



April 22, 2020

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

Re: Private Primary Residential Flood Insurance Model Act

Madam Chair and members of the committee,

The Wholesale & Specialty Insurance Association (WSIA)<sup>1</sup> appreciates the opportunity to provide comments on the current draft of the Private Primary Residential Flood Insurance Model Act. WSIA recently discovered a drafting error in the “Industry Strike All Amendment to Private Flood Model” that could lead regulators to believe that Sections 4 and 5, pertaining to rate and form regulation, may apply to surplus lines flood insurance placements. Freedom from regulation of rates and forms distinguishes the surplus lines market from the admitted market and is the essential feature that allows the surplus lines industry to serve the consumer and function as a market for hard to place risks.

For that reason, WSIA proposes the following amendment to the draft:

#### **Section 9. Surplus Lines Placements**

(a) [Applicable State diligent effort law] does not apply to flood coverage under an insurance policy issued by an eligible surplus lines insurer.

*Drafting Note – States may wish to consider sunseting ~~this section~~ subsection (a) after a specified period of time.*

**(b) Sections 4 and 5 do not apply to insurance policies issued by an eligible surplus lines insurer.**

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<sup>1</sup> 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).

The amendment above will preserve the long standing principle that surplus lines insurance policies enjoy freedom from rate and form filing as the “safety valve” for the insurance industry.

We urge NCOIL to adopt these amendments and thank you for your consideration.

A handwritten signature in black ink, appearing to read "John Meetz". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

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