

# Flood bills compared

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## CS/CS/CS SB 542 and CS/CS/HB 879

### Section 1 – 627.062 Rate Standards

Senate Bill	House Bill
Permits flood losses to be projected based on any approved model or an average of approved models	Identical except it only permits “straight averaging”. Not clear if this is going to be interpreted by OIR staff the same as just the term “averaging”.

### Section 2 – 627.0628 Florida Commission on Hurricane Loss Projection Methodology

Senate Bill	House Bill
Further clarifies averaging of approved models is permissible for the risk of flood	Identical
Requires the commission to adopt flood models by 7/1/16	Requires the commission to adopt flood models by 7/1/17

### Section 3- 627.715 Flood insurance

Senate Bill	House Bill
Creates a new statute for flood policies on residential structures or their contents	Identical
Defines “flood” to mirror NFIP	Identical
Clearly excludes commercial lines residential or commercial lines non residential flood coverage	Identical
Clearly excludes coverage for flood that is excess coverage (over any other insurance covering the peril of flood)	Identical
Clearly excludes NFIP policies by WYO	
Provides for flood policies: <ul style="list-style-type: none"> <li>- Must cover at least the same as NFIP</li> <li>- Deductibles are in an agreed upon amount, must be acceptable to federal mortgage and banking regulators if intended to satisfy a mortgage requirement;</li> <li>- Can be based on ACV or RCV</li> <li>- Can restrict coverage to principal building</li> <li>- Can be in an agreed upon amount – including just covering mortgage – but cannot penalize insured for not insuring up to replacement cost</li> <li>- Can exclude: ALE, personal property or contents; L&amp;O cover</li> <li>- Can provide wrap around coverage</li> </ul>	Provides for 4 types of flood policies: <ol style="list-style-type: none"> <li>1. Identical to NFIP (same concept as Senate bill);</li> <li>2. Preferred, which includes any water from outside the house, ALE, requires loss be adjusted on replacement cost;</li> <li>3. Customized flood insurance, which has to offer coverage above and beyond the NFIP policy (same concept as Senate bill); and</li> <li>4. Wrap around coverage, which covers gaps in the NFIP policy (same concept as Senate bill).</li> </ol>

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<p>Rating:</p> <ol style="list-style-type: none"> <li>1. Can be done under any existing statute</li> <li>2. Can be established without having to follow 627.062(2)(a) and (f). Rates can be reviewed by the office to determine if they are excessive, inadequate, or unfairly discriminatory; sunsets on 7/1/24</li> </ol>	<p>Rating can be done two ways:</p> <ol style="list-style-type: none"> <li>1. Under 627.062 (same idea as Senate bill)</li> <li>2. For rates filed w/ OIR prior to 10/1/19, excluded from having to follow 627.062(2)(a) and (f). Upon examination, the office shall consider the rate factors to determine if they are excessive, inadequate, or unfairly discriminatory (Identical except for sunset provision)</li> </ol>
<p>Surplus Lines Removes the diligent search requirement until 7/1/17</p>	<p>Surplus Lines: Identical</p>
<p>Requires that policies can only be cancelled if it would be permitted under NFIP</p>	
<p>Filing requirements: Companies must notify office prior to writing flood and filing a plan of operation ; companies must file all reinsurance contracts w/ the office annually</p>	<p>Filing requirements: Companies must notify office prior to writing flood and filing a plan of operation unless insurer (or insurer group) has \$35M in surplus; does not mention reinsurance contracts</p>
<p>Citizens – Cannot write flood</p>	<p>Citizens – Identical</p>
<p>FHCF – Does not cover flood</p>	<p>FHCF – Identical</p>
<p>Agent acknowledgement:</p> <ul style="list-style-type: none"> <li>- Deductibles, policy limits, and anything else required by OIR must be on dec page;</li> <li>- Requires insured/agent to sign acknowledgements regarding:             <ol style="list-style-type: none"> <li>1. Limitations in policy</li> <li>2. Insuring for less than replacement cost</li> <li>3. Insuring at ACV</li> <li>4. Clarifying that NFIP coverage is always available</li> <li>5. Loss of grandfathered rates</li> <li>6. Ordinance and Law coverage</li> </ol> </li> </ul>	<p>Agent acknowledgement: If a customer goes from a NFIP policy, the agent must notify the applicant that the property might lose it's grandfathering for rates under NFIP by going to be a private carrier. (same as Senate bill)</p>

### **Section 4. Certification**

<b>Senate Bill</b>	<b>House Bill</b>
<p>Certification – Gives OIR authority to certify policies if so required under Federal law</p>	<p>Not mentioned</p>