

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 243

Session of
2005

INTRODUCED BY SEMMEL, BAKER, TIGUE, DALEY, BASTIAN, BELFANTI,
BUNT, CAPPELLI, CAUSER, CAWLEY, COSTA, CURRY, DeLUCA,
FAIRCHILD, GEORGE, GINGRICH, GODSHALL, GOOD, GOODMAN,
GRUCELA, HALUSKA, HESS, JAMES, KIRKLAND, MAHER, MANN,
MARKOSEK, McCALL, McILHATTAN, MELIO, R. MILLER, O'NEILL,
PETRONE, PISTELLA, REICHLEY, SATHER, SCAVELLO, SCHRODER,
SOLOBAY, STABACK, STERN, T. STEVENSON, E. Z. TAYLOR, WANSACZ,
WASHINGTON, WILT, WRIGHT AND YOUNGBLOOD, FEBRUARY 8, 2005

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 28, 2006

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.

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

1 livelihood and economic resources and causes significant
2 damage and disruption in the life of the community but which
3 is not often of sufficient magnitude to qualify for Federal
4 disaster assistance programs.

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

9 Section 3. Definitions.

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

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

14 "FEMA." The Federal Emergency Management Agency which
15 administers the National Flood Insurance Program.

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

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

23 "Program." The Flood Insurance Premium Assistance Program
24 established in section 4 ~~(relating to the Flood Insurance~~ <—
25 ~~Premium Assistance Program)~~.

26 "Providers." National Flood Insurance Program-approved
27 insurance providers who sell National Flood Insurance Program
28 flood insurance in this Commonwealth.

29 Section 4. Flood Insurance Premium Assistance Program.

30 There is established under the jurisdiction of the Insurance

1 Department the Flood Insurance Premium Assistance Program to
2 assist any eligible Pennsylvania resident or business purchasing
3 flood insurance with 15% of the cost of premiums for that flood
4 insurance in years in which funds are appropriated or made
5 available to the department to administer the program.

6 Section 5. Eligibility.

7 (a) General rule.--Any Pennsylvania resident or business is
8 eligible to participate in the program if they:

9 (1) Have purchased flood insurance prior to the initial
10 year of the program or purchase flood insurance during or
11 after the initial year of the program.

12 (2) Live in a community participating in the National
13 Flood Insurance Program.

14 (b) Termination of coverage.--

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

22 FOR THE SUCCEEDING FIVE YEARS. A PARTICIPANT SHALL BE EXEMPT <—
23 FROM THE PROVISIONS OF THIS PARAGRAPH IF THE FAILURE TO
24 MAINTAIN FLOOD INSURANCE IS THE RESULT OF FINANCIAL HARDSHIP.

25 (2) If a participant moves back to or conducts business
26 on a property for which that participant had dropped coverage
27 at a prior date, the participant shall be eligible for the
28 15% premium assistance under the program upon purchasing
29 flood insurance for that property after the expiration of one
30 calendar year.

1 (3) If a participant purchases a new policy for a
2 different property, the participant shall be eligible for a
3 15% premium discount for the property upon the purchase of
4 flood insurance for the property.

5 (4) THE PENALTIES PRESCRIBED IN PARAGRAPHS (1), (2) AND <—
6 (3) SHALL NOT APPLY IF COVERAGE IS DROPPED IN A YEAR IN WHICH
7 NO STATE SUBSIDY IS AVAILABLE.

8 Section 6. Assistance when program not funded.

9 If an eligible Pennsylvania resident or business purchases
10 flood insurance after the initial year of enactment but in a
11 year in which the program is not funded and administered, the
12 participant shall be eligible for a discount in the amount of
13 15% of the premium beginning with the year in which the program
14 is reenacted.

15 Section 7. Mitigation.

16 If a participant resides at a property determined by the
17 Director of FEMA to be a severe repetitive loss property as
18 defined under section 1361A of the National Flood Insurance Act
19 of 1968 (42 U.S.C. § 4102a), the participant shall accept
20 mitigation offers provided under that act or be disqualified
21 from the Flood Insurance Premium Assistance Program upon the
22 refusal to do so.

23 Section 8. Administration of program.

24 The program shall be administered by the Insurance
25 Department, which shall promulgate the necessary rules and
26 regulations to implement and administer the program. The
27 department shall:

28 (1) Enter into a contract with FEMA and NFIP-approved
29 insurance providers to administer the program in an agreed-
30 upon way. The department is authorized to draft and enter

1 into agreements with Federal agencies, other Commonwealth
2 agencies and private entities as necessary to implement the
3 program.

4 (2) Publicize the program through its Flood Insurance
5 Consumer Education Plan. This shall include, but not be
6 limited to, informing consumers of when the program will be
7 available, when the program will be discontinued due to
8 unavailability of funding and/or when the program will be
9 reenacted.

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

18 (4) In years in which insufficient funding is made
19 available to administer the program for the next calendar
20 year, notify FEMA and insurance providers by November 1 of
21 the department's intent to discontinue premium assistance for
22 the following calendar year.

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

27 (6) Develop an agreement and procedure with FEMA and
28 insurance providers to address instances of remittance of
29 insufficient funding needed by FEMA to provide premium
30 assistance for any given year. This may include, but is not

1 limited to, establishing extra payment dates to provide
2 supplemental funding to FEMA to cover any instances of
3 insufficient funding or discontinuing the program for the
4 following calendar year and using those appropriated funds to
5 compensate FEMA for funding owed.

6 (7) No later than March 1 of each year, submit a report
7 to the General Assembly detailing its plan, its
8 implementation and the progress of the program. The report
9 shall include the number of Commonwealth residents who have
10 purchased flood insurance during the preceding year and
11 comparisons to prior years.

12 Section 9. Funding.

13 The program shall be administered based on nonlapsing funds
14 appropriated to the Insurance Department by the General Assembly
15 to provide payment to FEMA in an amount equal to 15% of the
16 costs of insurance premiums for any eligible Pennsylvania
17 resident or business that purchases a flood insurance policy in
18 years in which funds are appropriated or made available to the
19 department for premium assistance.

20 Section 10. Implementation.

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

25 Section 11. Effective date.

26 This act shall take effect in 90 days.