

115TH CONGRESS
1ST SESSION

H. R. 2875

To make administrative reforms to the National Flood Insurance Program to increase fairness and accuracy and protect the taxpayer from program fraud and abuse, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2017

Ms. VELÁZQUEZ introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To make administrative reforms to the National Flood Insurance Program to increase fairness and accuracy and protect the taxpayer from program fraud and abuse, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Flood Insur-
5 ance Program Administrative Reform Act of 2017”.

6 **SEC. 2. INCREASED COST OF COMPLIANCE COVERAGE.**

7 (a) COVERAGE OF PROPERTIES AT HIGH RISK OF
8 FUTURE FLOOD DAMAGE.—Subsection (b) of section

1 1304 of the National Flood Insurance Act of 1968 (42
2 U.S.C. 4011(b)) is amended—

3 (1) in paragraph (4), by redesignating subpara-
4 graphs (A) through (D) as clauses (i) through (iv),
5 respectively, and realigning such clauses, as so re-
6 designated, so as to be indented 6 ems from the left
7 margin;

8 (2) by redesignating paragraphs (1) through
9 (4) as subparagraphs (A) through (D), respectively,
10 and realigning such subparagraphs, as so redesign-
11 ated, so as to be indented 4 ems from the left mar-
12 gin;

13 (3) by striking the subsection designation and
14 all that follows through “The national” and insert-
15 ing the following:

16 “(b) ADDITIONAL COVERAGE FOR COMPLIANCE
17 WITH LAND USE AND CONTROL MEASURES.—

18 “(1) AUTHORITY; ELIGIBLE PROPERTIES.—The
19 national”;

20 (4) in subparagraph (C) (as so redesignated by
21 paragraph (2) of this subsection), by striking
22 “Fund” and all that follows and inserting “Fund to
23 require the implementation of such measures;”;

24 (5) in subparagraph (D)(iv) (as so redesignated
25 by paragraphs (1) and (2) of this subsection), by

1 striking the period at the end and inserting a semi-
2 colon; and

3 (6) by adding at the end the following new sub-
4 paragraphs:

5 “(E) properties that have been identified
6 by the Administrator, or by a community in ac-
7 cordance with such requirements as the Admin-
8 istrator shall establish, as at a high risk of fu-
9 ture flood damage; and

10 “(F) properties that are located within an
11 area identified pursuant to section
12 1361(e)(1)(A) (42 U.S.C. 4102(e)(1)(A)) by a
13 covered community (as such term is defined in
14 paragraph (3) of such section 1361(e)).”.

15 (b) COVERAGE AMOUNT.—Section 1304(b) of the
16 National Flood Insurance Act of 1968 (42 U.S.C.
17 4011(b)) is amended—

18 (1) in paragraph (1) (as so designated by sub-
19 section (a)(3) of this section), by striking the last
20 sentence (relating to a surcharge); and

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

23 “(2) COVERAGE AMOUNT.—

24 “(A) PRIMARY COVERAGE.—Each policy
25 for flood insurance coverage made available

1 under this title shall provide coverage under
2 this subsection having an aggregate liability for
3 any single property of \$30,000.

4 “(B) ENHANCED COVERAGE.—The Admin-
5 istrator shall make additional coverage available
6 under this subsection, in excess of the limit
7 specified in subparagraph (A), having an aggre-
8 gate liability for any single property of up to
9 \$60,000.”.

10 (c) AMOUNT OF SURCHARGE.—Subsection (b) of sec-
11 tion 1304 of the National Flood Insurance Act of 1968
12 (42 U.S.C. 4011(b)), as amended by the preceding provi-
13 sions of this section, is further amended by adding at the
14 end the following new paragraph:

15 “(3) SURCHARGE FOR COVERAGE.—

16 “(A) PRIMARY COVERAGE.—The Adminis-
17 trator shall impose a surcharge on each insured
18 of such amount per policy as the Administrator
19 determines is appropriate to provide cost of
20 compliance coverage in accordance with para-
21 graph (2)(A).

22 “(B) ENHANCED COVERAGE.—For each
23 flood policy for flood insurance coverage under
24 this title under which additional cost of compli-
25 ance coverage is provided pursuant to para-

1 graph (2)(B), the Administrator shall impose a
2 surcharge, in addition to the surcharge under
3 subparagraph (A) of this paragraph, in such
4 amount as the Administrator determines is ap-
5 propriate for the amount of such coverage pro-
6 vided.”.

7 (d) USE OF CERTAIN MATERIALS.—Subsection (b) of
8 section 1304 of the National Flood Insurance Act of 1968
9 (42 U.S.C. 4011(b)), as amended by the preceding provi-
10 sions of this section, is further amended by adding at the
11 end the following new paragraph:

12 “(4) USE OF CERTAIN MATERIALS.—The Ad-
13 ministrator shall require that any measures imple-
14 mented using amounts made available from coverage
15 provided pursuant to this subsection be carried out
16 using materials, identified by the Administrator,
17 that minimize the impact of flooding on the usability
18 of the covered property and reduce the duration that
19 flooding renders the property unusable or uninhabit-
20 able.”.

21 (e) CONTINUED FLOOD INSURANCE REQUIRE-
22 MENT.—Subsection (b) of section 1304 of the National
23 Flood Insurance Act of 1968 (42 U.S.C. 4011(b)), as
24 amended by the preceding provisions of this section, is fur-

1 ther amended by adding at the end the following new para-
2 graph:

3 “(5) CONTINUED FLOOD INSURANCE REQUIRE-
4 MENT.—The Administrator may require, as a condi-
5 tion of providing cost of compliance coverage under
6 this subsection for a property, that the owner of the
7 property enter into such binding agreements as the
8 Administrator considers necessary to ensure that the
9 owner of the property (and any subsequent owners)
10 will maintain flood insurance coverage under this
11 title for the property in such amount, and at all
12 times during a period having such duration, as the
13 Administrator considers appropriate to carry out the
14 purposes of this subsection.”.

15 **SEC. 3. PILOT PROGRAM FOR PROPERTIES WITH PRE-**
16 **EXISTING CONDITIONS.**

17 Section 1311 of the National Flood Insurance Act of
18 1968 (42 U.S.C. 4018) is amended by adding at the end
19 the following new subsection:

20 “(c) PILOT PROGRAM FOR INVESTIGATION OF PRE-
21 EXISTING STRUCTURAL CONDITIONS.—

22 “(1) VOLUNTARY PROGRAM.—The Adminis-
23 trator shall carry out a pilot program under this
24 subsection to provide for companies participating in
25 the Write Your Own program (as such term is de-

1 fined in section 1370(a) (42 U.S.C. 4121(a))) to in-
2 vestigate preexisting structural conditions of insured
3 properties and potentially insured properties that
4 could result in the denial of a claim under a policy
5 for flood insurance coverage under this title in the
6 event of a flood loss to such property. Participation
7 in the pilot program shall be voluntary on the part
8 of Write Your Own companies.

9 “(2) INVESTIGATION OF PROPERTIES.—Under
10 the pilot program under this subsection, a Write
11 Your Own company participating in the program
12 shall—

13 “(A) provide in policies for flood insurance
14 coverage under this title covered by the pro-
15 gram that, upon the request of the policyholder,
16 the company shall provide for—

17 “(i) an investigation of the property
18 covered by such policy, using common
19 methods, to determine whether preexisting
20 structural conditions are present that could
21 result in the denial of a claim under such
22 policy for flood losses; and

23 “(ii) if such investigation is not deter-
24 minative, an on-site inspection of the prop-

1 erty to determine whether such preexisting
2 structural conditions are present;

3 “(B) upon completion of an investigation
4 or inspection pursuant to subparagraph (A)
5 that determines that such a preexisting struc-
6 tural condition is present or absent, submit a
7 report to the policyholder and Administrator de-
8 scribing the condition; and

9 “(C) impose a surcharge on each policy de-
10 scribed in subparagraph (A) in such amount
11 that the Administrator determines is appro-
12 priate to cover the costs of investigations and
13 inspections performed pursuant to such policies
14 and reimburse Write Your Own companies par-
15 ticipating in the program under this subsection
16 for such costs.

17 “(3) INTERIM REPORT.—Not later than Decem-
18 ber 31, 2021, the Administrator shall submit a re-
19 port to the Committee on Financial Services of the
20 House of Representatives and the Committee on
21 Banking, Housing, and Urban Affairs of the Senate
22 describing the operation of the pilot program to that
23 date.

1 “(4) SUNSET.—The Administrator may not
 2 provide any policy for flood insurance described in
 3 paragraph (2)(A) after December 31, 2022.

4 “(5) FINAL REPORT.—Not later than March
 5 31, 2023, the Administrator shall submit a final re-
 6 port regarding the pilot program under this section
 7 to the Committee on Financial Services of the House
 8 of Representatives and the Committee on Banking,
 9 Housing, and Urban Affairs of the Senate. The re-
 10 port shall include any findings and recommendations
 11 of the Administrator regarding the pilot program.”.

12 **SEC. 4. PENALTIES FOR FRAUD AND FALSE STATEMENTS**
 13 **IN THE NATIONAL FLOOD INSURANCE PRO-**
 14 **GRAM.**

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

18 **“SEC. 1349. PENALTIES FOR FRAUD AND FALSE STATE-**
 19 **MENTS IN THE NATIONAL FLOOD INSURANCE**
 20 **PROGRAM.**

21 “(a) PROHIBITED ACTS.—A person shall not know-
 22 ingly make a false or misleading statement, production,
 23 or submission in connection with the proving or adjusting
 24 of a claim for flood insurance coverage made available
 25 under this Act. Such prohibited acts include—

1 “(1) knowingly forging an engineering report,
2 claims adjustment report or technical assistance re-
3 port used to support a claim determination;

4 “(2) knowingly making any materially false, fic-
5 titious, or fraudulent statement or representation in
6 an engineering report, claims adjustment report, or
7 technical assistance report to support a claim deter-
8 mination;

9 “(3) knowingly submitting a materially false,
10 fictitious, or fraudulent claim.

11 “(b) CIVIL ENFORCEMENT.—The Attorney General
12 may bring a civil action for such relief as may be appro-
13 priate whenever it appears that any person has violated
14 or is about to violate any provision of this section. Such
15 action may be brought in an appropriate United States
16 district court.

17 “(c) REFERRAL TO ATTORNEY GENERAL.—The Ad-
18 ministrators shall expeditiously refer to the Attorney Gen-
19 eral for appropriate action any evidence developed in the
20 performance of functions under this Act that may warrant
21 consideration for criminal or civil prosecution.

22 “(d) PENALTIES.—

23 “(1) CIVIL MONETARY PENALTY.—Any person
24 who violates subsection (a) shall be subject to a civil
25 penalty of not more than \$10,000 for each violation,

1 which shall be deposited into the National Flood In-
2 surance Fund established under section 1310 (42
3 U.S.C. 4017).

4 “(2) SUSPENSION AND DEBARMENT.—Any per-
5 son who violates subsection (a) shall not be eligible,
6 for a period of not less than 2 years and not to ex-
7 ceed 5 years, to—

8 “(A) receive flood insurance coverage pur-
9 suant to this title; or

10 “(B) provide services in connection with
11 the selling, servicing, or handling of claims for
12 flood insurance policies provided pursuant to
13 this title.

14 “(3) OTHER PENALTIES.—The penalties pro-
15 vided for in this subsection shall be in addition to
16 any other civil or criminal penalty available under
17 law.”.

18 **SEC. 5. ENHANCED POLICYHOLDER APPEALS PROCESS**
19 **RIGHTS.**

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

1 **“SEC. 1350. APPROVAL OF DECISIONS RELATING TO FLOOD**
2 **INSURANCE COVERAGE.**

3 “(a) IN GENERAL.—The Administrator shall estab-
4 lish an appeals process to enable holders of a flood insur-
5 ance policy provided under this title to appeal the decisions
6 of their insurer, with respect to the disallowance, in whole
7 or in part, of any claims for proved and approved losses
8 covered by flood insurance. Such appeals shall be limited
9 to the claim or portion of the claim disallowed by the in-
10 surer.

11 “(b) APPEAL DECISION.—Upon a decision in an ap-
12 peal under subsection (a), the Administrator shall provide
13 the policyholder with a written appeal decision. The appeal
14 decision shall explain the Administrator’s determination to
15 uphold or overturn the decision of the flood insurer. The
16 Administrator may direct the flood insurer to take action
17 necessary to resolve the appeal, to include re-inspection,
18 re-adjustment, or payment, as appropriate.

19 “(c) RULES OF CONSTRUCTION.—This section shall
20 not be construed as—

21 “(1) making the Federal Emergency Manage-
22 ment Agency or the Administrator a party to the
23 flood insurance contract; or

24 “(2) creating any action or remedy not other-
25 wise provided by this title.”.

1 (b) REPEAL.—Section 205 of the Bunning-Blu-
2 menauer-Bereuter Flood Insurance Reform Act of 2004
3 (42 U.S.C. 4011 note) is hereby repealed.

4 **SEC. 6. DEADLINE FOR APPROVAL OF CLAIMS.**

5 (a) IN GENERAL.—Section 1312 of the National
6 Flood Insurance Act of 1968 (42 U.S.C. 4019) is amend-
7 ed—

8 (1) in subsection (a), by striking “The Adminis-
9 trator” and inserting “Subject to other provisions of
10 this section, the Administrator”; and

11 (2) by adding at the end the following new sub-
12 section:

13 “(d) DEADLINE FOR APPROVAL OF CLAIMS.—

14 “(1) IN GENERAL.—The Administrator shall
15 provide that, in the case of any claim for damage to
16 or loss of property under flood insurance coverage
17 made available under this title, a final determination
18 regarding approval of a claim for payment or dis-
19 approval of the claim be made, and notification of
20 such determination be provided to the insured mak-
21 ing such claim, not later than the expiration of the
22 90-day period (as such period may be extended pur-
23 suant to paragraph (2)) beginning upon the day on
24 which such claim was made. Payment of approved

1 claims shall be made as soon as possible after such
2 approval.

3 “(2) EXTENSION OF DEADLINE.—The Adminis-
4 trator shall provide that the period referred to in
5 paragraph (1) may be extended by a single addi-
6 tional period of 15 days in cases where extraordinary
7 circumstances are demonstrated. The Administrator
8 shall, by regulation, establish criteria for dem-
9 onstrating such extraordinary circumstances and for
10 determining to which claims such extraordinary cir-
11 cumstances apply.”.

12 (b) APPLICABILITY.—The amendments made by sub-
13 section (a) shall apply to any claim under flood insurance
14 coverage made available under the National Flood Insur-
15 ance Act of 1968 (42 U.S.C. 4001 et seq.) pending on
16 the date of the enactment of this Act and any claims made
17 after such date of enactment.

18 **SEC. 7. LITIGATION PROCESS OVERSIGHT AND REFORM.**

19 (a) IN GENERAL.—Part C of chapter II of the Na-
20 tional Flood Insurance Act of 1968 (42 U.S.C. 4081 et
21 seq.), as amended by the preceding provisions of this Act,
22 is further amended by adding at the end the following new
23 section:

1 **“SEC. 1351. OVERSIGHT OF LITIGATION.**

2 “(a) OVERSIGHT.—The Administrator shall monitor
3 and oversee litigation conducted by Write Your Own com-
4 panies arising under contracts for flood insurance sold
5 pursuant to this title, to ensure that—

6 “(1) litigation expenses are reasonable, appro-
7 priate, and cost-effective; and

8 “(2) Write Your Own companies comply with
9 guidance and procedures established by the Adminis-
10 trator regarding the conduct of litigation.

11 “(b) DENIAL OF REIMBURSEMENT FOR EX-
12 PENSES.—The Administrator may deny reimbursement
13 for litigation expenses that are determined to be unreason-
14 able, excessive, contrary to guidance issued by the Admin-
15 istrator, or outside the scope of any arrangement entered
16 into with a Write Your Own company.

17 “(c) LITIGATION STRATEGY.—The Administrator
18 may direct litigation strategy for claims arising under a
19 contract for flood insurance sold by a Write Your Own
20 company.

21 “(d) SUBSTITUTION.—If at any time, the Adminis-
22 trator determines there is a conflict of interest between
23 the Write Your Own company and the National Flood In-
24 surance Program, or it is in the best interest of the United
25 States, the Administrator may promptly take any nec-
26 essary action to be substituted for the WYO company in

1 any action arising out of any claim arising under a con-
 2 tract for flood insurance sold by a Write Your Own com-
 3 pany.”.

4 (b) IMPLEMENTATION.—The Administrator of the
 5 Federal Emergency Management Agency shall initiate
 6 compliance with section 1352(d) of the National Flood In-
 7 surance Act of 1968, as added by the amendment made
 8 by subsection (a) of this section, not later than the expira-
 9 tion of the 12-month period beginning on the date of the
 10 enactment of this Act.

11 **SEC. 8. PROHIBITION ON HIRING DISBARRED ATTORNEYS.**

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

16 **“SEC. 1352. PROHIBITION ON HIRING DISBARRED ATTOR-**
 17 **NEYS.**

18 “The Administrator may not at any time newly em-
 19 ploy in connection with the flood insurance program under
 20 this title any attorney who has been suspended or dis-
 21 barred by any court, bar, or Federal or State agency to
 22 which the individual was previously admitted to practice.”.

1 **SEC. 9. UNDERPAYMENT OF CLAIMS BY WRITE YOUR OWN**
2 **COMPANIES.**

3 Section 1345 of the National Flood Insurance Act of
4 1968 (42 U.S.C. 4081) is amended by adding at the end
5 the following new subsection:

6 “(f) UNDERPAYMENT OF CLAIMS BY WYO COMPA-
7 NIES.—The Administrator shall establish penalties for
8 companies participating in the Write Your Own program
9 knowingly underpaying claims for losses covered by flood
10 insurance made available under this title, which penalties
11 shall be commensurate, with respect to the amount of the
12 penalty, to the penalties applicable to overpayment of such
13 claims by a similar amount by such companies.”.

14 **SEC. 10. TECHNICAL ASSISTANCE REPORTS.**

15 (a) USE.—Section 1312 of the National Flood Insur-
16 ance Act of 1968 (42 U.S.C. 4019), as amended by the
17 preceding provisions of this Act, is further amended by
18 adding at the end the following new subsection:

19 “(e) USE OF TECHNICAL ASSISTANCE REPORTS.—
20 When adjusting claims for any damage to or loss of prop-
21 erty which is covered by flood insurance made available
22 under this title, the Administrator may rely upon technical
23 assistance reports, as such term is defined in section
24 1312A, only if such reports are final and are prepared
25 in compliance with applicable State and Federal laws re-
26 garding professional licensure and conduct.”.

1 (b) DISCLOSURE.—The National Flood Insurance
2 Act of 1968 is amended by inserting after section 1312
3 (42 U.S.C. 4019) the following new section:

4 **“SEC. 1312A. DISCLOSURE OF TECHNICAL ASSISTANCE RE-**
5 **PORTS.**

6 “(a) IN GENERAL.—Notwithstanding section 552a of
7 title 5, United States Code, upon request by a policy-
8 holder, the Administrator shall provide a true, complete,
9 and unredacted copy of any technical assistance report
10 that the Administrator relied upon in adjusting and pay-
11 ing for any damage to or loss of property insured by the
12 policyholder and covered by flood insurance made available
13 under this title. Such disclosures shall be in addition to
14 any other right of disclosure otherwise made available pur-
15 suant such section 552a or any other provision of law.

16 “(b) DIRECT DISCLOSURE BY WRITE YOUR OWN
17 COMPANIES AND DIRECT SERVICING AGENTS.—A Write
18 Your Own company or direct servicing agent in possession
19 of a technical assistance report subject to disclosure under
20 subsection (a) may disclose such technical assistance re-
21 port without further review or approval by the Adminis-
22 trator.

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

1 “(1) POLICYHOLDER.—The term ‘policyholder’
 2 means a person or persons shown as an insured on
 3 the declarations page of a policy for flood insurance
 4 coverage sold pursuant to this title.

5 “(2) TECHNICAL ASSISTANCE REPORT.—The
 6 term ‘technical assistance report’ means a report
 7 created for the purpose of furnishing technical as-
 8 sistance to an insurance claims adjuster assigned by
 9 the National Flood Insurance Program, including by
 10 engineers, surveyors, salvors, architects, and cer-
 11 tified public accounts.”.

12 **SEC. 11. IMPROVED DISCLOSURE REQUIREMENT FOR**
 13 **STANDARD FLOOD INSURANCE POLICIES.**

14 Section 100234 of the Biggert-Waters Flood Insur-
 15 ance Reform Act of 2012 (42 U.S.C. 4013a) is amended
 16 by adding at the end the following new subsections:

17 “(c) DISCLOSURE OF COVERAGE.—

18 “(1) DISCLOSURE SHEET.—Each policy under
 19 the National Flood Insurance Program shall include
 20 a disclosure sheet that sets forth, in plain lan-
 21 guage—

22 “(A) the definition of the term ‘flood’ for
 23 purposes of coverage under the policy;

24 “(B) a description of what type of flood
 25 forces are necessary so that losses from an

1 event are covered under the policy, including
2 overflow of inland or tidal waves, unusual and
3 rapid accumulation or runoff of a surface any
4 source, and mudflow;

5 “(C) a statement of the types and charac-
6 teristics of losses that are not covered under the
7 policy;

8 “(D) a summary of total cost and amount
9 of insurance coverage, and any other informa-
10 tion relating to such coverage required to be
11 disclosed under section 1308(l) of the National
12 Flood Insurance Act of 1968 (42 U.S.C.
13 4015(l));

14 “(E) a statement that the disclosure sheet
15 provides general information about the policy-
16 holder’s standard flood insurance policy;

17 “(F) a statement that the standard flood
18 insurance policy, together with the application,
19 endorsements, and declarations page, make up
20 the official contract and are controlling in the
21 event that there is any difference between the
22 information on the disclosure sheet and the in-
23 formation in the policy; and

24 “(G) a statement that if the policyholder
25 has any questions regarding information in the

1 disclosure sheet or policy he or she should con-
2 tact the entity selling the policy on behalf of the
3 Program, together with contact information suf-
4 ficient to allow the policyholder to contact such
5 entity.

6 “(2) ACKNOWLEDGMENT SHEET.—Each policy
7 under the National Flood Insurance Program shall
8 include an acknowledgment sheet that sets forth, in
9 plain language—

10 “(A) a statement of whether or not there
11 is a basement in the property to be covered by
12 the policy;

13 “(B) a statement of whether or not the
14 policy provides coverage for the contents of the
15 property covered by the policy;

16 “(C) a statement that the standard flood
17 insurance policy, together with the application,
18 endorsements, and declarations page, make up
19 the official contract and are controlling in the
20 event that there is any difference between the
21 information on the acknowledgment sheet and
22 the information in the policy; and

23 “(D) a statement that if the policyholder
24 has any questions regarding information in the
25 acknowledgment sheet or policy he or she

1 should contact the entity selling the policy on
2 behalf of the Program, together with contact in-
3 formation sufficient to allow the policyholder to
4 contact such entity.

5 “(3) REQUIRED SIGNATURES.—Notwith-
6 standing section 1306(c) of the National Flood In-
7 surance Act of 1968 (42 U.S.C. 4013(c)), a policy
8 for flood insurance coverage under the National
9 Flood Insurance Program may not take effect unless
10 the disclosure sheet required under paragraph (1)
11 and the acknowledgment sheet required under para-
12 graph (2), with respect to the policy, are signed and
13 dated by the policyholder and the seller of the policy
14 who is acting on behalf of the Program.”.

15 **SEC. 12. RESERVE FUND AMOUNTS.**

16 Section 1310 of the National Flood Insurance Act of
17 1968 (42 U.S.C. 4017) is amended by adding at the end
18 the following new subsection:

19 “(g) CREDITING OF RESERVE FUND AMOUNTS.—
20 Funds collected pursuant to section 1310A may be cred-
21 ited to the Fund under this section to be available for the
22 purpose described in subsection (d)(1).”.

1 **SEC. 13. SUFFICIENT STAFFING FOR OFFICE OF FLOOD IN-**
2 **SURANCE ADVOCATE.**

3 (a) IN GENERAL.—Section 24 of the Homeowner
4 Flood Insurance Affordability Act of 2014 (42 U.S.C.
5 4033) is amended by adding at the end the following new
6 subsection:

7 “(c) STAFF.—The Administrator shall ensure that
8 the Flood Insurance Advocate has sufficient staff to carry
9 out all of the duties and responsibilities of the Advocate
10 under this section.”.

11 (b) TIMING.—The Administrator of the Federal
12 Emergency Management Agency shall take such actions
13 as may be necessary to provide for full compliance with
14 section 24(c) of the Homeowner Flood Insurance Afford-
15 ability Act of 2014, as added by the amendment made by
16 subsection (a) of this section, not later than the expiration
17 of the 180-day period beginning on the date of the enact-
18 ment of this Act.

19 **SEC. 14. FEDERAL FLOOD INSURANCE ADVISORY COM-**
20 **MITTEE.**

21 (a) ESTABLISHMENT.—There is established an advi-
22 sory committee to be known as the Federal Flood Insur-
23 ance Advisory Committee (in this section referred to as
24 the “Committee”).

25 (b) MEMBERSHIP.—

1 (1) MEMBERS.—The Committee shall consist
2 of—

3 (A) the Administrator of the Federal
4 Emergency Management Agency (in this section
5 referred to as the “Administrator”), or the des-
6 ignee thereof;

7 (B) the Secretary of the Treasury, or the
8 designee thereof; and

9 (C) additional members appointed by the
10 Administrator or the designee of the Adminis-
11 trator, who shall be—

12 (i) two representatives of the property
13 and casualty insurance sector;

14 (ii) one individual who served in the
15 past, or is currently serving, as an insur-
16 ance regulator of a State, the District of
17 Columbia, the Commonwealth of Puerto
18 Rico, Guam, the Commonwealth of the
19 Northern Mariana Islands, the Virgin Is-
20 lands, American Samoa, or any federally-
21 recognized Indian tribe;

22 (iii) one representative of the financial
23 or insurance sectors who is involved in risk
24 transfers, including reinsurance, resilience

1 bonds, and other insurance-linked securi-
2 ties;

3 (iv) one actuary with demonstrated
4 high-level knowledge of catastrophic risk
5 insurance;

6 (v) two insurance professionals with
7 demonstrated experience with the sale of
8 flood insurance under the National Flood
9 Insurance Program;

10 (vi) two representatives of cata-
11 strophic risk insurance programs;

12 (vii) one insurance claims specialist;

13 (viii) one representative of a recog-
14 nized consumer advocacy organization;

15 (ix) one individual having dem-
16 onstrated expertise in the challenges in in-
17 suring low-income communities;

18 (x) one representative from an aca-
19 demic institution who has demonstrated
20 expertise in insurance; and

21 (xi) such other recognized experts in
22 the field of insurance as the Administrator
23 considers necessary.

24 (2) QUALIFICATIONS.—In appointing members
25 under paragraph (1)(C), the Administrator shall, to

1 the maximum extent practicable, ensure the mem-
2 bership of the Committee has a balance of members
3 reflecting geographic diversity, including representa-
4 tion from areas inland or with coastline identified by
5 the Administrator as at high risk for flooding or as
6 areas having special flood hazards.

7 (c) DUTIES.—The Committee shall review, and make
8 recommendations to the Administrator, upon request, on
9 matters related to the insurance aspects of the National
10 Flood Insurance Program, including ratemaking, tech-
11 nology to administer insurance, risk assessment, actuarial
12 practices, claims practices, sales and insurance delivery,
13 compensation and allowances, generally and based on the
14 complexities of the program, and best insurance practices.

15 (d) CHAIRPERSON.—The members of the Committee
16 shall elect one member to serve as the chairperson of the
17 Committee (in this section referred to as the “Chair-
18 person”).

19 (e) COMPENSATION.—Members of the Committee
20 shall receive no additional compensation by reason of their
21 service on the Committee.

22 (f) MEETINGS AND ACTIONS.—

23 (1) IN GENERAL.—The Committee shall meet
24 not less frequently than twice each year at the re-
25 quest of the Chairperson or a majority of its mem-

1 bers, and may take action by a vote of the majority
2 of the members in accordance with the Committee's
3 charter.

4 (2) INITIAL MEETING.—The Administrator, or
5 a person designated by the Administrator, shall re-
6 quest and coordinate the initial meeting of the Com-
7 mittee.

8 (g) STAFF OF FEMA.—Upon the request of the
9 Chairperson, the Administrator may detail, on a nonreim-
10 bursable basis, personnel of the Federal Emergency Man-
11 agement Agency to assist the Committee in carrying out
12 its duties.

13 (h) POWERS.—In carrying out this section, the Com-
14 mittee may hold hearings, receive evidence and assistance,
15 provide information, and conduct research, as it considers
16 appropriate.

17 (i) REPORTS TO CONGRESS.—The Administrator, on
18 an annual basis, shall report to the Committee on Finan-
19 cial Services of the House of Representatives, the Com-
20 mittee on Banking, Housing, and Urban Affairs of the
21 Senate, and the Office of Management and Budget on—

22 (1) the recommendations made by the Com-
23 mittee;

24 (2) actions taken by the Federal Emergency
25 Management Agency to address such recommenda-

1 tions to improve the insurance aspects of the na-
2 tional flood insurance program; and

3 (3) any recommendations made by the Com-
4 mittee that have been deferred or not acted upon,
5 together with an explanatory statement.

6 **SEC. 15. INTERAGENCY GUIDANCE ON COMPLIANCE.**

7 The Federal entities for lending regulation (as such
8 term is defined in section 3(a) of the Flood Disaster Pro-
9 tection Act of 1973 (42 U.S.C. 4003(a))), in consultation
10 with the Administrator of the Federal Emergency Man-
11 agement Agency, shall update and reissue the document
12 entitled “Interagency Questions and Answers Regarding
13 Flood Insurance” not later than the expiration of the 12-
14 month period beginning on the date of the enactment of
15 this Act and not less frequently than biennially thereafter.

16 **SEC. 16. GAO STUDY OF CLAIMS ADJUSTMENT PRACTICES.**

17 The Comptroller General of the United States shall
18 conduct a study of the policies and practices for adjust-
19 ment of claims for losses under flood insurance coverage
20 made available under the National Flood Insurance Act,
21 which shall include—

22 (1) a comparison of such policies and practices
23 with the policies and practices for adjustment of
24 claims for losses under other insurance coverage;

1 (2) an assessment of the quality of the adjust-
2 ments conducted and the effects of such policies and
3 practices on such quality;

4 (3) identification of any incentives under such
5 policies and practices that affect the speed with
6 which such adjustments are conducted; and

7 (4) identification of the affects of such policies
8 and practices on insureds submitting such claims for
9 losses.

10 Not later than the expiration of the 18-month period be-
11 ginning on the date of the enactment of this Act, the
12 Comptroller General shall submit a report to the Com-
13 mittee on Financial Services of the House of Representa-
14 tives and the Committee on Banking, Housing, and Urban
15 Affairs of the Senate regarding the findings and conclu-
16 sions of the study conducted pursuant to this section.

17 **SEC. 17. GAO STUDY OF FLOOD INSURANCE COVERAGE**
18 **TREATMENT OF EARTH MOVEMENT.**

19 The Comptroller General of the United States shall
20 conduct a study of the treatment, under flood insurance
21 coverage made available under the National Flood Insur-
22 ance Act, of earth movement and subsidence, including
23 earth movement and subsidence caused by flooding, which
24 shall include—

1 (1) identification and analysis of the effects of
2 such treatment on the National Flood Insurance
3 Program and insureds under the program;

4 (2) an assessment of the availability and afford-
5 ability of coverage in the private insurance market
6 for earth movement and subsidence caused by flood-
7 ing;

8 (3) an assessment of the effects on the National
9 Flood Insurance Program of covering earth move-
10 ment and subsidence caused by flooding; and

11 (4) a projection of the increased premiums that
12 would be required to make coverage for earth move-
13 ment losses actuarially sound and not fiscally detri-
14 mental to the continuation of the National Flood In-
15 surance Program.

16 Not later than the expiration of the 18-month period be-
17 ginning on the date of the enactment of this Act, the
18 Comptroller General shall submit a report to the Com-
19 mittee on Financial Services of the House of Representa-
20 tives and the Committee on Banking, Housing, and Urban
21 Affairs of the Senate regarding the findings and conclu-
22 sions of the study conducted pursuant to this section.

1 **SEC. 18. DEFINITIONS.**

2 (a) NATIONAL FLOOD INSURANCE ACT OF 1968.—

3 Subsection (a) of section 1370 of the National Flood In-
4 surance Act of 1968 (42 U.S.C. 4121(a)) is amended—

5 (1) in paragraph (14), by striking “and” at the
6 end;

7 (2) in paragraph (15), by striking the period at
8 the end and inserting a semicolon; and

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

11 “(16) the term ‘Write Your Own Program’
12 means the program under which the Federal Emer-
13 gency Management Agency enters into a standard
14 arrangement with private property insurance compa-
15 nies to sell contracts for flood insurance coverage
16 under this title under their own business lines of in-
17 surance, and to adjust and pay claims arising under
18 such contracts; and

19 “(17) the term ‘Write Your Own company’
20 means a private property insurance company that
21 participates in the Write Your Own Program.”.

22 (b) BIGGERT-WATERS FLOOD INSURANCE REFORM
23 ACT OF 2012.—Subsection (a) of section 100202 of the
24 Biggert-Waters Flood Insurance Reform Act of 2012 (42
25 U.S.C. 4004(a)) is amended by striking paragraph (5) and
26 inserting the following new paragraph:

1 “(5) WRITE YOUR OWN.—The terms ‘Write
2 Your Own Program’ and ‘Write Your Own company’
3 have the meanings given such terms in section
4 1370(a) of the National Flood Insurance Act of
5 1968 (42 U.S.C. 4121(a)).”.

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