By Senator Brandes

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

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

Section 1. Paragraph (f) of subsection (3) of section 627.0628, Florida Statutes, is amended to read:

(3) ADOPTION AND EFFECT OF STANDARDS AND GUIDELINES.—
(f) The commission shall revise previously adopted actuarial methods, principles, standards, models, or output
ranges every odd-numbered year for hurricane loss projections. The commission shall revise previously adopted actuarial methods, principles, standards, models, or output ranges no less than every 4 years for flood loss projections.

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

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

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

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

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

b. Include coverage for additional living expenses.

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

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

4. Flexible flood insurance must cover losses from the peril of flood, as defined in paragraph (b), and may also include coverage for losses from water intrusion originating from outside the structure which is not otherwise covered by the definition of flood. Flexible flood insurance must include one or more of the following provisions:

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

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

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

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

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

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

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

(b) “Flood” means a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties, at least one of which is the policyholder’s property, from:

1. Overflow of inland or tidal waters;

2. Unusual and rapid accumulation or runoff of surface waters from any source;

3. Mudflow; or

4. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined in this paragraph.

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

(3)(a) An insurer may establish and use flood coverage rates in accordance with the rate standards provided in s. 627.062.
(b) For flood coverage rates filed with the office before October 1, 2019, the insurer may also establish and use such rates in accordance with the rates, rating schedules, or rating manuals filed by the insurer with the office which allow the insurer a reasonable rate of return on flood coverage written in this state. Flood coverage rates established pursuant to this paragraph are not subject to s. 627.062(2)(a) and (f). An insurer shall notify the office 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 and is subject to examination by the office. The office may require the insurer to incur the costs associated with an examination. Upon examination, the office, in accordance with generally accepted and reasonable actuarial techniques, shall consider the rate factors in s. 627.062(2)(b), (c), and (d), and the standards in s. 627.062(2)(e), to determine if the rate is excessive, inadequate, or unfairly discriminatory. If the office determines that a rate is excessive or unfairly discriminatory, the office shall require the insurer to provide appropriate credit to affected insureds or an appropriate refund to affected insureds who no longer receive coverage from the insurer.

(4) A surplus lines agent may export a contract or endorsement providing flood coverage to an eligible surplus lines insurer without making a diligent effort to seek such coverage from three or more authorized insurers under s. 626.916(1) if the surplus lines insurer maintains a minimum of
$300 million in capital and surplus s. 626.916(1)(a). This subsection expires July 1, 2025.

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

(a) Notify the office 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, as applicable, with the office.

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

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

(8) When procuring a private flood insurance policy from an authorized insurer or a surplus lines insurer for a property that is currently insured under the National Flood Insurance Program, an agent must receive an acknowledgment signed by the applicant within 20 days before the expiration date of the current coverage. The acknowledgment must notify the applicant that the full risk rate for flood insurance may apply to the property if such insurance is later obtained under the National Flood Insurance Program. If the agent does not receive the acknowledgment, the private flood insurance policy must be canceled and the premium must be remitted to a participant in the National Flood Insurance Program. An agent must, upon receiving an application for flood coverage from an authorized or surplus lines insurer for a property receiving flood insurance under the National Flood Insurance Program, obtain an
acknowledgment signed by the applicant before placing the
coverage with the authorized or surplus lines insurer. The
acknowledgment must notify the applicant that, if the applicant
discontinues coverage under the National Flood Insurance Program
which is provided at a subsidized rate, the full risk rate for
flood insurance may apply to the property if the applicant later
seeks to reinstate coverage under the program.

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

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

(11)(a) An authorized insurer offering flood insurance may
request the office 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).

(b) 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.

(c) 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 s. 626.9541.

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