ABIR Comments

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July 26, 2019

The Honorable Mike Chaney
Mississippi Insurance Commissioner
Chair, NAIC Catastrophe Insurance (C) Committee
Via Email: bstringer@naic.org and srobben@naic.org

RE: ABIR comments on "ACTIONS FOR STATE REGULATORS IN BUILDING THE PRIVATE FLOOD INSURANCE MARKET"

Dear Commissioner Chaney,

Thank you for your committee's work to bridge the residential flood insurance protection gap by issuing a best practices document to guide insurance regulators in their efforts to build a more robust private flood insurance market for their consumers. This is a significant effort and will benefit insurance consumers with more choices to protect themselves and their families against future floods.

A robust personal lines market complementing the National Flood Insurance Program (NFIP) will also benefit consumers by providing direct state insurance regulator expertise, information, direction, oversight and embedded consumer protections that come with our U.S. system of state-based insurance regulation.

ABIR appreciates the opportunity to comment on the document and add to the well described best practices. ABIR appreciates the scholarly nature of the document as it dives into the data points around the current state of flood insurance and clearly indicates a market deserving of more private flood choices. It is important to continue surveying state markets to follow the growth of private flood.

Under the State Action section, the Florida legislative approach is instructive on how states can successfully build out an appropriate legal framework for private flood insurers to operate. It might also be helpful to share the Pennsylvania experience of a regulator's use of significant existing Commissioner authority to build out her market without significant legislative assistance. As a practical matter, for those commissioners wanting to immediately help consumers with access to residential flood insurance solutions, the Pennsylvania success story is worth sharing with states desiring to use this approach to bridge the flood insurance protection gap.

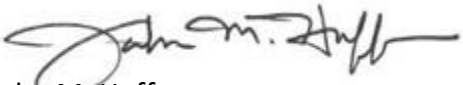
We understand the National Conference of Insurance Legislators (NCOIL) is working on revising its catastrophe model to provide a framework, not unlike Florida's experience, for states to adopt or tailor to meet their state-specific needs with regards to flood insurance. ABIR encourages regulators to recognize their collaborative relationship with insurance legislators and to continue to work together to create a private flood insurance market.

With respect to the financial services community, ABIR suggests considering adding another section or weaving in another discussion about the state insurance regulator opportunities to work more closely with their state-based colleagues in state banking/credit union/financial services departments. It is mentioned briefly, but given the new, as of July 1st 2019 Joint Agencies Banking Rule, the committee might want to share a summary of what the rule does and how insurance and state financial services regulators could jointly provide information and oversight functions to banks, credit unions and other financial services entities, as well as banking and insurance consumers. Additionally, insurance regulators should be encouraged to use the bulletin process to announce and remind the financial services community and consumers of the significance of the new Banking Rule and the commitment of state regulators to help successfully implement the rule and provide consumers more choice in the flood insurance market.

ABIR appreciates the opportunity to share thoughts and observations on the NAIC's Flood Insurances Best Practices Document and stands ready for any follow-up discussion.

Again, thank you for the great work done thus far on your best practices document and for identifying the flood insurance gap as a key issue for 2019 and beyond.

Sincerely,



John M. Huff
President and CEO

Consumer Federation of America Comments

Consumer Federation of America
1620 I Street, NW - Suite 200 | Washington, DC 20006
202-387-6121 | cfa@consumerfed.org

COMMENTS ON NAIC DRAFT PAPER,
"ACTIONS FOR STATE REGULATORS IN BUILDING THE PRIVATE FLOOD INSURANCE MARKET."

To: Members of The Catastrophe Insurance (C) Working Group
From: Bob Hunter, Director of Insurance, CFA[1]

Consumer Federation of America has serious concerns about the draft paper on state actions to build a private flood insurance market. Our overriding concern is that the paper proposes allowing private insurers into state markets with little attention to assuring that the new market will be safe for consumers to use. Indeed, it appears that state regulators are falling over themselves to create a market, no matter how dangerous that market may be for consumers. Here are particular areas of concern:

- The open acceptance of the Surplus Lines market by removing the diligent search requirement, will result in a private flood insurance market that is unstable, unregulated, and not backed by guaranty funds. This would not produce a reliable source of residential flood insurance and CFA would have to engage in a campaign to warn consumers not to purchase such policies.
- As a result of the willingness to turn to Surplus Lines, claims payments would be at risk under the draft paper's provisions. Just imagine the situation following a catastrophic flooding event where some surplus lines insurers fail (or just walk away) and policyholders have no recourse to a guaranty fund.
- Any discussion of developing a private market needs to address the potential that private insurers' cherry picking could severely damage NFIP and lead to even more costly coverage for those living in higher risk flood zones. This paper does not take on that question. You should discuss this.
- Foregoing form regulation in order to instigate market participation is a recipe for the public being duped by misleading policy forms with illusory coverage.
- Foregoing rate regulation in order to instigate market participation is a recipe for price gouging, particularly in the wake of flood events. Consider the aftermath of Hurricane

[1] Mr. Hunter was the Federal Insurance Administrator and ran the National Flood Insurance Program from 1974 to 1978. He also was Chief Actuary of the Program from 1071 to 1974 and established the original rating structure of the NFIP.

Andrew and Hurricane Katrina. What action could states take as insurers doubled or tripled their prices when rate regulation is not an available option?

Regulators proposing such anti-consumer steps to grow a market is beyond disappointing. You would think that, at the very least, you would be mounting an information campaign to warn America's consumers of the dangers of buying flood insurance that is sold by surplus lines carriers and/or whose flood insurance policies that either do not match NFIP coverage or have not been vetted by regulators for clarity.

A sounder approach for including private insurers in the NFIP market would be to have them share the risk on NFIP policies they sell, starting with a low dollar amount of the cover, increasing over time, and, eventually, leaving the federal government as a reinsurer of a totally private program, with flood insurance included as a coverage in the homeowner's policy.

The draft does not cover things that new private flood insurance writers should have to do to support the national activities related to flood prevention and risk analysis for flood insurance. For instance, NFIP policies include a factor in the pricing to support the extensive flood mapping and land use efforts of FEMA. These benefit all providers of flood insurance and private policies should include such a factor to support these vital national efforts.

CFA supports the idea of state governments educating the public about the need for flood insurance, but only on the condition that you take oversight of the products seriously, which this draft clearly fails to do.

FAIR Comments

July 26, 2019

Ms. Sara Robben
National Association of Insurance Commissioners
1100 Walnut, Ste. 1500
Kansas City, MO 64106

Dear Sara,

The Federal Association for Insurance Reform's (FAIR) mission is to provide our nation's insurance consumers with affordable rates for quality coverage. Our membership and Board represent a diverse group of insurance stakeholders who advocate for balanced and sustainable public policy reforms that help to achieve this mission.

In order to provide choices for insurance consumers, we support a stable National Flood Insurance Program (NFIP) complemented by a robust competitive private market. Our goal is to reach 40 million flood policies in force nationwide in ten years. While aspirational, we believe that this policy count must be met to effectively close the protection gap. FAIR and the FAIR Foundation are dedicated to implementing programs and campaigns designed to help insurance consumers understand the critical need for flood coverage. The task ahead is daunting. A recent FAIR Foundation survey of Florida policyholders found that 43% believed that flood coverage was already provided by their homeowner's policy.

In order to make forward policy progress, policy makers must have data. We applaud the NAIC's data collection efforts to assist policy makers at both the state and federal level in making informed policy choices. However, we urge the NAIC to capture data that measures both premium volume and policy counts. Based on our discussions with Congressional staff, we believe that policy counts will be more effective in illustrating private market growth.

In addition, there are two principles that must be considered by state and federal policy makers: 1) Legislation should place the needs of flood insurance consumers as the top priority. This includes providing market choices; and 2) Understand that arguments pitting NFIP against private market options miss the mark. The enemy is the status quo. Uninsured flood risk is problem #1. It will take both a strong NFIP and a robust competitive private market to close this significant and dangerous coverage protection gap.

To support these priorities, we strongly support "continuous coverage" so that policyholders are rewarded for being insured for flood risk—whether NFIP or private market—and not penalized for leaving NFIP then returning at a future date. Policyholders must be rewarded—not penalized—for choosing flood insurance that provides the best coverage for the cost.

This “continuous coverage” provision should be included in a long-term NFIP reauthorization. Since September 2017, there have been 12 short-term reauthorizations. This has created an unwarranted amount of market uncertainty that has adversely impacted several industries, including but not limited to real estate, insurance, and banking.

We further believe that the bipartisan work product that emerged unanimously from the U.S. House Financial Services committee should be passed by the House and adopted by the Senate without further delay.

For model legislation for states, we submit the following comments:

1. **Statute of Limitations** – NFIP only allows for a one-year statute of limitation from the date of loss to bring a legal action against the NFIP.

Comments: FAIR recommends aligning the individual state statute of limitations for private flood litigation with the timeframe for legal action for a residential homeowner’s claim. Much of the growth in admitted private flood is in the form of an endorsement to a homeowner’s policy. The SOL for both should be the same.

2. **Rate Freedom** – Different states have taken varying positions on required rate filings for admitted private flood insurance product. As an example, New Jersey does not require private flood insurers to file their rates for approval, while other states have not made rate filing exemptions.

Comments: FAIR recommends that state regulators provide greater rate freedom for private flood insurance products due to the lack of historic property-level claims data. Additionally, the risk variance from one property location to another even within a close geographic proximity can be dramatic, requiring separate underwriting for each individual property location. Requiring a rate approval for each specific property would be highly impractical. In the best interest of flood insurance consumers, this regulatory freedom must be accompanied by robust private market competition.

3. **Form Freedom** – Biggert Waters (BW-12) specifies that private flood insurance satisfies the mandatory purchase mortgage requirement when a private flood insurance policy affords coverage that is at least “as broad as the coverage offered by an NFIP flood insurance policy.”

Comments: FAIR recommends that state regulators require admitted private flood insurers to adhere to the “as broad as the coverage offered by an NFIP flood insurance policy” as outlined within Biggert Waters (BW-12). However, deductibles should not be considered as a component of coverage. As with homeowner’s policies, consumers should be provided choices of deductibles. We further support regulation of forms for private admitted flood insurance. States with “file and use” forms should repeal these provisions at least temporarily and review all policy forms as the admitted private market continues to emerge.

4. **Diligent Effort Requirements** - A number of states have waived the diligent search requirement including Alaska, Arizona, Connecticut, Idaho, Louisiana, New Jersey, Oklahoma, Oregon, Pennsylvania, Rhode Island, Virginia, West Virginia, and Wisconsin in an effort to incentivize excess and surplus lines insurers to underwrite private flood insurance within their states.

Comments: FAIR supports requirements that E&S insurance agents/brokers perform a diligent search and only export risks that cannot be placed with an admitted insurer. Florida's diligent effort waiver expired this year.

5. **Agent Education** – The insurance agent/broker is the individual best positioned to educate the consumer on their flood risks and what products are available to transfer that risk to an insurer.

Comments: FAIR recommends that state regulators require insurance agents/brokers to document and provide certain disclosures to their clients about their flood risks and the available products.

We appreciate the opportunity to provide input on this critically important public policy.

Sincerely,

Jay Neal, JD, MBA
President and CEO
Federal Association for Insurance Reform

ISO Comments

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July 26, 2019

Catastrophe Insurance (C) Working Group Members
National Association of Insurance Commissioners
1100 Walnut Street, Ste. 1500
Kansas City, MO 64106-2197

Re: Comments on the Draft Private Flood Insurance Document

Dear Members of the Catastrophe Insurance Working Group:

Thank you for the opportunity for Insurance Services Office, Inc. (ISO) to provide comments on the draft NAIC private flood insurance document, which would provide state insurance regulators with a summary of actions that have been or may be taken to respond to the increasing movement of insurers into the private residential flood insurance market. For you to best understand our perspective, please note that ISO provides information, including statistics, underwriting and claims information, actuarial analyses, policy language, and consulting and technical services in connection with multiple lines of property/casualty insurance, as well as information about specific properties. Our customers include insurers and reinsurers, as well as agents, brokers, self-insureds, risk managers, financial-services firms, regulators, and various government agencies.

After reviewing the proposed draft document, we would like to offer specific comments as follows:

We appreciate the recognition of ISO's efforts to enable insurers to enter the private flood insurance market through the introduction of our Personal Lines and Commercial Lines Insurance Programs. The ISO Flood Programs have been developed to provide new and innovative private market flood coverage and rating solutions, and they include many coverages that result in a significantly broader level of coverage overall than the more limited level of coverage provided under the NFIP's Standard Flood Insurance Policy (SFIP). For example, some of the broadenings that are in the base policy or available as an option under the ISO Personal Flood Program include:

- No limit or cap on the amount of insurance that may be written for a dwelling or its contents
- A single policy deductible
- Replacement cost loss settlement for 2-4 family dwellings and a detached garage

- Optional Loss of Use Coverage, including Additional Living Expenses and Fair Rental Value
- Optional coverage for personal property located in a below ground area such as a basement

Further, the new ISO Personal Flood Policy and related endorsements have been developed using simplified policy language that meets state readability requirements and that is often generally consistent with established, court-tested policy language, provisions and coverage levels found in other existing ISO insurance programs. This approach will provide consistency in underwriting and claims, as well as a level of familiarity for policyholders. For all these reasons, we believe that, rather than requiring insurers to develop flood policies constituting a strict provision-by-provision equivalency to the SFIP, consumers would benefit from a flexible regulatory approach whereby companies could make available private residential flood policies that include coverage that is generally as broad or broader overall than the SFIP.

Additionally, we note that the document highlights the fact that certain provisions in the SFIP may conflict with a state's laws. We believe that the way to resolve potential conflicts between federal and state regulation in private flood insurance is to allow companies the freedom to innovate by crafting language more compatible with state law rather than tracking the language of the NFIP.

Finally, the document only briefly discusses the recently enacted federal regulations that set forth mandatory and discretionary acceptance requirements for private flood insurance. We believe that a more comprehensive discussion of these regulations would be informative, since they provide a flexible alternative to a strict provision-by-provision equivalency to the SFIP. These federal regulations, in part, provide a compliance aid to help regulated lending institutions evaluate whether a flood insurance policy meets the definition of "private flood insurance" and generally permit regulated lending institutions to exercise their discretion to accept flood insurance policies issued by private insurers that do not meet the statutory definition of "private flood insurance."

Again, thank you for the opportunity to share our comments with you regarding the proposed draft NAIC private flood insurance document. We would be happy to discuss our comments further should you have any questions.

Respectfully Submitted,

Stephen C. Clarke, CPCU

CC: Sara Robben, Statistical Advisor

Lisa Miller Comments

July 24, 2019

Ms. Sara Robben
National Association of Insurance Commissioners
1100 Walnut, Ste. 1500
Kansas City, MO 64106

Dear Sara,

Lisa Miller & Associates (LMA) has been on the front lines of encouraging a private flood insurance market with CEO Lisa Miller, as Florida's former Deputy Insurance Commissioner, engaging stakeholders during her tenure as a Florida regulator. As a result of our firm's efforts, LMA was asked to serve as one of Florida State Senator Jeff Brandes' advisors, leading to the passage of Section 627.715, Florida Statutes, which was first enacted in 2015.

Florida was the first state to embrace a robust private residential flood insurance market with the passage of sensible and balanced guidelines aimed at encouraging an admitted market, with excess and surplus lines' (E & S) role of filling gaps where the admitted market wasn't available. The balance that has been struck in Florida can serve as a model for exactly the right protocol for a well-functioning and efficient private flood insurance market. In July of 2018, LMA approached the National Council of Insurance Legislators (NCOIL) to consider adopting an even simpler set of guidelines with one single guiding principle: Growing a private flood insurance market with the consumer protections afforded in an admitted, regulated marketplace.

Over the past four years, Florida's admitted insurance companies have responded by writing new flood insurance policies approaching 100,000 in number by year end – a 169% increase since 2017 alone. From the market intelligence LMA has gathered, the over 30 insurance companies offering private flood insurance are doing so as an endorsement to their current property insurance customers. This simple idea is designed not only to allow for consumer protections, but to simplify claims handling and perhaps rectify the wind vs flood debate, with one deductible and one adjuster for the property and flood insurance claim.

NAIC's draft guidance ("Actions for State Regulators in Building the Private Flood Insurance Market") underscores that while data is collected, there should be – in the opinion of a growing number of regulators - a simultaneous effort to have 2020 state legislatures adopt the proposed NCOIL model to eliminate regulatory uncertainty, and more importantly to give financial institutions providing home mortgages the greatest comfort possible as to the validity of policy forms. Many say that with the July 1 multi-financial agencies' final rule on mandatory acceptance requirement, there is no need for regulatory review or for that matter, a

certification that the policy form complies with 42 U.S.C. s. 4012a(b). It is LMA's considered opinion that the mandatory acceptance requirement doesn't mean the banks are jumping in feet first to accept private policies after 50 years of NFIP as practically the only flood insurance option. In fact, at the June 2019 APCIA National Flood Conference, there was much discussion about how the mandatory acceptance rule works from a practical standpoint. When bankers were asked if, despite the new rule, they would have greater assurance of private policies' validity and federal compliance if they saw the stamp of approval from a regulator, there was a resounding "yes."

The NCOIL model has 5 components:

1. Prior form approval by regulators;
2. Unregulated rates, so long as certified as not excessive, inadequate, or unfairly discriminatory and with a 30-day notice of rate change;
3. Insurance commissioner notification if a company wants to enter a state's flood market, together with filing an operations plan with financial projections;
4. Mandatory agent education of their customers about flood insurance; and
5. Insurance commissioner certification that the policy form meets or exceeds NFIP coverage.

Of all the components of this 2-page model bill, the most important is the mandatory requirement that insurance agents "have a conversation" with their clients about the NFIP, what the customer's current NFIP does and doesn't cover, private market alternatives, and that property insurance policies do *not* cover flood claims. The result is a more aware and informed consumer and a more transparent transaction regardless of whether flood insurance is ultimately purchased. The NAIC's draft guidance on the subject of agent education says it all!

Under the NCOIL model, the agent must document that there was a conversation. Some agent representatives contend that this obligatory conversation is a "burden" while most proponents consider it a responsibility of the profession. One only needs to look at statistics from Hurricane Harvey where 70 percent of damaged homes did not have flood insurance; many weren't even in flood zones. On page 1 of NAIC's draft guidance, it says, "A Federal Emergency Management Agency (FEMA) analysis from 2018 indicates 69 percent of American homes in high flood risk zones do not have flood insurance." That fact alone underscores why agents should embrace the requirement that they be responsible to their customers to do everything in their power to encourage flood insurance purchase.

NAIC's draft guidance notes that the data in Table 1's premium in force does not distinguish between commercial and residential policies and that the residential private flood insurance market showed a slight decline from 2017. In Florida, we have had the opposite experience. The momentum that began with our 2015 & 2016 model laws (SB 1094 and SB 542) has created a vibrant and growing private residential flood market in the Sunshine State. We believe that other states that actively promote a private marketplace will experience the same results.

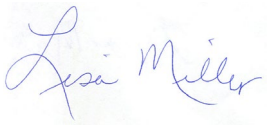
On page 8, the report lists the states that have waived the diligent search requirement. It cites Florida as one of the states but that is not the case. The 2019 legislature affirmed that the diligent search is still the law of the land with the sole focus to **strongly encourage** an admitted market with consumer protections. The admitted market will NOT grow if it must compete with, in essence, E&S markets that do not respond to regulator inquiries and can change their rates or forms at will, unlike their admitted counterparts. One commentator said that the reason Texas in its 2019 session eliminated the E & S diligent search requirement was that supporters contended that there were no admitted market entrants. Ironically, the admitted market, which must adhere to regulatory scrutiny, is discouraged to enter a market when they have to compete with E&S insurers who have little regulatory accountability. And as the NAIC guidance indicates, "It is important to note that surplus lines coverage may not meet lender requirements when flood insurance is required." If that is the case (and it is), why wouldn't we as a nation of state-based insurance regulation want to make encouraging the admitted market its highest priority?

Model legislation just makes sense to ease the way for a vibrant private flood market in all 50 states, offering more consumer availability and choice. We will always need the NFIP. But private insurance is a needed alternative and complement to NFIP policies. It also makes good economic sense. Doing so now becomes more crucial, given the obvious unsustainability of the NFIP without ever-growing multi-billion federal taxpayer subsidies and the dismal national participation rate in needed flood protection.

At the NCOIL/NAIC meetings in December 2019 in Austin, Texas, it is our hope that both organizations can partner and work collaboratively toward the concept of encouraging states to adopt guidelines such as those proposed by LMA. Working together, we can provide efficient and cost-effective solutions to insurance consumers across the country!

Thank you for your ongoing work and leadership in this crucial line of coverage!

With great respect,



Lisa Miller
CEO
LisaMiller@LisaMillerAssociates.com

Draft narrative to be added as a "Part V" to a national model flood disaster relief bill by the National Council of Insurance Legislators (NCOIL) (updated July 2019)

In an effort to provide protection of lives and property from the increasing peril of flood, the legislature encourages a robust private flood insurance market to provide consumer choices and alternatives to the existing National Flood Insurance Program.

Sec. 1. Prior Form Approval

The [State entity for regulating insurance] may require, through prior form approval, that an authorized insurer issues an insurance policy, contract, or endorsement that meets the private flood insurance requirements as specified in 42 U.S.C. s. 4012a(b) and may not contain any provision that is not in compliance with 42 U.S.C. s. 4012a(b).

Sec. 2. Rates

(a) Flood coverage rates established pursuant to this paragraph are not subject to prior approval by the [state entity for regulation of insurance]. An insurer must ensure that the rates are based on actuarial data, methodologies, standards and guidelines relating personal lines residential flood that are not excessive, inadequate, or unfairly discriminatory. The [state entity for regulation of insurance] may audit an insurers personal lines residential flood rates to validate adherence and may require corrective measures.

(b) An insurer shall notify the [state entity for regulation of insurance] of any change to such rates within 30 days after the effective date of the change. The notice must include the name of the insurer and the average statewide percentage change in rates. Actuarial data with regard to such rates for flood coverage must be maintained by the insurer for 2 years after the effective date of such rate change.

Sec. 3. Duties of Insurer

(a) Authorized insurers must notify the [State entity for regulating insurance] at least 30 days before writing flood insurance in this state; and
(b) File a plan of operation and financial projections or revisions to such plan.

Sec. 4. Duties of an Agent

In an effort to reduce policyholder confusion and ensure adoption and acceptance of a consumer's actual flood risk, an agent must maintain in their records, written or electronic evidence, to be signed by the applicant, acknowledging that:

(a) the agent has explained the National Flood Insurance Program and private market alternatives to flood insurance coverage, including how rates may affect the applicant if they choose a private insurance market alternative to their existing NFIP policy;
(b) that a homeowner's property insurance policy, unless endorsed for flood insurance coverage, does not include coverage for the peril of flood; and
(c) that unless purchased, the applicant has declined flood coverage.

There is no specific, prescribed format for the agent documentation. This section is to ensure that the interaction between the insurance agent and customer occurred and that the consumer's choice about flood insurance is documented with full transparency.

Sec. 5. Other Provisions

(a) With respect to the regulation of flood coverage written in this state by authorized insurers, this section supersedes any other provision in the State Insurance Code in the event of a conflict.

(b) If federal law or rule requires a certification by the [state entity for regulation of insurance] as a condition of qualifying for private flood insurance or disaster assistance, the Executive of the [state entity for regulation of insurance] may provide the certification, and such certification is not subject to review under the State's Administrative Procedures Act.

(c) An authorized insurer offering flood insurance may request the [state entity for regulation of insurance] to certify that a policy, contract, or endorsement provides coverage for the peril of flood which equals or exceeds the flood coverage offered by the National Flood Insurance Program. To be eligible for certification, such policy, contract, or endorsement must contain a provision stating that it meets the private flood insurance requirements specified in 42 U.S.C. s. 4012a(b) and may not contain any provision that is not in compliance with 42 U.S.C. s. 4012a(b).

(d) The authorized insurer or its agent may reference or include a certification under paragraph (a) in advertising or communications with an agent, a lending institution, an insured, or a potential insured only for a policy, contract, or endorsement that is certified under this subsection. The authorized insurer may include a statement that notifies an insured of the certification on the declarations page or other policy documentation related to flood coverage certified under this subsection.

(e) An insurer or agent who knowingly misrepresents that a flood policy, contract, or endorsement is certified under this subsection commits an unfair or deceptive act under State Unfair Trade Practices Act.

The [state entity for regulation of insurance] may adopt rules to implement this law.

Lloyd's Comments

Timothy W. Grant
Associate General Counsel

LLOYD'S

July 25, 2019

Via Email

Commissioner Mike Chaney
Mississippi Department of Insurance
Chair, NAIC Catastrophe Insurance Working Group

Re: NAIC Draft Paper – "Actions for State Regulators in Building the Private Flood Insurance Market"

Dear Commissioner Chaney:

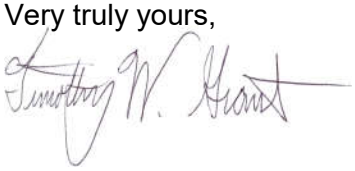
This comment letter is submitted on behalf of Underwriters at Lloyd's, London ("Lloyd's") in response to the referenced exposure. Lloyd's is the largest writer of surplus lines insurance in the United States. In 2018, Lloyd's wrote more than $11.7 billion in surplus lines premium, encompassing business from all 50 states. We appreciate the opportunity to provide comments on the proposed paper.

Lloyd's commends the continued efforts of the NAIC to bring attention to this important line of business. Due to the sizeable flood insurance gap that exists in the U.S., Lloyd's fully supports the Working Group's efforts to facilitate increased private sector participation in the flood insurance market, alongside the NFIP. As the largest surplus lines insurer in the U.S., Lloyd's hopes to be a resource to the Working Group on surplus lines issues, and to that end we offer two narrow suggestions.

1) Texas should be added to the list of states that have waived the diligent search requirement for private flood insurance. During this year's legislative session, Texas enacted House Bill 1306 to increase the availability of private flood coverage. This bill eliminates the diligent search requirement for private flood insurance, provided that the surplus lines insurer has a financial strength rating of A- or better from A. M. Best. This change becomes effective January 1, 2020.
2) At the top of page 9, there is a sentence which reads, "It is important to note that surplus lines coverage may not meet lender requirements when flood insurance is required." Lloyd's respectfully suggests that this sentence should be removed because the rules on lender acceptance of private flood insurance promulgated by the federal banking authorities earlier this year do not distinguish between the acceptability of admitted and surplus lines policies. Rather, the rules set out a single set of requirements that both admitted and surplus lines insurers can follow to achieve mandatory or discretionary acceptance by lenders. Consequently, under the new banking rules, admitted and surplus lines carriers are on equal footing as far as lender acceptance is concerned.

We appreciate the Working Group's consideration of this letter and would be happy to discuss our comments further.

Very truly yours,



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NAMIC Comments

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NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

CATASTROPHE INSURANCE (C) WORKING GROUP

Draft Paper: "Actions for State Regulators in Building the Private Flood Insurance Market"

July 2019

On behalf of National Association of Mutual Insurance Companies (NAMIC)[1] members, thank you for the opportunity to review the July 10, 2019 exposure draft document on private flood.[2] Before finalizing, and to minimize confusion, NAMIC asks the Working Group to consider clarifying language to allow for a more seamless understanding of private flood by incorporating discretionary acceptance permitted under the Federal Rule.

Earlier this year, five agencies -- the Federal Reserve,[3] Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, National Credit Union, and Farm Credit Administration -- issued the rule requiring lenders to accept private flood insurance policies in addition to National Flood Insurance Program policies. It went into effect on July 1. Current regulations prohibit federally regulated lenders from making loans on properties in certain areas unless the property has adequate flood insurance coverage. The new rulemaking includes a streamlined compliance provision designed to help lending institutions evaluate whether a flood insurance policy meets the definition of private flood insurance. The rule provides for mandatory acceptance in certain situations and for discretionary acceptance in some others. Specifically, the final rule permits lenders to accept flood insurance policies issued by private insurers, even if the policies do not meet the statutory and regulatory definition of "private flood insurance."[4] Lenders can do so as long as the policy provides sufficient protection for a designated loan consistent with general safety and soundness principles, along with a requirement that the regulated lending institution document in writing its conclusion regarding the sufficiency of protection.

Please draw your attention to **Appendix II** (on page 15 of the draft). The interests of the private flood market would be well served by highlighting those policies that meet the "Discretionary Acceptance" definition under the new rule in the NAIC's document. Two sections from Appendix II would benefit from acknowledging the existence of this acceptance standard:

[1] NAMIC is the largest property/casualty trade association in the US, serving regional and local mutual insurance companies on main streets across America as well as many large national insurers. NAMIC consists of more than 1,400 insurance companies serving more than 170 million auto, home, and business policyholders.
[2] See: https://naic-cms.org/sites/default/files/inline-files/Flood%20Document%20-%207_10%20-%20exposure.pdf
[3] See: 12 CFR Part 208.
[4] The 1973 Flood Disaster Protection Act mandates that federally regulated or insured lenders require the purchase of flood insurance on properties located in high risk flood areas. The mandatory purchase requirement did not require that insurance to be provided by the NFIP, and in 2012, the Biggert-Waters Act made the acceptance of private flood insurance mandatory if the policy met certain criteria. But the mandate was conditioned upon issuance of final regulations, which were not issued until now.

Flood coverage 'at least as broad as' the NFIP": In the first paragraph, in addition to the requirement that coverage be "as broad as the coverage offered by an NFIP flood insurance policy" lenders may also accept private insurance that meets the "Discretionary Acceptance" definition. This distinction may important for some insurers with a product designed with higher deductible options and/or a shorter cancellation notice for nonpayment of premiums (an example called out elsewhere in the paper). Both policies that meet the "Private Flood Insurance" definition and the "Discretionary Acceptance" definition can be accepted under the new rule. Please consider expanding the final statement to allow that for policies accepted under the "Discretionary Acceptance" provision, some diligence may still be required on the part of the lending institution.

"Continuous Coverage": This is another area that would benefit from language referring to the acceptability of either definition of private insurance. Otherwise, one may default to the definition of "Private Flood Insurance" even though "Discretionary Acceptance" policies are also acceptable.

The concept of Discretionary Acceptance is also something to highlight in the discussion of **Lender Education** (on pages 10 and 11). With the new July 1st definitions, it is important that lenders educate themselves on the fact that Discretionary Acceptance policies may in fact be just as desirable as Private Flood Insurance policies (per the new definitions), even if there are slight differences in things like cancellation timeframes, etc. The ability for an insurer to offer voluntary coverage under terms not dictated by the NFIP may allow the insurer to offer broader coverage and options, which on the whole, may also benefit lenders. **Agent Education** (on page 10) also remains vitally important, as lender requirements should not dictate the need for nor the amount of Flood coverage for a client.

In addition to the **Other Identified Barriers** to the Development of a Private Flood Insurance Market (on page 11), please consider inserting a few other points.

First, kindly consider adding a section on property regulations. In some states, homeowners-related coverage regulations were also made applicable to flood coverage, because there is not a clear enough distinction in regulatory drafting. For example, this may become an issue when limitations on things like underwriting, rating, nonrenewal actions, etc., relate to losses being catastrophic or weather-related. Since flood coverage is basically responding solely to catastrophic- or weather-related losses situations, a lack of distinction may disincentivize carriers from entering the marketplace, as their hands may be tied on who they could write, and what future actions they may be permitted take.

Second, the NFIP change penalty may pose another obstacle of concern to state regulators. As of a few years ago, the NFIP no longer provides any sort of unearned premium refund for a mid-term policy cancellation. If an agent is trying to sell their customer a new Flood policy, they either need to time it just right (based on the NFIP expiration), or the client would need to accept that premium as a sunk cost for not completing the NFIP term. Legislation currently being considered by Congress to reauthorize the NFIP includes the ability of policyholders to leave the NFIP in order to purchase a private flood insurance policy and then return to the NFIP without penalty.

* * * * *

To encourage the private flood insurance market and to give more choices to policyholders, NAMIC asks that the Working Group ensure federal rules allowing discretionary acceptance are reflected in its document and that the other highlighted items are addressed. Thank you.

National Association of REALTORS

NATIONAL ASSOCIATION of REALTORS®

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July 16, 2019

The Honorable Mike Chaney
Chair, Catastrophe Insurance Working Group
National Association of Insurance Commissioners
444 North Capitol Street NW
Suite 700
Washington, DC 20001

Dear Commissioner Chaney:

On behalf of 1.3 million members of the National Association of REALTORS® (NAR), thank you for the request for comments on the NAIC Actions for State Regulators in Building the Private Flood Insurance Market. The draft document outlines best practices that states can take to assist with the development of the burgeoning private market to provide consumer choices to the existing National Flood Insurance Program (NFIP).

NAR would generally support best practices guidance or model legislation to help the states to tailor their insurance laws to meet the unique peril of flooding. NAR would note that:

- Floods are now costing U.S. households $20 billion each year, yet only 16 percent is insured;[1]
- By FEMA's own admission, the NFIP alone cannot close this insurance gap;[2] it will also take a significant expansion of the private flood insurance market;
- While the federal government can help somewhat with this,[3] only state governments can regulate private flood insurance, which will determine whether insurers can enter a state's markets or not;
- Unfortunately, most states do not currently have laws specific to private flood insurance and therefore have no official positon or default to their insurance regulations for homeowners or other lines.
- The regulations for other lines of business, while appropriate for many perils, are not suited to floods, which are low-probability, high-cost events where there are significant issues of risk concentration and correlation and the historic record is not sufficient for insurance pricing.

NAR engaged Milliman to assist with a review of state insurance laws, focusing on those provisions most likely to affect the entry and consumer acceptance of private flood insurance. As you develop this best practices guidance, NAR would encourage NAIC to consider the reasons why insurance companies may be hesitant to enter the private flood market. At minimum, any guidance should consider whether the current restrictions on other insurance lines are still appropriate in light of the following unique challenges to writing private flood insurance:

[1] Source: Congressional Budget Office, 2019.

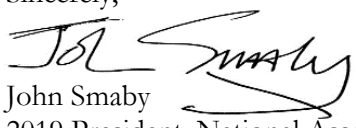
[2] Read p.6 of prepared remarks by then-NFIP chief executive Roy Wright to the 2017 National Flood Conference.

[3] For example, five federal agencies recently provided important clarifications regarding lender acceptance of private flood insurance, but the business of insurance is a state regulatory matter that only can be addressed at the state level.

- Use of Catastrophe Models – In general, the private flood insurance industry does not have access to credible historical flood experience and exposure data. Reliance on flood claims experience is unlikely to provide a sound basis upon which to base rates, and insurers generally rely on catastrophe models as the best available science to measure and manage flood risk. Yet some states explicitly prohibit or restrict use of these models in establishing rates for certain lines of business, perils or purposes. Most states also do not have the resources or expertise to review catastrophe models, but Milliman has a proposal for a national catastrophe model clearinghouse based on third party, confidential, expert reviews that could be worth exploring.
- Reinsurance Costs – Because flood is such a new line of business with a high catastrophic potential, many private insurers rely heavily on reinsurance to ensure they are able to fulfill their obligations to policyholders. However, some states explicitly prohibit the ability of insurers to reflect the cost of reinsurance in property insurance rates.
- Confidentiality/Trade Secret Protection – There is often a significant investment of research and analysis involved in order to create a private flood insurance program. Catastrophe modelers, insurers and reinsurers can be very protective of their intellectual property, and have certain information they will not file publicly. Some states do not have provisions allowing companies to submit information confidentially to regulators while protecting it from competitors.
- Rate Approval – Because flood risk varies widely over short distances, flood rate structures may have millions of territories and/or rely on modeling or data lookups based on the property location. Requiring submission of published rate pages for each property may not be practical or feasible.
- Transition Plans – Flood rates have the potential to change more abruptly and significantly than a mature private market. Companies may be hesitant to enter a new market where they are limited with respect to future rate changes. Additionally, phasing in flood insurance rate changes could be an option to ease impacts for existing policyholders while enabling new risks to be written at rates the company is comfortable with, yet would be considered unfairly discriminatory in some states.
- Nonrenewal, cancellation and market exit – Repetitive loss properties make up 1 percent of NFIP policies and account for over 25 percent of the claims. Companies are understandably hesitant to enter a market if they believe they may be forced to continue writing unprofitable risks.

Thank you again for the opportunity to offer comments and research. REALTORS® look forward to working with you to encourage the private flood insurance market to assume more risk and close the insurance gap for flooding, the most costly and common natural disaster in the United States.

Sincerely,



John Smaby
2019 President, National Association of REALTORS®

State Laws and Regulations Related to Flood Insurance

Prepared for National Association of Realtors®

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July 8, 2019

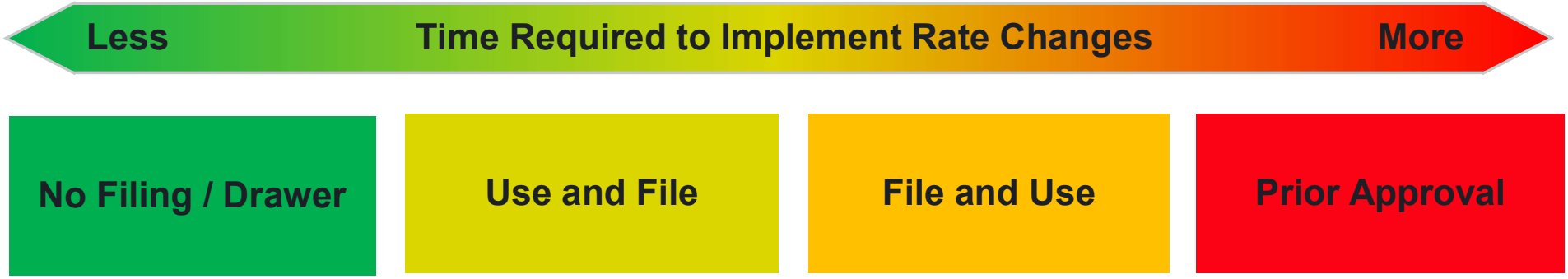
Milliman

Background

- Our study of state laws and regulations focused on the following issues likely to impact market entry and consumer acceptance of private flood insurance:
  1. Rate and Form Approval
  2. Use of Catastrophe Models
  3. Confidentiality / Trade Secret Protection
  4. Rate Capping or Stabilization
  5. Cancellations, Nonrenewals, and Market Exits
  6. Adoption of NAIC Model Law on Unfair Trade Practices
  7. Surplus Lines Search Requirements and Tax Rates
- Appendix A provides information on laws and regulatory practices related to these issues for all 50 states, the District of Columbia, and Puerto Rico.

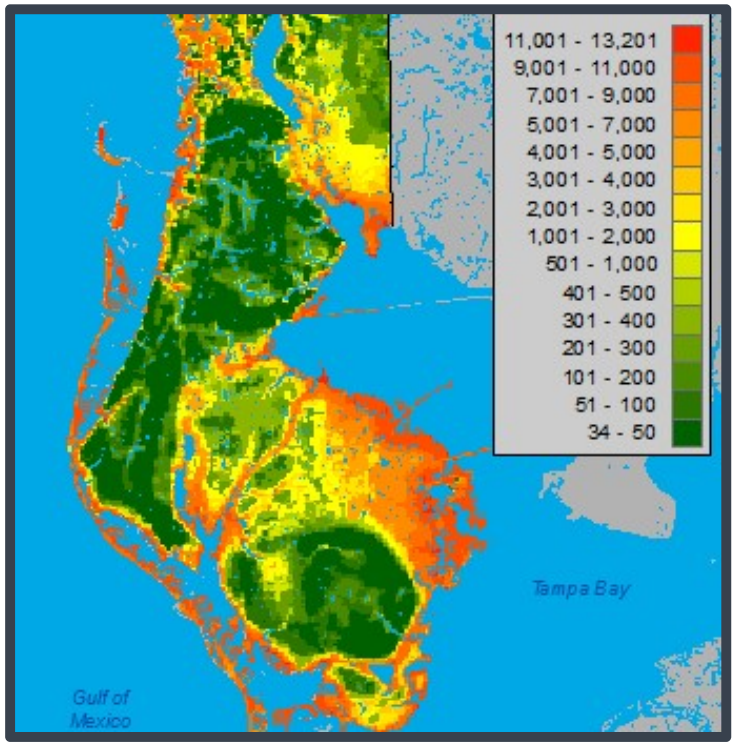
Rate and Form Approval

- Regulators in different states have a range of requirements for approving rates and forms.
  - **Prior Approval** – Rates/Forms must be filed and approved before use. Prior approval filings tend to be associated with a higher level of regulatory review.
  - **File and Use** – Rates/Forms must be filed at least a specified length of time before use
  - **Use and File** – Rates/Forms must be filed within a specified length of time after use
  - **No File / Drawer** – In a drawer filing, the DOI may ask for informational filings that might not be reviewed
  - **Flex Band** – Flex bands usually require companies to subject to prior approval if a proposed rate change is outside a certain range. Otherwise, companies are allowed to file and use, or use and file.



Use of Catastrophe Models

- **Catastrophe (CAT) Models** are used by insurers and reinsurers to estimate losses from infrequent events such as hurricanes, earthquakes, and floods. They use scientific research to develop simulations which are run many times.
- Examples of risk characteristics that impact the estimated losses in a flood CAT model
  - Geography
  - Building codes
  - Construction types
  - Insurance coverages
  - Mitigation features



Illustrative example of average annual storm surge losses estimated using a CAT model

Use of Catastrophe Models

- **Private flood insurance is generally priced and/or underwritten using CAT models.**
  - As floods are infrequent and can occur in areas where there are no significant records of historical loss, CAT models are important for estimating flood losses.
  - The National Flood Insurance Program (NFIP) is updating rates to consider multiple commercial CAT models, instead of relying solely on historical losses and engineering maps.
- Commercial vendors develop CAT models and license them to insurance and reinsurance companies. Reinsurance companies also develop catastrophe models for use for their clients' flood rating plans.
- **Commercial CAT modelers can be very protective of their intellectual property, and have certain information they do not want to file publicly.**

Rate Capping or Stabilization

- A rate change can have little or no overall rate increase on average, but dramatic rate increases and decreases for individual insureds.
- Rate capping, rate stabilization, and transition factors are all ways of describing a rate change that is phased in for individual consumers.
- If rate capping is applied, a policyholder with a large indicated rate increase or decrease will transition from current rates to the filed rates over a period of multiple renewals instead of just a single renewal
- Some regulators consider rate stabilization unfairly discriminatory because two consumers can be charged different rates, even if they have the exact same risk, because one has been insured by the company for a longer period of time.
- Other regulators prefer rate stabilization in some instances to mitigate significant increases in individual premiums at renewal.
- Flood premiums can be very sensitive to changes in the CAT models they are based on. Insurers changing to a new CAT model, or just a new version of the same CAT model, may prefer implementing a rate stabilization plan.

Cancellation, Nonrenewal, and Market Exit

- Nonrenewal, cancellation, and market exit are all varying ways an insurer can reduce its exposure.
- **Cancellation** refers to an insurance company's termination of a policy before the expiration date. Most states have laws stating cancellation can only occur for a limited number of specific reasons, such as nonpayment of premium or material misrepresentation of risk by the insured.
- **Nonrenewal** refers to an insurance company not opting to renew a policy after it has expired. Most states allow more discretion to the insurance company in this case, but do require a specific amount of notice be given ahead of the expiration date.
- Insurance companies will **exit or withdraw** a line of business from a state, or entirely from a state, in extreme cases. This can be driven by a deterioration of financial stability. It can also occur when a company does not believe it is allowed adequate rates to support the risk in a state.
- Many states require a plan or application of how the company will withdraw. The State Matrix refers to items required for a market exit as exit barriers.

NAIC Model Law on Unfair Trade Practices

- The Unfair Trade Practices Act, NAIC Model Law 880, protects consumers from prohibited acts by insurers. This law often applies to a very broad group of entities or individuals involved in the business of insurance, and may ease consumer concerns when purchasing a surplus lines flood policy.
- Prohibited acts include (but are not limited to) misrepresentation and false advertising, defamation, boycott, coercion, intimidation, false statements and entries, unfair discrimination, rebates, and failure to provide claims history.
- The State Matrix includes information on how the adopted law generally defines unfair trade practices. The model law defines an unfair trade practice as any prohibited practice which:
  - … is committed flagrantly and in conscious disregard of this Act or of any rules promulgated hereunder; or … has been committed with such frequency to indicate a general business practice to engage in that type of conduct.
  - Many states do not include this specific wording for the entire Act.

Surplus Lines Insurance

- Surplus lines carriers do not have rates or forms regulated by the state and are also not backed by state guaranty funds
- Surplus lines can offer a stand-alone flood policy (but not an endorsement), often in a seamless manner integrating with overall front-end agent systems
- States have diligent search requirements for agents to place business with a surplus lines carrier, instead of an admitted carrier
- Many states have waived or reduced these requirements for flood insurance
- Surplus lines premium tax rates are generally higher than admitted markets

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Data Sources

- Data sources include:
  - NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91
  - Wolters Kluwer OneSumX NILS
  - Official state insurance department, rate bureau, and surplus line association websites
  - Interviews with insurance regulators
  - Review of publicly filed flood and homeowner's insurance rate filings
  - Internet search of state insurance regulations
  - Locke Lord 2018 Excess and Surplus Lines Laws in the United States
  - NAIC Uniform Certificate of Authority Application
  - NAIC Model Law 880: Unfair Trade Practices Act
  - Kousky, Kunreuther, Lingle, and Shabman, *The Emerging Private Residential Flood Insurance Market in the United States,* July 2018

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State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
AK	Flex Band	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Insurance scoring models are considered a trade secret and are not subject to public inspection.	Wolters Kluwer
AL	Prior Approval	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	The DOI will accept the submission of only the long-term catalog versions of hurricane models approved by the Florida Commission on Hurricane Loss Projection Methodology.	Wolters Kluwer	Homeowners rate filings, with the exception of proprietary actuarial analysis or forecasting information, are considered public information. [Regulator Interview] The only item in flood Rate/Rule filings made public is the complete manual.	Wolters Kluwer Regulator Interviews
AR	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	CAT modeling is only allowed for earthquake and fire-following earthquake. AR does not normally allow hurricane loads unless there has been actual loss attributed to hurricanes.	Wolters Kluwer SERFF Tracking Number PENN-131885248	All filings and components of filings are open for public access except for credit scoring models to the extent protected under 23-67-409 and actuarial formulas and assumptions to the extent protected by 23-61-103.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
AK				Alaska generally has not approved rate capping as it is in violation of Alaska Statute (AS) 21.39.030, AS 21.36.090 and AS 21.36.120 which all prevent unfair discrimination in the premium or rates charged to insureds with like risk characteristics.	SERFF Tracking Number: USAA-130734295
AL				[Department Practice] Rate capping has been found in approved Alabama homeowners filings.	SERFF Tracking Number AOIC-131698323
AR				[Department Practice] Rate capping has been found in approved Arkansas homeowners filings.	SERFF Tracking Number: HNVX-G131197197

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
AK	[Legal Position] Personal insurance, other than a personal automobile policy, may only be cancelled by the insurer for, nonpayment of premium, conviction of the insured for a crime having as one of its necessary elements an act increasing a hazard insured against, discovery of fraud or misrepresentation by the insured or a representative in obtaining the insurance or pursuing a claim, discovery of a grossly negligent act or omission which substantially increases the hazards insured against; or physical changes in the property which result in the property becoming uninsurable. These reasons do not apply to the failure to renew a policy, except policies that have been in effect for less than 12 months, and to a new business policy that has been in effect for less than 60 days at the time the cancellation notice is mailed. If an insurer cancels, a written notice must be mailed to the named insured at least 10 to 30 days in advance depending on the reason for cancellation. A nonrenewal notice must be sent at least 20 days before expiration of a personal insurance policy. An insurer may fail to renew a personal policy only on the policy's annual anniversary	State of Alaska Division of Insurance Homeowners Insurance Forms Checklist Alaska Statutes § 21.36.210(f), 21.36.210(d), 21.36.220(a), and 21.36.240	[Legal Position] (a) If an insurer intends to change the insurer's name, domicile, or other information provided on the certificate of authority, the insurer shall file a notice of the change with the director within 30 days before or after the intended change takes effect. (b) If an insurer changes the insurer's articles of incorporation, bylaws, business address, phone number, electronic mailing address, or other information maintained by the director, the insurer shall file a notice of the change with the director not later than 90 days after the effective date of the change.	Alaska Statutes § 21.09.245	Alaska Statutes § 21.36.010 to 21.36.350
AL	[Legal Position] Mid-term cancellations are only appropriate on an individual risk basis for risks or policies with an unacceptably high loss ratio and after insurers have attempted to reach a satisfactory solution as an alternative. Nonrenewals must give 30 days advance notice.	Alabama Department of Insurance Bulletin No. 2017-04	[Legal Position] Notice required to the commissioner 150 days in advance and to the insured 120 days in advance when nonrenewing or restricting coverage to a group of insureds.	Alabama Department of Insurance Administrative Code Chapter 482-1-136	Alabama Code § 27-12-1 to 27-12-24
AR	[Legal Position] (a) Except for nonpayment of premium, the insurer shall give either a written notice of nonrenewal or an offer of renewal at least 30 days prior to the expiration of the policy's existing term. (b) The insurer shall send the insured a written notice and the insurance producer written or electronic notice of the offer of renewal under subsection (a) of this section, indicating the new premium and providing a description of any change in deductible or policy provision in the renewa policy.	Arkansas Code § 23-88-105	[Legal Position] Any insurer desiring to surrender its Certificate of Authority, withdraw from this state, or discontinue the writing of certain classes of insurance in this state shall give ninety (90) day's notice in writing to the State Insurance Department and shall state in writing its reasons for such action. The commissioner may waive any part of the notice requirement. A.C.A §23-63-211(e) Provide a statement notarized by an officer of the company that there are no outstanding policies, claims and liabilities for the line(s) requested to be deleted. If business exists under the line(s) requested to be deleted, submit documentation regarding transfer or assumption of existing business, or summary of the company's plan to run-off any existing business in the line(s) to be deleted.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Arkansas Code § 23-66-201 to 23-66-316

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
AK	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 21.36.020] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://www.akleg.gov/basis/statutes.asp#21.36.010	2.70%	2.70% + 1.00% filing fee	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
AL	The most recent version of the NAIC Model Law was not adopted in its entirety. State version of Section 3 [§§ 27-12-2] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices. [Regulator Interview] Alabama used the NAIC model law as the basis for their adopted regulation	http://alisondb.legislature.state.al.us/alison/CodeOfAlabama/1975/131566.htm	3.60%	6.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
AR	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 23-66-201] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://codes.findlaw.com/ar/title-23-public-utilities-and-regulated-industries/ar-code-sect-23-66-201.html	2.5% + 0.5% on Real & Personal Property	4.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
AK	Waived	https://www.commerce.alaska.gov/web/Portals/11/Pub/SurplusLines/sl-placement-list.pdf		
AL	[Regulator Interview] Required with the exception of areas south of I-10 in Baldwin and Mobile Counties	Regulator Interviews https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
AR	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
AZ	Use and File	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are not allowed. All filings are public records.	Wolters Kluwer
CA	Prior Approval	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply. Catastrophe models for earthquake and fire following must comply with certain standards.	Wolters Kluwer	[Regulator Interview] Underwriting rules provided to the Commissioner in connection with an application for approval of property and casualty rates pursuant to Insurance Code section 1861.05(b) must be available for public inspection pursuant to Insurance Code section 1861.07 regardless of whether such underwriting rules are marked "confidential ," " proprietary," or "trade secret."	Regulator Interviews
CO	File and Use	File and Use	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	To assert that filings or sections of filings are not subject to disclosure pursuant to statute, insurers must prepare and submit a Confidentiality Index (Uniform No. F 1021) identifying what is requested to be confidential.	Wolters Kluwer
CT	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	It is permissible to include risk loading based on a Catastrophe Model; the filer must include the name and version of the specific Catastrophe Model used.	Wolters Kluwer	Filings become public at submission. However, confidentiality may be requested for a personal risk submission made under 38a-686(b)(6)(A).	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
AZ				[Department Practice] The Department considers rate capping to be a discriminatory rating practice that is not supported actuarially and is in conflict with ARS 20-383. However, filings that contain rate capping have been filed and allowed for use by the Arizona regulators.	SERFF Tracking Numbers: FARM-131736034, ELEC-131795000, LBPM-131770681 Arizona Revised Statutes 20-383
CA	[Regulator Interview] California Code of Regulations §2644.4 limits the use of complex catastrophe models to projecting losses for earthquake and fire following earthquake subject to compliance with certain standards..	Regulator Interviews California Code of Regulations, § 2644.4	[Regulator Interview] Normal filing requirements apply. Suggested filing for private flood is under Allied Lines with a subline of Commercial Flood or Personal Flood. Future rate changes above 7% for Personal Flood or 15% for Commercial Flood could trigger a public hearing.	[Department Practice] Transition factors are considered unfairly discriminatory and would not be permitted by the Department unless the changes proposed would have a significant impact on the current book of business. (Current as of 2018)	California Filing 17-5633; California Insurance Code 1861.05 SERFF Tracking Number GMMX-131152188
CO				[Department Practice] Rating practices that cap or limit the amount of a rate change when renewal rates are calculated for existing policyholders, but charge the filed rate without any limitation to new policyholders, constitute the use of unfairly discriminatory rates.	CO Department of Regulatory Agencies, Division of Insurance, Bulletin No. B-5.32 "Rate Capping Practices For Property and Casualty Insurance Companies"
CT				[Department Practice] Rate capping has been found in approved Connecticut homeowners filings.	SERFF Tracking Number: NGMC-131694158

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
AZ	[Legal Position] After 60 days of a new policy being effective, cancellations are only permitted for a limited list of reasons. Nonrenewals due to property conditions must provide policyholders with 30 days notice to remedy identified conditions. If the identified conditions are not remedied to a satisfactory level, the insured is given an additional 30 days.	Arizona Revised Statutes § 20-1652 to 20-1653	[Legal Position] Provide a statement of the insurer's financial condition as of a date within 60 days of the filing date of the request for termination that includes a written statement, signed by two officers of the insurer as authorized on the jurat page of the insurer's most recent annual statement, verifying that the statement of financial condition reflects the insurer's financial position as of the date signed. Provide a plan of extinguishment of the insurer's outstanding liabilities that satisfies the requirements of AAC R20-6-303(C) OR a sworn affidavit stating that the insurer has no outstanding liabilities to policyholders or claimants under AAC R20-6-303(C).	Arizona Administrative Code R20-6-303	Arizona Revised Statutes § 20-441 to 20-461
CA	[Legal Position] Homeowners policies may NOT be nonrenewed for the sole reason that a claim is pending under the policy. In the case of a total loss due to disaster, the insurer must offer to renew the policy at least twice. Otherwise, nonrenewals must be given 45 day notice. Cancellations after a policy has been effective for 60 days are restricted to a limited number of situations.	California Insurance Code, Subsections 675, 675.1, 676	[Legal Position] Withdrawal application required	California Insurance Code, Sections 1070-1076	California Insurance Code, Subsections 790 to 790.10
CO	[Legal Position] Cancellations for nonpayment require 10 days notice. Nonrenewals and other cancellations require 30 days notice.	Colorado Revised Statutes § 10-4-1107	Provide a summary of the company's plan to transfer or run-off any existing business in the lines to be deleted.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Colorado Revised Statutes § 10-3-1101 to 10-3-1113
CT	[Legal Position] The declination, cancellation or nonrenewal of a homeowners insurance policy are prohibited if based on claims from catastrophic events, claims filed on the property by a prior owner (unless the risk from the original claim has not been mitigated), and for claims that resulted in payment of less than $500 (subject to limited exceptions).	Connecticut General Statutes § 38a-316d	[Legal Position] Discontinuing or substantially reducing the writing of business within a line or subline requires 60 days written notice to the Commissioner.	Connecticut General Statutes § 38a-44	Connecticut General Statutes § 38a-815 to 38a-819

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
AZ	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 20-442] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.azleg.gov/viewdocument/?docName=https://www.azleg.gov/ars/20/00441.htm	1.90%	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
CA	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [Subsection 790.02] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=INS&division=1.&title=&part=2.&chapter=1.&article=6.5	2.35%	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
CO	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 10-3-1103] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://codes.findlaw.com/co/title-10-insurance/co-rev-st-sect-10-3-1101.html	2.00% (1.00% with Colorado home or regional office)	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
CT	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 38a-815] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.cga.ct.gov/current/pub/chap_704.htm	1.75%	4.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
AZ	Waived	https://www.sla-az.org/azexportlist_091313.pdf		
CA	Waived for Excess Flood	http://slacal.org/brokers/export-list	Homeowners and Private Flood filings are subject to public intervention (California Insurance Code 1861.10) Expense assumptions must follow California efficiency standards (California Code of Regulations 2644.12). Reinsurance costs are not permitted outside Earthquake and Medical Malpractice lines of business (CCR 2644.25).	
CO	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
CT	Waived	https://portal.ct.gov/CID/Financial-Division/Exportable-List		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
DC	File and Use	File and Use	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
DE	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
FL	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Insurers must follow actuarial methods, principles, standards, models, or output ranges found by the Florida Commission on Hurricane Loss Projection Methodology.	Wolters Kluwer	Filings become public upon approval unless specifically exempted by law. Confidentiality requests are allowed. A trade secret that is used in designing and constructing a hurricane loss model is confidential. [Legal Position] Must assert trade secret on each filed item, with notarized affidavit. Once marked, trade secret items are not downloadable from I-File system.	Wolters Kluwer Florida Statutes 624.4213

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
DC				[Department Practice] Rate capping has been found in approved District Of Columbia homeowners filings.	SERFF Tracking Number: HART-131073063
DE				[Department Practice] Rate capping has been found in approved Delaware homeowners filings.	SERFF Tracking Number: CUIG-130715326
FL	[Legal Position] Insurers may only use models certified by the Florida Commission on Hurricane Loss Projection Methodology (FCHLPM). There are currently 5 approved hurricane models, including one public model. Any rate filing that is based in whole or part on data from a computer model may not exceed 15 percent unless there is a public hearing. [Flood] The commission shall adopt actuarial methods, principles, standards, models, or output ranges for **personal lines residential flood loss** no later than July 1, 2017. Projected flood losses may use catastrophe model output for models found to be acceptable by the FCHLPM.	Florida Statutes, 627.0628; 627.0629; 627.062	[Flood] Governed by F.S. 627.715. Must declare one of four types of private flood coverage, and whether exempt from rate law 627.062. To be exempt, flood coverage rates must be filed by 10/1/2025; data must be maintained for two years, and is subject to examination by the department. [Department Practice] Must file program as "informational". Must file COA extension with pro-forma premium volume. Must file quota share contracts.	[Legal Position] In order to provide an appropriate transition period, an insurer may implement an approved rate filing for **residential property insurance** over a period of years. Such insurer must provide an informational notice to the office setting out its schedule for implementation of the phased-in rate filing.	Florida Statutes 627.0629

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
DC	[Legal Position] An insurer shall not refuse to renew a policy of homeowners' insurance solely due to claim or loss frequency unless there have been two or more claims during the preceding three year period. The first claim caused by weather, claims without payment, and catastrophic losses cannot be counted towards nonrenewal. An insurer shall not refuse to renew a policy of homeowners' insurance solely because of damages requiring repairs that are discovered during a renewal or loss inspection, unless the insurer has allowed the insured a reasonable timeframe in which to repair the damages. An insurer may refuse to renew a policy of homeowners' insurance due to claim or loss frequency based upon standards more restrictive than those set forth in this section if the insurer provides specific notice required by law.	D.C. Municipal Regulations Section 26-A5000	For a foreign insurance company withdrawing entirely from the state, provide a written statement that the insurer is surrendering the license.	NAIC Uniform Certificate of Authority Application - Foreign Insurance Company Withdrawal	D.C. Code § 31-2231.01 to 31-2231.25
DE	[Legal Position] An insurer must give the policy at least 30 days advance written notice of nonrenewal, with a written explanation of the specific reason(s) for nonrenewal. After coverage has been in effect for more than 60 days or after the effective date of a renewal policy a notice of cancellation shall not be issued except for a limited number of specific reasons.	Delaware Code Title 18, § 4122 and 4123	Provide a statement notarized by an officer of the company that there are no outstanding policies, claims and liabilities for the line(s) requested to be deleted. If business exists under the line(s) requested to be deleted, submit documentation regarding transfer or assumption of existing business, or summary of the company's plan to run-off any existing business in the line(s) to be deleted.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Delaware Code Title 18, § 2301 to 2314
FL	[Legal Position] An insurer must give the policy at least 45 days advance written notice of nonrenewal, with a statement of the reason(s) as to why the policy is not to be renewed	Florida Statutes 627.4133	[Legal Position] 90 days written notice of reason for discontinuing the writing of the line. Refer to Section 624.430, Florida Statutes, and Rule 690-141.020, Florida Administrative Code for the required format for the Notice and its contents	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Florida Statutes 626.951 to 626.9641

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
DC	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§ 31–2231.01 (9)] defines unfair trade practices as being committed with such frequency to indicate a general business practice to engage in the proscribed conduct.	https://code.dccouncil.us/dc/council/code/titles/31/chapters/22A/	1.70%	2.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
DE	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 2303] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://delcode.delaware.gov/title18/c023/index.shtml	2.00%	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
FL	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [626.9521] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&URL=0600-0699/0626/0626PartIXContentsIndex.html&StatuteYear=2018&Title=%2D%3E2018%2D%3EChapter%20626%2D%3EPart%20IX	1.75%	5.0% + 0.3% service fee	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
DC	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
DE	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
FL	Waived for Personal Lines and some Commercial Lines; subject to expiration on July 1, 2019	https://www.fslso.com/BusinessForms/Matrix Florida Statutes 627.715		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
GA	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	Personal homeowners insurance companies that use insurance scores to underwrite and rate risks must file their scoring models or other scoring processes with the DOI. Any filing relating to credit information is considered to be a trade secret and proprietary information of the entity filing the information.	Wolters Kluwer
HI	Prior Approval	No Provision	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models used in filings must have been reviewed by the DOI.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
IA	Use and File	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed. Information related to credit scoring models and the insurer's use of credit is considered confidential and will be recognized and protected as a trade secret.	Wolters Kluwer
ID	Use and File	File and Use	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Information submitted that insurer considers a trade secret must be clearly identified at the time of filing.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
GA				[Department Practice] Rate capping has been found in approved Georgia homeowners filings.	SERFF Tracking Numbers: NWPP-131750633, SFMA-131280380
HI				[Department Practice] Rate capping has been found in approved Hawaii homeowners filings.	SERFF Tracking Number: GNIC-129516752
IA				[Department Practice] Rate capping has been found in approved Iowa homeowners filings.	SERFF Tracking Number: ASIT-131252246
ID				[Department Practice] Rate capping has been found in approved Idaho homeowners filings.	SERFF Tracking Number: QBEC-129636504

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
GA	[Legal Position] 30 day notice required for cancellation of policies effective under 60 days. After 60 days, cancellations may only occur for a limited list of reasons. 30 day notice required for nonrenewals, though limitations apply related to changes in eligibility guidelines and claims experience not attributable to negligent or intentional acts.	Georgia Code § 33-24-44 and 46	[Legal Position] The commissioner must be notified at least a year before the completion of the withdrawal, unless a shorter time period and plan of action have been approved by the Commissioner. At a minimum, 90 days of general notice is required to each insured and all notice must meet applicable statutory notice requirements for canceling, nonrenewing, or terminating insurance	Georgia Code § 33-6-5 (12)	Georgia Code § 33-6-1 to 33 6-14
HI	[Legal Position] Cancellations require 10 days notice. Nonrenewals require 30 days notice.	Hawaii Revised Statutes § 431:10-226.5	[Legal Position] Thirteen months formal notice required before deleting Property insurance (Hawaii Revised Statutes § 431P-17); provide the approximate number of Hawaii policyholders affected; provide a list and description of policies and form numbers held by Hawaii policyholders; provide an explanation of the affects to Hawaii policyholders. If policies will be assumed submit certificate of assumption and readability. Additional notice requirements apply including multiple publications in a daily circulation newspaper.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements Hawaii Revised Statutes § 431:3-215	Hawaii Revised Statutes § 431:13-101 to 431:13-204
IA	[Legal Position] Cancellations for nonpayment require 10 days notice. nonrenewals and other cancellations require 30 days notice. After coverage has been in effect for more than 60 days a policy may only be cancelled for a limited number of specific reasons.	Iowa Code § 515.125 and 515.129A	Letter requesting deletion of particular line(s).	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Iowa Code § 507B.1 to 507B.14
ID	Every fire policy shall contain language that provides for a thirty (30) day written notice to the insured prior to cancellation of the policy, provided however, that where cancellation is for the nonpayment of premium, at least ten (10) days' notice of such cancellation, accompanied by the reason for the cancellation, shall be given. If delivered via United States mail, such ten (10) day notification period shall begin to run five (5) days following the date of postmark. Proof of mailing of notice of cancellation, or of intention not to renew, or of reasons for cancellation or nonrenewal to the named insured at his address shall be sufficient proof of notice.	Idaho Code § 41-2401 (1) (j)	Statement from a Company officer there are no claims/outstanding liabilities in Idaho for the line(s) of business to be deleted.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Idaho Code § 41-1301 to 41-1331

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
GA	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 33-6-3] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://codes.findlaw.com/ga/title-33-insurance/ga-code-sect-33-6-1.html	2.25%	4.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
HI	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 431:13-102] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.capitol.hawaii.gov/hrscurrent/Vol09_Ch0431-0435H/HRS0431/HRS_0431-0013-0101.htm	4.265%	4.68%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
IA	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 507B.3] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.legis.iowa.gov/docs/ico/chapter/507B.pdf	1.00%	1.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
ID	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 41-1302] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://legislature.idaho.gov/wp-content/uploads/statutesrules/idstat/Title41/T41CH13.pdf	1.50%	1.50%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
GA	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
HI	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
IA	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
ID	Waived for Difference in Condition and Water Damage Including Flood	http://www.idahosurplusline.org/app/classcodelist.asp		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
IL	Use and File	File and Use	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15 Department Rules Part 753 and 754	Normal filing requirements apply.	Wolters Kluwer	An insurer may request confidential treatment of information by specifically identifying the portions of the filing that it wishes to maintain as a trade secret exempt from public disclosure. [Regulator Interview] Policy forms can't be filed as confidential and there are specific requirements for what can be filed as confidential. Refer to http://insurance.illinois.gov/cb/2012/CB2012-08.pdf for further details.	Wolters Kluwer Regulator Interviews
IN	File and Use	No Provision	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	Insurers marking a filing or supporting information confidential must provide a sufficient basis on which the DOI may determine that the filing or supporting information is confidential. The only filings eligible for confidential treatment are credit scoring models and they must be submitted on paper.	Wolters Kluwer
KS	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing. (DOI Position, 12/17)	Wolters Kluwer	Required disclosure forms and insurance scoring models or other insurance scoring processes are considered to be a trade secret/confidential.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
IL	[Regulator Interview] The state may attempt to apply credit score model rules (explicit algorithms and underlying assumptions), which may not be relevant for catastrophe models	Regulator Interviews	[Regulator Interview] No support required.	[Department Practice] Rate capping has been found in approved Illinois homeowners filings.	SERFF Tracking Number: HNVX-G131063818
IN				[Department Practice] Rate capping has been found in approved Indiana homeowners filings.	SERFF Tracking Number: AOIC-131078636
KS				[Department Practice] Rate capping has been found in approved Kansas homeowners filings.	SERFF Tracking Number: NWPP-131845219

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
IL	[Legal Position] Insurers must mail cancellation notice to the named insured and mortgagee or lien holder, if known, at the last known mailing address, at least: 10 days prior to the effective date of cancellation for nonpayment of premium; and 30 days prior to the effective date of cancellation for any other reason. All notices shall include a specific explanation of the reason(s) for cancellation. Insurers must mail nonrenewal notice to the named insured at least 30 days in advance of the effective date. 60 days advance notice of renewal with changes in deductibles or coverages applicable to an entire line of business.	Illinois Statutes Chapter 215. §143.11, §143.15, §143.17	[Legal Position] Insurers must notify the Director of the termination of a line of insurance, as well as the reasons for the action, 90 days before termination of any policy is effective.	215 Illinois Compiled Statutes 5/143 11a	215 Illinois Compiled Statutes 5/421 to 5/434
IN	[Legal Position] Notice of cancellation must be in writing and sent to the insured at least 10 days before canceling the policy, if the cancellation is for nonpayment of premium or if the policy was issued not more than 60 days before. Notice of cancellation must be sent at least 20 days before canceling the policy, if the policy was issued more than 60 days before. Cancellation after 60 days, or after the effective date of a renewal policy, must be based on certain conditions, including nonpayment of premium, fraud, change in risk, violation of safety codes, delinquent property taxes. Notice of nonrenewal must be sent to the insured at least 20 days before expiration of the policy. Certain reasons for termination are illegal.	Indiana Code § 27-7-12 https://www.in.gov/idoi/2596.htm			Indiana Code § 27-4-1-1 to 27-4-1-18
KS	[Legal Position] Each policy that provides for cancellation at the option of the insurer shall contain a provision within the policy, or at the discretion of the commissioner, within an amending rider, that the insured will be notified in writing at least 30 days in advance of the effective date of cancellation. Specific language for notification must be used. These requirements do not apply for cancellation due to nonpayment of premium.	Kansas Administrative Regulations 40-3-15	Provide a written statement from the Company stating that there is no existing or run-off business for the line(s) to be deleted.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Kansas Statutes § 40-2401 to 40-2421

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
IL	The most recent version of the NAIC Model Law was not adopted in its entirety. State version of Section 3 [5/423] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://ilga.gov/legislation/ilcs/ilcs4.asp?DocName=021500050HArt%2E+XXVI&ActID=1249&ChapterID=22&SeqStart=122400000&SeqEnd=123900000	0.5% + 1% fire marshal tax	3.5% + 1% fire marshal tax	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
IN	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 27-4-1-3] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://iga.in.gov/legislative/laws/2018/ic/titles/027#27-4	1.30%	2.50%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
KS	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 40-2403] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.ksrevisor.org/statutes/chapters/ch40/040_024_0001.html	2.00%	6.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
IL	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf	The only rates and rule manuals that are required to be filed would be Homeowners (including Mobile Homeowners) and Dwelling Fire and Allied Lines. Refer to Department Rule Part 754.	Regulator Interviews
IN	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
KS	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
KY	Use and File if changes do not result in an increase or decrease of more than 25% from existing rates for any classification of risks within a 12 month period of time. Otherwise, Prior Approval.	Prior Approval	Kentucky Revised Statutes § 304.13-051, 057, 061 and § 304.14-120	Catastrophe models require filing.	Wolters Kluwer	Rate and rule filings which request confidentiality must be made in compliance with 304.13-051.	Wolters Kluwer
LA	Prior Approval	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	[Regulator Interview] Catastrophe models must be filed with the LDI and will be reviewed by the department's staff actuaries prior to a company's adoption. [Wolters Kluwer] Bulletin 2013-04 applies specifically to the hurricane peril, but the guidance should be used for other perils if applicable. For each modeled peril, insurance companies and modelers must complete and file electronically all forms as required by the Bulletin. Personal property rate filings (dwelling, homeowner or mobile home) relying on modeling must include the Catastrophe Model Interrogatories.	Regulator Interview Wolters Kluwer	Confidentiality requests are allowed only for information such as underwriting guidelines, trade secrets, CAT models, credit models, plans of operations. [Legal Position] Information deemed confidential, trade secret, or proprietary by the insurer or filer will not be open to public inspection.	Wolters Kluwer Louisiana Revised Statutes 22:1464
MA	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	Confidentiality requests are not allowed. [Regulator Interview] Nothing submitted can be trade secret. Model does not need to be filed; model approval can be based on confidential discussion with DOI.	Wolters Kluwer Regulator Interviews

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
KY				[Department Practice] Rate capping has been found in approved Kentucky homeowners filings.	SERFF Tracking Number: CEMC-130360526
LA				[Department Practice] The LDI generally does not favor individual policy rate-capping because it may lead to unfair discrimination when identical risks, one new and one renewing, are charged different premiums. However, the Office of Property and Casualty recognizes that tempering large increases in premium, even when the increases are actuarially sound, may be in the public's best interest. Rate capping on the up-side shall not limit individual policyholder premium increases to less than 10%. There shall be no rate capping on the down-side.	LDI Rate and Rule Filing Handbook
MA	[Regulator Interview] The regulator does not require all of the details underlying risk scoring models to be filed. Following (confidential) detailed discussions with model users and developers, the regulator most often requires that the risk attributes that are used in the model to produce a score to be identified in the rating rules that are placed on file with the Division.	Regulator Interviews	[Regulator Interview] The department does not prescribe any specific support requirements for flood filings.	[Department Practice] Rate capping has been found in approved Massachusetts homeowners filings.	SERFF Tracking Numbers PRAC-131679183

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
KY	[Legal Position] Mid-term cancellations of policies in force more than 60 days can only occur for one or more of seven specific reasons. Notice is required 14 days in advance of effective date of cancellation if for nonpayment of premium or if policy has been in force 60 days or less. 75 days notice is required for nonrenewal and all other cancellations. Termination is a cancellation or nonrenewal of coverage in whole or in part. Movement between companies is a termination and must be given 75 day notice. Specific reason(s) must be given in the notices. Certain reasons for termination are not allowed.	Kentucky Revised Statutes § 304.14-030, 304.20-310(2), 320 and 330, 806 KAR 20:010 http://insurance.ky.gov/PPC/Documents/Flood0608.pdf	[Legal Position] Upon written application by the insurer and due cause shown, the commissioner may amend the certificate of authority of an insurer as required by change of name or to show any change in the kinds of insurance the insurer may thereafter transact and is qualified to transact in this state.	Kentucky Revised Statutes § 304.3-170	Kentucky Revised Statutes § 304.12-010 to 304.12-230
LA	[Legal Position] Policyholders have the right to receive written notice of cancellation or nonrenewal at least 30 days prior to the effective date of the cancellation or nonrenewal, with exceptions. No insurer providing property, casualty, or liability insurance shall cancel or fail to renew a homeowner's policy of insurance or to increase the policy deductible that has been in effect and renewed for more than three years unless based on nonpayment of premium, fraud of the insured, a material change in the risk being insured, two or more claims within a continuous three-year period of time within the five years preceding the current policy renewal date, or if continuation of such policy endangers the solvency of the insurer. No insurer shall cancel, fail to renew, or increase the amount of the premium, except upon an area-wide rating basis at the beginning of a new policy period, on a homeowner's policy of insurance based solely upon a loss caused by an “Act of God”.	Louisiana Revised Statutes 22:41, 22:1265, 22:1335, 22:1336	[Legal Position] Withdrawal application required	Louisiana Revised Statutes 22:341 https://ldi.la.gov/docs/default-source/documents/licensing/companies/withdrawal	Louisiana Revised Statutes 22:1961 to 22:1973
MA	[Legal Position] Nonrenewals require notice 45 days prior to policy expiration. Cancellation abilities are limited after 60 days of policy effective date, and [Department Position, 2016] require 5 days notice to the insured, 10 days for nonpayment of premium, and 20 days notice to the lender or mortgage company.	Mass. Gen. Laws Ch. 175, § 187C, §193P	[Regulator Interview] Would be addressed on a case by case basis, but no concerns with market exit provided there is not imminent risk of flood when cancelling a policy.	Regulator Interviews	Massachusetts General Laws Ch. 176D, § 1 to 14

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
KY	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 304.12-010] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://apps.legislature.ky.gov/law/statutes/chapter.aspx?id=38701	2.00%	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
LA	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [22:1963] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://www.legis.la.gov/Legis/Law.aspx?p=y&d=509075	For casualty, $185 for $6,000 or less in premiums; add $300 for each additional $10,000 or part	4.85%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
MA	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [Ch. 176D, §§ 2] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXXII/Chapter176D	2.28%	4.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
KY	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
LA	Waived; no diligent search requirements in Louisiana [Secondary Source]	Locke Lord 2018 Excess and Surplus Lines Laws in the United States		
MA	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
MD	File and Use for Lines designated by commissioner as competitive; Prior Approval otherwise. [Regulator Interview] Flood would be File and Use	File and Use; Filing may not take effect until 30 days after it is filed. Commissioner may extend 30 days with notice.	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15 Regulator Interviews	Insurers who use a catastrophic risk planning model or other model to establish rates and rules or underwriting guidelines for homeowners' insurance must comply with Ins. s 19-211. The rate filing must identify and describe the model but the actual model need not be filed. In addition, the filer must contact the DOI to schedule a time for the owner or vendor of the model to got to the DOI to demonstrate the model and explain its use in detail.	Wolters Kluwer	Catastrophe model filings may be considered confidential. Information designated by an insurer as proprietary rate-related information, including rating models and the formulas, algorithms, analyses and specific weights given to variables used in the model, is considered a trade secret and will be kept confidential.	Wolters Kluwer
ME	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
MI	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15 Michigan Compiled Laws § 500.2608(2)	Normal filing requirements apply.	Wolters Kluwer	Underwriting rules, which are subject to filing for Homeowners and Personal Auto, do not meet the requirements for the MI Trade Secrets Act and therefore are subject to public inspection by anyone who requests them through the Michigan Freedom of Information Act.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
MD			[Regulator Interview] Regulators recommend filling out the catastrophe model questionnaire and discussing the model confidentially with the department prior to use. The department would like to see loss experience as program matures. Otherwise filing requirements are similar to other lines.	[Regulator Interview] Rate capping is permitted in both directions subject to a three year duration. [Department Practice] Rate capping has been found in approved Maryland homeowners filings.	Regulator Interviews SERFF Tracking Numbers: KEMP-131650532, LBPM-131333614
ME				[Department Practice] Rate capping has been found in approved Maine homeowners filings.	SERFF Tracking Number: NWPP-131838914
MI			[Regulator Interview] Michigan Compiled Laws § 500.2117(1) provides that an insurer cannot limit coverage available to an eligible person for home insurance (found in Michigan Compiled Laws § 500.2103(2)) except in accordance with their underwriting rules established in Michigan Compiled Laws § 500.2117(2) and Michigan Compiled Laws § 500.2119. This applies to non-group home policies.	[Department Practice] Rate capping has been found in approved Michigan homeowners filings.	SERFF Tracking Number: AMSI-131715341

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
MD	[Regulator Interview] § 27-602: (personal lines) All nonrenewals and cancellations require 45 days notice by first class mail tracking method, except nonpayment cancellations (10 days). The only acceptable reasons for mid-term cancellations are: material misrepresentation, threat to public safety, change in the condition of the risk that increases the hazard insured against, nonpayment of premium (10 days), and arson conviction (homeowners). [Legal Position] An insurer may nonrenew a policy if three or more weather-related claims were filed in the past 3 years, if there was a material misrepresentation, if there was a change in physical condition resulting in an increase in hazard, if the insured has committed arson in the last 5 years or has been convicted of a crime in the past 3 years that increases the hazard insured against, or if an insured has otherwise violated the insurer's underwriting guidelines.	Code of Maryland § 27-602 Code of Maryland Regulations § 31.15.10	[Legal Position] 180 days written notice with a plan of withdrawal filed to the Commissioner.	Maryland Insurance Code 27-606	Code of Maryland § 27-101 to 27-219
ME	[Legal Position] Any policy that has been in effect longer than 90 days can only be cancelled for a limited number of specific reasons. Notice is required 10 days in advance if cancelling for nonpayment of premium, and 20 days for all other cancellations after the policy has been effective for 90 days. Specific notification requirements apply. 30 days notice is required for nonrenewal, accompanied by specific reasons for nonrenewal.	Maine Revised Statutes Title 24-A, § 3049 to 3051	[Legal Position] The insurer shall submit its plan for approval to the superintendent at least 60 days prior to its proposed date of withdrawal. The plan shall include, but not be limited to, requirements and procedures for meeting the insurer's existing contractual obligations, providing security in the event of a subsequent insolvency and meeting any applicable statutory obligations. The plan shall also comply with any further terms and conditions which are prescribed by rules adopted by the superintendent.	Maine Revised Statutes Title 24-A § 415-A	Maine Revised Statutes Title 24-A, § 2151 to 2182
MI	30 days notice is required for termination of a policy, with the specific reason for determination listed. A 20 day notice is required for termination policies within the first 55 days of initial issuance. Termination for nonpayment of premium shall be effective as provided in the policy. A termination of insurance shall not be effective unless the termination is due to reasons which conform to the underwriting rules of the insurer for that insurance	Michigan Compiled Laws § 500.2123	Provide a letter signed by a company officer must be included stating the lines of authority the company is requesting to delete from its Certificate of Authority.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Michigan Compiled Laws § 500.2001 to 500.2093

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
MD	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 27-102] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://mgaleg.maryland.gov/webmga/frmStatutesText.aspx?article=gin&section=27-101&ext=html&session=2019RS	2.00%	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
ME	Adopted with extra provisions and in a substantially similar manner to NAIC Model Law 880, Unfair Trade Practices Act. State version of Section 3 [§§ 2152] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://legislature.maine.gov/statutes/24-A/title24-Ach23sec0.html	2.00%	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
MI	Adopted with extra provisions and in a substantially similar manner to NAIC Model Law 880, Unfair Trade Practices Act. State version of Section 3 [§§ 500.2003] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://legislature.mi.gov/doc.aspx?mcl-218-1956-20	Greater of single business tax, income tax, or retaliatory tax	2.0% + 0.5% regulatory fee	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
MD	Waived for Excess Flood, and for Primary Flood where federal flood is not available.	http://mdrules.elaws.us/comar/31.03.06.10		
ME	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
MI	Waived for Flood where not provided by NFIP	https://www.michigan.gov/documents/lara/quarterly_surplus_lines_list_4252011_351537_7.pdf		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
MN	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed. Filings become public at effective date. To be considered confidential, the filing data must meet certain definition of "trade secret".	Wolters Kluwer
MO	Use and File	Use and File	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	If an insurer filing credit scoring information believes the information contains confidential material, the DOI will maintain the information as a closed record if the insurer identifies the information as containing confidential material and simultaneously files a redacted version of the information for public access.	Wolters Kluwer
MS	Prior Approval	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing. Insurers using hurricane models must identify the model(s) used, version of the model(s) used, and provide sufficient explanation.	Wolters Kluwer	Credit History and Insurance Scores: If an insurer relies on an insurance score to initially underwrite or rate any applicant, or to re-underwrite or re-rate any existing class/subclass of insureds, or for tier placement, then the insurer must file the insurance scoring model before its use. This filing is considered to be a commercially valuable trade secret and proprietary information of the insurer.	Wolters Kluwer
MT	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	A company utilizing predictive models must ensure that the submitted support addresses all applicable items in the PDF "Montana-Model-Support" attached to SERFF General Requirements.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
MN				[Department Practice] Rate capping has been found in approved Minnesota homeowners filings.	SERFF Tracking Number: SELC-131644647
MO				[Department Practice] Rate capping has been found in approved Missouri homeowners filings.	SERFF Tracking Number: APCG-131682113
MS				[Department Practice] Rate capping has been found in approved Mississippi homeowners filings.	SERFF Tracking Number: USAA-131284066
MT				[Department Practice] Rate capping has been found in approved Montana homeowners filings.	SERFF Tracking Number: WSUN-131816168

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
MN	[Legal Position] Nonrenewals require 60 days notice. The notice must contain the specific underwriting or other reason or reasons for the indicated action. Cancellations are allowed only for a limited number of specific reasons. Cancellations for policies effective less than 60 days, or for nonpayment of premium, require 20 days advance notice. All other cancellations require 30 days advance notice.	Minnesota Statutes § 65A.01 to 65A.29	[Legal Position] Provide evidence that the company has written no direct premiums in Minnesota during the prior 12 months, and currently has no unpaid claims for Minnesota policyholders. If the company is writing business in Minnesota or has unpaid Minnesota claims, provide a detailed explanation of the company's withdrawal plan including a description of what notice and treatment will be given by the insurer to its affected Minnesota policyholders, and a description of the projected impact upon the insurers' Minnesota agents and agency force, if any.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements Minnesota Statutes § 60A.052	Minnesota Statutes § 72A.17 to 72A.32
MO	[Legal Position] Cancellations allowed for a limited number of specific reasons. Advance notice required of 10 days for nonpayment of premium, otherwise 30 day notice is required. For nonrenewals, 30 day advance notice required and actual reason shall be specific and clear.	Missouri Revised Statutes § 375.002 to 375.004 20 CSR 500-1.100(2).2 https://insurance.mo.gov/industry/filings/checklists/documents/HomeownersDwellingFireandResidentialFarmFilingsChecklist-2019_000.pdf	Provide an explanation of the Company's plan to transfer business in the lines being deleted.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Missouri Revised Statutes § 375.930 to 375.948
MS	[Legal Position] A cancellation, reduction in coverage, or nonrenewal requires 30 days notice. Cancellation or nonrenewal due to nonpayment of premium requires only 10 days notice.	Mississippi Code § 83-5-28	[Legal Position] 60 days notice must be given to the Commissioner of Insurance.	Mississippi Code § 83-5-30	Mississippi Code § 83-5-29 to 83-5-51
MT	[Legal Position] Cancellations for nonpayment of premium require 20 days advance notice. All other cancellations and nonrenewals require 45 days notice. Cancellations may only be for a limited number of specific reasons.	Montana Code § 33-15-1105 and 33-23-401	Provide a description of requested change	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Montana Code § 33-18-101 to 33-18-1006

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
MN	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 72A.19] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.revisor.mn.gov/statutes/cite/72A.17	2.00%	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
MO	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 375.934] defines unfair trade practices as being committed in conscious disregard or with such frequency to indicate a general business practice to engage in that type of conduct.	http://revisor.mo.gov/main/OneSection.aspx?section=375.930&bid=20424	2.00%	5.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
MS	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 83-5-33] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://codes.findlaw.com/ms/title-83-insurance/ms-code-sect-83-5-29.html	3.00%	4.00% + 3.00% nonadmitted policy fee	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
MT	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 33-18-102] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://leg.mt.gov/bills/mca/title_0330/chapter_0180/parts_index.html	2.75%	2.75%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
MN	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
MO	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
MS	Waived; no diligent search requirements in Mississippi [Secondary Source]	Locke Lord 2018 Excess and Surplus Lines Laws in the United States		
MT	Required; not on the export list	http://csimt.gov/wp-content/uploads/ApprovedRiskList.pdf		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
NC	Prior Approval	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
ND	Prior Approval	No Provision	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Personal lines credit scoring algorithms must be filed and are considered trade secret.	Wolters Kluwer
NE	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Credit scoring plans are exempted form public inspections.	Wolters Kluwer
NH	File and Use (Competitive) Prior Approval (Noncompetitive)	File and Use	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed. Any information submitted as part of the form and rate review process that is required to be held confidential by law, such as proprietary predictive models, shall not be disclosed.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
NC	In the 2016 short session of the General Assembly, House Bill 287 was passed and, among other things, requires the Rate Bureau, if it uses a catastrophe model to present any modeled **hurricane** losses in property ratemaking, to use more than one model and to include certain statistical data in any property filing where a catastrophe model is used.	http://www.ncrb.org/Portals/0/ncrb/annual%20reports/NCRB%202016%20Annual%20Report%20(high-res).pdf?ver=2016-10-31-100144-023 https://www.ncleg.net/Sessions/2015/Bills/House/PDF/H287v7.pdf		[Department Practice] Rate capping has been found in approved North Carolina homeowners filings.	SERFF Tracking Number CNNB-131198182
ND				[Department Practice] Rate capping has been found in approved North Dakota homeowners filings.	SERFF Tracking Number: AMSI-131398088
NE				[Department Practice] Rate capping has been found in approved Nebraska homeowners filings.	SERFF Tracking Number: PRGS-129695549
NH				[Department Practice] Rate capping has been found in approved New Hampshire homeowners filings.	SERFF Tracking Number: KEMP-131827105

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
NC	[Legal Position] An insurer may nonrenew a policy by providing 45 days notice before expiration of policy. The notice must include the reason for nonrenewal. Policy cancellations are prohibited except in certain circumstances. Notice of cancellation requires 15 days before the proposed effective date of cancellation.	North Carolina General Statutes Chapter 58. Insurance § 58-41-20, § 58-41-15	[Legal Position] A withdrawal plan for nonrenewing an entire book of business is required with 60 days notice to the commissioner. A withdrawal plan for in-term canceling an entire book of business is presumed unfair, unequitable, and contrary to the public interest. The commissioner may waive the 60 day requirement for nonrenewals, or allow cancellation of an entire book, for limited reasons such as impairment to solvency or minimizing disruption.	North Carolina General Statutes Chapter 58. Insurance § 58-41-45.	North Carolina General Statutes Chapter 58. Insurance § 58-63-1 to 58-63-60
ND	[Legal Position] Cancellation after a policy has renewed or been in effect for 60 days can only occur for a limited number of specific reasons and require 10 days advance notice. Certain reasons allow for only 5 days advance notice. Nonrenewals require 45 days advance notice.	North Dakota Century Code § 26.1-39-14 to 6.1-39-16	[Legal Position] An insurer must provide the commissioner notice in writing of its plan to cease writing and renewing a property and casualty insurance product before the notification of agents and policyholders. The notice must contain the effective date of the plan, the number of policies affected, and the reason therefor.	North Dakota Century Code § 26.1-25-04.4	North Dakota Century Code § 26.1-04-01 to 26.1-04-19
NE	[Legal Position] Cancellations and nonrenewals require 60 days advance notice, except for nonpayment of premium which requires 10 days advance notice. Cancellations after a policy has been effective for 60 days are allowed only for a limited number of specific reasons.	Nebraska Revised Statutes § 44-522	Provide a summary of the Company's plan to transfer or run-off any existing business in the lines to be deleted.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Nebraska Revised Statutes § 44-1522 to 44-1535
NH	[Legal Position] Cancellation after a policy has renewed or been effective for 90 days can only occur for a limited number of specific reasons and require 45 days advance notice. Cancellations before a policy has been effective for 90 days, or for nonpayment of premium, require 10 days notice. The nonrenewal of a homeowner's insurance policy is prohibited if the nonrenewal is based solely on the insured having filed a single valid claim within any one previous or current policy term. Inquiries about coverage on a policy do not constitute a valid claim and shall not be the basis for nonrenewals. Cancellations and nonrenewal cannot occur solely on the basis of credit information obtained from a credit rating, a credit history, or a credit scoring model, without consideration of any other applicable and permitted underwriting factor independent of credit information.	New Hampshire Revised Statutes § 417-B	Complete NH Application for Amendment Form	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	New Hampshire Revised Statutes § 417:1 to 417:17

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
NC	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 58-63-10] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.ncleg.net/EnactedLegislation/Statutes/PDF/ByArticle/Chapter_58/Article_63.pdf	1.9% + 0.74% on property coverage contracts	5.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
ND	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 26.1-04-02] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.legis.nd.gov/cencode/t26-1c04.pdf#nameddest=26p1-04-01	1.75%	1.75%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
NE	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 44-1524] states define unfair trade practices as being committed flagrantly or with such frequency as to indicate a general business practice.	https://nebraskalegislature.gov/laws/statutes.php?statute=44-1522	1.00%	3.00% + applicable fire taxes	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
NH	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 417:3] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XXXVII-417.htm	1.25%	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
NC	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf	Insurers must follow rates based on the North Carolina Rate Bureau (NCRB). Deviations may be filed for approval, but must be a downward deviation from NCRB's rates. The NCRB does not currently have flood rates.	North Carolina General Statutes Chapter 58. Insurance § 58-36-30. Deviations http://www.ncrb.org/ncrb/residentialproperty/ratefilings.aspx
ND	Required; not on the export list	http://www.nd.gov/ndins/uploads/25/450901.pdf		
NE	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
NH	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
NJ	Prior Approval	No Provision	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
NM	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
NV	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
NY	Prior Approval	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Rate filings containing **hurricane** catastrophe (CAT) modeling will not be accepted for review due to a lack of sufficient experience. Insurers may use catastrophe factors and credits for **hurricane** mitigation programs and devices in ratemaking, however, provided that New York experience is used.	Wolters Kluwer	Confidentiality requests are allowed. Filings related to credit information are not subject to disclosure.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
NJ	[Regulator Interview] The Department encourages use of models to price flood due to limitations around historical loss data. Model must be actuarially sound.	Regulator Interviews	[Regulator Interview] Rates, rules, and forms expected to be filed (initial and rate changes), but no support required (informational). DOI prefers to see at least high level comparison to NFIP.	[Department Practice] Rate capping has been found in approved New Jersey homeowners filings.	SERFF Tracking Number TRVA-127634460
NM				[Department Practice] Rate capping has been found in approved New Mexico homeowners filings.	SERFF Filing Number: IACA-131832536
NV				[Department Practice] Rate capping has been found in approved Nevada homeowners filings.	SERFF Tracking Number: USAA-131477561
NY	The department has approved a filing for a flood endorsement to a homeowners policy, which uses risk scores similar to what a CAT model would produce.	SERFF Tracking Number: KSIN-130629543		[Legal Position] Not permitted. [Department Practice] The Department will only consider a transition rule when huge rate increases result from one of the following two situations: -Merger or acquisition -Complete change in the rating methodology of a program	https://www.dfs.ny.gov/insurance/ogco2003/rg030425.htm SERFF Tracking Number PMUT-131723902

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
NJ	[Legal Position] Pursuant to New Jersey law, this policy cannot be cancelled or nonrenewed for any underwriting reason or guideline which is arbitrary, capricious or unfairly discriminatory or without adequate prior notice to the insured. The underwriting reasons or guidelines that an insurer can use to cancel or nonrenew this policy are maintained by the insurer in writing and will be furnished to the insured and/or the insured's lawful representative upon written request. This provision shall not apply to any policy which has been in effect for less than 60 days at the time notice of cancellation is mailed or delivered, unless the policy is a renewal policy.	New Jersey Administration Code 11:1-20.3	If a company has no open liabilities in New Jersey for the lines it wishes to delete, it may submit a certification to that effect from its Board of Directors. If a company has open liabilities it must submit a withdrawal plan pursuant to New Jersey Administration Code 11:2-29.1 et seq.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	New Jersey Revised Statutes § 17:29B-1 to 17:29B-14
NM	[Legal Position] If a policy of insurance has been in effect for 60 days or more, an insurer may cancel the policy if there has been a substantial change in the risk assumed by the insurer since the policy was issued and the insurer provides 30 days notice. A limited number of specific reasons allow for cancellation after a policy has been effective for 60 days, with 15 days advance notice. Nonrenewals require 30 days advance notice.	New Mexico Administrative Code §13.8.4.8 - §13.8.4.9			New Mexico Statutes § 59A-16-1 to 59A-16-30
NV	[Legal Position] No insurance policy that has been in effect for at least 70 days or that has been renewed may be cancelled by the insurer except for a limited number of specific reasons. 10 days advance notice is required for nonpayment of premium, and 30 days notice is required for all other cancellations. Nonrenewals require 30 days notice. Cancellations and nonrenewals both require specific reason(s) for the action to be provided with the notice.	Nevada Revised Statutes § 687B.310, 320, and 340	The Application must identify all lines of insurance that the applicant is requesting authority to delete from an existing Certificate of Authority, as identified by the applicant's plan of operation. Submit a completed Checklist (Form 1C), and an original executed Application Form (Form 2C) and the company's original Certificate of Authority or an affidavit of lost Certificate of Authority (Form 15) as Item 1 of the application. Submit a completed Lines of Insurance (From 3) as item 5 of the application.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Nevada Revised Statutes § 686A.010 to 686A.280
NY	[Legal Position] A policy cannot be cancelled for three years after being in effect for 60 days, with exceptions such as nonpayment of premium. Insurers may nonrenew a policy within the three year period with 45-60 day notice including a reason for the nonrenewal.	New York Insurance Law § 3425	[Legal Position] Written notice of withdrawal and a detailed plan must be provided at least 60 days in advance of implementation to the superintendent. The superintendent has 30 days to approve or disapprove the plan. Any withdrawal is prohibited until approved.	New York Insurance Law § 3425	New York Insurance Law § 2401 to 2409; § 2602 to 2612

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
NJ	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 17:29B-3] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://njlaw.rutgers.edu/collections/njstats/showsections.php?title=17&chapt=29B	2.10%	5.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
NM	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 59A-16-3] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://public.nmcompcomm.us/nmpublic/gateway.dll/?f=templates&fn=default.htm	3.003%	3.003%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
NV	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 686A.020] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.leg.state.nv.us/NRS/NRS-686A.html	3.50%	3.50%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
NY	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 2403] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.nysenate.gov/legislation/laws/ISC/A24	2% (Also subject to franchise or retaliatory tax)	3.60%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
NJ	Waived for Primary and Excess Flood Coverage	https://www.state.nj.us/dobi/orders/a15_109exportlist.pdf		
NM	Waived for Flood Excess maximum limits available from Federal Flood	https://www.osi.state.nm.us/InsuranceBulletins/docs/Bulletin2015-007.pdf		
NV	Waived for Forced Flood Placement, and Difference in Conditions - Personal (which may include Flood)	http://www.nsla.org/export_list/export_list.aspx		
NY	Waived for Flood Excess of/Ineligible for Federal Flood	http://www.elany.org/coveragecodes.aspx?d=1031		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
OH	File and Use (If endorsement to Homeowners) Prior approval (If standalone Flood)	File and Use	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15 Ohio Revised Code § 3935.04	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are not allowed. [Regulator Interview] Filing and support are made public.	Wolters Kluwer Regulator Interviews
OK	Use and File (Competitive) File and Use (Noncompetitive)	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
OR	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed. A rating model using credit history and the model's supporting information are considered a trade secret and may be marked as confidential.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
OH	[Regulator Interview] Catastrophe models need a significant amount of filed support, including justification of the model, intended use of the model, and would ideally include validation against a secondary model. All elements are open to the public.	Regulator Interviews	[Regulator Interview] Significant support is required. All rating variables need indicated deviation, selected factors, and rationale for differences. See Ohio Revised Code § 3937.03	[Department Practice] Rate capping has been found in approved Ohio homeowners filings.	SERFF Tracking Number: USAA-131647199
OK				[Department Practice] Rate capping has been found in approved Oklahoma homeowners filings.	SERFF Tracking Number: MTAE-131137811
OR				[Department Practice] Rate capping has been found in approved Oregon homeowners filings.	SERFF Tracking Number: NWPC-130989188

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
OH	[Legal Position] Allows policy to be cancelled with at least 10 days notice for the following reasons: (1) nonpayment of premium, (2) material misrepresentation, and (3) evidence of arson exists. All other cancellation reasons require a 30 day notice. Nonrenewals require a 30-day notice.	Ohio Administrative Code § 3901 1-18	To surrender its Certificate of Authority a company must provide notice to policyholders through publication and then make application to the Department to surrender. Companies intending to surrender should contact the Department for guidance on how to proceed.	NAIC Uniform Certificate of Authority Application - Foreign Insurance Company Withdrawal	Ohio Revised Code § 3901.19 to 3901.26; Ohio Administrative Code § 3901-1-07
OK	[Legal Position] No insurer shall cancel, refuse to renew or increase the premium of a homeowner's insurance policy or any other personal residential insurance coverage, which has been in effect more than 45 days, solely because the insured filed a first claim against the policy. Cancellation requires 10 days advance notice and nonrenewals require 30 days advance notice.	Oklahoma Statutes, Title 36. Insurance §36-3639.1 Oklahoma Administrative Code 365:15-1-14	[Legal Position] Pursuant to Oklahoma Regulation 365:15-1-18/Oklahoma Regulation 365:15-7-31. Any insurer desiring to withdraw from the state or discontinue the writing of certain classes of insurance in this state shall give ninety (90) days' notice in writing to the Insurance Department and shall state in writing its reasons for such action. The insurer shall also provide the following information: (1) The number of policyholders affected; (2) The number of insurance agents affected; (3) The date the insurer will cease writing new business; (4) The date the insurer will start nonrenewing insurance policies;	NAIC Uniform Certificate of Authority Application - Foreign Insurance Company Withdrawal	Oklahoma Statutes Title 36, § 1201 to 1220; § 1250.5
OR	[Legal Position] The insurer may cancel the policy at any time by giving 10 days' written notice of cancellation to the insured in the event of nonpayment of premium or 30 days' written notice for any other reason.	Oregon Revised Statutes § 742.224	[Legal Position] Per Oregon Revised Statutes § 731-512, submit an affidavit, which indicates the company has no outstanding claims, liabilities, or in-force business in the state of Oregon and if any should arise, the company will take full responsibility. Affidavit must be signed by an officer of the company. Submit current original Certificate of Compliance from state of domicile. Return original Certificate of Authority.	NAIC Uniform Certificate of Authority Application - Foreign Insurance Company Withdrawal	Oregon Revised Statutes § 746.005 to 746.270; Oregon Administrative Rules 836-080-0235

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
OH	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 3901.20] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices. Acts defined under [§§ 3901-1-07] are deemed unfair or deceptive if they are committed or performed "with such frequency as to indicate a general business practice"	http://codes.ohio.gov/orc/3901.19; http://codes.ohio.gov/oac/3901-1-07v1	1.40%	5.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
OK	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 36-1203] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://webserver1.lsb.state.ok.us/OK_Statutes/CompleteTitles/os36.rtf	2.25%	6.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
OR	The most recent version of the NAIC Model Law was not adopted in its entirety. Section 3 was not adopted.	https://www.oregonlegislature.gov/bills_laws/ors/ors746.html ; https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=205181	Corporate excise tax and retaliatory taxes	2.30%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
OH	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf Ohio Revised Code § 3905.33		
OK	Waived	Oklahoma Statutes Title 36. Insurance § 36-1106.2		
OR	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
PA	Prior Approval	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15 40 P.S. § 1224 40 P.S. § 477b.	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed. [Regulator Interview] Information deemed confidential, trade secret, or proprietary by the insurer or filer will not be open to public inspection.	Wolters Kluwer Regulator Interviews
PR	File and Use	No Provision	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply. CAT models exposures must comply with specific rules from insurance regulation.	Wolters Kluwer	Confidentiality requests are allowed, subject to state discretion.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
PA	[Regulator Interview] In accordance with 40 P.S. § 1224(a), insurers must file "every manual, minimum, class rate, rating schedule or rating plan, every other rating rule, and every modification of any of the foregoing which it proposes to use in this Commonwealth." These rates and rating rules must be public (again – see 40 P.S. § 1224(a)). The department's experience with CAT Models is that they are typically used to support the filed rates and rules (along with the actuarial indication and other supporting information) but are not typically part of the filed rates and rules themselves. As such, they can be filed as supporting documentation. However, if, in this instance, the CAT Model is part of the rates and rules – in other words, a risk's premium cannot be generated without it – then it needs to be filed in accordance with 40 P.S. § 1224(a). The department permits insurers to use underwriting tiers without filing the criteria used to place an insured in a particular underwriting tier so long as the filed underwriting tier rule states that underwriting tier placement is based on mutually exclusive underwriting criteria kept on file at the company's home office and no insured will be moved to a higher underwriting tier at renewal. Labels for each underwriting tier (e.g. Tier A, B, C, etc.) and their associated rating values must be publicly filed, however.	Regulator Interviews	[Regulator Interview] The department understands that this is an underserved and emerging market and therefore supporting documentation may be limited.	[Department Practice] Rate capping has been found in approved Pennsylvania homeowners filings.	SERFF Tracking Number WSFG-131490790
PR					

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
PA	[Legal Position] Cancellation or nonrenewal of policies is only permissible for a limited number of reasons, and requires 30 day prior notice.	Pennsylvania Statutes Title 40 P.S. Insurance § 1171.5. Part (a) (9)	[Regulator Interview] Policies covering owner-occupied private residential property and personal property of individuals are highly protected from policy termination by the Unfair Insurance Practices Act. In particular, please see 40 P.S. § 1171.5(a)(9). Insurers can file Plans of Withdrawal if they need to withdraw their product from the market. Please see https://www.insurance.pa.gov/Companies/ChangeProfile/Pages/default.aspx.	Regulator Interviews	Pennsylvania Statutes Title 40 P.S. Insurance § 1171.1 to 1171.15
PR			Every insurer or reinsurer authorized to transact insurance business in Puerto Rico, which intends to withdraw from doing business in this jurisdiction must comply with the following: 1. Notify the Commissioner of Insurance of Puerto Rico at least thirty (30) days prior to the date in which it intends to withdraw from doing business or not renew its certificate of authority. 2. State the reasons for such nonrenewal or withdrawal. 3. Notify in writing all its active policyholders of such nonrenewal or withdrawal, and the effective date of said action. Copy of the written notification along with a list of said policyholders must be filed in this Office 4. Publish in two newspapers of general circulation in Puerto Rico, one edited in Spanish and the other in English, for two consecutive weeks, a notice indicating the date in which such nonrenewal or withdrawal will take place. The text of the notice in both languages must be filed in this Office for previous approval, and thereafter submit evidence of its publication. Several additional requirements apply.	Circular letter No. E-10-1395-95 http://www.ocs.gobierno.pr/enocspr/documents/asuntoslegales/Cartas%20Circulares/1995-1999/95-1395-10-E-ENGLISH.pdf	Puerto Rico Laws Title 26, § 2701 to 2740

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
PA	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 1171.4] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=1974&sessInd=0&act=205	2.00%	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50 https://www.revenue.pa.gov/GeneralTaxInformation/Tax%20Types%20and%20Information/Corporation%20Taxes/Pages/Gross%20Premiums%20Tax.aspx https://www.revenue.pa.gov/GeneralTaxInformation/Tax%20Types%20and%20Information/Corporation%20Taxes/Pages/Gross%20Premiums%20Tax.aspx
PR	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 2702] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://ocs.gobierno.pr/enocspr/index.php/asuntos-legales/codigos-de-seguro	4.00%	9.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
PA	Waived	https://pabulletin.com/secure/data/vol48/48-23/902.html		
PR	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
RI	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Insurers are required to include the specific catastrophic risk planning model(s) used and explain how each model was used to determine the filed rate.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
SC	Prior Approval	File and Use	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Specific model used in rate filings need to be reviewed by the DOI. Rate filings must identify the model and specific version that is used in the filing. The DOI published a list of the models approved for use in rate filings and a list of the output reports to be included in rate filings. If a company is using an unapproved model, then sufficient information must be provided.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer South Carolina Code of Laws 30-4-40(a)(1)
SD	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed. The DOI does not consider rates, rating schedules and rating rules to be confidential.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
RI	[Regulator Interview] No validation is needed for catastrophe model usage; support is sufficient. Description of modeling inputs/outputs and info should satisfy Actuarial Standards of Practice.	Regulator Interviews	[Regulator Interview] General model support would be required. Support requirements / scrutiny may ease if the program has been approved in other states.	[Department Practice] Transition rules and rate capping are to be explained on the Rate Procedural Information Summary	http://www.dbr.ri.gov/documents/divisions/insurance/property_casualty/Rate_Procedural_Information_Summary.pdf
SC	List of requirements included on CAT-Property tab of Property Actuarial Exhibits file. The tab is created for Hurricane model so not all items will apply, and additional relevant information is encouraged.	http://www.doi.sc.gov/DocumentCenter/View/10103/Property-Actuarial-Exhibits?bidId=	[Regulator Interview] Standard rate filing support requirements apply. The department also suggests sample policy comparison against NFIP for new programs.	[Department Practice] A one-term rate cap may be approved to limit policyholder disruption, but the manual rate must be achieved when the cap is removed at the next policy renewal. A transition plan is another form of rate capping, which may be approved as a transition from one rating plan to another rating plan over a period of time (no more than 3 years). There exists a 25% cap on premium increases at the policy level, which would apply to flood. [Regulator Interview] However, if a company has a story to tell, the Commissioner may take this into consideration.	https://www.doi.sc.gov/432/Property-Casualty Regulator Interview
SD				[Department Practice] Rate capping has been found in approved South Dakota homeowners filings.	SERFF Tracking Number: METX-130936272

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
RI	[Legal Position] Nonrenewals are not permitted for insureds who have taken mitigation steps requested by insurer against catastrophes, unless for nonpayment of premium, fraud, breach of policy, reversal or lack of maintenance of mitigation steps, or insurer solvency concerns or adverse loss history or on any other grounds not prohibited by statute. Nonrenewals are prohibited if solely based on policy/claim inquiries, a loss with less than $500 payout, a loss from a catastrophe, or prior claims experience of the property under another's ownership, unless the risk from which the claim originated is not mitigated.	Statute 230-RICR-20-05-13	[Legal Position] 90 days written notice must be provided to the department to cease writing new business. A 90 day comprehensive nonrenewal plan must be submitted to the department if nonrenewing or cancelling large numbers of policies under certain listed circumstances under 230-RICR-20-05-13. Rhode Island General Laws 27-76-1, 27-29-4(7), and 27-29-4.1 must be adhered to.	Statute 230-RICR-20-05-13	Rhode Island General Laws § 27-29-1 to 27-29-13
SC	[Legal Position] For new policies in effect less than 120 days and is not a renewal policy, then cancellation is permitted given 30 days notice (or 10 if due to nonpayment of premium). Otherwise, cancellation is only allowable for a limited number of reasons. Policies may be nonrenewed at its expiration date with written notice; 60 days for expiration dates between Nov 1st and May 31st, and 90 days for June 1st through Oct 31st. No insurer may nonrenew a policy of homeowners insurance because the insured has filed a claim with that insurer for damages resulting from an act of God.	South Carolina Code of Laws 38-75-730, 38-75-740, 38-75-790	Written notice along with required information to be submitted to the department, including reason for withdrawal.	https://www.doi.sc.gov/432/Property-Casualty	South Carolina Code of Laws § 38-57-10 to 38-57-310; § 38-59-10 to 38-59-50
SD	[Legal Position] Nonrenewals require 30 day advance notice to the insured. Cancellations after a policy has been effective for 60 days are only acceptable for a limited number of specific reasons. Cancellations require 20 day advance notice.	South Dakota Codified Laws § 58-1-15, 58-33-60 and 61	For a foreign insurance company withdrawing entirely from the state, submit a written letter of request to withdraw signed by an officer. Indicate: No policies currently in force in SD & no outstanding claims or liabilities. State no if no business was done in calendar year or yes if premiums were received in calendar year. If yes, a "Final Premium Tax Return must be submitted along with taxes. Mark as Final Return. Return Original Certificate of Authority	NAIC Uniform Certificate of Authority Application - Foreign Insurance Company Withdrawal	South Dakota Codified Laws § 58-33-1 to 58-33-46.1 § 58 33-66 to 58-33-69

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
RI	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 27-29-3] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://webserver.rilin.state.ri.us/Statutes/TITLE27/27-29/INDEX.HTM	2.00%	4.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
SC	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 38-57-30] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://www.scstatehouse.gov/code/t38c057.php	1.25%	6.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
SD	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 58-33-3] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://sdlegislature.gov/statutes/Codified_laws/DisplayStatute.aspx?Statute=58-33&Type=Statute	2.50%	2.50%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
RI	Waived	http://webserver.rilin.state.ri.us/Statutes/TITLE27/27-3/27-3-38.HTM		
SC	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
SD	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
TN	Prior Approval	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	Confidentiality requests are not allowed, except for personal lines credit scoring models. Confidentiality applies only to the attributes and algorithm used to produce the Insurance Bureau Score.	Wolters Kluwer
TX	File and Use	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15 Texas Insurance Code, Chapter 2251 § 2251.101 Texas Insurance Code, Chapter 2301 § 2301.006	A company using catastrophe models in development of property insurance rates should include required information in a rate filing.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
UT	Use and File	File and Use	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
TN				[Department Practice] Rate capping has been found in approved Tennessee homeowners filings.	SERFF Tracking Number: HNVX-131522734
TX	**Confidentiality:** [Regulator Interview] Policy form filings are open to public inspection, except for a Lloyd's plan or a reciprocal or interinsurance exchange with respect to commercial property insurance. Information in rate and rule filings is public information subject to Chapter 552,Government Code. TDI sends requests for information marked confidential to the Office of the Attorney General for a determination on whether to release or withhold the information. **CAT Models:** [Regulator Interview] General information should be provided about the model, including a description of how the model was validated, a disclosure of model settings, and any assumptions used.	Regulator Interviews Texas Insurance Code, Chapter 2301 § 2301.009 Texas Insurance Code, Chapter 2251 § 2251.107	[Regulator Interview] General information should be provided in addition to requirements per state admin rules. The Department may ask for more detail [Admin Rules § 5.9335, § 5.9336]	[Department Practice] Rate capping has been found in approved Texas homeowners filings.	SERFF Tracking Number WOOD-131635125
UT				[Department Practice] Rate capping has been found in approved Utah homeowners filings.	SERFF Tracking Number: AGMK-131732956

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
TN	[Legal Position] Nonrenewals require 30 days advance notice to the insured.	Tennessee Code 56-7-1901	For a foreign insurance company withdrawing entirely from the state, provide a statement advising of the resolution of the company's current business in TN.	NAIC Uniform Certificate of Authority Application - Foreign Insurance Company Withdrawal	Tennessee Code 56-8-104
TX	[Legal Position] An insurer may only cancel a homeowners policy if the named insured does not pay any portion of the premium, the insured submits a fraudulent claim, the department determines that continuation of the policy would result in a violation insurance laws, or if there is an increase in the hazard covered by the policy that is within the control of the insured and that would produce an increase in the premium rate of the policy. In addition, an insurer may cancel a homeowner's insurance policy if the policy has been in effect less than 60 days and meet specific conditions related to the property. Texas limits nonrenewals based on claims history or based solely on credit score. Explanations of nonrenewals and cancellations must be available upon request. [Regulator Interview] Companies may not nonrenew or surcharge residential property policies for weather-related claims. This may not apply to standalone flood policies; the Texas Department of Insurance has no official legal position.	Texas Insurance Code, Chapter 551 § 551.101 to 551.113 Regulator Interviews Texas Insurance Code, Chapter 551 § 551.107; Texas Administrative Code Title 28 §21.1004	[Legal Position] Withdrawal plan required	Texas Insurance Code, Chapter 827	Texas Insurance Code, Chapter 541 § 541.001 to 541.454
UT	[Legal Position] An insurance policy may only be canceled by the insurer for a limited number of specific reasons after it has been effective for 60 days. Cancellation for nonpayment of premium or for policies effective less than 60 days require 10 days advance notice. Nonrenewals and all other cancellations require 30 day notice.	Utah Insurance Code 31A-21-303	[Legal Position] Deleting a line of business requires a plan of withdrawal as prescribed by UCA § 31A-4-115	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Utah Administrative Code Rule 590-154; Bulletin 2015-8

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
TN	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [56-8-103] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices. 56-8-103 does require that unfair claim practices be committed knowingly, or with such frequency as to indicate a general business practice, for the commisionner to levy a civil penalty or suspend or revoke a license.	https://codes.findlaw.com/tn/title-56-insurance/tn-code-sect-56-8-104.html	2.50%	5.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
TX	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 541.003] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://statutes.capitol.texas.gov/Docs/IN/htm/IN.541.htm	1.60%	4.85%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
UT	The most recent version of the NAIC Model Law was not adopted in its entirety. State version of Section 3 [Rule 590-154-4] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://rules.utah.gov/publicat/code/r590/r590-154.htm; https://insurance.utah.gov/wp-content/uploads/2015-8Signed.pdf	2.25%	4.25%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
TN	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
TX	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf	Texas House Bill 1306 is pending legislation related to surplus lines. It would waive the diligent search requirement for obtaining flood coverage through the surplus line market, provided the insurance policy was issued by an eligible surplus lines insurer.	
UT	Waived for Difference-in-Condition - Personal	https://www.slaut.org/export-list		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
VA	File and Use (Competitive) Prior Approval (Noncompetitive)	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed for Rate/Rule filings.	Wolters Kluwer
VT	Use and File (Competitive) Prior Approval (Noncompetitive)	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	Specific steps are required to exclude part of a filing from public access.	Wolters Kluwer
WA	Prior Approval	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Under RCW 48.19.035, insurance scoring models will be kept confidential by the OIC	https://www.insurance.wa.gov/sites/default/files/documents/serff-personal-insurance-scoring-model-general-instructions.pdf

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
VA	[Regulator Interview] There are no limitations on the use of catastrophe models for underwriting. If such models are used to determine final rates, then regulators won't need to see model. If such models modify rates, then the model must be filed physically, with details regarding attributes, rates, output, and calculation.	Regulator Interviews	[Regulator Interview] Rate standards certification required	[Legal Position] Rate capping is allowed for renewal policies, policies acquired from another entity, or from an agent book of transfer. Premiums must converge with uncapped rates within 5 years unless otherwise approved. Caps may be applied to increase only, both increase and decreases, but NOT decreases only. No more than one rate stabilization plan is allowed at a time.	Virginia Administrative Code 14VAC5-345-30 and 14VAC5-345-50
VT				[Department Practice] Rate capping has been found in approved Vermont homeowners filings.	SERFF Tracking Number: HMSS-131687711
WA				[Department Practice] Rate capping has been found in approved Washington homeowners filings.	SERFF Tracking Number: LBPM-131578561

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
VA	[Legal Position] An insurance policy may only be canceled by the insurer for a limited number of specific reasons after it has been effective for 90 days. Cancellation for nonpayment of premium or for policies effective less than 90 days that have not renewed require 10 days advance notice. Nonrenewals and all other cancellations require 30 day notice. Nonrenewal cannot be solely based on a number of specific reasons. These include credit information, any claim resulting from natural causes, and one or more claims within the 60 months immediately prior to the expiration of the policy period.	Virginia Code §38.2-2114	Letter signed by Company officer stating lines of authority to be deleted from license. An amended license will be issued reflecting this deletion. It is the responsibility of the applicant to verify with the Bureau that deletion of requested lines does not affect its ability to write certain products in the Commonwealth.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Virginia Code § 38.2-500 to 38.2-516
VT	[Legal Position] If policies have not renewed and have been in effect less than 60 days, they may be cancelled at anytime. Otherwise, policies may only be cancelled for a limited number of specific reasons, with 45 days advance notice required. Nonpayment of premium and substantial increase in hazard only require 15 days advance notice. Nonrenewals require 45 days advance notice.	Vermont Statutes Title 8, § 3879 to 3883	Licensed companies are not licensed for specific authorized lines of insurance. Each company is licensed for the lines indicated by its charter or domestic state. Note – Companies withdrawing lines of insurance are subject to all cancellation, renewal, nonrenewal and notification clauses, as well as applicable HIPPA and Vermont Statutes. For more information on the above clauses, contact the Insurance Analysis Section of the Department.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Vermont Statutes Title 8, § 4721 to 4726
WA	[Legal Position] Cancellations and nonrenewals require 45 days advance notice to the insured. Specific notification requirements apply. Cancellation for nonpayment of premium requires only 10 days advance notice.	Revised Code of Washington, §48.18.290 and §48.18.2901	[Legal Position] No insurer shall withdraw until its direct liability to its policyholders and obligees under all its insurance contracts then in force in this state has been assumed by another authorized insurer under an agreement approved by the commissioner. The commissioner may waive this requirement if he or she finds upon examination that a withdrawing insurer is then fully solvent and that the protection to be given its policyholders in this state will not be impaired by the waiver.	Washington Revised Code § 48.05.290	Washington Revised Code § 48.30.010 to 48.30.270

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
VA	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 38.2-500] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://vacode.org/38.2/5/	2.25% + 1% assessment for homeowner's insurance	2.25% + 1% assessment for homeowner's insurance	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
VT	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 4723] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://legislature.vermont.gov/statutes/fullchapter/08/129	2.00%; tax rates subject to retaliation	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
WA	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 48.30.010 (1)] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://app.leg.wa.gov/rcw/default.aspx?cite=48.30	2.00%	2.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
VA	Waived; no diligent search requirements in Virginia [Secondary Source]	Locke Lord 2018 Excess and Surplus Lines Laws in the United States	[Department Practice] Administrative Order 12077, effective March 2019, suspended filing requirements for rate and supplementary rate information for private flood insurance as set forth in Virginia Code §38.2-1906.	http://www.scc.virginia.gov/boi/adminords/12077.pdf
VT	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		
WA	Required [Secondary Source]	https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf		

State	Rate Approval Basis	Form Approval Basis	Approval Basis Source	CAT Model Filing Requirements	CAT Model Filing Requirements Source	Confidentiality	Confidentiality Source
WI	Use and File	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer
WV	Prior Approval	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Normal filing requirements apply.	Wolters Kluwer	Insurance scoring models must be filed separately and clearly identified as proprietary/trade secret.	Wolters Kluwer
WY	No File / Drawer	Prior Approval	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections II-PA-10, II-PA-15	Catastrophe models require filing.	Wolters Kluwer	Confidentiality requests are allowed.	Wolters Kluwer

State	Other Notes on CAT Models & Confidentiality	Other Notes on CAT Models & Confidentiality Source	Regulator Notes on Private Flood Rate Filings	Restrictions on Rate Capping / Stabilization	Restrictions on Rate Capping / Stabilization Source
WI			[Regulator Interview] No support required.	[Department Practice] Rate capping has been found in approved Wisconsin homeowners filings.	SERFF Tracking Number: ASIT-131904955
WV				[Department Practice] Rate capping has been found in approved West Virginia homeowners filings.	SERFF Tracking Number: NWPP-131333233
WY					

State	Cancellation / Nonrenewal Laws	Cancellation / Nonrenewal Laws Source	Exit Barriers	Exit Barriers Source	State Adoption of Unfair Trade Practices Act
WI	[Legal Position] Cancellations for policies that have renewed or been effective for 60 days or longer are only allowed for a limited number of specific reasons. All cancellations require 10 days advance notice to the insured. Nonrenewals require 60 days notice to the insured.	Wisconsin State Legislation §616.36	[Legal Position] Any action by which a nondomestic insurer proposes to transfer to another person or to reinsure any part of its insurance business in this state, other than in the normal and usual course of business, shall be reported to the commissioner not less than 30 days in advance of the proposed effective date. The commissioner may defer the effective date for an additional period not exceeding 30 days by written notice to the insurer before expiration of the initial 30-day period. The commissioner may, within the 30-day period or its extension, prohibit the proposed action if it would be contrary to the law or to the interests of insureds, creditors or the public in this state.	Wisconsin State Legislation §618.32	Wisconsin Statutes § 628.31 to 628.46; Wisconsin Administrative Code Ins. § 6.68
WV	[Legal Position] Nonrenewals require 30 days advance notice to the insured. Cancellations after a policy has renewed or been effective for more than 60 days are only allowed for a limited number of specific reasons. Policies that have been in force for at least four years may not be nonrenewed or cancelled for either of the following reasons: A single first party property damage claim within the previous 36 months and that arose from wind, hail, lightning, wildfire, snow, or ice, unless the insurer has evidence that the insured unreasonably failed to maintain the property and that failure to maintain the property contributed to the loss; or Two first party property damage claims within the previous 12 months, both of which arose from claims solely due to an event for which a state of emergency is declared for the county in which the insured property is located, unless the insurer has evidence that the insured unreasonably failed to maintain the property and that failure to maintain the property contributed to the loss.	West Virginia Code §33-17A-4 to §33-17A-6	At least 45 days prior to the date an insurance company anticipates issuing notices of any type of withdrawal activity, the insurer must submit a formal withdrawal plan to the West Virginia Offices of the Insurance Commissioner for approval. A Line of Authority Withdrawal Plan is required if the insurer intends to surrender or nonrenew any or all of its licenses.	https://www.wvinsurance.gov/company/Company/Line-Of-Authority-Withdrawal	West Virginia Code § 33-11-1 to 33-11-10
WY	[Legal Position] Cancellations for policies that have renewed or been effective for 60 days or longer are only allowed for a limited number of specific reasons. 10 days notice is required for nonpayment of premium and 45 days notice is required other allowed reasons with the exception of material misrepresentation by the insured. Nonrenewals require 45 days advance notice and precise reasons for nonrenewal must be given.	Wyoming Statutes § 26-35-202 and 203	Wyoming requires a written request from an officer stating which line(s) the company wants to delete. In addition, the original Certificate of Authority (or an affidavit of loss) must be returned for amendment. If leaving the property & casualty market, the company must comply with Chapter 35 of the Wyoming Insurance Code.	NAIC Uniform Certificate of Authority Application - Deleting Lines of Business Requirements	Wyoming Statutes § 26-13-101 to 26-13-124

State	Adoption of NAIC Model Law on Unfair Trade Practices	Link to Version of Unfair Trade Practices Act	P&C Premium Tax Rates	Surplus Lines Tax Rates	Tax Rates Source
WI	The most recent version of the NAIC Model Law was not adopted in its entirety. Section 3 was not adopted.	http://docs.legis.wisconsin.gov/statutes/statutes/628.pdf; https://docs.legis.wisconsin.gov/code/admin_code/ins/6/68	Foreign: 2.00%	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
WV	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 33-11-3] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	http://www.wvlegislature.gov/wvcode/code.cfm?chap=33&art=11	5.05% (3% + additional 1% + 0.55% surcharge + 0.5% fire marshal)	4% + 0.55% surcharge	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50
WY	The most recent version of the NAIC Model Law was adopted in its entirety. State version of Section 3 [§§ 326-13-102] does NOT require that practices be committed flagrantly in violation of law, or with such frequency as to indicate a general business practice, to be defined as unfair trade practices.	https://codes.findlaw.com/wy/title-26-insurance-code/wy-st-sect-26-13-101.html	0.75%	3.00%	NAIC Compendium of State Laws on Insurance Topics, November 2018 Update #91 Sections III-TX-10, III-TX-50

State	Surplus Line Flood Insurance Diligent Search Requirements	Surplus Line Flood Insurance Diligent Search Requirements Source	Other Notes	Other Notes Source
WI	Waived; no diligent search requirements in Wisconsin [Secondary Source]	Locke Lord 2018 Excess and Surplus Lines Laws in the United States		
WV	Waived	https://www.wvinsurance.gov/Portals/4/pdf/2014%20Surplus%20Lines%20Export%20List.pdf?ver=2015-06-08-145236-767		
WY	Required; not on the export list	https://sites.google.com/a/wyo.gov/doi/SL%20Frequently%20Asked%20Questions%20May%201%2C%202018%20Final.pdf		

North Carolina Comments and Initiatives

(From Fred Fuller)

I would like to share with you a flood insurance educational initiative that Commissioner Causey is promoting in North Carolina given that Hurricane season started June 1 and runs through November 1.

NORTH CAROLINA
DEPARTMENT OF INSURANCE
MIKE CAUSEY, COMMISSIONER
NEWS RELEASE

For Immediate Release
June 21, 2019

Contact: Marla Sink
919.807.6017

NCDOI sets up flood insurance conferences statewide

Free CE course credit for agents who attend flood insurance classes

RALEIGH—North Carolina Insurance Commissioner Mike Causey has set up five flood insurance conferences statewide to inform the public, insurance and real estate agents of the need to purchase flood insurance, regardless of where you live.

Hurricane season runs June 1 until Nov. 1 and typically during this period, at least one major storm forms and impacts our state. Last year, the flooding from Hurricane Florence devastated thousands of residents who didn't have flood insurance because they relied on their homeowners' policy that does not cover damage from rising water.

This hurricane season, Commissioner Causey is so adamant residents are aware of the differences in policy coverage that, for the first time, he is offering free continuing education course credits for insurance agents who attend the conference "Flood Insurance: Protecting Consumers and Agents." Real estate agents have also been approved to receive free CE credit.

Registration for the conference is also free.

The flood insurance conference will feature the expertise of NCDOI Chief Deputy Commissioner Dr. Michelle Osborne, flood insurance specialist Charlotte Hicks, CPA, CIC, AAI, ARM, and FEMA officials who, among other things, will discuss the modernization of flood maps. The updated maps will help residents who, at one time, could not purchase flood coverage because of its cost.

The conference is also open to the public.

"Flood Insurance: Protecting Consumers and Agents" will be held at the following locations:

Thursday, July 18 from 8:30 a.m. – 12:30 p.m.
Craven County Community College
Orringer Auditorium
800 College Court
New Bern, N.C. 28562
To register, click here by July 12.

Wednesday, July 24 from 8:30 a.m. – 12:30 p.m.
Wake Technical Community College – WakeMed Raleigh Campus
Perry Health Sciences Campus Facility
2901 Holston Lane
Raleigh, N.C. 27610
To register, click here by July 19.

Thursday, July 25 from 9:00 a.m. – 1:00 p.m.
Brunswick Community College
Odell Williamson Auditorium
150 College Road
Bolivia, N.C. 28422
To register, click here by July 19.

Tuesday, August 13 from 8:30 a.m. – 12:30 p.m.
Guilford Technical Community College – Medlin Room 008
601 East Main Street
Jamestown, N.C. 27282
To register, click here by August 8.

Wednesday, September 18 from 8:30 a.m. – 12:30 p.m.
Appalachian State University
Brantley Risk and Insurance Center
3053 Peacock Hall
Boone, N.C. 28608-2058
To register, click here by September 13.

For more information, please contact Tricia Ford at Tricia.Ford@ncdoi.gov.

PIA Comments

July 26, 2019

Via email to Sara Robben, Statistical Advisor, at srobben@naic.org

Commissioner Mike Chaney (MS)
Chair, Catastrophe Insurance (C) Working Group
National Association of Insurance Commissioners
444 N. Capitol Street, NW, Suite 700
Washington, DC 20001

Re: Comments on "Actions for State Regulators in Building the Private Flood Insurance Market"

Dear Commissioner Chaney:

On behalf of the National Association of Professional Insurance Agents (PIA National)[1], thank you for the opportunity to comment on the important issue of flood insurance and, specifically, what state insurance regulators can do to help nourish the burgeoning private flood insurance market, as set forth in "Actions for State Regulators in Building the Private Flood Insurance Market" (hereinafter referred to as "Actions for State Regulators …").

PIA National appreciates the continuing work that the regulators and staff on the National Association of Insurance Commissioners' (NAIC) Catastrophe Insurance Working Group have undertaken to support consumers' acquisition and retention of flood insurance coverage. We agree with the conclusion of "Actions for State Regulators …" that, despite the availability of coverage via the National Flood Insurance Program (NFIP) and the private market, and despite the Federal Emergency Management Administration's (FEMA) efforts to encourage carriers to offer, and residential consumers to purchase, private flood and/or NFIP policies, there persists a sizeable gap in coverage that nationwide NFIP marketing efforts, media reports of flooding events, and word of mouth cannot seem to penetrate.

Consumers themselves need to be better educated about the dangers of flood loss and what they can do to protect themselves. Residents who do not have flood insurance pay significantly more to restore their properties after a flood than those who have flood insurance. Efforts by the NFIP, NAIC, and state insurance departments to spread information about the risks associated with

[1] PIA is a national trade association founded in 1931, which represents member insurance agents in all 50 states, Puerto Rico, Guam, and the District of Columbia. PIA members are small business owners and insurance professionals who can be found across America.

flooding, which areas are at the greatest risk for flooding, and how to purchase flood insurance should continue.

Insurance agents are the sales force of flood insurance products, whether in the private market or via the NFIP, and the NFIP and the private flood market (which is largely made available through the non-admitted market) are both daunting and complex. Because consumers often seek out the assistance of their insurance agent to determine whether they need flood insurance and what product best suits those needs, PIA National strongly supports robust and specific educational requirements for agents who sell flood insurance, along with an increase in the weighting of flood insurance questions on producer licensing exams.

As "Actions for State Regulators …" reported, FEMA requires insurance agents to take one flood insurance course to be qualified to sell flood insurance, and, in many states, that one FEMA course is the only education agents are required to have before they can sell flood insurance. Moreover, consumers often do not consider their need for flood insurance until they are in the process of obtaining a federally backed mortgage or otherwise managing their need for homeowners' or renters' insurance. As a result, insurance agents who sell a standard suite of property products can be thrust into the flood insurance business without much prior experience, making their education in flood insurance that much more essential for agents in providing high quality, reliable service to their customers.

Insurance agents, of course, are hardly the only professionals who interact with consumers as those consumers purchase a home or obtain a mortgage. That process includes real estate agents, mortgage lenders, and bankers, among others, and all of those professionals would benefit from a thorough education in flood insurance, so that consumers are communicating with people who are well-versed in flood insurance throughout the process of obtaining, financing, and insuring their homes.

Additionally, one of the areas in which we see the biggest gap in coverage is in areas that are not prone to flooding. This gap could be closed if everyone involved in the home-buying experience, from the consumer to the agent to the banker, was committed to addressing the question of flood insurance with every potential consumer, regardless of the specific property's level of risk. That would allow everyone in the process, including consumers, to gain awareness of and familiarity with the program, which could result in a purchase of flood insurance for a consumer that otherwise would have, knowingly or not, opted not to purchase it. It could also potentially prime consumers for purchase of flood insurance at some point in the future. Plus it could increase the take-up rate among preferred risk policies (PRPs), and that would strengthen the distribution of risk in the NFIP.

PIA recognizes and appreciates the consideration that the Working Group is giving to this issue, and we are grateful for the opportunity to provide the independent agent perspective. Please contact me at laurenpa@pianet.org or (703) 518-1344 with any questions or concerns. Thank you

for your time and consideration.

Sincerely,

Lauren G. Pachman
Counsel and Director of Regulatory Affairs
National Association of Professional Insurance Agents

RAA Comments

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July 29, 2019

Via E-Mail

Mike Chaney, Chair
NAIC Catastrophe Insurance (C) Working Group
c/o Sara Robben at srobben@naic.org

Re: Comments on Draft "Actions for State Regulators in Building the Private Flood Insurance Market"

Dear Commissioner Chaney and Working Group Members:

The Reinsurance Association of America (RAA) is pleased to provide comments on the NAIC draft paper entitled, "Actions for State Regulators in Building the Private Flood Insurance Market" (hereinafter the "Draft.") The RAA and its members are strong supporters of efforts to facilitate the growth of the private flood insurance market and we commend the Working Group and the NAIC on their leadership in this area. Our comments fall into two categories: general comments and additional specific suggested edits.

The RAA is the leading trade association of property and casualty reinsurers doing business in the United States. RAA membership is diverse, including reinsurance underwriters and intermediaries licensed in the U.S. and those that conduct business on a cross border basis. The RAA represents its members before state, federal and international bodies.

Reinsurance is essentially insurance for insurance companies, and related government programs. It is a risk management tool for insurance companies and government programs to reduce the volatility in their portfolios and improve their financial performance and security. Reinsurance also is the primary mechanism for spreading risk globally, thereby accessing a greater pool of capital to pay for the inevitable catastrophic losses.

General Comments

The RAA appreciates the NAIC's support for a private flood insurance market that will complement the National Flood Insurance Program (NFIP) and for the time and effort that went into compiling the Draft.

While the Draft is fundamentally sound, because primary personal lines residential flood insurance has been principally written by the NFIP in recent decades and may not be familiar to many state policymakers, we believe the Background section of the Draft should have a more expansive discussion of the existing private flood insurance markets to help educate policymakers and avoid unintended consequences that may arise in the legislative process.

In addition to the personal lines flood insurance written by the NFIP and the small but growing private residential flood insurance market, private insurers have and continue provide flood insurance coverage for commercial entities, consumers who need flood insurance limits in excess of the NFIP limits, and as part of comprehensive auto insurance coverage. This existing insurance business has been and continues to be written by admitted and surplus lines insurers.

Care must be taken to ensure that legislation or regulation drafted to facilitate the private residential flood insurance market does not inadvertently restrict or constrain existing flood insurance markets. For example, my recollection of the process leading to the adoption of the Florida law included a careful tailoring of the definitions of the specific categories of private residential flood insurance to avoid interfering with existing market segments and a commercial lines exception was created to avoid restricting that market segment. At the time, industry representatives acknowledged that future amendments might be needed to avoid problems created by restricting coverage grant types.

To facilitate the growing private market, legislation should not constrain the development of new coverage grants or related form development. Therefore, we urge that language that unnecessarily confines the development of new, different or innovative coverage grants should be avoided.

Legislative and state regulatory approaches must also reflect differences between residential flood coverage required to obtain a federally backed mortgage for structures located in the special flood hazard area (SFHA or 1 in 100 zone) and other properties that could still flood, but for whom flood insurance is an option.

Mandatory acceptance: For properties located within the FEMA SFHA, lenders must ensure that borrowers obtain flood insurance that complies with federal law and regulations set forth by federal banking regulators. The recent federal banking regulations make clear that lenders must accept private flood if it is as broad as the coverage provided by the NFIP. The Draft adequately covers this option.

Discretionary acceptance: A second option for properties in the SFHA is that a mortgage lender has the option of accepting private residential flood insurance that does not meet the mandatory acceptance standard because it differs from the NFIP coverage in some way, if the lender has determined that the policy adequately provides coverage for the outstanding loan and the property serving as collateral for the loan. This is akin to regulatory structure for homeowner's insurance.

The Draft needs to highlight the fact lenders have the option to accept private residential flood insurance that is different from the NFIP coverage.

Discretionary purchase: Further, many property owners are not required to purchase flood insurance because their home is outside the SFHA or because they don't have a federally backed mortgage. The Draft needs to note that this market segment is distinctive and that different considerations are applicable to policy coverages.

We urge the drafters to amend this version of the paper to policymakers and regulators of the need to accommodate the variety of acceptable private flood insurance forms. Some forms may be acceptable for all purposes, and other forms may be fit for a particular purpose. Coverage grants,

policy conditions, exclusions and other wording differences, including but not limited to different deductible options, flood insurance sub-limits, different coverage grant wordings, and different notice provisions, need to be considered on their own merits by lenders, consumers and regulators.

Historically, policy innovation has turned the simple fire policy into the significantly broader coverage available in today's homeowner's policy. We urge regulators to consider this history and to support coverage differences and innovation in the residential flood insurance market, while continuing to protect consumers, to enable the private residential flood insurance market to grow and evolve.

Additional Specific Edits

In addition to changes to reflect the need to include provisions noted in the general comments that highlight: (a) the difference between the fledgling residential private flood insurance market and the existing private flood insurance market segments and (b) the different coverage options that are or may become available in the residential section relating to mandatory acceptance and discretionary acceptance by lenders when required by federal law and discretionary flood insurance for residential consumers not required to purchase flood insurance, the RAA requests the inclusion of the following specific edits:

On page 1, change the second paragraph to read as follows:

> ~~Funding for continuation of~~ The law authorizing the NFIP first expired in September 2017 and since then Congress has passed more than 10 short-term extensions with the latest extension through September 30, 2019. The Biggert- Waters Flood Insurance Reform Act of 2012 (Biggert-Waters) requires lenders to accept private flood insurance policies meeting certain requirements just as they would an NFIP policy to satisfy the federal mandatory purchase mortgage requirement. The NAIC has been engaged legislatively and with the federal banking regulators on their rulemaking.[3] In February 2019, after six years of deliberation, the federal banking regulators finalized their rule. The final rule requires insurers to certify that their private flood insurance policies meet certain requirements[4] set forth in the Biggert-Waters statute for lenders to be required to accept such policies. The rule also provides lenders the option to accept private flood insurance policies that did not meet the mandatory acceptance requirements set forth in Biggert-Waters subject to certain conditions. Federal laws and regulations do not address flood insurance coverage standards for residential consumers not required by law to carry flood insurance because the consumer does not have a government backed mortgage or because the structure is located outside the special flood hazard areas. State regulators need to develop processes and procedures to review and regulate coverage for such optional flood insurance coverages.

On page 7, in the first paragraph, add the following sentence (or add as a footnote) after the line that states, "Florida has enacted legislation to create a statutory framework allowing private insurers to offer multiple types of flood coverage ranging from standard coverage, which mirrors the NFIP, to other enhanced coverages.":

Some commentators have suggested that Florida law's characterization of types of flood policies could be an impediment to the development of new, different or innovative coverage forms by insurers.

On page 10, in the Agent Education section, change to first paragraph to read as follows:

Selling flood insurance requires an agent to understand the intricacies of an NFIP or private flood insurance policy. States continue to see large numbers of uninsured or underinsured consumers following a flood event. Agents need to understand the difference between the NFIP and private policies they are authorized to sell and the different regulatory requirements surrounding insureds that are required to have flood insurance and those for whom flood insurance is an option.

On page 11, at the end of the Lender Education section, revise the last paragraph to read:

DOIs can raise awareness regarding flood insurance by bringing agents, consumers, lenders, FEMA, private flood insurance writes, etc. together in communities to discuss the importance of a homeowner purchasing flood insurance. Such a session can help to educate agents and lenders regarding their appropriate roles in advising consumers on the requirement for flood insurance, the benefits of optional flood insurance, the appropriate coverage limits, coverage and difference in terms and conditions between policies. Agent groups can help in this education process.

On page 14, before the "Continuous Coverage" heading, add the following sentence:

In addition to policies that meet the "at least as broad as" standard that lenders must accept for federally mandated flood insurance, regulators need to be aware of and develop processes and procedures to review and approve coverage forms that (a) provide acceptable coverage that lenders are permitted to accept under federal rules and (b) provide coverage options for residential consumers that are not required to purchase flood insurance by federal law.

On page 14, under the "Continuous Coverage" heading, add the following sentence at the end:

The current legislative drafts addressing private insurance and continuous coverage do not differentiate between private flood insurance that complies with federal regulatory standards for mandatory or discretionary lender acceptance.

On page 14, at the end of Appendix II, as a subheading and paragraph to read:

Applicability of Existing Property Regulations

Policymakers in individual states have created a regulatory regimen relating the the mature, homeowners insurance market that addresses a variety of underwriting, rating, renewal/non-renewal and cancellation provisions, some of which regulate the ability to non-renew after a given period of time or the percentage of policies that can be non renewed in a given time frame. To facilitate the fledgling private residential flood insurance market, policymakers should closely evaluate whether regulations applicable to homeowners policies should apply to private residential flood insurance policies, particularly in light of the availability of NFIP coverage.

Where applicable, regulators should consider issuing guidance to prospective insurers regarding regulatory restrictions and when they are not applicable. For example, several years ago Florida provided guidance that indicated that certain regulations applicable to flood insurance written as part of a homeowners' policy would not be applicable if written as a separate, allied lines policy.

Removing regulatory restrictions that are not needed for consumer protection in light of NFIP availability can help reduce insurer reluctance to enter the private residential flood insurance market.

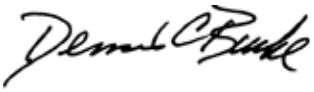
Conclusion

The RAA supports the development of a private flood insurance market to complement coverage provided by the NFIP. We believe that providing consumers with more coverage choices will ultimately lead to more consumers that have insurance that protects them from flood damage and will reduce the uninsured direct and economic losses from flood events.

We applaud the continuing efforts of the NAIC and its member states to provide guidance to regulators seeking to expand consumers' flood insurance options and suggest that this paper should be updated relatively regularly to include actions taken and lessons learned by additional states to address the various lender acceptance and consumer choice private flood insurance options. We look forward to continuing to work with regulators on this important project.

We further thank you for the opportunity to submit these comments.

Sincerely,



Dennis C. Burke
Vice President

South Carolina Comments

Comments – Will Davis (SC)

One of our deputies recommends that this document include links to some of the materials from various bodies that we reference. For example, a link to the new banking rule would be helpful.

She also points out that some of the typos that are still in the draft make it difficult to understand what's being said.

Texas Comments

July X, 2019

The following document provides information ~~regarding~~ on ways for a department of insurance to encourage the growth of private residential flood insurance.

Currently, the Property and Casualty Insurance (C) Committee is considering enhancing the collection of private flood data. These efforts include collecting information that separates residential private flood insurance premiums from commercial private flood insurance premiums, breaking the information down by standalone policies, endorsements to homeowners insurance policies, and by both first dollar and excess. T~~Additionally, t~~he proposed supplement will also provide claims and policy data.

~~Furthermore~~In addition, it has been proposed to collect lender-placed flood insurance data on the Credit Insurance Experience Exhibit and to collect private flood insurance data for the surplus lines market through the Surplus Lines (C) Working Group.

The Market Regulation and Consumer Affairs (D) Committee has developed a private flood insurance line for the MCAS, which will collect 2020 data in 2021. The data is expected to follow the same format as the homeowners' MCAS with a focus on private flood insurance.

Other considerations for the Property and Casualty Insurance (C) Committee include:

- Considering ways to incorporate a conforming conditions clause in the form approval process.
- Referring state law conflicts relating to statute of limitations and cancellation/renewal provisions to the Government Relations Leadership Council~~GRLC~~ to resolve at the federal level.

Commented [A1]: This refers to a provision that ensures a policy conforms to the private flood insurance coverage requirements in federal lending rules. The rules require a private flood policy to have coverage at least as broad as an NFIP policy. Consider adding an explanation of why conforming conditions may be needed.

Texas law may already allow a private flood policy to have a conforming clause that broadens coverage.

Commented [A2]: This bullet could also be mentioned on page 8 under the section about tailoring rate and form requirements.

Commented [A3]: Refers to requirements for a policy to be qualifying 'private flood insurance' under federal lending rules. For example, the policies must:

- have a one-year statute of limitations; and
- require at least 45 days' written notice of cancellation.

Similar to above, consider adding an explanation of what this is about.

National Association of Insurance Commissioners

ACTIONS FOR STATE REGULATORS IN BUILDING THE PRIVATE FLOOD INSURANCE MARKET

MONTH X, 2019

Table of Contents

Commented [A4]: Header for Tailoring rate and form requirements will need to be adjusted.

BACKGROUND AND PURPOSE

State insurance regulators have first-hand experience with the devastating effects floods have on the constituents in their states and believe it is critical that flood insurance is both available and affordable ~~in order~~ to encourage buying~~purchas~~ it~~e~~ that~~t~~o ~~thereby~~ protect~~s~~ homes, businesses, and personal property. Although private flood insurance is ~~is being written~~ largely written in the commercial market, this paper ~~will~~ focuses on the residential flood insurance market. For more than five decades~~a half-century~~, the federal government's National Flood Insurance Program (NFIP) has been the primary player in the residential flood insurance market, underwriting most policies, while private insurers have largely focused on a relatively small residential supplemental market. And while the NFIP has done a laudable job in making flood insurance available for millions of residential properties, a significant flood insurance gap exists across the U.S.[1] with flood events ~~after flood event~~ revealing substantial numbers of damaged uninsured properties ~~being uninsured~~.[2] A Federal Emergency Management Agency (FEMA) analysis from 2018 indicates 69 percent of American homes in high flood risk zones do not have flood insurance. Concurrently, there ~~has been~~is heightened interest among~~st~~ private carriers to expand their residential flood insurance offerings, ~~greatly~~ assisted by the development of more sophisticated flood mapping and risk modeling technologies.

Funding ~~for~~ to continue~~ation~~ ~~of~~ the NFIP expired in September 2017, and since then, Congress has passed more than 10 short-term extensions ~~with~~ the latest ~~extension~~is through September 30, 2019. The Biggert- Waters Flood Insurance Reform Act of 2012 (Biggert-Waters) requires lenders to accept private flood insurance policies meeting certain requirements just as they would an NFIP policy to satisfy the federal mandatory purchase ~~mortgage~~ requirements for loans in special flood hazard areas (SFHAs). The NAIC has been engaged legislatively and with the federal banking regulators on their rulemaking.[3] In February 2019, after six years of deliberation, the federal banking regulators finalized their rule. The final rule requires insurers to certify that their private flood insurance policies meet certain requirements[4] set forth in the Biggert-Waters statute for lenders to be required to accept such policies. The rule also provides lenders the option to accept private flood insurance policies that did not meet the mandatory acceptance requirements set forth in Biggert-Waters subject to certain conditions.

~~State insurance regulators and the NAIC support~~ A ~~a~~ long-term NFIP ~~reauthorizatio~~reauthorization~~n~~ and~~as~~ ~~well as facilitating~~ increased private sector involvement in the sale of flood insurance~~,~~ ~~which~~ can help ensure that consumers have access to multiple options. In 2016, the NAIC developed "Guiding Principles for NFIP Reauthorization"[5] and ~~has~~ testified ~~in~~to the U.S. Congress on the importance of ~~ensuring~~ private flood insurance.[6]

Commented [A5]: This sentence does not have a citation.

Commented [A6]: In the appendix, Biggert-Waters Flood Insurance Reform Act of 2012 was abbreviated as BW-12. Consider using that abbreviation in the report also. Or, later in the appendix, just write out Biggert-Waters and not use the BW-12. Just be consistent throughout the document.

Commented [A7]: This is not quite right. The rule **allows** insurers to add a certification that makes it easier for lenders to determine that the policy meets the requirements for a private flood insurance.

Lenders must accept any policy that meets the requirements for private flood insurance, but they can rely on a provision that says, "This policy meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation."

Commented [A8]: This is not quite right. The footnote describes conditions for *discretionary* acceptance of a policy that doesn't meet the federal definition of "private flood insurance." It doesn't describe requirements for *mandatory* acceptance.

[1] https://riskcenter.wharton.upenn.edu/wp-content/uploads/2019/02/Moving-the-Needle-on-Closing-the-Flood-Insurance-Gap.pdf
[2] http://www.pciaa.net/docs/default-source/industry-issues/4_lessonslearned.pdf
[3] https://www.naic.org/documents/government_relations_comment_letter_federal_banking_private_flood_insurance.pdf
[4] The key conditions in the final rule are a requirement that the policy provide sufficient protection for a designated loan, consistent with general safety and soundness principles, and a requirement that the regulated lending institution document its conclusion regarding the sufficiency of protection in writing. The final rule also allows regulated lending institutions to exercise their discretion to accept certain plans providing coverage issued by "mutual aid societies."
[5] https://www.naic.org/documents/government_relations_161019_nfip_guiding_principles.pdf
[6] https://www.naic.org/documents/government_relations_160113_testimony_private_flood_insurance.pdf

Following ~~from~~ this NAIC action, ~~the purpose of~~ this document ~~is to~~ provides state insurance regulators with concrete actions ~~that can be and/or have been taken~~ to assist with the development of the ~~burgeoning~~expanding private insurance market for residential flood insurance.

OVERALL STATE OF THE FLOOD INSURANCE MARKET

According to the most recent flood insurance data collected by the NAIC (Table 1), a total of approximately $644 million of direct premium was written in 2018 throughout the U.S. with the private flood insurance market representing 15 percent of the total flood insurance market. The private flood insurance market has been growing over the past few years with the $644 million in direct premium written in 2018 being an increase of 9 percent from 2017 direct written premiums, and an increase of 71 percent since 2016. In 2018, California, Florida, Texas, New York, New Jersey, Pennsylvania, Puerto Rico, and Louisiana each wrote $20 million or more of private flood direct premium (Table 1) with these ~~8~~ eight states/jurisdictions representing nearly 60 percent of the total private flood insurance market.

~~It is important to note that t~~The NAIC Annual Statement data used in Table 1 and Table 2 does not differentiate between residential private flood insurance premium and commercial private flood insurance premium. The NAIC is exploring collecting data ~~collection~~ by~~via~~ a supplement and/or data call ~~to collect data~~ for residential private flood insurance and commercial private flood insurance separately.

Beyond this aggregate view of premium ~~being~~ written by state, for a relative sense of market penetration and growth of the private flood market, two other views of the NAIC data are presented: i) private flood as a percent of total flood written per state in 2018 (Table 1); and ii) private flood growth per state from 2016 to 2018 (Table 2).

Table 1: Private Flood as a Percent of Total Flood Written ~~p~~Per State in 2018

State	Direct Premium Written - Private	Direct Written Premium - NFIP	Total	Percent Private Flood
AK	$ 726,128	$ 2,173,734	$ 2,899,862	25%
AL	$ 4,717,310	$ 37,369,849	$ 42,087,159	11%
AR	$ 2,918,840	$ 13,387,226	$ 16,306,066	18%
AS	$ 17	$ 38,356	$ 38,373	0%
AZ	$ 13,616,250	$ 20,785,412	$ 34,401,662	40%
CA	$ 83,598,726	$ 184,728,154	$ 268,326,880	31%
CO	$ 6,815,467	$ 17,996,733	$ 24,812,200	27%
CT	$ 8,554,006	$ 52,057,947	$ 60,611,953	14%
DC	$ 2,023,055	$ 1,481,959	$ 3,505,014	58%
DE	$ 1,870,439	$ 19,394,560	$ 21,264,999	9%
FL	$ 79,664,174	$ 974,338,089	$ 1,054,002,263	8%
GA	$ 13,822,654	$ 59,793,148	$ 73,615,802	19%
GU	$ 23,475	$ 348,208	$ 371,683	6%
HI	$ 3,511,428	$ 40,778,877	$ 44,290,305	8%
IA	$ 9,261,662	$ 12,894,876	$ 22,156,538	42%
ID	$ 1,685,637	$ 4,443,509	$ 6,129,146	28%
IL	$ 15,571,396	$ 41,782,653	$ 57,354,049	27%
IN	$ 9,754,263	$ 22,122,449	$ 31,876,712	31%
KS	$ 5,619,810	$ 8,096,167	$ 13,715,977	41%

Table 1: Private Flood as a Percent of Total Flood Written pPer State in 2018 (continue'd)				
State	**Direct Premium Written - Private**	**Direct Written Premium - NFIP**	**Total**	**Percent Private Flood**
KY	$ 5,562,791	$ 19,859,236	$ 25,422,027	22%
LA	$ 20,518,942	$ 332,451,130	$ 352,970,072	6%
MA	$ 17,035,775	$ 77,215,928	$ 94,251,703	18%
MD	$ 6,161,138	$ 38,179,561	$ 44,340,699	14%
ME	$ 1,826,143	$ 8,778,305	$ 10,604,448	17%
MI	$ 7,287,062	$ 20,395,079	$ 27,682,141	26%
MN	$ 6,072,364	$ 7,828,757	$ 13,901,121	44%
MO	$ 10,054,439	$ 21,828,499	$ 31,882,938	32%
MP	$ 1,406	$ -	$ 1,406	100%
MS	$ 5,401,764	$ 43,786,173	$ 49,187,937	11%
MT	$ 1,107,818	$ 3,679,000	$ 4,786,818	23%
NC	$ 10,477,327	$ 109,932,602	$ 120,409,929	9%
ND	$ 1,808,961	$ 6,508,148	$ 8,317,109	22%
NE	$ 3,426,045	$ 8,737,796	$ 12,163,841	28%
NH	$ 1,579,406	$ 8,531,507	$ 10,110,913	16%
NJ	$ 33,570,528	$ 215,735,820	$ 249,306,348	13%
NM	$ 2,025,523	$ 10,462,171	$ 12,487,694	16%
NV	$ 4,598,626	$ 8,083,596	$ 12,682,222	36%
NY	$ 47,243,273	$ 205,299,097	$ 252,542,370	19%
OH	$ 15,400,298	$ 33,185,859	$ 48,586,157	32%
OK	$ 3,076,462	$ 11,092,205	$ 14,168,667	22%
OR	$ 6,248,012	$ 23,928,017	$ 30,176,029	21%
PA	$ 22,141,354	$ 65,301,183	$ 87,442,537	25%
PR	$ 21,658,142	$ 7,645,531	$ 29,303,673	74%
RI	$ 2,317,465	$ 18,409,898	$ 20,727,363	11%
SC	$ 13,703,417	$ 137,792,886	$ 151,496,303	9%
SD	$ 834,247	$ 3,115,261	$ 3,949,508	21%
TN	$ 12,179,549	$ 24,574,361	$ 36,753,910	33%
TX	$ 63,221,041	$ 435,173,125	$ 498,394,166	13%
UT	$ 2,712,200	$ 2,509,861	$ 5,222,061	52%
VA	$ 9,475,832	$ 78,057,383	$ 87,533,215	11%
VI	$ 37,329	$ 2,185,181	$ 2,222,510	2%
VT	$ 698,550	$ 4,937,502	$ 5,636,052	12%
WA	$ 12,061,004	$ 31,765,783	$ 43,826,787	28%
WI	$ 5,896,222	$ 11,790,299	$ 17,686,521	33%
WV	$ 1,804,872	$ 16,683,897	$ 18,488,769	10%
WY	$ 899,933	$ 1,580,170	$ 2,480,103	36%
TOTALS	**$ 643,879,997**	**$ 3,571,032,713**	**$ 4,214,912,710**	**15%**

Table 2 - Private Flood Growth by State during 2016 to 2018					
State	Direct Premium Written 2018	Direct Premium Written 2017	Direct Premium Written 2016	Percent Change Premium Written 2017 to 2018	Percent Change Premium 2016 to 2018
AK	$ 726,128	$ 957,063	$ 555,129	-24%	31%
AL	$ 4,717,310	$ 4,799,724	$ 3,005,135	-2%	57%
AR	$ 2,918,840	$ 2,826,120	$ 1,607,656	3%	82%
AS	$ 17	$ -	$ -	N/A	N/A
AZ	$ 13,616,250	$ 11,068,965	$ 6,260,448	23%	117%
CA	$ 83,598,726	$ 71,951,648	$ 48,786,070	16%	71%
CO	$ 6,815,467	$ 6,097,813	$ 4,735,996	12%	44%
CT	$ 8,554,006	$ 9,810,824	$ 6,787,613	-13%	26%
DC	$ 2,023,055	$ 2,838,882	$ 1,829,183	-29%	11%
DE	$ 1,870,439	$ 1,669,426	$ 740,005	12%	153%
FL	$ 79,664,174	$ 84,491,040	$ 47,796,186	-6%	67%
GA	$ 13,822,654	$ 12,154,732	$ 6,953,126	14%	99%
GU	$ 23,475	$ 61,491	$ 9,396	-62%	150%
HI	$ 3,511,428	$ 4,707,292	$ 3,149,891	-25%	11%
IA	$ 9,261,662	$ 7,973,218	$ 6,739,156	16%	37%
ID	$ 1,685,637	$ 1,246,073	$ 842,501	35%	100%
IL	$ 15,571,396	$ 14,022,683	$ 9,770,834	11%	59%
IN	$ 9,754,263	$ 9,359,454	$ 5,834,525	4%	67%
KS	$ 5,619,810	$ 5,187,276	$ 3,519,857	8%	60%
KY	$ 5,562,791	$ 5,184,777	$ 3,636,333	7%	53%
LA	$ 20,518,942	$ 17,883,168	$ 11,495,497	15%	78%
MA	$ 17,035,775	$ 15,255,682	$ 8,980,394	12%	90%
MD	$ 6,161,138	$ 4,881,020	$ 3,004,956	26%	105%
ME	$ 1,826,143	$ 1,393,303	$ 1,449,308	31%	26%
MI	$ 7,287,062	$ 5,784,426	$ 3,112,100	26%	134%
MN	$ 6,072,364	$ 6,034,414	$ 4,382,496	1%	39%
MO	$ 10,054,439	$ 8,579,964	$ 5,611,173	17%	79%
MP	$ 1,406	$ 673	$ -	109%	N/A
MS	$ 5,401,764	$ 4,954,089	$ 3,545,564	9%	52%
MT	$ 1,107,818	$ 965,222	$ 546,157	15%	103%
NC	$ 10,477,327	$ 9,385,350	$ 5,916,463	12%	77%

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Table 2 - Private Flood Growth by State during 2016 to 2018 (continue'd)					
State	Direct Premium Written 2018	Direct Premium Written 2017	Direct Premium Written 2016	Percent Change Premium Written 2017 to 2018	Percent Change Premium 2016 to 2018
ND	$ 1,808,961	$ 1,518,138	$ 1,033,168	19%	75%
NE	$ 3,426,045	$ 2,733,969	$ 1,819,577	25%	88%
NH	$ 1,579,406	$ 1,773,337	$ 1,516,804	-11%	4%
NJ	$ 33,570,528	$ 28,862,467	$ 17,035,409	16%	97%
NM	$ 2,025,523	$ 1,735,136	$ 662,921	17%	206%
NV	$ 4,598,626	$ 4,574,608	$ 2,440,079	1%	88%
NY	$ 47,243,273	$ 47,674,483	$ 27,419,308	-1%	72%
OH	$ 15,400,298	$ 14,202,904	$ 5,628,305	8%	174%
OK	$ 3,076,462	$ 3,507,498	$ 1,746,619	-12%	76%
OR	$ 6,248,012	$ 4,730,473	$ 2,910,035	32%	115%
PA	$ 22,141,354	$ 18,832,760	$ 13,240,946	18%	67%
PR	$ 21,658,142	$ 19,554,982	$ 19,436,229	11%	11%
RI	$ 2,317,465	$ 2,623,963	$ 1,286,538	-12%	80%
SC	$ 13,703,417	$ 12,726,603	$ 10,633,358	8%	29%
SD	$ 834,247	$ 770,092	$ 572,506	8%	46%
TN	$ 12,179,549	$ 8,584,856	$ 5,939,417	42%	105%
TX	$ 63,221,041	$ 53,512,832	$ 31,771,120	18%	99%
UT	$ 2,712,200	$ 1,958,666	$ 1,050,341	38%	158%
VA	$ 9,475,832	$ 8,527,381	$ 4,727,129	11%	100%
VI	$ 37,329	$ 43,449	$ 122,459	-14%	-70%
VT	$ 698,550	$ 520,374	$ 297,124	34%	135%
WA	$ 12,061,004	$ 11,566,163	$ 9,609,189	4%	26%
WI	$ 5,896,222	$ 4,140,377	$ 2,300,499	42%	156%
WV	$ 1,804,872	$ 1,986,325	$ 1,614,061	-9%	12%
WY	$ 899,933	$ 959,541	$ 713,965	-6%	26%
Total	**$ 643,879,997**	**$ 589,147,189**	**$ 376,130,254**	**9%**	**71%**

~~Clearly, T~~this data suggests ~~that~~ there are considerable opportunities for private flood insurance placement and market development. However, in a report by X, it ~~it is important to~~ notes that in 2018, the majority of growth occurred in the private commercial flood insurance market. The residential private flood insurance market showed a slight decline from 2017.[7]

Commented [A10]: While this is footnoted, having this extra phrase here may keep the reader from trying to figure out how those conclusions are made based on the tables above.

As insurers' familiarity with flood catastrophe models grows, ~~as~~ underwriting experience develops, and ~~as~~ state regulatory structures evolve, the number of private flood insurance policies in force could continue to grow, including among admitted carriers. Therefore, i~~t~~t's ~~is~~ ~~therefore~~ important to understand what states have done ~~(or not done)~~ to enhance this growth.

[7] https://www.insurancejournal.com/research/app/uploads/2019/06/FINAL-Private-Flood-Insurance-Report-2019.pdf

STATE ACTION

During the six years of uncertainty at the federal level following BW-12, state insurance regulators began ~~under~~taking efforts to streamline the process for private insurance carriers to write flood insurance in their state. Florida's efforts to establish a private flood insurance market have been applauded as a potential model for~~to be utilized in~~ other states looking to expand their residential private flood insurance offerings. Florida has the largest flood insurance market in the country and accounts for roughly 35~~%~~ percent of NFIP policies nationwide.[8] Florida has enacted legislation to create a statutory framework allowing private insurers to offer multiple types of flood coverage ranging from standard coverage, which mirrors the NFIP, to other enhanced coverages. This legislation includes streamlining the rate filing process for private flood insurers, eliminating the diligent search requirement for flood policies issued by surplus lines carriers until July of 2019, and providing for an Office of Insurance Regulation (OIR) certification ~~by the Office of Insurance Regulation (OIR)~~ that the policy equals or exceeds coverage provided by the NFIP. Florida's OIR issued an informational memorandum providing guidance on how private insurers will need to demonstrate the financial capacity to assume this risk as well as options for developing private flood rates and policy forms.

In addition to Florida, we can draw upon the existing experiences from other states in developing a robust flood insurance market. ~~along the key aspects of insurance regulation.~~

The NAIC reached out to the states on the drafting group to provide information that was not readily available on the state~~'~~s' websites~~,~~ ~~as well as~~and gathered~~ing~~ information from the Wharton Study, "The Emerging Private Residential Flood Insurance Market in the United States", GAO reports, and a recently updated Congressional Research Report regarding private flood insurance and the NFIP. In the future, the NAIC might ~~want to~~ consider sending a more detailed questionnaire to states to gather more information ~~regarding~~ on the developing private flood insurance market.

Overall, state experiences include:

Legislative and r~~R~~egulatory c~~C~~hanges

- Supporting private flood insurance legislation
- Approving private flood insurance products
- Tailoring rate and form requirements for private flood insurance coverage
- Allowing private flood insurers to submit rates on an informational basis
- Removing diligent search requirements

Consumer i~~I~~nformation

- Consumer outreach
- Listing private flood insurance writers~~products~~ on a department of insurance's website
- Collecting residential private flood insurance data

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Commented [A12]: Texas' statutory framework also allows insurers to provide multiple different types of flood products. Other states' regulatory systems may also allow insurers to offer different types of flood products as well.

Commented [A13]: Texas will also not have a diligent search requirement beginning 9/1/2019 (HB 1306).

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[8] http://www.floods.org/ace-files/documentlibrary/committees/Insurance/Emerging_Flood_Insurance_Market_Report-Wharton-07-13-18.pdf

Agent and lLender aActions

- ~~Implementing specific continuing education requirements for producers~~
- ~~Increasing the weighting of flood insurance questions on producer licensing exams~~
- Continuing education and producer licensing requirements
- Agent education
- Lender education

LEGISLATIVE AND REGULATORY CHANGES

Supporting pPrivate fFlood insurance legislation

In addition to Florida's legislation, West Virginia has passed legislation requiring insurers to file their private flood insurance plan of operation with the commissioner and authorizing expedited processing of surplus lines flood insurance policies ~~for flood insurance~~.

Approving private flood insurance products

California, Mississippi, and Alabama are among the states approving new personal lines private flood insurance products for entry into the market. Additionally, the Insurance Services Organization (ISO) has developed a new private flood insurance form, for both personal and commercial flood, which states have been considering through their form filing process. As of March 2018, personal flood has been implemented in 43 jurisdictions and commercial flood in 45 jurisdictions. Approximately five states have independent rating bureaus; these states are not reflected in these numbers.

Tailoring rate and form requirements for private flood insurance coverage

States might consider permitting private flood insurers to file rates for approval or allowing them to use rates in accordance with rates, rating manuals, or schedules filed by the insurer allowing for a reasonable rate of return. For example, Florida law permits private flood insurance rates to be implemented without prior approval at the time of filing; however, insurers are required to keep supporting actuarial data for two years. ~~Furthermore,~~ Florida law also ~~-~~allows insurers to request the state to certify that a private policy provides flood coverage which equals or exceeds that offered by NFIP. (See Appendix I for information on Florida's process.)

New Jersey placed flood on their "exportable list" which has the effect of eliminating rate filing requirements. Maryland and South Carolina have not relaxed ~~the~~ rate and form requirements; however, they are committed to an efficient and swift review~~overview~~ of private flood insurance filings and will work with insurers to make the filing and approval process as smooth as possible.

Allowing pPrivate fFlood iInsurers to sSubmit rates on an informational basis

Allowing insurers to submit rates on an informational basis in states with prior approval rate filing laws is another way to encourage the growth of the private flood insurance market. ~~Two states that~~Florida and New Jersey have taken this approach ~~include Florida and New Jersey~~.[9] (See Appendix I for information on Florida's process.)

Removing diligent search requirements

Many states require a consumer to first seek a flood insurance policy in the admitted market. If the consumer is denied coverage, they are then able to purchase a private flood insurance policy in the surplus lines market. At least ~~14~~ 15 states have waived this diligent search requirement. These states include ~~-~~Alaska, ~~-~~Arizona, ~~-~~Connecticut, ~~-~~Florida, ~~-~~Idaho, ~~-~~Louisiana, New Jersey, ~~-~~Oklahoma, Oregon,

[9] https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf and state departments of insurance

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Pennsylvania, Rhode Island, Texas, Virginia, West Virginia, and Wisconsin. It is important to note that surplus lines coverage may not meet lender requirements when flood insurance is required.

CONSUMER INFORMATION

Consumer outreach

To ~~aid in~~ promote~~ing~~ a private flood insurance market, ~~it is important to~~ publicizing~~e~~ the importance of purchasing flood insurance coverage is critical. This task requires perseverance and a deep understanding of the various insurance products available. Consumers, insurance agents, real estate agents, mortgage lenders, and banking associations need to be educated on the need for flood insurance, including both private flood insurance and that provided by the NFIP.

There are still many consumers who are under the misconception that flood damage will be covered by their homeowners insurance policy. They are ~~therefore~~ unaware of the~~ir~~ actual flood risk and learn that they are uninsured for a~~this~~ catastrophic peril only after a flood event occurs,~~only following a flood event for which~~and they have no coverage.

State departments of insurance (DOIs), as well as the NAIC, are launching consumer educational outreach programs related to flood insurance ~~to try~~ to address this coverage gap. For example, the Pennsylvania Insurance Department developed a one-stop shop webpage for homeowners to get information on flood insurance options, including private flood insurance.

The NAIC Communications Department has also launched a flood campaign this year to inform consumers of the importance of purchasing flood insurance~~—~~, either private flood insurance or flood insurance provided by the NFIP. Additionally, the NAIC recently released a special section of its website dedicated to educating consumers about the risks of flooding and what kinds of coverage options are available to protect against those risks.

Finally, the NAIC's Transparency and Readability of Consumer Information (C) Working Group has created both a basic flood insurance document~~t~~ and~~, as well as~~ several graphical materials containing flood facts~~,~~ for~~to be used by~~ DOIs to use for social media consumer outreach~~ via social media~~.

Listing private flood insurance writers on a department of insurance's website

While many DOIs include information ~~regarding~~ about NFIP policies on their websites, some states including Florida, Louisiana, New Jersey, and Pennsylvania provide a list of private flood insurance writers and ~~their~~ contact information on their websites.

~~It is worthwhile to note that~~ S~~s~~urplus lines writers are generally not listed by the line of business they write; however, ~~it has been suggested t~~there c~~w~~ould be value for states to provide information on~~regarding~~ which surplus lines writers are writing residential private flood insurance.

Collecting residential private flood insurance data

Florida and Texas both collect comprehensive data ~~regarding~~ on residential private flood insurance.[10] As described previously, the NAIC has been collecting private flood insurance data since the data year 2016. Before that, the private flood insurance line was not a separate entry in the Annual Statement. While residential and commercial private flood insurance are not separated in the P/C Annual Statement Blank, the NAIC, through its Property and Casualty Insurance (C) Committee is currently considering enhancements to the Annual Statement that would require insurers to report the residential private flood insurance premiums and commercial private flood insurance premiums separately ~~independently~~.

Commented [A18]: Need to add Texas now that HB 1306 has passed.

Commented [A19]: Texas now requires a conspicuous disclosure statement if a policy does not include flood coverage (SB 442).

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[10] https://riskcenter.wharton.upenn.edu/wp-content/uploads/2018/07/Emerging-Flood-Insurance-Market-Report.pdf

The Surplus Lines (C) Task Force is considering similar changes to alien surplus lines private flood insurance data that is reported to the International Insurance Department.

The Wholesale & Specialty Insurance Association (WSIA) is also providing the Reinsurance Association of America (RAA) with data regarding surplus lines insurance. The RAA is currently working on an open source database that provides information regarding private flood insurance.

These changes would allow regulators and FEMA to better measure the growth of the private residential flood insurance market.

AGENT AND LENDER ACTIONS

Continuing education and producer licensing requirements

FEMA requires all insurance producers licensed in property, casualty, or personal lines ~~of authority~~ who sell flood insurance through the NFIP to complete a one-time course, as required by the NFIP Flood Insurance Reform Act of 2004. This is also the only educational requirement in many states.

At least one state has increased the weighting of the flood insurance questions on their producer licensing exam.

Agent ~~e~~Education

Selling flood insurance requires an agent to understand the intricacies of an NFIP ~~of~~ or private flood insurance policy.[11] States continue to see large numbers of uninsured or underinsured consumers following a flood event.

When purchasing insurance, ~~many times~~ the insurance agent is generally the consumer's first point of contact. ~~;~~ T~~t~~herefore, it would be valuable if an agent could explain the risks of flooding, even if a consumer does not own or rent property in a high-risk flood zone. Recent flood events remind us that where it can rain, it can flood, and many floods occur outside of a high-risk flood zone. If agents ~~help to~~ educate the consumer, it will help eliminate the cost of inaction because a~~, as the occurrence of a~~ flood event could be financially unbearable for a homeowner or renter if they are un~~not~~ insured~~,~~ or are underinsured. It is critical for agents to make a special effort to educate homeowners~~'~~ ~~regarding~~on the need for flood insurance, even if a business or home is not located in a high-risk flood zone.

DOIs can provide agents with information ~~they have~~ learned ~~as a result of a~~ from a flood event and ~~can~~ foster agent education by requiring continuing education requirements to improve an agent's knowledge of flood insurance.

~~Other~~ If s~~S~~states~~'~~ adopted~~tion~~ ~~of~~s ~~s~~uch practices, ~~would~~they would likely improve agents' knowledge of flood insurance, which in turn, would ~~therefore~~ help~~ing~~ their clients ~~to~~ obtain more effective flood coverage, whether through the NFIP or the private sector.

Lender ~~e~~Education

A large percentage of Americans have a mortgage on their home; therefore, lender education is another opportunity for consumer flood insurance education. Recent catastrophic flooding events have illustrated that floods can happen ~~anywhere~~in unexpected places.~~;~~ ~~therefore~~so~~,~~ it is often in the best interest of the homeowner to purchase flood insurance even if they do not live in a high-risk flood zone.

While state insurance regulators do not have authority to regulate lenders, lenders should still be educated ~~regarding~~ on the importance of flood insurance. When navigating the loan process, lenders do

[11] http://www.floods.org/ace-files/documentlibrary/committees/Insurance/Emerging_Flood_Insurance_Market_Report-Wharton-07-13-18.pdf

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It may however, be in the homeowners' best interest to be educated about flood insurance even if they do not live in a high-risk zone.

not always discuss purchasing flood insurance unless the borrower's home is in a high-risk flood zone. A discussion about purchasing flood insurance even if the homeowner does not live in a high-risk flood zone ~~should~~ ideally should be addressed with the borrower.

DOIs can raise awareness ~~regarding on the importance of flood insurance~~ by bringing groups like agents, consumers, lenders, FEMA, and private flood insurers~~insurance writes, etc.~~ together in communities to discuss the importance of ~~a homeowner~~ purchasing flood insurance.

~~OTHER~~ ~~IDENTIFIED~~ CHALLENGES~~BARRIERS~~ TO ~~THE~~ DEVELOPING~~MENT~~ ~~OF~~ A PRIVATE FLOOD INSURANCE MARKET

The May 2019 Congressional Research Service (CRS) report, "Private Flood Insurance and the National Flood Insurance Program" identified some of the barriers to the development of a private flood insurance market. Some of the barriers identified in the report include: 1) regulatory uncertainty; 2) flood insurance coverage being "at least as broad as" the NFIP; 3) continuous coverage; 4) the NFIP's "non-compete" clause; 5) NFIP subsidized rates; ~~and 5~~6) the ability to assess flood risk accurately; and ~~6~~7) adequate consumer participation.

Most directly relevant for the NAIC members is the notion of regulatory uncertainty, which is covered below. The remaining topics ~~will be~~are addressed in Appendix II.

Regulatory uncertainty

The CRS report emphasizes regulatory uncertainty at the state level. If states begin to see an increase of private flood insurance, one impediment ~~worth mentioning~~ is the additional regulatory burden of overseeing private flood insurance policies. The regulatory involvement of all the states and territories will conceivably increase costs and complexity to insurers, lenders, or propertyowners.

The possibility insurers will withdraw from the private flood insurance market exists if there is too much intervention by state insurance regulators to control rates.

On the other hand, states may develop their own state-specific insurance solutions. State solutions may be more suitable to their local social and economic conditions.

SUMMARY

In the past few years, many states ~~have~~ experienced ~~excessive~~ increased flooding. Unfortunately, f~~F~~ollowing ~~the~~ flood events, it bec~~o~~ame~~s~~ apparent that a significant number of consumers continue to be~~were~~ either uninsured or underinsured for the flood peril.

While the NFIP still writes a majority of the residential flood insurance policies, there are considerable opportunities ~~for the development of~~to develop the residential private flood insurance market.

~~This document provides details about how a few~~sSome states have put procedures in~~to~~ place to enhance the private flood insurance market ~~in a state~~. These procedures include supporting private flood insurance legislation and initiatives, tailoring rate and form requirements for residential private flood insurance products, relaxing rate filing requirements, and improving consumer, ~~education, and~~ agent,~~-~~ and lender education.

~~It is noteworthy to say states experiencing l~~Large flooding events ~~have seen~~can also stimulate growth in the private flood insurance market ~~regardless of any other actions~~. For example, following Hurricane Harvey, Texas saw notable growth in it~~s~~~~their~~ residential private flood insurance market. By nature, catastrophic events are a reminder to consumers ~~concerning~~ about the devastation that flooding can caus~~ed by flooding~~.

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Commented [A24]: States already oversee private flood insurance. It is not an "additional regulatory burden," nor is it a barrier to development.

Perhaps "regulatory uncertainty" refers to the unknown issues and challenges that arise as a market emerges.If so, this paragraph should be changed to make that more clear.

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While there are several barriers for the residential private flood insurance market, the most important barrier for state insurance regulators is likely the regulatory uncertainty. The burden of overseeing a growing private flood insurance ~~policies~~ market ~~will likely~~may increase the regulatory burden for state insurance regulators.

The attached appendices discuss steps Florida has taken to ~~in its approach to~~ cultivate the private residential flood insurance market and ~~discussion of other~~ barriers to ~~the entrance of~~ residential private flood insurers entering the market.

Appendix I – Actions Florida has Taken

FLORIDA'S FORM FILING ~~PROCESS~~ REQUIREMENTS AND PROCESS ~~EXAMPLE~~

Florida reviews form filings providing flood coverage differently based on the type of flood coverage being provided.

Subject to the requirements of Florida's flood statute

The coverage provided under the policy must meet one of the definitions of type of flood coverage, as defined ~~-~~by s. 627.715, F.S. Of the five defined types, "standard", "preferred" and "customized" are defined to meet or exceed the coverage provided by the standard NFIP policy. "Flexible" flood insurance must cover losses ~~from thefrom the~~ peril of "flood" as defined by the statute but does not have to provide coverage comparable to the entire NFIP policy. "Supplemental" flood coverage is meant to supplement a NFIP or private flood policy. Policies that fall under these definitions may have certain provisions that differ from that which would otherwise be required if not written under the flood statute.

Items not subject to the requirements of Florida's flood statute

The coverage does not have to meet or exceed the coverage provided by the standard NFIP policy; however, the provisions of the flood statute which allow changes to the form and rate requiring requirements, as well as that allowing for a certification provided by the Florida OIR, do not apply. This means forms and rates would be subject to all the requirements of Florida law nor does the coverage have to meet the definition of "flood" under the statute.

Florida's private flood insurance statute, S. 627.715 does not apply to the commercial lines market. ~~—F~~forms providing commercial flood coverage must comply with all applicable Florida ~~L~~laws.

~~REVIEW OF FLORIDA'S FORM FILING PROCESS~~

How the Florida OIR reviews form filings subject to its flood statute~~"~~

The Florida OIR coordinates with FEMA about training to educate forms analysts about the details and nuances of a federal NFIP policy. Forms analysts:

- Review the policy or endorsement and compare to the NFIP policy
- Review the provisions of the underlying policy that are not superseded by changes made in the endorsement
- Make sure that the flood coverage in total (including definitions, deductibles, limits, conditions, property not covered, exclusions, etc.) are as broad as that provided under the NFIP policy
- Exclude provisions, specific to the NFIP, that would not make sense to be in a private company's policy

State ~~L~~Law c~~C~~onflict

There are certain provisions in the federal private flood definition that may conflict with a state's law.

For example, the statute of limitations under the standard NFIP policy is one year after the date of denial. In Florida, the statute of limitations for most claims is five years from the date of loss. The insurer could utilize the standard NFIP provision or could use a provision such as one year after the date of denial of a claim or five years from the date of the loss, whichever is greater. The modified provision would be considered as providing better coverage.

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The reference to coverage is unclear. Would it be clearer to restate as "The flood coverage provided in insurers' filed policy forms does not have to . . . "

It is difficult to follow this section. What is subject to FL's flood statute? Are all five types subject to their statute? What does Florida's statute say? Maybe lead off with what the statute requires, then say what is subject to it, and what isn't.

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Another potential area where there could be conflict between the standard NFIP policy and state law is the requirement for notice of cancellation. The NFIP requires 45 days, which may be more, or less, than state provisions.

In Florida, their statute requires a 10-day cancellation for non-payment of premium. In Florida, to comply with the flood statute, the insurer would have to give at least 45 days.

The general filing requirement for forms is found in s. 627.410, Florida statutes which requires the F~~L~~lorida OIR to approve forms before use.

For commercial flood coverage, the insurer has the option to file the forms as informational pursuant to s. 627.4102, Florida Statutes

FLORIDA'S RATE FILING REQUIREMENTS AND PROCESS ~~EXAMPLE~~

Florida allows for insurers offering personal residential flood insurance coverage that meets the requirements of the flood statute~~, insurers may decide~~ to either submit the rate filings subject to the normal filing requirements of review and approval or ~~may (until Oct. 1, 2025)~~ submit the filing for informational purposes.

Personal residential flood insurance rates submitted for informational purposes are subject to examination by the F~~L~~lorida OIR for a period of two years from the effective date to determine if the rates are excessive, inadequate, or unfairly discriminatory. After October 1, 2025, this option will no longer exist.

If the coverage does not meet the requirements of the "flood statute" the rate filing is subject to the normal filing requirements of review and approval. Commercial non-residential property rates (including that for flood coverage) are informational due to a separate provision of Florida l~~L~~aws and are an exception to these filing requirements.

FLORIDA FLOOD STATUTE – FLOOD POLICY TYPES

Florida's flood statute (S. 627.715) sets up five types of flood coverage that may be written using the special deviations allowed for flood insurance.

- Standard flood insurance (equivalent to coverage provided under the standard flood policy under the NFIP
- Preferred flood insurance
- Customized flood insurance
- Flexible flood insurance

~~Supplemental flood insurance~~ Flexible and supplemental coverage are the only flood coverage types under the statute that do~~es~~ not require flood insurance coverage to meet or exceed what is provided under the standard NFI~~F~~P policy. Flexible coverage must provide coverage for the peril of flood as defined by the statute (which mirrors that of the NFIP), however, there are ancillary coverages that are not required to be provided.

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APPENDIX II – BARRIERS TO THE RESIDENTIAL PRIVATE FLOOD INSURANCE MARKET

Flood coverage being "at least as broad as" the NFIP

Biggert Waters (BW-12) specifies that private flood insurance satisfies the mandatory purchase ~~mortgage~~ requirement for loans in SFHAs when a private flood insurance policy affords coverage that is at least "as broad as the coverage offered by an NFIP flood insurance policy.[12]

Since there was not a federal ~~banking~~ rule in place regarding private flood insurance following the passage of BW-12, it was challenging to implement the use of private flood insurance for the mandatory purchase ~~mortgage~~ requirement. Some lending institutions felt they did not have the knowledge necessary to assess whether a flood insurance policy met the definition of private flood insurance set forth in BW-12.

~~The~~ A federal rule is now in place, including a lender compliance aid for mandatory acceptance of private flood insurance. ~~-~~As a result, this barrier will likely be reduced over time.~~Federal Banking rule is effective July 1, 2019; therefore the acceptance of private flood insurance is no longer a barrier.~~

Continuous coverage

If an NFIP policy~~-~~holder lets an NFIP policy lapse, by either not paying premium or going to a private flood insurer, any subsidy the NFIP policy holder would have received is immediately eliminated.[13] Legislation currently being considered by Congress to reauthorize the NFIP includes the ability of policyholders to leave the NFIP ~~in order~~ to purchase a private flood insurance policy and then return to the NFIP without penalty.

Non-Compete clause

FEMA dropped its non-compete clause in 2018, <explain what the non-compete clause did>.. FEMA now allows Write Your Own companies to sell NFIP policies; therefore, this is no longer a barrier.

NFIP Subsidized Rates

One of the hurdles facing private flood insurance growth involves the NFIP's subsidized rates, as NFIP premiums do not reflect the full risk of flooding. NFIP rates allow policyholders to have more affordable premiums; however, these rates do not incorporate profit, which is an important element for private flood insurers.[14] Private flood insurers ~~would need to~~ charge rates that represent the full risk of the peril.[15]

If the NFIP were to reform its~~their~~ rate structure to collect full-risk rates, it might ~~result in the~~ encourage~~ment~~ of more private insurers to write policies in the private flood insurance market. Full-risk NFIP rates would fall closer to what a private insurer would charge. It is important to note that full-risk rates would likely lead to higher rates than those that currently exist.[16]

Presently, FEMA is in the process of redesigning its~~their~~ rating system. The new NFIP rating system will be known as Risk Rating 2.0. This new rating structure will add replacement cost value and consider the distance between a property and a source of water. Additionally, Risk Rating 2.0 takes into consideration things such as intense rainfall, which are not currently reflected in the current rating structure.[17]

Commented [A34]: See earlier comment about being consistent with references to Biggert Waters.

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Commented [A35]: Lenders will still need to determine the breadth of coverage if the policy does not include a certification of compliance.

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[12] 42 U.S.C §4012a(b).
[13] As required by §100205(a)(1)(B) of BW-12 (P.L. 112-141, 126 Stat. 917), only for NFIP policies that lapsed in coverage as a result of the deliberate choice of the policyholder.
[14] http://www.floods.org/ace-files/documentlibrary/committees/Insurance/Emerging_Flood_Insurance_Market_Report-Wharton-07-13-18.pdf
[15] ibid
[16] ibid
[17] ibid

Ability to Assess Flood Risk Accurately

~~Just last week, t~~The NFIP recently released data on flood losses and claims. ~~Prior to~~Before the release of this data, insurers viewed the lack of access to NFIP data on flood losses and claims as a barrier to~~for private companies~~ offering flood insurance.

For private flood insurers to manage and diversify their risk, exposure requires consumer participation ~~to manage and diversify their risk exposure~~. Many private insurers have expressed ~~the view~~ that broader participation in the flood insurance market would be necessary to address adverse selection and maintain a sufficiently large risk pool.[18]

The NFIP ~~An~~ established a goal ~~of the NFIP is~~ to increase the number of flood insurance policies in force. Even though there is a mandatory ~~purchase~~ requirement for homeowners to purchase flood insurance in certain flood zones, this does not always ~~occur~~happen.

As more insurers begin to write private flood insurance, it is likely consumers will be offered more choices. Private flood insurers may also offer coverages not available through the NFIP. These coverages might include ~~coverage such as,~~ basement coverage, business interruption, additional living expenses, etc. Private insurers might also ~~be able to~~ offer higher coverage limits than those offered by the NFIP.

Private flood insurance offered as an endorsement to a standard homeowners insurance policy could possibly eliminate instances where it is necessary to differentiate between flood and wind damage.[19]

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Commented [A37]: These paragraphs do not seem clearly connected to the topic of this section – "Ability to Assess Flood Risk Accurately"

The paragraph about needing a broader risk pool might be better as its own subsection with its own header.

[18] GAO, *Flood Insurance: Strategies for Increasing Private Sector Involvement*, 14-127, January 2, 2014, p. 14, https://www.gao.gov/products/GAO-14-127.
[19] Congressional Research Service, "*Private Flood Insurance and the National Flood Insurance Program,*" May 7, 2019, p.15, https://www.everycrsreport.com/files/20190507_R45242_968aced5ccda33b36e57f26022e80552ffa6f32d.pdf