

**AMENDMENT TO H.R. 1309, AS REPORTED  
OFFERED BY MR. SHERMAN OF CALIFORNIA**

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

1 **SEC. 21. FEMA AUTHORITY TO REJECT TRANSFER OF POLI-**  
2 **CIES.**

3 Section 1345 of the National Flood Insurance Act of  
4 1968 (42 U.S.C. 4081) is amended by adding at the end  
5 the following new subsection:

6 “(d) **FEMA AUTHORITY TO REJECT TRANSFER OF**  
7 **POLICIES.**—Notwithstanding any other provision of this  
8 Act, the Administrator may, at the discretion of the Ad-  
9 ministrator, refuse to accept the transfer of the adminis-  
10 tration of policies for coverage under the flood insurance  
11 program under this title that are written and administered  
12 by any insurance company or other insurer, or any insur-  
13 ance agent or broker.”.

Strike line 23 on page 64 and all that follows through page 65, line 5, and insert the following new section:

1 **SEC. 24. REQUIRING COMPETITION FOR NATIONAL FLOOD**  
2 **INSURANCE PROGRAM POLICIES.**

3 (a) REPORT.—Not later than the expiration of the  
4 90-day period beginning upon the date of the enactment  
5 of this Act, the Administrator of the Federal Emergency  
6 Management Agency, in consultation with insurance com-  
7 panies, insurance agents and other organizations with  
8 which the Administrator has contracted, shall submit to  
9 the Congress a report describing procedures and policies  
10 that the Administrator shall implement to limit the per-  
11 centage of policies for flood insurance coverage under the  
12 national flood insurance program that are directly man-  
13 aged by the Agency to not more than 10 percent of the  
14 aggregate number of flood insurance policies in force  
15 under such program.

16 (b) IMPLEMENTATION.—Upon submission of the re-  
17 port under subsection (a) to the Congress, the Adminis-  
18 trator shall implement the policies and procedures de-  
19 scribed in the report. The Administrator shall, not later  
20 than the expiration of the 12-month period beginning  
21 upon submission of such report, reduce the number of  
22 policies for flood insurance coverage that are directly man-  
23 aged by the Agency, or by the Agency's direct servicing  
24 contractor that is not an insurer, to not more than 10  
25 percent of the aggregate number of flood insurance poli-  
26 cies in force as of the expiration of such 12-month period.

1 (c) CONTINUATION OF CURRENT AGENT RELATION-  
2 SHIPS.—In carrying out subsection (b), the Administrator  
3 shall ensure that—

4 (1) agents selling or servicing policies described  
5 in such subsection are not prevented from con-  
6 tinuing to sell or service such policies; and

7 (2) insurance companies are not prevented from  
8 waiving any limitation such companies could other-  
9 wise enforce to limit any such activity.

