

(5) Used to produce California gasoline as defined in § 80.81(a)(2).

13. Section 80.104 is amended by revising paragraph (a)(1)(i) and removing and reserving paragraph (a)(2)(ix) to read as follows:

§ 80.104 Recordkeeping requirements.

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(a) * * *

(1) * * *

(i) Each batch of conventional gasoline; and

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14. Section 80.105 is amended by removing and reserving paragraphs (a)(2) and (a)(3).

15. Section 80.106 is amended by removing and reserving paragraph (b).

16. Section 80.128 is amended by removing paragraphs (h) and (i).

Appendix D—[Reserved.]

17. Appendix D is removed and reserved.

Appendix E to Part 80—[Reserved.]

18. Appendix E is removed and reserved.

Appendix F to Part 80—[Reserved.]

19. Appendix F is removed and reserved.

Appendix G to Part 80—[Reserved.]

20. Appendix G is removed and reserved.

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FEDERAL EMERGENCY MANAGEMENT AGENCY

44 CFR Part 61

RIN 3067-AD27

National Flood Insurance Program (NFIP); Increased Rates for Flood Coverage

AGENCY: Federal Emergency Management Agency (FEMA).

ACTION: Proposed rule.

SUMMARY: We (the Federal Insurance and Mitigation Administration of FEMA) propose to increase the amount of premium policyholders pay for flood insurance coverage under the NFIP for “pre-FIRM” buildings in coastal areas subject to high velocity waters, such as storm surges, and wind-driven waves (“V” zones). (The term “pre-FIRM buildings” means buildings whose construction began on or before December 31, 1974, or the effective date of the community’s Flood Insurance Rate Map (FIRM), whichever date is

later. Most pre-FIRM buildings and their contents are eligible for subsidized rates under the NFIP.) We propose this rate increase to bring the premiums we currently charge for pre-FIRM, V-zone properties more in line with their actual risk.

DATES: We invite comments on this proposed rule, which we should receive on or before January 2, 2002.

ADDRESSES: Please submit any written comments to the Rules Docket Clerk, Office of the General Counsel, Federal Emergency Management Agency, 500 C Street, SW., room 840, Washington, DC 20472, (facsimile) 202-646-4536, or (e-mail) rules@fema.gov.

FOR FURTHER INFORMATION CONTACT: Thomas Hayes, Federal Emergency Management Agency, Federal Insurance and Mitigation Administration, 500 C Street SW., Washington, DC 20472, 202-646-3419, (facsimile) 202-646-7970, or (e-mail) Thomas.Hayes@fema.gov.

SUPPLEMENTARY INFORMATION:

Background

On March 17, 1999, we published at 64 FR 13115 a final rule that increased the subsidized premiums rates for “pre-FIRM” buildings in V-zones—areas subject to high velocity waters, such as storm surges and wind-driven waves. (We use the term “pre-FIRM” to describe construction that was started on or before December 31, 1974, or the effective date of the Flood Insurance Rate Map (FIRM) for a community, whichever date is later. The premium rates we charge for flood insurance coverage on pre-FIRM buildings are less than full-risk premiums.) This is how we summarized our reasons for the increase in 1999 at 64 FR 13116:

“In summary, we believe that targeting a particularly risky class of properties with higher premium rates supports FEMA’s overall program of loss reduction. It more accurately reflects the loss exposure of pre-FIRM, V-zone properties, which are at a greater exposure to flood loss than pre-FIRM, A-zone properties. Also, it helps make policyholders aware of the danger of their V-zone properties.”

Currently, the rates for pre-FIRM, V-zone properties that apply to the first-layer limits of flood insurance coverage established by 42 U.S.C. 4013 are roughly twenty percent higher than the equivalent rates for pre-FIRM, A-zone properties. (For example, first layer coverage for single-family dwellings amounts to \$35,000 out of \$250,000—the maximum amount available for such structures under the National Flood Insurance Program.) We believe that the difference in loss exposure between

these two groups of risks is much greater than that. Therefore, we are proposing a further increase in the pre-FIRM, V-zone rates.

Section 572 of the National Flood Insurance Reform Act of 1994, Pub. L. 103-325, 42 U.S.C. 4015, however, imposes the following annual limitation on rate increases under the NFIP:

“Notwithstanding any other provision of this title, the chargeable risk premium rates for flood insurance under this title for any properties within any single risk classification may not be increased by an amount that would result in the average of such rate increases for properties within the risk classification during any 12-month period exceeding 10 percent of the average of the risk premium rates for properties within the risk classification upon commencement of such 12-month period.” (42 U.S.C. 4015)

Our proposed rate increase for such properties would comply with this statutory limitation on annual rate increase under the NFIP.

Statutory Mandates for Setting Flood Insurance Premiums

The Flood Disaster Protection Act of 1973 requires us to charge full-risk premiums for flood insurance coverage on buildings when their construction began after December 31, 1974, or on or after the effective date of the Flood Insurance Rate Map, if the second date is later. (We call such construction “post-FIRM” construction.)

The Flood Disaster Protection Act of 1973 also authorizes us to apply chargeable premiums to pre-FIRM property and gives FEMA flexibility to set the flood insurance rates for such property. The legislation calls for us to balance the need to offer reasonable rates that encourage people to buy flood insurance with the statutory goal to distribute burdens fairly between all who will be protected by flood insurance and the general public.

Proposed Changes and Their Purposes

We are proposing to increase the current subsidized rates we charge for the initial limits of coverage under the NFIP for pre-FIRM properties in “V” zones on FEMA’s FIRMs. (“V” zones represent coastal areas subject to high velocity water such as wind-driven waves from storms or tidal surges that are extremely hazardous to people and property.) Currently, these premium rates are about twenty percent higher than the equivalent rates we charge for pre-FIRM, A-zone zone properties. We are proposing to further increase the rates we charge for V-zone, pre-FIRM properties to bring them more in line with their greater exposure to flood losses.