
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 236 Session of
2007

INTRODUCED BY R. MILLER, ADOLPH, BAKER, BELFANTI, BEYER, BOYD,
BUXTON, CAPPELLI, CAUSER, CIVERA, CLYMER, CURRY, DePASQUALE,
FABRIZIO, FRANKEL, FREEMAN, GEORGE, GIBBONS, GINGRICH,
GOODMAN, GRUCELA, HARHART, HARRIS, HERSHEY, HESS, HUTCHINSON,
JAMES, M. KELLER, KILLION, KOTIK, MAJOR, McILHATTAN, O'NEILL,
PETRARCA, PETRI, PETRONE, PICKETT, RAPP, READSHAW, REICHLLEY,
SAINATO, SCAVELLO, SCHRODER, SIPTROTH, SONNEY, STABACK,
SWANGER, WALKO, WANSACZ, YOUNGBLOOD AND YUDICHAK,
FEBRUARY 5, 2007

REFERRED TO COMMITTEE ON INSURANCE, FEBRUARY 5, 2007

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

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.

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

28 Section 4. Flood Insurance Premium Assistance Program.

29 There is established under the jurisdiction of the Insurance
30 Department the Flood Insurance Premium Assistance Program to

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

5 Section 5. Eligibility.

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

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

11 (2) Lives in a community participating in the National
12 Flood Insurance Program.

13 (b) Termination of coverage.--

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

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

27 (3) If a participant purchases a new policy for a
28 different property, the participant shall be eligible for a
29 15% premium discount for the property upon the purchase of
30 flood insurance for the property.

1 Section 6. Assistance when program not funded.

2 If an eligible Pennsylvania resident or business purchases
3 flood insurance after the initial year of enactment but in a
4 year in which the program is not funded and administered, the
5 participant shall be eligible for a discount in the amount of
6 15% of the premium beginning with the year in which the program
7 is reenacted.

8 Section 7. Mitigation.

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

16 Section 8. Administration of program.

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

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

27 (2) Publicize the program through its flood insurance
28 consumer education plan. This shall include, but not be
29 limited to, informing consumers when the program will be
30 available, when the program will be discontinued due to

1 unavailability of funding and/or when the program will be
2 reenacted.

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

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

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

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

29 (7) No later than March 1 of each year, submit a report
30 to the General Assembly detailing its plan, its

1 implementation and the progress of the program. The report
2 shall include the number of Commonwealth residents who have
3 purchased flood insurance during the preceding year and
4 comparisons to prior years.

5 Section 9. Funding.

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

13 Section 10. Implementation.

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

18 Section 11. Effective date.

19 This act shall take effect in 90 days.