



December 8, 2019

Senator Vickie Sawyer
Special Committee on Natural Disaster Recovery
National Council of Insurance Legislators

Re: Private Flood Insurance Model Act

Madam Chair and members of the committee,

The Wholesale & Specialty Insurance Association (WSIA)¹ appreciates the opportunity to provide comments on the Private Flood Insurance Model Act. WSIA supports the amendments offered by the Independent Agents and Brokers of America (IABA), particularly those related to “Surplus Lines Placements” and the ability to place private flood insurance coverage without performing a diligent search of the admitted market. Most states require producers to perform a diligent search of the admitted market before they may place insurance in the surplus lines market. As an emerging line of business, states should assess the availability private flood insurance in their jurisdiction and consider exempting private flood insurance policies from diligent search requirements.

Several states have already implemented this provision in whole or in part. States representing 68% of the surplus lines market already exempt diligent search for flood in some capacity (i.e., altogether, excess, commercial) and states representing 28% of the surplus lines market exempt diligent search for flood entirely.

Our research indicates that there are 20 states that allow direct access to the surplus lines flood insurance market for some or all placements including:

- 13 allowing direct access to the surplus lines flood insurance market with no restrictions – Alaska, Arizona, Connecticut, Idaho, Louisiana, New Jersey, Oklahoma, Pennsylvania, Rhode Island, Texas, Virginia, Wisconsin and West Virginia;
- 1 allowing direct access to excess surplus lines flood insurance market only – California;
- 1 allowing direct access to surplus lines flood insurance market for commercial risks (excluding commercial residential) only—Florida

¹ The Wholesale & Specialty Insurance Association (WSIA) is the non-profit association of insurance professionals and specialty market leaders dedicated to the wholesale distribution system. WSIA represents the interests of its members and the valuable role they play in the insurance market through networking, education, talent recruitment and development, regulatory and legislative advocacy for surplus lines, and by promoting the value of the wholesale distribution channel. WSIA is a world-class member service organization representing the entirety of the wholesale, specialty and surplus lines industry. The Wholesale & Specialty Insurance Association was formed in 2017 through the merger of the American Association of Managing General Agents (AAMGA) and the National Association of Professional Surplus Lines Offices (NAPSLO).

- 4 allowing direct access to the surplus lines flood insurance market in excess of NFIP limits or where NFIP coverage is unavailable or both – Maryland, Michigan, New Mexico (excess only) and New York; and
- 1 allowing direct access to the surplus lines flood insurance market for lender-placed flood insurance only – Nevada.

We urge NCOIL to adopt the IIABA amendments in an effort to facilitate a viable private flood insurance market in the United States. Thank you for your time and I would be happy to answer any questions.



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