



Ms. Vickie Sawyer
Chairman
NCOIL
Via email to Will Melofchik

05/15/2020

Dear Chair Sawyer:

I appreciate you hosting the recent Special Committee on Natural Disaster Recovery interim conference call. We received the suggested changes to Section 7 – Notice to Consumers for discussion purposes. The Federal Association for Insurance Reform (FAIR) is a national trade organization whose mission is to help provide insurance consumers with affordable rates for quality coverage.

We have concentrated our efforts on closing the insurance protection gap for those who do not have flood insurance and particularly for those who “don’t live in a special flood hazard area.” Our phone lines lit up with past storms by those whose lives have been devastated when their homes were inundated with flood waters only to be told they did not have flood insurance. Many of those affected shared stories with us that their insurance agent told them they “didn’t need” flood insurance because they did not live in a certain Special Flood Hazard Area (SFHA) according to the FEMA map. Unfortunately, this is not an isolated incident, hundreds of thousands of homes have suffered flood damage from outside the SFHA from recent storms.

To make Section 7 clearer, we are offering the following edits to the suggested rewrite:

Section 7. Notice to Consumers

(a) If a consumer currently has no flood insurance coverage under the NFIP, before placing the consumer applicant with private flood insurance, the consumer must be informed of the existence of the NFIP and of private flood insurance alternatives to the NFIP. In addition, the consumer must be provided a comparison between the NFIP coverage and if available, private flood insurance coverage.

(b) All consumers covered by subsection 7(a) as well as consumers who currently have coverage under the NFIP must be informed that the coverage under the NFIP may be provided at a subsidized rate and that the full-risk rate for flood insurance may apply to the property if the applicant later seeks to reinstate coverage under the program. The insurance producer, surplus lines broker, or the insurer upon its election or if there is no producer or broker must provide such notice in writing.

Thank you for your review and consideration. I am available to discuss further at your convenience.


Paul Handerhan

President
Federal Association for Insurance Reform (FAIR)