

**Overview and Comparison of Flood Insurance Reform/Reauthorization Proposals**



	<b>NFIP Reauth. Prd.</b>	<b>Private Flood Insurance Provisions</b>	<b>FEMA Claims Data Sharing</b>	<b>Mandatory Purchase Requirements</b>	<b>NFIP Long-Term Solvency/Financial Stability Measures</b>	<b>NFIP Policy Affordability/Accessibility Measures</b>	<b>Other NFIP Reforms and Innovations</b>
<b>Biggert-Waters (Current Law)</b>	Exp. 9/27/2017	multi-peril/all risk/blanket insuring nonresidential property issued by recognized SL insurer, (2) coverage "at least as broad as" SFIP, (3) includes requirement that insurers provide 45 days' written cancellation/non-renewal notice, info about the NFIP, a SFIP-like mortgage interest clause, and 1-year SOL provision for insured suits, and (4) cancellation provisions are as restrictive as SFIP policies; <b>regulated lending institutions, Federal agency lenders and GSEs must accept "private flood insurance"</b> if coverage meets minimum amount/term requirements (and, for GSEs, financial strength)	Subject to Privacy Act restrictions (per FEMA)	Mandatory purchase requirement applies to residential and commercial properties in flood hazard zones; coverage must satisfy minimum amount and term/duration requirements	N/A	N/A	N/A
<b>Ross-Murphy, H.R. 2901 (2016)</b>	N/A	<b>Federal agency lenders and GSEs must accept "flood insurance"</b> as satisfaction of the mandatory purchase requirement if the coverage meets minimum amount and term requirements (and, for GSEs, if a private insurer meets financial strength requirements); <b>"Flood Insurance"</b> = federal and private flood insurance; <b>"Private Flood Insurance"</b> = (1) issued by an admitted insurer or a SL insurer eligible under the NRRRA (insurer may not be disapproved as SL insurer); and (2) provides flood coverage that complies with the laws and regs of the State; private flood insurance coverage counts as a period of continuous coverage	N/A	Same as B-W	N/A	N/A	N/A
<b>Cassidy-Gillibrand Discussion Draft</b>	9/27/2027	<b>Federal agency lenders and GSEs must accept "flood insurance"</b> that satisfies minimum amount/term requirements (and, for GSEs, if private insurers meet financial strength requirements); <b>"Flood insurance"</b> = federal and private insurance; <b>"private flood insurance"</b> = (1) issued by an admitted insurer or a SL insurer eligible under the NRRRA (insurer may not be disapproved as SL insurer); and (2) provides flood coverage that complies with the laws and regs of the State; coverage by private policy = period of continuous coverage for grandfathering purposes; requires FEMA report in 2 years on any adverse selection issues; <b>private insurance reforms "phased in" by applying only to certain risk classifications:</b> residential property that is not the primary residence, severe repetitive loss property, property that has incurred flood-related damage in which amounts of insurance payments have equaled or exceeded the fair market value of the property, or property that has sustained after 7/6/12 damage or improvements over 50% of FMV of the property; beginning Oct. 1, <b>FEMA may not prohibit WYO companies from selling private coverage</b> outside of the WYO program; <b>imposes a surcharge payable to FEMA on private policies; imposes a fee on private policies</b> charged to policyholders, collected by insurer, payable to FEMA (not subject to agent commissions, company expense allowances, or premium taxes)	Requires FEMA to make available to private companies anonymized data regarding NFIP claims and any "related information the Administrator deems appropriate to enable the company to improve its understanding of flood risk in the U.S.;" company must agree to make available to the public its own anonymized data on private flood insurance claims	Same as B-W	Requires annual transfer by FEMA of portion of NFIP risk to private or capital markets (e.g., reinsurance, catastrophe bonds, other insurance-linked securities); mandates 5-year risk-sharing Pilot Program under which WYO companies or other qualified insurance companies would assume a first-loss position for claims \$50K or less for structures covered by the pilot program, and NFIP would assume a secondary loss position for all structures covered under the program	Requires FEMA to provide affordability vouchers (scaled based on area median income) to offset the cost of flood coverage if covered housing costs, including flood insurance, exceeds 40% of household income; increases coverage limits from \$250K to \$500K for residential structures and from \$500K to \$1M for multifamily and business structures	<b>FEMA shall use premium surcharges to help fund mitigation programs</b> , including Stafford Act Predisaster Hazard Mitigation Program; provides a <b>mitigation credit to reduce risk premium rates</b> for policyholders by at least 10%; ensures equal treatment of cooperative building owners and condo owners; <b>Agreed Value Pilot Program:</b> for 8 years after enactment, policies will make payments on agreed schedule determined by flood height in covered structures, policies satisfy mandatory purchase requirement, placed by state-licensed agents/producers, nondiscrimination provision (based on location), WYO laws and regs shall not apply to the program, designated program reserve fund; modernizes flood mapping with high-resolution technology provisions; sets a <b>30-day deadline for flood insurance claim determinations</b> (w/ a one-time 15-day extension for extraordinary circumstances); calls for a report from the NFIP Transformation Task Force within 1 year on recommendations and timelines; <b>reforms the statute of limitations</b> for institution claims-related actions to be 2 years after the date of the loss or 90 days after a claim is denied, whichever is later

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<b>Luetkemeyer Discussion Draft</b>	N/A	N/A	N/A	<b>Repeals mandatory purchase requirement for commercial properties</b> located in flood hazard areas (but retains ability for commercial properties to get NFIP coverage if they want it)	Requires FEMA to annually cede a portion of the risk of NFIP to the private reinsurance and/or capital markets in an amount sufficient to maintain NFIP ability to pay claims and that limits exposure of the NFIP to flood losses in accordance with a probable maximum loss target established for the year	N/A	<b>Repeals written notice requirement</b> to purchaser/lessee/servicers of special flood hazards for commercial properties; removes commercial properties from standard hazard determination form requirements; <b>revises definition of "Federal agency lender" to mean an agency that makes loans secured by residential (not commercial) real estate</b>