RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 12:39 p.m., recessed until 2:15 p.m. and reassembled when called to order by the acting president pro tempore.

FLOOD INSURANCE REFORM AND MODERNIZATION ACT OF 2007—Continued

The ACTING PRESIDENT pro tempore. The Senator from Florida.

Mr. MARTINEZ. Mr. President, I rise to speak in support of the Wicker amendment, the multiple peril insurance provision. I want to share some thoughts with the Senate on this provision.

As a Senator from the State of Florida, little is of more importance to the average homeowner than their home insurance and the cost of that insurance.

The multiple peril insurance provision will create a new option in the National Flood Insurance Program to offer coverage of both wind and flood risk in one policy.

The program requires premiums for the new coverage to be risk-based and actuarially sound.

CBO estimates the multiple peril program ''would increase premium receipts and additional claims payments by about the same amount—resulting in no significant net budgetary impact.''

By covering wind and flood risk in one policy, the multiple peril option will allow coastal homeowners to buy insurance and know that hurricane damage would be covered.

The reason we have to consider this is because in Florida, the gulf coast and throughout the region we have experienced constricting effects in the market.

Insurance companies are pulling out. They are dropping coverage. State Farm, for instance, stopped writing residential, rental, and commercial policies just 2 months ago.

People in my State are finding it increasingly difficult to secure insurance, especially policies that cover both wind and flood damage. People who have paid every premium and never filed a claim are simply locked out of the market.

But insurance is only part of the solution. We also have to encourage mitigation.

The multiple peril program would strengthen coastal mitigation efforts by making the new coverage available only where local governments have adopted building codes consistent with International Code Council standards.

Most of the State-sponsored plans are not able to spread risk efficiently and not able to build up sufficient reserves to cover a major hurricane.

They are forced to charge higher and higher premiums to buy more overpriced reinsurance to keep up with their increasing liability.

The Federal multiple peril program will spread coastal risk geographically, in a much more efficient manner than the state pools.

I strongly support the Wicker amendment, and I encourage my colleagues to do the same.

I remind my colleagues that CBO expects that the new coverage offered under H.R. 3121, the Wicker amendment, would increase premium receipts and additional claim payments by about the same amount, and the CBO claims that the result would be no significant net budgetary impact.

For those reasons, I strongly support the Wicker amendment and urge my colleagues to vote in favor of it.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. VITTER. I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. VITTER. Mr. President, I rise in very strong support, with so many of my colleagues, of the Wicker amendment. As Senator MARTINEZ has talked about Florida, Senator WICKER has talked so eloquently about Mississippi, so, too, in Louisiana it is an absolute imperative that we address the wind liability coverage issue in this larger debate.

The single greatest obstacle to recovery in both of our States hit by Katrina and Rita is insurance. For so many of my constituents, insurance on the wind liability side is unavailable or, if it is available, completely, absolutely unaffordable. This Wicker amendment will give folks a new option. It won't mandate it, it won't push them into that program, but it will give them an option. Most importantly, it will give them an option without increasing any burden or risk to the taxpayer.

I want to repeat something that has been said, but it is vitally important for everyone to understand before we vote; that is, the CBO has made perfectly clear this amendment does not make the bill more expensive. It does not make the program more expensive. It does not cost the taxpayer for a very simple reason: There is a mandate in the language that premiums be set in an actuarially sound way to cover the risk.

I strongly support the Wicker amendment.

AMENDMENT NO. 4722 TO AMENDMENT NO. 4707

Having said that, I ask unanimous consent to set aside the pending amendment and call up Vitter amendment No. 4722.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Louisiana [Mr. VITTER] proposes an amendment numbered 4722 to amendment No. 4707.

The amendment is as follows:

(Purpose: To increase maximum coverage limits)

At the appropriate place, insert the following:

SEC. 33. MAXIMUM COVERAGE LIMITS.

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

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

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

(3) in paragraph (4)—

(A) by striking ''$500,000'' each place such term appears and inserting ''$670,000''; and

(B) by inserting before ''; and'' the following: ''; except that, in the case of any nonresidential property that is a structure containing more than one dwelling unit that is made available for occupancy by rental (notwithstanding the provisions applicable to the determination of the risk premium rate for such property), additional flood insurance in excess of such limits shall be made available to every insured upon renewal and every applicant for insurance so as to enable any such insured or applicant to receive coverage up to a total amount that is equal to the product of the total number of such rental dwelling units in such property and the maximum coverage limit per dwelling unit specified in paragraph (2); except that in the case of any such multi-unit, nonresidential rental property that is a pre-FIRM structure (as such term is defined in section 578(b) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4014 note)), the risk premium rate for the first $500,000 of coverage shall be determined in accordance with section 1307(a)(2) and the risk premium rate for any coverage in excess of such amount shall be determined in accordance with section 1307(a)(1)''.

Mr. VITTER. Mr. President, this amendment is basic and straightforward. This amendment would increase the coverage limits for flood policies under the National Flood Insurance Program. Why do we need to do that? For a very basic reason. Those dollar limits have not been changed in 14 years. They haven't been changed at all, adjusted for inflation or anything else, since 1994. So it is way past overdue to update these coverage limits in a reasonable way. This Vitter amendment 4722 would do just that. But, in fact, it wouldn't even fully take into account inflation since 1994. It would fall a little short of that. We chose the increases because my increases in amendment 4722 are exactly what the House of Representatives has already passed, merely updating those limits to take into account most but not even all of inflation since they were last set in 1994.

I share with the chairman and ranking member the goal of making this program more fiscally sound, more actuarially sound. But we will completely frustrate that goal if we have a program with extremely low coverage limits and people can't buy the coverage they need. What will happen if we allow that? More and more storms