

Summary of HR 1682 –  
The Flood Insurance Reform and Modernization Act of 2007

**Section 1 – Title:** Flood Insurance Reform and Modernization Act of 2007

**Section 2 – Findings and Purposes:** a provision was added stating that the NFIP is the only affordable and reliable source of insurance against flood losses.

**Section 3 – Study regarding status of preFIRM properties and mandatory purchase requirement for natural 100-year floodplain and non-federally related loans:** no changes from HR 4973

**Section 4 – Phase in of actuarial rates for nonresidential properties and non-primary residences:** A provision was added establishing a 25% annual rate cap for non-primary homeowners and a 20% annual rate cap for non-residential (businesses). The provision removing the subsidy for recently purchased preFIRM properties was removed.

**Section 5 – Exception to waiting period for effective date of policies:** clarifies that flood insurance is effective immediately within 30days of a home purchase.

**Section 6 – Enforcement:** (increasing penalties for lender non-compliance) -- no changes from HR 4973. Raises the per-instance fine from \$350 to \$2000, and raises the total possible fines in a year from \$100,000 to \$1,000,000.

**Section 7 – Maximum coverage limits:** Increases coverage limits for homes from \$250,000 to \$335,000; contents \$100,000 to \$135,000; and business \$500,000 to \$670,000. No changes from HR 4973 .

**Section 8 – Coverage for additional living expenses, basement improvements, business interruption, and replacement cost of contents:** Establishes coverage at limits set by the Director for this coverage. No changes from HR 4973.

**Section 9 – Notification to tenants of availability of contents coverage – NEW SECTION:** FEMA must tell landlords to inform tenants that property is in a flood zone and flood insurance for contents is available, but no penalties if FEMA does not or landlord fails to comply.

**Section 10 – Increase in annual limitation of premium increases:** Premium increase limit raised from 10% to 15%. No changes from HR 4973

**Section 11 – Increase In Borrowing Authority**  
NFIP borrowing authority raised to \$21.5 billion (based on Admin 2008 budget estimates. Current authority is \$20.775 billion)

**Section 12 – FEMA participation in State disaster claims mediation programs:** No changes from HR 4973. NFIP will participate in state mediation when a flood claim and wind claim are involved and provide a person capable of settling the claim on the spot.

**Section 13 – FEMA annual report on insurance program:** removed annual report to President and bi-annual report to Congress, and made it one annual report to Congress

**Section 14 – Flood insurance outreach grants – NEW SECTION:** creates a grant program for communities that sign up homeowners for non-mandatory flood insurance.

**Section 15 – Grants for direct funding of mitigation activities for individual repetitive claims properties – NEW SECTION:** technical fix from 2004 bill permitting grants directly to property owners for mitigation activities for individual repetitive claims properties

**Section 16 – Extension of Pilot Program for Mitigation of Severe Repetitive Loss Properties:** extends the mitigation pilot program created in the 2004 bill to 2012

**Section 17 – Flood Mitigation Assistance Program:** technical fix from 2004 bill adding demolition and rebuilding (in addition to “flood proofing”) to the Flood Mitigation Assistance program

**Section 18 – GAO study of methods to increase flood insurance program participation by low-income families:** report due to Congress after 12 months

**Section 19 – Notice of availability of flood insurance and escrow in RESPA Good Faith Estimate:** clarifies disclosure in RESPA good faith estimate on availability of flood insurance, regardless of whether you are in a flood zone or not

**Section 20 – Reiteration of FEMA responsibilities under 2004 Reform Act:** No changes from HR 4973. Within 90 days of enactment, FEMA must establish an appeals process for claims. FEMA must continue to work with state regulators and the industry to implement minimum agent training requirements. FEMA must report to Congress after 6 months on status of implementing all 2004 reforms.

**Section 21 – Updating of Flood Maps and Elevation Standards:** Makes the map modernization program ongoing instead of every five years; defines the 500-year floodplain; gives priority to areas affected by hurricanes Katrina and Rita, creates an education program; changes the trigger for preFIRM subsidy phase

out from one-time update and review of flood maps to 1/1/2011. The current flood map modernization process has always been estimated to be complete by 2010 and a date has less potential for controversy and uncertainty, and less duplicative work by FEMA. This provision also changes mapping authorization of appropriations from \$300 million to \$400 million and makes the Technical Mapping Advisory Council ongoing.

**Section 22 – Notification and appeal of map changes; notification of establishment of flood elevations:** provides map changes to affected communities and requires a notice in local newspapers of elevations, a description of the appeals process, and contact info for an appeal. The requirement that notifications be made to individuals by first class mail was removed.

**Section 23 - Clarification of replacement cost provisions, forms, and policy language:** No changes from HR 4973. Within 3 months of enactment, FEMA must provide plain language clarification of replacement cost info; revise flood policy language to be consistent with language in homeowners policies; include in each policy a one-page, plain language description of the policy.

**Section 24 – Authorization of additional FEMA staff:** No changes from HR 4973

**Section 25 – Extension of deadline for filing proof of loss:** The provision in this section making the extension of the deadline for filing proof of loss retroactive to 2003 was removed. Extends the deadline for filing from 60 days to 180 days.

The following sections from HR 4973 were removed in this new bill:

Section 18 - FEMA requirement to start and maintain a national levee inventory. The Army Corps of Engineers already does this and works closely with FEMA.

Section 21 - Investigation of WYO insurers' adjustment of claims relating to Katrina - this provision was added to the 2006 DHS appropriations bill, which became law.