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**AMENDMENT TO H.R. 1309, AS REPORTED
OFFERED BY MR. WESTMORELAND OF GEORGIA**

Page 57, after line 2, insert the following new section:

1 **SEC. 21. RESERVE FUND.**

2 (a) ESTABLISHMENT.—Chapter I of the National
3 Flood Insurance Act of 1968 is amended by inserting after
4 section 1310 (42 U.S.C. 4017) the following new section:

5 **“SEC. 1310A. RESERVE FUND.**

6 “(a) ESTABLISHMENT OF RESERVE FUND.—In carrying out the flood insurance program authorized by this
7 title, the Administrator shall establish in the Treasury of
8 the United States a National Flood Insurance Reserve
9 Fund (in this section referred to as the ‘Reserve Fund’)
10 which shall—

12 “(1) be an account separate from any other accounts or funds available to the Administrator; and

14 “(2) be available for meeting the expected future obligations of the flood insurance program.

16 “(b) RESERVE RATIO.—Subject to the phase-in requirements under subsection (d), the Reserve Fund shall
17 maintain a balance equal to—
18

1 “(1) 1 percent of the sum of the total potential
2 loss exposure of all outstanding flood insurance poli-
3 cies in force in the prior fiscal year; or

4 “(2) such higher percentage as the Adminis-
5 trator determines to be appropriate, taking into con-
6 sideration any circumstance that may raise a signifi-
7 cant risk of substantial future losses to the Reserve
8 Fund.

9 “(c) MAINTENANCE OF RESERVE RATIO.—

10 “(1) IN GENERAL.—The Administrator shall
11 have the authority to establish, increase, or decrease
12 the amount of aggregate annual insurance premiums
13 to be collected for any fiscal year necessary—

14 “(A) to maintain the reserve ratio required
15 under subsection (b); and

16 “(B) to achieve such reserve ratio, if the
17 actual balance of such reserve is below the
18 amount required under subsection (b).

19 “(2) CONSIDERATIONS.—In exercising the au-
20 thority under paragraph (1), the Administrator shall
21 consider—

22 “(A) the expected operating expenses of
23 the Reserve Fund;

24 “(B) the insurance loss expenditures under
25 the flood insurance program;

1 “(C) any investment income generated
2 under the flood insurance program; and

3 “(D) any other factor that the Adminis-
4 trator determines appropriate.

5 “(3) LIMITATIONS.—In exercising the authority
6 under paragraph (1), the Administrator shall be
7 subject to all other provisions of this Act, including
8 any provisions relating to chargeable premium rates
9 and annual increases of such rates.

10 “(d) PHASE-IN REQUIREMENTS.—The phase-in re-
11 quirements under this subsection are as follows:

12 “(1) IN GENERAL.—Beginning in fiscal year
13 2012 and not ending until the fiscal year in which
14 the ratio required under subsection (b) is achieved,
15 in each such fiscal year the Administrator shall
16 place in the Reserve Fund an amount equal to not
17 less than 7.5 percent of the reserve ratio required
18 under subsection (b).

19 “(2) AMOUNT SATISFIED.—As soon as the ratio
20 required under subsection (b) is achieved, and except
21 as provided in paragraph (3), the Administrator
22 shall not be required to set aside any amounts for
23 the Reserve Fund.

24 “(3) EXCEPTION.—If at any time after the
25 ratio required under subsection (b) is achieved, the

1 Reserve Fund falls below the required ratio under
2 subsection (b), the Administrator shall place in the
3 Reserve Fund for that fiscal year an amount equal
4 to not less than 7.5 percent of the reserve ratio re-
5 quired under subsection (b).

6 “(e) LIMITATION ON RESERVE RATIO.—In any given
7 fiscal year, if the Administrator determines that the re-
8 serve ratio required under subsection (b) cannot be
9 achieved, the Administrator shall submit a report to the
10 Congress that—

11 “(1) describes and details the specific concerns
12 of the Administrator regarding such consequences;

13 “(2) demonstrates how such consequences
14 would harm the long-term financial soundness of the
15 flood insurance program; and

16 “(3) indicates the maximum attainable reserve
17 ratio for that particular fiscal year.

18 “(f) AVAILABILITY OF AMOUNTS.—The reserve ratio
19 requirements under subsection (b) and the phase-in re-
20 quirements under subsection (d) shall be subject to the
21 availability of amounts in the National Flood Insurance
22 Fund for transfer under section 1310(a)(10), as provided
23 in section 1310(f).”

1 (b) FUNDING.—Subsection (a) of section 1310 of the
2 National Flood Insurance Act of 1968 (42 U.S.C.
3 4017(a)) is amended—

4 (1) in paragraph (8), by striking “and” at the
5 end;

6 (2) in paragraph (9), by striking the period at
7 the end and inserting “; and”; and

8 (3) by adding at the end the following new
9 paragraph:

10 “(10) for transfers to the National Flood Insur-
11 ance Reserve Fund under section 1310A, in accord-
12 ance with such section.”.

