

104TH CONGRESS  
1ST SESSION

# H. R. 1856

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to provide for an expanded Federal program of hazard mitigation, relief, and insurance against the risk of catastrophic natural disasters, such as hurricanes, earthquakes, and volcanic eruptions, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 1995

Mr. EMERSON (for himself, Mr. MINETA, Mr. EWING, Mr. BOEHLERT, Mr. ABERCROMBIE, Mr. ACKERMAN, Mr. ANDREWS, Mr. BAESLER, Mr. BLILEY, Mr. BORSKI, Mr. BROWN of Ohio, Mr. BURTON of Indiana, Mr. CALVERT, Mr. CANADY of Florida, Mr. CLYBURN, Mr. COLLINS of Georgia, Miss COLLINS of Michigan, Mr. CONDIT, Mr. COSTELLO, Mr. CRAMER, Mr. CRANE, Ms. DANNER, Mr. DEFazio, Mr. DEUTSCH, Mr. DIAZ-BALART, Mr. DICKS, Mr. DICKEY, Mr. DINGELL, Mr. DIXON, Mr. DOOLITTLE, Mr. DORNAN, Mr. DREIER, Mr. DURBIN, Ms. ESHOO, Mr. FALEOMAVAEGA, Mr. FARR, Mr. FAZIO of California, Mr. FIELDS of Texas, Mr. FILNER, Mr. FORD, Mrs. FOWLER, Ms. FURSE, Mr. GALLEGLY, Mr. GILLMOR, Mr. GORDON, Mr. GENE GREEN of Texas, Mr. HALL of Texas, Mr. HASTERT, Mr. HAYES, Mr. HERGER, Mr. HOBSON, Mr. HORN, Mr. HUTCHINSON, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. JOHNSTON of Florida, Mr. KIM, Mr. KNOLLENBERG, Mr. LAHOOD, Mrs. LINCOLN, Mr. LATOURETTE, Mr. LAUGHLIN, Mr. LEWIS of California, Mr. LIPINSKI, Mr. LIVINGSTON, Mr. MATSUI, Mr. MANZULLO, Mr. MCCOLLUM, Mr. McDERMOTT, Mr. McKEON, Mrs. MEEK of Florida, Mr. MINGE, Mr. MOORHEAD, Mr. MYERS of Indiana, Mr. NEAL of Massachusetts, Mr. NEY, Mr. NUSSLE, Mr. OBERSTAR, Mr. PALLONE, Mr. PASTOR, Mr. PAXON, Mr. PETERSON of Florida, Mr. POMEROY, Mr. PORTER, Mr. POSHARD, Mr. QUILLEN, Mr. QUINN, Mr. RAHALL, Mr. RIGGS, Mr. ROMERO-BARCELÓ, Mr. SCHIFF, Mr. SHAW, Mr. SKELTON, Mr. SOLOMON, Mr. SPENCE, Mr. STEARNS, Mr. TALENT, Mr. THORNTON, Mr. TORRICELLI, Mr. TOWNS, Mr. TRAFICANT, Mr. TUCKER, Mr. VOLKMER, Mr. WELDON of Pennsylvania, Mr. WHITFIELD, and Mr. WISE) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committees on Commerce, Banking and Financial Services, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for

consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## **A BILL**

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to provide for an expanded Federal program of hazard mitigation, relief, and insurance against the risk of catastrophic natural disasters, such as hurricanes, earthquakes, and volcanic eruptions, and for other purposes.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act shall be cited as the “Natural Disaster Pro-  
5       tection Partnership Act of 1995”.

6       **SEC. 2. FINDINGS AND PURPOSES.**

7       Section 101 of the Robert T. Stafford Disaster Relief  
8       and Emergency Assistance Act (42 U.S.C. 5121) is  
9       amended as follows:

10               (1) In subsection (a), by—

11                       (A) striking “and” at the end of paragraph

12                       (1);

13                       (B) inserting “and” following the semi-  
14                       colon in paragraph (2);

15                       (C) inserting the following new paragraph  
16                       before “special measures”:

1           “(3) because catastrophic natural disasters,  
2           such as major hurricanes, earthquakes, volcanic  
3           eruptions, and floods pose significant problems in  
4           terms of substantial long-term consequences, ill-  
5           equipped preparedness efforts, lack of hazard miti-  
6           gation measures (such as enforced building codes),  
7           and inadequate insurance coverage;”;

8           (D) inserting “promoting hazard mitiga-  
9           tion compliance and in” after “affected States  
10          in”; and

11          (E) inserting “insurance coverage,” after  
12          “rendering of aid, assistance,”.

13          (2) In subsection (b), by—

14          (A) inserting before the semi-colon in para-  
15          graph (1) “by including State and community  
16          disaster mitigation and expanded insurance and  
17          reinsurance coverage to supplement insurance  
18          available in the private market”;

19          (B) inserting after “preparedness” in para-  
20          graph (2) “, hazard mitigation, compliance,”;

21          (C) inserting after “preparedness” in para-  
22          graph (3) “, hazard mitigation, emergency first  
23          response,”;

24          (D) inserting after “insurance coverage” in  
25          paragraph (4) “with premiums based on risk”;

1 (E) inserting before the semi-colon in  
2 paragraph (4) “and by creating a private Natu-  
3 ral Disaster Insurance Corporation which shall  
4 provide primary insurance to homeowners and  
5 reinsurance to State insurance pools and pri-  
6 vate insurance companies”;

7 (F) inserting before the semi-colon in para-  
8 graph (5) “, adoption and enforcement of build-  
9 ing codes, and improvement of first responder  
10 capabilities”; and

11 (G) inserting after “disasters” in para-  
12 graph (6) “and establishing a funding mecha-  
13 nism to help States and communities pay for  
14 pre-disaster hazard mitigation”.

15 **SEC. 3. DEFINITIONS.**

16 Section 102 of the Robert T. Stafford Disaster Relief  
17 and Emergency Assistance Act (42 U.S.C. 5122) is  
18 amended by adding at the end the following new para-  
19 graphs:

20 “(10) The term ‘building’ means any structure,  
21 fully or partially enclosed, used or intended for shel-  
22 tering persons or property.

23 “(11) The term ‘commercial losses’ means  
24 physical damage losses to insured commercial (other  
25 than residential) property and other losses arising

1 out of the effects of earthquakes, volcanic eruptions,  
2 tsunamis, and hurricanes for the lines of insurance  
3 appearing in the National Association of Insurance  
4 Commissioners Fire and Casualty Annual Statement  
5 as determined by the Natural Disaster Insurance  
6 Corporation under section 902 and which shall, at a  
7 minimum, include the following:

8 “(A) Commercial Multiple Peril.

9 “(B) Workers’ Compensation.

10 “(C) Allied Lines.

11 “(D) Fire.

12 “(E) Reinsurance.

13 “(F) Liability.

14 “(G) Earthquake.

15 “(H) Inland Marine.

16 “(I) Ocean Marine.

17 “(12) The term ‘critical facilities and lifelines’  
18 means major public infrastructure, including high-  
19 ways, roads, bridges, mass transit facilities, airports,  
20 public buildings, water transportation and treatment  
21 facilities, electric utilities, electric power and natural  
22 gas transmission lines, and telecommunication facili-  
23 ties.

24 “(13) The term ‘Director’ means the Director  
25 of the Federal Emergency Management Agency.

1           “(14) The term ‘earthquake’ means any shak-  
2           ing or trembling of the crust of the Earth caused by  
3           underground seismic forces.

4           “(15) The term ‘federally-related mortgage  
5           loan’ has the meaning given the term in section 3(1)  
6           of the Real Estate Settlement Procedures Act of  
7           1974 (12 U.S.C. 2602(1)).

8           “(16) The term ‘first responder’ means fire-  
9           fighting, police, and emergency medical personnel  
10          who have the statutory authority to engage in and  
11          provide immediate emergency response services.

12          “(17) The term ‘flood’ or ‘flooding’ means a  
13          general and temporary condition of partial or com-  
14          plete inundation of normally dry land areas from the  
15          overflow of inland or tidal waters or the unusual and  
16          rapid accumulation of runoff or surface waters from  
17          any source.

18          “(18) The term ‘hurricane’ means a non-fron-  
19          tal, warm core, low pressure atmospheric system  
20          having a definite organized circulation with sus-  
21          tained wind speeds of 74 miles per hour or greater  
22          and officially declared to be a hurricane by the Na-  
23          tional Hurricane Center, including any associated  
24          windstorm events occurring within 168 hours before

1 and after the hurricane first makes landfall within  
2 a State.

3 “(19) The term ‘local community’ means a po-  
4 litical subdivision of a State that has a department,  
5 or similar entity, which oversees local zoning and  
6 building code compliance efforts.

7 “(20) The term ‘natural disaster-prone State’  
8 means a State determined by the Director pursuant  
9 to section 804 to have an exposure to the earth-  
10 quake, volcanic eruption, tsuanami, windstorm, or  
11 hurricane perils.

12 “(21) The term ‘new’, when used in connection  
13 with buildings, construction, or property, means  
14 structures built pursuant to building permits issued  
15 after the date of enactment of the Natural Disaster  
16 Protection Partnership Act of 1995.

17 “(22) The term ‘ordinance or law coverage’  
18 means insurance coverage for the increased cost of  
19 construction to repair or rebuild buildings and the  
20 cost of demolition due to the enforcement of any or-  
21 dinance or law, such as building codes.

22 “(23) The term ‘primary insurance coverage’  
23 means policies or supplemental contracts of insur-  
24 ance insured in the name of the Natural Disaster  
25 Insurance Corporation pursuant to section 911 that

1 provide indemnity, in whole or in part, for the loss,  
2 destruction, or damage of residential property.

3 “(24) The term ‘private insurer’ means any pri-  
4 vate insurer or private reinsurer, including all relat-  
5 ed affiliates or subsidiaries under the same owner-  
6 ship or management consistent with the definition of  
7 affiliated group under section 1504(a) of the Inter-  
8 nal Revenue Code of 1986 (26 U.S.C. 1504(a)), that  
9 is licensed or admitted to write property and cas-  
10 uality insurance or reinsurance within a State.

11 “(25) The term ‘rate’, when used in the context  
12 of insurance, means the cost of insurance per expo-  
13 sure unit assessed for the primary insurance cov-  
14 erages under subtitle B of title IX and the reinsur-  
15 ance coverage under subtitle C of title IX which  
16 shall include the following:

17 “(A) The pure expected loss cost that is  
18 actuarially based on the level of risk and rep-  
19 represents the amount needed to pay expected  
20 losses.

21 “(B) The loss adjustment expense.

22 “(C) A factor for the mitigation set aside  
23 assessed under section 904(b).



1           “(D) Administrative costs of the Natural  
2           Disaster Insurance Corporation created under  
3           section 901.

4           “(E) Compensation for private insurers’  
5           costs, including administrative expenses, agent  
6           commissions, and taxes.

7           “(26) The term ‘reinsurance coverage’ means  
8           the contract provided by the Natural Disaster Insur-  
9           ance Corporation under section 921 in which such  
10          Corporation accepts and agrees to pay part of the  
11          losses for certain catastrophic natural disasters cov-  
12          ered by a private insurer or a State insurance pool.

13          “(27) The term ‘residential property’ means  
14          any 1- to 4-family residential building (including mo-  
15          bile or manufactured homes).

16          “(28) The term ‘standard residential property  
17          insurance contract’ means the conventional policies  
18          offered by a private insurer to its residential prop-  
19          erty policyholders that provides indemnity, in whole  
20          or in part, for the loss, destruction, or damage of  
21          residential property.

22          “(29) The term ‘State insurance pool’ means  
23          any State-authorized joint underwriting or joint re-  
24          insurance association, risk pool, residual market  
25          mechanism, or other type of State-sanctioned entity

1 providing property insurance coverage against hurri-  
2 canes, earthquakes, volcanic eruptions, or tsunamis  
3 which meets minimum standards established by the  
4 Natural Disaster Insurance Corporation under sec-  
5 tion 902 regarding actuarially sound rates, use of  
6 available local financing, and reasonable underwrit-  
7 ing standards.

8 “(30) The term ‘subject net written premium’  
9 means direct and reinsurance premiums received by  
10 private insurers, less premiums paid for ceded rein-  
11 surance, for residential property insurance and for  
12 all covered commercial lines of insurance included in  
13 the plan of operation under section 902(a)(4)(B).

14 “(31) The term ‘substantially modified building  
15 construction’ means additions or improvements to an  
16 existing building which constitute over an 18-month  
17 period at least a 50 percent increase in the current  
18 value of the building, as measured by the most re-  
19 cent official property assessment.

20 “(32) The term ‘tsunami’ means an ocean wave  
21 generated by underwater disturbances in the earth’s  
22 crust, primarily earthquakes and submarine volcanic  
23 eruptions.

24 “(33) The term ‘volcanic eruption’ means the  
25 expulsion, as a result of natural causes, of molten

1 rock, rock fragments, gases, ashes, mud, lava flows,  
2 and other natural substances through an opening in  
3 the crust of the Earth.

4 “(34) The term ‘windstorm’ means an atmos-  
5 pheric disturbance marked by high velocity move-  
6 ments of air, including a tornado, but does not in-  
7 clude a hurricane.”.

8 **SEC. 4. FEDERAL SHARE OF FINANCIAL ASSISTANCE.**

9 (a) Section 406(a)(1) of the Robert T. Stafford Dis-  
10 aster Relief and Emergency Assistance Act (42 U.S.C.  
11 5172(a)(1)) is amended by inserting following before the  
12 semicolon: “if the State has paid, or agreed to pay, at least  
13 \$5 per each resident of the State, as determined by the  
14 latest official census, for the repair, restoration, recon-  
15 struction, or replacement of public facilities damaged or  
16 destroyed by such major disaster in the State”.

17 (b) Section 406(b) of the Robert T. Stafford Disaster  
18 Relief and Emergency Assistance Act (42 U.S.C. 5172(b))  
19 is amended as follows:

20 (1) Strike “MINIMUM” and “not less than”.

21 (2) Insert following the first dash “(1) SHARE  
22 AMOUNTS.—”.

23 (3) Redesignate paragraphs (1), (2), and (3) as  
24 subparagraphs (A), (B), and (C) respectively.

1           (4) Add at the end the following new para-  
2 graph:

3           “(2) WAIVER.—The Federal share percentages  
4 described in paragraph (1), as may be modified by  
5 section 914(a), shall be increased only upon the en-  
6 actment of a joint resolution that shall not be des-  
7 igned as an emergency under section 251(b)(2)(D)  
8 of the Balanced Budget and Emergency Deficit Con-  
9 trol Act of 1985 (2 U.S.C. 901(b)(2)(D)).”.

10          (c) Section 407(d) of the Robert T. Stafford Disaster  
11 Relief and Emergency Assistance Act (42 U.S.C. 5173(d))  
12 is amended as follows:

13           (1) Strike “not less than”.

14           (2) Insert following the dash “(1) SHARE  
15 AMOUNT.—”.

16           (3) Add at the end the following new para-  
17 graph:

18           “(2) WAIVER.—The Federal share percentage  
19 described in paragraph (1), as may be modified by  
20 section 914(a), shall be increased only upon the en-  
21 actment of a joint resolution that shall not be des-  
22 igned as an emergency under section 251(b)(2)(D)  
23 of the Balanced Budget and Emergency Deficit Con-  
24 trol Act of 1985 (2 U.S.C. 901(b)(2)(D)).”.

1 **SEC. 5. AMENDMENTS TO THE ACT.**

2 The Robert T. Stafford Disaster Relief and Emer-  
3 gency Assistance Act (42 U.S.C. 5121 et seq.) is amended  
4 by adding at the end the following new titles:

5 **“TITLE VIII—DISASTER**  
6 **MITIGATION**  
7 **“Subtitle Federal Emergency**  
8 **Management Agency**

9 **“SEC. 801. SUPPORT PROGRAMS.**

10 “The Director shall establish and carry out natural  
11 disaster hazard mitigation programs that support the fol-  
12 lowing purposes:

13 “(1) RESEARCH.—The Director shall undertake  
14 research to strengthen building codes and promote  
15 development of cost-effective building technologies  
16 and other related hazard mitigation measures.

17 “(2) TECHNOLOGY.—The Director shall develop  
18 hazard mitigation technology for States, local com-  
19 munities, and architects, engineers, building contrac-  
20 tors, and other persons responsible for implementa-  
21 tion and enforcement of hazard mitigation measures.

22 “(3) EDUCATION.—The Director shall under-  
23 take educational programs to enhance public aware-  
24 ness of the risks and hazards associated with natu-  
25 ral disasters and ways to mitigate losses from such  
26 disasters.

1 **“SEC. 802. NEW FEDERAL BUILDING STANDARDS.**

2 “Executive Order 12699 (55 Fed. Reg. 835 (January  
3 5, 1990)) relating to earthquake design and construction  
4 standards for Federally leased, assisted, or regulated  
5 buildings shall have the effect of law.

6 **“SEC. 803 STUDIES.**

7 “(a) NATIONAL MINIMUM CONSENSUS BUILDING  
8 CONSTRUCTION STANDARDS.—

9 “(1) STUDY.—The Director shall enter into an  
10 arrangement with the National Academy of Sciences  
11 to conduct a study of the advisability and feasibility  
12 of establishing national minimum consensus building  
13 construction standards for residential and commer-  
14 cial building construction. The study shall be limited  
15 to the use of national minimum consensus building  
16 construction standards to minimize property damage  
17 and reduce personal injuries that result from natural  
18 disasters, such as hurricanes, windstorms, earth-  
19 quakes, and floods.

20 “(2) NATIONAL ACADEMY OF SCIENCES.—The  
21 study described in paragraph (1) shall be performed  
22 by a panel of recognized experts appointed by the  
23 National Academy of Sciences. The experts shall in-  
24 clude representatives of building constructors, real-  
25 tors, private insurers, building code officials from  
26 the model building code organizations, organized

1 labor, and other experts deemed relevant by the Na-  
2 tional Academy of Sciences.

3 “(3) TRANSMIT TO CONGRESS.—The study de-  
4 scribed in paragraph (1), with any recommendations,  
5 shall be transmitted by the National Academy of  
6 Sciences to Congress within 2 years of the date of  
7 enactment of the Natural Disaster Protection Part-  
8 nership Act of 1995.

9 “(b) RESIDENTIAL DISASTER INSPECTIONS.—

10 “(1) STUDY.—The Director shall enter into an  
11 arrangement with the National Academy of Sciences  
12 to conduct a study of the advisability and feasibility  
13 of establishing standards for the training and licens-  
14 ing of home inspectors and using home inspections  
15 as a means to promote natural disaster hazard miti-  
16 gation of residential property.

17 “(2) NATIONAL ACADEMY OF SCIENCES.—The  
18 study described in paragraph (1) shall be performed  
19 by a panel of recognized experts appointed by the  
20 National Academy of Sciences. The experts shall in-  
21 clude representatives of building constructors, lend-  
22 ing institutions, local community officials, private in-  
23 surers, homeowners organizations, organized labor,  
24 and other experts deemed relevant by the National  
25 Academy of Sciences.

1           “(3) TRANSMIT TO CONGRESS.—The study,  
2           with any recommendations, described in paragraph  
3           (1) shall be transmitted by the National Academy of  
4           Sciences to Congress within 2 years of the date of  
5           enactment of the Natural Disaster Protection Part-  
6           nership Act of 1995.

7   **“SEC. 804. DESIGNATION OF NATURAL DISASTER-PRONE**  
8                                   **STATES.**

9           “(a) DESIGNATION.—Within 6 months of the date of  
10          enactment of the Natural Disaster Protection Partnership  
11          Act of 1995 and at the beginning of each new calendar  
12          year thereafter, the Director shall determine which States  
13          are deemed to have an exposure to the earthquake, vol-  
14          canic eruption, tsunami, windstorm, or hurricane perils.  
15          Based upon scientific risk data, such States shall be classi-  
16          fied as natural disaster-prone for purposes of this Act.

17          “(b) SCIENTIFIC RISK DATA.—

18                  “(1) SEISMIC PERILS.—The determination of  
19                  which States are deemed to have an exposure to the  
20                  earthquake, volcanic eruption, or tsunami perils  
21                  shall be based solely on seismic data provided by the  
22                  United States Geological Survey, or its designated  
23                  successor agency.

24                  “(2) HURRICANE PERIL.—The determination of  
25                  which States are deemed to have an exposure to the



1 windstorm or hurricane peril shall be based solely on  
2 windstorm and hurricane data provided by the Na-  
3 tional Oceanic and Atmospheric Administration, or  
4 its designated successor agency.

5 **“Subtitle B—State and Community**  
6 **Programs**

7 **“SEC. 811. ADOPTION OF BUILDING AND SAFETY CODES.**

8 “(a) MULTI-HAZARD BUILDING AND SAFETY  
9 CODES.—At a minimum, each natural disaster-prone  
10 State shall either—

11 “(1) adopt for all new and substantially modi-  
12 fied building construction in that State building  
13 codes that meet the appropriate hurricane, wind-  
14 storm, earthquake, volcanic eruption, or tsunami  
15 natural disaster hazard mitigation portions of the  
16 newest edition of—

17 “(A) at least one of the following model  
18 building codes which shall be applicable to re-  
19 gions that are exposed to such natural disaster  
20 perils:

21 “(i) the National Building Code,

22 “(ii) the Standard Building Code,

23 “(iii) the Uniform Building Code; and

24 “(B) other relevant building and housing  
25 codes and standards, including the national

1 consensus safety codes of the National Fire  
2 Protection Association (specifically the National  
3 Electrical Code, the National Fuel Gas Code,  
4 the Flammable and Combustible Liquids Code,  
5 and the Standard for the Storage and Handling  
6 of Liquefied Petroleum Gases); or

7 “(2) certify that the State’s local communities  
8 have adopted and are enforcing building codes that  
9 meet the appropriate minimum natural disaster haz-  
10 ard mitigation portions of any of the three model  
11 building codes and other building and housing codes  
12 and standards described in paragraph (1) for all new  
13 and substantially modified building construction in  
14 that State.

15 “(b) FLOOD PERFORMANCE STANDARDS.—At a min-  
16 imum, each State that contains local communities des-  
17 igned as flood-prone pursuant to the National Flood In-  
18 surance Act of 1968 (42 U.S.C. 4001 et seq.) shall ei-  
19 ther—

20 “(1) adopt the relevant flood minimum per-  
21 formance standards, flood-proofing, and other flood  
22 protection measures authorized pursuant to the Na-  
23 tional Flood Insurance Act of 1968, which minimize  
24 flood damage for new and substantially modified

1 building construction located in flood-prone local  
2 communities; or

3 “(2) certify that all the State’s flood-prone local  
4 communities have adopted and are enforcing the  
5 minimum performance standards described in para-  
6 graph (1) for new and substantially modified build-  
7 ing construction.

8 **“SEC. 812. DEVELOPMENT OF STATE MITIGATION PLANS.**

9 “(a) GENERAL AUTHORITY.—Each natural disaster-  
10 prone State shall either—

11 “(1) develop with active public participation a  
12 mitigation plan which establishes the State’s plan  
13 with accompanying schedules for improving the  
14 State’s ability to reduce the hazards of future natu-  
15 ral disasters, such as hurricanes, windstorms, earth-  
16 quakes, volcanic eruptions, tsunamis, and floods; or

17 “(2) designate an existing mitigation plan  
18 which includes the processes described in subsection  
19 (b).

20 “(b) CONTENT OF STATE MITIGATION PLANS.—

21 Each State mitigation plan described in subsection (a)  
22 shall include, at a minimum, a process for—

23 “(1) ensuring compliance with building and  
24 safety codes, including those described in section  
25 811;

1           “(2) improving the emergency response to natu-  
2           ral disasters which shall include capabilities for fire-  
3           fighting, search and rescue, and the provision of  
4           shelters, communications, and medical relief;

5           “(3) developing standards and guidelines for  
6           the regular training of first responders for disaster  
7           emergency mitigation;

8           “(4) enforcing local community land use and  
9           management ordinances;

10          “(5) addressing further development in high-  
11          risk, disaster-prone areas and the impact of such de-  
12          velopment on life safety and the environment;

13          “(6) ensuring all builders, plumbers, elec-  
14          tricians, and building inspectors are licensed or cer-  
15          tified; and

16          “(7) identifying essential critical facilities and  
17          lifelines and public facilities to be retrofitted within  
18          a fixed time period.

19   **“SEC. 813. TIME PERIODS FOR STATE DEVELOPMENT AND**  
20                   **IMPLEMENTATION OF BUILDING CODES AND**  
21                   **MITIGATION PLANS.**

22          “(a) TIME PERIODS.—Each natural disaster-prone  
23          State shall meet the following mitigation compliance mile-  
24          stones within the prescribed time periods which shall be

1 measured from the date of enactment of the Natural Dis-  
2 aster Protection Partnership Act of 1995:

3 “(1) SUBMISSION OF STATE MITIGATION PLANS  
4 TO FEMA.—Within 2 years, submit to the Director  
5 its mitigation plan developed pursuant to section  
6 812.

7 “(2) ADOPTION OF BUILDING CODES.—Within  
8 3 years, certify to the Director that it has adopted  
9 the building and safety codes identified in section  
10 811 or certified that its local communities have  
11 adopted them.

12 “(3) IMPLEMENTATION OF MITIGATION  
13 PLANS.—Within 4 years, certify to the Director that  
14 the processes of its mitigation plan as described in  
15 section 812(b) are being implemented.

16 “(4) BUILDING CODE ENFORCEMENT.—Within  
17 5 years, certify to the Director that the building and  
18 safety codes identified in section 811 are being ade-  
19 quately enforced.

20 “(b) NOTIFICATION AND OPPORTUNITY TO CURE.—  
21 The Director shall promptly notify in writing those States  
22 which fail to meet a compliance requirement described in  
23 subsection (a). If after receiving such notification, the  
24 State shall be subject to the provisions specified in section

1 814 until such date as the Director determines that the  
2 State has taken the necessary corrective action.

3 “(c) REGULATIONS.—Within 12 months of the date  
4 of enactment of the Natural Disaster Protection Partner-  
5 ship Act of 1995, the Director shall issue final Federal  
6 regulations, pursuant to the provisions of subchapter II  
7 of chapter 5 of title 5, United States Code, necessary to  
8 carry out this section. These regulations shall include  
9 guidance to States as to what constitutes adequate compli-  
10 ance with the hazard mitigation measures of this subtitle.

11 **“SEC. 814. FEDERAL SHARE OF FINANCIAL ASSISTANCE.**

12 “(a) REDUCE FEDERAL SHARE FOR DISASTER  
13 AID.—The Federal share of public assistance available to  
14 States under sections 406(b)(1) and 407(d)(1) shall be re-  
15 duced to 50 percent for any State which has not met, with-  
16 in the prescribed time periods, the requirements of section  
17 813.

18 “(b) NO MITIGATION FUNDS.—Funds from the Miti-  
19 gation Account under section 815 shall be denied to any  
20 State which has not met, within the prescribed time peri-  
21 ods, the requirements of section 813.

22 **“SEC. 815. MITIGATION ACCOUNT.**

23 “(a) FUNDS TO STATES.—

24 “(1) AUTHORITY.—After the Director credits  
25 premiums from the Natural Disaster Insurance Cor-

1       poration under section 901, all of the funds appro-  
2       priated to the Mitigation Account established by sec-  
3       tion 1004 shall be allocated by the Director to  
4       States at the beginning of every fiscal year following  
5       the date of enactment of the Natural Disaster Pro-  
6       tection Partnership Act of 1995, except that those  
7       States subject to the provisions of section 814(b)  
8       shall be denied such funds.

9               “(2) FORMULA.—The Mitigation Account funds  
10       shall be allocated to a State based on a pro rata for-  
11       mula of the primary insurance coverages and rein-  
12       surance coverage premiums described in section 903  
13       collected from that State. Within 12 months of the  
14       date of enactment of the Natural Disaster Protec-  
15       tion Partnership Act of 1995, the Director shall  
16       issue final Federal regulations, pursuant to the pro-  
17       visions of subchapter II of chapter 5 of title 5,  
18       United States Code, describing the pro rata formula.

19               “(3) MINIMUM AMOUNT.—Notwithstanding the  
20       formula established under paragraph (2), each State  
21       shall receive annually at least 0.25 percent of the  
22       amounts in the Mitigation Account or \$250,000,  
23       whichever amount is greater.

24       “(b) USE.—

1           “(1) IN GENERAL.—The funds received by  
2 States from the Mitigation Account shall be used to  
3 support natural disaster hazard mitigation activities,  
4 including providing assistance for—

5                   “(A) first responders;

6                   “(B) State revolving loan funds, if estab-  
7 lished, to undertake financing, including the  
8 leveraging of funds for various hazard mitiga-  
9 tion activities;

10                  “(C) low-income individuals and families to  
11 help pay for the undertaking of hazard mitiga-  
12 tion measures;

13                  “(D) the dissemination of cost-effective  
14 technologies to prevent or substantially reduce  
15 damage caused by natural disasters and for the  
16 establishment of geographically-dispersed and  
17 duly-incorporated natural disaster damage pre-  
18 vention and mitigation Centers for Protection  
19 Against Natural Disasters to carry out such  
20 dissemination;

21                  “(E) addressing further development in  
22 high-risk, disaster-prone areas and the impact  
23 of such development on the environment; and

24                  “(F) the construction of buildings to serve  
25 as models for the advancement of public edu-



1 cation about cost-effective hazard mitigation  
2 technology in the design and construction of  
3 buildings, such as the employment of fire sup-  
4 pression and water catchment systems.

5 “(2) PRIORITY.—The States shall give priority  
6 in using the funds received from the Mitigation Ac-  
7 count to those hazard mitigation activities necessary  
8 to bring the State into compliance with the building  
9 and safety code requirements of section 811 and the  
10 mitigation plan requirements of section 812.

11 “(c) LOCAL COMMUNITIES.—States shall transfer not  
12 less than 25 percent of the funds received each year under  
13 this section to local communities to support activities nec-  
14 essary to ensure State compliance with the hazard mitiga-  
15 tion requirements of this subtitle.

16 “(d) AUDITS.—The Director shall from time-to-time  
17 conduct audits to ensure that States and local commu-  
18 nities are using the funds received each year under this  
19 section to support the hazard mitigation activities de-  
20 scribed in this section.

21 **“SEC. 816. NO UNFUNDED MANDATES.**

22 “(a) IN GENERAL.—If a State documents to the Di-  
23 rector that such State has not received adequate funds  
24 from the Mitigation Account established by section 1004  
25 to cover the costs of complying with a particular mitiga-

1 tion requirement described in this subtitle, that particular  
2 mitigation requirement shall not apply to such State.

3 “(b) EXCEPTIONS.—

4 “(1) ADEQUATE FUNDS.—Subsection (a) shall  
5 not apply to mitigation requirements described in  
6 this subtitle for which the State has failed to docu-  
7 ment that it has received an inadequate amount of  
8 funds from the Mitigation Account to fully cover the  
9 cost of complying with such mitigation requirements.

10 “(2) NON-COMPLIANCE STATES.—Subsection  
11 (a) shall not apply to States that are subject to the  
12 provisions of section 814(b).

13 “(3) CONDITIONAL FEDERAL ASSISTANCE.—  
14 Subsection (a) shall not apply to any duty imposed  
15 by this subtitle that is a condition of any Federal as-  
16 sistance provided by this Act.

## 17 **“Subtitle C—Insurance Mitigation** 18 **Incentives**

19 **“SEC. 821. INSURANCE PRICING INCENTIVES.**

20 “Each private insurer that participates as a member  
21 of the Natural Disaster Insurance Corporation should be  
22 encouraged to take natural disaster hazard mitigation  
23 measures into account in setting rates and deductibles for  
24 its property insurance.

1 **“TITLE IX—NATURAL DISASTER**  
2 **INSURANCE**

3 **“Subtitle A—Natural Disaster**  
4 **Insurance Corporation**

5 **“SEC. 901. ORGANIZATIONAL STRUCTURE.**

6 “(a) CREATION.—As a condition of receiving Federal  
7 loans under section 906(d), there shall be established a  
8 non-governmental, not-for-profit membership corporation,  
9 to be known as the Natural Insurance Corporation (here-  
10 inafter in the Act referred to as the “Corporation”), to  
11 provide primary insurance coverages and reinsurance cov-  
12 erage for hurricanes, earthquakes, volcanic eruptions, and  
13 tsunamis.

14 “(b) MEMBERSHIP.—The members of the Corpora-  
15 tion shall own shares in the Corporation and shall consist  
16 of private insurers that participate as service providers for  
17 the primary insurance coverages insured by the Corpora-  
18 tion under section 911 and private insurers and State in-  
19 surance pools that purchase the reinsurance coverage pro-  
20 vided by the Corporation under section 921.

21 “(c) START-UP.—

22 “(1) ADMINISTRATOR.—

23 “(A) SELECTION.—A start-up adminis-  
24 trator shall be selected by the Corporation’s

1 members at the Corporation's initial organiza-  
2 tion meeting.

3 "(B) DUTIES.—The administrator shall  
4 coordinate the following activities of the Cor-  
5 poration:

6 "(i) Hiring of temporary staff.

7 "(ii) Obtaining office space.

8 "(iii) Contracting with consultants  
9 and entities.

10 "(iv) Managing the election of the ini-  
11 tial Board of Directors.

12 "(v) Collecting the start-up loans de-  
13 scribed in paragraph (2).

14 "(C) TERMINATION.—The activities of the  
15 administrator shall terminate when the Board  
16 of the Directors for the Corporation has been  
17 selected.

18 "(2) START-UP LOANS.—

19 "(A) IN GENERAL.—Start-up administra-  
20 tive costs of the Corporation shall be paid from  
21 loans received from the private insurers partici-  
22 pating as members of the Corporation.

23 "(B) AMOUNT.—The amount of start-up  
24 loans received from private insurers shall be in

1 proportion to each participating insurers' coun-  
2 trywide subject net written premium.

3 “(C) REPAYMENT.—Within 36 months  
4 after the Corporation is established under sub-  
5 section (a), or such later time when sufficient  
6 funds are available, all start-up loans received  
7 from private insurers under this paragraph  
8 shall be repaid with interest by the Corporation  
9 from amounts in the trust accounts established  
10 in section 906.

11 “(d) BOARD OF DIRECTORS.—

12 “(1) GOVERNANCE.—The Corporation shall be  
13 governed by a 15-member Board of Directors (here-  
14 inafter in this title referred to as the “Board”).  
15 Each Director of the Board shall have one vote and  
16 the Board shall set policy and decide all matters by  
17 a simple majority of the votes cast. The Board shall  
18 develop and approve the plan of operation described  
19 in section 902 and shall be responsible for the oper-  
20 ation and management of the Corporation.

21 “(2) SELECTION OF DIRECTORS.—The 15 Di-  
22 rectors of the Board shall be selected as follows:

23 “(A) INSURANCE DIRECTORS.—

24 “(i) IN GENERAL.—Nine insurance  
25 Directors shall be elected by the members

1 of the Corporation with each member hav-  
2 ing one vote, except as provided in clause  
3 (iii). The insurance Directors shall reflect  
4 an equitable cross-section of the private in-  
5 surers participating as members of the  
6 Corporation in accordance with this sub-  
7 paragraph. No private insurer may have  
8 more than one of its employees serving on  
9 the Board.

10 “(ii) SPECIAL CLASSES OF INSUR-  
11 ERS.—For as long as the Corporation is in  
12 existence, 3 of the Directors shall rep-  
13 resent special classes of insurers. Each of  
14 the following special classes of insurers  
15 shall be represented:

16 “(I) Reinsurers which write pri-  
17 marily reinsurance.

18 “(II) Small providers of direct in-  
19 surance that write primarily in per-  
20 sonal lines of insurance in less than  
21 10 States.

22 “(III) Commercial insurers which  
23 write primarily commercial insurance  
24 lines throughout the United States.

1           “(iii) ELECTION BASED ON PREMIUM  
2 VOLUME.—Three insurance Directors shall  
3 be elected based on the premium volume  
4 weighting criteria described as follows:

5           “(I) For the initial election of the  
6 3 Directors under this clause, the vote  
7 of each private insurer serving as a  
8 member of the Corporation shall be  
9 weighted in proportion to such insurer’s  
10 countrywide subject net written  
11 premium in relationship to the coun-  
12 trywide subject net written premium  
13 for all private insurers serving as a  
14 member.

15           “(II) For the subsequent election  
16 of the 3 Directors under this clause,  
17 the vote of each private insurer serv-  
18 ing as a member of the Corporation  
19 shall be weighted as its proportion of  
20 all premium collected by all participat-  
21 ing providers of the primary insurance  
22 coverages described in subtitle B and  
23 the premium paid by all purchasers of  
24 the reinsurance coverage provided by

1 the Corporation pursuant to subtitle  
2 C.

3 “(III) For each election held to  
4 select any 1 of the 3 Directors elected  
5 under this clause, private insurers can  
6 cast their vote for only 1 candidate.

7 “(iv) AT LARGE ELECTION.—The re-  
8 maining 3 insurance Directors shall be  
9 elected at large by the private insurers  
10 participating as members of the Corpora-  
11 tion.

12 “(B) NON-INSURANCE DIRECTORS.—With-  
13 in 180 days of the election of the insurance Di-  
14 rectors under subparagraph (A), 6 non-insur-  
15 ance Directors shall be nominated by the 9 in-  
16 surance Directors and shall be elected by the  
17 members of the Corporation. Each of the fol-  
18 lowing interests shall be represented by at least  
19 1, but not more than 2, of the 6 non-insurance  
20 Directors elected:

21 “(i) Insurance agents or brokers.

22 “(ii) State insurance regulators.

23 “(iii) Risk assessment experts who are  
24 members of the National Academy of  
25 Sciences.



1           “(iv) Consumers of property-casualty  
2 insurance, including consumers of commer-  
3 cial insurance.

4           “(v) Representatives of the banking or  
5 real estate industry which are impacted by  
6 property-casualty insurance.

7           “(C) VACANCIES.—A vacancy on the  
8 Board shall be immediately filled with a new  
9 Director selected in the manner described in the  
10 plan of operation developed under section 902.

11          “(3) TERMS OF SERVICE.—All 15 Directors  
12 elected under paragraph (2) shall serve staggered  
13 terms for a maximum of 6 years as determined by  
14 the Board at the time of election.

15          “(4) CHAIRPERSON.—The Board shall select a  
16 chairperson from among its 15 Directors.

17          “(5) FIDUCIARY DUTY.—For carrying out the  
18 purposes of this Act, the members of the Board,  
19 once selected under paragraph (2), shall have a fidu-  
20 ciary duty to the Corporation, not to their employer  
21 or to the special interests they may represent.

22          “(e) POWERS.—

23          “(1) CONTROL.—The Corporation shall be pri-  
24 vately owned by its members as described in sub-

1 section (b) and under the direction of its Board of  
2 Directors as described in subsection (d).

3 “(2) GENERAL POWERS.—Upon selection of the  
4 9 insurance Directors described in subsection  
5 (d)(2)(A), the Corporation shall be empowered to  
6 take all necessary and appropriate actions to imple-  
7 ment this title, including hiring staff, making con-  
8 tracts, and paying the salaries and expenses of em-  
9 ployees with funds from start-up loans described in  
10 subsection (c)(2) and the trust accounts described in  
11 section 906.

12 “(3) SPECIFIC POWERS.—Consistent with the  
13 plan of operation developed under section 902, the  
14 Corporation, under the direction of its Board, shall  
15 have the power to—

16 “(A) provide the primary insurance cov-  
17 erages described in subtitle B and provide the  
18 reinsurance coverage described in subtitle C;

19 “(B) manage the trust accounts described  
20 in section 906;

21 “(C) raise funds by issuing obligations in  
22 the private market, provided that such obliga-  
23 tions shall not carry the full faith and credit of  
24 the United States; and

1           “(D) take all other actions necessary and  
2           proper to carry out the operations of the Cor-  
3           poration.

4           “(4) EXCLUDED POWERS.—The Corporation  
5           shall not—

6                   “(A) exercise powers that are reserved to  
7                   the Federal Government as sovereign;

8                   “(B) have the power to commit any sov-  
9                   ereign government financially; and

10                   “(C) have as employees Federal employees  
11                   subject to title 5 of the United States Code.

12           “(f) TAX STATUS.—

13                   “(1) IN GENERAL.—The Corporation shall be  
14                   subject to the Federal taxation applied to private  
15                   corporations, except as described in paragraph (2).

16                   “(2) NET OPERATING LOSS CARRYBACK.—Con-  
17                   sistent with the section 172(b)(1) of the Internal  
18                   Revenue Code of 1986 (26 U.S.C. 172(b)(1)), a net  
19                   operating loss of the Corporation for any taxable  
20                   year shall be a—

21                           “(A) net operating loss carryback to each  
22                           of the taxable years during the period—

23                                   “(i) beginning with the taxable year in  
24                                   which the Corporation commenced oper-  
25                                   ation, and

1                   “(ii) ending with the taxable year pre-  
2                   ceding the loss year, and

3                   “(B) a net operating loss carryover to each  
4                   of the 15 taxable years following the taxable  
5                   year of the loss.

6                   “(g) LIMITATIONS OF LIABILITY.—

7                   “(1) INDIVIDUAL MEMBERS.—Individual mem-  
8                   bers of the Corporation, as defined in subsection (b),  
9                   shall not be liable, or in any way responsible, for the  
10                  obligations of the Corporation and the trust ac-  
11                  counts described in section 906.

12                  “(2) UNDER FEDERAL LAW.—No action by the  
13                  Corporation or its Board pertaining to the plan of  
14                  operation described in section 902 or the rates de-  
15                  scribed in section 903 shall subject the Corporation  
16                  or the Board to liability under Federal law or any  
17                  law of a State if that action has been taken pursu-  
18                  ant to authority taken under this Act.

19                  **“SEC. 902 PLAN OF OPERATION.**

20                  “(a) ESTABLISHMENT.—

21                  “(1) DEVELOPMENT.—The Board shall develop  
22                  a plan of operation (hereinafter in this title referred  
23                  to as the “plan”) describing the administration of  
24                  the Corporation and the provision of the insurance  
25                  coverages provided by the Corporation.

1           “(2) GENERAL CONTENTS.—The plan shall set  
2           forth the specific policy and programmatic details,  
3           including all guidelines, criteria, definitions, clari-  
4           fications, and procedures necessary for the primary  
5           insurance coverages described in subtitle B and the  
6           reinsurance coverage described in subtitle C to oper-  
7           ate under standard conditions of insurance which  
8           shall be applicable in all States.

9           “(3) INSURANCE COVERAGE PARTICULARS.—  
10          The plan, at a minimum, shall include the following  
11          particulars regarding the insurance coverages issued  
12          or provided by the Corporation:

13                 “(A) The final rates, or adjustments there-  
14                 to, established under section 903.

15                 “(B) The specific terms and conditions  
16                 which shall include—

17                         “(i) coverage eligibility requirements;

18                         “(ii) coverage limits;

19                         “(iii) deductibles;

20                         “(iv) quota-share amounts as de-  
21                         scribed in section 914(c); and

22                         “(v) levels of retained losses as de-  
23                         scribed in section 923.

24                 “(C) The specific insurance forms and pol-  
25                 icy contracts.

1           “(D) The criteria for the settlement of in-  
2           surance claims.

3           “(4) MISCELLANEOUS PLAN PROVISIONS.—The  
4           plan, at a minimum, shall include the following mis-  
5           cellaneous provisions:

6           “(A) The minimum financial viability  
7           standards necessary for private insurers and  
8           State insurance pools to qualify as eligible enti-  
9           ties to purchase the reinsurance coverage under  
10          section 921(b).

11          “(B) The commercial lines of insurance  
12          which have a significant loss potential from  
13          earthquakes, volcanic eruptions, tsunamis, and  
14          hurricanes that will be used in determining  
15          commercial losses.

16          “(C) The terms for the repayment of any  
17          obligations issued in the private market pursu-  
18          ant to section 901(e)(3)(C).

19          “(D) The conditions for private insurers to  
20          withdraw from acting as service providers of the  
21          primary insurance coverages pursuant to sec-  
22          tion 906(d)(3)(C).

23          “(E) Appropriate limitations on private in-  
24          surers acting as service providers of the pri-  
25          mary insurance coverages under section 912(b)

1 from withdrawing from offering property and  
2 casualty insurance in the voluntary private mar-  
3 ket in certain States.

4 “(F) Grievance procedures for resolving  
5 disputes among members of the Corporation re-  
6 sulting from the decisions of the Board.

7 “(5) PROPRIETARY INFORMATION.—To the  
8 maximum extent practicable, the plan of operation  
9 shall protect as proprietary specific information pro-  
10 vided by private insurers necessary to develop the  
11 rates and specific terms and conditions of the insur-  
12 ance coverages issued or provided by the Corpora-  
13 tion.

14 “(6) INSURER STABILITY IN THE INSURANCE  
15 COVERAGES.—To the maximum extent practicable,  
16 the plan of operation shall encourage stability with  
17 respect to private insurer participation in the insur-  
18 ance coverages issued or provided by the Corpora-  
19 tion.

20 “(b) APPROVAL OF THE PLAN.—The plan described  
21 in paragraph (a), and amendments thereto, shall be re-  
22 vised and approved by the Natural Disaster Insurance  
23 Board of Actuaries according to the process described in  
24 section 904(c).

1       “(c) ANNUAL REPORT.—The Board shall prepare a  
2 written report annually on the overall operations of the  
3 Corporation which shall be distributed to all members of  
4 the Corporation and to the Independent Board of Actuar-  
5 ies established in section 904.

6       **“SEC. 903. PRICING.**

7       “(a) ESTABLISHMENT OF RATES.—Using generally  
8 accepted actuarial principles and consistent with section  
9 904(d)(5), the Board shall develop and establish, and ad-  
10 just when necessary, the rates for the primary insurance  
11 coverages issued by the Corporation under section 911 and  
12 rates for the reinsurance coverage provided by the Cor-  
13 poration under section 921. Such rates, and adjustments  
14 thereto, shall be based on historical aggregate losses sup-  
15 plemented by natural disaster modeling techniques and  
16 other scientific evidence and loss adjustment expenses cal-  
17 culated to determine to their ultimate value and projected  
18 through the utilization of trend analysis to a future point  
19 of time.

20       “(b) ACTUARIALLY SOUND REQUIREMENT.—The  
21 rates established or adjusted under subsection (a) shall be  
22 actuarially sound by reflecting the risk of loss to the in-  
23 sured property from the natural disaster perils covered  
24 and shall satisfy the following two actuarial principles:



1           “(1) MINIMIZE CROSS-SUBSIDIZATION.—The  
2 rates established shall result in a minimum of cross-  
3 subsidization between the geographic risk territories.

4           “(2) FINANCIAL SOUNDNESS.—The rates estab-  
5 lished shall produce expected premiums which shall  
6 be sufficient to pay for all claims, loss adjustment  
7 expense, and all administrative costs due to the Cor-  
8 poration for the two trust accounts established  
9 under section 906.

10          “(c) APPROVAL OF RATES.—The rates, and adjust-  
11 ments thereto, developed by the Board under this section  
12 shall be reviewed and approved by the Natural Disaster  
13 Insurance Board of Actuaries according to the process de-  
14 scribed in section 904.

15 **“SEC. 904. INSURANCE BOARD OF ACTUARIES.**

16          “(a) ESTABLISHMENT.—There is established an inde-  
17 pendent Natural Disaster Insurance Board of Actuaries  
18 (in this section referred to as the “Independent Board”)  
19 to review and approve the plan of operation developed  
20 under section 902 and the rates developed under section  
21 903.

22          “(b) MEMBERSHIP.—

23               “(1) APPOINTMENT.—

24                       “(A) INITIAL APPOINTMENT.—The Inde-  
25 pendent Board shall be composed of 5 members

1 appointed by the Secretary of the United States  
2 Treasury (hereinafter in this title referred to as  
3 the “Secretary”) within 180 days of the date of  
4 enactment of the Natural Disaster Protection  
5 Partnership Act of 1995.

6 “(B) VACANCIES.—The Secretary shall im-  
7 mediately appoint new members to fill any va-  
8 cancies that arise on the Independent Board.

9 “(2) QUALIFICATIONS.—The members of the  
10 Independent Board described in paragraph (1)—

11 “(A) shall be citizens of the United States;

12 “(B) shall not be employees of members of  
13 the Corporation; and

14 “(C) shall be professional actuaries who—

15 “(i) are members of the Casualty Ac-  
16 tuarial Society or the American Academy  
17 of Actuaries and meet the Academy’s qual-  
18 ification standards for public statements of  
19 actuarial opinion, and

20 “(ii) have previous experience in set-  
21 ting actuarially sound property and cas-  
22 ualty rates.

23 “(3) CHAIRPERSON.—The Secretary shall des-  
24 ignate a chairperson of the Independent Board from

1 among members appointed to the Independent  
2 Board.

3 “(4) TERMS OF SERVICE.—All members ap-  
4 pointed under paragraph (2) shall serve staggered  
5 terms for a maximum of 6 years as determined by  
6 the Secretary at the time of appointment.

7 “(c) APPROVAL OF THE PLAN OF OPERATION.—

8 “(1) SUBMISSION OF DRAFT PLAN TO INDE-  
9 PENDENT BOARD.—A draft plan of operation that  
10 satisfies the requirements of section 902(a) shall be  
11 submitted by the Board of the Corporation to the  
12 Independent Board within 15 months of enactment  
13 of the Natural Disaster Protection Partnership Act  
14 of 1995.

15 “(2) APPROVAL OF THE PLAN.—The draft plan  
16 submitted to the Independent Board under para-  
17 graph (1) shall be deemed approved and shall be-  
18 come final, except if within 90 days of receiving the  
19 plan from the Board, the Independent Board dis-  
20 approves it pursuant to the standard described in  
21 paragraph (3).

22 “(3) STANDARD FOR DISAPPROVAL.—The Inde-  
23 pendent Board may disapprove the entirety of the  
24 draft plan described in paragraph (2) only if the

1 plan, as a whole, is materially inconsistent with the  
2 provisions of this title.

3 “(4) OPPORTUNITY TO CURE.—If the Independ-  
4 ent Board disapproves the draft plan under para-  
5 graph (2), the chairperson of the Independent Board  
6 shall immediately return such plan to the Board  
7 with written instructions of the changes required for  
8 the plan to be materially consistent with the provi-  
9 sions of this title. The Board shall modify the plan  
10 consistent with the Independent Board’s instructions  
11 and submit it back to the Independent Board for ap-  
12 proval according to the process described in its sub-  
13 section.

14 “(5) AMENDMENTS TO THE PLAN.—Any  
15 amendments to the plan shall be developed by the  
16 Board of the Corporation under section 902 and ap-  
17 proved by the Independent Board according to the  
18 process described in this subsection.

19 “(6) REPORT TO SECRETARY.—After reviewing  
20 the draft plan of operation, and amendments there-  
21 to, the Independent Board shall prepare and submit  
22 a report to the Secretary of its finding regarding  
23 such plan.

24 “(d) APPROVAL OF THE RATES.—

1           “(1) SUBMISSION OF PROPOSED RATES TO THE  
2 INDEPENDENT BOARD.—Rates developed by the  
3 Board that are proposed to be established for the in-  
4 surance coverages issued or provided by the Cor-  
5 poration under section 903(a), including any meth-  
6 odologies used in developing such rates, shall be sub-  
7 mitted by the Board of the Corporation to the Inde-  
8 pendent Board within 12 months of the date of en-  
9 actment of the Natural Disaster Protection Partner-  
10 ship Act of 1995.

11           “(2) APPROVAL BY THE INDEPENDENT  
12 BOARD.—

13           “(A) PRIMARY INSURANCE COVERAGES  
14 RATES.—The rates proposed for the primary in-  
15 surance coverages submitted to the Independent  
16 Board under paragraph (1) shall be deemed ap-  
17 proved, except if within 90 days of receiving  
18 such proposed rates, the Independent Board  
19 disapproves such rates pursuant to the stand-  
20 ard described in paragraph (3).

21           “(B) REINSURANCE COVERAGE METH-  
22 ODOLOGIES.—The methodologies used in devel-  
23 oping the rates proposed for the reinsurance  
24 coverage submitted to the Independent Board  
25 under paragraph (1) shall be deemed approved,

1           except if within 90 days of receiving such meth-  
2           odologies, the Independent Board disapproves  
3           such methodologies pursuant to the standard  
4           described in paragraph (3).

5           “(3) STANDARD FOR DISAPPROVAL.—The Inde-  
6           pendent Board may disapprove the rates or meth-  
7           odologies described in paragraph (2) only if compel-  
8           ling and substantial actuarial evidence is presented  
9           on the record that the rates or methodologies are  
10          materially inconsistent with the actuarial soundness  
11          requirement of section 903(b).

12          “(4) OPPORTUNITY TO CURE.—If the Independ-  
13          ent Board disapproves any proposed rates or meth-  
14          odologies under this subsection, the chairperson of  
15          the Independent Board shall immediately return  
16          such rates and methodologies to the Board of the  
17          Corporation with written instructions of the changes  
18          required to the rates and methodologies to satisfy  
19          the actuarial requirement of section 903(b). The  
20          Board shall modify the rates or methodologies con-  
21          sistent with the Independent Board’s instructions  
22          and submit them back to the Independent Board for  
23          approval according to the process described in the  
24          subsection.

25          “(5) APPROVAL OF RATES.—

1           “(A) PRIMARY INSURANCE COVERAGES  
2 RATES.—Once the rates for the primary insur-  
3 ance coverages are approved by the Independ-  
4 ent Board under this subsection, such rates as  
5 proposed under paragraph (1) shall become  
6 final and shall be included by the Board in the  
7 plan of operation under section 902 for the pri-  
8 mary insurance coverages issued by the Cor-  
9 poration.

10           “(B) REINSURANCE COVERAGE RATES.—  
11 Once the methodologies for the reinsurance cov-  
12 erage rates are approved by the Independent  
13 Board under this subsection, the rates proposed  
14 under paragraph (1) for the reinsurance cov-  
15 erage shall become final and shall be included  
16 by the Board in the plan of operation under  
17 section 902 for the reinsurance coverage pro-  
18 vided by the Corporation.

19           “(6) ADJUSTMENTS OF THE RATES.—Any ad-  
20 justment of the rates for the primary insurance cov-  
21 erages and the methodologies used in developing the  
22 rates for the reinsurance coverage shall be developed  
23 by the Board of the Corporation under section 903  
24 and approved by the Independent Board according  
25 to the process described in this subsection.

1       “(e) CONSULTATION.—The Independent Board shall  
2 consult risk assessment experts at the United States Geo-  
3 logical Survey (or its designated successor agency), the  
4 National Oceanic and Atmospheric Administration (or its  
5 designated successor agency), the National Academy of  
6 Sciences, and similar public and private scientific groups  
7 to ensure the accuracy of natural disaster risk models and  
8 the geographic rating territories used in developing and  
9 approving the actuarial rates under this paragraph.

10 **“SEC. 905. PARTICIPATION OF STATE INSURANCE REGU-**  
11 **LATORS.**

12       “(a) INFORMATIONAL FILINGS.—

13           “(1) ITEMS TO FILE.—The Board shall file with  
14 each State insurance regulator information copies of  
15 the initial material and future revisions to the fol-  
16 lowing items:

17                   “(A) The rates charged for the primary  
18 coverage issued by the Corporation under sub-  
19 title B.

20                   “(B) Any insurance forms or policies and  
21 subsequent revisions that describe the terms or  
22 conditions of the insurance coverages issued or  
23 provided by the Corporation.

24           “(2) NOT SUBJECT TO APPROVAL.—Except as  
25 provided in paragraph (3), none of the items submit-



1       ted to the State insurance regulators under para-  
2       graph (1) shall be subject to the approval of such  
3       State insurance regulators.

4           “(3) FILING OF DEVIATIONS.—

5           “(A) GENERAL AUTHORITY.—Subject to  
6       the limitation in subparagraph (B), private in-  
7       surers participating as service providers of the  
8       primary insurance coverages under section  
9       912(b) may use rates which deviate from those  
10      established by the Corporation.

11          “(B) DEVIATIONS LIMITED TO INSURER  
12      COSTS.—The rate deviations described in sub-  
13      paragraph (A) shall be based only on the pri-  
14      vate insurers difference in cost from those used  
15      by the Corporation for calculating that portion  
16      of the rate filed by the Corporation under para-  
17      graph (1)(A) which compensate the private in-  
18      surer for its costs, including administrative ex-  
19      penses, agent commissions, and taxes.

20          “(C) STATE REQUIREMENTS.—The rate  
21      deviations described in this paragraph shall be  
22      subject to any applicable State requirement for  
23      the filing of property insurance rates.

24          “(b) CLAIMS SETTLEMENT.—Inquiries and com-  
25      plaints dealing with claims settlement practices related to

1 the insurance coverages issued or provided by the Cor-  
2 poration, including those brought to the attention of a  
3 State insurance regulator, are to be handled by the Cor-  
4 poration in accordance with the plan of operation under  
5 section 902.

6       “(c) STATE PREMIUM TAXES.—States may assess in-  
7 surance premium taxes on the insurance policies issued  
8 under section 911 by the Corporation, except that a State  
9 shall not charge a premium tax greater than the premium  
10 taxes assessed by the State for the standard residential  
11 property insurance contracts charged by domestic private  
12 insurers.

13       “(d) STATE FUNDS.—The Corporation shall not par-  
14 ticipate in any State guaranty insurance fund or any State  
15 insurance pool. Policyholders of the Corporation shall not  
16 have claims against any State guaranty insurance fund for  
17 purposes of the insurance coverages issued or provided by  
18 the Corporation.

19       “(e) STATE REQUIRED DISASTER INSURANCE POLI-  
20 CIES.—A private insurer acting as a service provider of  
21 primary insurance coverages under subtitle B shall not be  
22 required by any State to sell insurance coverages or par-  
23 ticipate in any program which provides insurance for  
24 earthquakes, volcanic eruptions, tsunamis, or hurricanes  
25 in amounts greater than provided by the primary insur-

1   ance coverages issued by the Corporation for which such  
2   private insurer acts as a service provider.

3   **“SEC. 906. TRUST ACCOUNTS.**

4       “(a) PRIMARY INSURANCE COVERAGE TRUST AC-  
5   COUNT.—

6           “(1) ESTABLISHMENT.—The Corporation shall  
7       establish and maintain a primary insurance coverage  
8       trust account (hereinafter in this Act referred to as  
9       the “primary account”) to hold funds in trust gen-  
10      erated through the primary insurance coverages de-  
11      scribed in subtitle B.

12          “(2) ACCOUNT DEPOSITS.—Except for the  
13      amount set aside for the Mitigation Account under  
14      section 1004(b), the portion of the premiums col-  
15      lected by private insurers servicing the primary in-  
16      surance coverage policies described in subtitle B  
17      which is due the Corporation, plus any interest in-  
18      come accrued on such premiums, shall be deposited  
19      in the primary account.

20          “(3) PAYMENT OF CLAIMS.—From amounts in  
21      the primary account, the Corporation shall only pay  
22      qualifying claims and loss adjustment expenses, as  
23      described in section 914(d), to private insurers act-  
24      ing as service providers of the primary insurance  
25      coverages

1 “(b) REINSURANCE COVERAGE TRUST ACCOUNT.—

2 “(1) ESTABLISHMENT.—The Corporation shall  
3 establish and maintain a reinsurance coverage trust  
4 account (hereinafter in this Act referred to as the  
5 “reinsurance account”) to hold funds in trust gen-  
6 erated through the reinsurance coverage described in  
7 subtitle C.

8 “(2) ACCOUNT DEPOSITS.—Except for the  
9 amount set aside for the Mitigation Account under  
10 section 1004(b), the premiums paid by private insur-  
11 ers which purchased the reinsurance coverage policy  
12 described in subtitle C, plus any interest income ac-  
13 crued on such premiums, shall be deposited in the  
14 reinsurance account.

15 “(3) PAYMENT OF CLAIMS.—From amounts in  
16 the reinsurance account, the Corporation shall pay  
17 qualifying claims, as described in section 922(c), to  
18 private insurers which purchased the reinsurance  
19 coverage.

20 “(c) INVESTMENTS.—

21 “(1) GENERAL AUTHORITY.—The Board of the  
22 Corporation shall invest amounts in the primary ac-  
23 count and the reinsurance account not required to  
24 meet current financial commitments as the Board  
25 sees appropriate.

1           “(2) DEPOSITS.—Any income generated from  
2 the investments described in paragraph (1) shall be  
3 deposited, as appropriate, into the primary account  
4 or the reinsurance account.

5           “(d) FEDERAL LOANS.—

6           “(1) LENDING AUTHORITY.—To the extent that  
7 the accumulated assets of the Corporation’s trust ac-  
8 counts described in subsection (a) or (b), or funds  
9 raised by issuing obligations in the private market  
10 pursuant to section 901(e)(3)(C), are insufficient to  
11 pay claims and expenses resulting from the primary  
12 insurance coverages or the reinsurance coverage, the  
13 Secretary of Treasury shall provide direct loans from  
14 the Private Loss Account established by section  
15 1002 in sufficient amounts to cover such shortfall in  
16 accordance with this subsection.

17           “(2) CONDITIONS.—The following conditions  
18 shall apply to any Federal loans provided to the Cor-  
19 poration under this subsection:

20           “(A) The total amount of outstanding  
21 loans at any given time shall not exceed the ca-  
22 pacity of the Corporation to repay those loans  
23 within 20 years.

24           “(B) All loans authorized by this sub-  
25 section shall be made under terms and condi-

1 tions so that the subsidy cost to the Federal  
2 Government for purposes of title V of the Con-  
3 gressional Budget Act of 1974 (2 U.S.C. 661 et  
4 seq.) is zero at the time the loans are made.

5 “(C) All loans are subject to such extent  
6 and in such amounts as are provided in appro-  
7 priations Acts.

8 “(3) REPAYMENT.—

9 “(A) IN GENERAL.—Consistent with para-  
10 graph (2), any amounts borrowed from, and to  
11 be repaid to, the Federal Government under  
12 this subsection shall be recouped, including in-  
13 terest on the borrowed funds, in addition to fu-  
14 ture rates, respectively, for the primary insur-  
15 ance coverages issued under section 911 and for  
16 the reinsurance coverage provided under section  
17 921.

18 “(B) INTEREST RATES.—The borrowing by  
19 the Corporation shall be at non-subsidized in-  
20 terest rates determined by the Secretary, taking  
21 into consideration the current average market  
22 yield on outstanding marketable obligations of  
23 the United States of comparable maturities.

24 “(C) PRIMARY COVERAGE REPAYMENT  
25 TERMS.—The Corporation shall require under

1 its contractual terms and conditions with pri-  
2 vate insurers acting as service providers of the  
3 primary insurance coverages under section 912  
4 that such private insurers which receive reim-  
5 bursements for qualifying claims under section  
6 914(d) that consist of monies loaned from the  
7 Federal Government or from private sources  
8 under this subsection shall either—

9 “(i) continue acting as service provid-  
10 ers of such primary insurance coverage at  
11 levels which are at least as great as before  
12 the receipt of such reimbursements until  
13 such borrowed monies, including interest,  
14 are repaid pursuant to subparagraph (A);  
15 or

16 “(ii) opt to discontinue acting as serv-  
17 ice providers of such primary insurance  
18 coverages, provided such private insurers  
19 satisfy the conditions of withdrawal set by  
20 the Board of the Corporation in the plan  
21 of operation under section 902(a)(4)(D).

22 “(D) REINSURANCE REPAYMENT TERMS.—

23 The Corporation shall require under its contrac-  
24 tual terms and conditions with eligible entities  
25 as defined in section 921(b) that such entities

1           which receive payments for qualifying claims  
2           under section 922(c) that consist of monies  
3           loaned from the Federal Government or from  
4           private sources under this subsection shall ei-  
5           ther—

6                       “(i) continue to purchase the reinsur-  
7                       ance coverage provided under section 921  
8                       at levels which are at least as great as be-  
9                       fore the receipt of such payments until  
10                      such borrowed monies, including interest,  
11                      are repaid pursuant to subparagraph (A);  
12                      or

13                     “(ii) repay its portion of such bor-  
14                     rowed monies, including interest, within a  
15                     reasonable period established by the Cor-  
16                     poration.

17                   “(4) MITIGATION PAYMENTS.—Failure of the  
18                   Corporation to pay natural disaster hazard mitiga-  
19                   tion funds and deposit such funds in the Mitigation  
20                   Account as provided in section 1004 shall render the  
21                   Corporation ineligible to obtain Federal loans under  
22                   this subsection.

23                   “(e) NO CO-MINGLING.—The amounts in the pri-  
24                   mary account established in subsection (a) and the rein-  
25                   surance account in subsection (b) shall be kept separate.



1 The Corporation shall not permit borrowing of monies be-  
2 tween the 2 accounts.

3 **“SEC. 907. NO FEDERAL FUNDS.**

4 “Except for section 906(d), no Federal funds shall  
5 be authorized or appropriated to fund any activity of the  
6 Corporation.

7 **“SEC. 908. GAO AUDIT.**

8 “(a) INITIAL AUDIT.—12 months after the Corpora-  
9 tion starts issuing primary insurance coverages under sec-  
10 tion 911 and providing reinsurance coverage under section  
11 921 the Comptroller General of the United States shall  
12 audit activities of the Corporation and the Natural Disas-  
13 ter Insurance Board of Actuaries established by section  
14 904 to ensure both entities are complying with the provi-  
15 sions of this Act.

16 “(b) FOLLOW-UP AUDITS.—Following the completion  
17 of the audit described in subsection(a), the Comptroller  
18 General of the United States shall conduct similar audits  
19 at least every 3 years for as long as the Corporation issues  
20 and provides insurance or reinsurance coverages.

21 “(c) SUBMISSION TO CONGRESS.—The Comptroller  
22 General of the United States shall submit reports of the  
23 audits performed under this section to the Congress.

1       **“Subtitle B—Primary Insurance**  
2                                   **Coverages**

3       **“SEC. 911. SCOPE OF COVERAGE.**

4           “(a) GENERAL AUTHORITY.—As a condition of re-  
5       ceiving Federal loans under section 906(d), the Corpora-  
6       tion shall issue primary insurance coverages which shall—

7                   “(1) cover losses to the eligible property de-  
8               scribed in subsection (b) resulting from the natural  
9               disaster perils described in subsection (c); and

10                   “(2) have the terms and conditions described in  
11               section 914.

12           “(b) ELIGIBILITY PROPERTY.—The primary insur-  
13       ance coverages provided by the Corporation shall insure  
14       against physical damages and losses to residential prop-  
15       erty, including debris removal, additional living expense  
16       incurred as a result of direct damage to the residential  
17       property, and ordinance and law coverages.

18           “(c) NATURAL DISASTER PERILS COVERED.—The  
19       primary insurance coverages issued by the Corporation  
20       shall cover any damage to the eligible property and related  
21       coverages described in subsection (b) proximately caused  
22       by—

23                   “(1) an earthquake, except for any fire proxi-  
24               mately caused by an earthquake;

1           “(2) a volcanic eruption, including any fire  
2           proximately caused by a volcanic eruption;

3           “(3) a tsunami associated with an earthquake  
4           or volcanic eruption; and

5           “(4) a hurricane.

6   **“SEC. 912. PROVISION OF COVERAGE.**

7           “(a) TYPE OF POLICY.—The primary insurance cov-  
8           erages described in section 911 shall be supplemental con-  
9           tracts of insurance which shall be issued by the Corpora-  
10          tion in conjunction with standard residential property in-  
11          surance contracts issued by private insurers acting as  
12          service providers.

13          “(b) PRIVATE INSURERS ACTING AS SERVICE PRO-  
14          VIDERS.—Private insurers which are participating as  
15          members of the Corporation under section 901(b) may act  
16          as service providers by offering the primary insurance cov-  
17          erages described in section 911 according to the terms of  
18          this subsection.

19          “(1) SEISMIC PERILS.—Private insurers acting  
20          as service providers shall offer the primary insurance  
21          coverages on behalf of the Corporation for the earth-  
22          quake, volcanic eruption, and tsunami perils, as de-  
23          scribed in section 911(c), to all of its residential  
24          property policyholders in earthquake, volcanic erup-

1 tion, and tsunami-prone States as determined by  
2 section 804.

3 “(2) HURRICANE PERIL.—Private insurers act-  
4 ing as service providers may also elect to offer the  
5 primary insurance coverage on behalf of the Cor-  
6 poration for the hurricane peril, provided it is of-  
7 fered to all of its residential property policyholders  
8 in hurricane-prone States as determined by section  
9 804.

10 “(3) QUOTA-SHARE AMOUNTS.—Any private in-  
11 surer acting as a service provider shall agree to ac-  
12 cept the quota-share amounts for each coverage as  
13 described in section 914(c).

14 **“SEC. 913. INSURANCE PURCHASE REQUIREMENT.**

15 “(a) COVERAGE REQUIRED WITH FEDERAL MORT-  
16 GAGES.—No federally related mortgage loan secured by  
17 residential property located in an earthquake, volcanic  
18 eruption, tsuanami, or hurricane-prone State shall be  
19 made, renewed unless the property securing the loan is  
20 covered by—

21 “(1) the primary insurance coverages insured  
22 by the Corporation described in section 911, or

23 “(2) coverage insured by a private insurer  
24 which has at least equivalent terms, conditions, and  
25 rates as the primary insurance coverages for seismic

1 perils as described in section 912(b)(1) and which  
2 has at least equivalent terms and conditions as the  
3 primary insurance coverage for the hurricane peril  
4 as described in section 912(b)(2).

5 “(b) ESCROW INSURANCE PREMIUMS.—

6 “(1) ESCROW REQUIREMENTS.—If the lender or  
7 other servicer of residential property mortgage loans  
8 requires the escrowing of taxes, insurance premiums,  
9 or any other charges, any premiums from earth-  
10 quake, volcanic eruption, tsunami, and hurricane in-  
11 surance for residential property acting as security  
12 for a federally related mortgage loan shall be paid  
13 to such lender or servicer of the loan. Such pre-  
14 miums shall be paid in a manner sufficient to make  
15 payments as due for the duration of the loan.

16 “(2) ESCROW ACCOUNT.—Upon receipt of the  
17 premiums described in paragraph (1), the lender or  
18 servicer of the residential property loan shall deposit  
19 the premiums in an escrow account on behalf of the  
20 borrower. Upon receipt of a notice from the private  
21 issuer acting as a service provider or direct insurer  
22 of the earthquake, volcanic eruption, tsunami, and  
23 hurricane insurance that insurance premiums are  
24 due, the lender or servicer shall pay from the escrow

1 account to the provider of the insurance the amount  
2 of the insurance premiums owed.

3 “(c) ELIGIBILITY REQUIREMENTS.—

4 “(1) RESIDENTIAL PROPERTY.—Residential  
5 property owners in natural disaster-prone States  
6 shall be ineligible to receive any financial assistance  
7 provided under sections 408 or 411 or any other  
8 similar disaster assistance provided by any Federal  
9 Agency if—

10 “(A) the residential property was not in-  
11 sured at the time of the natural disaster at cov-  
12 erage levels which are at least as sufficient as—

13 “(i) the primary insurance coverages  
14 provided under section 911; and

15 “(ii) the flood coverage provided  
16 under the National Flood Insurance Act of  
17 1968 (42 U.S.C. 4001 et seq.); provided  
18 that the residential owner is required to  
19 have such coverage under such Act; and

20 “(B) the annual household income of the  
21 residential property owner exceeds \$60,000 in  
22 1995 dollars, adjusted annually in accordance  
23 with the percentage change in the Consumer  
24 Price Index.

1           “(2) BUSINESS PROPERTIES.—Owners of busi-  
2           ness properties in natural disaster-prone States shall  
3           be ineligible to receive any financial assistance pro-  
4           vided under sections 408 or 411 or any other similar  
5           disaster assistance provided by the Small Business  
6           Administration or any other Federal agency if the  
7           business property was not insured at the time of the  
8           natural disaster by disaster insurance that comports  
9           with the coverages described in paragraph (1)(A).

10          “(d) CONDITIONS.—The provisions of subsections  
11 (a), (b), and (c) shall not take effect until—

12           “(1) the Corporation described in section 901  
13           has been established;

14           “(2) the terms and conditions of the primary  
15           insurance coverages issued by the Corporation under  
16           section 911 satisfy the provisions of section 914; and

17           “(3) the premiums written by the private insur-  
18           ers participating as service providers of the Corpora-  
19           tion described in section 912(b) represents, at any  
20           given time, at least 51 percent of the private resi-  
21           dential property insurance market in the natural dis-  
22           aster-prone States.

23          **“SEC. 914. TERMS AND CONDITIONS.**

24           “(a) GENERAL AUTHORITY.—

1           “(1) SETTING THE TERMS AND CONDITIONS.—  
2           The Board of the Corporation shall set the terms  
3           and conditions of the primary insurance coverages  
4           provided under this subtitle. Such terms and condi-  
5           tions, as may be modified from time to time, shall  
6           be included in the plan of operation pursuant to sec-  
7           tion 902.

8           “(2) GUIDING PRINCIPLE.—the terms and con-  
9           ditions for the primary insurance coverage policies  
10          shall be standardized and designed, to the maximum  
11          extent practicable, to limit the financial exposure of  
12          the primary account described in section 906(a) to  
13          a manageable level given the probable maximum  
14          losses for the natural disaster perils described in sec-  
15          tion 911(c).

16          “(3) CONSIDERATIONS.—In setting the terms  
17          and conditions of the primary insurance coverages,  
18          the Board of the Corporation should give due consid-  
19          eration to the following:

20                 “(A) The rates, the scope and limits of  
21                 coverage, and the deductibles in the standard  
22                 residential property insurance contract for the  
23                 natural disaster perils described in section  
24                 911(c) available in the voluntary primary mar-



1 ket on the date of enactment of Natural Disas-  
2 ter Protection Partnership Act of 1995.

3 “(B) the viability of the Corporation to  
4 maintain a financially prudent level of risk in  
5 protecting against the exposure caused, in part,  
6 by the insurance purchase requirement de-  
7 scribed in Section 913.

8 “(b) SPECIFIC TERMS AND CONDITIONS.—The terms  
9 and conditions for the primary insurance coverages shall  
10 include the following:

11 “(1) Limits on the amount of coverage avail-  
12 able.

13 “(2) Rates as determined under section 903.

14 “(3) Deductibles which may vary based on the  
15 type of peril, geographic areas, and the existence of  
16 loss-reduction measures that affect the risk of loss.

17 “(4) Any other terms and conditions that may  
18 be necessary to carry out the purposes of the sub-  
19 title.

20 “(c) QUOTA-SHARE AMOUNTS.—

21 “(1) IN GENERAL.—The primary insurance cov-  
22 erages issued by the Corporation shall offer quota-  
23 share amounts as described in this subsection that  
24 private insurers participating as service providers  
25 shall agree to retain, except that such private insur-

1       ers have the option to retain higher quota-share  
2       amounts.

3           “(2) SEISMIC PERILS.—The quota-share  
4       amount offered by the Corporation for the earth-  
5       quake, volcanic-eruption, and tsunami perils shall be  
6       10 percent.

7           “(3) HURRICANE PERIL.—The quota-share  
8       amount offered by the Corporation for the hurricane  
9       peril shall be 50 percent.

10       “(d) PAYMENT OF CLAIMS.—

11           “(1) PAYING QUALIFYING LOSSES.—Private in-  
12       surers acting as service providers of the primary in-  
13       surance coverages under this subtitle shall pay quali-  
14       fying losses to policyholders as determined by the  
15       terms of the primary insurance coverage policies,  
16       provided the Corporation certifies to the private in-  
17       surers that sufficient amounts are available in the  
18       primarily account, including any Federal loans avail-  
19       able pursuant to section 906(d), to reimburse the  
20       private insurers under the provisions of paragraph  
21       (2).

22           “(2) REIMBURSEMENT OF INSURERS.—The pri-  
23       mary account described in section 906(a) shall reim-  
24       burse a private insurer within 90 days of the date  
25       for any claim payments made and loss adjustment

1 expenses incurred by such private insurer under the  
2 terms of the primary insurance coverage policies.

3 “(3) NO LIABILITY FOR PRIVATE INSURERS.—  
4 Private insurers acting as service providers of the  
5 primary insurance coverages shall not be liable, or in  
6 any way responsible, for the payment of claims for  
7 which reimbursement under the terms of paragraph  
8 (2) is not provided, except that such private insurers  
9 shall be responsible for payment of claims resulting  
10 from the quota share amounts such insurers agree  
11 to retain under subsection (c).

12 **“SEC. 915. FLOOD INSURANCE.**

13 “(a) FLOOD INSURANCE STUDY.—

14 “(1) MEASURES TO INCREASE COVERAGE.—  
15 Within 18 months of the date of enactment of the  
16 Natural Disaster Protection Partnership Act of  
17 1995, the Director and the Corporation shall jointly  
18 submit a report to Congress of any additional sanc-  
19 tions or other measures deemed necessary and ap-  
20 propriate to assure policyholders purchase Federal  
21 flood insurance provided pursuant to the National  
22 Flood Insurance Act of 1968 (42 U.S.C. 4001 et  
23 seq.).

24 “(2) ASSESSMENT OF PROPOSALS.—The report  
25 described in paragraph (1) shall include an assess-

1       ment of the advisability and feasibility of the follow-  
2       ing two proposals:

3               “(A) INCLUSION IN THE PRIMARY COV-  
4               ERAGE.—Adding the Standard Flood Insurance  
5               Policy issued pursuant to the National Flood  
6               Insurance Act of 1968 (42 U.S.C. 4001 et  
7               seq.), or the content thereof, to the primary in-  
8               surance coverage contracts issued by the Cor-  
9               poration pursuant to section 911.

10              “(B) PRIVATIZATION.—Privatizing the en-  
11              tire national flood insurance program managed  
12              by the Director pursuant to the National Flood  
13              Insurance Act of 1968 (42 U.S.C. 4001 et  
14              seq.).

15              “(b) IMPROVED PARTICIPATION IN THE FEDERAL  
16 FLOOD INSURANCE PROGRAM.—

17              “(1) WARNING STATEMENT REQUIRED FROM  
18              ALL PRIVATE INSURERS.—Not late than 18 months  
19              after the date of enactment of the Natural Disaster  
20              Protection Partnership Act of 1995, all residential  
21              property insurance contracts issued by private insur-  
22              ers which exclude coverage for physical damage  
23              caused by flooding shall bear the following warning  
24              statement: ‘FLOOD INSURANCE WARNING:  
25              This policy does not cover losses caused by flooding.

1       However, if you have purchased a separate flood in-  
2       surance policy, including one issued under the Na-  
3       tional Flood Insurance Program, you have coverage  
4       against physical damage caused by flooding. If your  
5       property is located in a flood-prone area and you  
6       have a mortgage from a bank or other lending insti-  
7       tution regulated or insured by a Federal entity (as  
8       most are), you may be required by that lending in-  
9       stitution to have flood insurance. If this requirement  
10      applies to you and you fail to have flood insurance  
11      coverage, your eligibility to obtain Federal disaster  
12      aid for flood losses could be subject to conditions.’.

13           “(2) ALTERNATIVE WARNING STATEMENT.—

14           “(A) If the private insurer is engaged in  
15      the national flood insurance program as a  
16      write-your-own company pursuant to section  
17      1345 of the National Flood Insurance Act of  
18      1968 (42 U.S.C. 4081) and the accompanying  
19      Federal regulations, the following sentence shall  
20      appear at the end of the warning statement re-  
21      quired by paragraph (1): ‘For more information  
22      about obtaining insurance to cover physical  
23      damage caused by flooding, consult your insur-  
24      ance agent, broker, or insurance company rep-  
25      resentative.’.

1           “(B) If the private insurer is not engaged  
2           as a write-your-own company as described in  
3           subparagraph (A), the following sentence shall  
4           appear at the end of the warning statement re-  
5           quired by paragraph (1): ‘For more information  
6           about obtaining insurance to cover physical  
7           damage caused by flooding, consult your insur-  
8           ance agent, broker, or insurance company rep-  
9           resentative or call the National Flood Insurance  
10          Program.’.

11          “(3) LOCATION AND FORMAT OF WARNING  
12          STATEMENT.—The warning statement required by  
13          paragraphs (1) and (2) shall be located in a con-  
14          spicuous and prominent place on the residential  
15          property insurance contract. The statement shall be  
16          displayed in legible type which contrasts by typog-  
17          raphy, layout, or color with other printed materials  
18          on the policy.

19          “(4) CONSEQUENCES OF NONCOMPLIANCE.—  
20          Private insurers failing to comply with this section  
21          shall be ineligible to participate as members of the  
22          Corporation described in section 901.

## 1 **“Subtitle C—Reinsurance Coverage**

### 2 **“SEC. 921. SCOPE OF COVERAGE.**

3       “(a) GENERAL AUTHORITY.—As a condition of re-  
4 ceiving Federal loans under section 906(d), the Corpora-  
5 tion shall make available excess reinsurance coverage  
6 which shall—

7           “(1) provide coverage to eligible entities de-  
8 scribed in subsection (b) for any direct and indirect  
9 losses for the covered losses set forth in subsection  
10 (c) that are caused by the natural disaster perils de-  
11 scribed in subsection (d); and

12           “(2) have the terms and conditions described in  
13 sections 922 and 923.

14       “(b) ELIGIBLE ENTITIES.—The following entities, as  
15 members of the Corporation, are eligible to purchase the  
16 excess reinsurance coverage described in subsection (a),  
17 provided such entities meet the minimum criteria and fi-  
18 nancial viability standards set by the Corporation in the  
19 plan of operation under section 902:

20           “(1) Private insurers.

21           “(2) State insurance pools.

22       “(c) COVERED LOSSES.—The excess reinsurance cov-  
23 erage described in subsection (a) shall insure against the  
24 following losses:

1           “(1) Residential losses, including quota-share  
2 amounts retained by the private insurers under sec-  
3 tion 914(c), not already insured by the Corporation  
4 under the primary insurance coverage policies de-  
5 scribed in section 911.

6           “(2) Commercial losses.

7           “(d) NATURAL DISASTER PERILS.—The excess rein-  
8 surance coverage described in subsection (a) shall cover  
9 losses that are proximately caused by the following natural  
10 disaster perils:

11           “(1) Earthquakes.

12           “(2) Volcanic eruptions.

13           “(3) Tsunamis.

14           “(4) Hurricanes

15 **“SEC. 922. TERMS AND CONDITIONS.**

16           “(a) GENERAL AUTHORITY.—

17           “(1) SETTING THE TERMS AND CONDITIONS.—

18           The Board of the Corporation shall set the terms  
19 and conditions of the reinsurance coverage issued  
20 under this subtitle. Such terms and conditions, as  
21 may be modified from time to time, shall be included  
22 in the plan of operation pursuant to section 902.

23           “(2) GUIDING PRINCIPLE.—The terms and con-  
24 ditions for the reinsurance coverage policy shall be—



1           “(A) similar to those generally used in pri-  
2           vate catastrophic reinsurance contracts; and

3           “(B) standardized and designed, to the  
4           maximum extent practicable, to limit the finan-  
5           cial exposure of the reinsurance account de-  
6           scribed in section 906(b) to a manageable level  
7           given the probable maximum losses for the nat-  
8           ural disaster perils described in section 921(d).

9           “(b) SPECIFIC TERMS AND CONDITIONS.—The terms  
10          and conditions for the reinsurance coverage shall include  
11          the following:

12           “(1) Limits on the amount of coverage avail-  
13          able.

14           “(2) Rates as determined under section 903  
15          which shall take into account the private insurer’s fi-  
16          nancial standing and its exposure to the natural dis-  
17          aster perils described in section 921(d).

18           “(3) Any other terms and conditions that may  
19          be necessary to carry out the purposes of this sub-  
20          title.

21          “(c) PAYMENT OF CLAIMS.—From amounts in the  
22          reinsurance account described in section 906(b), including  
23          any Federal loans provided under section 906(d), the Cor-  
24          poration shall pay the qualifying losses as determined  
25          under section 923 of those private insurers which pur-

1 chased the reinsurance coverage provided by the Corpora-  
2 tion under section 921.

3 **“SEC. 923. LEVELS OF RETAINED LOSSES.**

4 “(a) INDUSTRY WIDE ELIGIBILITY.—

5 “(1) IN GENERAL.—Excess reinsurance cov-  
6 erage under this subtitle shall be available to all pri-  
7 vate insurers eligible for reinsurance pursuant to  
8 section 921(b) in accordance with this subsection.

9 “(2) INDUSTRY RETAINED LOSSES.—

10 “(A) IN GENERAL.—The reinsurance ac-  
11 count established under section 906(b) shall  
12 provide excess reinsurance coverage when, as  
13 determined by the Board of the Corporation  
14 pursuant to the plan of operation under section  
15 902, the insurance industry is likely to incur  
16 gross losses covered under section 921(c) aris-  
17 ing from hurricane, earthquake, volcanic erup-  
18 tion, and tsunami events occurring during any  
19 12-month period that exceed 15 percent of the  
20 consolidated industry surplus as regards policy-  
21 holders.

22 “(B) CALCULATION.—Only such separate  
23 events that will likely result in industry gross  
24 losses of at least \$1,500,000,000, adjusted an-  
25 nually in accordance with the percentage

1 change in the Consumer Price Index, shall be  
2 aggregated to reach the 15 percent level for  
3 gross losses described in subparagraph (A).

4 “(3) INDIVIDUAL COMPANY RETAINED  
5 LOSSES.—After the insurance industry has sustained  
6 gross losses described in paragraph (2), the reinsur-  
7 ance account established under section 906(b) shall  
8 pay to a private insurer 95 percent of qualifying  
9 losses in excess of 15 percent of the consolidated  
10 surplus as regards policyholders of the private in-  
11 surer.

12 “(b) INDIVIDUAL INSURER ELIGIBILITY.—

13 “(1) INDIVIDUAL INSURER RETAINED  
14 LOSSES.—If subsection (a) is not applicable, a pri-  
15 vate insurer shall be eligible for excess reinsurance  
16 coverage and reimbursement from the reinsurance  
17 account established under section 906(b) if the in-  
18 surer has incurred gross losses from a single—

19 “(A) earthquake, volcanic eruption, or tsu-  
20 nami event that is included in the lines covered  
21 under section 921(c) and that exceeds 20 per-  
22 cent of the consolidated surplus as regards pol-  
23 icyholders of the private insurer; or

24 “(B) hurricane event that is included in  
25 the lines covered under section 921(c) and that

1           exceed 20 percent of the consolidated surplus as  
2           regards policyholders of the private insurer, ex-  
3           cept that losses in the workers' compensation  
4           and earthquake lines of coverage shall be ex-  
5           cluded.

6           “(2) REINSURANCE ACCOUNT PAYMENTS.—  
7           After the private insurer has sustained gross losses  
8           described in paragraph (1), the reinsurance account  
9           established under section 906(b) shall pay 95 per-  
10          cent of qualifying losses in excess of 20 percent of  
11          the consolidated surplus as regards policyholders of  
12          the private insurer.

13          “(3) LIMITATION OF REINSURANCE ACCOUNT  
14          PAYMENTS.—The payments by the reinsurance ac-  
15          count under this subsection shall be limited to 200  
16          percent of the consolidated surplus as regards pol-  
17          icyholders of the private insurer.

18          “(c) STATE INSURANCE PROGRAMS.—Excess rein-  
19          surance coverage under this subtitle shall be available to  
20          each insurance pool eligible for reinsurance pursuant to  
21          section 921(b) in accordance with the following:

22          “(1) STATE POOL LOSSES.—The reinsurance  
23          account established under section 906(b) shall pro-  
24          vide excess reinsurance coverage when, as deter-  
25          mined by the Director pursuant to the plan of oper-

1        ation under section 902, the State insurance pool is  
2        likely to incur gross losses in the State served by the  
3        eligible State insurance pool arising from hurricane,  
4        earthquake, volcanic eruption, and tsunami events  
5        occurring during any 12-month period that exceed  
6        10 times the sum of the direct earned premiums for  
7        that State insurance pool for the losses covered  
8        under section 921(c) or \$10,000,000,000, adjusted  
9        annually in accordance with the percentage change  
10       in the Consumer Price Index, whichever amount is  
11       less.

12            “(2) MINIMUM LOSSES.—The lesser amount de-  
13        scribed in paragraph (1) must equal at least  
14        \$500,000,000, adjusted annually in accordance with  
15        the percentage change in the Consumer Price Index.

16            “(3) RETAINED LOSSES.—After the insurance  
17        industry has sustained gross losses described in  
18        paragraph (1), the reinsurance account established  
19        under section 906(b) shall pay to an individual State  
20        insurance pool 95 percent of qualifying losses in ex-  
21        cess of the lesser amount described in paragraph  
22        (1).

23            “(d) QUALIFYING LOSSES.—For the purpose of this  
24        subtitle, ‘qualifying losses’ include—

1           “(1) the losses and loss adjustment expense in-  
2           curred by a private insurer or State insurance pool;  
3           and

4           “(2) any assessments, surcharges, or other li-  
5           abilities imposed by any State residual insurance  
6           pooling program or guaranty account, attributable to  
7           hurricanes, earthquakes, volcanic eruptions, and  
8           tsunamis occurring during any 12-month period en-  
9           compassing the events described in subsections  
10          (a)(2) and (c)(1) or the event described in sub-  
11          section (b)(1), reduced by—

12                   “(A) any collectible reinsurance recover-  
13                   able, and

14                   “(B) an appropriate percentage of any  
15                   uncollectible reinsurance arising from the event  
16                   as set in the plan of operation under section  
17                   902.

18          “(e) OBLIGATIONS.—All reinsurance contracts issued  
19          under this subtitle shall constitute obligations, in accord-  
20          ance with the terms of the reinsurance, of the Corporation.

21          “(f) DEFINITIONS.—In this section, the following  
22          definitions apply:

23                   “(1) The term ‘consolidated industry surplus as  
24                   regards policyholders’ means the consolidated sur-  
25                   plus as regards policyholders of the property and

1 casualty insurance industry (excluding life insur-  
2 ance) for the calendar year immediately preceding  
3 the hurricane, earthquake, volcanic eruption, or tsu-  
4 nami events described in subsection (a)(2) as deter-  
5 mined by the National Association of Insurance  
6 Commissioners or other credible source as deter-  
7 mined by the Corporation.

8 “(2) The term ‘consolidated surplus as regards  
9 policyholders’ means the surplus as regards policy-  
10 holders of the private insurer (excluding life insur-  
11 ance) based on financial data submitted to the Na-  
12 tional Association of Insurance Commissioners or  
13 other credible source as determined by the Corpora-  
14 tion for the calendar year immediately preceding the  
15 hurricane, earthquake, volcanic eruption, or tsunami  
16 events described in subsections (a)(2) and (b)(1).

17 “(3) The term ‘direct earned premiums’ means  
18 the direct earned premiums for certain lines of prop-  
19 erty and casualty insurance coverage as published in  
20 the National Association of Insurance Commis-  
21 sioners Fire and Casualty Annual Statement filed  
22 with the applicable State department of insurance  
23 for the most recent calendar year available preceding  
24 the hurricane, earthquake, volcanic eruption, or tsu-  
25 nami events described in subsection (c)(1).

1           “(4) The term ‘gross losses’ means all losses  
2           and loss adjustment expenses, before deduction of  
3           any private reinsurance recoverables.

4           “(5) The term ‘uncollectible reinsurance’ means  
5           reinsurance proceeds due and payable in accordance  
6           with the terms of the reinsurance contract that are  
7           not paid within 12 months of the due date.

8           **“TITLE X—NATURAL DISASTER**  
9                           **PROTECTION FUND**

10          **“SEC. 1001. ESTABLISHMENT.**

11          “(a) THE FUND.—There is established within the  
12          Treasury of the United States a trust fund to be known  
13          as the Natural Disaster Protection Fund (hereinafter re-  
14          ferred to in this title as the ‘Fund’), consisting of such  
15          amounts as may be appropriated or credited to the Fund  
16          as provided in this title.

17          “(b) ACCOUNTS.—There are established in the Fund  
18          three separate accounts as follows:

19                  “(1) A Private Loss Account as described in  
20                  section 1002.

21                  “(2) A Public Loss Account as described in sec-  
22                  tion 1003.

23                  “(3) A Mitigation Account as described in sec-  
24                  tion 1004.



1       “(c) NO COMMINGLING.—The amounts in the three  
2 accounts established in subsection (b) shall be kept sepa-  
3 rate. The Secretary of the Treasury shall not permit bor-  
4 rowing of monies between the three accounts.

5       **“SEC. 1002. PRIVATE LOSS ACCOUNT.**

6       “The Private Loss Account established in section  
7 1001(b) shall provide direct Federal loans to cover short-  
8 falls in the primary account described in section 906(a)  
9 and the reinsurance account described in section 906(b),  
10 subject to the lending authority, conditions, and repay-  
11 ment terms of section 906(d).

12       **“SEC. 1003. PUBLIC LOSS ACCOUNT.**

13       “(a) IN GENERAL.—The Public Loss Account estab-  
14 lished in section 1001(b) shall cover losses to, and retro-  
15 fitting of, public facilities and critical facilities and life-  
16 lines.

17       “(b) DESCRIPTION OF ACCOUNT.—

18               “(1) SOURCE OF FUNDS.—The Director shall  
19 transfer and credit to the Public Loss Account  
20 amounts specifically designated and appropriated—

21                       “(A) annually pursuant to title IV for re-  
22 pair and restoration of Federal facilities, public  
23 facilities, and critical facilities and lifelines;

24                       “(B) pursuant to any natural disaster  
25 emergency supplemental appropriations Act en-

1 acted after the date of enactment of the Natu-  
2 ral Disaster Protection Partnership Act of 1995  
3 and intended to be allocated to the Director,  
4 the Department of Transportation, the Depart-  
5 ment of Housing and Urban Development, and  
6 other Federal agencies for the repair and res-  
7 toration of critical facilities and lifelines and  
8 public facilities; and

9 “(C) annually after the date of enactment  
10 of the Natural Disaster Protection Partnership  
11 Act of 1995 for the following public infrastruc-  
12 ture programs or Federal entities:

13 “(i) the Highway Trust Fund (26  
14 U.S.C. 9503),

15 “(ii) the Airport and Airway Trust  
16 Fund (26 U.S.C. 9502),

17 “(iii) the Harbor Maintenance Trust  
18 Fund (26 U.S.C. 9505),

19 “(iv) the grants for construction of  
20 water treatment works under title II of the  
21 Federal Water Pollution Control Act (33  
22 U.S.C. 1281 et seq.),

23 “(v) the Soil Conservation Service (16  
24 U.S.C. 590 et seq.),

1                   “(vi) the Economic Development Ad-  
2                   ministration (42 U.S.C. 3121 et seq.),

3                   “(vii) the Corps of Engineers, and

4                   “(viii) the General Services Adminis-  
5                   tration (40 U.S.C. 751 et seq.);

6                   provided that such specifically designated amounts  
7                   under this paragraph shall be in addition to and not  
8                   in lieu of annual appropriations for these programs.

9                   “(2) AMOUNT OF ACCOUNT.—The Public Loss  
10                  Account shall retain a reserve of funds sufficient to  
11                  cover the anticipated costs resulting from natural  
12                  disasters up to the annual 10-year historical average  
13                  of disaster relief provided by the Director.

14                  “(3) AUTHORIZATION.—There is authorized to  
15                  be appropriated from the general fund such sums as  
16                  may be necessary to carry out this section.

17                  “(c) PURPOSES OF ACCOUNT.—

18                  “(1) REBUILDING GRANTS.—The Public Loss  
19                  Account shall provide grants to States for the repair  
20                  or restoration of critical facilities and lifelines, public  
21                  facilities, and infrastructure damaged or destroyed  
22                  by natural disasters.

23                  “(2) PRE-DISASTER MITIGATION.—The Public  
24                  Loss Account shall provide grants to States for pre-  
25                  natural disaster hazard mitigation, including retro-

1 fitting of critical facilities and lifelines and public fa-  
2 cilities.

3 “(3) FEDERAL SHARE.—

4 “(A) COMPLIANCE STATE.—The Federal  
5 share of the grants provided from the Public  
6 Loss Account under this subsection shall be 75  
7 percent if the State receiving such grants is in  
8 compliance with the hazard mitigation time pe-  
9 riods described in section 813.

10 “(B) NON-COMPLIANCE STATE.—Consist-  
11 ent with the penalty described in section  
12 814(a), the Federal share shall be 50 percent if  
13 the State receiving grants under this subsection  
14 is not in compliance with the hazard mitigation  
15 time periods described in section 813.

16 (C) WAIVER.—The Federal share percent-  
17 ages described in subparagraphs (A) and (B)  
18 shall be increased only upon the enactment of  
19 a joint resolution that shall not be designated  
20 as an emergency under section 251(b)(2)(D) of  
21 the Balanced Budget and Emergency Deficit  
22 Control Act of 1985 (2 U.S.C. 901(b)(2)(D)).

23 **“SEC. 1004. MITIGATION ACCOUNT.**

24 “(a) PURPOSE OF THE ACCOUNT.—The Mitigation  
25 Account established in section 1001(b) shall support the

1 natural disaster hazard mitigation efforts described in  
2 subtitle B of title VIII.

3 “(b) MITIGATION SET ASIDE.—

4 “(1) IN GENERAL.—The Corporation shall pay  
5 a percent of the annual net premiums collected for  
6 the primary insurance coverages described in subtitle  
7 B of title IX and the reinsurance coverage described  
8 in subtitle C of title IX for natural disaster hazard  
9 mitigation purposes.

10 “(2) PRECISE PERCENTAGE.—The percent  
11 amount described in paragraph (1) shall be 7.5 per-  
12 cent or a percentage amount which totals on an an-  
13 nual basis \$200,000,000, adjusted annually in ac-  
14 cordance with the percentage change in the  
15 Consumer Price Index, which ever amount is less.

16 “(c) DEPOSITS.—The Director shall transfer and  
17 credit on an annual basis to the Mitigation Account  
18 amounts received from—

19 “(1) the percent set aside of the annual pre-  
20 miums described in subsection (b); and

21 “(2) appropriations provided for pre-natural  
22 disaster hazard mitigation activities under this Act.

23 “(d) AUTHORIZATION.—For the purposes of sub-  
24 section (c)(2) only, there is authorized to be appropriated  
25 annually amounts equal to the amounts provided annually

1 from the percent set aside of premiums received pursuant  
2 to subsection (b).”.

○

HR 1856 IH—2

HR 1856 IH—3

HR 1856 IH—4

HR 1856 IH—5

HR 1856 IH—6

HR 1856 IH—7