

**SUBCHAPTER II—ORGANIZATION AND ADMINISTRATION OF FLOOD INSURANCE PROGRAM**

**§ 4041. Implementation of program**

Following such consultation with representatives of the insurance industry as may be necessary, the Director shall implement the flood insurance program authorized under subchapter I of this chapter in accordance with the provisions of part A of this subchapter and, if a determination is made by him under section 4071 of this title, under part B of this subchapter.

(Pub. L. 90-448, title XIII, §1330, Aug. 1, 1968, 82 Stat. 581; Pub. L. 98-181, title IV, §451(d)(1), Nov. 30, 1983, 97 Stat. 1229.)

AMENDMENTS

1983—Pub. L. 98-181 substituted “Director” for “Secretary”.

TRANSFER OF FUNCTIONS

For transfer of all functions, personnel, assets, components, authorities, grant programs, and liabilities of the Federal Emergency Management Agency, including the functions of the Under Secretary for Federal Emergency Management relating thereto, to the Federal Emergency Management Agency, see section 315(a)(1) of Title 6, Domestic Security.

For transfer of functions, personnel, assets, and liabilities of the Federal Emergency Management Agency, including the functions of the Director of the Federal Emergency Management Agency relating thereto, to the Secretary of Homeland Security, and for treatment of related references, see former section 313(1) and sections 551(d), 552(d), and 557 of Title 6, Domestic Security, and the Department of Homeland Security Reorganization Plan of November 25, 2002, as modified, set out as a note under section 542 of Title 6.

**PART A—INDUSTRY PROGRAM WITH FEDERAL FINANCIAL ASSISTANCE**

**§ 4051. Industry flood insurance pool; requirements for participation**

(a) The Director is authorized to encourage and otherwise assist any insurance companies and other insurers which meet the requirements prescribed under subsection (b) of this section to form, associate, or otherwise join together in a pool—

(1) in order to provide the flood insurance coverage authorized under subchapter I of this chapter; and

(2) for the purpose of assuming, on such terms and conditions as may be agreed upon, such financial responsibility as will enable such companies and other insurers, with the Federal financial and other assistance available under this chapter, to assume a reasonable proportion of responsibility for the adjustment and payment of claims for losses under the flood insurance program.

(b) In order to promote the effective administration of the flood insurance program under this part, and to assure that the objectives of this chapter are furthered, the Director is authorized to prescribe appropriate requirements for insurance companies and other insurers participating in such pool including, but not limited to, minimum requirements for capital or surplus or assets.

(Pub. L. 90-448, title XIII, §1331, Aug. 1, 1968, 82 Stat. 582; Pub. L. 98-181, title IV, §451(d)(1), Nov. 30, 1983, 97 Stat. 1229.)

REFERENCES IN TEXT

This chapter, referred to in subsecs. (a)(2) and (b), was in the original a reference to “this title” meaning title XIII of Pub. L. 90-448, Aug. 1, 1968, 82 Stat. 572, known as the National Flood Insurance Act of 1968, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 4001 of this title and Tables.

AMENDMENTS

1983—Pub. L. 98-181 substituted “Director” for “Secretary” wherever appearing.

TRANSFER OF FUNCTIONS

For transfer of all functions, personnel, assets, components, authorities, grant programs, and liabilities of the Federal Emergency Management Agency, including the functions of the Under Secretary for Federal Emergency Management relating thereto, to the Federal Emergency Management Agency, see section 315(a)(1) of Title 6, Domestic Security.

For transfer of functions, personnel, assets, and liabilities of the Federal Emergency Management Agency, including the functions of the Director of the Federal Emergency Management Agency relating thereto, to the Secretary of Homeland Security, and for treatment of related references, see former section 313(1) and sections 551(d), 552(d), and 557 of Title 6, Domestic Security, and the Department of Homeland Security Reorganization Plan of November 25, 2002, as modified, set out as a note under section 542 of Title 6.

**§ 4052. Agreements with flood insurance pool**

**(a) Authorization**

The Director is authorized to enter into such agreements with the pool formed or otherwise created under this part as he deems necessary to carry out the purposes of this chapter.

**(b) Terms and conditions**

Such agreements shall specify—

(1) the terms and conditions under which risk capital will be available for the adjustment and payment of claims,

(2) the terms and conditions under which the pool (and the companies and other insurers participating therein) shall participate in premiums received and profits or losses realized or sustained,

(3) the maximum amount of profit, established by the Director and set forth in the schedules prescribed under section 4018 of this title, which may be realized by such pool (and the companies and other insurers participating therein),

(4) the terms and conditions under which operating costs and allowances set forth in the schedules prescribed under section 4018 of this title may be paid, and

(5) the terms and conditions under which premium equalization payments under section 4054 of this title will be made and reinsurance claims under section 4055 of this title will be paid.

**(c) Additional provisions**

In addition, such agreements shall contain such provisions as the Director finds necessary to assure that—

(1) no insurance company or other insurer which meets the requirements prescribed

under section 4051(b) of this title, and which has indicated an intention to participate in the flood insurance program on a risk-sharing basis, will be excluded from participating in the pool,

(2) the insurance companies and other insurers participating in the pool will take whatever action may be necessary to provide continuity of flood insurance coverage by the pool, and

(3) any insurance companies and other insurers, insurance agents and brokers, and insurance adjustment organizations will be permitted to cooperate with the pool as fiscal agents or otherwise, on other than a risk-sharing basis, to the maximum extent practicable.

(Pub. L. 90-448, title XIII, §1332, Aug. 1, 1968, 82 Stat. 582; Pub. L. 98-181, title IV, §451(d)(1), Nov. 30, 1983, 97 Stat. 1229.)

#### REFERENCES IN TEXT

This chapter, referred to in subsec. (a), was in the original a reference to "this title" meaning title XIII of Pub. L. 90-448, Aug. 1, 1968, 82 Stat. 572, known as the National Flood Insurance Act of 1968, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 4001 of this title and Tables.

#### AMENDMENTS

1983—Subsecs. (a), (b)(3), (c). Pub. L. 98-181 substituted "Director" for "Secretary" wherever appearing.

#### TRANSFER OF FUNCTIONS

For transfer of all functions, personnel, assets, components, authorities, grant programs, and liabilities of the Federal Emergency Management Agency, including the functions of the Under Secretary for Federal Emergency Management relating thereto, to the Federal Emergency Management Agency, see section 315(a)(1) of Title 6, Domestic Security.

For transfer of functions, personnel, assets, and liabilities of the Federal Emergency Management Agency, including the functions of the Director of the Federal Emergency Management Agency relating thereto, to the Secretary of Homeland Security, and for treatment of related references, see former section 313(1) and sections 551(d), 552(d), and 557 of Title 6, Domestic Security, and the Department of Homeland Security Reorganization Plan of November 25, 2002, as modified, set out as a note under section 542 of Title 6.

#### **§ 4053. Adjustment and payment of claims; judicial review; limitations; jurisdiction**

The insurance companies and other insurers which form, associate, or otherwise join together in the pool under this part may adjust and pay all claims for proved and approved losses covered by flood insurance in accordance with the provisions of this chapter and, upon the disallowance by any such company or other insurer of any such claim, or upon the refusal of the claimant to accept the amount allowed upon any such claim, the claimant, within one year after the date of mailing of notice of disallowance or partial disallowance of the claim, may institute an action on such claim against such company or other insurer in the United States district court for the district in which the insured property or the major part thereof shall have been situated, and original exclusive jurisdiction is hereby conferred upon such court to

hear and determine such action without regard to the amount in controversy.

(Pub. L. 90-448, title XIII, §1333, Aug. 1, 1968, 82 Stat. 583; Pub. L. 98-181, title IV, §451(d)(3), Nov. 30, 1983, 97 Stat. 1229.)

#### REFERENCES IN TEXT

This chapter, referred to in text, was in the original a reference to "this title" meaning title XIII of Pub. L. 90-448, Aug. 1, 1968, 82 Stat. 572, known as the National Flood Insurance Act of 1968, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 4001 of this title and Tables.

#### AMENDMENTS

1983—Pub. L. 98-181 inserted "original exclusive" before "jurisdiction".

#### **§ 4054. Premium equalization payments; basis; aggregate amount; establishment of designated periods**

(a) The Director, on such terms and conditions as he may from time to time prescribe, shall make periodic payments to the pool formed or otherwise created under section 4051 of this title, in recognition of such reductions in chargeable premium rates under section 4015 of this title below estimated premium rates under section 4014(a)(1) of this title as are required in order to make flood insurance available on reasonable terms and conditions.

(b) Designated periods under this section and the methods for determining the sum of premiums paid or payable during such periods shall be established by the Director.

(Pub. L. 90-448, title XIII, §1334, Aug. 1, 1968, 82 Stat. 583; Pub. L. 93-234, title I, §111, Dec. 31, 1973, 87 Stat. 981; Pub. L. 98-181, title IV, §451(d)(1), Nov. 30, 1983, 97 Stat. 1229.)

#### AMENDMENTS

1983—Pub. L. 98-181 substituted "Director" for "Secretary" wherever appearing.

1973—Subsecs. (b), (c). Pub. L. 93-234 redesignated subsec. (c) as (b) and struck out former subsec. (b) prescribing formula for sharing losses between Government and industry and permit necessary flexibility in loss sharing to take into account longer-term loss experience trends and to compensate for lack of precision in actuarial computations.

#### TRANSFER OF FUNCTIONS

For transfer of all functions, personnel, assets, components, authorities, grant programs, and liabilities of the Federal Emergency Management Agency, including the functions of the Under Secretary for Federal Emergency Management relating thereto, to the Federal Emergency Management Agency, see section 315(a)(1) of Title 6, Domestic Security.

For transfer of functions, personnel, assets, and liabilities of the Federal Emergency Management Agency, including the functions of the Director of the Federal Emergency Management Agency relating thereto, to the Secretary of Homeland Security, and for treatment of related references, see former section 313(1) and sections 551(d), 552(d), and 557 of Title 6, Domestic Security, and the Department of Homeland Security Reorganization Plan of November 25, 2002, as modified, set out as a note under section 542 of Title 6.

#### **§ 4055. Reinsurance coverage**

##### **(a) Availability for excess losses**

The Director is authorized to take such action as may be necessary in order to make available,

to the pool formed or otherwise created under section 4051 of this title, reinsurance for losses (due to claims for proved and approved losses covered by flood insurance) which are in excess of losses assumed by such pool in accordance with the excess loss agreement entered into under subsection (c) of this section.

**(b) Availability pursuant to contract, agreement, or other arrangement; payment of premium, fee, or other charge**

Such reinsurance shall be made available pursuant to contract, agreement, or any other arrangement, in consideration of such payment of a premium, fee, or other charge as the Director finds necessary to cover anticipated losses and other costs of providing such reinsurance.

**(c) Excess loss agreement; negotiation**

The Director is authorized to negotiate an excess loss agreement, from time to time, under which the amount of flood insurance retained by the pool, after ceding reinsurance, shall be adequate to further the purposes of this chapter, consistent with the objective of maintaining appropriate financial participation and risk sharing to the maximum extent practicable on the part of participating insurance companies and other insurers.

**(d) Submission of excess losses on portfolio basis**

All reinsurance claims for losses in excess of losses assumed by the pool shall be submitted on a portfolio basis by such pool in accordance with terms and conditions established by the Director.

(Pub. L. 90-448, title XIII, §1335, Aug. 1, 1968, 82 Stat. 583; Pub. L. 98-181, title IV, §451(d)(1), Nov. 30, 1983, 97 Stat. 1229.)

REFERENCES IN TEXT

This chapter, referred to in subsec. (c), was in the original a reference to "this title" meaning title XIII of Pub. L. 90-448, Aug. 1, 1968, 82 Stat. 572, known as the National Flood Insurance Act of 1968, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 4001 of this title and Tables.

AMENDMENTS

1983—Pub. L. 98-181 substituted "Director" for "Secretary" wherever appearing.

TRANSFER OF FUNCTIONS

For transfer of all functions, personnel, assets, components, authorities, grant programs, and liabilities of the Federal Emergency Management Agency, including the functions of the Under Secretary for Federal Emergency Management relating thereto, to the Federal Emergency Management Agency, see section 315(a)(1) of Title 6, Domestic Security.

For transfer of functions, personnel, assets, and liabilities of the Federal Emergency Management Agency, including the functions of the Director of the Federal Emergency Management Agency relating thereto, to the Secretary of Homeland Security, and for treatment of related references, see former section 313(1) and sections 551(d), 552(d), and 557 of Title 6, Domestic Security, and the Department of Homeland Security Reorganization Plan of November 25, 2002, as modified, set out as a note under section 542 of Title 6.

**§ 4056. Emergency implementation of flood insurance program; applicability of other provisions of law**

(a) Notwithstanding any other provisions of this chapter, for the purpose of providing flood insurance coverage at the earliest possible time, the Director shall carry out the flood insurance program authorized under subchapter I of this chapter during the period ending on the date specified in section 4026 of this title, in accordance with the provisions of this part and the other provisions of this chapter insofar as they relate to this part but subject to the modifications made by or under subsection (b) of this section.

(b) In carrying out the flood insurance program pursuant to subsection (a) of this section, the Director—

(1) shall provide insurance coverage without regard to any estimated risk premium rates which would otherwise be determined under section 4014 of this title; and

(2) shall utilize the provisions and procedures contained in or prescribed by this part (other than section 4054 of this title) and sections 4081 and 4082 of this title to such extent and in such manner as he may consider necessary or appropriate to carry out the purpose of this section.

(Pub. L. 90-448, title XIII, §1336, as added Pub. L. 91-152, title IV, §408, Dec. 24, 1969, 83 Stat. 396; amended Pub. L. 92-213, §2(a), Dec. 22, 1971, 85 Stat. 775; Pub. L. 93-234, title I, §106, Dec. 31, 1973, 87 Stat. 979; Pub. L. 94-173, §5, Dec. 23, 1975, 89 Stat. 1028; Pub. L. 94-375, §14(b), Aug. 3, 1976, 90 Stat. 1075; Pub. L. 95-128, title VII, §701(b), Oct. 12, 1977, 91 Stat. 1144; Pub. L. 95-406, §6(b), Sept. 30, 1978, 92 Stat. 880; Pub. L. 95-557, title III, §308(b), Oct. 31, 1978, 92 Stat. 2098; Pub. L. 96-153, title VI, §602(b), Dec. 21, 1979, 93 Stat. 1137; Pub. L. 97-35, title III, §341(b)(2), Aug. 13, 1981, 95 Stat. 419; Pub. L. 97-289, §4(b), Oct. 6, 1982, 96 Stat. 1231; Pub. L. 98-35, §4(b), May 26, 1983, 97 Stat. 198; Pub. L. 98-109, §5(b), Oct. 1, 1983, 97 Stat. 746; Pub. L. 98-181, title IV, §451(b), (d)(1), Nov. 30, 1983, 97 Stat. 1229; Pub. L. 99-120, §4(a)(2), Oct. 8, 1985, 99 Stat. 503; Pub. L. 99-156, §4(a)(2), Nov. 15, 1985, 99 Stat. 816; Pub. L. 99-219, §4(a)(2), Dec. 26, 1985, 99 Stat. 1731; Pub. L. 99-267, §4(a)(2), Mar. 27, 1986, 100 Stat. 74; Pub. L. 99-272, title III, §3010(a)(2), Apr. 7, 1986, 100 Stat. 106; Pub. L. 99-289, §1(b), May 2, 1986, 100 Stat. 412; Pub. L. 99-345, §1, June 24, 1986, 100 Stat. 673; Pub. L. 99-430, Sept. 30, 1986, 100 Stat. 986; Pub. L. 100-122, §1, Sept. 30, 1987, 101 Stat. 793; Pub. L. 100-154, Nov. 5, 1987, 101 Stat. 890; Pub. L. 100-170, Nov. 17, 1987, 101 Stat. 914; Pub. L. 100-179, Dec. 3, 1987, 101 Stat. 1018; Pub. L. 100-200, Dec. 21, 1987, 101 Stat. 1327; Pub. L. 100-242, title V, §541(b), Feb. 5, 1988, 101 Stat. 1939; Pub. L. 101-137, §1(b), Nov. 3, 1989, 103 Stat. 824; Pub. L. 101-508, title II, §2302(b), Nov. 5, 1990, 104 Stat. 1388-23; Pub. L. 103-325, title V, §571(b), Sept. 23, 1994, 108 Stat. 2277; Pub. L. 105-46, §118, Sept. 30, 1997, 111 Stat. 1157; Pub. L. 105-65, title III, Oct. 27, 1997, 111 Stat. 1377; Pub. L. 105-276, title III, title V, §599D(b), Oct. 21, 1998, 112 Stat. 2502, 2663; Pub. L. 107-73, title III, Nov. 26, 2001, 115 Stat. 689; Pub. L. 108-3, §2(a)(3), Jan. 13, 2003, 117 Stat. 7; Pub. L. 108-171, §2(a)(3), Dec. 6, 2003, 117 Stat.

2064; Pub. L. 108–199, div. H, § 136(a)(3), Jan. 23, 2004, 118 Stat. 442; Pub. L. 108–264, title I, § 101(c), June 30, 2004, 118 Stat. 714.)

#### REFERENCES IN TEXT

This chapter, referred to in subsec. (a), was in the original a reference to “this title” meaning title XIII of Pub. L. 90–448, Aug. 1, 1968, 82 Stat. 572, known as the National Flood Insurance Act of 1968, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 4001 of this title and Tables.

#### AMENDMENTS

2004—Subsec. (a). Pub. L. 108–264 substituted “during the period ending on the date specified in section 4026 of this title, in accordance” for identical language.

Pub. L. 108–199 made amendment identical to that made by Pub. L. 108–171. See 2003 Amendment note below.

2003—Subsec. (a). Pub. L. 108–171 substituted “on the date specified in section 4026 of this title” for “December 31, 2003”.

Pub. L. 108–3 substituted “ending December 31, 2003, in” for “ending December 31, 2002, in”.

2001—Subsec. (a). Pub. L. 107–73 substituted “December 31, 2002” for “September 30, 2001”.

1998—Subsec. (a). Pub. L. 105–276, § 599D(b), which directed the substitution of “2001” for “1998”, was executed by substituting “2001” for “1999” to reflect the probable intent of Congress and the amendment by Pub. L. 105–276, title III, see below.

Pub. L. 105–276, title III, substituted “1999” for “1998”.

1997—Subsec. (a). Pub. L. 105–65 substituted “September 30, 1998” for “October 23, 1997”.

Pub. L. 105–46 substituted “October 23, 1997” for “September 30, 1996”.

1994—Subsec. (a). Pub. L. 103–325 substituted “September 30, 1996” for “September 30, 1995”.

1990—Subsec. (a). Pub. L. 101–508 substituted “September 30, 1995” for “September 30, 1991”.

1989—Subsec. (a). Pub. L. 101–137 substituted “September 30, 1991” for “September 30, 1989”.

1988—Subsec. (a). Pub. L. 100–242 substituted “September 30, 1989” for “March 15, 1988”.

1987—Subsec. (a). Pub. L. 100–200 substituted “March 15, 1988” for “December 16, 1987”.

Pub. L. 100–179 substituted “December 16, 1987” for “December 2, 1987”.

Pub. L. 100–170 substituted “December 2, 1987” for “November 15, 1987”.

Pub. L. 100–154 substituted “November 15, 1987” for “October 31, 1987”.

Pub. L. 100–122 substituted “October 31, 1987” for “September 30, 1987”.

1986—Subsec. (a). Pub. L. 99–430 substituted “September 30, 1987” for “September 30, 1986”.

Pub. L. 99–345 substituted “September 30, 1986” for “June 6, 1986”.

Pub. L. 99–289 substituted “June 6, 1986” for “April 30, 1986”.

Pub. L. 99–272 directed amendment identical to Pub. L. 99–219 substituting “March 17, 1986” for “December 15, 1985”.

Pub. L. 99–267 substituted “April 30, 1986” for “March 17, 1986”.

1985—Subsec. (a). Pub. L. 99–219 substituted “March 17, 1986” for “December 15, 1985”.

Pub. L. 99–156 substituted “December 15, 1985” for “November 14, 1985”.

Pub. L. 99–120 substituted “November 14, 1985” for “September 30, 1985”.

1983—Subsec. (a). Pub. L. 98–181, § 451(d)(1), substituted “Director” for “Secretary”.

Pub. L. 98–181, § 451(b), substituted “September 30, 1985” for “November 30, 1983”.

Pub. L. 98–109 substituted “November 30, 1983” for “September 30, 1983”.

Pub. L. 98–35 substituted “September 30, 1983” for “May 20, 1983”.

Subsec. (b). Pub. L. 98–181, § 451(d)(1), substituted “Director” for “Secretary”.

1982—Subsec. (a). Pub. L. 97–289 substituted “May 20, 1983” for “September 30, 1982”.

1981—Subsec. (a). Pub. L. 97–35 substituted “1982” for “1981”.

1979—Subsec. (a). Pub. L. 96–153 substituted “1981” for “1980”.

1978—Subsec. (a). Pub. L. 95–557 substituted “September 30, 1980” for “October 31, 1978”.

Pub. L. 95–406 substituted “October 31, 1978” for “September 30, 1978”.

1977—Subsec. (a). Pub. L. 95–128 substituted “1978” for “1977”.

1976—Subsec. (a). Pub. L. 94–375 substituted “September 30, 1977” for “December 31, 1976”.

1975—Subsec. (a). Pub. L. 94–173 substituted “1976” for “1975”.

1973—Subsec. (a). Pub. L. 93–234 substituted “1975” for “1973”.

1971—Subsec. (a). Pub. L. 92–213 substituted “1973” for “1971”.

#### EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108–199 considered to have taken effect on Dec. 31, 2003, see section 136(b) of div. H of Pub. L. 108–199, set out as a note under section 4016 of this title.

#### EFFECTIVE DATE OF 2003 AMENDMENTS

Amendment by Pub. L. 108–171 effective Dec. 31, 2003, see section 2(b) of Pub. L. 108–171, set out as a note under section 4016 of this title.

Amendment by Pub. L. 108–3 effective Dec. 31, 2002, see section 2(b) of Pub. L. 108–3, set out as a note under section 4016 of this title.

#### EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97–35 effective Oct. 1, 1981, see section 371 of Pub. L. 97–35, set out as an Effective Date note under section 3701 of Title 12, Banks and Banking.

#### TRANSFER OF FUNCTIONS

For transfer of all functions, personnel, assets, components, authorities, grant programs, and liabilities of the Federal Emergency Management Agency, including the functions of the Under Secretary for Federal Emergency Management relating thereto, to the Federal Emergency Management Agency, see section 315(a)(1) of Title 6, Domestic Security.

For transfer of functions, personnel, assets, and liabilities of the Federal Emergency Management Agency, including the functions of the Director of the Federal Emergency Management Agency relating thereto, to the Secretary of Homeland Security, and for treatment of related references, see former section 313(1) and sections 551(d), 552(d), and 557 of Title 6, Domestic Security, and the Department of Homeland Security Reorganization Plan of November 25, 2002, as modified, set out as a note under section 542 of Title 6.

#### CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1998

The expiration date of Oct. 23, 1997 (see 1997 Amendment note above) was temporarily extended to Nov. 7, 1997, by Pub. L. 105–64, Oct. 23, 1997, 111 Stat. 1343.

#### PART B—GOVERNMENT PROGRAM WITH INDUSTRY ASSISTANCE

### § 4071. Federal operation of program; determination by Director; fiscal agents; report to Congress

(a) If at any time, after consultation with representatives of the insurance industry, the Director determines that operation of the flood insurance program as provided under part A cannot be carried out, or that such operation, in it-