



Lisa Miller & Associates

Business Development, Government Consulting, Public Relations

LMA NEWSLETTER

January 22, 2018

The Private Flood Insurance Market Gets a Boost From Verisk

Powerful modeling from AIR Worldwide opening the door to NFIP alternatives

Leading data analytics provider Verisk recently announced the launch of a new personal lines flood insurance program through its Insurance Services Office (ISO) subsidiary that it says will make it easier for insurance companies to write flood coverage to homeowners in the continental U.S. Such a move would provide needed competition and complementation to the federal government's National Flood Insurance Program (NFIP), currently \$25+ billion underwater.

The ISO program allows insurers to enter the private flood market by offering broader and more flexible coverages than the NFIP and to do so utilizing templates similar to a standard homeowners policy that most consumers are already familiar with. The rating manual for ISO's new personal lines flood program also takes a fresh look at traditional flood territories, dividing the country into 57 territories. "Through a combination of models developed by AIR Worldwide and extensive analysis of ISO and NFIP data, ISO has designed a comprehensive and actuarially sound rating structure encompassing every address in the lower 48 states," said Marc Treacy, ISO's managing director of flood, in a company release.

We know from personal experience here in Florida with Hurricane Irma, that many people who suffered flood damage didn't have flood insurance. That was certainly the case as well for victims of Hurricane Harvey in Texas. There's a tremendous underserved segment of homeowners and commercial properties that need flood coverage. The ISO program also goes well beyond NFIP coverage limits; it lets insurers offer coverages and deductibles with options to include additional living expenses; other structures on the property such as detached garages, fences, and pools; and damage to personal property in a belowground area.

What's also needed to really make new private market alternatives available for more consumers is for Congress to include changes in NFIP's next reauthorization that will enable private policies to satisfy requirements of federal government-backed mortgage lenders. Here in Florida, we've already addressed some of those regulatory obstacles, thanks to the legislature's passage over the last few years of [SB 542](#) and [SB 1094](#), and this past year's [HB 813](#), which together streamline the process for private insurance carriers to write flood insurance in Florida. Championed by Senator Jeff Brandes from Pinellas County, these measures serve as model legislation for other states. The number of companies writing flood policies in Florida has nearly doubled in the last year, while Congress tries and tries to reform the NFIP.