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Donald L. Griffin  
Department Vice President – Personal Lines

August 30, 2019

Aaron Brandenburg  
National Association of Insurance Commissioners  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106-2197

RE: Private Flood Insurance Supplement and Credit Property Insurance Exhibit

Dear Mr. Brandenburg:

The American Property Casualty Insurance Association (APCIA) is pleased to respond to the request for comment on the proposed Private Flood Insurance Supplement and Credit for Property Insurance Exhibit. APCIA represents nearly 60 percent of the U.S. property casualty insurance market, APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe.

APCIA is aware that there is a need for the states to have comprehensive information and data related to the states' role in the financial oversight of the industry related to solvency. We also understand that with a new line of business, such as private flood insurance, it is hard to develop and anticipate what information will be needed now, and in the future, to meet the needs of state regulators in this area. However, even though this is a developing line of business, the reporting should be no more detailed in its requirements, than any other property line of insurance.

Flood insurance coverage is unique in that for more than 50 years, the majority of flood coverage purchases for residential risks has been through the National Flood Insurance Program, and not in the private market. However, for roughly the same amount of time, some insurers have been writing coverage for this peril through a difference-in-conditions policy or added as an endorsement to other property policies – particularly in the commercial property area. Furthermore, excess policies have been written on residential risks for several decades since the maximum amount of coverage from the NFIP for residential risks is \$250,000 for the structure.

APCIA members have expressed concerns regarding the level of detail required by the supplement, including being able to separate the specific premiums related to the supplement for Part 6 commercial lines. In order to be able to break out the premiums related to flood to complete the specific information, programming will be required as not all of the losses (e.g., difference-in-conditions policy) are related to flood. If the determination is that this information is necessary to obtain, then adjustments would need to be made to other areas of the annual statement to reflect that some of the premiums and losses are reported in other areas. Frankly, this distorts the results just as it may, if the property in question is a residence and flood is included in the basic policy language and reported on the Homeowners line. For example, under a homeowners policy, the loss may be the result of a number of perils (e.g., fire), yet the fire losses under such policies are reported on the homeowners line of the annual statement, not the fire line.

While we understand the desire to have complete information, much of what is included in the supplement is already being reported within other lines of business related to the more general risk assumed by the insurer under those policies. Such a significant change in the reporting will require major rating, IT, filing and administrative costs to be implemented, and would also need to occur over an extended period. Our members do not see the need for this information to be specifically collected, unless it is for a stand-alone policy, and the requirements for that are already established. There is a strong public interest, which we all share, in encouraging the growth of private flood insurance. Accordingly, we urge a gradual approach to adding costs via new regulatory requirements, in order to let the marketplace develop, rather than including new or expanded reporting mandates.

Respectfully submitted,



Donald L. Griffin, CPCU, ARC, ARe, ARM, AU  
American Property Casualty Insurance Association  
[donald.griffin@apci.org](mailto:donald.griffin@apci.org)  
847-553-3743

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