is reestab-  
2           lished the Technical Mapping Advisory Council, in  
3           accordance with this subsection and section 576 of  
4           the National Flood Insurance Reform Act of 1994  
5           (42 U.S.C. 4101 note).

6           (2) MEMBERSHIP.—Paragraph (1) of section  
7           576(b) of the National Flood Insurance Reform Act  
8           of 1994 (42 U.S.C. 4101 note) is amended—

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

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

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

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

19                   “(I) a representative of local or regional  
20                   flood and stormwater agencies;

21                   “(J) a representative of State geographic  
22                   information coordinators;”;

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

1           “(L) a representative of flood insurance  
2           servicing companies;”.

3           (3) APPOINTMENT.—The Director of the Fed-  
4           eral Emergency Management Agency, or the Direc-  
5           tor’s designee, shall take action as soon as possible  
6           after the date of the enactment of this Act to ap-  
7           point the members of the Technical Mapping Advi-  
8           sory Council pursuant to section 576(b)(1) of the  
9           National Flood Insurance Reform Act of 1994, as  
10          amended by paragraph (2) of this subsection.

11          (4) DUTIES.—Subsection (c) of section 576 of  
12          the National Flood Insurance Reform Act of 1994  
13          (42 U.S.C. 4101 note) is amended to read as fol-  
14          lows:

15          “(c) DUTIES.—The Council shall—

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

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

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

1           (5) TERMINATION.—Subsection (k) of section  
2           576 of the National Flood Insurance Reform Act of  
3           1994 (42 U.S.C. 4101 note) is amended by striking  
4           “under subsection (b)(1)” and inserting “pursuant  
5           to subsection (b)(1) of this section and section  
6           16(c)(3) of the Flood Insurance Reform and Mod-  
7           ernization Act of 2006”.

8           (d) POST-DISASTER FLOOD ELEVATION DETER-  
9           MINATIONS.—Section 1363 of the National Flood Insur-  
10          ance Act of 1968 (42 U.S.C. 4104) is amended by adding  
11          at the end the following new subsection:

12          “(h) EXPEDITED COMMUNITY ADOPTION OF POST-  
13          DISASTER ADVISORY FLOOD ELEVATIONS.—If the Direc-  
14          tor determines that it is appropriate to examine flood ele-  
15          vation determinations after flood-related disasters, to in-  
16          corporate data gathered since the publication of an effec-  
17          tive flood insurance rate map or other flood hazard map  
18          and to issue advisory flood elevations, the Director shall  
19          expedite the notification and publication procedures in this  
20          section. The Director shall require community adoption of  
21          the advisory flood elevation information under such expe-  
22          dited procedures for the purposes of local land use and  
23          control measures and for the purposes of facilitating flood-  
24          resistant reconstruction when Federal funds are made  
25          available. Expediting the notification and publication pro-

1 cedures shall be accomplished to preserve all rights to sub-  
2 mit information and to appeal the Director's findings. ”.

3 **SEC. 17. NATIONAL LEVEE INVENTORY.**

4 To identify levees for the national flood insurance  
5 program, the Director of the Federal Emergency Manage-  
6 ment Agency shall maintain and periodically publish an  
7 inventory of levees in the United States, and shall consult  
8 with the Secretary of the Army as necessary to maintain  
9 such inventory.

10 **SEC. 18. CLARIFICATION OF REPLACEMENT COST PROVI-**  
11 **SIONS, FORMS, AND POLICY LANGUAGE.**

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

16 (1) issue regulations, and revise any materials  
17 made available by such Agency, to clarify the appli-  
18 cability of replacement cost coverage under the na-  
19 tional flood insurance program;

20 (2) revise any regulations, forms, notices, guid-  
21 ance, and publications relating to the full cost of re-  
22 pair or replacement under the replacement cost cov-  
23 erage to more clearly describe such coverage to flood  
24 insurance policyholders and information to be pro-  
25 vided by such policyholders relating to such cov-

1 erage, and to avoid providing misleading information  
2 to such policyholders; and

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

12 **SEC. 19. AUTHORIZATION OF ADDITIONAL FEMA STAFF.**

13 Notwithstanding any other provision of law, the Di-  
14 rector of the Federal Emergency Management Agency  
15 may employ such additional staff of such Agency as may  
16 be necessary to carry out all of the responsibilities of the  
17 Director pursuant to this Act and the amendments made  
18 by this Act. There are authorized to be appropriated to  
19 Director such sums as may be necessary for costs of em-  
20 ploying such additional staff.

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