



June 27, 2006

Amendments to H.R. 4973, Flood Insurance Reform and Modernization Act of 2006

The following contains summaries on the 16 amendments that were made in order under the rule ([H.RES. 891](#)).

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1. Oxley (R-OH). Manager's Amendment. Makes several technical changes, including clarifying that the provisions regarding phasing-in of actuarial rates for vacation home and secondary residence properties will apply on the date on which the FEMA Director submits a required report to Congress (and not the legislation's enactment date); stipulates that that the \$1 million cap on penalties for non-enforcement of mandatory flood insurance purchase requirements does *not* apply to a regulated institution or enterprise (for a calendar year) if within any three of the past five calendar years the institution or enterprise was assessed a penalty of \$1 million; modifies and clarifies the requirements for states to request FEMA participation in state-run disaster claims mediation programs; modifies the timeline for FEMA's inclusion of certain features on updated floodplain maps; and clarifies that the FEMA Director has the authority to issue interim post-disaster flood elevation building requirements.

2. Burton (R-IN) / Stark (D-CA). Adds a new section to the bill which codifies existing regulations and adds new written notification requirements regarding project flood elevation changes. Specifically, it would require written notification (by first-class mail) to each property owner affected by a proposed change in flood elevations prior to the 90-day appeal period. It would also require the publication of flood elevation changes in a "prominent local newspaper." The notification must include an explanation of the appeal process and contact information for responsible officials.

3. Garrett (R-NJ). Requires purchasers of a pre-FIRM (Flood Insurance Reform Act of 1994) residential home to pay phased-in actuarial flood insurance prices using the phase-in structure that non-residential and non-primary homes are subject to in the legislation.

The sponsor stated that this amendment is a compromise between "those that have advocated for a total and immediate withdrawal of the subsidy for all Pre-Firm homes"

(regardless of when they were purchased), and those “that believe that it is not fair to force someone who bought their home assuming one flood insurance rate and then having that rate changed in the middle of their mortgage.”

4. Taylor, Gene (D-MS). Adds a new section to the bill, which requires the DHS Inspector General to conduct an investigation of the Hurricane Katrina damage claims adjusted by insurers making flood insurances coverage available under NFIP’s “Write-Your-Own” program (42 U.S.C. 4081). It requires the DHS Inspector General to determine if companies improperly assigned damages to flooding covered by NFIP that should have been paid by windstorm coverage provided by the private insurance companies, and requires that he submit the report to Congress within six months of enactment of this legislation.

5. Jackson-Lee (D-TX). Adds an additional requirement to the GAO study on the status of the NFIP for pre-FIRM properties, to determine the extent to which eligibility standards for pre-FIRM properties were inconsistent and resulted in disparities in coverage among properties.

6. Pickering (R-MS). Adds a new section to the bill, which exempts all purchases or transfers of property from the 30-day waiting period for purposes of flood insurance coverage (not just purchases acquired with a loan as current law stipulates).

7. Matsui (D-CA). Directs FEMA, in updated and maintaining Flood Insurance Program maps, to “ensure that emerging weather forecasting technology is used, where practicable, in flood map evaluations and the identification of potential risk areas.” According to the sponsor’s office, “This language would not impose any additional financial mandates on the NFIP. It would just make sure the program has the best information possible, while emphasizing the importance of this emerging technology.”

8. Johnson, EB (D-TX). Directs FEMA to **create a new program** in which, after each update to a flood insurance program rate map, FEMA would educate each community about the update to the flood rate map.

9. Matsui (D-CA)/Hinojosa (D-TX)/Green, Gene (D-TX). Directs GAO to conduct a study on potential methods, practices and incentives that would increase the degree to which low-income property owners living in high-risk locations participate in the national flood insurance program. This study would analyze the feasibility and effectiveness of providing coverage to low-income families at discounted rates and the extent to which residential properties occupied by low-income families would be affected by expanding the mandatory purchase requirements of the national flood insurance program to certain areas. Requires that the report be submitted to Congress one year of enactment of this legislation.

10. Ruppertsberger (D-MD). Requires the FEMA Director to issue regulations and revise materials that are provided to policy holders in “plain language using easy to understand terms and concepts.”

11. Jindal (R-LA). Adds “demolish and rebuild” to the list of mitigation options under the Flood Mitigation Assistance (FMA) program. The new language is below in **red bold**:

The Director shall determine whether mitigation activities described in a mitigation plan submitted under subsection (d) of this section comply with the requirements under paragraph (1). Such activities may include—

(A) demolition or relocation of any structure located on land that is along the shore of a lake or other body of water and is certified by an appropriate State or local land use authority to be subject to imminent collapse or subsidence as a result of erosion or flooding;

(B) elevation, relocation, demolition, or floodproofing of structures (including public structures) located in areas having special flood hazards or other areas of flood risk, **or the demolition and rebuilding of structures located in such areas to at least Base Flood Elevation or any greater elevation required by any local ordinance**

According to the sponsor’s office, “The ‘demolish and rebuild’ option is specifically allowed under the Severe Repetitive Loss Program created by the 2004 reform act and FEMA has interpreted the difference to mean it cannot approve the measure under FMA.”

12. Davis, Jo Ann (R-VA). Directs FEMA to utilize “a statistically valid probability sample whose results can be generalized to the entire population of reviews and claims from which the sample is drawn and whose sampling error can be qualified,” when selecting cases and claims for operational reviews and claims reinspections regarding NFIP. According to the sponsor’s office, “A 2005 GAO study highlighted FEMA’s oversight failures, stating that, ‘FEMA cannot ... determine the overall accuracy of claims settled for specific flood events or assess the overall performance of insurance companies and their adjusters in fulfilling their responsibilities for the NFIP’ (GAO-06-183T National Flood Insurance Program).”

13. Davis, Jo Ann (R-VA). Extends the proof of loss filing deadline to 180 days and prohibits NFIP from denying claims solely for failing to meet the deadline and makes this change retroactive to September 18, 2003. According to the sponsor’s office, “The Federal Code sets a 60 day deadline for proof of loss filing. FEMA may have temporarily extended the deadline to 120 days following Katrina.”

14. Rohrabacher (R-CA). Provides that, in a case in which a federally-funded flood control project causes an area to become at greater risk of flooding than it otherwise would have been, residents in that area shall be provided flood insurance using the price formula that would have applied had the offending flood control project not been built, or if no flood insurance would otherwise have been required, they shall be provided flood insurance at no cost. The determination of this status would be made by the NFIP Director.

15. Pearce (R-NM). Immediately terminates all flood insurance subsidies on nonresidential, vacation and second homes, by strikes the sections of the underlying bill which provide for a phase-in of the termination of this coverage. According to the sponsor's office, "This amendment would end the federal subsidies for flood insurance for hundreds of thousands of vacation homes and rental properties. By phasing out this subsidy in H.R. 4973, the Committee has already conceded in this bill that U.S. taxpayers should not subsidize these properties. Under any standard of fiscal responsibility, we can no longer afford this luxury. Eliminating this subsidy will result in \$335 million in additional annual funding for NIFP."

16. Miller, Candice (R-MI). Instructs the NFIP Director, upon the completion of the IJC Study of the Upper Great Lakes, to request the Army Corps of Engineers to complete a new flood map for the region to help the NFIP develop 100- and 500-year flood plains. Prohibits the increase of base flood elevation in the upper Great Lakes until the Corps of Engineers completes the required study described above.