

# Union Calendar No. 166

115TH CONGRESS  
1ST SESSION

# H. R. 2875

**[Report No. 115–233]**

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.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2017

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

JULY 18, 2017

Additional sponsors: Mr. MEEKS, Mrs. CAROLYN B. MALONEY of New York,  
Mr. ZELDIN, and Ms. SLAUGHTER

JULY 18, 2017

Committed to the Committee of the Whole House on the State of the Union  
and ordered to be printed

# **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  
 9 1304 of the National Flood Insurance Act of 1968 (42  
 10 U.S.C. 4011(b)) is amended—

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

16 (2) by redesignating paragraphs (1) through  
 17 (4) as subparagraphs (A) through (D), respectively,  
 18 and realigning such subparagraphs, as so redesign-  
 19 ated, so as to be indented 4 ems from the left mar-  
 20 gin;

21 (3) by striking the subsection designation and  
 22 all that follows through “The national” and insert-  
 23 ing the following:

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

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

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

7           (5) in subparagraph (D)(iv) (as so redesignated  
8       by paragraphs (1) and (2) of this subsection), by  
9       striking the period at the end and inserting a semi-  
10      colon; and

11          (6) by adding at the end the following new sub-  
12      paragraphs:

13               “(E) properties that have been identified  
14              by the Administrator, or by a community in ac-  
15              cordance with such requirements as the Admin-  
16              istrator shall establish, as at a high risk of fu-  
17              ture flood damage; and

18               “(F) properties that are located within an  
19              area identified pursuant to section  
20              1361(e)(1)(A) (42 U.S.C. 4102(e)(1)(A)) by a  
21              covered community (as such term is defined in  
22              paragraph (3) of such section 1361(e)).”.

23      (b) COVERAGE AMOUNT.—Section 1304(b) of the  
24      National Flood Insurance Act of 1968 (42 U.S.C.  
25      4011(b)) is amended—

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

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

6           “(2) COVERAGE AMOUNT.—

7                   “(A) PRIMARY COVERAGE.—Each policy  
8                   for flood insurance coverage made available  
9                   under this title shall provide coverage under  
10                  this subsection having an aggregate liability for  
11                  any single property of \$30,000.

12                  “(B) ENHANCED COVERAGE.—The Admin-  
13                  istrator shall make additional coverage available  
14                  under this subsection, in excess of the limit  
15                  specified in subparagraph (A), having an aggre-  
16                  gate liability for any single property of up to  
17                  \$60,000.”.

18           (c) AMOUNT OF SURCHARGE.—Subsection (b) of sec-  
19           tion 1304 of the National Flood Insurance Act of 1968  
20           (42 U.S.C. 4011(b)), as amended by the preceding provi-  
21           sions of this section, is further amended by adding at the  
22           end the following new paragraph:

23           “(3) SURCHARGE FOR COVERAGE.—

24                   “(A) PRIMARY COVERAGE.—The Adminis-  
25                  trator shall impose a surcharge on each insured

1 of such amount per policy as the Administrator  
2 determines is appropriate to provide cost of  
3 compliance coverage in accordance with para-  
4 graph (2)(A).

5 “(B) ENHANCED COVERAGE.—For each  
6 flood policy for flood insurance coverage under  
7 this title under which additional cost of compli-  
8 ance coverage is provided pursuant to para-  
9 graph (2)(B), the Administrator shall impose a  
10 surcharge, in addition to the surcharge under  
11 subparagraph (A) of this paragraph, in such  
12 amount as the Administrator determines is ap-  
13 propriate for the amount of such coverage pro-  
14 vided.”.

15 (d) USE OF CERTAIN MATERIALS.—Subsection (b) of  
16 section 1304 of the National Flood Insurance Act of 1968  
17 (42 U.S.C. 4011(b)), as amended by the preceding provi-  
18 sions of this section, is further amended by adding at the  
19 end the following new paragraph:

20 “(4) USE OF CERTAIN MATERIALS.—The Ad-  
21 ministrator shall require that any measures imple-  
22 mented using amounts made available from coverage  
23 provided pursuant to this subsection be carried out  
24 using materials, identified by the Administrator,  
25 that minimize the impact of flooding on the usability

1 of the covered property and reduce the duration that  
2 flooding renders the property unusable or uninhabit-  
3 able.”.

4 (e) CONTINUED FLOOD INSURANCE REQUIRE-  
5 MENT.—Subsection (b) of section 1304 of the National  
6 Flood Insurance Act of 1968 (42 U.S.C. 4011(b)), as  
7 amended by the preceding provisions of this section, is fur-  
8 ther amended by adding at the end the following new para-  
9 graph:

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

1 **SEC. 3. PILOT PROGRAM FOR PROPERTIES WITH PRE-**  
2 **EXISTING CONDITIONS.**

3 Section 1311 of the National Flood Insurance Act of  
4 1968 (42 U.S.C. 4018) is amended by adding at the end  
5 the following new subsection:

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

8 “(1) VOLUNTARY PROGRAM.—The Adminis-  
9 trator shall carry out a pilot program under this  
10 subsection to provide for companies participating in  
11 the Write Your Own program (as such term is de-  
12 fined in section 1370(a) (42 U.S.C. 4121(a))) to in-  
13 vestigate preexisting structural conditions of insured  
14 properties and potentially insured properties that  
15 could result in the denial of a claim under a policy  
16 for flood insurance coverage under this title in the  
17 event of a flood loss to such property. Participation  
18 in the pilot program shall be voluntary on the part  
19 of Write Your Own companies.

20 “(2) INVESTIGATION OF PROPERTIES.—Under  
21 the pilot program under this subsection, a Write  
22 Your Own company participating in the program  
23 shall—

24 “(A) provide in policies for flood insurance  
25 coverage under this title covered by the pro-



1           gram that, upon the request of the policyholder,  
2           the company shall provide for—

3                   “(i) an investigation of the property  
4                   covered by such policy, using common  
5                   methods, to determine whether preexisting  
6                   structural conditions are present that could  
7                   result in the denial of a claim under such  
8                   policy for flood losses; and

9                   “(ii) if such investigation is not deter-  
10                  minative, an on-site inspection of the prop-  
11                  erty to determine whether such preexisting  
12                  structural conditions are present;

13                  “(B) upon completion of an investigation  
14                  or inspection pursuant to subparagraph (A)  
15                  that determines that such a preexisting struc-  
16                  tural condition is present or absent, submit a  
17                  report to the policyholder and Administrator de-  
18                  scribing the condition; and

19                  “(C) impose a surcharge on each policy de-  
20                  scribed in subparagraph (A) in such amount  
21                  that the Administrator determines is appro-  
22                  priate to cover the costs of investigations and  
23                  inspections performed pursuant to such policies  
24                  and reimburse Write Your Own companies par-

1           ticipating in the program under this subsection  
2           for such costs.

3           “(3) INTERIM REPORT.—Not later than Decem-  
4           ber 31, 2021, the Administrator shall submit a re-  
5           port to the Committee on Financial Services of the  
6           House of Representatives and the Committee on  
7           Banking, Housing, and Urban Affairs of the Senate  
8           describing the operation of the pilot program to that  
9           date.

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

13          “(5) FINAL REPORT.—Not later than March  
14          31, 2023, the Administrator shall submit a final re-  
15          port regarding the pilot program under this section  
16          to the Committee on Financial Services of the House  
17          of Representatives and the Committee on Banking,  
18          Housing, and Urban Affairs of the Senate. The re-  
19          port shall include any findings and recommendations  
20          of the Administrator regarding the pilot program.”.

1 **SEC. 4. PENALTIES FOR FRAUD AND FALSE STATEMENTS**  
2 **IN THE NATIONAL FLOOD INSURANCE PRO-**  
3 **GRAM.**

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

7 **“SEC. 1349. PENALTIES FOR FRAUD AND FALSE STATE-**  
8 **MENTS IN THE NATIONAL FLOOD INSURANCE**  
9 **PROGRAM.**

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

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

18 “(2) knowingly making any materially false, fic-  
19 titious, or fraudulent statement or representation in  
20 an engineering report, claims adjustment report, or  
21 technical assistance report to support a claim deter-  
22 mination;

23 “(3) knowingly submitting a materially false,  
24 fictitious, or fraudulent claim.

25 “(b) CIVIL ENFORCEMENT.—The Attorney General  
26 may bring a civil action for such relief as may be appro-

1 piate whenever it appears that any person has violated  
2 or is about to violate any provision of this section. Such  
3 action may be brought in an appropriate United States  
4 district court.

5 “(c) REFERRAL TO ATTORNEY GENERAL.—The Ad-  
6 ministrator shall expeditiously refer to the Attorney Gen-  
7 eral for appropriate action any evidence developed in the  
8 performance of functions under this Act that may warrant  
9 consideration for criminal or civil prosecution.

10 “(d) PENALTIES.—

11 “(1) CIVIL MONETARY PENALTY.—Any person  
12 who violates subsection (a) shall be subject to a civil  
13 penalty of not more than \$10,000 for each violation,  
14 which shall be deposited into the National Flood In-  
15 surance Fund established under section 1310 (42  
16 U.S.C. 4017).

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

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

23 “(B) provide services in connection with  
24 the selling, servicing, or handling of claims for

1 flood insurance policies provided pursuant to  
2 this title.

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

7 **SEC. 5. ENHANCED POLICYHOLDER APPEALS PROCESS**  
8 **RIGHTS.**

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

14 **“SEC. 1350. APPROVAL OF DECISIONS RELATING TO FLOOD**  
15 **INSURANCE COVERAGE.**

16 “(a) IN GENERAL.—The Administrator shall estab-  
17 lish an appeals process to enable holders of a flood insur-  
18 ance policy provided under this title to appeal the decisions  
19 of their insurer, with respect to the disallowance, in whole  
20 or in part, of any claims for proved and approved losses  
21 covered by flood insurance. Such appeals shall be limited  
22 to the claim or portion of the claim disallowed by the in-  
23 surer.

24 “(b) APPEAL DECISION.—Upon a decision in an ap-  
25 peal under subsection (a), the Administrator shall provide

1 the policyholder with a written appeal decision. The appeal  
 2 decision shall explain the Administrator’s determination to  
 3 uphold or overturn the decision of the flood insurer. The  
 4 Administrator may direct the flood insurer to take action  
 5 necessary to resolve the appeal, to include re-inspection,  
 6 re-adjustment, or payment, as appropriate.

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

9 “(1) making the Federal Emergency Manage-  
 10 ment Agency or the Administrator a party to the  
 11 flood insurance contract; or

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

14 (b) REPEAL.—Section 205 of the Bunning-Blu-  
 15 menauer-Bereuter Flood Insurance Reform Act of 2004  
 16 (42 U.S.C. 4011 note) is hereby repealed.

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

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

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

24 (2) by adding at the end the following new sub-  
 25 section:

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

2 “(1) IN GENERAL.—The Administrator shall  
3 provide that, in the case of any claim for damage to  
4 or loss of property under flood insurance coverage  
5 made available under this title, a final determination  
6 regarding approval of a claim for payment or dis-  
7 approval of the claim be made, and notification of  
8 such determination be provided to the insured mak-  
9 ing such claim, not later than the expiration of the  
10 90-day period (as such period may be extended pur-  
11 suant to paragraph (2)) beginning upon the day on  
12 which such claim was made. Payment of approved  
13 claims shall be made as soon as possible after such  
14 approval.

15 “(2) EXTENSION OF DEADLINE.—The Adminis-  
16 trator shall provide that the period referred to in  
17 paragraph (1) may be extended by a single addi-  
18 tional period of 15 days in cases where extraordinary  
19 circumstances are demonstrated. The Administrator  
20 shall, by regulation, establish criteria for dem-  
21 onstrating such extraordinary circumstances and for  
22 determining to which claims such extraordinary cir-  
23 cumstances apply.”.

24 (b) APPLICABILITY.—The amendments made by sub-  
25 section (a) shall apply to any claim under flood insurance

1 coverage made available under the National Flood Insur-  
2 ance Act of 1968 (42 U.S.C. 4001 et seq.) pending on  
3 the date of the enactment of this Act and any claims made  
4 after such date of enactment.

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

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

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

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

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

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

21 “(b) DENIAL OF REIMBURSEMENT FOR EX-  
22 PENSES.—The Administrator may deny reimbursement  
23 for litigation expenses that are determined to be unreason-  
24 able, excessive, contrary to guidance issued by the Admin-



1   istrator, or outside the scope of any arrangement entered  
2   into with a Write Your Own company.

3       “(c) LITIGATION STRATEGY.—The Administrator  
4   may direct litigation strategy for claims arising under a  
5   contract for flood insurance sold by a Write Your Own  
6   company.

7       “(d) SUBSTITUTION.—If at any time, the Adminis-  
8   trator determines there is a conflict of interest between  
9   the Write Your Own company and the National Flood In-  
10   surance Program, or it is in the best interest of the United  
11   States, the Administrator may promptly take any nec-  
12   essary action to be substituted for the WYO company in  
13   any action arising out of any claim arising under a con-  
14   tract for flood insurance sold by a Write Your Own com-  
15   pany.”.

16       (b) IMPLEMENTATION.—The Administrator of the  
17   Federal Emergency Management Agency shall initiate  
18   compliance with section 1352(d) of the National Flood In-  
19   surance Act of 1968, as added by the amendment made  
20   by subsection (a) of this section, not later than the expira-  
21   tion of the 12-month period beginning on the date of the  
22   enactment of this Act.

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

24       Part C of chapter II of the National Flood Insurance  
25   Act of 1968 (42 U.S.C. 4081 et seq.), as amended by the

1 preceding provisions of this Act, is further amended by  
2 adding at the end the following new section:

3 **“SEC. 1352. PROHIBITION ON HIRING DISBARRED ATTOR-**  
4 **NEYS.**

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

10 **SEC. 9. UNDERPAYMENT OF CLAIMS BY WRITE YOUR OWN**  
11 **COMPANIES.**

12 Section 1345 of the National Flood Insurance Act of  
13 1968 (42 U.S.C. 4081) is amended by adding at the end  
14 the following new subsection:

15 “(f) UNDERPAYMENT OF CLAIMS BY WYO COMPA-  
16 NIES.—The Administrator shall establish penalties for  
17 companies participating in the Write Your Own program  
18 knowingly underpaying claims for losses covered by flood  
19 insurance made available under this title, which penalties  
20 shall be commensurate, with respect to the amount of the  
21 penalty, to the penalties applicable to overpayment of such  
22 claims by a similar amount by such companies.”.

23 **SEC. 10. TECHNICAL ASSISTANCE REPORTS.**

24 (a) USE.—Section 1312 of the National Flood Insur-  
25 ance Act of 1968 (42 U.S.C. 4019), as amended by the

1 preceding provisions of this Act, is further amended by  
2 adding at the end the following new subsection:

3       “(e) **USE OF TECHNICAL ASSISTANCE REPORTS.**—  
4 When adjusting claims for any damage to or loss of prop-  
5 erty which is covered by flood insurance made available  
6 under this title, the Administrator may rely upon technical  
7 assistance reports, as such term is defined in section  
8 1312A, only if such reports are final and are prepared  
9 in compliance with applicable State and Federal laws re-  
10 garding professional licensure and conduct.”.

11       (b) **DISCLOSURE.**—The National Flood Insurance  
12 Act of 1968 is amended by inserting after section 1312  
13 (42 U.S.C. 4019) the following new section:

14 **“SEC. 1312A. DISCLOSURE OF TECHNICAL ASSISTANCE RE-**  
15 **PORTS.**

16       “(a) **IN GENERAL.**—Notwithstanding section 552a of  
17 title 5, United States Code, upon request by a policy-  
18 holder, the Administrator shall provide a true, complete,  
19 and unredacted copy of any technical assistance report  
20 that the Administrator relied upon in adjusting and pay-  
21 ing for any damage to or loss of property insured by the  
22 policyholder and covered by flood insurance made available  
23 under this title. Such disclosures shall be in addition to  
24 any other right of disclosure otherwise made available pur-  
25 suant such section 552a or any other provision of law.

1       “(b) DIRECT DISCLOSURE BY WRITE YOUR OWN  
2 COMPANIES AND DIRECT SERVICING AGENTS.—A Write  
3 Your Own company or direct servicing agent in possession  
4 of a technical assistance report subject to disclosure under  
5 subsection (a) may disclose such technical assistance re-  
6 port without further review or approval by the Adminis-  
7 trator.

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

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

14           “(2) TECHNICAL ASSISTANCE REPORT.—The  
15 term ‘technical assistance report’ means a report  
16 created for the purpose of furnishing technical as-  
17 sistance to an insurance claims adjuster assigned by  
18 the National Flood Insurance Program, including by  
19 engineers, surveyors, salvors, architects, and cer-  
20 tified public accounts.”.

21 **SEC. 11. IMPROVED DISCLOSURE REQUIREMENT FOR**  
22 **STANDARD FLOOD INSURANCE POLICIES.**

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

1 “(c) DISCLOSURE OF COVERAGE.—

2 “(1) DISCLOSURE SHEET.—Each policy under  
3 the National Flood Insurance Program shall include  
4 a disclosure sheet that sets forth, in plain lan-  
5 guage—

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

8 “(B) a description of what type of flood  
9 forces are necessary so that losses from an  
10 event are covered under the policy, including  
11 overflow of inland or tidal waves, unusual and  
12 rapid accumulation or runoff of a surface any  
13 source, and mudflow;

14 “(C) a statement of the types and charac-  
15 teristics of losses that are not covered under the  
16 policy;

17 “(D) a summary of total cost and amount  
18 of insurance coverage, and any other informa-  
19 tion relating to such coverage required to be  
20 disclosed under section 1308(l) of the National  
21 Flood Insurance Act of 1968 (42 U.S.C.  
22 4015(l));

23 “(E) a statement that the disclosure sheet  
24 provides general information about the policy-  
25 holder’s standard flood insurance policy;

1           “(F) a statement that the standard flood  
2 insurance policy, together with the application,  
3 endorsements, and declarations page, make up  
4 the official contract and are controlling in the  
5 event that there is any difference between the  
6 information on the disclosure sheet and the in-  
7 formation in the policy; and

8           “(G) a statement that if the policyholder  
9 has any questions regarding information in the  
10 disclosure sheet or policy he or she should con-  
11 tact the entity selling the policy on behalf of the  
12 Program, together with contact information suf-  
13 ficient to allow the policyholder to contact such  
14 entity.

15           “(2) ACKNOWLEDGMENT SHEET.—Each policy  
16 under the National Flood Insurance Program shall  
17 include an acknowledgment sheet that sets forth, in  
18 plain language—

19           “(A) a statement of whether or not there  
20 is a basement in the property to be covered by  
21 the policy;

22           “(B) a statement of whether or not the  
23 policy provides coverage for the contents of the  
24 property covered by the policy;

1           “(C) a statement that the standard flood  
2           insurance policy, together with the application,  
3           endorsements, and declarations page, make up  
4           the official contract and are controlling in the  
5           event that there is any difference between the  
6           information on the acknowledgment sheet and  
7           the information in the policy; and

8           “(D) a statement that if the policyholder  
9           has any questions regarding information in the  
10          acknowledgment sheet or policy he or she  
11          should contact the entity selling the policy on  
12          behalf of the Program, together with contact in-  
13          formation sufficient to allow the policyholder to  
14          contact such entity.

15          “(3)     REQUIRED     SIGNATURES.—Notwith-  
16          standing section 1306(c) of the National Flood In-  
17          surance Act of 1968 (42 U.S.C. 4013(c)), a policy  
18          for flood insurance coverage under the National  
19          Flood Insurance Program may not take effect unless  
20          the disclosure sheet required under paragraph (1)  
21          and the acknowledgment sheet required under para-  
22          graph (2), with respect to the policy, are signed and  
23          dated by the policyholder and the seller of the policy  
24          who is acting on behalf of the Program.”.

1 **SEC. 12. RESERVE FUND AMOUNTS.**

2 Section 1310 of the National Flood Insurance Act of  
3 1968 (42 U.S.C. 4017) is amended by adding at the end  
4 the following new subsection:

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

9 **SEC. 13. SUFFICIENT STAFFING FOR OFFICE OF FLOOD IN-**  
10 **SURANCE ADVOCATE.**

11 (a) IN GENERAL.—Section 24 of the Homeowner  
12 Flood Insurance Affordability Act of 2014 (42 U.S.C.  
13 4033) is amended by adding at the end the following new  
14 subsection:

15 “(c) STAFF.—The Administrator shall ensure that  
16 the Flood Insurance Advocate has sufficient staff to carry  
17 out all of the duties and responsibilities of the Advocate  
18 under this section.”.

19 (b) TIMING.—The Administrator of the Federal  
20 Emergency Management Agency shall take such actions  
21 as may be necessary to provide for full compliance with  
22 section 24(c) of the Homeowner Flood Insurance Afford-  
23 ability Act of 2014, as added by the amendment made by  
24 subsection (a) of this section, not later than the expiration  
25 of the 180-day period beginning on the date of the enact-  
26 ment of this Act.



1 **SEC. 14. FEDERAL FLOOD INSURANCE ADVISORY COM-**  
2 **MITTEE.**

3 (a) ESTABLISHMENT.—There is established an advi-  
4 sory committee to be known as the Federal Flood Insur-  
5 ance Advisory Committee (in this section referred to as  
6 the “Committee”).

7 (b) MEMBERSHIP.—

8 (1) MEMBERS.—The Committee shall consist  
9 of—

10 (A) the Administrator of the Federal  
11 Emergency Management Agency (in this section  
12 referred to as the “Administrator”), or the des-  
13 ignee thereof;

14 (B) the Secretary of the Treasury, or the  
15 designee thereof; and

16 (C) additional members appointed by the  
17 Administrator or the designee of the Adminis-  
18 trator, who shall be—

19 (i) two representatives of the property  
20 and casualty insurance sector;

21 (ii) one individual who served in the  
22 past, or is currently serving, as an insur-  
23 ance regulator of a State, the District of  
24 Columbia, the Commonwealth of Puerto  
25 Rico, Guam, the Commonwealth of the  
26 Northern Mariana Islands, the Virgin Is-

lands, American Samoa, or any federally-recognized Indian tribe;

(iii) one representative of the financial or insurance sectors who is involved in risk transfers, including reinsurance, resilience bonds, and other insurance-linked securities;

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

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

(vi) two representatives of catastrophic risk insurance programs;

(vii) one insurance claims specialist;

(viii) one representative of a recognized consumer advocacy organization;

(ix) one individual having demonstrated expertise in the challenges in insuring low-income communities;

(x) one representative from an academic institution who has demonstrated expertise in insurance; and

1                   (xi) such other recognized experts in  
2                   the field of insurance as the Administrator  
3                   considers necessary.

4           (2) QUALIFICATIONS.—In appointing members  
5           under paragraph (1)(C), the Administrator shall, to  
6           the maximum extent practicable, ensure the mem-  
7           bership of the Committee has a balance of members  
8           reflecting geographic diversity, including representa-  
9           tion from areas inland or with coastline identified by  
10          the Administrator as at high risk for flooding or as  
11          areas having special flood hazards.

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

20       (d) CHAIRPERSON.—The members of the Committee  
21       shall elect one member to serve as the chairperson of the  
22       Committee (in this section referred to as the “Chair-  
23       person”).

1 (e) COMPENSATION.—Members of the Committee  
2 shall receive no additional compensation by reason of their  
3 service on the Committee.

4 (f) MEETINGS AND ACTIONS.—

5 (1) IN GENERAL.—The Committee shall meet  
6 not less frequently than twice each year at the re-  
7 quest of the Chairperson or a majority of its mem-  
8 bers, and may take action by a vote of the majority  
9 of the members in accordance with the Committee’s  
10 charter.

11 (2) INITIAL MEETING.—The Administrator, or  
12 a person designated by the Administrator, shall re-  
13 quest and coordinate the initial meeting of the Com-  
14 mittee.

15 (g) STAFF OF FEMA.—Upon the request of the  
16 Chairperson, the Administrator may detail, on a nonreim-  
17 bursable basis, personnel of the Federal Emergency Man-  
18 agement Agency to assist the Committee in carrying out  
19 its duties.

20 (h) POWERS.—In carrying out this section, the Com-  
21 mittee may hold hearings, receive evidence and assistance,  
22 provide information, and conduct research, as it considers  
23 appropriate.

24 (i) REPORTS TO CONGRESS.—The Administrator, on  
25 an annual basis, shall report to the Committee on Finan-

1 cial Services of the House of Representatives, the Com-  
2 mittee on Banking, Housing, and Urban Affairs of the  
3 Senate, and the Office of Management and Budget on—

4 (1) the recommendations made by the Com-  
5 mittee;

6 (2) actions taken by the Federal Emergency  
7 Management Agency to address such recommenda-  
8 tions to improve the insurance aspects of the na-  
9 tional flood insurance program; and

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

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

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

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

24 The Comptroller General of the United States shall  
25 conduct a study of the policies and practices for adjust-

1 ment of claims for losses under flood insurance coverage  
2 made available under the National Flood Insurance Act,  
3 which shall include—

4 (1) a comparison of such policies and practices  
5 with the policies and practices for adjustment of  
6 claims for losses under other insurance coverage;

7 (2) an assessment of the quality of the adjust-  
8 ments conducted and the effects of such policies and  
9 practices on such quality;

10 (3) identification of any incentives under such  
11 policies and practices that affect the speed with  
12 which such adjustments are conducted; and

13 (4) identification of the affects of such policies  
14 and practices on insureds submitting such claims for  
15 losses.

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

3 The Comptroller General of the United States shall  
4 conduct a study of the treatment, under flood insurance  
5 coverage made available under the National Flood Insur-  
6 ance Act, of earth movement and subsidence, including  
7 earth movement and subsidence caused by flooding, which  
8 shall include—

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

12 (2) an assessment of the availability and afford-  
13 ability of coverage in the private insurance market  
14 for earth movement and subsidence caused by flood-  
15 ing;

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

19 (4) a projection of the increased premiums that  
20 would be required to make coverage for earth move-  
21 ment losses actuarially sound and not fiscally detri-  
22 mental to the continuation of the National Flood In-  
23 surance Program.

24 Not later than the expiration of the 18-month period be-  
25 ginning on the date of the enactment of this Act, the  
26 Comptroller General shall submit a report to the Com-

1 mittee on Financial Services of the House of Representa-  
 2 tives and the Committee on Banking, Housing, and Urban  
 3 Affairs of the Senate regarding the findings and conclu-  
 4 sions of the study conducted pursuant to this section.

5 **SEC. 18. DEFINITIONS.**

6 (a) NATIONAL FLOOD INSURANCE ACT OF 1968.—  
 7 Subsection (a) of section 1370 of the National Flood In-  
 8 surance Act of 1968 (42 U.S.C. 4121(a)) is amended—

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

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

13 (3) by adding at the end the following new  
 14 paragraphs:

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

23 “(17) the term ‘Write Your Own company’  
 24 means a private property insurance company that  
 25 participates in the Write Your Own Program.”.



1       (b) BIGGERT-WATERS FLOOD INSURANCE REFORM  
2 ACT OF 2012.—Subsection (a) of section 100202 of the  
3 Biggert-Waters Flood Insurance Reform Act of 2012 (42  
4 U.S.C. 4004(a)) is amended by striking paragraph (5) and  
5 inserting the following new paragraph:  
6           “(5) WRITE YOUR OWN.—The terms ‘Write  
7 Your Own Program’ and ‘Write Your Own company’  
8 have the meanings given such terms in section  
9 1370(a) of the National Flood Insurance Act of  
10 1968 (42 U.S.C. 4121(a)).”.

Union Calendar No. 166

115<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 2875**

[Report No. 115-233]

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**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.

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JULY 18, 2017

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed