



PRIVATE FLOOD POLICY CHECKLIST

Insurance Carrier (Insurerⁱ): _____
Agent/Broker (Producerⁱⁱ): _____
Surplus Line Brokerⁱⁱⁱ: _____
Reviewer Name: _____
Review Date: _____

Mandatory Acceptance Requirements		Yes	No
Does the policy contain the following statement: <i>“This policy meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation.”?</i>			
1)	If YES, STOP HERE.		
1)	Is the policy issued by a company licensed, admitted, or otherwise approved to engage in the business of insurance in the State or jurisdiction in which the property to be insured is located, by the insurance regulator of that State or jurisdiction? ^{iv}		
NOTES:			
2)	Does the policy define the term “flood” to include the events defined as a “flood” in an SFIP? ^v		
NOTES:			
3)	Does the policy contain the coverage provisions specified in an SFIP, including those relating to building property coverage; personal property coverage, if purchased by the insured mortgagor(s); other coverages; and the increased cost of compliance?		
NOTES: <i>(Consider the breath of deductibles, exclusions, and conditions offered by the insurer.)</i>			
4)	Does the policy contain deductibles no higher than the specified NFIP maximum for the same type of property and includes similar non-applicability provisions as under an SFIP?		
NOTES:			
5)	Does the policy provide coverage for direct physical loss caused by a flood?		
NOTES: <i>(For example, the policy may exclude other causes of loss identified in an SFIP or any additional or different exclusions than those in an SFIP may only pertain to coverage that is in addition to the amount and type of coverage that could be provided by an SFIP.)</i>			
6)	Does the policy avoid contain conditions that narrow the coverage that would be provided in an SFIP?		
NOTES:			
7)	Does the policy require the insurer to give written notice 45 days before cancellation or non-renewal of flood insurance coverage (both insured and servicer)?		
NOTES:			



Mandatory Acceptance Requirements		Yes	No
Does the policy contain the following statement: <i>“This policy meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation.”</i> ?			
8)	Does the policy contain information about the availability of flood insurance coverage under the NFIP?		
NOTES:			
9)	Does the policy require an insured to file suit not later than one year after the date of a written denial of all or part of a claim under the policy?		
NOTES:			
10)	Does the policy contain cancellation provisions that are as restrictive as the provisions contained in an SFIP?		
NOTES:			
Discretionary Acceptance Requirements		Yes	No
1)	Is the policy issued by an insurer that is licensed, admitted, or otherwise approved to engage in the business of insurance by the insurance regulator of the State or jurisdiction in which the property to be insured is located; or in the case of a policy of difference in conditions, multiple peril, all risk or other blanket coverage insuring nonresidential commercial property, is issued by a surplus lines insurer recognized, or not disapproved, by the insurance regulator of the State or jurisdiction where the property to be insured is located?		
NOTES:			
2)	Does the policy cover both the mortgagor(s) and the mortgagee(s) as loss payees?		
NOTES:			
3)	Does the policy provide sufficient protection of the designated loan, consistent with general safety and soundness principles? Consider the following items as applicable.		
	• Are the flood insurance policy’s deductibles reasonable based on the borrower’s financial condition?		
	• Does the insurer provide adequate notice of cancellation to the mortgagor and mortgagee to ensure timely force placement of flood insurance, if necessary?		
	• Are the terms and conditions of the flood insurance policy with respect to payment per occurrence or per loss and aggregate limits are adequate to protect the bank’s interest in the collateral?		
	• Does the flood insurance policy comply with applicable State insurance laws?		
	• Does the private insurance company have the financial solvency, strength, and ability to satisfy claims?		
NOTES:			
CONCLUSION:	<i>The conclusions of this analysis regarding sufficiency of the protection of the loan must be documented in writing.</i>		



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- ⁱ The **insurer** is the company that actually writes the policy and accepts the risk if something will happen. They collect your premiums and those of other insureds and invest them. If a claim is made, they pay the claim from this pool of collected premiums.
- ⁱⁱ The **producer** acts as the middleman between you and the insurer. The producer is also licensed and regulated by the state.
- ⁱⁱⁱ There are some cases where the risk may be too big, too unusual or substandard. In these cases, a *specialty licensed producer* called a **surplus line producer** gets involved. Their special surplus line license allows them to procure a policy for you from an insurer that is not licensed in your state. *15 U.S. Code § 8204 - Uniform standards for surplus lines eligibility. (15): The term "surplus lines broker" means an individual, firm, or corporation which is licensed in a State to sell, solicit, or negotiate insurance on properties, risks or exposures located or to be performed in a State with nonadmitted insurers.*
- ^{iv} 15 U.S. Code § 8204 - Uniform standards for surplus lines eligibility
A State may not—
- (1) impose eligibility requirements on, or otherwise establish eligibility criteria for, nonadmitted insurers domiciled in a United States jurisdiction, except in conformance with such requirements and criteria in sections 5A(2) and 5C(2)(a) of the Non-Admitted Insurance Model Act, unless the State has adopted nationwide uniform requirements, forms, and procedures developed in accordance with section 8201(b) of this title that include alternative nationwide uniform eligibility requirements; or
- (2) prohibit a surplus lines broker from placing nonadmitted insurance with, or procuring nonadmitted insurance from, a nonadmitted insurer domiciled outside the United States that is listed on the [Quarterly Listing of Alien Insurers](#) maintained by the International Insurers Department of the NAIC.

15 U.S. Code § 8206. Definitions:

(11) The term "nonadmitted insurer" — (A)means, with respect to a State, an insurer not licensed to engage in the business of insurance in such State; but (B)does not include a risk retention group, as that term is defined in section 3901(a)(4) of this title.

^v **Flood**—A general and temporary condition of partial or complete inundation of 2 or more acres of normally dry land area or of 2 or more properties (at least one of which is the policyholder's property) from:

- Overflow of inland or tidal waters;
- Unusual and rapid accumulation or runoff of surface waters from any source; or
- Mudflow

or

Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a food as defined above.

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