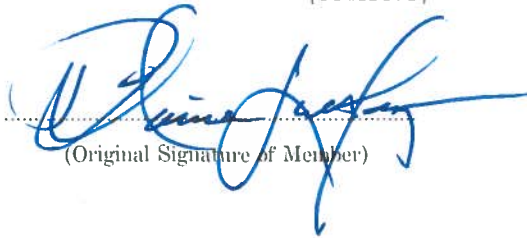


[116H471]

  
(Original Signature of Member)

117TH CONGRESS  
1ST SESSION

# H. R. \_\_\_\_\_

To provide for greater transfer of risk under the National Flood Insurance Program to private capital and reinsurance markets, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. LUETKEMEYER introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# A BILL

To provide for greater transfer of risk under the National Flood Insurance Program to private capital and reinsurance markets, 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 “Taxpayer Exposure  
5 Mitigation Act”.

6 **SEC. 2. RISK TRANSFER REQUIREMENT.**

7 Subsection (e) of section 1345 of the National Flood  
8 Insurance Act of 1968 (42 U.S.C. 4081(e)) is amended—

1           (1) by striking “(e) RISK TRANSFER.—The Ad-  
2           ministrators” and inserting the following:

3           “(e) RISK TRANSFER.—

4           “(1) AUTHORITY.—The Administrator”; and

5           (2) by adding at the end the following new  
6           paragraph:

7           “(2) REQUIRED RISK TRANSFER COVERAGE.—

8           “(A) REQUIREMENT.—Not later than the  
9           expiration of the 18-month period beginning  
10          upon the date of the enactment of this para-  
11          graph and at all times thereafter, the Adminis-  
12          trator shall annually cede a portion of the risk  
13          of the flood insurance program under this title  
14          to the private reinsurance or capital markets, or  
15          any combination thereof, and at rates and  
16          terms that the Administrator determines to be  
17          reasonable and appropriate, in an amount  
18          that—

19                 “(i) is sufficient to maintain the abil-  
20                 ity of the program to pay claims; and

21                 “(ii) manages and limits the annual  
22                 exposure of the flood insurance program to  
23                 flood losses in accordance with the prob-  
24                 able maximum loss target established for  
25                 such year under subparagraph (B).

1           “(B) PROBABLE MAXIMUM LOSS TAR-  
2           GET.—The Administrator shall for each fiscal  
3           year, establish a probable maximum loss target  
4           for the national flood insurance program that  
5           shall be the maximum probable loss under the  
6           national flood insurance program that is ex-  
7           pected to occur in such fiscal year.

8           “(C) CONSIDERATIONS.—In establishing  
9           the probable maximum loss target under sub-  
10          paragraph (B) for each fiscal year and carrying  
11          out subparagraph (A), the Administrator shall  
12          consider—

13                 “(i) the probable maximum loss tar-  
14                 gets for other United States public natural  
15                 catastrophe insurance programs, including  
16                 as State wind pools and earthquake pro-  
17                 grams;

18                 “(ii) the probable maximum loss tar-  
19                 gets of other risk management organiza-  
20                 tions, including the Federal National Mort-  
21                 gage Association and the Federal Home  
22                 Loan Mortgage Corporation;

23                 “(iii) catastrophic, actuarial, and  
24                 other appropriate data modeling results of

1 the national flood insurance program port-  
2 folio;

3 “(iv) the availability of funds in the  
4 National Flood Insurance Fund established  
5 under section 1310 (42 U.S.C. 4017);

6 “(v) the availability of funds in the  
7 National Flood Insurance Reserve Fund  
8 established under section 1310A (42  
9 U.S.C. 4017a);

10 “(vi) the availability of borrowing au-  
11 thority under section 1309 (42 U.S.C.  
12 4016);

13 “(vii) the ability of the Administrator  
14 to repay outstanding debt;

15 “(viii) amounts appropriated to the  
16 Administrator to carry out the national  
17 flood insurance program;

18 “(ix) reinsurance, capital markets, ca-  
19 tastrophe bonds, collateralized reinsurance,  
20 resilience bonds, and other insurance-  
21 linked securities, and other risk transfer  
22 opportunities; and

23 “(x) any other factor the Adminis-  
24 trator determines appropriate.

1           “(D) MULTI-YEAR CONTRACTS.—Nothing  
2           in this paragraph may be construed to prevent  
3           or prohibit the Administrator from complying  
4           with the requirement under subparagraph (A)  
5           regarding ceding risk through contracts having  
6           a duration longer than one year.”.