

1                                   A bill to be entitled  
 2           An act relating to flood insurance; amending s.  
 3           627.0628, F.S.; revising the intervals at which  
 4           specified standards and guidelines for projecting  
 5           certain rate filings must be revised by the Florida  
 6           Commission on Hurricane Loss Projection Methodology;  
 7           amending s. 627.715, F.S.; revising applicability;  
 8           authorizing an insurer to issue flood insurance  
 9           policies on a flexible basis; extending the last date  
 10          of filing with the Office of Insurance Regulation of  
 11          certain flood coverage rates that may be established  
 12          and used by an insurer; specifying a condition for an  
 13          eligible surplus lines insurer before a surplus lines  
 14          agent may be excepted from a diligent-effort  
 15          requirement when exporting flood insurance contracts  
 16          or endorsements to the insurer; extending the  
 17          expiration date of the exception; revising provisions  
 18          related to an acknowledgment required before the  
 19          procurement of a private flood insurance policy for  
 20          property currently insured under the National Flood  
 21          Insurance Program; providing an effective date.

22  
 23   Be It Enacted by the Legislature of the State of Florida:

24  
 25           Section 1. Paragraph (f) of subsection (3) of section

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26 | 627.0628, Florida Statutes, is amended to read:

27 |       627.0628 Florida Commission on Hurricane Loss Projection  
28 | Methodology; public records exemption; public meetings  
29 | exemption.—

30 |       (3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—

31 |       (f) The commission shall revise previously adopted  
32 | actuarial methods, principles, standards, models, or output  
33 | ranges every odd-numbered year for hurricane loss projections.  
34 | The commission shall revise previously adopted actuarial  
35 | methods, principles, standards, models, or output ranges no less  
36 | than every 4 years for flood loss projections.

37 |       Section 2. Section 627.715, Florida Statutes, is amended  
38 | to read:

39 |       627.715 Flood insurance.—An authorized insurer may issue  
40 | an insurance policy, contract, or endorsement providing personal  
41 | lines residential coverage for the peril of flood on any  
42 | structure or the contents of personal property contained  
43 | therein, subject to this section. Except for subsections (3) and  
44 | (4), this section does not apply to commercial lines residential  
45 | or commercial lines nonresidential coverage for the peril of  
46 | flood, or. ~~This section also does not apply~~ to coverage for the  
47 | peril of flood that is excess coverage over any other insurance  
48 | covering the peril of flood. An insurer may issue flood  
49 | insurance policies, contracts, or endorsements on a standard,  
50 | preferred, customized, flexible, or supplemental basis.

51 (1) (a) 1. Standard flood insurance must cover only losses  
52 from the peril of flood, as defined in paragraph (b), equivalent  
53 to that provided under a standard flood insurance policy under  
54 the National Flood Insurance Program. Standard flood insurance  
55 issued under this section must provide the same coverage,  
56 including deductibles and adjustment of losses, as that provided  
57 under a standard flood insurance policy under the National Flood  
58 Insurance Program.

59 2. Preferred flood insurance must include the same  
60 coverage as standard flood insurance but:

61 a. Include, within the definition of "flood," losses from  
62 water intrusion originating from outside the structure that are  
63 not otherwise covered under the definition of "flood" provided  
64 in paragraph (b).

65 b. Include coverage for additional living expenses.

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

69 3. Customized flood insurance must include coverage that  
70 is broader than the coverage provided under standard flood  
71 insurance.

72 4. Flexible flood insurance must cover losses from the  
73 peril of flood, as defined in paragraph (b), and may also  
74 include coverage for losses from water intrusion originating  
75 from outside the structure which is not otherwise covered by the

76 definition of flood. Flexible flood insurance must include one  
77 or more of the following provisions:

78 a. An agreement between the insurer and the insured that  
79 the flood coverage is in a specified amount, such as coverage  
80 that is limited to the total amount of each outstanding mortgage  
81 applicable to the covered property.

82 b. A requirement for a deductible in an amount authorized  
83 under s. 627.701, including a deductible in an amount authorized  
84 for hurricanes.

85 c. A requirement that flood loss to a dwelling be adjusted  
86 in accordance with s. 627.7011(3) or adjusted only on the basis  
87 of the actual cash value of the property.

88 d. A restriction limiting flood coverage to the principal  
89 building defined in the policy.

90 e. A provision including or excluding coverage for  
91 additional living expenses.

92 f. A provision excluding coverage for personal property or  
93 contents as to the peril of flood.

94 5. Supplemental flood insurance may provide coverage  
95 designed to supplement a flood policy obtained from the National  
96 Flood Insurance Program or from an insurer issuing standard or  
97 preferred flood insurance pursuant to this section. Supplemental  
98 flood insurance may provide, but need not be limited to,  
99 coverage for jewelry, art, deductibles, and additional living  
100 expenses.

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

- 105 1. Overflow of inland or tidal waters;
- 106 2. Unusual and rapid accumulation or runoff of surface  
107 waters from any source;
- 108 3. Mudflow; or
- 109 4. Collapse or subsidence of land along the shore of a  
110 lake or similar body of water as a result of erosion or  
111 undermining caused by waves or currents of water exceeding  
112 anticipated cyclical levels that result in a flood as defined in  
113 this paragraph.

114 (2) Flood coverage deductibles and policy limits pursuant  
115 to this section must be prominently noted on the policy  
116 declarations page or face page.

117 (3) (a) An insurer may establish and use flood coverage  
118 rates in accordance with the rate standards provided in s.  
119 627.062.

120 (b) For flood coverage rates filed with the office before  
121 October 1, 2025 ~~2019~~, the insurer may also establish and use  
122 such rates in accordance with the rates, rating schedules, or  
123 rating manuals filed by the insurer with the office which allow  
124 the insurer a reasonable rate of return on flood coverage  
125 written in this state. Flood coverage rates established pursuant

126 to this paragraph are not subject to s. 627.062(2)(a) and (f).  
127 An insurer shall notify the office of any change to such rates  
128 within 30 days after the effective date of the change. The  
129 notice must include the name of the insurer and the average  
130 statewide percentage change in rates. Actuarial data with regard  
131 to such rates for flood coverage must be maintained by the  
132 insurer for 2 years after the effective date of such rate change  
133 and is subject to examination by the office. The office may  
134 require the insurer to incur the costs associated with an  
135 examination. Upon examination, the office, in accordance with  
136 generally accepted and reasonable actuarial techniques, shall  
137 consider the rate factors in s. 627.062(2)(b), (c), and (d), and  
138 the standards in s. 627.062(2)(e), to determine if the rate is  
139 excessive, inadequate, or unfairly discriminatory. If the office  
140 determines that a rate is excessive or unfairly discriminatory,  
141 the office shall require the insurer to provide appropriate  
142 credit to affected insureds or an appropriate refund to affected  
143 insureds who no longer receive coverage from the insurer.

144 (4) A surplus lines agent may export a contract or  
145 endorsement providing flood coverage to an eligible surplus  
146 lines insurer without making a diligent effort to seek such  
147 coverage from three or more authorized insurers under s.  
148 626.916(1) if the surplus lines insurer maintains a financial  
149 strength rating of "superior" or "excellent" by A.M. Best Rating  
150 Services ~~s. 626.916(1)(a)~~. This subsection expires July 1, 2025

151 ~~2017.~~

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

154 (a) Notify the office at least 30 days before writing  
 155 flood insurance in this state; and

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

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

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

164 (8) When procuring a private flood insurance policy from  
 165 an authorized insurer or a surplus lines insurer for a property  
 166 that is currently insured under the National Flood Insurance  
 167 Program, an agent must receive an acknowledgment signed by the  
 168 applicant within 20 days before the expiration date of the  
 169 current coverage. The acknowledgment must notify the applicant  
 170 that the full risk rate for flood insurance may apply to the  
 171 property if such insurance is later obtained under the National  
 172 Flood Insurance Program. If the agent does not receive the  
 173 acknowledgment, the private flood insurance policy must be  
 174 canceled and the premium must be remitted to a participant in  
 175 the National Flood Insurance Program ~~An agent must, upon~~

176 ~~receiving an application for flood coverage from an authorized~~  
177 ~~or surplus lines insurer for a property receiving flood~~  
178 ~~insurance under the National Flood Insurance Program, obtain an~~  
179 ~~acknowledgment signed by the applicant before placing the~~  
180 ~~coverage with the authorized or surplus lines insurer. The~~  
181 ~~acknowledgment must notify the applicant that, if the applicant~~  
182 ~~discontinues coverage under the National Flood Insurance Program~~  
183 ~~which is provided at a subsidized rate, the full risk rate for~~  
184 ~~flood insurance may apply to the property if the applicant later~~  
185 ~~seeks to reinstate coverage under the program.~~

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

190 (10) If federal law or rule requires a certification by a  
191 state insurance regulatory official as a condition of qualifying  
192 for private flood insurance or disaster assistance, the  
193 Commissioner of Insurance Regulation may provide the  
194 certification, and such certification is not subject to review  
195 under chapter 120.

196 (11) (a) An authorized insurer offering flood insurance may  
197 request the office to certify that a policy, contract, or  
198 endorsement provides coverage for the peril of flood which  
199 equals or exceeds the flood coverage offered by the National  
200 Flood Insurance Program. To be eligible for certification, such



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201 policy, contract, or endorsement must contain a provision  
202 stating that it meets the private flood insurance requirements  
203 specified in 42 U.S.C. s. 4012a(b) and may not contain any  
204 provision that is not in compliance with 42 U.S.C. s. 4012a(b).

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

214 (c) An insurer or agent who knowingly misrepresents that a  
215 flood policy, contract, or endorsement is certified under this  
216 subsection commits an unfair or deceptive act under s. 626.9541.

217 Section 3. This act shall take effect July 1, 2017.