



**Comments of the Center for Economic Justice to the**

**NAIC Property Casualty (C) Committee**

**Regarding Reform of the National Flood Insurance Program and  
Reporting of Private Flood Insurance Experience in the Statutory Annual Statement**

**March 31, 2016**

The Center for Economic Justice (CEJ) submits the following comments on the exposed proposal for capturing private flood insurance experience in the statutory annual statement.

Summary of Comments

CEJ support the revisions to the annual statement blank for separate reporting of private flood insurance. The exposed proposal, however, only addresses private flood insurance currently reported in line 2.1 Allied Lines. The proposal does not address what CEJ believes to be the majority of private flood written in recent years – force-placed flood insurance. Consequently, CEJ requests that annual statement reporting for flood insurance be broken into three categories:

- NFIP
- Flood Insurance Other Than NFIP or Creditor-Placed Flood
- Creditor-Placed Flood Insurance.

Alternatively, if only two categories are provided – NFIP and Other than NFIP -- the instructions and definitions for Flood Insurance Other than NFIP should specifically include Creditor-Placed Flood Insurance

## Proposed Reporting of Private Flood

CEJ supports the addition of additional categories in the annual statement to capture private flood experience. We suggest the following changes to the proposal.

Line 2.5 Private Flood:

Include: ~~Private market coverage (primary and Eexcess) for~~ flood insurance other than provided that is not offered through the National Flood Insurance Program or through Creditor-Placed Flood.

.2.6 Creditor-Placed Flood Insurance: Primary or excess flood insurance provided through creditor-placed insurance policies

## Discussion

It is likely that the majority of private flood insurance for real property was creditor-placed flood during the period 2008 to 2012 and remains a significant, if not majority, portion of private flood since. Data collection for creditor-placed flood is necessary for a complete picture of private flood insurance for real property. Absent data collection for creditor-placed flood, regulators, policymakers and the public will have a significantly incomplete assessment of the provision of private flood. Without separating out creditor-placed flood on the state pages, this form of private flood will be included in other lines of business, such as fire or allied lines, and remain unidentifiable for regulators.

CEJ also suggests rewording the definition of Private Flood from not “offered” through the NFIP to not “provided” through the NFIP. The term “provided:” is more explicit and less ambiguous than “offered:” Further, defining “Private Flood” as “private market” is a circular definition. It is clearer to simply state flood insurance other than provided through the NFIP – which is a more accurate description of the experience sought by regulators – flood insurance other than that reported in the NFIP line.

As an alternative to separate reporting of Creditor-Placed Flood, creditor-placed flood insurance can be reported in the new Private Flood line by revising the definition to:

2.5 Private Flood

Include primary and excess flood insurance other than provided through the National Flood Insurance Program. Include creditor-placed flood insurance.

Thank you for your consideration.