



Lisa Miller & Associates

Business Development, Government Consulting, Public Relations

Remarks by Lisa Miller, presented before the National Conference of Insurance Legislators (NCOIL) on March 15, 2019

I am Florida's former Deputy Insurance Commissioner. I now represent and advise property insurance companies that collectively write 25% of Florida's six million personal and commercial residential policies. I'm also a regulatory consultant to investors who are entering Florida's insurance market.

I worked with Representative Santiago and Senator Brandes in 2015 as part of an industry advisory group on the passage of Florida's private flood insurance law.

I am pleased to report that the enactment of that 2015 flood insurance legislation has been the impetus for more than 30 private insurance companies now writing flood insurance as an endorsement or on a standalone basis for Floridians.

In 2015, we estimate that about 950 private primary flood insurance policies were written and a short four years later there are over 80,000 policies. One of Florida's leading property insurance companies ran their entire book of business through a sophisticated catastrophe model and are actively reaching to their existing customers to add, as an endorsement, flood coverage. The agents are reporting fast and furious interests and 30% of this company's book of business have added the private flood insurance endorsement in less than 8 months.

So, the concept behind the Florida legislation is that old adage, "if you build it, they will come."

Florida's flood insurance laws are simple and flexible, with the goal to provide consumer choices and protection while providing alternatives to the NFIP.

The language we drafted in your packets provide for form approval if the regulator currently requires such to ensure policies meet or exceed the NFIP

It gives the ability for insurance companies to test rates in the market without prior approval.

Insurance companies that enter the market notify the regulator of their intent to do so and insurance agents are asked to educate consumers about the flood peril as a brief part of the amendment. To ensure that policies written under this law meet a bank's federal compliance requirement, the regulator certifies the policies are adequate to meet banking regulator mandates.

With that backdrop, the document you have in front of you, the last three pages of the model bill, contains all of the same concepts as the Florida legislation but our technical writers simplified it even more.

You will also notice most of the provisions have the word "may", so the provisions are permissive.

Even so, this amendment is written in a manner that it is not technical, is an easy read, and can serve as the framework for states wishing to reduce their reliance on federal flood insurance.

It was our goal today to have this on the books so that those of us working on teams in Washington for the reauthorization of the NFIP who know that Congress is going to again kick the can down the road could have used this model to let Washington know that “we got this”. My NFIP colleagues are working tirelessly to launch Risk Rating 2.0, set to be implemented in 2020. In essence, if two homes are in a flood zone and one is closer to the water and one isn’t, the premiums will differ based on the actual risk...just like in property insurance. This rate modernization will actually help push the private industry’s emergence on this journey.

It is also our goal to educate you about the concepts in this language that have been tried and tested in Florida, working with all trade groups and industry stakeholders who came around the table to make it successful.

It has been vetted and the results don't lie: Our insurance commissioner’s office gets calls each week from interested parties that want to write flood insurance in Florida to help Floridians protect against flood - the goal here is to help that success occur in other states.

This language will be the ticket to that success and while there is no time like the present, my industry colleagues here want a little more time to review this language even though most agree on its face it’s in good shape and simple to read.

The bottom line is this: I have reviewed the letter industry trade groups have shared that there is no need for regulation or oversight and free market principals should rule. That’s fine and sounds wonderful. I in fact represent insurance companies who believe this where that makes sense in a mature market. But the fact that this is a market in its infancy means that surplus lines companies will step into an unregulated market as they should. That’s what they are designed to do. But my gut tells me that you as policymakers would rather have for your constituents all the protections that the admitted market can offer. It’s your call!

Thank you.