

16. Reduce Reporting Complexity – Reducing the reporting complexity for the NFIP means that, in a two-year period, reports due to the Congress decrease from 15 to 4 while providing similar and more timely information.

Legislative text:

Sec. __. Streamlining and consolidation of financial Reporting requirements.

(a) Fiduciary responsibility; annual reports (Retrospective and prospective).—

(1) In general.—Chapter I of the National Flood Insurance Act of 1968 (42 U.S.C. 4011 et seq.) is amended by inserting after section 1309 a new section to read as follows:

“SEC. 1309B. FINANCIAL RESPONSIBILITY AND REVIEW.

“(a) Annual Retrospective report on the National Flood Insurance Program.—

“(1) In general.—The Administrator shall provide an annual retrospective report on the National Flood Insurance Program on—

“(A) the activities and operations of the National Flood Insurance Program;

“(B) the total actual National Flood Insurance Program revenue and expenses for the year, in comparison to prior years;

“(C) objective benchmarks to evaluate the Program’s financial position;

“(D) factors that FEMA can control (under current authorities, within parameters set by Congress) to influence National Flood Insurance Program revenue and expenses, including changes implemented during the year; and

“(E) recommended changes to make the National Flood Insurance Program more effective and financially sound.

“(2) Mandatory components.—The report required under paragraph (1) shall include at a minimum—

“(A) the cumulative volume of policies that have been underwritten during the fiscal year for which the report is submitted;

- “(B) the amount of premiums paid;
- “(C) the number of policies with premiums that exceed one percent of the total coverage pursuant to section 1308(j)
- “(D) the amount of administrative expenses;
- “(E) the progress of any repayment of funds borrowed from the U.S. Treasury;
- “(F) information on any actuarial deficits (the difference between expected annualized losses and expenses, and annualized premium for the year) that occurred during the reporting period;
- “(G) an assessment of the impacts of rate increases implemented during the reporting period, including
 - “(i) the Administrator’s assessment of the impact, if any, of the rate increases required under subparagraphs (A) and (D) of section 1307(a)(2) and the surcharges required under section 1308A on the affordability of flood insurance for—
 - “(I) small businesses with less than 100 employees;
 - “(II) non-profit entities;
 - “(III) houses of worship; and
 - “(IV) residences with a value equal to or less than 25 percent of the median home value of properties in the State in which the property is located; and
 - “(ii) the Administrator’s recommendations, if any, upon determining that the rate increases or surcharges described in clause (i) are having a detrimental effect on affordability, including with respect to lapsed policies, late payments, or other criteria related to affordability as identified by the Administrator, for any of the properties identified in subparagraphs (A) through (D) of section 1307(a)(2);
- “(H) an overall assessment of the financial status of the National Flood Insurance Program, including—
 - “(i) the capacity to pay claims, and
 - “(ii) for any year in which the Administrator exercises the authority under section 1335(a)(2) to secure reinsurance of coverage provided by the National Flood Insurance Program from the private market, information relating to the use of private sector reinsurance and reinsurance equivalents by the Administrator whether or not the Administrator used the borrowing authority under section 1309; and
- “(I) if the Administrator determines that the reserve fund ratio required under section 1310A cannot be achieved, the reserve fund ratio that was achieved, any specific

concerns the Administrator has regarding the consequences, and discussion of how such consequences would harm the long-term financial soundness of the flood insurance program;

“(J) the number of claims;

“(K) the number of claims involving damages in excess of the maximum amount of flood insurance available under the National Flood Insurance Program and the sum of the amount of all damages in excess of such amount;

“(L) a description and summary of the losses attributable to repetitive or severe repetitive loss properties;

“(M) a description and summary of all losses incurred by the National Flood Insurance Program due to—

“(i) hurricane-related damage; and

“(ii) non-hurricane related damage;

“(N) the status of mitigation activities carried out with assistance provided under section 1366; and

“(3) Transmission of report.—

“(A) In general.—The Administrator shall send the report required under paragraph (1) to—

“(i) the Committee on Financial Services of the House of Representatives;

“(ii) the Committee on Banking, Housing, and Urban Affairs of the Senate; and

“(iii) the Secretary of the Treasury.

“(B) Deadline.—The Administrator shall send the report pursuant to subparagraph (A) at the time of the submission of the President’s budget to Congress.

“(b) Annual Prospective Report on the national Flood Insurance Program—

“(1) In general—The Administrator shall provide an annual prospective report on the National Flood Insurance Program on—

“(A) the projected activities and operations of the National Flood Insurance Program;

“(B) the total projected National Flood Insurance Program revenue and expenses expected for the coming year, in comparison to prior years;

“(C) objective benchmarks to evaluate the Program’s financial position;

“(D) factors that FEMA can control (under current authorities, within parameters set by Congress) to influence National Flood Insurance Program revenue and expenses including planned changes for the upcoming year; and

“(E) recommended changes to make the National Flood Insurance Program more effective and financially sound.

- “(2) Mandatory components.—The report required under paragraph (1) shall include at a minimum—
- “(A) the amount of expected claim payments;
 - “(B) the amount of anticipated program activity and administrative costs reflected in risk premium rates;
 - “(C) a schedule for repayment of amounts borrowed from the U.S. Treasury;
 - “(D) any actuarial deficit(s) (the difference between expected annualized losses and expenses, and annualized premium for the year) that the Administrator determines may occur in the upcoming year;
 - “(E) if for the reporting period the Administrator projects that the reserve fund ratio or the phase-in requirement required under section 1310A cannot be achieved, any specific concerns the Administrator has regarding the consequences, discussion of how such consequences would harm the long-term financial soundness of the flood insurance program, and the likely amount projected to be placed in the Reserve Fund for that particular fiscal year; and
 - “(F) a disclosure explaining the bases for, and methodology used to determine, the chargeable premium rates to be effective for flood insurance coverage under this title, which shall align, to the extent practicable, to industry patterns and practices applicable to similar rate disclosure.

“(3) Transmission of report.—

“(A) In general.—The Administrator shall send the report required under paragraph (1) to—

- “(i) the Committee on Financial Services of the House of Representatives;
- “(ii) the Committee on Banking, Housing, and Urban Affairs of the Senate; and
- “(iii) the Secretary of the Treasury.

“(B) Deadline.—The Administrator shall send the report pursuant to subparagraph (A) at the time of the submission of the Mid-Session Review of the President’s budget to Congress.”

(b) Authorization to offer recommendations.— As part of the reports required under subsection (a), the Administrator may recommend adjustments to the National Flood Insurance Program the Administrator finds necessary to ensure that the National Flood Insurance Program maintains a sound financial framework, including changes to underwriting standards, program eligibility, and premiums.

(c) Eliminating duplicative financial reporting requirements—

- (1) Amendments to National Flood Insurance Act of 1968.—Chapter I of the National Flood Insurance Act of 1968 is amended—
- (A) in section 1308 (42 U.S.C. 4015)—
- (i) in subsection (j), by striking the words “and reports” from the heading and striking the last sentence; and
 - (ii) by striking subsection (m); and
- (B) in subsection 1309 (42 U.S.C. 4016),—
- (i) in subsection (a), by striking “shall report” and inserting “shall notify”; and
 - (ii) by striking subsections (c) and (d);
- (C) in section 1310A (42 U.S.C. 4017a(e))--
- (i) by striking subsection (e); and
 - (ii) redesignating subsection (f) as subsection (e);
- (D) by repealing section 1320 (42 U.S.C. 4027); and
- (E) in section 1366 (42 U.S.C. 4104c)—
- (i) by striking subsection (f); and
 - (ii) redesignating subsections (g) and (h) as subsections (f) and (g), respectively;.
- (2) Amendments to the Biggert-Waters Flood Insurance Reform Act of 2012.—The Biggert-Waters Flood Insurance Reform Act of 2012 is amended—
- (A) by striking subsection (b) in section 100231 (42 U.S.C. 4027a); and
- (B) by striking subsection (e) in section 100232 (42 U.S.C. 4027b).
- (d) Effective date.—
- (1) In general.—The amendments made by subsections (a) and (b) shall become effective **[October 1, 2021]**.
 - (2) Transition.—Any information required to be reported for fiscal year 2021 shall be provided in accord with the authorities operative prior to **[October 1, 2021]**

Analysis:

Over a two-year period, the NFIP is responsible for completing and submitting 15 Congressional Reports:

- Quarterly Reserve Fund (8 per 2-year period)
- Semi-Annual Debt Repayment (4 per 2-year period)
- Annual (2 per 2-year period)
- Biennial (1 per 2-year period)

Much of the information in the Quarterly and Semi-Annual Reports is redundant with the Annual Report.

This reform proposes the consolidation of all these congressional reporting requirements from 15 to two annual NFIP reports:

- Retrospective Annual Report – Update Congress and stakeholders on the past year’s events.
- Prospective Annual Report – Update Congress and stakeholders on what the NFIP expects to experience in the coming years, including budget projections.

This reform would reduce the NFIP’s reporting complexity by decreasing the number of these reports due to Congress in a two-year period from 15 to 4, each of which is subject to concurrence loops, while providing similar yet more timely information.

Comparative type:

National Flood Insurance Act of 1968

SEC. 1309B. FINANCIAL RESPONSIBILITY AND REVIEW. (42 U.S.C. ____)

(a) Annual Retrospective report on the National Flood Insurance Program.—

(1) In general.—The Administrator shall provide an annual retrospective report on the National Flood Insurance Program on—

- (A) the activities and operations of the National Flood Insurance Program;
- (B) the total actual National Flood Insurance Program revenue and expenses for the year, in comparison to prior years;
- (C) objective benchmarks to evaluate the Program’s financial position;
- (D) factors that FEMA can control (under current authorities, within parameters set by Congress) to influence National Flood Insurance Program revenue and expenses, including changes implemented during the year; and
- (E) recommended changes to make the National Flood Insurance Program more effective and financially sound.

(2) Mandatory components.—The report required under paragraph (1) shall include at a minimum—

- (A) the cumulative volume of policies that have been underwritten during the fiscal year for which the report is submitted;
- (B) the amount of premiums paid;
- (C) the number of policies with premiums that exceed one percent of the total coverage pursuant to section 1308(j)
- (D) the amount of administrative expenses;
- (E) the progress of any repayment of funds borrowed from the U.S. Treasury;
- (F) information on any actuarial deficits (the difference between expected annualized losses and expenses, and annualized premium for the year) that occurred during the reporting period;
- (G) an assessment of the impacts of rate increases implemented during the reporting period, including
 - (i) the Administrator’s assessment of the impact, if any, of the rate increases required under subparagraphs (A) and (D) of section 1307(a)(2) and the surcharges required under section 1308A on the affordability of flood insurance for—
 - (I) small businesses with less than 100 employees;
 - (II) non-profit entities;
 - (III) houses of worship; and
 - (IV) residences with a value equal to or less than 25 percent of the median home value of properties in the State in which the property is located; and
 - (ii) the Administrator’s recommendations, if any, upon determining that the rate increases or surcharges described in clause (i) are having a detrimental effect on affordability, including with respect to lapsed policies, late payments, or other criteria related to affordability as identified by the Administrator, for any of the properties identified in subparagraphs (A) through (D) of section 1307(a)(2);

- (H) an overall assessment of the financial status of the National Flood Insurance Program, including—
 - (i) the capacity to pay claims, and
 - (ii) for any year in which the Administrator exercises the authority under section 1335(a)(2) to secure reinsurance of coverage provided by the National Flood Insurance Program from the private market, information relating to the use of private sector reinsurance and reinsurance equivalents by the Administrator whether or not the Administrator used the borrowing authority under section 1309; and
- (I) if the Administrator determines that the reserve fund ratio required under section 1310A cannot be achieved, the reserve fund ratio that was achieved, any specific concerns the Administrator has regarding the consequences, and discussion of how such consequences would harm the long-term financial soundness of the flood insurance program;
- (J) the number of claims;
- (K) the number of claims involving damages in excess of the maximum amount of flood insurance available under the National Flood Insurance Program and the sum of the amount of all damages in excess of such amount;
- (L) a description and summary of the losses attributable to repetitive or severe repetitive loss properties;
- (M) a description and summary of all losses incurred by the National Flood Insurance Program due to—
 - (i) hurricane-related damage; and
 - (ii) non-hurricane related damage;
- (N) the status of mitigation activities carried out with assistance provided under section 1366; and
- (3) Transmission of report.—
 - (A) In general.—The Administrator shall send the report required under paragraph (1) to—
 - (i) the Committee on Financial Services of the House of Representatives;
 - (ii) the Committee on Banking, Housing, and Urban Affairs of the Senate; and
 - (iii) the Secretary of the Treasury.
 - (B) Deadline.—The Administrator shall send the report pursuant to subparagraph (A) at the time of the submission of the President’s budget to Congress.
- (b) Annual Prospective Report on the national Flood Insurance Program—
 - (1) In general—The Administrator shall provide an annual prospective report on the National Flood Insurance Program on—
 - (A) the projected activities and operations of the National Flood Insurance Program;
 - (B) the total projected National Flood Insurance Program revenue and expenses expected for the coming year, in comparison to prior years;
 - (C) objective benchmarks to evaluate the Program’s financial position;
 - (D) factors that FEMA can control (under current authorities, within parameters set by Congress) to influence National Flood Insurance Program revenue and expenses including planned changes for the upcoming year; and
 - (E) recommended changes to make the National Flood Insurance Program more effective and financially sound.
 - (2) Mandatory components.—The report required under paragraph (1) shall include at a minimum—
 - (A) the amount of expected claim payments;
 - (B) the amount of anticipated program activity and administrative costs reflected in risk premium rates;
 - (C) a schedule for repayment of amounts borrowed from the U.S. Treasury;

- (D) any actuarial deficit(s) (the difference between expected annualized losses and expenses, and annualized premium for the year) that the Administrator determines may occur in the upcoming year;
 - (E) if for the reporting period the Administrator projects that the reserve fund ratio or the phase-in requirement required under section 1310A cannot be achieved, any specific concerns the Administrator has regarding the consequences, discussion of how such consequences would harm the long-term financial soundness of the flood insurance program, and the likely amount projected to be placed in the Reserve Fund for that particular fiscal year; and
 - (F) a disclosure explaining the bases for, and methodology used to determine, the chargeable premium rates to be effective for flood insurance coverage under this title, which shall align, to the extent practicable, to industry patterns and practices applicable to similar rate disclosure.
- (3) Transmission of report.—
- (A) In general.—The Administrator shall send the report required under paragraph (1) to—
 - (i) the Committee on Financial Services of the House of Representatives;
 - (ii) the Committee on Banking, Housing, and Urban Affairs of the Senate; and
 - (iii) the Secretary of the Treasury.
 - (B) Deadline.—The Administrator shall send the report pursuant to subparagraph (A) at the time of the submission of the Mid-Session Review of the President’s budget to Congress.”

Sec. 1308. Chargeable premium rates. (42 U.S.C. 4015)

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(j) Premiums ~~and reports~~

In setting premium risk rates, in addition to striving to achieve the objectives of this chapter the Administrator shall also strive to minimize the number of policies with annual premiums that exceed one percent of the total coverage provided by the policy. ~~For any policies premiums that exceed this one percent threshold, the Administrator shall report such exceptions to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.~~

* * * *

~~(m) Protection of small businesses, non-profits, houses of worship, and residences~~

~~(1) Report~~

~~Not later than 18 months after March 21, 2014,¹ and semiannually thereafter, the Administrator shall monitor and report to Committee on Financial Services of the House Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, the Administrator’s assessment of the impact, if any, of the rate increases required under subparagraphs (A) and (D) of section 4014(a)(2) of this title and the surcharges required under section 4015a of this title on the affordability of flood insurance for—~~

- ~~(A) small businesses with less than 100 employees;~~
- ~~(B) non-profit entities;~~
- ~~(C) houses of worship; and~~
- ~~(D) residences with a value equal to or less than 25 percent of the median home value of properties in the State in which the property is located.~~

~~(2) Recommendations~~

~~If the Administrator determines that the rate increases or surcharges described in paragraph (1) are having a detrimental effect on affordability, including resulting in lapsed policies, late payments, or other criteria related to affordability as identified by the Administrator, for any of the properties identified in subparagraphs (A) through (D) of such paragraph, the Administrator shall, not later than 3 months after making such a determination, make such recommendations as the Administrator considers appropriate to improve affordability to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.~~

Sec. 1309. Financing. (42 U.S.C. 4016)

(a) Authority to issue notes and other obligations

All authority which was vested in the Housing and Home Finance Administrator by virtue of section 2414(e) of this title (pertaining to the issue of notes or other obligations to the Secretary of the Treasury), as amended by subsections (a) and (b) of section 1303 of this Act, shall be available to the Administrator for the purpose of carrying out the flood insurance program under this chapter; except that the total amount of notes and obligations which may be issued by the Administrator pursuant to such authority (1) without the approval of the President, may not exceed \$500,000,000, and (2) with the approval of the President, may not exceed \$1,500,000,000 through the date specified in section 4026 of this title, and \$1,000,000,000 thereafter; except that, through September 30, 2021, clause (2) of this sentence shall be applied by substituting "\$30,425,000,000" for "\$1,500,000,000". The Administrator ~~shall report~~ shall notify to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate at any time when he requests the approval of the President in accordance with the preceding sentence.

(b) Deposit of borrowed funds

Any funds borrowed by the Administrator under this authority shall, from time to time, be deposited in the National Flood Insurance Fund established under section 4017 of this title.

~~(c) Schedule of repayments~~

~~Upon the exercise of the authority established under subsection (a), the Administrator shall transmit a schedule for repayment of such amounts to-~~

- ~~(1) the Secretary of the Treasury;~~
- ~~(2) the Committee on Banking, Housing, and Urban Affairs of the Senate; and~~
- ~~(3) the Committee on Financial Services of the House of Representatives.~~

~~(d) Reports on repayment~~

~~In connection with any funds borrowed by the Administrator under the authority established in subsection (a), the Administrator, beginning 6 months after the date on which such funds are borrowed, and continuing every 6 months thereafter until such borrowed funds are fully repaid, shall submit a report on the progress of such repayment to-~~

- ~~(1) the Secretary of the Treasury;~~
- ~~(2) the Committee on Banking, Housing, and Urban Affairs of the Senate; and~~
- ~~(3) the Committee on Financial Services of the House of Representatives.~~

Sec. 1310A. Reserve Fund. (42 U.S.C. 4017a)

* * * *

~~(c) Limitation on reserve ratio~~

~~In any given fiscal year, if the Administrator determines that the reserve ratio required under subsection (b) cannot be achieved, the Administrator shall submit, on a calendar quarterly basis, a report to Congress that~~

- ~~(1) describes and details the specific concerns of the Administrator regarding the consequences of the reserve ratio not being achieved;~~
- ~~(2) demonstrates how such consequences would harm the long-term financial soundness of the flood insurance program; and~~
- ~~(3) indicates the maximum attainable reserve ratio for that particular fiscal year.~~

~~(f) (e) Investment~~

The Secretary of the Treasury shall invest such amounts of the Reserve Fund as the Secretary determines advisable in obligations issued or guaranteed by the United States.

~~Sec. 1320. Biennial report to President. (42 U.S.C. §4027)~~

~~(a) In general~~

The Administrator shall biennially submit a report of operations under this chapter to the President for submission to the Congress.

~~(b) Effects of flood insurance program~~

The Administrator shall include, as part of the biennial report submitted under subsection (a), a chapter reporting on the effects on the flood insurance program observed through implementation of requirements under the Riegle Community Development and Regulatory Improvement Act of 1994.

Sec. 1366. Mitigation assistance. (42 U.S.C. 4104c)

* * * *

~~(f) Reports~~

~~Not later than 1 year after July 6, 2012, and biennially thereafter, the Administrator shall submit a report to the Congress describing the status of mitigation activities carried out with assistance provided under this section.~~

~~(g) (f) Failure to make grant award within 5 years~~

For any application for a grant under this section for which the Administrator fails to make a grant award within 5 years of the date of the application, the grant application shall be considered to be denied and any funding amounts allocated for such grant applications shall remain in the National Flood Mitigation Fund under section 4104d of this title and shall be made available for grants under this section.

~~(h) (g) Definitions~~

For purposes of this section, the following definitions shall apply:

* * * *

Biggert-Waters Flood Insurance Reform Act of 2012

~~Sec. 100231(b). Report of the Administrator on activities under the National Flood Insurance Program~~

~~(1) In general~~

~~The Administrator shall, on an annual basis, submit a full report on the operations, activities, budget, receipts, and expenditures of the National Flood Insurance Program for the preceding 12-month period to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.~~

~~(2) Timing~~

~~Each report required under paragraph (1) shall be submitted to the committees described in paragraph (1) not later than 3 months following the end of each fiscal year.~~

~~(3) Contents~~

~~Each report required under paragraph (1) shall include-~~

- ~~(A) the current financial condition and income statement of the National Flood Insurance Fund established under section 4017 of this title, including-

 - (i) premiums paid into such Fund;
 - (ii) policy claims against such Fund; and
 - (iii) expenses in administering such Fund;~~
- ~~(B) the number and face value of all policies issued under the National Flood Insurance Program that are in force;~~
- ~~(C) a description and summary of the losses attributable to repetitive loss structures;~~
- ~~(D) a description and summary of all losses incurred by the National Flood Insurance Program due to-

 - (i) hurricane related damage; and
 - (ii) nonhurricane related damage;~~
- ~~(E) the amounts made available by the Administrator for mitigation assistance under section 4104c(e)(4) of this title, as so redesignated by this Act, for the purchase of properties substantially damaged by flood for that fiscal year, and the actual number of flood damaged properties purchased and the total cost expended to purchase such properties;~~
- ~~(F) the estimate of the Administrator as to the average historical loss year, and the basis for that estimate;~~
- ~~(G) the estimate of the Administrator as to the maximum amount of claims that the National Flood Insurance Program would have to expend in the event of a catastrophic year;~~
- ~~(H) the average-

 - (i) amount of insurance carried per flood insurance policy;
 - (ii) premium per flood insurance policy; and
 - (iii) loss per flood insurance policy; and~~
- ~~(I) the number of claims involving damages in excess of the maximum amount of flood insurance available under the National Flood Insurance Program and the sum of the amount of all damages in excess of such amount.~~

Sec. 100232(c). Assessment of claims paying ability. (42 U.S.C. 4027b)

(1) Assessment

(A) Assessment required

(i) In general

Not later than September 30 of each year, the Administrator shall conduct an assessment of the ability of the National Flood Insurance Program to pay claims.

(ii) Private market reinsurance

The assessment under this paragraph for any year in which the Administrator exercises the authority under section 4055(a)(2) of this title, as added by this section,¹ to secure reinsurance of coverage provided by the National Flood Insurance Program from the private market shall include information relating the use of private sector reinsurance and reinsurance equivalents by the Administrator, whether or not the Administrator used the borrowing authority under section 4016 of this title.

(iii) First assessment

The Administrator shall conduct the first assessment required under this paragraph not later than September 30, 2012.

(B) Considerations

In conducting an assessment under subparagraph (A), the Administrator shall take into consideration regional concentrations of coverage written by the National Flood Insurance Program, peak flood zones, and relevant mitigation measures.

(2) Annual report of the Administrator of activities under the National Flood Insurance Program

The Administrator shall-

~~(A) include the results of each assessment in the report required under section 4027a of this title; and~~

~~(B) not later than 30 days after the date on which the Administrator completes an assessment required under paragraph (1), make the results of the assessment available to the public.~~

(n) EFFECT OF PRIVATE FLOOD INSURANCE COVERAGE ON CONTINUOUS COVERAGE REQUIREMENTS.—For purposes of applying any statutory, regulatory, or administrative