

SUMMARY OF KEY PROVISIONS OF FLOOD INSURANCE REFORM *21st Century Flood Reform*

Reauthorize the National Flood Insurance Program (NFIP) for five (5) years, place the NFIP on sound financial footing, and institute new programmatic reforms that:

- 1. Address Consumer Cost and Affordability**
- 2. Provide Greater Private Market Access, Competition, and Consumer Choice**
- 3. Encourage Flood Mapping Reforms and Fairness**
- 4. Enhance Mitigation Efforts for Properties that Flood Frequently**
- 5. Strengthen Taxpayer Protections**
- 6. Implement NFIP Claims Processing and Superstorm Sandy Reforms**

Enhance the NFIP's Mitigation of Properties that Flood Frequently – *Expanded mitigation efforts should focus on high-risk homes, especially pre-disaster to prevent problems before they occur.*

➤ **Community Accountability for Repetitively Flooded Areas.**

Using the text of the Royce-Blumenauer Repeatedly Flooded Communities Preparation Act [H.R. 1558], require covered flood prone areas to develop a community-specific plan for mitigating continuing flood risks if they have 50 or more repetitive loss structures or 5 or more severe or extreme repetitive loss structures. Such communities: (1) must map and identify repeatedly flooded properties and infrastructure to determine the specific areas that should be priorities for voluntary buyouts, drainage improvements, or other mitigation efforts; and, (2) develop a community plan to address those identified areas, along with submitting a plan to the FEMA Administrator. Communities that fail to develop or make sufficient progress in executing their plan would be subject to certain sanctions, as determined by FEMA.

➤ **Provides CRS Credits to the Maximum Number of Communities Practicable.**

Require FEMA to provide communities that have joined its Community Rating System program with appropriate credits in calculating their annual chargeable premium rates when those communities implement or benefit from measures that protect natural and beneficial floodplain functions.

➤ **Create Pilot Program For the Voluntary Removal of Flood-Prone Properties.**

Authorize the FEMA Administrator to establish a pilot program to provide financial assistance for States and local communities to purchase and acquire properties located in participating communities from eligible low-income owners that have incurred substantial damage from a flood event. The pilot program limits FEMA to providing such assistance only when it determines that doing so would be cost-effective and in the best interests of the National Flood Insurance Fund. A property cannot be acquired unless it is currently participating in the NFIP, subject to a binding agreement with FEMA regarding the acquisition, and is the primary residence of its owner who has an income no greater than 120 percent of the median family income for the area. Communities are eligible to participate if they are participating in the NFIP and have: (1) a high concentration of multiple-loss properties; (2) a significant number of older

Pre-FIRM properties; (3) identified locations where acquisitions should be a priority mitigation action; (4) a large number of policyholders facing annual increases on their existing NFIP insurance; or, (5) areas susceptible to flooding due to changing future conditions. States must also have a state or local agency in place with the capacity to implement the acquisition process, take ownership of acquired properties, and limit the property's future uses to conservation or recreation. The NFIP would be required to conduct a rigorous study and evaluation and report to Congress no later than December 31, 2021 prior to the pilot sunset on December 31, 2022.

➤ **Increased Cost of Compliance Coverage.**

Authorize the FEMA Administrator to supplement its existing Increase Cost of Compliance (ICC) program (which is typically mandatory for many policyholders) coverage of up to \$30,000 with the option of allowing policyholders to purchase additional enhanced ICC coverage of up to \$60,000, as priced accordingly by NFIP. Like the existing ICC coverage, this enhanced ICC coverage would be used to comply with local and State floodplain management requirements by covering the cost of mitigating a building that has been substantially or repetitively damaged by floods. Additionally, the allowable uses of ICC coverage would be expanded to cover certain pre-disaster mitigation costs for certain at-risk properties identified by State or local governments.

➤ **Creates Pilot Program for Investigation of Preexisting Structural Conditions.**

Authorize the FEMA Administrator to create a pilot NFIP program to authorize Write Your Own (WYO) insurance companies to inspect pre-existing structural conditions of insured and pre-insured properties that could result in a denial of a flood insurance claim. A report covering any such conditions would be filed with the FEMA Administrator to create a pre-disaster baseline of the conditions that might affect the resolution of future NFIP claims. The NFIP is required to conduct a rigorous study and evaluation and report to Congress no later than December 31, 2021 prior to the pilot sunset on December 31, 2022.