

AMENDMENT NO. _____ Calendar No. _____

Purpose: To require the Government Accountability Office to study the effect of applying the mandatory purchase requirements to areas of residual risk, and to require the Administrator to study voluntary community-based flood insurance options.

IN THE SENATE OF THE UNITED STATES—112th Cong., 2d Sess.

H. R. 1309

To extend the authorization of the national flood insurance program, to achieve reforms to improve the financial integrity and stability of the program, and to increase the role of private markets in the management of flood insurance risk, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. PRYOR (for
himself and Mr. HOEVEN)

Viz:

1 Strike section 107 and insert the following:

2 **SEC. 107. AREAS OF RESIDUAL RISK.**

3 (a) AREAS OF RESIDUAL RISK.—

4 (1) DEFINITION.—Not later than 18 months
5 after the date of enactment of this Act, the Adminis-
6 trator, in consultation with the Technical Mapping
7 Advisory Council established under section 117, shall
8 establish a definition of the term “area of residual

1 risk”, for purposes of the National Flood Insurance
2 Program, that is limited to areas that are not areas
3 having special flood hazards.

4 (2) THIS SECTION.—In this section, the term
5 “area of residual risk” has the meaning established
6 by the Administrator under paragraph (1).

7 (b) STUDY AND REPORT ON MANDATORY PURCHASE
8 REQUIREMENTS IN AREAS OF RESIDUAL RISK.—

9 (1) STUDY.—

10 (A) IN GENERAL.—The Comptroller Gen-
11 eral of the United States shall conduct a study
12 assessing the potential impact and effectiveness
13 of applying the mandatory purchase require-
14 ments under sections 102 and 202 of the Flood
15 Disaster Protection Act of 1973 (42 U.S.C.
16 4012a and 4106) to properties located in areas
17 of residual risk.

18 (B) AREAS OF STUDY.—In carrying out
19 the study required under subparagraph (A), the
20 Comptroller General shall evaluate—

21 (i) the regulatory, financial, and eco-
22 nomic impact of applying the mandatory
23 purchase requirements described in sub-
24 paragraph (A) to areas of residual risk
25 on—

1 (I) the costs of homeownership;

2 (II) the actuarial soundness of
3 the National Flood Insurance Pro-
4 gram;

5 (III) the Federal Emergency
6 Management Agency;

7 (IV) communities located in
8 areas of residual risk;

9 (V) insurance companies partici-
10 pating in the National Flood Insur-
11 ance Program; and

12 (VI) the Disaster Relief Fund;

13 (ii) the effectiveness of the mandatory
14 purchase requirements in protecting—

15 (I) homeowners and taxpayers in
16 the United States from financial loss;
17 and

18 (II) the financial soundness of
19 the National Flood Insurance Pro-
20 gram;

21 (iii) the impact on lenders of com-
22 plying with or enforcing the mandatory
23 purchase requirements;

24 (iv) the methodology that the Admin-
25 istrator uses to adequately estimate the

1 varying levels of residual risk behind levees
2 and other flood control structures; and

3 (v) the extent to which the risk pre-
4 mium rates under the National Flood In-
5 surance Program for property in the areas
6 of residual risk behind levees adequately
7 account for—

8 (I) the design of the levees;

9 (II) the soundness of the levees;

10 (III) the hydrography of the
11 areas of residual risk; and

12 (IV) any historical flooding in the
13 areas of residual risk.

14 (2) REPORTS.—

15 (A) INITIAL REPORT.—Not later than 12
16 months after the date on which the Adminis-
17 trator establishes a definition of the term “area
18 of residual risk” under subsection (a)(1), the
19 Comptroller General shall submit to Congress a
20 report that—

21 (i) contains the results of the study
22 required under paragraph (1); and

23 (ii) provides recommendations to the
24 Administrator on improvements that may
25 result in more accurate estimates of vary-

1 ing levels of residual risk behind levees and
2 other flood control structures.

3 (B) UPDATED REPORT.—Not later than 5
4 years after the date on which the Comptroller
5 General submits the report under subparagraph
6 (A), the Comptroller General shall—

7 (i) update the study conducted under
8 paragraph (1); and

9 (ii) submit to Congress an updated re-
10 port that—

11 (I) contains the results of the up-
12 dated study required under clause (i);
13 and

14 (II) provides recommendations to
15 the Administrator on improvements
16 that may result in more accurate esti-
17 mates of varying levels of residual risk
18 behind levees and other flood control
19 structures.

20 (3) ADJUSTMENT OF METHODOLOGIES.—The
21 Administrator shall, to the extent practicable, adjust
22 the methodologies used to estimate the varying levels
23 of residual risk behind levees and other flood control
24 structures based on the recommendations submitted

1 by the Comptroller General under subparagraphs
2 (A)(ii) and (B)(ii)(II).

3 (c) STUDY OF VOLUNTARY COMMUNITY-BASED
4 FLOOD INSURANCE OPTIONS.—

5 (1) STUDY.—

6 (A) STUDY REQUIRED.—The Adminis-
7 trator shall conduct a study to assess options,
8 methods, and strategies for making available
9 voluntary community-based flood insurance
10 policies through the National Flood Insurance
11 Program.

12 (B) CONSIDERATIONS.—The study con-
13 ducted under subparagraph (A) shall —

14 (i) take into consideration and analyze
15 how voluntary community-based flood in-
16 surance policies—

17 (I) would affect communities hav-
18 ing varying economic bases, geo-
19 graphic locations, flood hazard charac-
20 teristics or classifications, and flood
21 management approaches; and

22 (II) could satisfy the applicable
23 requirements under section 102 of the
24 Flood Disaster Protection Act of 1973
25 (42 U.S.C. 4012a); and

1 (ii) evaluate the advisability of making
2 available voluntary community-based flood
3 insurance policies to communities, subdivi-
4 sions of communities, and areas of residual
5 risk.

6 (C) CONSULTATION.—In conducting the
7 study required under subparagraph (A), the
8 Administrator may consult with the Comptroller
9 General of the United States, as the Adminis-
10 trator determines is appropriate.

11 (2) REPORT BY THE ADMINISTRATOR.—

12 (A) REPORT REQUIRED.—Not later than
13 18 months after the date of enactment of this
14 Act, the Administrator shall submit to the Com-
15 mittee on Banking, Housing, and Urban Affairs
16 of the Senate and the Committee on Financial
17 Services of the House of Representatives a re-
18 port that contains the results and conclusions
19 of the study conducted under paragraph (1).

20 (B) CONTENTS.—The report submitted
21 under subparagraph (A) shall include rec-
22 ommendations for—

23 (i) the best manner to incorporate vol-
24 untary community-based flood insurance

1 policies into the National Flood Insurance
2 Program; and

3 (ii) a strategy to implement voluntary
4 community-based flood insurance policies
5 that would encourage communities to un-
6 dertake flood mitigation activities, includ-
7 ing the construction, reconstruction, or im-
8 provement of levees, dams, or other flood
9 control structures.

10 (3) REPORT BY COMPTROLLER GENERAL.—Not
11 later than 6 months after the date on which the Ad-
12 ministrator submits the report required under para-
13 graph (2), the Comptroller General of the United
14 States shall—

15 (A) review the report submitted by the Ad-
16 ministrator; and

17 (B) submit to the Committee on Banking,
18 Housing, and Urban Affairs of the Senate and
19 the Committee on Financial Services of the
20 House of Representatives a report that con-
21 tains—

22 (i) an analysis of the report submitted
23 by the Administrator;

24 (ii) any comments or recommenda-
25 tions of the Comptroller General relating

1 to the report submitted by the Adminis-
2 trator; and

3 (iii) any other recommendations of the
4 Comptroller General relating to commu-
5 nity-based flood insurance policies.