



# **Communicating the Flood Risk**

**National Hurricane Conference**

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# Flood Insurance Coverage

- Flood damage is excluded under standard homeowners and renters insurance policies. Flood coverage, however, is available in the form of a separate policy both from the National Flood Insurance Program (NFIP) and from a few private insurers.
- The NFIP provides coverage for up to \$250,000 for the structure of the home and \$100,000 for personal possessions.
- Private flood insurance is available for those who need additional insurance protection, known as "excess coverage," over and above the basic policy or for people whose communities do not participate in the NFIP.
- Some insurers have introduced special policies for high-value properties. These policies may cover homes in noncoastal areas and/or provide enhancements to traditional flood coverage.
- The comprehensive portion of an auto insurance policy includes coverage for flood damage.

- Flood insurance covers direct physical losses by flood and losses resulting from flood-related erosion caused by heavy or prolonged rain, coastal storm surge, snow melt, blocked storm drainage systems, levee dam failure or other similar causes.
- To be considered a flood, waters must cover at least two acres or affect two properties.
- Homes are covered for up to \$250,000 on a replacement cost basis and the contents for up to \$100,000 on an actual cash value basis. Replacement cost coverage pays to rebuild the structure as it was before the damage. Actual cash value is replacement cost minus the depreciation in value that occurs over time.

- (Excess flood insurance is available in all risk zones from some private insurers for NFIP policyholders who want additional coverage or where the homeowner's community does not participate in the NFIP.)
- Coverage for the contents of basements is limited. Coverage limits for commercial property are \$500,000 for the structure and another \$500,000 for its contents.
- To prevent people from putting off the purchase of coverage until waters are rising and flooding is inevitable, policyholders must wait 30 days before their policy takes effect.

# Water Damage – Home Insurance

- Water that comes from the top down is covered by homeowners or renters insurance. For example, if wind shatters a window or damages the roof allowing rain or snow to get into the home, this is covered. Water damage caused by burst pipes and ice dams on a roof (a situation where melting snow is unable to drain properly through gutters, resulting in water seepage that can cause damage to ceilings, walls and even furniture) is also generally covered by home insurance policies.
- However, water that comes from the bottom up, such as an overflowing stream, river or lake caused by melting snow is covered separately, by flood insurance.
- There is coverage for back-up of sewers and drains under a home insurance policy.

- People tend to underestimate the risk of flooding. The highest-risk areas (Zone A) have 26 percent chance of flooding over the lifetime of a 30-year mortgage, compared with a 9 percent risk of fire over the same period.
- Ninety percent of all natural disasters in this country involve flooding.
- Since the inception of the federal program, some 25 to 30 percent of all paid losses were for damage in areas not officially designated at the time of loss as special flood hazard areas. NFIP coverage is available outside high-risk zones at a lower premium.

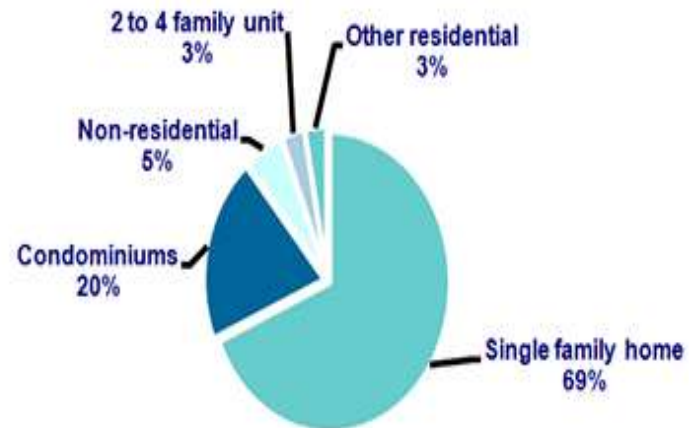
# I.I.I. Poll on Flood Insurance

- A 2013 poll by the Insurance Information Institute found that 13 percent of American homeowners had a flood insurance policy.
- This percentage has been at about the same level for five years and is below the 17 percent who said they purchased flood insurance in 2008.
- The percentage of homeowners with flood insurance was highest in the South, at 15 percent, down from 21 percent in 2012.
- Twelve percent of homeowners in the Midwest had a flood insurance policy, up from 6 percent a year ago.
- Eleven percent of homeowners in the West had a flood insurance policy in 2012, up from 6 percent a year ago.
- Ten percent of homeowners in the Northeast had flood insurance, compared with 14 percent in 2012.

- As of October 2013, 84 insurance companies participated in the "Write-Your-Own" program, started in 1983, in which insurers issue policies and adjust flood claims on behalf of the federal government under their own names.
- As of October 2013, 68 percent of NFIP flood insurance policies covered single family homes, 20 percent covered condominiums and 5 percent covered businesses and other non-residential properties. 2 to 4 family units and other residential policies accounted for the remainder



# Flood Insurance Policies In Force By Type of Home



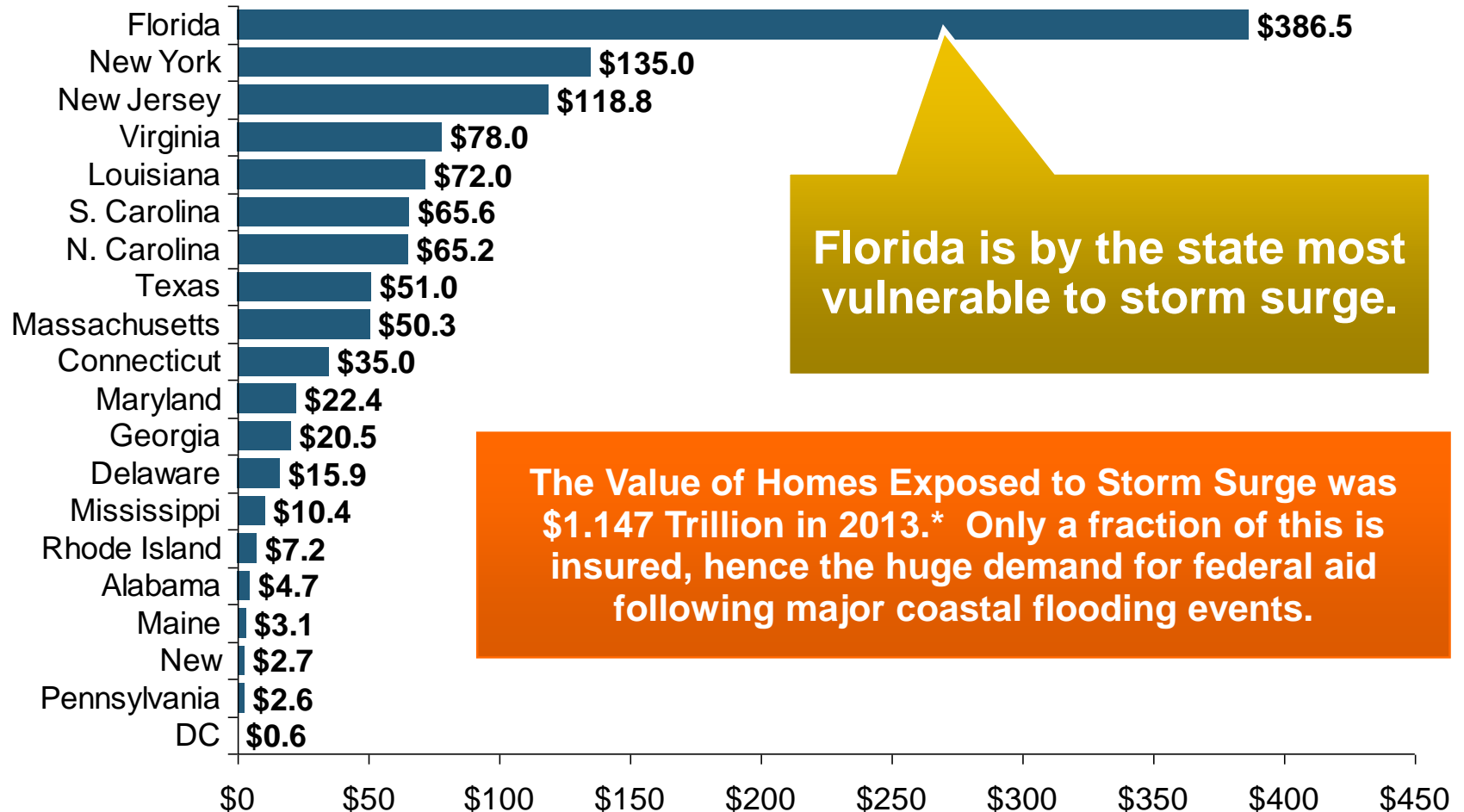
(1) As of April 30, 2013.

Source: Federal Emergency Management Agency (FEMA).

- A 2013 study of coastal areas by CoreLogic found that 4.2 million homes, with \$1.1 trillion in total property exposure, are at risk of damage caused by hurricane storm surge flooding.
- In the Atlantic Coast region alone, there are approximately 2.4 million homes at risk, valued at more than \$793 billion.
- Total exposure along the Gulf Coast is \$354 billion, with 1.8 million homes at risk for potential storm-surge damage.

# Total Potential Home Value Exposure to Storm Surge Risk in 2013\*

(\$ Billions)



\*Insured and uninsured property. Based on estimated property values as of April 2013.

Source: *Storm Surge Report 2013*, CoreLogic.

- Residential properties in Florida have the most exposure to hurricane storm surge damage, followed by New York, New Jersey, Virginia and Louisiana, according to CoreLogic.
- Among the most densely populated metropolitan areas, the New York City metro area, which includes Long Island and the New Jersey coast, has the highest exposure to potential storm surge damage (\$206 billion). The next four areas in terms of exposure were Miami (\$100 billion), Virginia Beach (\$73 billion), Tampa (\$55 billion) and New Orleans (\$43 billion).

# The Ten Most Significant Flood Events By National Flood Insurance Program Payouts (1)

Rank	Date	Event	Location	Number of paid losses	Amount paid (\$ millions)	Average paid loss
1	Aug. 2005	Hurricane Katrina	AL, FL, GA, LA, MS, TN	167,713	\$16,277	\$97,052
2	Oct. 2012	Superstorm Sandy	CT, DC, DE, MA, MD, ME, NC, NH, NJ, NY, OH, PA, RI, VA, VT, WV	127,512	7,441	58,358
3	Sep. 2008	Hurricane Ike	AR, IL, IN, KY, LA, MO, OH, PA, TX	46,468	2,671	57,487
4	Sep. 2004	Hurricane Ivan	AL, DE, FL, GA, LA, MD, MS, NJ, NY, NC, OH, PA, TN, VA, WV	28,260	1,608	56,889
5	Aug. 2011	Hurricane Irene	CT, DC, DE, MA, MD, ME, NC, NH, NJ, NY, PA, RI, VA, VT	44,066	1,323	30,015
6	Jun. 2001	Tropical Storm Allison	FL, LA, MS, NJ, PA, TX	30,778	1,106	35,931
7	May 1995	Louisiana Flood	LA	31,343	585	18,667
8	Aug. 2012	Tropical Storm Isaac	AL, FL, LA, MS	11,949	540	45,175
9	Sep. 2003	Hurricane Isabel	DE, MD, NJ, NY, NC, PA, VA, WV	19,868	493	24,833
10	Sep. 2005	Hurricane Rita	AL, AR, FL, LA, MS, TN, TX	9,511	473	49,754

(1) Includes events from 1978 to November 30, 2013, as of January 15, 2014. Defined by the National Flood Insurance Program as an event that produces at least 1,500 paid losses. Stated in dollars when occurred.

Source: U.S. Department of Homeland Security, Federal Emergency Management Agency; U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Hurricane Center.

# The iiiToolkit: Putting Insurance Tools into the Hands of Consumers

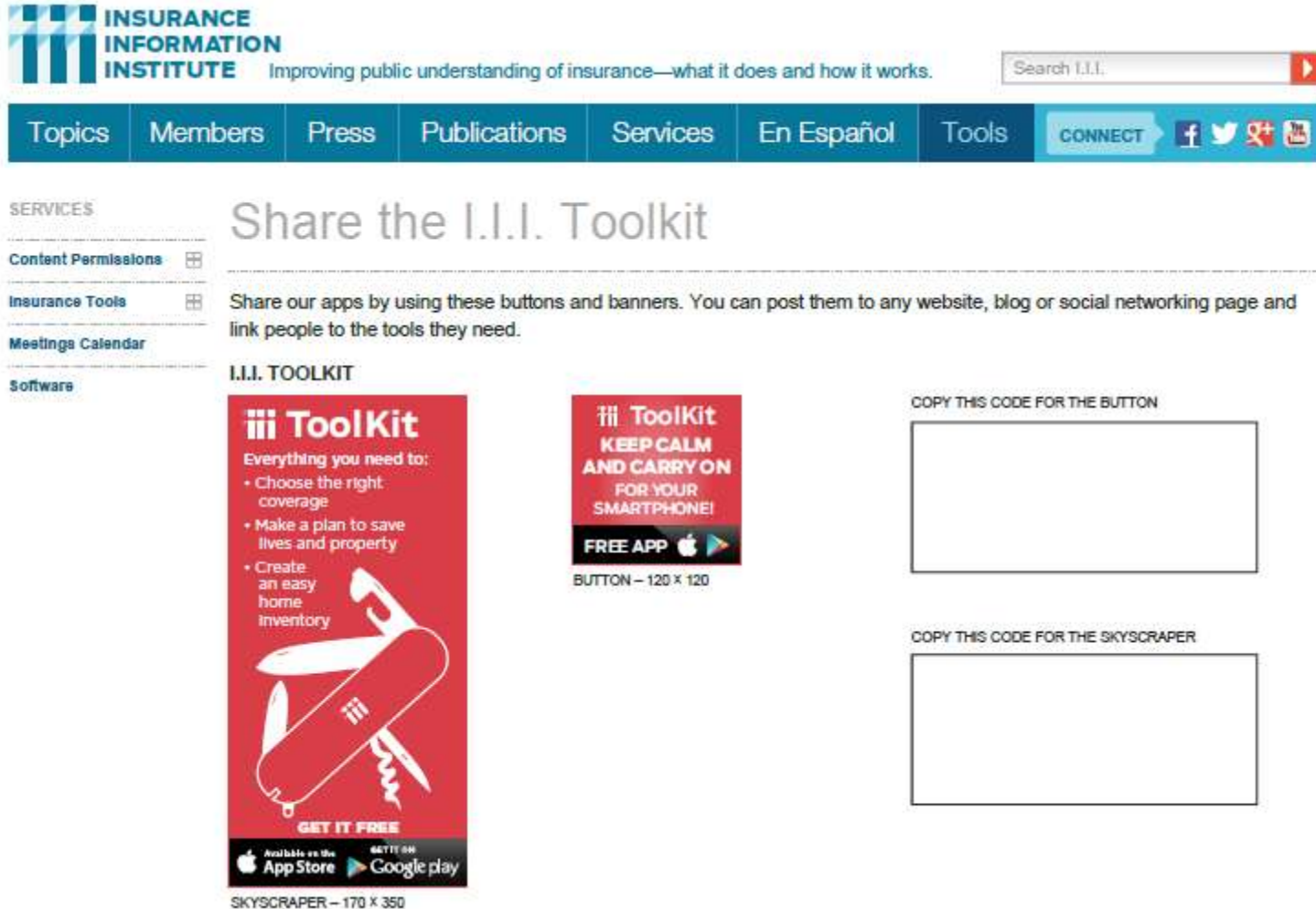
- The iiiToolkit is a free mobile app suite that can help users put together a disaster plan, learn about selecting the right insurance for their needs and budget, and create and maintain a home inventory database.

- Takes an action oriented approach: make a checklist; create an inventory; have a conversation with your insurance professional.







# Sharing the I.I.I. Mobile Apps

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The first in a series of animated videos on insurance basics starts with homeowners; next up: auto insurance, small business insurance; claims filing.



## The I's on Insurance:

### Your Homeowners Coverage



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**Know Your Stuff** is a free, online home inventory software—and integrated mobile app—that is highly regarded by the public and media, and represents the type of outreach by the industry that generates great PR.

We are planning a complete update of the software and app later this year.



**III Inventory**  
By Insurance Information Institute  
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**Description**  
Know Your Stuff® - Home Inventory, the Insurance Information Institute's free online home inventory software. This application makes creating and updating your home inventory easy and efficient. And with our free, secure online storage you will have access to your inventory anywhere, any time. You never know when a disaster may strike, but you can be prepared with an up-to-date home inventory.

**What's New in Version 2.3**  
updated sign up process  
new Add Room  
added 3D

**iPhone Screenshots**

at Verizon 7D 1:24 PM  
at Verizon 7D 1:25 PM

**Know Your Stuff® HOME INVENTORY**

Welcome


**ADD PHOTO**

**Customer Ratings**  
Customer Ratings: 4.9 (1.4 Ratings)  
All Versions: 4.9 (1.4 Ratings)

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# “Check20” Campaign



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From: Insurance Information Institute  
To: Lewis, Shoma  
Cc:  
Subject: Check 20: April 2014

Sent: Fri 4/10/2014 7:27 AM

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April 2014  **CHECK:20**



**It's not *Just* in Kansas Anymore**

Have at least a 5 to 7 day Disaster Supplies Kit assembled. Obtain a NOAA Weather Radio to monitor severe weather. If you do not have a weather radio, stay tuned to local radio or television. Learn the early warning systems available locally. Conduct tornado drills at least annually and practice your response to a tornado threat.

Learn what the terms tornado watch and tornado warning mean so that you clearly understand the risk to your family and your community. A "Tornado

**Know what's covered before trouble happens.**



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## Check20 will reach consumers via:

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- Dedicated Check20 homepage
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# QUESTIONS/DISCUSSION

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***Thank you for your time  
and attention!***