

118TH CONGRESS
1ST SESSION

H. R. 1309

To require the use of replacement cost value in determining the premium rates for flood insurance coverage under the National Flood Insurance Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 2023

Mr. LUETKEMEYER introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the use of replacement cost value in determining the premium rates for flood insurance coverage under the National Flood Insurance Act, 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. USE OF REPLACEMENT COST IN DETERMINING**
4 **PREMIUM RATES.**

5 (a) STUDY OF RISK RATING REDESIGN FLOOD IN-
6 SURANCE PREMIUM RATING OPTIONS.—

1 (1) STUDY.—The Administrator of the Federal
2 Emergency Management Agency shall conduct a
3 study to—

4 (A) evaluate insurance industry best prac-
5 tices for risk rating and classification, including
6 practices related to replacement cost value in
7 premium rate estimations;

8 (B) assess options, methods, and strategies
9 for including replacement cost value in the Ad-
10 ministrator’s estimates under section
11 1307(a)(1) of the National Flood Insurance Act
12 of 1968 (42 U.S.C. 4014(a)(1));

13 (C) provide recommendations for including
14 replacement cost value in the estimate of the
15 risk premium rates for flood insurance under
16 such section 1307(a)(1);

17 (D) identify an appropriate methodology to
18 incorporate replacement cost value into the Ad-
19 ministrator’s estimates under such section
20 1307(a)(1); and

21 (E) develop a feasible implementation plan
22 and projected timeline for including replace-
23 ment cost value in the estimates of risk pre-
24 mium rates for flood insurance made available
25 under the National Flood Insurance Program.

1 (2) REPORT.—

2 (A) REQUIREMENT.—Not later than the
3 expiration of the 12-month period beginning on
4 the date of the enactment of this Act, the Ad-
5 ministrator shall submit to the Committee on
6 Financial Services of the House of Representa-
7 tives and the Committee on Banking, Housing,
8 and Urban Affairs of the Senate a report that
9 contains the results and conclusions of the
10 study required under paragraph (1).

11 (B) CONTENTS.—The report submitted
12 under subparagraph (A) shall include—

13 (i) an analysis of the recommenda-
14 tions resulting from the study under para-
15 graph (1) and any potential impacts on the
16 National Flood Insurance Program, includ-
17 ing cost considerations;

18 (ii) a description of any actions taken
19 by the Administrator to implement the
20 study recommendations; and

21 (iii) a description of any study rec-
22 ommendations that have been deferred or
23 not acted upon, together with a statement
24 explaining the reasons for such deferral or
25 inaction.

1 (b) USE OF REPLACEMENT COST VALUE IN PRE-
2 MIUM RATES; IMPLEMENTATION.—

3 (1) ESTIMATED RATES.—Paragraph (1) of sec-
4 tion 1307(a) of the National Flood Insurance Act of
5 1968 (42 U.S.C. 4014(a)(1)) is amended, in the
6 matter preceding subparagraph (A), by inserting
7 after “flood insurance” the following: “, which shall
8 incorporate replacement cost value, and”.

9 (2) CHARGEABLE RATES.—Subsection (b) of
10 section 1308 of the National Flood Insurance Act of
11 1968 (42 U.S.C. 4015(b)) is amended, in the matter
12 preceding paragraph (1), by inserting after “Such
13 rates” the following: “shall incorporate replacement
14 cost value and”.

15 (3) EFFECTIVE DATE.—The amendments under
16 paragraphs (1) and (2) of this subsection shall be
17 made upon the expiration of the 12-month period
18 beginning on the date of the enactment of this Act.

19 (4) APPLICABILITY AND PHASE-IN.—The Ad-
20 ministrator of the Federal Emergency Management
21 Agency shall apply the amendments under para-
22 graphs (1) and (2) to flood insurance coverage made
23 available under the National Flood Insurance Act of
24 1968 for properties located in various geographic re-
25 gions in the United States such that—

1 (A) over the three-year period beginning
2 upon the expiration of the period referred to in
3 paragraph (3) of this subsection, the require-
4 ment under such amendments shall be gradu-
5 ally phased in geographically throughout the
6 United States as sufficient information for such
7 implementation becomes available; and

8 (B) after the expiration of such period re-
9 ferred to in subparagraph (A), such amend-
10 ments shall apply to all flood insurance cov-
11 erage made available under the National Flood
12 Insurance Act of 1968.

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