

## Flood Insurance Agency Expands Coverage to Nonresidential, Commercial Properties in 15 States

GAINESVILLE, Fla. - Florida-based The Flood Insurance Agency is expanding its private market flood program to include nonresidential and commercial properties in 15 states, and is looking to move its offerings into other states, Chief Executive Officer Evan Hecht said.

The expansion targets properties that stand to lose subsidies from the National Flood Insurance Program if Congress does not act to repeal amendments passed in the Biggert-Waters Flood Insurance Reform Act of 2012, Hecht said.

Until now, the Flood Insurance Agency had been issuing a flood insurance policy form based on the NFIP's dwelling form that covered only residential properties of no more than four units. Its program is being expanded to include residences of more than four units, including apartment buildings, as well as commercial buildings that are in NFIP's general policy form.

Within the commercial market, Hecht said the target group is those small businesses that have building values of less than \$5 million. "We're not looking to write flood insurance on a \$200 million factory," he said. Small businesses are a target group since they are required to buy NFIP policies by lenders as part of flood insurance coverage.

The Biggert-Waters reforms would remove subsidies on 82,932 business nonresidential properties and on 19,685 properties with more than four

residential units, Hecht said. Hecht did not specify the rates his company would charge. "The program that I'm writing now is an opportunity that was created by the removal of subsidies from [Biggert-Waters]," he said.

Hecht said the group is in discussions with Texas and New York state officials about moving private flood insurance into those two markets. He said Texas is interested in having the company issue policies, but has is concerned about whether the policy information that The Flood Insurance Agency wants to post on its website constitutes a violation of Texas state law that prohibits surplus lines from advertising rates, Hecht said.

If Texas and New York become the 16th and 17th states in the program, it would be available in states that have 80% of NFIP policies.

The U.S. Senate has passed legislation, SB 1926, to delay the bought/sold provision of the Biggert-Waters Act, as well as delay rate increases for "grandfathered" properties for four years. The bill is now being examined in House committees (Best's News Service, Feb. 3, 2014). It would

create a four-year delay in removing the subsidies on grandfathered properties purchased by new owners. Also, it would reimburse homeowners for

successful map appeals and establish a flood insurance rate map advocate within the Federal Emergency Management Agency to answer policyholder questions about the flood-mapping process.

The program is being underwritten by Lloyd's and has insured \$45 million in property value since it began writing policies three months ago. The Flood Insurance Agency said in a written statement. Policies are currently offered in Alabama, California, Connecticut, Florida, Georgia, Indiana, Louisiana, Michigan, New Jersey, Ohio, Pennsylvania, South Carolina, Virginia, Wisconsin and West Virginia.

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