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U.S. CONGRESS. CONFERENCE COMMITTEES, 1956.

Federal Flood Insurance.

AUG 25 1965

U.S. Congress. Conference committees, 1956

FEDERAL FLOOD INSURANCE

JULY 27, 1956.—Ordered to be printed

Mr. SPENCE, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 3732]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3732) to provide insurance against flood damage, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That this Act may be cited as the "Federal Flood Insurance Act of 1956"*.

FINDINGS AND DECLARATION OF PURPOSE

*SEC. 2. (a) The Congress finds that in the case of recurring natural disasters, including recurring floods, insurance protection against individual and public loss is not always practically available through private or public sources. With specific reference to insurance against flood loss, the Congress finds that insurance against certain losses resulting from this peril is not so available. Since preventive and protective means and structures against the effects of these disasters can never wholly anticipate the geographic incidence and infinite variety of the destructive aspects of these forces, the Congress finds that the safeguards of insurance are a necessary adjunct of preventive and protective means and structures.*

*Inasmuch as these disasters impede interstate and foreign commerce, hamper national defense, and cause widespread distress and hardship adversely affecting the general welfare, without regard to State boundary lines, and in the absence of insurance protection from private or public sources, the Congress ought to provide for such protection in the case of flood, and study the feasibility and need for similar programs in the case of other forms of natural disaster against which insurance protection is not generally and practically available in all geographical areas.*

FEDERAL FLOOD INSURANCE

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(b) (1) It is the purpose of this Act to authorize the establishment of a program of Federal insurance and reinsurance against the risks of loss resulting from flood as hereinafter defined, and to require a study and report on insurance and reinsurance against still other natural disaster perils to the extent that such insurance or reinsurance is not available on reasonable terms and conditions from other public or private sources; and

(2) It is the further purpose of this Act to encourage private insurance companies to write insurance covering the extent of the risks above the limits prescribed in section 10 (a) and to provide Federal reinsurance to the extent desirable and necessary to carry out this purpose.

(3) It is the further purpose of this Act to authorize the establishment of a program of loans, and a program combining insurance and loans, to assist flood victims who have entered into contracts with the Administrator under this Act.

ADMINISTRATION

SEC. 3. (a) To assist in carrying out the functions, powers, and duties vested in him by this Act, the Administrator may appoint a Commissioner, and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for the Commissioners of the constituents of the Housing and Home Finance Agency.

(b) The provisions of the Government Corporation Control Act, as amended, shall apply to the functions vested in the Administrator by this Act, to the same extent as applicable to wholly owned Government corporations.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act, the Administrator, notwithstanding the provisions of any other law, shall maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: Provided, That such financial transactions of the Administrator as the issuing of insurance policies, the making of reinsurance agreements, and the making and guaranteeing of loans, and vouchers approved by the Administrator in connection with such financial transactions, shall be final and conclusive upon all officers of the Government.

AUTHORITY TO INSURE AND REINSURE

SEC. 4. To aid in carrying out the purposes of this Act, the Administrator is authorized to provide, upon such terms and conditions (including coinsurance requirements) as he may establish, insurance and reinsurance against loss resulting from damage to or destruction of real or personal property (including property owned by any State or local government) due to flood, as hereinafter defined, occurring within the United States: Provided, That insurance policies issued under this Act after June 30, 1959, shall be issued only with respect to property in those States which participate as provided in section 7 (a) of this Act.

LOAN CONTRACTS

SEC. 5. (a) The Administrator is authorized to enter into contracts with any persons (not including State and local governments and agencies

thereof) to the effect that, in the event of any subsequent loss resulting from damage to or destruction of real and personal property due to flood, as hereinafter defined, occurring within the United States—

(1) the Administrator will guarantee any public or private financing institution against loss of principal and interest with respect to any loan in an amount not to exceed such subsequent flood loss (as modified by subsection (f) of this section, relating to deductibility), which may be made by such institution to any such person in connection with such flood loss; and

(2) to the extent that a loan to finance such flood loss is not available from any such institution on reasonable terms, the Administrator will make a loan directly to such person in an amount covering all or part (as provided for in the loan contract between the Administrator and such person) of the difference between the amount of such flood loss (as modified by such subsection (f), relating to deductibility) and the amount of the loan available from such institution.

Each such contract shall contain such terms and conditions and require from any such person such monetary consideration, as the Administrator may prescribe by regulation. In issuing such regulations the Administrator shall fix such monetary consideration at the lowest practicable amount, following generally the same principles as apply under section 7 (a) with respect to the establishment of fees for insurance.

(b) Any loan made or guaranteed under this section shall bear interest at the rate, as determined by the Administrator, which is prevailing in the area where the money loaned is to be used but such rate shall not exceed 4 per centum per annum on the unpaid principal balance.

(c) Any Federal Reserve bank, when designated by the Administrator, is hereby authorized to act, on behalf of the Administrator, as fiscal agent of the United States in guaranteeing loans under this section and in otherwise taking action in connection with such guarantees. Such funds as may be necessary to enable such bank to carry out any such guarantee shall be supplied and disbursed by or under authority of the Administrator from the Disaster Loan Fund. Such bank shall not have any responsibility or accountability except as agent in taking any action in connection with such guarantees. Each such bank shall be reimbursed by the Administrator, from funds appropriated by the Federal Government, for all expenses incurred by the bank in acting as agent on behalf of the Administrator, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(d) Action and operations of such banks under authority of subsection (c) of this section shall be subject to the supervision of the Administrator and subject to such regulations as he may prescribe. The Administrator is authorized to prescribe the term and incidental charges for loans guaranteed under subsection (c) of this section. The Administrator is further authorized to prescribe regulations with respect to the forms and procedures (which shall be uniform to the maximum extent practicable) to be utilized in connection with such guarantees.

(e) To the maximum extent practicable, loans under this section shall be on a long-term basis in accordance with regulations prescribed by the Administrator, if so requested by the person obtaining the loan.

(f) Loans under this section shall be made only with respect to amounts exceeding the first \$500 of the amount of the loss.

(g) The face amount of all loan contracts outstanding under this section at any one time shall not exceed \$2,000,000,000; but such amount may be

increased, with the approval of the President, by not to exceed \$500,000,000 in any one fiscal year.

(h) The provisions of sections 8, 9, 10 (a), 10 (b), 12 (b), 12 (c), 13, 14, 15 (e), 15 (g), 17 (a), 18, 19, 20, 22, and 23 of this Act shall be applicable with respect to the loan contract program under this section.

#### COMBINATION OF INSURANCE AND LOANS

SEC. 6. The Administrator is authorized to establish, under such regulations as he may prescribe, a program combining insurance and loans in order to provide the greatest variety and amount of protection against loss to the greatest number of affected parties in accordance with individual needs.

#### ESTIMATED RATES AND FEES

SEC. 7. (a) The Administrator shall from time to time establish a schedule of "estimated rates" for insurance offered under the provisions of this Act, which would be adequate, in his judgment, to produce sufficient proceeds to pay all claims for probable losses over a reasonable period of years. Such "estimated rates" shall be used as a basis for determining the fees to be paid by the persons insured. They shall be based on consideration of the risks involved and shall be uniform for similar risks within a given classification of property. They shall not include any loading for administrative expenses of the Federal Government under this Act. The Administrator shall establish a schedule of fees to provide insurance protection at reasonable costs designed to achieve marketability: Provided, That no insurance policy shall be issued for a fee less than 60 per centum of such "estimated rate". The Administrator is authorized to establish such classifications of fees as he deems necessary to carry out the purposes of this Act based on the use of the property to be insured, the availability of insurance from private sources covering such property, and the ability of the insured to self-insure or reinsure and may establish differentials in levels of fees for such classifications: Provided, That all such fees shall be uniform for similar risks within a given classification of property. Prior to July 1, 1959, the Administrator shall pay into the Disaster Insurance Fund, hereinafter created, from time to time, an amount equal to the difference between the fees charged for insurance policies issued and the amount which would have been charged if the "estimated rates" were applied: Provided, That after June 30, 1959, each State shall pay from time to time into the Disaster Insurance Fund, an amount equal to one-half the difference between the fees charged for insurance policies issued after such date on property in such State, and the amount which would have been charged if the "estimated rates" were applied, and the Administrator shall pay into such Fund, from time to time, an amount equal to the State's contribution for each policy issued.

(b) The Administrator from time to time shall also negotiate with insurance companies seeking reinsurance for the purpose of establishing fees for reinsurance offered under the provisions of this Act. Such fees shall be based on consideration of the risks involved and shall be adequate, in the judgment of the Administrator, to produce sufficient proceeds over a reasonable period of years to pay all claims for losses. The fees shall not include any loading for administrative expenses of the Federal Government under this Act.

## PROPERTY AND LOSS LIMITS

SEC. 8. *The Administrator is authorized to provide for the determination of types and location of property with respect to which insurance or reinsurance shall be made available under this Act, the nature and limits of loss or damage in any area (including subdivisions thereof) which may be covered by such insurance or reinsurance, and such other matters as may be necessary to carry out the purposes of this Act.*

## RISK CLASSIFICATION

SEC. 9. *The Administrator may from time to time issue appropriate regulations regarding the classification, limitation, and rejection of risks assumed by him under authority of this Act.*

## POLICY AND PROGRAM LIMITS

SEC. 10. (a) *The outstanding face amount of insurance issued by the Administrator under this Act shall not exceed \$250,000 per person: Provided, That the face amount of such insurance on any dwelling unit (including any structures and personal property connected therewith) shall not exceed \$10,000.*

(b) *The Administrator may from time to time issue appropriate regulations regarding insurance coverage available to joint owners and subsidiary and affiliated corporations as he shall deem advisable to effectuate the purposes of this Act.*

(c) *Each insurance policy issued by the Administrator shall contain a loss-deductible clause relieving him from any liability for paying the first \$100 of a proved and approved claim for loss, plus 5 per centum of the remainder, or such larger amount or percentage as may be specified by the Administrator upon issuance of the insurance policy, taking into consideration the class of risk involved.*

(d) *The face amount of insurance policies and reinsurance agreements outstanding at any one time under this Act shall not exceed \$3,000,000,000 (which limit may be increased with the approval of the President by further amounts not to exceed \$2,000,000,000 in the aggregate if such increase is deemed advisable to effectuate the purposes of this Act) minus the aggregate amount of claims proved and approved under insurance policies and reinsurance agreements issued under this Act, but plus fees collected hereunder. For the purpose of applying this limitation, the face amount of any policy or agreement shall be deemed to be the original amount minus claims proved and approved thereunder.*

## REINSURANCE REGULATORY AUTHORITY

SEC. 11. (a) *The Administrator is authorized to issue such regulations regarding reinsurance under this Act as he deems advisable in order to carry out the purposes of this Act.*

(b) *The premium rate and terms and conditions of any policy reinsured under the provisions of this Act shall be subject to approval by the Administrator.*

(c) *The Administrator shall use his best efforts to encourage private insurance companies to undertake the issuance of insurance policies covering that portion of the loss in excess of the limits specified in section 10 (a) of this Act resulting from damage to or destruction of real or per-*

sonal property due to flood as defined in this Act. The Administrator may seek to achieve this end by offering a program of appropriate reinsurance within the authority granted him by this Act.

(d) Wherever practicable, the Administrator may encourage, by offering suitable reinsurance subject to the provisions of this Act, the issuance by private insurance companies of policies insuring against loss resulting from damage to or destruction of real or personal property due to flood.

#### NONDUPLICATION OF AVAILABLE INSURANCE

SEC. 12. (a) No insurance or reinsurance, or loan contract, shall be issued under the provisions of this Act covering risks against which insurance is available on reasonable terms from other public or private sources.

(b) No insurance or reinsurance shall be issued under the provisions of this Act on any property declared by a duly constituted State or local zoning authority, or other authorized public body, to be in violation of State or local flood zoning laws.

(c) After June 30, 1958, no insurance or reinsurance shall be issued under the provisions of this Act in any geographical location unless an appropriate public body shall have adopted and shall keep in effect such flood zoning restrictions, if any, as may be deemed necessary by the Administrator to reduce, within practicable limits, damages from flood in such location.

#### USE OF OTHER PUBLIC AND PRIVATE FACILITIES

SEC. 13. (a) In providing insurance or reinsurance under this Act, the Administrator shall use to the maximum practicable extent the facilities and services of private organizations and persons authorized to engage in the insurance business under the laws of any State (including insurance companies, agents, brokers, and adjustment organizations); and the Administrator may arrange for payment of reasonable compensation therefor.

(b) In providing insurance or reinsurance under this Act, the Administrator may use the services of other public agencies, and pay reasonable compensation therefor.

(c) The Administrator may supply, receive from and exchange with other agencies of the Federal Government, State, local, and interstate commissions or agencies, and private organizations experienced in the fields of insurance or reinsurance, such information as may be useful in the administration of the programs authorized by this Act.

(d) In carrying out the functions authorized in this Act, the Administrator may consult with other agencies of the Federal Government and interstate, State, and local public agencies having responsibilities for land use and flood control and for flood zoning and flood-damage prevention in order to assure that the insurance and reinsurance programs are consistent with the programs of such agencies. Where the program of the Administrator may affect existing or proposed flood-control works under the jurisdiction of agencies of the Federal Government these agencies shall cooperate with the Administrator in coordinating their respective programs. The Secretary of Agriculture and the Administrator shall coordinate the administration of their respective programs relating to flood insurance and reinsurance for agricultural commodities.

(e) *The Administrator may from time to time consult with representatives of the various States to the extent deemed necessary by him to effectuate the purposes of this Act.*

#### CLAIMS PAYMENT AND JUDICIAL REVIEW

*SEC. 14. (a) Under such regulations as the Administrator may prescribe, he shall arrange for prompt adjustment and payment of valid claims for losses covered by insurance or reinsurance under this Act.*

*(b) Upon disallowance of any claim against the Administrator under color of any insurance or reinsurance made available under this Act, or upon refusal of the claimant to accept the amount allowed upon any such claim, the claimant may institute an action against the Administrator on such claim in the United States district court in which a major portion (in terms of value) of the insured property is located. Any such action must be begun within one year after the date upon which the claimant receives from the Administrator written notice of disallowance or partial disallowance of the claim. For the purposes of this section, the Administrator may be sued and he shall appoint one or more agents within the jurisdiction of each United States district court upon whom service of process can be made in any action instituted under this section. Exclusive jurisdiction is hereby conferred upon all United States district courts to hear and determine such actions without regard to the amount in controversy.*

#### FUNDS AND TREASURY BORROWINGS

*SEC. 15. (a) To carry out the purposes of this Act, the Administrator is authorized to establish three funds to be known as the (1) Disaster Insurance Fund, (2) Disaster Reinsurance Fund, and (3) Disaster Loan Fund.*

*(b) Into the Disaster Insurance Fund shall be deposited all insurance fees collected by the Administrator for insurance policies issued by him under this Act, and the contributions made by the Administrator and the respective States in accordance with section 7 (a) of this Act. Into the Disaster Reinsurance Fund shall be deposited all fees collected by the Administrator in connection with reinsurance made available by him under this Act. Into the Disaster Loan Fund shall be deposited amounts accruing to the United States in connection with loan contract transactions.*

*(c) Moneys in each of the funds may be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States. Such obligations may be sold and the proceeds derived therefrom may be reinvested as above provided if deemed advisable by the Administrator. Income from such investment or reinvestment shall be deposited in the respective fund from which the investment was made.*

*(d) All salvage proceeds realized by the Administrator in connection with insurance made available under this Act shall be deposited in the Disaster Insurance Fund; and all salvage proceeds realized by the Administrator in connection with reinsurance made available under this Act shall be deposited in the Disaster Reinsurance Fund.*

*(e) The Administrator is authorized to issue to the Secretary of the Treasury from time to time and have outstanding at any one time, in an amount not exceeding \$500,000,000 (or such greater amount as may be approved by the President) notes or other obligations in such forms and*

denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations to be issued hereunder and for such purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and obligations.

The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Funds borrowed under this section shall be deposited, in such proportions as the Administrator deems advisable, in the Disaster Insurance Fund, the Disaster Reinsurance Fund, and the Disaster Loan Fund.

(f) Moneys in the Disaster Insurance Fund, the Disaster Reinsurance Fund, and the Disaster Loan Fund may be used for the following purposes as deemed necessary by the Administrator:

(1) To pay from the Disaster Insurance Fund proved and approved claims for loss under, and other nonadministrative expenses arising in connection with, insurance policies issued by the Administrator under this Act;

(2) To pay from the Disaster Reinsurance Fund proved and approved claims under, and other nonadministrative expenses arising in connection with, reinsurance agreements entered into by the Administrator under this Act;

(3) To pay from the Disaster Loan Fund the amounts of loans made by the Administrator, amounts in payment of guarantees, and other nonadministrative expenses in connection with direct and guaranteed loans under this Act; and

(4) To repay to the Secretary of the Treasury sums borrowed from him in accordance with the provisions of subsection (e) of this section.

(g) All administrative expenses of the Federal Government under this Act shall be paid from funds appropriated by the Federal Government.

#### ADVISORY COMMITTEE

SEC. 16. In carrying out his functions under this Act, the Administrator shall appoint an advisory committee as authorized by section 601 of the Housing Act of 1949, as amended (68 Stat. 590, 645). Such committee shall consist of not less than three nor more than fifteen persons familiar with the problems of insurance or reinsurance, to advise the Administrator with respect to the formulation of policies and the execution of functions under this Act.

#### STUDIES

SEC. 17. (a) The Administrator shall undertake a continuing study of the practicability of extending the coverage of insurance programs

similar to those authorized under this Act to any one or more natural disaster perils, other than flood, against which, and for the period during which, insurance protection is not generally and practically available in all geographical locations from other public or private sources.

(b) The Administrator shall also undertake a continuing study of participation by private insurance companies in the programs authorized by this Act, in order that the protection it authorizes can be provided, whenever practicable, through insurance policies issued by private insurance companies and reinsured with the Administrator, in lieu of providing such protection through insurance policies issued in the name of the Administrator.

(c) The Administrator shall undertake a continuing study of the feasibility of having private insurance companies take over, with or without some form of Federal financial support, the insurance programs authorized by this Act.

#### ADDITIONAL FUNCTIONS

SEC. 18. For the purpose of carrying out functions under this Act the Administrator may—

(a) sue or be sued;

(b) without regard to sections 3648 and 3709 of the Revised Statutes, as amended (31 U. S. C. 529 and 41 U. S. C. 5), and section 322 of the Act of June 30, 1932 (47 Stat. 412, as amended (40 U. S. C. 278a)), enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as he may deem appropriate, with any agency or instrumentality of the United States, or with any State or agency or political subdivision thereof, or with any person, firm, association, or corporation and consent to modification thereof, and make advance or progress payments in connection therewith;

(c) without regard to sections 3648 and 3709 of the Revised Statutes, as amended (31 U. S. C. 529 and 41 U. S. C. 5), and section 322 of the Act of June 30, 1932 (47 Stat. 412, as amended (40 U. S. C. 278a)), by purchase, lease, or donation acquire such real and personal property and any interest therein, make advance or progress payments in connection therewith, and hold, use, maintain, insure against loss, sell, lease, or otherwise dispose of such real and personal property as the Administrator deems necessary to carry out the purposes of this Act;

(d) appoint, pursuant to civil-service laws and regulations, such officers, attorneys, and employees as may be necessary to carry out the purposes of this Act; fix their compensation in accordance with the provisions of the Classification Act of 1949, as amended; define their authority and duties; provide bonds for such of them as he may deem necessary; and delegate to them, and authorize successive redelegations by them, of such of the powers vested in him by this Act as he may determine;

(e) conduct researches, surveys, and investigations relating to flood insurance and reinsurance and assemble data for the purpose of establishing estimated rates, fees, and premiums for flood insurance and reinsurance under this Act;

(f) issue such rules and regulations as he deems necessary to carry out the purposes of this Act; and

(g) exercise all powers specifically granted by the provisions of this Act and such incidental powers as are necessary to carry out the purposes of this Act.

#### RESERVATION OF RIGHTS IN REAL ESTATE ACQUIRED

SEC. 19. The acquisition by the Administrator of any real property pursuant to this Act shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local law of the inhabitants on such property.

#### TAXATION

SEC. 20. Nothing in this Act shall be construed to exempt any real property, acquired and held by the Administrator in connection with the payment of any claim under this Act, from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

#### ANNUAL REPORT

SEC. 21. The annual report made by the Administrator to the President for submission to the Congress under existing law on all programs provided for under this Act shall contain a comprehensive report concerning (1) the operation of insurance, reinsurance, and loan programs authorized under this Act, and (2) the status and result of studies authorized under section 17 of this Act, together with such recommendations, if any, for legislative changes deemed by the Administrator desirable to improve the operation of programs authorized under this Act. The annual report for the calendar year ending December 31, 1958, shall contain a list of the States which can be expected to participate in the insurance program authorized by this Act after June 30, 1959. The annual report for the calendar year ending December 31, 1961, shall contain an express opinion of the Administrator, supported by pertinent findings, concerning the advisability of withdrawing in whole or in part Federal financial support for insurance policies to be issued at any time after June 30, 1962, offering protection as authorized in this Act, taking into consideration the desirability of offering such protection. Such opinion shall be accompanied by recommendations for legislative changes deemed desirable by the Administrator in the event the opinion is to the effect that any such withdrawal of financial support is advisable.

#### DEFINITIONS

SEC. 22. As used in this Act the term—

(a) "Flood" includes any flood, tidal wave, wave wash, or other abnormally high tidal water, deluge, or the water component of any hurricane or other severe storm, surface landslide due to excess moisture, and shall have such other meaning as may be prescribed by regulation of the Administrator.

(b) "Person" means an individual or group of individuals, corporation, partnership, association, or any other organized group of persons, including State and local governments and agencies thereof;

(c) "United States", when used in a geographic sense, means the several States, the District of Columbia, the Territories, the possessions, and the Commonwealth of Puerto Rico;

(d) "State" includes the several States, the District of Columbia, the Territories, the possessions, and the Commonwealth of Puerto Rico; and

(e) "Administrator" means the Housing and Home Finance Administrator.

SEPARABILITY PROVISION

SEC. 23. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act and the application of such provision to any person or circumstance other than those as to which it is held invalid shall not be affected thereby.

And the House agree to the same.

BRENT SPENCE,  
PAUL BROWN,  
WRIGHT PATMAN,  
ALBERT RAINS,  
JESSE P. WOLCOTT,  
RALPH A. GAMBLE,

*Managers on the Part of the House.*

HERBERT H. LEHMAN,  
J. W. FULBRIGHT,  
MIKE MONRONEY,  
WAYNE MORSE,  
PRESCOTT BUSH,

*Managers on the Part of the Senate.*

## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3732) to provide insurance against flood damage, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all after the enacting clause of the Senate bill and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. The conference substitute is identical with the House amendment, except in two respects.

The House amendment contained a provision authorizing the Administrator to issue insurance policies on owner-occupied homes at reduced fees if he found that the owners of these homes, as a class, could not afford to pay the fees otherwise chargeable for such insurance under the bill. The Senate bill contained no such provision. The House recedes, and this provision is not included in the conference substitute.

Both the Senate bill and the House amendment provided that after June 30, 1959, each State would be required to pay into the disaster insurance fund one-half the difference between the fees charged for policies issued after that date on property in that State and the estimated rates needed to cover losses on such properties. The provisions of the Senate bill on this point were more complete, providing for such matters as consultation between the State and Federal Governments and a statement in the Administrator's 1958 report of the number of States which could be expected to participate in the program after this requirement takes effect. The conference substitute follows the language of the Senate bill, with a technical amendment making it clear that when the States begin to contribute to the insurance fund, the Federal contributions will be reduced by a corresponding amount.

BRENT SPENCE,  
PAUL BROWN,  
WRIGHT PATMAN,  
ALBERT RAINS,  
JESSE P. WOLCOTT,  
RALPH A. GAMBLE,

*Managers on the Part of the House.*