

# Union Calendar No. 311

110TH CONGRESS  
2D SESSION

# H. R. 3959

[Report No. 110-510]

To amend the National Flood Insurance Act of 1968 to provide for the phase-in of actuarial rates for certain pre-FIRM properties.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 24, 2007

Mr. GARRETT of New Jersey (for himself and Mr. FRANK of Massachusetts) introduced the following bill; which was referred to the Committee on Financial Services

JANUARY 16, 2008

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on October 24, 2007]

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## A BILL

To amend the National Flood Insurance Act of 1968 to provide for the phase-in of actuarial rates for certain pre-FIRM properties.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. PHASE-IN OF ACTUARIAL RATES FOR CERTAIN**  
2 **PRE-FIRM PROPERTIES.**

3 (a) *IN GENERAL.*—Section 1308(c) of the National  
4 Flood Insurance Act of 1968 (42 U.S.C. 4015(c)) is amend-  
5 ed—

6 (1) *by redesignating paragraph (2) as para-*  
7 *graph (3); and*

8 (2) *by inserting after paragraph (1) the fol-*  
9 *lowing new paragraph:*

10 “(2) *RECENTLY PURCHASED PRE-FIRM SINGLE*  
11 *FAMILY PROPERTIES USED AS PRINCIPAL RESI-*  
12 *DENCES.*—Any single family property that is used as  
13 a principal residence that—

14 “(A) *has been constructed or substantially*  
15 *improved and for which such construction or im-*  
16 *provement was started, as determined by the Di-*  
17 *rector, before December 31, 1974, or before the ef-*  
18 *fective date of the initial rate map published by*  
19 *the Director under paragraph (2) of section 1360*  
20 *for the area in which such property is located,*  
21 *whichever is later; and*

22 “(B) *is purchased—*

23 “(i) *after the date of enactment of this*  
24 *paragraph; and*

25 “(ii) *for not less than \$600,000.”.*

1       (b) *TECHNICAL AMENDMENTS.*—Section 1308(c) of the  
 2       *National Flood Insurance Act of 1968 (42 U.S.C. 4015(c))*  
 3       is amended—

4               (1) in the matter preceding paragraph (1), by  
 5       striking “the limitations provided under paragraphs  
 6       (1) and (2)” and inserting “subsection (e)”; and

7               (2) in paragraph (1), by striking “, except” and  
 8       all that follows through “subsection (e)”.

9       (c) *EFFECTIVE DATE AND TRANSITION.*—

10              (1) *EFFECTIVE DATE.*—The amendments made  
 11       by subsections (a) and (b) shall apply beginning on  
 12       January 1, 2011, except as provided in paragraph  
 13       (2) of this subsection.

14              (2) *TRANSITION FOR PROPERTIES COVERED BY*  
 15       *FLOOD INSURANCE UPON EFFECTIVE DATE.*—

16              (A) *INCREASE OF RATES OVER TIME.*—In  
 17       the case of any property described in paragraph  
 18       (2) of section 1308(c) of the *National Flood In-*  
 19       *surance Act of 1968*, as amended by subsection  
 20       (a) of this section, that, as of the effective date  
 21       under paragraph (1) of this subsection, is cov-  
 22       ered under a policy for flood insurance made  
 23       available under the national flood insurance pro-  
 24       gram for which the chargeable premium rates  
 25       are less than the applicable estimated risk pre-

mium rate under section 1307(a)(1) for the area in which the property is located, the Director of the Federal Emergency Management Agency shall increase the chargeable premium rates for such property over time to such applicable estimated risk premium rate under section 1307(a)(1).

(B) ANNUAL INCREASE.—Such increase shall be made by increasing the chargeable premium rates for the property (after application of any increase in the premium rates otherwise applicable to such property), once during the 12-month period that begins upon the effective date under paragraph (1) of this subsection, and once every 12 months thereafter until such increase is accomplished, by 15 percent (or such lesser amount as may be necessary so that the chargeable rate does not exceed such applicable estimated risk premium rate or to comply with subparagraph (C)). Any increase in chargeable premium rates for a property pursuant to this paragraph shall not be considered for purposes of the limitation under section 1308(e) of such Act.

(C) FULL ACTUARIAL RATES.—The provisions of paragraph (2) of such section 1308(c)

1           *shall apply to such a property upon the accom-*  
2           *plishment of the increase under this paragraph*  
3           *and thereafter.*

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