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Insurance Commissioner Announces Private Market Flood Insurance Is Available to Many Pennsylvania Homeowners, In Many Cases at Substantial Savings Over the Federal Government Plan; Unveils One-Stop Shop for Flood Coverage Information

Hershey, PA – Insurance Commissioner Teresa Miller today said Pennsylvania homeowners, who may be facing steeply rising premiums under the federal government’s flood insurance program, may be unaware they can get private market flood coverage, in many cases at substantial savings as compared to the federal government coverage. To help these consumers, Commissioner Miller announced the creation of a new webpage, providing a one-stop shop for information on flood insurance available to Pennsylvania homeowners and renters.

“For most Pennsylvanians trying to buy individual flood insurance coverage, especially for their homes, the National Flood Insurance Program (NFIP) run by the federal government was thought to be the only option,” Commissioner Miller said. “But with Congress mandating federal subsidies end for NFIP coverage, and premiums be based on the property’s actual risk, premiums for this coverage are rising and may become difficult for many homeowners to afford.”

“With premiums for the federal government’s flood insurance program rising, and re-drawn Federal Emergency Management Agency (FEMA) maps placing many properties in flood zones that had not been there before, Governor Wolf and I are committed to finding ways to help consumers identify lower cost coverage,” Commissioner Miller said.

Commissioner Miller said the NFIP fell billions of dollars in debt from overwhelming claims following hurricanes Katrina and Sandy, leading Congress to take action. The good news for Pennsylvania consumers is the rapidly rising NFIP premiums are making flood insurance more attractive for private market insurers, with private coverage available in many cases at drastically lower rates than the federal government insurance.

Most private market residential flood insurance in Pennsylvania is sold by what are called “surplus lines” insurers. These are insurers licensed in other states or countries, but not licensed in Pennsylvania, who typically offer insurance coverage that is considered higher risk, and that many licensed companies do not offer. Thus, private market flood insurance is difficult for most consumers to find.

Commissioner Miller today announced creation of a one-stop shop webpage, listing flood coverage available to Pennsylvania homeowners and renters. The new webpage is available by going to <http://www.insurance.pa.gov>, and clicking on “Flood” under Top Pages.

The webpage has flood insurance links for surplus lines insurers selling coverage in Pennsylvania, as well as Pennsylvania licensed insurers selling flood insurance. Licensed insurers typically provide coverage for only a very limited market at this time. The page also has a link to the NFIP, which may remain the only option for high risk properties. The webpage also lists the type of coverage written by each

licensed insurer. For example, some insurers only offer contents coverage for renters, while others offer coverage for both the dwelling and its contents, for homeowners.

Commissioner Miller made today's announcement standing near a small stream, across the street from the home of Michael Megoulas, a homeowner in Hershey, Dauphin County. Mr. Megoulas has lived in his home since 1999, and never experienced flooding, getting only a relatively minor amount of water in his basement when much of Pennsylvania, including the Hershey area, suffered severe flooding in 2011 from tropical storms Ivan and Lee.

"In 2012, my property was re-mapped into a flood zone, and I was told I had to buy flood insurance to keep my mortgage," said Mr. Megoulas, who works in the Hershey chocolate factory. "NFIP insurance would have cost me \$2,700 a year, but I was able to find private coverage for only \$ 718 annually."

"I have sold hundreds of policies to homeowners throughout Pennsylvania in the last few years, and believe many more homeowners such as Mr. Megoulas can find good coverage at substantial savings, by exploring the private market," said Evan Hecht, who sells flood insurance from Lloyd's of London, through the surplus lines market.

"My goal is to make sure Pennsylvanians can find good coverage at affordable prices, and this one-stop website will help homeowners and renters be able to do this," Commissioner Miller said. She added licensed and surplus lines insurers selling private flood coverage in Pennsylvania can be added to the website by emailing ra-in-producer@pa.gov.

Commissioner Miller last month testified before a Congressional subcommittee in support of proposed federal legislation that would help facilitate the entry of additional carriers into the private flood insurance market and provide consumers with access to additional options for flood insurance.