

SUMMARY OF H.R. 3121

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9/27/2007--Passed House amended.

Flood Insurance Reform and Modernization Act of 2007 -

Section 3 -

Directs the Comptroller General to study and report to Congress on: (1) the flood insurance coverage status of pre-FIRM properties; and (2) assess the impact, effectiveness, and feasibility of amending the Flood Disaster Protection Act of 1973 regarding properties subject to the mandatory flood insurance purchase requirement for a natural 100-year floodplain, and possible extension of such requirement to properties securing nonfederally related loans.

(A pre-FIRM structure is one that was not constructed or substantially improved after the later of: (1) December 31, 1974; or (2) the effective date of the initial rate map published by the Director of the Federal Emergency Management Agency (FEMA) under the National Flood Insurance Act of 1968 for the area in which such structure is located.)

Section 4 -

Amends the National Flood Insurance Act of 1968 (Act) to provide for phased-in actuarial premium rates for: (1) nonresidential properties, excluding any multifamily rental property consisting of four or more dwelling units; and (2) non-primary residences.

Section 5 -

Exempts from the 30-day waiting period requirement before a new flood insurance contract can take effect the initial purchase of flood insurance when it is in connection with the making, increasing, extension, or renewal of a loan (as under current law), or the purchase or other transfer of the property for which the coverage is provided (regardless of whether a loan is involved in the transaction). Conditions this exemption, however, on such initial purchase's being made not later 30 days after the loan transaction, or not later than 30 days after the property purchase or other transfer, as applicable.

Section 6 -

Amends the Flood Disaster Protection Act of 1973 to increase from \$350 to \$2,000 per violation, and from \$100,000 to \$1 million the maximum annual aggregate assessment against a single institution, the civil monetary penalties imposed upon a regulated lending institution or enterprise for failure to require flood insurance, or meet notice requirements. Waives these limitations in the case of any institution or enterprise assessed \$1 million in penalties in any three (or more) of the preceding five years.

Prohibits imposition of any civil penalty on any regulated lending institution or enterprise that has made a good faith effort to comply with specified regulations and escrow or notice requirements, or for any non-material violation of them.

Section 7 -

Amends the Act to require the national flood insurance program to enable the purchase of optional (multiperil) insurance against damage to or loss of real or personal property resulting from any flood or windstorm (hurricane, tornado, cyclone, typhoon, or other wind event).

Prohibits provision of multiperil coverage in any area: (1) unless an appropriate public body has adopted adequate mitigation measures (with effective enforcement provisions) consistent with construction criteria described in the International Code Council building codes relating to wind mitigation; and (2) with respect to any structure (or related personal property) for any period during which it is covered by flood insurance.

Includes multiple dwelling units made available for occupancy by rental among residential structures for which multiperil insurance may be purchased.

Details the nature of the multiperil coverage.

Prohibits the FEMA Director from entering into any new multiperil policy, or renewing an existing one, if FEMA borrowing authority is used to pay claims under multiperil coverage.

Prohibits provision of new multiperil coverage for property declared by a governmental authority to be in violation of state or local laws, regulations, or ordinances intended to reduce windstorm damage.

Requires the FEMA Director to: (1) carry out studies and investigations to determine appropriate measures in wind events as to wind hazard prevention; and (2) on their basis establish comprehensive criteria designed to encourage adoption of adequate state and local measures which will assist in reducing windstorm damage, discourage density and intensity or range of use increases in locations subject to windstorm damage, and enforce restrictions on the alteration of wetlands coastal dunes, vegetation, and other natural features known to prevent or reduce such damage.

Section 8 -

Increases maximum coverage limits available for additional flood insurance coverage of residential and nonresidential properties.

Provides that, in the case of any nonresidential property that is a non-pre-FIRM structure containing more than one dwelling unit made available for occupancy by rental, additional flood insurance in excess of the maximum limits shall be made available to every insured upon renewal and every insurance applicant so as to enable specified coverage.

Section 9 -

Details optional coverage available for additional living expenses, basement improvements, business interruption, and the replacement cost of contents.

Section 10 -

Requires the FEMA Director to notify tenants of the availability of contents insurance in areas having special flood hazards.

Section 11 -

Increases from 10% to 15% the annual limitation on premium increases for any properties within any single risk classification.

Section 12 -

Requires the FEMA Director to report to Congress a plan for repaying within 10 years all amounts borrowed pursuant to such increased authority.

Section 13 -

Requires the FEMA Director, in specified circumstances involving national flood insurance claims, to have FEMA representatives participate in state disaster claims nonbinding mediation programs to expedite settlement of flood damage claims resulting from such catastrophe.

Section 14 -

Changes the biennial FEMA report to the President (for submission to Congress) to an annual report directly to Congress. Requires the report to include information on the financial status of the national flood insurance program and the National Flood Insurance Fund, including current and projected levels of claims, premium receipts, expenses, and borrowing under the program.

Section 15 -

Authorizes the FEMA Director to make grants to certain local governmental agencies responsible for floodplain management activities to implement educational and outreach activities about purchase of flood insurance protection by owners and renters. Authorizes appropriations for FY2008-FY2012.

Section 16 -

Revises requirements for discretionary grants for mitigation activities that reduce flood damages to individual repetitive claims properties. Makes such grants direct to property owners, but only

for individual properties for which two (currently one) or more flood insurance claim payments have been made.

Section 17 -

Extends through FY2012 the pilot program for mitigation of severe repetitive loss properties. Repeals the termination date for such program (thus making it permanent).

Section 18 -

Modifies the flood mitigation assistance program to: (1) include property demolition and rebuilding among eligible activities; and (2) repeal the limitations placed upon the aggregate amount of assistance.

Declares that amounts made available from the National Flood Mitigation Fund shall not be subject to offsetting collections through flood insurance premium rates.

Section 19 -

Directs the Comptroller General to study and report to Congress on methods, practices, and incentives that would increase the extent to which low-income families that own residential properties located in special flood hazard areas purchase national flood insurance.

Section 20 -

Amends the Real Estate Settlement Procedures Act of 1974 (RESPA) to require good faith estimates in mandatory booklets for borrowers to: (1) state that flood insurance coverage for residential real estate is generally available, whether or not the real estate is located in an area having special flood hazards; (3) provide a telephone number and Internet location for contacting the national flood insurance program; and (2) declare that escrowing of flood insurance payments is required for many loans under the Flood Disaster Protection Act of 1973.

Section 21 -

Reiterates that the FEMA Director is required, within 90 days after enactment of this Act, to establish an appeals process for flood insurance policyholders in connection with proof of claims.

Requires the FEMA Director to continue to work with the insurance industry, state insurance regulators, and other interested parties to implement the minimum training and education standards for all insurance agents who sell flood insurance policies that were previously established.

Requires the FEMA Director to report to Congress on the implementation of each provision of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004, identifying each regulation, order, notice, and other material issued to implement each such provision.

Section 22 -

Directs the FEMA Director, in coordination with the Technical Mapping Advisory Council, to establish an ongoing program to review, update, and maintain flood insurance program maps.

Requires the FEMA Director, in updating and maintaining maps, to take into consideration and account for: (1) impacts of global climate change on flood, storm, and drought risks in the United States; and (2) potential future impact of global climate change-related weather events, such as increased hurricane activity, intensity, storm surge, sea level rise, and associated flooding. Requires use of the best available climate science in assessing flood and storm risks to determine flood risks and develop such maps.

Requires each map to meet specified requirements for ground elevation data, data on a watershed basis, and other related data.

Prohibits the FEMA Director from adjusting the chargeable flood insurance premium rate based on an updated national flood insurance program rate map, or requiring the purchase of flood insurance for a property not subject to such a purchase requirement before the updating of the map, until an updated map is completed for the entire district of the U.S. Army Corps of Engineers affected by the map.

Authorizes appropriations for FY2008-FY2013.

Reestablishes the Technical Mapping Advisory Council to recommend to FEMA improvements to the flood map modernization program.

Authorizes the FEMA Director, for flood insurance purposes after any flood-related disaster, to establish by order interim flood elevation requirements, which shall take effect immediately, for any areas affected by the disaster.

Revises the state or local government cost requirements for requested revisions and updates to any floodplain areas and flood-risk zones. Declares that a revision or update shall be made at no cost to the requesting government unit if the request is being made to reflect repairs and upgrades to dams, levees, or other flood control projects under federal government jurisdiction and responsibility.

Sets forth: (1) a five-year 50% discount for flood insurance rates for areas newly designated as having special flood hazards that were formerly protected by a flood protection system areas; and (2) five-year phase-in of premiums for low-cost properties in newly designated special flood hazard areas.

Section 23 -

Revises requirements for notification and appeal of map changes and establishment of flood elevations.

Section 24 -

Requires the FEMA Director to issue regulations, and revise any FEMA regulations, forms, and related materials, to clarify the applicability of replacement cost coverage under the national flood insurance program in plain language using easy to understand terms and concepts.

Section 25 -

Authorizes the FEMA Director to hire additional FEMA staff. Authorizes appropriations.

Section 26 -

Prohibits the FEMA Director, in establishing any claims procedures, from: (1) requiring an insured to give notice of such damage or loss, submit a claim, or certify to or submit proof until after the 180-day period beginning on the date such damage or loss occurred; or (2) denying a claim solely for failure to meet a deadline if the insured demonstrates any good cause for such failure.

Section 27 -

Extends the national flood insurance program through FY2013.

Section 28 -

Requires the FEMA Director to study and report to certain congressional committees regarding: (1) the impact, efficacy, and feasibility of including widely used and nationally recognized building codes as part of the floodplain management criteria; and (2) the economic effects of charging actuarially-based premium rates for pre-FIRM structures.

Section 30 -

Prohibits the FEMA Director from applying or enforcing any penalty relating to the national flood insurance program assessed, during 2005 or thereafter, on condominium associations that are underinsured under such program.

Section 31 -

Requires an insurance company or other private organization executing any arrangement with FEMA under the flood insurance program to submit to the FEMA Director: (1) an annual record of its administrative and operating costs; and (2) a biennial independent audit conducted by an certified public accountant.

Section 32 -

Requires the FEMA Director to develop and implement a plan to verify that recipients of funds under the Homeowner Grant Assistance Program of the state of Mississippi or the Road Home Program of the state of Louisiana, respectively, are maintaining flood insurance on the property for which they receive such funds.

Section 33 -

Requires the Comptroller General to study and report to Congress on factors affecting enrollment in the multiperil insurance program.

Section 34 -

Establishes in FEMA a National Flood Insurance Advocate to report to Congress on: (1) problems of insureds under the national flood insurance program; and (2) the feasibility and effectiveness of establishing an Office of the Flood Insurance Advocate.

Requires direct submission to Congress of National Flood Insurance Advocate reports, without any prior review or comment from the FEMA Director, the Secretary of Homeland Security, any other FEMA or Department of Homeland Security officer or employee, or the Office of Management and Budget.

Section 35 -

Prohibits the FEMA Director from utilizing the facilities or services of any insurer to offer flood insurance coverage unless the insurer enters into a written agreement with FEMA which: (1) prohibits the insurer from excluding coverage for wind or other damage solely because flooding also contributed to damage to the insured property; and (2) affirms that the insurer has a fiduciary duty with respect to federal taxpayers and will act in the best interests of the national flood insurance program rather than in the interests of either the company or the insurer.

Section 36 -

Authorizes the FEMA Director to publish certain notations on flood insurance rate maps for areas protected by a certified flood control structure against 100-year and 500-year floods.