

H.R. 2874, The 21st Century Flood Reform Act (July 31, 2017)

TITLE I--POLICYHOLDER PROTECTIONS AND INFORMATION

Sec. 101. Annual rate increases for pre-FIRM primary residences

- Reduces the maximum rate increase from 18 to 15 percent.
- Raises the minimum rate increase from 5 percent to 6.5 percent over 3 years.

Sec. 102. State Affordability Program

- Allows states to reduce NFIP rates or increases for low income homeowners.
- Creates a new surcharge on the rest of the state's NFIP policyholders to offset the cost.

Sec. 103. Requires that FEMA hold public forums and disclose its NFIP rate setting methodology.

Sec. 104. NFIP rate for inland properties

- Directs FEMA to develop NFIP rates for coastal and riverine areas, and areas inland.
- According to Milliman, NFIP currently uses a national average to determine rates so lower risk properties are over-charged while higher-risk properties are undercharged.
- This would reduce the cross subsidization by allowing FEMA to reduce the rates for inland properties located within coastal flood zones.

Sec. 105. Authorizes FEMA to expedite procedures for optional monthly NFIP payments.

Sec. 106. Requires that FEMA clearly communicate full risk determinations to subsidized property owners, previous claims to the property and the impact on NFIP rates of future claims.

Sec. 107. Requires that FEMA provide any available information on the property (including claims history, flood damage, etc.) to the owner within 30 days of a request.

Sec. 108. Property Seller Disclosure Requirement

- Provides for state requirements that property sellers/lessors disclose actual knowledge of the property's flood history (including damage, claims, etc.) before a buyer/lessee signs a contract.
- Prohibits NFIP coverage for those states, which fail to establish a requirement within 5 years.

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Sec. 109. Provides a pilot program for communities to purchase flood insurance on behalf of property owners located within the community.

Sec. 110. Reauthorizes the NFIP for five (5) years.

TITLE II—INCREASING CONSUMER CHOICE THROUGH PRIVATE MARKET DEVELOPMENT

Sec. 201. Eliminates the non-compete clause in the Write-Your-Own program, which prevents insurance companies participating in the NFIP from selling private market flood insurance.

Sec. 202. Requires that FEMA make publicly available all NFIP data, models, assessments, analytical tools and other property and community information at the zip code or census block level.

Sec. 203. Requires that FEMA issue refunds for the cancellation of NFIP policies because the property owner has duplicate coverage in the private insurance market.

Sec. 204. Clarifies that private flood insurance from a mutual aid society (e.g., the Amish) may satisfy the mandatory purchase of flood insurance requirement.

Sec. 205. Requires that GAO study the feasibility of allowing homeowners to establish a flood damage savings account in lieu of flood insurance.

Sec. 206. Requires FEMA to establish a flood savings account demonstration project.

TITLE III—MAPPING FAIRNESS

Sec. 301. Requires FEMA, in setting NFIP rates, to take into account both the risk from flood insurance rate maps and other risk assessment data and tools, including models and scores.

Sec. 302. Appeals of Existing Flood Maps

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- Creates a process for communities and property owners to appeal map updates or revisions.
- Provides refunds to communities and property owners who are partially or wholly successful.

Sec. 303. Appeals of Projected Special Flood Hazard Areas

- Clarifies that property owners may appeal within 90 days of publication of a preliminary map.
- Stipulates that the preliminary map will become effective if no appeals are received.

Sec. 304. Clarifies that communities have 30 days to consult with FEMA about a draft map.

Sec. 305. Requires that FEMA coordinate and consult with other federal agencies in order to incorporate the most up-to-date information in the flood maps.

TITLE IV—PROTECTING CONSUMERS AND INDIVIDUALS THROUGH IMPROVED MITIGATION

Sec. 401. Requires FEMA to provide Community Rating System Credits to the maximum number of communities practical.

TITLE V—PROGRAM INTEGRITY

Sec. 501. Requires that FEMA obtain an annual independent actuarial review of NFIP and report to Congress on findings and recommended changes to ensure the program remains financial sound.

Sec. 502. Homeowner Flood Insurance Affordability Surcharge

- Increases from \$25 to \$40 per NFIP policy for primary residences.
- Decreases from \$250 to \$125 for non-primary residences with a preferred (low) risk policy.
- Increase from \$250 to \$275 for all other non-primary residences.

Sec. 503. Requires that the 15-percent reserve fund assessment increase by 1 percent per year until FEMA is collecting \$1 billion per year (expected in 2-3 years according to FEMA).

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Sec. 504. Repetitive loss properties (two or more claims)

- Phases-out subsidies (including grandfathering) if a claim is filed after enactment; requires that FEMA clearly communicate that another claim will trigger 15-percent increases until full risk.
- Provides \$1 billion in flood mitigation assistance, waives the requirement for property owners to pay 10 percent, and directs FEMA to expedite and provide grants directly to those owners.
- “Resets” the property status upon mitigation/building in compliance and prohibits FEMA from counting claims prior to this.

Sec. 505. Prohibits NFIP coverage for repetitive loss properties for which total amount of claim payments after the bill’s enactment exceed twice the replacement cost of property.

Sec. 506. Starting in 2021, prohibits NFIP coverage for residential structures with a replacement cost of \$1 million or more, multiplied by the number of dwelling units within the structure.

Sec. 507. Reduces the Write-Your-Own commission from 31 percent to 27.9 percent of premium

Sec. 508. Increases civil money penalties on federally regulated lenders for failure to enforce mandatory purchase requirement and requires an annual report on compliance.

Sec. 509. Provides for state-regulated all-perils insurance to meet federal mandatory purchase requirements.

Sec. 510. Updates the short-term, small-dollar loan exemption from mandatory purchase requirements.

Sec. 511. Provides a 120-day deadline for approval of NFIP claims.

Sec. 512. Requires GAO to study ways to simplify the NFIP.

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OTHER SIX BILLS (TO BE INCORPORATED IN THE 21ST CENTURY REFORM ACT)

[H.R. 1422](#), FLOOD INSURANCE MARKET PARITY AND MODERNIZATION ACT

Sec. 2(a). Requires lenders to accept private flood insurance meeting the federal law for a minimum amount of flood coverage and the state law for the other provisions (including deductibles, exclusions, etc.).

Sec. 2(b). Clarifies that such private flood insurance also meets NFIP's continuous coverage requirement so policyholders may move to and from the private market without jeopardizing an NFIP grandfathered rate.

[H.R. 2875](#), THE NFIP ADMINISTRATIVE REFORM ACT

Sec. 2. Increased Cost of Compliance Coverage.

- Doubles NFIP coverage from \$30,000 to \$60,000 to elevate, relocate or mitigate properties.
- Expands coverage to include pre-flood mitigation of properties with high future risk of flooding.

Secs. 3-12. Codifies improvements to the NFIP claims process established after Superstorm Sandy.

Sec. 13. Requires that FEMA ensure the Office of Flood Insurance Advocate has sufficient staffing.

Sec. 14-17. Provides for GAO studies, federal lender Q&A, and an NFIP insurance advisory group.

[H.R. 1558](#), REPEATEDLY FLOODED COMMUNITIES ACT

Sec. 2. Requires that communities with 50 or more repeatedly flooded properties implement a publicly available, community-specific plan for reducing/mitigating the continuing flood risks.

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[H.R. 2565](#), TO USE REPLACEMENT COST FOR NFIP RATES

Sec. 1. Requires that FEMA use up-to-date replacement cost values, by structure, rather than relying on a national average, which over charges lower value properties while under charging others.

[H.R. 2246](#), TAXPAYER EXPOSURE MITIGATION ACT

Sec. 2. Provides for commercial property owners to opt-out of the mandatory purchase requirement.

Sec. 3. Requires that FEMA transfer some of NFIP's risk to the reinsurance or capital markets.

Sec. 4. Provides for FEMA to approve community alternatives to FEMA's map considering the recommended standards and procedures developed by the Technical Mapping Advisory Council.

[H.R. 2868](#), THE NFIP POLICYHOLDER PROTECTION ACT

Sec. 2. Limits NFIP rates to \$10,000 per year for residential properties.

Sec. 3. Authorizes FEMA to reduce rates for properties that reduce/mitigate risk.

Sec. 4. Requires FEMA to study the feasibility of offering NFIP coverage for cooperative housing units.