

## The Flood Insurance Agency CEO: Response to Private Offering for Flood Insurance 'Beyond Very Good'

GAINESVILLE, Fla. - A Florida-based insurance firm's private flood insurance product is looking for customers as companies begin to bring cheaper products to market for those most heavily impacted by National Flood Insurance Program rate increases.

Evan Hecht, the chief executive officer of Gainesville, Fla.-based The Flood Insurance Agency, said the response to TFIA's private offering for flood insurance available in 21 states has been "beyond pretty good."

Companies such as TFIA are responding to the demand for less-expensive policies in the wake of NFIP increases written into the Biggert-Waters Flood Insurance Reform and Modernization Act of 2012 that took effect Oct. 1. Homeowners Choice Property & Casualty Insurance Co. recently announced its move to seek approval from Florida regulators to offer a flood endorsement on its homeowners insurance, with the target market being NFIP policyholders (Best's News Service, Oct. 25, 2013).

As of Oct. 23, TFIA is offering policies through Lloyd's Private Flood to those in single-family residences and residential structures of between two and four units. Residential coverage limits are identical to those in an NFIP policy -- \$250,000 for building coverage and \$100,000 for contents coverage. Because it is a surplus lines product, TFIA does not need approval from state insurance regulators to sell.

Lloyd's Private Flood is marketed as a cheaper alternative to updated NFIP policies -- expected to increase annually during each of the next five years -- while providing more benefits. "Policyholders that have allowed their policies to lapse and those homeowners with incredibly high premiums due to low elevations will also find our lower rates to be a huge relief to an ever-increasing burden," the program said on the [lloydsprivateflood.com](http://lloydsprivateflood.com) website. The policies are underwritten by certain underwriters at Lloyd's, according to the website.

Hecht told Best's News Service, however, that he's not opposed to the NFIP and remains a strong advocate of most the Biggert-Waters legislation. "It was difficult for Congress to solve 100% of the problem," he said of the reform bill. "The legislation solved 98% of the problem." He said the TFIA product is aimed to help the 2% of NFIP policyholders who will be most adversely affected when the rate increases take hold.

The policy is unavailable to properties located in Coastal Barrier Resource Act areas, non-participating Federal Emergency Management Agency communities, commercial properties, properties that have experienced prior flood loss, condominium units, and mobile homes. Policies are being marketed through independent insurance agencies.

The policies are available in the following states: Alabama; Connecticut; Florida; Indiana; Massachusetts; Maryland; Michigan; Mississippi; Montana; North Carolina; New Jersey, New Mexico, Ohio, Pennsylvania; South Carolina; Tennessee; Texas; Virginia; Washington, Wisconsin and West Virginia. Hecht said the states were chosen because they had the most properties impacted by the Biggert-Waters NFIP rate hikes.

The top five writers of homeowners multiperil insurance in Florida in 2012 were Citizens Property Insurance Corp., with a 19.53% market share; State Farm Group, with 8.68%; Universal Insurance Holdings Group, with 8.42%; Tower Hill Group, with 6.62%; and USAA Group, with 4.78%, according to BestLink.

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