

1 A bill to be entitled

2 An act relating to flood insurance reform; providing a
3 short title; amending s. 163.3178, F.S.; specifying
4 components to be included in the coastal management
5 element of a local government comprehensive plan;
6 creating s. 195.088, F.S.; providing definitions;
7 requiring a licensed surveyor and mapper to complete
8 an elevation certificate in accordance with a
9 checklist developed by the Division of Emergency
10 Management and to submit a copy of the completed
11 elevation certificate to a specified property
12 appraiser within a specified period; authorizing the
13 redaction of certain personal information; requiring
14 each property appraiser to submit copies of the
15 elevation certificates to the division on a schedule
16 established by the division; amending s. 627.715,
17 F.S.; revising the required coverage for customized
18 flood insurance; specifying how such coverage may
19 differ from standard and preferred flood insurance;
20 deleting a provision that prohibits supplemental flood
21 insurance from including excess coverage over any
22 other insurance covering the peril of flood; revising
23 the information that must be prominently noted on a
24 certain page of a flood insurance policy; requiring an
25 agent to offer a flood insurance quote when quoting an
26 insurance policy that will cover a residential

27 structure located within a specified area; requiring
28 the agent to maintain a record of an insured's
29 declination of flood insurance coverage for a
30 specified period of time; revising the notice that
31 must be provided to and acknowledged by an applicant
32 for flood coverage from an authorized or surplus lines
33 insurer if the applicant's property is receiving flood
34 insurance under the National Flood Insurance Program;
35 allowing an authorized insurer to request a
36 certification from the Office of Insurance Regulation
37 which indicates that a policy, contract, or
38 endorsement issued by the insurer provides coverage
39 for the peril of flood which equals or exceeds the
40 flood coverage offered by the National Flood Insurance
41 Program; authorizing such insurer or its agent to
42 reference or include the certification in specified
43 advertising, communications, and documentation;
44 providing an effective date.

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46 Be It Enacted by the Legislature of the State of Florida:

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48 Section 1. This act may be cited as the "Florida Flood
49 Insurance Reform Act."

50 Section 2. Paragraph (f) of subsection (2) of section
51 163.3178, Florida Statutes, is amended to read:

52 163.3178 Coastal management.—

53 (2) Each coastal management element required by s.
 54 163.3177(6)(g) shall be based on studies, surveys, and data; be
 55 consistent with coastal resource plans prepared and adopted
 56 pursuant to general or special law; and contain:

57 (f) A redevelopment component that ~~which~~ outlines the
 58 principles that must ~~which shall~~ be used to eliminate
 59 inappropriate and unsafe development in the coastal areas when
 60 opportunities arise. The component must:

61 1. Include development and redevelopment principles,
 62 strategies, and engineering solutions to reduce the flood risk
 63 in coastal areas resulting from high-tide events, storm surge,
 64 flash floods, stormwater runoff, and the related impacts of sea-
 65 level rise.

66 2. Encourage the use of best practices development and
 67 redevelopment principles, strategies, and engineering solutions
 68 that will result in the removal of coastal real property from
 69 flood zone designations established by the Federal Emergency
 70 Management Agency.

71 3 Identify site development techniques and best practices
 72 that may reduce losses due to flooding and claims made under
 73 flood insurance policies issued in this state.

74 Section 3. Section 195.088, Florida Statutes, is created
 75 to read:

76 195.088 Elevation certificate data.—

77 (1) As used in this section, the term:

78 (a) "Division" means the Division of Emergency Management

79 established within the Executive Office of the Governor under s.
 80 14.2016.

81 (b) "Elevation certificate" means the certificate
 82 developed by the Federal Emergency Management Agency as part of
 83 the National Flood Insurance Program which is used to certify
 84 building elevations.

85 (c) "Licensed surveyor and mapper" has the same meaning as
 86 provided in s. 472.005(3) for surveyor and mapper.

87 (2) A licensed surveyor and mapper must complete an
 88 elevation certificate in accordance with the checklist developed
 89 by the division. Within 30 days after a licensed surveyor and
 90 mapper completes an elevation certificate, the licensed surveyor
 91 or mapper must submit a copy of the certificate to the property
 92 appraiser of the county in which the building that was surveyed
 93 or mapped is located. The copy must be unaltered, except that
 94 the licensed surveyor and mapper may redact the property owner's
 95 name.

96 (3) Each property appraiser shall submit the copies
 97 received under subsection (2) to the division on a regular
 98 schedule established by the division.

99 Section 4. Section 627.715, Florida Statutes, is amended
 100 to read:

101 627.715 Flood insurance.—An authorized insurer may issue
 102 an insurance policy, contract, or endorsement providing personal
 103 lines residential coverage for the peril of flood on any
 104 structure or the contents of personal property contained

105 | therein, subject to this section. This section does not apply to
 106 | commercial lines residential or commercial lines nonresidential
 107 | coverage for the peril of flood. This section also does not
 108 | apply to coverage for the peril of flood that is excess coverage
 109 | over any other insurance covering the peril of flood. An insurer
 110 | may issue flood insurance policies, contracts, or endorsements
 111 | on a standard, preferred, customized, or supplemental basis.

112 | (1) (a) 1. Standard flood insurance must cover only losses
 113 | from the peril of flood, as defined in paragraph (b), equivalent
 114 | to that provided under a standard flood insurance policy under
 115 | the National Flood Insurance Program. Standard flood insurance
 116 | issued under this section must provide the same coverage,
 117 | including deductibles and adjustment of losses, as that provided
 118 | under a standard flood insurance policy under the National Flood
 119 | Insurance Program.

120 | 2. Preferred flood insurance must include the same
 121 | coverage as standard flood insurance but:

122 | a. Include, within the definition of "flood," losses from
 123 | water intrusion originating from outside the structure that are
 124 | not otherwise covered under the definition of "flood" provided
 125 | in paragraph (b).

126 | b. Include coverage for additional living expenses.

127 | c. Require that any loss under personal property or
 128 | contents coverage that is repaired or replaced be adjusted only
 129 | on the basis of replacement costs up to the policy limits.

130 | 3. Customized flood insurance must provide ~~include~~

131 coverage for the peril of flood, and may differ from standard
132 and preferred that is broader than the coverage provided under
133 ~~standard~~ flood insurance by:

134 a. Including coverage that is broader than the coverage
135 provided under standard flood insurance;

136 b. Being an amount agreed upon by the insurer and insured,
137 such as coverage that is limited to the total amount of each
138 outstanding mortgage applicable to the covered property, if such
139 coverage does not include a provision penalizing the
140 policyholder for not insuring the covered property up to the
141 replacement cost;

142 c. Including a deductible as authorized in s. 627.701.

143 d. Requiring that a loss to a dwelling be adjusted in
144 accordance with s. 627.7011(3) or adjusted only on the basis of
145 the actual cash value of the property;

146 e. Restricting flood coverage to the principal building,
147 as defined in the applicable policy;

148 f. Including or excluding coverage for additional living
149 expenses; and

150 g. Excluding coverage, as to the peril of flood, for
151 personal property or contents.

152 4. Supplemental flood insurance may provide coverage
153 designed to supplement a flood policy obtained from the National
154 Flood Insurance Program or from an insurer issuing standard or
155 preferred flood insurance pursuant to this section. Supplemental
156 flood insurance may provide, but need not be limited to,

157 coverage for jewelry, art, deductibles, and additional living
158 expenses. ~~Supplemental flood insurance does not include coverage~~
159 ~~for the peril of flood that is excess coverage over any other~~
160 ~~insurance covering the peril of flood.~~

161 (b) "Flood" means a general and temporary condition of
162 partial or complete inundation of two or more acres of normally
163 dry land area or of two or more properties, at least one of
164 which is the policyholder's property, from:

- 165 1. Overflow of inland or tidal waters;
- 166 2. Unusual and rapid accumulation or runoff of surface
167 waters from any source;
- 168 3. Mudflow; or
- 169 4. Collapse or subsidence of land along the shore of a
170 lake or similar body of water as a result of erosion or
171 undermining caused by waves or currents of water exceeding
172 anticipated cyclical levels that result in a flood as defined in
173 this paragraph.

174 (2) ~~Any limitations on Flood coverage~~ deductibles and ~~or~~
175 policy limits pursuant to this section, ~~including, but not~~
176 ~~limited to, deductibles,~~ must be prominently noted on the policy
177 declarations page or face page.

178 (3) (a) An insurer may establish and use flood coverage
179 rates in accordance with the rate standards provided in s.
180 627.062.

181 (b) For flood coverage rates filed with the office before
182 October 1, 2019, the insurer may also establish and use such

183 rates in accordance with the rates, rating schedules, or rating
184 manuals filed by the insurer with the office which allow the
185 insurer a reasonable rate of return on flood coverage written in
186 this state. Flood coverage rates established pursuant to this
187 paragraph are not subject to s. 627.062(2)(a) and (f). An
188 insurer shall notify the office of any change to such rates
189 within 30 days after the effective date of the change. The
190 notice must include the name of the insurer and the average
191 statewide percentage change in rates. Actuarial data with regard
192 to such rates for flood coverage must be maintained by the
193 insurer for 2 years after the effective date of such rate change
194 and is subject to examination by the office. The office may
195 require the insurer to incur the costs associated with an
196 examination. Upon examination, the office, in accordance with
197 generally accepted and reasonable actuarial techniques, shall
198 consider the rate factors in s. 627.062(2)(b), (c), and (d), and
199 the standards in s. 627.062(2)(e), to determine if the rate is
200 excessive, inadequate, or unfairly discriminatory.

201 (4) A surplus lines agent may export a contract or
202 endorsement providing flood coverage to an eligible surplus
203 lines insurer without making a diligent effort to seek such
204 coverage from three or more authorized insurers under s.
205 626.916(1)(a). This subsection expires July 1, 2017.

206 (5) In addition to any other applicable requirements, an
207 insurer providing flood coverage in this state must:

208 (a) Notify the office at least 30 days before writing

209 flood insurance in this state; and

210 (b) File a plan of operation and financial projections or
211 revisions to such plan, as applicable, with the office.

212 (6) Citizens Property Insurance Corporation may not
213 provide insurance for the peril of flood.

214 (7) The Florida Hurricane Catastrophe Fund may not provide
215 reimbursement for losses proximately caused by the peril of
216 flood, including losses that occur during a covered event as
217 defined in s. 215.555(2)(b).

218 (8) An agent must:

219 (a) Offer a flood insurance quote when offering an
220 insurance policy that will cover a residential structure located
221 within a Special Flood Hazard Area designated by the Federal
222 Emergency Management Agency. If the insured declines to obtain
223 flood insurance coverage, the agent must maintain a record of
224 that declination for 36 months.

225 (b) Upon receiving ~~obtaining~~ an application for flood
226 coverage from an authorized or surplus lines insurer for a
227 property receiving flood insurance under the National Flood
228 Insurance Program, ~~must~~ obtain an acknowledgment signed by the
229 applicant before placing the coverage with the authorized or
230 surplus lines insurer. The acknowledgment must notify the
231 applicant that, if the applicant discontinues coverage under the
232 National Flood Insurance Program which is provided at a
233 subsidized rate, the full risk rate for flood insurance may
234 apply to the property if the applicant ~~such insurance is~~ later

235 seeks to reinstate coverage ~~obtained~~ under the ~~National Flood~~
236 ~~Insurance~~ program.

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

241 (10) If federal law or rule requires a certification by a
242 state insurance regulatory official as a condition of qualifying
243 for private flood insurance or disaster assistance, the
244 Commissioner of Insurance Regulation may provide the
245 certification, and such certification is not subject to review
246 under chapter 120.

247 (11) An authorized insurer offering flood insurance in
248 this state may request a certification by the office which
249 indicates that a policy, contract, or endorsement issued by the
250 insurer under this section provides coverage for the peril of
251 flood which equals or exceeds the flood coverage offered by the
252 National Flood Insurance Program. The authorized insurer or its
253 agent may reference or include the certification in advertising
254 and communications with an agent, a lending institution, an
255 insured, and a potential insured. The authorized insurer may
256 include a statement that notifies an insured of the
257 certification on the declarations page or other policy
258 documentation related to flood coverage.

259 Section 5. This act shall take effect July 1, 2015.