

104TH CONGRESS
1ST SESSION

H. R. 2317

To define the circumstances under which earthquake insurance requirements may be imposed by the Federal Home Loan Mortgage Corporation on a specifically targeted State or area.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 12, 1995

Ms. WATERS introduced the following bill; which was referred to the
Committee on Banking and Financial Services

A BILL

To define the circumstances under which earthquake insurance requirements may be imposed by the Federal Home Loan Mortgage Corporation on a specifically targeted State or area.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Earthquake Insurance
5 Availability Act of 1995”.

1 **SEC. 2. RESTRICTIONS ON EARTHQUAKE INSURANCE RE-**
2 **QUIREMENTS.**

3 Section 307 of the Federal Home Loan Mortgage
4 Corporation Act (12 U.S.C. 1456) is amended by adding
5 at the end the following new subsection:

6 “(h) EARTHQUAKE INSURANCE REQUIREMENTS.—

7 “(1) DEFINITIONS.—For purposes of this sub-
8 section—

9 “(A) the term ‘affected State’ means any
10 State that is subject to an earthquake insur-
11 ance requirement that is targeted to a specific
12 State or area;

13 “(B) the term ‘earthquake insurance re-
14 quirement’ means any requirement that—

15 “(i) is imposed by the Corporation as
16 a condition for mortgage purchase eligi-
17 bility under this title; and

18 “(ii) includes specific insurance cov-
19 erage requirements for property damage
20 caused by earthquakes;

21 “(C) the term ‘insurance commissioner’
22 means the insurance commissioner or other
23 State official primarily responsible for the over-
24 sight of insurance; and

25 “(D) the term ‘State’ means any State,
26 territory, or possession of the United States,

1 the District of Columbia, or the Commonwealth
2 of Puerto Rico; and

3 “(E) the term ‘targeted to a specific State
4 or area’, with respect to an earthquake insur-
5 ance requirement, means any requirement that
6 is not applicable to mortgages secured by dwell-
7 ings located in all States.

8 “(2) IMPOSITION OF CERTAIN EARTHQUAKE IN-
9 SURANCE REQUIREMENTS.—

10 “(A) IN GENERAL.—The Corporation may
11 impose an earthquake insurance requirement
12 that is targeted to a specific State or area only
13 if the insurance commissioner of the State cer-
14 tifies in writing the existence of reasonable in-
15 surance capacity in the State.

16 “(B) DETERMINATION OF REASONABLE
17 INSURANCE CAPACITY.—In determining whether
18 to make a certification under subparagraph (A),
19 the insurance commissioner of each affected
20 State shall consider whether—

21 “(i) the insurance product necessary
22 for compliance with the earthquake insur-
23 ance requirement at issue is—

24 “(I) available in the State or
25 area, as applicable;

1 “(II) underwritten by an ade-
2 quate number of companies to meet
3 projected demand in the State or
4 area, as applicable; and

5 “(III) affordably priced for the
6 consumers to which the insurance is
7 targeted; and

8 “(ii) compliance with the earthquake
9 insurance requirement at issue would cause
10 undue hardship for citizens of the State.”.

11 **SEC. 3. EFFECTIVE DATE.**

12 The amendment made by this Act shall take effect
13 on January 1, 1995.

○