

Committee on Banking and Insurance

CS/CS/CS/SB 1094 — Peril of Flood

by Rules Committee; Community Affairs Committee; Banking and Insurance Committee; and Senator Brandes

The bill expands the flood insurance that may be offered by admitted insurance carriers, requires local governments to include a redevelopment component to reduce the risk of flood when drafting comprehensive coastal management plans, and requires surveyors and mappers to submit elevation certificates to the Division of Emergency Management.

The bill allows insurers to issue flood insurance policies, contracts, or endorsements on a flexible flood insurance basis. Flexible flood insurance coverage is defined as coverage for the peril of flood that may include water intrusion coverage and differs from standard or preferred coverage by including one or more of the following:

- An agreed upon amount of coverage between the insurer and policyholder.
- A deductible as authorized in s. 627.701, F.S.
- Adjustment in accordance with s. 627.7011(3), F.S., or adjusted only on the basis of the actual cash value of the property.
- Limitation of coverage to only the principal building, as defined in the policy.
- Provisions including or excluding coverage for additional living expenses.
- Provisions excluding coverage for personal property or contents.

The bill revises other provisions related to flood insurance. It deletes the prohibition against supplemental flood insurance including excess flood coverage over other flood insurance. The bill requires the insurer to provide an appropriate credit or discount to an insured whose rate is determined to be excessive or unfairly discriminatory by the Office of Insurance Regulation (OIR).

The bill allows an insurer to request from the OIR a certification that acknowledges that the insurer provides a policy, contract, or endorsement for the flood insurance that provides coverage equaling or exceeding the flood coverage offered by the NFIP. A certified policy must be in compliance with 42 U.S.C. s. 1042a(b), which requires federally regulated lending institutions to accept private flood insurance that insures the building and personal property securing the loan for the term of the loan in an amount not less than the outstanding principal balance of the loan or the limit of NFIP flood insurance coverage, whichever is less. An insurer or its agent may reference or include such certification in advertising and communications with an agent, a lending institution, an insured, and a potential insured. The authorized insurer may also include a statement that notifies an insured of the certification on the declarations page or other policy documentation related to flood coverage. Knowingly misrepresenting that a flood insurance policy is certified is an unfair or deceptive act.

The bill requires local governments, when drafting their comprehensive coastal management plans, to include development and redevelopment principles, strategies, and engineering solutions that reduce the flood risk in coastal areas. Such plans must encourage the use of best

practices development and redevelopment principles, strategies, and engineering solutions that will result in the removal of coastal real property from flood zone designations established by the Federal Emergency Management Agency. Plans should also identify site development techniques and best practices that may reduce losses due to flooding and claims made under flood insurance policies issued in this state. The plan must be consistent with, or more stringent than, the flood-resistant construction requirements in the Florida Building Code and applicable flood plain management regulations set forth in 44 C.F.R. part 60. The plan must require any construction activities seaward of the coastal construction control lines established pursuant to s. 161.053, F.S., be consistent with chapter 161. Plans must also encourage local governments to participate in the National Flood Insurance Program Community Rating System administered by the Federal Emergency Management Agency to achieve flood insurance premium discounts for their residents.

The bill requires surveyors and mappers to submit elevation certificates to the Division of Emergency Management. The bill defines an elevation certificate as the certificate used to demonstrate the elevation of property which has been developed by Federal Emergency Management Agency under federal floodplain management regulation or which is completed by a surveyor and mapper. Beginning January 1, 2017, a surveyor and mapper who completes an elevation certificate must, within 30 days of completion, submit a copy of the certificate to the Division of Emergency Management.

If approved by the Governor, these provisions take effect July 1, 2015.

Vote: Senate 39-0; House 89-26