

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

Draft: “Private Flood Insurance Supplement”

Comments Due September 1, 2019

On behalf of National Association of Mutual Insurance Companies (NAMIC)¹ members, thank you for the opportunity to review the draft Private Flood Insurance Supplement.² NAMIC encourages the Committee to clarify its intent to hold this data confidential and to structure the request in a manner that will protect the data.

We appreciate **regulators’ interest** in collecting this information for regulatory use: to understand the private flood insurance market and an insurer’s participation in that market and to produce aggregate reports on the developing private market. NAMIC members have reservations about the potential impact of making the non-aggregated data public, particularly when the goal of collecting this information is strictly for regulators.

Specific data elements are important to take into account when considering whether to make data available publicly. The circulated draft would collect various stand-alone policy level information as well as policy limits data on an individual state-level basis. Some elements appear to be sensitive and proprietary information. The level of detail requested, especially when you consider the limits information coupled with the standalone policy data, may give competitors information needed to begin to reengineer policies and strategies.

We do not believe that having this information published and/or “public” – where **competitors** may be able to view, mine, and leverage others’ granular-level data for their advantage (potentially to the disadvantage of earlier market entrants) – is necessary to meet the regulatory goal. The private flood insurance market is expected to play an increasingly significant role in how society addresses flood risk. Indeed, we ask for your efforts to avoid potential unintended consequences and possibly hampering the relatively nascent private flood insurance market.

¹ NAMIC is the largest property/casualty trade association in the US, serving regional and local mutual insurance companies on main streets across America as well as many large national insurers. NAMIC consists of more than 1,400 insurance companies serving more than 170 million auto, home, and business policyholders.

² See: https://naic-cms.org/sites/default/files/inline-files/Private%20Flood%20Supplement%20Blank%20for%20C%20Committee%206_28.pdf



It seems that the Annual Statement is being used increasingly as a data-gathering instrument. Regulators have ***different sets of tools*** that can be used to accomplish similar goals. Kindly consider the alternatives that may better ensure that the data will be protected.

We ask the Committee to consider the appropriateness of gathering this type of information in a ***data call*** or for regulators to conduct a survey (under market regulation laws) of industry participants outside the financial reporting process. Such survey or data call approach may be a nimbler way to allow for changes in this new area over time (though we generally value predictability, consistency, reasonability, and ample advanced notice).

If the Committee decides that a ***supplement*** is the only method acceptable for collecting this information, NAMIC would request that regulators have this supplement stamped confidential. Both to alleviate concerns outlined in this letter and to accomplish the regulatory goals of collecting this information, the Property and Casualty (C) Committee could research the viability of considering this entire supplement as confidential. To be clear, although this could be a step in the right direction in addressing confidentiality concerns, we believe the Annual Statement may not be the optimal method for collecting this information. Because concerns with each state's specific law regarding confidentiality could remain if using this vehicle, we suggest rejecting the supplement approach in favor of a data call (which we believe could be a better tool for collecting this information while satisfying regulators' request).

In addition, we suggest adding a ***sunset clause*** to ensure this data is not collected year-after-year, beyond the useful life for analyzing it.

To reiterate, if moving forward, NAMIC encourages the Committee to consider the most appropriate data-gathering vehicle (again, kindly consider the effectiveness and benefits of a data call under market conduct authority). NAMIC asks that the Property and Casualty Insurance (C) Committee ensure that this information be protected as ***confidential***. Thank you.