
Addendum: for use with Florida General Lines and Personal Lines online ExamFX courses and study guides version 24701en (General Lines), and 22083en (Personal Lines) per exam content outline updates effective 1/1/2020.

The following are additions to the existing text unless otherwise indicated:

Florida Statutes, Rules and Regulations Pertinent to General Lines Insurance/Personal Lines Insurance

E. Property Insurance

3. Catastrophic Ground Cover Collapse – section revised as follows:

All insurers transacting property insurance in Florida must offer coverage for **catastrophic ground cover collapse**. Catastrophic ground cover collapse refers to any geological activity resulting in the following:

- The abrupt collapse of the ground cover;
- A depression in the ground cover clearly visible to the naked eye;
- Structural damage to the covered building, including the foundation; and
- Condemnation from a government agency, requiring an insured structure to be vacated.

Residential property policies may include a deductible for sinkhole losses equal to 1%, 2%, 5%, or 10% of dwelling policy limits. Insurers may require an **inspection** of the property before issuance of sinkhole loss coverage.

For an additional premium, the insurer may provide coverage for sinkhole losses on any structure and its contents. The insurer may restrict catastrophic ground cover collapse and sinkhole loss coverage to the principal building.

Sinkholes

Limited sinkhole coverage insurance may be issued by an authorized insurer; however, it is not mandatory. A limited sinkhole policy provides personal lines residential coverage only and is not required to cover contents and additional living expenses.

Coverage for repairs may be limited in accordance with a professional engineer's recommendations. Policy limits cannot be less than **\$50,000**, unless costs exceed the replacement cost of the property.

In the event losses cannot be repaired within the policy limits, the insurer must either pay the cost recommended by the insurer's professional engineer, regardless of policy limits, or pay the cost to complete repairs up to the policy limits if the insured is entering into a contract to repair the sinkhole loss in accordance with the repairs recommended by the insurer's professional engineer.

Any insurer who offers limited sinkhole coverage insurance must notify the Office of Insurance Regulation of any change in rates, no later than **30 days** from becoming effective. Rate data must be maintained for at least **2 years**.

Insurers must notify the Office at least **30 days** before writing limited sinkhole coverage, including a plan of operation and financial projections.

Flood

The term "**flood**" is defined as a general or temporary condition of inundation of two or more acres of normally dry land or two or more properties. Flooding must result from overflow of inland or tidal waves, unusual and rapid accumulation or runoff of surface waters, mudflow, or collapse of land resulting from waves or excessive cyclical levels.

Florida insurers have the option to issue flood insurance policies, endorsements, or excess coverage on structures or personal property contained in them. Flood insurance may be issued on the following bases:

- **Standard flood insurance** — covers losses resulting from flooding, equivalent to coverage through the National Flood Insurance Program (NFIP);
- **Preferred flood insurance** — covers the same losses as standard flood, in addition to losses from outside water sources, coverage for additional living expenses, and the cost of repair or replacement, based on replacement costs up to the policy limits;
- **Customized flood insurance** — provides broader coverage than standard flood insurance;
- **Flexible flood insurance** — covers loss resulting from flood, outside sources, and includes one or more of the following provisions:
 - An agreement that flood coverage is a specified amount;
 - The inclusion of a deductible in an amount equal to that of hurricane losses;
 - A requirement that flood losses be adjusted on an actual cash value basis;
 - A restriction limiting coverage to the principal building listed in the policy;
 - An inclusion or exclusion of additional living expense coverage; and/or
 - An exclusion of personal property or contents coverage.
- **Supplemental flood insurance** — designed to supplement coverage obtained through the NFIP, which may cover jewelry, art, deductibles, and additional living expenses.

All flood insurance deductibles and policy limits must be clearly noted on the policy declarations. If an insurer intends to change coverage rates, it must inform the Office of Insurance Regulation at least **30 days** from the effective date. Rate records must be open to the Office for examination and maintained for at least **2 years**.

If flood insurance cannot be attained through at least 3 admitted insurers, an applicant may seek coverage through a surplus lines insurer. Insurers who solicit flood insurance must provide applicants with a notice stating, if the applicant discontinues coverage through the NFIP at a subsidized rate, the full risk rate may apply to property if the applicant decides to reinstate coverage. Insurers may request the Office provide a certificate, certifying that the insurer's policy, contract, or endorsements equal or exceed coverage provided through the NFIP.