

[DISCUSSION DRAFT]

119TH CONGRESS
2^D SESSION

H. R. _____

To direct the Administrator of the Federal Emergency Management Agency to allow certain recipients of the Flood Mitigation Assistance Grant, and other grants, to be used for the payment of premiums for a community-based, parametric flood insurance policy, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. GARBARINO introduced the following bill; which was referred to the Committee on _____

A BILL

To direct the Administrator of the Federal Emergency Management Agency to allow certain recipients of the Flood Mitigation Assistance Grant, and other grants, to be used for the payment of premiums for a community-based, parametric flood insurance policy, 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 may be cited as the “Community Flood Re-
5 silience Act”.

1 **SEC. 2. SENSE OF CONGRESS.**

2 It is the sense of the Congress that—

3 (1) many communities with significant flood
4 risk continue to experience chronically low participa-
5 tion in the National Flood Insurance Program, leav-
6 ing households and small businesses financially vul-
7 nerable to flood events and increasing reliance on
8 post-disaster Federal assistance;

9 (2) there is a need to promote greater engage-
10 ment with private flood insurance markets and im-
11 prove insurance awareness in communities with ele-
12 vated flood risk and historically low flood insurance
13 take-up rates;

14 (3) community-based parametric flood insur-
15 ance has the potential to provide faster, more trans-
16 parent, and more flexible financial protection at a
17 community level and can serve as a supplemental
18 form of risk transfer alongside existing flood insur-
19 ance coverage; and

20 (4) community-based parametric flood insur-
21 ance may help strengthen the financial resilience of
22 communities undertaking flood mitigation and resil-
23 ience investments by providing an additional layer of
24 protection for households and small businesses.

1 **SEC. 3. USE OF FLOOD MITIGATION ASSISTANCE GRANT**
2 **AMOUNTS FOR PREMIUMS OF COMMUNITY-**
3 **BASED, PARAMETRIC FLOOD INSURANCE.**

4 (a) FLOOD MITIGATION ASSISTANCE GRANT ELIGI-
5 BLE USE OF FUNDS.—

6 (1) IN GENERAL.—For the period that is 5
7 years after the date of the enactment of this Act, the
8 Administrator of the Federal Emergency Manage-
9 ment Agency (hereafter referred to as the “Adminis-
10 trator”) shall permit any State or community that
11 receives flood mitigation assistance under section
12 1366 of the National Flood Insurance Act of 1968
13 (42 U.S.C. 4104c) to use not more than 15 percent
14 of such assistance amounts each year for the pay-
15 ment of premiums for a community-based, para-
16 metric flood insurance policy that—

17 (A) is offered through the private sector;

18 (B) specifies objective, predefined trigger
19 conditions for payout based on measurable
20 flood-related metrics;

21 (C) includes timelines and disbursement
22 terms agreed upon at the time of underwriting;
23 and

24 (D) provides that funds shall be disbursed
25 to the participating community promptly upon
26 verification that a triggering condition has been

1 met, without the need for post-event damage
2 assessment or additional administrative ap-
3 proval by the Administrator.

4 (2) REPORT.—In each year that a State or
5 community that uses assistance amounts as de-
6 scribed in paragraph (1), such State or community
7 shall submit to the Administrator a report that de-
8 scribes how such State or community—

9 (A) promotes National Flood Insurance
10 Program policy enrollment;

11 (B) educates members of the community
12 about the limitations community-based, para-
13 metric flood insurance;

14 (C) encourages flood-risk mitigation;

15 (D) uses community based, parametric
16 flood insurance to—

17 (i) support households and small busi-
18 nesses; and

19 (ii) contribute to broader flood resil-
20 ience and insurance awareness efforts; and

21 (E) encourages flood insurance take-up by
22 improving public awareness of flood risk and
23 promoting participation in either the National
24 Flood Insurance Program or a private flood in-
25 surance offering.

1 (3) SUNSET.—The permission described in
2 paragraph (1) shall terminate on the date that is 5
3 years after the date of the enactment of this Act, ab-
4 sent a reauthorization by the Congress.

5 (b) PROMOTION OF COMMUNITY-BASED FLOOD IN-
6 SURANCE.—The Administrator shall—

7 (1) conduct outreach to communities to spread
8 awareness with respect to community-based, para-
9 metric flood insurance policies and the eligible use
10 described in subsection (a); and

11 (2) notwithstanding any other provision of law,
12 allow for the use of other grant amounts under the
13 authority of the Administrator for the payment of
14 premiums of community-based, parametric flood in-
15 surance policies by grant recipients for the 5 year
16 period after the date of the enactment of this Act.

17 (c) DISCLOSURE REQUIRED.—Any community based,
18 parametric flood insurance policy for which premiums are
19 paid as described in subsection (a) shall include a written
20 disclosure that explains—

21 (1) the specific trigger conditions under which
22 a payout will and will not be made;

23 (2) the circumstances under which a triggering
24 event may occur but individual households or small
25 businesses within the community may not receive fi-

1 nancial relief (commonly referred to as the “basis
2 risk”); and

3 (3) how the parametric policy interacts with
4 and differs from flood insurance provided under the
5 National Flood Insurance Program.

6 (d) REPORT.—Not later than 1 year after the date
7 of the enactment of this Act, and on the dates that are
8 3 and 5 years after the date of the enactment of this Act,
9 the Administrator shall submit to the Congress a report
10 that contains—

11 (1) an analysis of any changes to the number
12 of National Flood Insurance policies in communities
13 that use flood mitigation assistance grant amounts
14 as described in section 1366(c)(3)(k) of the National
15 Flood Insurance Act of 1968 and communities that
16 do not use such grant amounts as described in such
17 section;

18 (2) a description of the product types of com-
19 munity-based, parametric flood insurance policies
20 that communities use, including the number of
21 households covered by such policies;

22 (3) an analysis of the timeliness and effective-
23 ness of claim payouts through community-based,
24 parametric flood insurance policies for which pre-
25 miums are paid for as described in such section;

- 1 (4) an assessment of outreach and flood insur-
- 2 ance awareness efforts; and
- 3 (5) any legislative recommendations for the con-
- 4 tinuation or expansion of community-based, para-
- 5 metric flood insurance policies.