

REGULATORY AND COMPLIANCE UPDATES

Insurance Industry - 2024 Updates

Compliance Department

CRITICAL REGULATORY CHANGES - IMMEDIATE ACTION REQUIRED

UPDATE #1: FLORIDA FLOOD INSURANCE REQUIREMENTS

Effective Date: March 1, 2024

Regulation: FL-2024-INS-001

SUMMARY:

The Florida Department of Financial Services has updated minimum flood insurance requirements for properties in designated flood zones.

NEW REQUIREMENTS:

- All residential properties in Special Flood Hazard Areas (SFHA) must maintain minimum coverage of \$200,000 (increased from \$150,000)
- Commercial properties must maintain minimum coverage of \$400,000
- Lenders required to verify coverage annually (previously every 3 years)
- New flood zone maps published - Zone AE boundaries expanded

COMPLIANCE ACTIONS REQUIRED:

- Review all active policies in SFHA zones
- Send notice to policyholders with coverage below new minimums
- Update underwriting guidelines by March 1, 2024
- Train all agents on new requirements by February 15, 2024

AFFECTED REGIONS:

- Miami-Dade County: 12,500 properties
- Broward County: 8,200 properties
- Palm Beach County: 6,800 properties
- Tampa Bay Area: 15,300 properties

PENALTIES FOR NON-COMPLIANCE:

- Fines up to \$10,000 per policy
 - Potential license suspension
 - Required remediation plan
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UPDATE #2: HURRICANE DEDUCTIBLE CHANGES

Effective Date: June 1, 2024

Regulation: FL-2024-INS-002

SUMMARY:

New hurricane deductible structure for Florida coastal properties to address increased hurricane frequency and severity.

NEW DEDUCTIBLE STRUCTURE:

COASTAL PROPERTIES (within 1 mile of coastline):

- Hurricane deductible: 5% of dwelling value (increased from 2%)
- Named storm deductible: 5% of dwelling value
- Tropical storm deductible: 2% of dwelling value
- Minimum deductible: \$10,000

INLAND PROPERTIES (more than 1 mile from coast):

- Hurricane deductible: 2% of dwelling value (unchanged)
- Named storm deductible: 2% of dwelling value
- Tropical storm deductible: 1% of dwelling value
- Minimum deductible: \$5,000

TRANSITION RULES:

- Existing policies: Changes apply at renewal
- New policies: Effective immediately
- Policyholders may opt for higher deductibles for premium reduction

PREMIUM IMPACT:

- Coastal properties: Average 15-20% premium reduction
 - Inland properties: Average 5-8% premium reduction
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UPDATE #3: CLAIMS PROCESSING TIMELINE REGULATIONS

Effective Date: April 1, 2024

Regulation: MULTI-STATE-2024-001

SUMMARY:

New federal requirements for insurance claim processing timelines to improve consumer protection.

MANDATORY TIMELINES:

ACKNOWLEDGMENT:

- Must acknowledge claim within 24 hours of receipt
- Acknowledgment must be in writing (email acceptable)

- Must include claim number and adjuster contact information

INSPECTION:

- Property inspection must occur within 72 hours
- Exceptions allowed for catastrophe events or unsafe conditions
- Virtual inspections acceptable for claims under \$10,000

DETERMINATION:

- Initial determination within 15 days of inspection
- Final determination within 30 days of claim filing
- Extensions allowed only with documented justification

PAYMENT:

- Payment must be issued within 7 days of final determination
- Partial payments allowed for undisputed amounts
- Interest accrues on late payments at 10% annually

PENALTIES:

- \$500 per day for late acknowledgment
 - \$1,000 per day for late inspection
 - \$5,000 per day for late final determination
 - Automatic payment of policyholder's attorney fees if litigation required
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UPDATE #4: FRAUD DETECTION AND REPORTING

Effective Date: January 15, 2024

Regulation: NAT-2024-FRAUD-003

NEW REQUIREMENTS:

- All claims agents must complete fraud detection training annually
- Suspicious claims must be reported to fraud department within 48 hours
- Enhanced documentation required for claims over \$50,000

FRAUD RED FLAGS TO REPORT:

1. Policy purchased less than 30 days before loss
2. Recent coverage increases immediately before loss
3. Multiple claims in short time period
4. Inflated damage estimates
5. Reluctance to provide documentation
6. Inconsistent statements about loss circumstances

REPORTING PROCESS:

- Submit Fraud Referral Form (FRF-2024)
 - Include all supporting documentation
 - Do not communicate suspicions to policyholder
 - Continue normal claims process while under investigation
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UPDATE #5: DATA PRIVACY AND SECURITY

Effective Date: February 1, 2024

Regulation: PRIVACY-2024-SEC-001

NEW REQUIREMENTS:

- All customer data must be encrypted in transit and at rest
- Multi-factor authentication required for claims system access
- Annual security training mandatory for all employees
- Data breach notification within 24 hours

POLICYHOLDER RIGHTS:

- Right to request copy of all data held
 - Right to request data deletion (with limitations)
 - Right to opt-out of data sharing with third parties
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COMPLIANCE TRAINING SCHEDULE

All agents must complete the following training modules:

- Florida Flood Requirements - Due: February 28, 2024
- Hurricane Deductible Changes - Due: May 31, 2024
- Claims Timeline Compliance - Due: March 31, 2024
- Fraud Detection - Due: February 15, 2024
- Data Privacy - Due: January 31, 2024

Training available at: learning.companyportal.com

Questions: compliance@company.com

QUESTIONS AND SUPPORT

For questions about these regulations:

- Email: regulatory@company.com
- Phone: 1-800-COMPLY-1 (1-800-266-7591)
- Internal portal: compliance.intranet.com

Regional Compliance Officers:

- Southeast Region: Jane Smith - jsmith@company.com
 - Southwest Region: Mike Johnson - mjohnson@company.com
 - Central Region: Sarah Williams - swilliams@company.com
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