

AMENDMENT TO H.R. 2555
OFFERED BY MR. KLEIN OF FLORIDA

Page 20, strike lines 1 through 3 and insert the following:

1 (1) shall be priced on an actuarially sound
2 basis;

Page 20, strike lines 10 through 19 and insert the following:

3 (a) **MINIMUM ATTACHMENT POINT AND LEVELS OF**
4 **COVERAGE.**—The Secretary shall establish attachment
5 points at which reinsurance coverage under this title is
6 provided to eligible State programs. In setting attachment
7 points and in determining the levels of reinsurance cov-
8 erage provided, the Secretary shall take into consider-
9 ation—

10 (1) the coverage available through eligible State
11 programs;

12 (2) the availability and accessibility of reinsur-
13 ance in the private market; and

14 (3) other factors as deemed appropriate by the
15 Secretary.

Page 22, line 3, before the comma insert “(which may not be equal only to average annual costs)”.

Page 22, line 8, after the period insert the following: “The anticipated cost of all claims shall be comparable to amounts being included in the price for similar layers of coverage in the private sector, taking into account the savings associated with non-profit and tax-exempt status of the Fund established under section 305.”

Strike “by the Secretary” in line 25 on page 22 and all that follows through “lesser amount as is” on page 23, line 1, and insert “shall be”.

Page 24, strike lines 14 through 18 and insert the following:

1 (d) INVESTMENT.—The Secretary shall invest such
2 amounts in the Fund as the Secretary considers advisable
3 in obligations issued or guaranteed by the United States.
4 For purposes of the grant mandate in section 401(e) for
5 a fiscal year, the Secretary shall disclose the annual net
6 investment income available not later than 60 days after
7 the conclusion of such fiscal year and disperse appropriate
8 funds not later than 90 days after the conclusion of such
9 fiscal year.

Page 25, line 12, before the semicolon insert “, including public education campaigns to promote citizen and community preparedness”.

Page 25, line 18, strike “or”.

Page 25, line 21, strike the period and insert “; or”.

Page 25, after line 21, insert the following:

1 (5) supporting disaster response readiness pro-
2 grams, including initiatives that develop, enhance ,or
3 maintain the capacity of a public safety organization
4 to be better prepared, equipped, and trained to re-
5 spond to natural catastrophes.

Page 26, line 10, strike “or” the first place it appears.

Page 26, line 10, before the period insert the following: “, or a nationally recognized, congressionally chartered disaster response non-profit organization”.

Page 26, strike lines 11 through 13, and insert the following:

6 (e) GRANT MANDATE.—The Secretary shall, to the
7 extent provided in advance in appropriation Acts, use not
8 less than 35 percent of the net investment income from
9 the Federal Natural Catastrophe Reinsurance Fund

1 earned in each fiscal year pursuant to section 305(d) for
2 grants under this section.

Page 28, line 20, strike the opening parenthesis.

Page 28, line 21, strike the closing parenthesis.

Page 30, line 2, before the semicolon, insert “, in accordance with the principles under section 303(g)”.

Page 30, strike lines 12 through 14 and insert the following:

3 (8) RISK-BASED CAPITAL REQUIREMENTS.—

4 The State program—

5 (A) complies with such risk-based capital
6 requirements as applicable State law may im-
7 pose and shall take into consideration asset
8 risk, credit risk, underwriting risk, and such
9 other relevant risk as determined by the Sec-
10 retary; and

11 (B) for each calendar year, prepares and
12 submits to the Secretary a report identifying its
13 claim-paying capacity at such time after the
14 conclusion of such year, and containing such in-
15 formation and in such form, as the Secretary
16 shall require.

Strike line 20 on page 30 and all that follows through page 31, line 12 (and redesignate succeeding subsections and any references to such subsections, accordingly).

Page 32, after line 21, insert the following new section (and redesignate succeeding sections and any references to such sections accordingly):

1 **SEC. 503. STUDY OF RISK-BASED PRICING AND STATE PRO-**
2 **GRAM RATES.**

3 The Comptroller General of the United States shall
4 conduct a study to analyze—

5 (1) risk-based rate pricing, to determine the use
6 of actuarially sound pricing for State insurance, re-
7 insurance, or residual market programs, including
8 what measures States are taking to implement actu-
9 arially sound rates; and

10 (2) rates for State insurance, reinsurance, or
11 residual market programs that fail to cover the ex-
12 pected value of all future costs, including the cost of
13 capital, associated with insurance policies or reinsur-
14 ance contracts written by such programs or fail to
15 have sufficient assets above their indebtedness to
16 meet their obligations.

17 Not later than 6 months after the date of the enactment
18 of this Act, the Comptroller General shall submit a report

1 to the Congress on the results of the study under this sec-
2 tion.

