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BULLETIN NO. 2021-10

TO: All admitted insurers authorized to sell property and casualty insurance

FROM: Jim L. Ridling
Commissioner of Insurance 

DATE: November 24, 2021

EFFECTIVE: Immediate

RE: Private flood insurance

While flooding is the most frequent and expensive natural disaster in the United States, very few Alabamians are purchasing this coverage for their property. Typically, the peril of flood is an exclusion on a homeowner's policy, renter's policy, and commercial property policy. For property located in a flood prone area where flood coverage is required by a lender, most often this requirement is satisfied with a policy issued by the National Flood Insurance Program ["NFIP"]. However, more than 20% of the claims filed in the NFIP come from outside high-risk flood areas. A definite gap in coverage exists in this area. The Alabama Department of Insurance believes a viable private flood insurance market will help.

In order to promote a flexible and accepting market for private flood insurance, and to help foster growth with this important type of insurance, the Alabama Department of Insurance announces the following:

- In accordance with recent amendments to Ala. Code §27-13-21 [as amended by Ala. Act. No. 2021-174 approved on April 8, 2021], insurers are not required to file rates for flood insurance on property except as to flood insurance for motor vehicles. This exemption includes the rates for stand-alone flood insurance policies, as well as endorsements for other property policies, such as homeowner policies, dwelling policies, and commercial property policies. This exemption, however, does not apply to flood insurance for motor vehicles.

- Form filing requirements in Ala. Code § 27-14-8 and applicable Department regulations or bulletins still apply to all flood insurance. Insurers must affirmatively state that the coverage provided in a private flood policy or endorsement will meet or exceed the coverage provided in the NFIP policy.
- The Department will not attempt to apply the requirements of Alabama Insurance Regulation No. 136 [Chapter 482-1-136] or Bulletin 2010-10 to private flood insurance.

For questions, please contact by electronic mail:

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