

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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Bulletin 97-12

To: All Insurance Producers, Insurance Companies Writing Property and Casualty Insurance in the State of Alaska, and Other Interested Parties

Re: Flood Insurance Sales and Customer Service

This bulletin provides information received by the Division of Insurance regarding the National Flood Insurance Program through the Federal Emergency Management Agency ("FEMA"). This bulletin is for information purposes only and is not intended to be an exhaustive or interpretive analysis of the National Flood Insurance Program. The El Nino climate pattern has generated a great deal of interest in flood insurance nationwide, particularly in the western states and the southern tier of the United States.

With this interest, FEMA has received many reports from consumers regarding misinformation provided to them by some insurance agents and insurance company representatives. Consumers have reported that they have been instructed to either obtain the flood zone information on their own, or pay a fee to the agent to cover the cost for determining the flood zone. FEMA has asked regulators to remind all insurance agents and insurance company representatives that determining the correct flood zone is not the responsibility of the consumer. The flood zone is one of several data elements needed to calculate the premium and write a flood insurance policy. Collecting the data is a cost of doing business and compensation for doing so is paid in the agent's commission. FEMA produces flood insurance rate maps and makes them available to agents and others. If agents chose to use a third party, rather than maintain maps inhouse and perform their own flood zone determinations, it is not appropriate for agents to pass the cost for such services on to consumers.

All insurance producers and propertycasualty insurance companies are encouraged to appropriately inform homeowners, business owners, and renters of the value of flood insurance in connection with predicted flooding, such as snowmelt flooding. Please make sure that when consumers are advised to contact their insurance company or agent for a flood insurance policy, you are doing everything you can to provide the highest quality customer service to the people who want to buy flood insurance protection.

DATED: December 22nd 1997



Marianne K. Burke
Director of Insurance