

# HB 2A Implementation Update

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## In Flood Hazard Areas

**Who:** Insureds with properties in Special Flood Hazard Area (as defined by National Flood Insurance Program (NFIP) (e.g., A, AO, AH, A1-A30, AE, A99, V, V1-V30, VE) with wind coverage must maintain a flood policy.

**When:** New Business: Effective 4/1/23  
Renewal Business: Effective 7/1/23

## Out of Flood Hazard Areas

**Who:** Insureds with properties in or out of the Special Flood Hazard Area, with wind coverage, must maintain a flood policy. "Valued" means: Coverage A for dwellings, Coverage A+C for condominium unit owners, and Coverage C for tenant contents and cooperative unit-owner risks.

**When:** Effective 1/1/24: Properties valued at \$600,000 or more;  
Effective 1/1/25: Properties valued at \$500,000 or more;  
Effective 1/1/26: Properties valued at \$400,000 or more;  
Effective 1/1/27: All properties regardless of value.

## Flood Coverage Requirements

The minimum required coverage is the maximum provided by the NFIP (Coverage A: \$250,000 and Coverage C: \$100,000). Customers with a Coverage A limit lower than \$250,000 or Coverage C limit lower than \$100,000 will need to secure flood coverage at the following limits:

Dwellings: Equal to or greater than Citizens' separate Coverage A and C limits

Condo Owner: Equal to or greater than Citizens' separate Coverage A and C limits

Tenant Contents: Equal to or greater than Citizens' Coverage C limits

If the above limits are not available from the NFIP, the maximum of \$250,000 coverage A and \$100,000 coverage C will be accepted.

## Required Documents

- 1.) A signed *Policyholder Affirmation Regarding Flood Insurance* (CIT FW01) form; **AND**
- 2.) Proof of flood coverage
  - a.) A copy of the flood application with proof of payment; or
  - b.) A copy of the flood policy declarations; or
  - c.) A copy of an underlying multiperil policy with the flood endorsement.



# Policyholder Affirmation

## Policyholder Affirmation Regarding Flood Insurance

Citizens Property Insurance Corporation does NOT offer flood insurance, and your Citizens policy will NOT cover losses from the peril of flood.

Florida law prohibits Citizens from offering flood insurance. It also requires that you secure and maintain flood insurance on your property from an insurer other than Citizens as a condition of coverage with Citizens. (Other conditions of coverage also apply.)

Please consult with your agent to obtain the necessary flood insurance from another insurer. You may purchase coverage from the National Flood Insurance Program (NFIP) or coverage that is comparable to this coverage and is provided by another insurer.

### Policyholder Affirmation Statement

I understand that a policyholder making a claim for water damage against Citizens has the burden of proving that the damage was not caused by flooding.

By my signature below, I affirm that I must secure and maintain flood insurance in accordance with the information provided below for my property to be eligible for a policy with Citizens.

\_\_\_\_\_  
Applicant/Insured Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Policy or Application Number

\_\_\_\_\_  
Agent Signature

\_\_\_\_\_  
Date

*Any person who knowingly and with intent to injure, defraud or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.*

### Requirements for Flood Coverage and Effective Dates

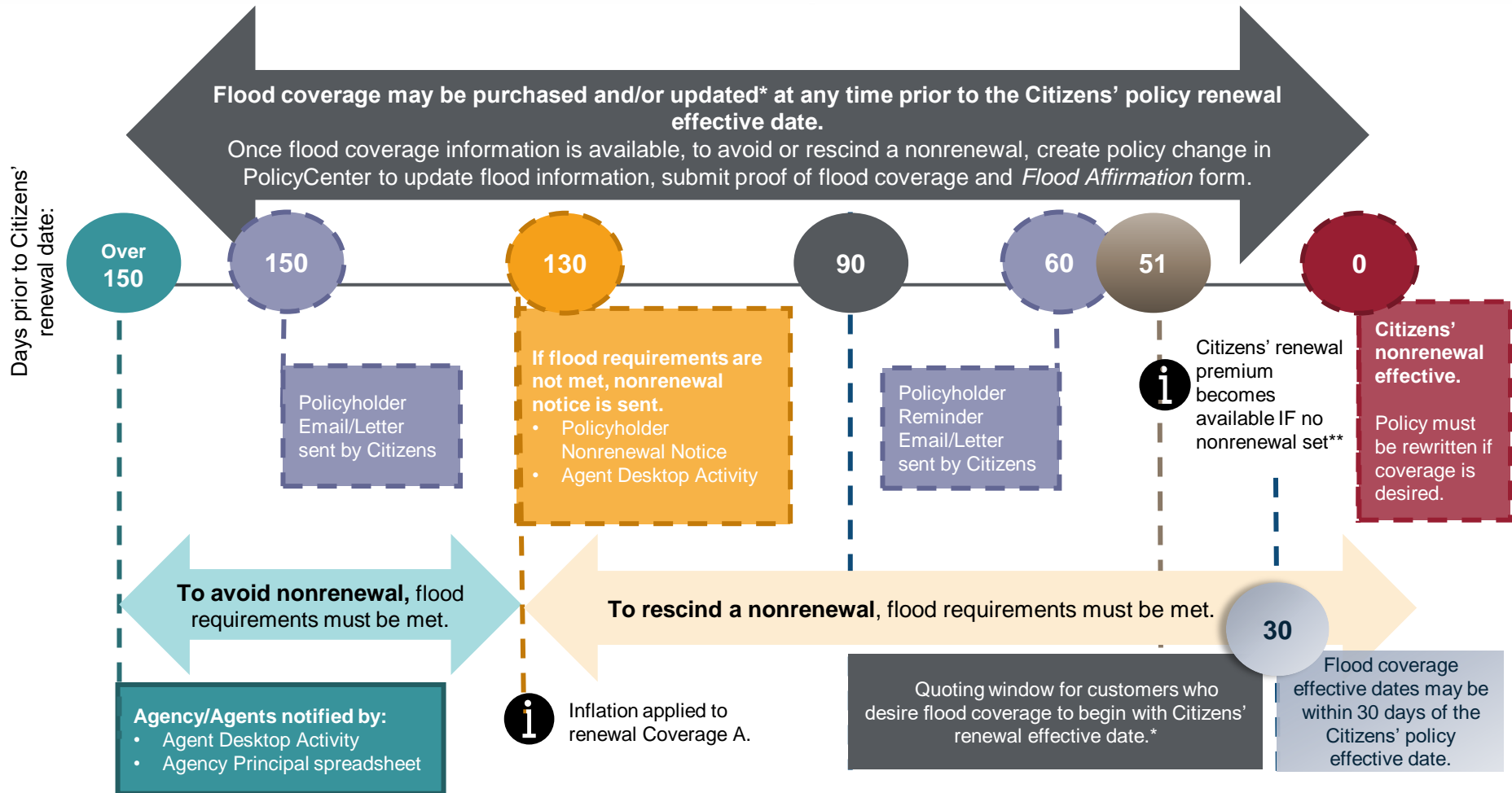
Florida law requires flood coverage as follows:

Policyholders whose property is insured by Citizens and is located within the special flood hazard area defined by the Federal Emergency Management Agency (FEMA) must have coverage in place:

- a. At the time of the initial policy issuance for all new personal lines residential policies issued by Citizens on or after April 1, 2023.
- b. By the time of the policy renewal for all personal lines residential policies renewing with Citizens on or after July 1, 2023.

Policyholders whose property is located outside of the special flood hazard area must have flood coverage in place for Citizens policies effective on or after:

- a. January 1, 2024, for property valued at \$600,000 or more.
- b. January 1, 2025, for property valued at \$500,000 or more.
- c. January 1, 2026, for property valued at \$400,000 or more.
- d. January 1, 2027, for all other personal lines residential property insured by Citizens.



\* NFIP requires a 30-day waiting period unless application is due to a loan transaction. Agent may submit up to 90 days in advance of the Citizens renewal date.

\*\* Citizens' renewal premiums will only be available if a nonrenewal is rescinded.

Policyholder communications are being sent monthly from Citizens by both email and mailed letters.

- Awareness Letter – sent 150 days prior to policy renewal month
- Reminder Letter – sent 60 days prior to renewal month

Policyholders are identified by using the following criteria:

- Group A - Policyholders who have current flood insurance. Requires signed Affirmation Form.
- Group B - Policyholders with current flood insurance with inadequate coverage. Requires updated flood insurance and signed affirmation.
- Group C - Policyholders without flood insurance. Requires proof of flood insurance and signed affirmation.

Communications have been sent to policyholders who meet the flood insurance criteria and have renewal dates from July 1 - August 9, 2023:

**Emails - 25,160 policyholder emails**

- Group A- 18,735
- Group B- 3,641
- Group C- 2,784

**Mailed Letters - 36,899 policyholder letters**

- Group A- 27,415
- Group B- 5,667
- Group C- 3,817



# Policyholder Letter

«Agency\_Name»  
«Agency\_Mailing\_Address1»  
«Agency\_Mailing\_Address2»  
«Agency\_Mailing\_City», «Agency\_Mailing\_State»  
«Agency\_Mailing\_Zip»



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Date: <<Date>>

**Policy Number:**  
<Policyholder Property Address 1>  
<Policyholder Property Address 2>  
<Policyholder Property City>, FL  
<Policyholder Property Zip>

<FIRST NAMED INSURED>  
<MAILING ADDRESS 1>  
<MAILING ADDRESS 2>  
<CITY>, <STATE> <ZIP>  
<COUNTRY>

### Action Required: Submit Proof of Flood Insurance to Your Agent

Dear Policyholder:

During the recent special session of the Florida Legislature, a new law was passed that impacts your eligibility to maintain your property insurance with Citizens. Because your property is located in a special flood hazard area and your Citizens policy includes wind coverage, you *must* have flood insurance to renew coverage and will need to maintain flood insurance for as long as you are insured through Citizens.

To comply with the new law, you will be required to submit proof that you have obtained a flood policy (i.e., a copy of your flood policy Declarations or proof of application and payment) and sign a *Policyholder Affirmation Regarding Flood Insurance* (CIT FW01). Although you can purchase flood insurance sooner, you must have it in place and submit the required documents to your agent by your policy renewal date of <date>.

Our records indicate you currently do not have flood insurance and you will need to submit documentation as outlined here for your policy to be eligible for renewal.

#### How Much Flood Insurance Do You Need?

Citizens has amended its underwriting rules in light of enactment of Senate Bill 2A. Under the new rule, you are required to secure flood coverage from the National Flood Insurance Program (NFIP) or a private insurance carrier at the following limits:

- Dwellings: Equal to or greater than Citizens' separate Coverage A and Coverage C limits
- Condominium or unit owners: Equal to or greater than Citizens' separate Coverage A and Coverage C limits
- Tenant contents: Equal to or greater than Citizens' Coverage C limit
- Cooperative unit owners: Equal to or greater than Citizens' Coverage C limit

If the above limits are not available from the NFIP, Citizens will accept the maximum amount for which you are eligible. The maximum NFIP limits are:

- Regular Program: \$250,000 Coverage A, and \$100,000 Coverage C
- Emergency Program: \$35,000 Coverage A, and \$10,000 Coverage C

If you are unable to get coverage that matches Citizens' coverage limits but are below the maximum NFIP limits available, you will be required to submit documentation supporting the coverage limits.

If you already have submitted this documentation to your agent, please contact them to ensure they received and processed it.

#### What Happens Next?

To implement this new requirement, Florida law states that flood insurance must be in place by the time of policy renewal. If, however, you receive a notice of nonrenewal solely because you do not currently have the required flood insurance, don't be alarmed. The notice will be rescinded and you will receive a renewal offer from Citizens if you obtain the required flood insurance and sign and submit the *Policyholder Affirmation Regarding Flood Insurance* (CIT FW01) before the end of your current policy term.

Your agent can assist you and answer any questions you may have. Contact them via phone: <agent phone number> or email: <Agent email>.

You also may visit [www.FloodSmart.gov](http://www.FloodSmart.gov) for more information about flood insurance and finding a flood insurance provider.

Citizens Property Insurance Corporation

## Education:



### Agent Webinars

**When:** 1/31/23 and 2/2/23 (four sessions)

**Attendees:** 2,761

**Number of Questions Answered Live:** 805

**Job Aid:** “Managing Your Citizens’ Renewals in Special Flood Zones”

**Webinar Recording:** Posted on 2/8/23



## Communications:

**PLB:** “Flood Insurance Requirements for Citizens’ New Business” 1/23/23

**PLB:** “Flood Insurance Requirements for Renewal Eligibility” 1/27/23

**AA:** “Action Required: Submit Proof of Flood Insurance for Renewing Policies” 2/8/23



## Campaign:

Agency Field Management (AFM) engagement on a campaign to certify the understanding of agencies with 100 or more policies affected by renewal flood in the months of July, August or September. There are 126 affected agencies we will be certifying.



Additional changes have been made to depopulation communications. Policyholders are informed they are ineligible for Citizens when there is an offer of coverage that is not more than 20% greater than the estimated Citizens' renewal premium.

- Policyholder Choice Offer Letter – Updated language reaffirming Citizens' role in the market and our goal to help policyholders find private market coverage. Includes clarifying language about assessment potential and the additional costs for Citizens' policyholders. And provides simplified instructions on submitting their choice.
- Policyholder Depop Letter and Form – Includes 20% eligibility language reiterating that if an offer with comparable coverage is within 20% of the estimated Citizens' renewal premium, the policy is ineligible for Citizens and will be nonrenewed.
- Opt Out Confirmation Letter – Revised to include 20% eligibility language indicating if a policyholder receives a future offer with 20% comparable coverage, they are ineligible for Citizens' coverage and will be nonrenewed.



## Webinars:

Citizens co-hosts live webinars with Take Out Companies (TOC) for affected agents prior to an assumption. These webinars allow the TOC to review their product and Citizens to review the depopulation process.



## Emails:

“Policy Selected for Assumption” including a spreadsheet of all the selected policies  
“Depop Policyholder Choice Registration Confirmation” (if registration made online with email confirmation)  
Policies Assumed Email will be sent after the assumption is finished



## Activities:

“Policy Selected for Assumption” (one activity for each selected policy) to the Agent of Record’s desktop in PolicyCenter.



## Website:

Resources website updated with assumption information  
Q&A posted via FAQs on website



## Letters and PolicyCenter:

The *Policy Summary Screen* is updated with TOC information once choice registered  
“Confirmation Opt Out Letter” (available in PC *Documents* once generated)  
“Notice of Assumption and Nonrenewal” (available in PC *Documents* once generated)  
“Unsuccessful Assumption Letter” (available in PC *Documents* once generated)