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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 323 Session of  
2009

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INTRODUCED BY MILLER, BAKER, BEAR, BELFANTI, BEYER, BOYD,  
BUXTON, CAUSER, CLYMER, DePASQUALE, FABRIZIO, FRANKEL,  
GEORGE, GIBBONS, GINGRICH, GOODMAN, GRUCELA, HARKINS, HESS,  
KILLION, KOTIK, MAJOR, O'NEILL, PETRI, PHILLIPS, PICKETT,  
RAPP, REICHLEY, ROCK, SCAVELLO, SIPTROTH, K. SMITH, STABACK,  
SWANGER, VULAKOVICH AND WALKO, FEBRUARY 10, 2009

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REFERRED TO COMMITTEE ON INSURANCE, FEBRUARY 10, 2009

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AN ACT

1 Establishing the Flood Insurance Premium Assistance Program to  
2 provide premium assistance to eligible Pennsylvania residents  
3 who purchase flood insurance; and imposing powers and duties  
4 on the Insurance Department.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Flood  
9 Insurance Premium Assistance Program Act.

10 Section 2. Legislative findings.

11 The General Assembly finds and declares as follows:

12 (1) Pennsylvania is the most flood-prone state in the  
13 nation.

14 (2) Many communities in this Commonwealth frequently are  
15 subject to flooding which adversely affects means of  
16 livelihood and economic resources and causes significant  
17 damage and disruption in the life of the community but which

1 is not often of sufficient magnitude to qualify for Federal  
2 disaster assistance programs.

3 (3) The Commonwealth needs a proactive program to  
4 protect its citizens against the economic damages incurred by  
5 continued flooding, while maintaining its ability to obtain  
6 Federal disaster assistance in the future.

7 Section 3. Definitions.

8 The following words and phrases when used in this act shall  
9 have the meanings given to them in this section unless the  
10 context clearly indicates otherwise:

11 "Department." The Insurance Department of the Commonwealth.

12 "FEMA." The Federal Emergency Management Agency which  
13 administers the National Flood Insurance Program.

14 "Net book premium." The total premium amount for all  
15 eligible flood insurance policies in this Commonwealth.

16 "NFIP." The National Flood Insurance Program, created by  
17 Congress in response to the rising cost of taxpayer-funded  
18 disaster relief for flood victims to provide flood insurance to  
19 anyone living in a participating community that adheres to NFIP  
20 floodplain management and development regulations.

21 "Program." The Flood Insurance Premium Assistance Program  
22 established in section 4.

23 "Providers." National Flood Insurance Program-approved  
24 insurance providers who sell National Flood Insurance Program  
25 flood insurance in this Commonwealth.

26 Section 4. Flood Insurance Premium Assistance Program.

27 There is established under the jurisdiction of the Insurance  
28 Department the Flood Insurance Premium Assistance Program to  
29 assist any eligible Pennsylvania resident or business purchasing  
30 flood insurance with 15% of the cost of premiums for that flood

1 insurance in years in which funds are appropriated or made  
2 available to the department to administer the program.

3 Section 5. Eligibility.

4 (a) General rule.--Any Pennsylvania resident or business is  
5 eligible to participate in the program if either:

6 (1) Has purchased flood insurance prior to the initial  
7 year of the program or purchases flood insurance during or  
8 after the initial year of the program.

9 (2) Lives in a community participating in the National  
10 Flood Insurance Program.

11 (b) Termination of coverage.--

12 (1) Subject to the provisions of paragraphs (2) and (3),  
13 if a participant in the program drops flood insurance  
14 coverage on the covered property where the participant  
15 resides or conducts business, that participant will not be  
16 eligible for future participation in the program for coverage  
17 on the same property as long as the participant continues to  
18 reside at that property or conduct business at that property.

19 (2) If a participant moves back to or conducts business  
20 on a property for which that participant had dropped coverage  
21 at a prior date, the participant shall be eligible for the  
22 15% premium assistance under the program upon purchasing  
23 flood insurance for that property after the expiration of one  
24 calendar year.

25 (3) If a participant purchases a new policy for a  
26 different property, the participant shall be eligible for a  
27 15% premium discount for the property upon the purchase of  
28 flood insurance for the property.

29 Section 6. Assistance when program not funded.

30 If an eligible Pennsylvania resident or business purchases

1 flood insurance after the initial year of enactment but in a  
2 year in which the program is not funded and administered, the  
3 participant shall be eligible for a discount in the amount of  
4 15% of the premium beginning with the year in which the program  
5 is reenacted.

6 Section 7. Mitigation.

7 If a participant resides at a property determined by the  
8 Director of FEMA to be a severe repetitive loss property as  
9 defined under section 1361A of the National Flood Insurance Act  
10 of 1968 (42 U.S.C. § 4102a), the participant shall accept  
11 mitigation offers provided under that act or be disqualified  
12 from the Flood Insurance Premium Assistance Program upon the  
13 refusal to do so.

14 Section 8. Administration of program.

15 The program shall be administered by the Insurance  
16 Department, which shall promulgate the necessary rules and  
17 regulations to implement and administer the program. The  
18 department shall:

19 (1) Enter into a contract with FEMA and NFIP-approved  
20 insurance providers to administer the program in an agreed-  
21 upon way. The department is authorized to draft and enter  
22 into agreements with Federal agencies, other Commonwealth  
23 agencies and private entities as necessary to implement the  
24 program.

25 (2) Publicize the program through its flood insurance  
26 consumer education plan. This shall include, but not be  
27 limited to, informing consumers when the program will be  
28 available, when the program will be discontinued due to  
29 unavailability of funding and/or when the program will be  
30 reenacted.

1           (3) In years in which funding has been made available to  
2 the department for the program, notify FEMA and insurance  
3 providers of the department's intent to provide premium  
4 assistance for the following calendar year and to remit  
5 payment to FEMA in a projected amount equal to 15% of the net  
6 book premium to be discounted for all eligible policies in  
7 effect between January 1 and December 31 of the upcoming  
8 calendar year.

9           (4) In years in which insufficient funding is made  
10 available to administer the program for the next calendar  
11 year, notify FEMA and insurance providers by November 1 of  
12 the department's intent to discontinue premium assistance for  
13 the following calendar year.

14           (5) On or before December 31 of years preceding premium  
15 assistance, remit payment to FEMA in a projected amount equal  
16 to 15% of the net book premium for all eligible policies to  
17 be taken out in the following calendar year.

18           (6) Develop an agreement and procedure with FEMA and  
19 insurance providers to address instances of remittance of  
20 insufficient funding needed by FEMA to provide premium  
21 assistance for any given year. This may include, but is not  
22 limited to, establishing extra payment dates to provide  
23 supplemental funding to FEMA to cover any instances of  
24 insufficient funding or discontinuing the program for the  
25 following calendar year and using those appropriated funds to  
26 compensate FEMA for funding owed.

27           (7) No later than March 1 of each year, submit a report  
28 to the General Assembly detailing its plan, its  
29 implementation and the progress of the program. The report  
30 shall include the number of Commonwealth residents who have

1 purchased flood insurance during the preceding year and  
2 comparisons to prior years.

3 Section 9. Funding.

4 The program shall be administered based on nonlapsing funds  
5 appropriated to the Insurance Department by the General Assembly  
6 to provide payment to FEMA in an amount equal to 15% of the  
7 costs of insurance premiums for any eligible Pennsylvania  
8 resident or business that purchases a flood insurance policy in  
9 years in which funds are appropriated or made available to the  
10 department for premium assistance.

11 Section 10. Implementation.

12 The program shall be implemented by the department in the  
13 first full calendar year that occurs after funding is made  
14 available, but no sooner than 90 days after the effective date  
15 of this act.

16 Section 11. Effective date.

17 This act shall take effect in 90 days.