



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB2739

Introduced 2/19/2021, by Rep. Thaddeus Jones

SYNOPSIS AS INTRODUCED:

New Act

Creates the Private Primary Residential Flood Insurance Act. Sets forth provisions concerning flood insurance rates. Provides that an insurer shall file with the Department of Insurance all rates and any change to such rates within 30 days after the effective date of the rate change. Sets forth provisions concerning flood insurance forms. Provides that authorized insurers must notify the Department of plans to sell primary residential flood insurance products at least 30 days before writing flood insurance in the State and file a plan of operation and financial projections or material revisions to such plan. Sets forth provisions concerning notice to consumers that live in a special flood hazard area, notice of cancellation and nonrenewal, and surplus line placements of private flood insurance. Provides that rates, supplementary rate information, and any supporting information filed under the Act shall be open to public inspection upon disposition, except information marked and accepted by the Director of Insurance as confidential, trade secret, or proprietary by the insurer or filer. Provides that the Department may adopt rules to implement the Act.

LRB102 12791 BMS 18130 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Private Primary Residential Flood Insurance Act.

6 Section 3. Purpose. To provide protection of lives and
7 property from the peril of flood, this Act is designed to
8 encourage a robust private primary residential flood insurance
9 market to provide consumer choices and alternatives to the
10 existing National Flood Insurance Program.

11 Section 5. Definitions. As used in this Act:

12 "Authorized insurer" means an insurer that is authorized
13 by the Department of Insurance to write insurance under a
14 certificate of authority issued by the Department of Insurance
15 to transact insurance in this State.

16 "Department" means the Department of Insurance.

17 "National Flood Insurance Program" means the program of
18 flood insurance coverage and floodplain management
19 administered under the National Flood Insurance Act of 1968
20 (42 U.S.C. 4001 et seq.) and applicable federal regulations
21 promulgated in Title 44 of the Code of Federal Regulations.

22 "Primary residential flood insurance" means an insurance

1 policy covering losses from flood to residential property,
2 other than commercial property insurance, written in this
3 State by any insurer authorized to do business that is not
4 written to apply coverage in excess of the coverage provided
5 under another flood insurance policy, whether issued by a
6 private insurer or the National Flood Insurance Program.

7 Section 10. Rates.

8 (a) Rates for flood insurance coverage established
9 pursuant to this Act are not subject to prior approval by the
10 Department. An insurer shall attest that the rates are based
11 on actuarial data, methodologies, standards, and guidelines
12 relating to flood that are not excessive, inadequate, or
13 unfairly discriminatory. The Department may audit an insurer's
14 flood rates to ensure compliance with State laws and rules.

15 (b) An insurer shall file with the Department all rates
16 and any change to such rates within 30 days after the effective
17 date of the rate change. The notice of a rate change must
18 include the name of the insurer and the average statewide
19 percentage change in rates. Actuarial data with regard to such
20 rates for flood coverage must be maintained by the insurer for
21 2 years after the effective date of the rate change.

22 Section 15. Forms. The Department may require that:

23 (1) an insurer file the forms for primary residential
24 flood insurance coverage;

1 (2) an authorized insurer may issue an insurance
2 policy, contract, or endorsement; and

3 (3) the coverage for residential properties required
4 to have flood insurance that are in a special flood hazard
5 area designated by the Federal Emergency Management Agency
6 at least meets the private flood insurance requirements
7 specified in subsection (b) of 42 U.S.C. 4012a and
8 applicable federal regulations in 84 FR 4953, effective
9 July 1, 2019.

10 Section 20. Regulatory notice of intent. Authorized
11 insurers must:

12 (1) notify the Department of plans to sell primary
13 residential flood insurance products in accordance with
14 the State's rate filing laws at least 30 days before
15 writing primary residential flood insurance in this State;
16 and

17 (2) file a plan of operation and financial projections
18 or material revisions to such plan.

19 Section 25. Notice to consumers.

20 (a) If a consumer currently has no coverage under the
21 National Flood Insurance Program, the consumer applicant must
22 be informed of the existence of the National Flood Insurance
23 Program before being placed with private flood insurance.

24 (b) All consumers must be informed that the coverage under

1 the National Flood Insurance Program may be provided at a
2 subsidized rate and that the full-risk rate for flood
3 insurance may apply to the property if the applicant later
4 seeks to reinstate coverage under the program. The insurance
5 producer, the surplus lines broker, or the insurer, upon its
6 election or if there is no insurance producer or surplus lines
7 broker, must provide the notice under subsection (a).

8 (c) This Section only applies if the applicant lives in a
9 special flood hazard area. This Section is inoperative if
10 federal legislation is enacted allowing the insured to switch
11 between private flood insurance and National Flood Insurance
12 Program coverage without risk of penalty.

13 Section 30. Notice of cancellation and nonrenewal. Notice
14 of cancellation or nonrenewal, other than for nonpayment of
15 premium, shall be made and provided in compliance with
16 Sections 143.14, 143.15, and 143.16 of the Illinois Insurance
17 Code, but at least 45 days before the cancellation or
18 nonrenewal of private flood insurance coverage to the insured.

19 Section 35. Surplus line placements. The diligent effort
20 requirement of Section 445 of the Illinois Insurance Code
21 shall not apply to flood coverage under an insurance policy
22 issued by an eligible surplus lines insurer unless and until
23 the Director of Insurance certifies in a bulletin or order
24 that the admitted private flood insurance market is adequate.

1 Section 40. Other provisions.

2 (a) All rates, supplementary rate information, and any
3 supporting information filed under this Act shall be open to
4 public inspection upon disposition, except information marked
5 and accepted by the Director of Insurance as confidential,
6 trade secret, or proprietary by the insurer or filer. Copies
7 may be obtained from the Director of Insurance upon request
8 and upon payment of a reasonable fee.

9 (b) With respect to the regulation of private flood
10 insurance coverage written in this State by authorized
11 insurers, this Section supersedes any other provision of the
12 Illinois Insurance Code in the event of a conflict.

13 (c) An insurer may certify that the insurance policy meets
14 the definition of "private flood insurance", as specified in
15 paragraph (7) of subsection (b) of 42 U.S.C. 4012a and
16 applicable federal regulations.

17 (d) Nothing in this Act is intended to restrict the use of
18 existing filings by an insurer or limit the ability of private
19 insurers to provided flood insurance coverage of any type not
20 addressed in this Act.

21 Section 45. Rules. The Department may adopt rules to
22 implement this Act.