



**INSURANCE
INFORMATION
INSTITUTE**

Increasing Customer Awareness: Enhancing the Customer Experience

PCI National Flood Insurance Conference

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Crystal Gateway Marriott,

Arlington, Virginia

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Presentation Overview

Insuring Against a Disaster

- ▲ What is the Insurance Information Institute
- ▲ What do Consumers Know About Flood Insurance and Water Damage
- ▲ What Should We Be Communicating
- ▲ Key Resources
- ▲ Questions



I.I.I. Mission Statement

Simple and succinct; and should stay that way...

Improving public understanding
of insurance...

...what it does and how it works

What do Consumers Know About Flood Insurance and Water Damage

They don't purchase the coverage and don't understand what they have

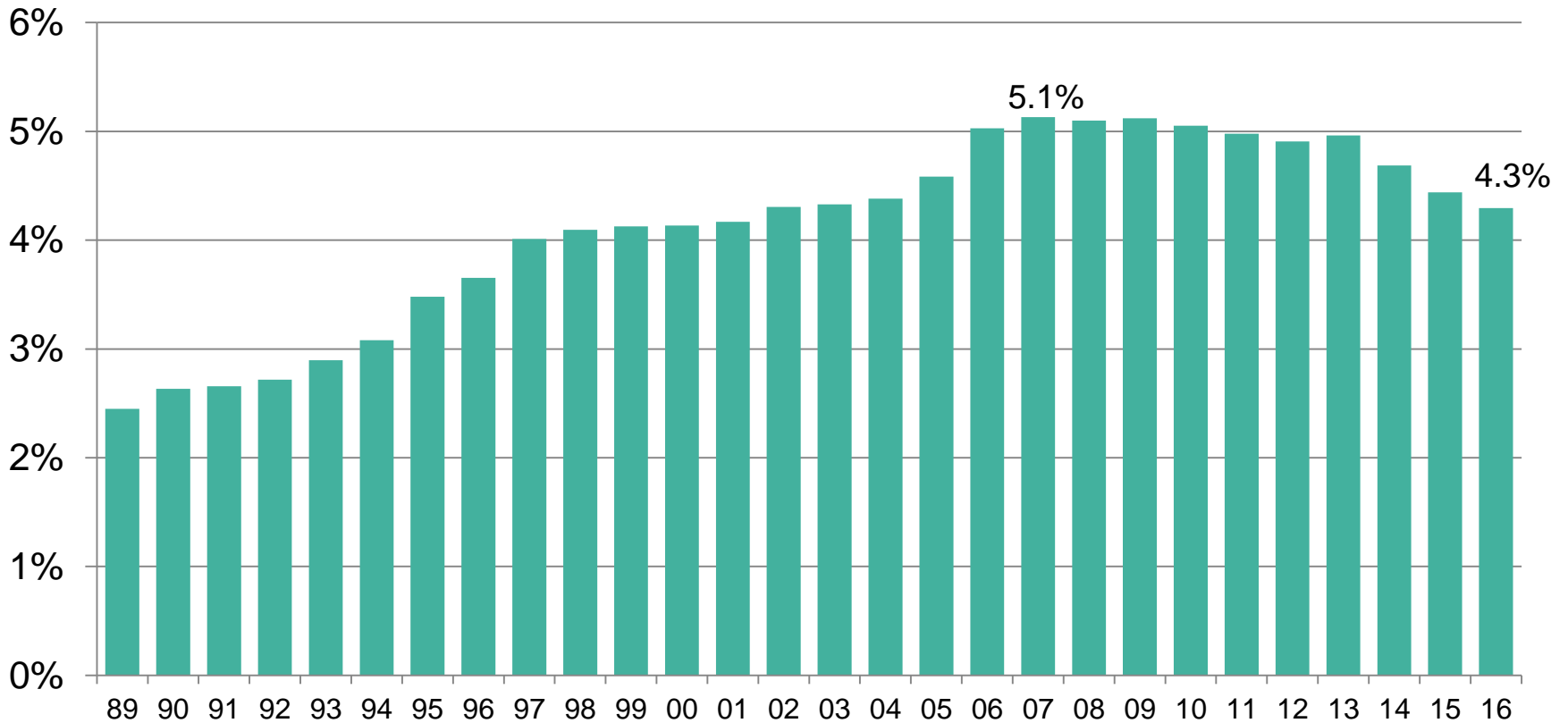
Homeowners and Renters Insurance

Most Homeowners Purchase Coverage, and Growing Number of Renters do too!

- ▲ A 2016 Insurance Information Institute poll conducted by ORC International found that **93 percent of homeowners had homeowners insurance**
- ▲ And, **41 percent of renters had renters insurance**. This number has been growing over the last decade, though.
- ▲ But, only 12 percent of had a flood insurance policy, lower than the 14 percent who had the coverage in 2015.



At Peak (2007), Only 5% of Occupied Residences Had an NFIP Flood Insurance Policy In Force



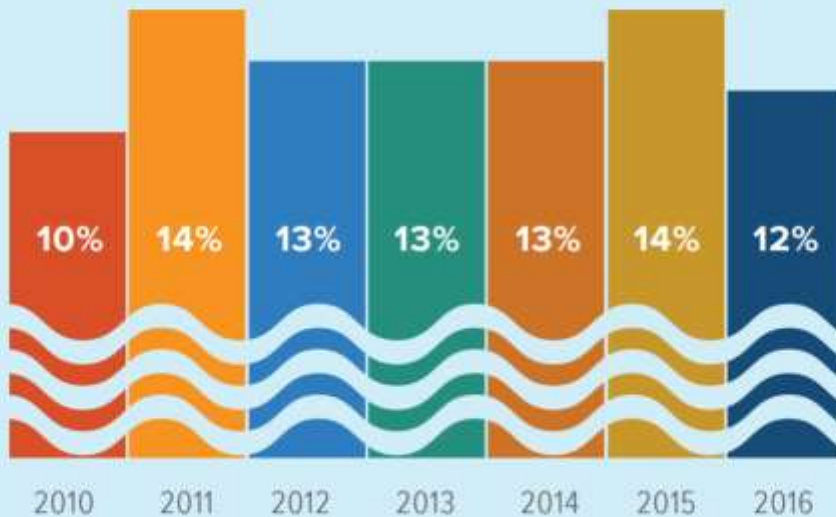
Since 2007 the number of occupied residences has grown by 7.25% but the number of flood policies in force fell by 10.25%.



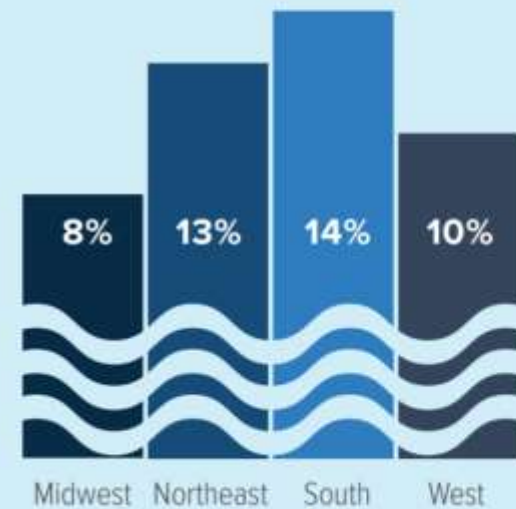
Sources: <https://www.fema.gov/total-policies-force-calendar-year> ; <https://www.census.gov/housing/hvs/data/histtabs.html>
Insurance Information Institute.

Flood Insurance by Year and By Region

Homeowners With Flood Insurance



Homeowners With Flood Insurance by Region (2016)



Consumer Understanding of Home and Flood Insurance: **Good News and Bad News**

Key Findings

Two broad conclusions can be drawn from the I.I.I.'s survey. First, **the majority of homeowners do understand the basics of their homeowners policy.** They recognize that they will be covered if their house is damaged by a fire, if property is stolen

from their home or if someone is injured on their property (Fig. 1).

But second, **homeowners have gaps in their knowledge of their coverage.** For example, many policyholders do not recognize that most flood damage is not covered by their basic homeowners insurance.

Fig. 1

Homeowners Understand the Basics

Percentage of homeowners who knew key perils are covered



Misunderstanding of Flood Damage Coverage



Most homeowners understand the basics in a home insurance policy but don't understand water damage and flooding

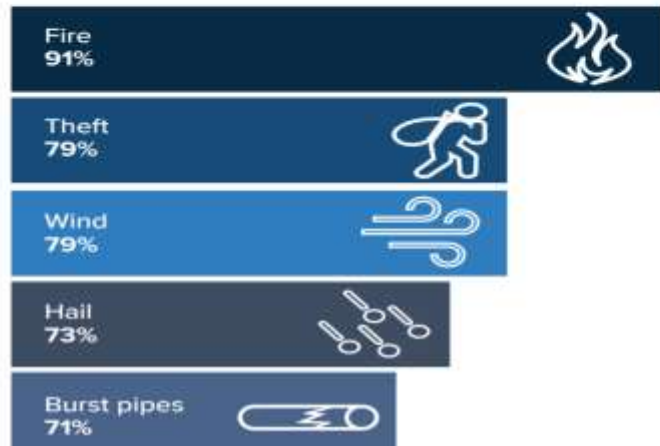


Homeowners Understand the Key Provisions in A Policy

Most homeowners understand the key provisions of a standard homeowners insurance policy. A majority of homeowners recognize that their policy will provide coverage for damage caused by fire, wind and hail. Most also know that items stolen from their house are covered (Fig. 7).

Fig. 7

Recognizing Covered Perils



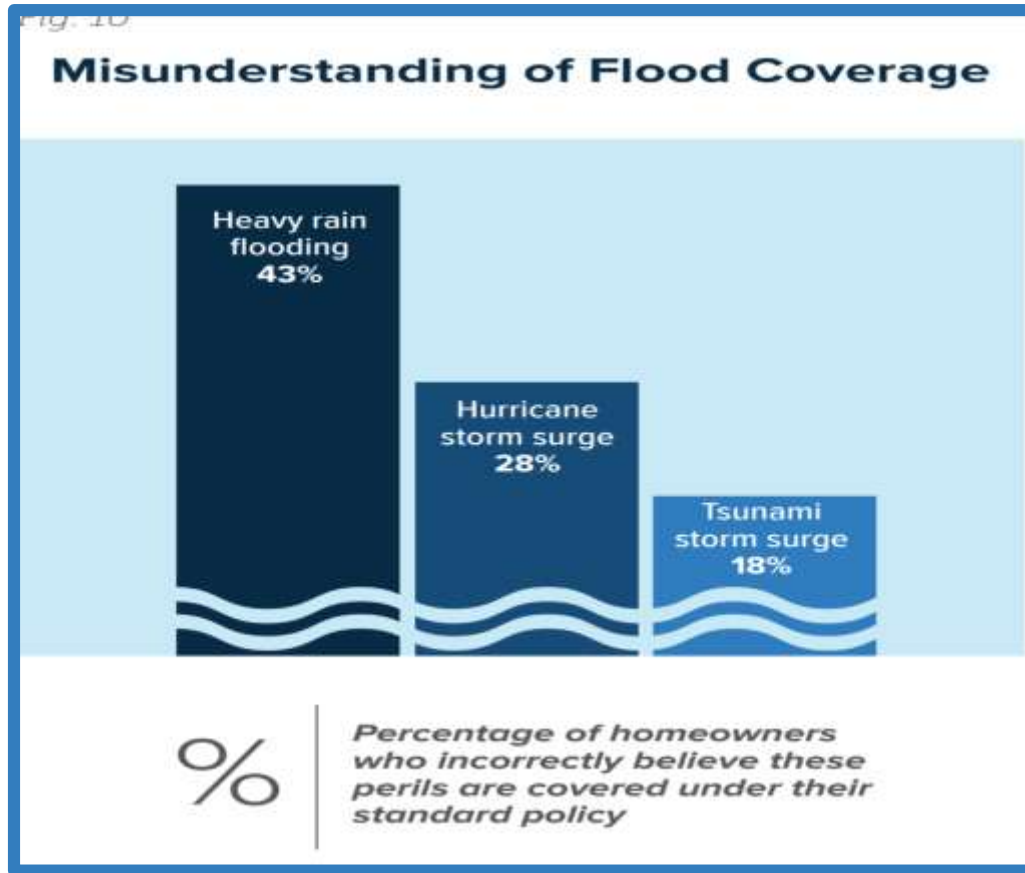
Most consumers understand that

- Fire
- Theft
- Wind
- Hail
- Burst Pipes

Covered by standard home policies

Misconceptions Regarding Flood Coverage

Troubling Results



Most Know that there is ALE Coverage in a Home Insurance Policy

No ALE in Flood Insurance Policy – A Source of Confusion

Fig. 11

Additional Living Expenses (ALE) Coverage

48%

Homeowners who recognize that their policy provides ALE coverage

27%

Homeowners who don't think they have coverage



Standard homeowners insurance does include ALE coverage.

Consumers are also confused by coverage for basements.

Reason for Confusion

- ▲ Confusion about flood coverage may arise from the fact that some types of water and storm-related damage are covered by a standard homeowners policy.
- ▲ For example, most homeowners insurance includes coverage for damage caused by wind-driven rain, burst pipes and water leaking into your house because of a roofline ice dam.
- ▲ But, not by flood.
- ▲ Consumer advocates, public policy experts, the media can also help close the knowledge gap by bringing attention to the need for homeowners to learn more about their insurance coverage and seek professional guidance when they purchase insurance




“Surround Sound” Approach to Disaster Communications



What Should We Be Communicating

Need to Communicate the Basics As Often as Possible

Key Messages Include:

- ▲ Flooding is the most common and costly natural disaster in the United States, causing billions in economic losses each year. Most U.S. natural disasters declared by the president involve flooding.
- ▲ Everyone – no matter where they live – needs to speak to their insurance professional about the risk of flooding and the cost of a policy.
- ▲ Standard home, renters and business insurance policies clearly list the disasters that are covered and the disasters that are not. The two biggest disasters that are not covered are floods and earthquakes
- ▲ Flooding is available from the National Flood Insurance Program (NFIP) and a few private insurance companies. Excess flood insurance is available from private insurance.
- ▲ Flooding is covered under the optional comprehensive portion of an  auto insurance policy.

Focus on Renters – Encourage to get both a Renters Insurance Policy and a Flood Insurance Policy

We are increasingly becoming a Nation that Eschews Home Ownership at Every Demographic!

- ▲ The U.S. homeownership rate was 62.9 percent in second-quarter 2016, down from 63.4 percent a year ago to the lowest rate since the third quarter of 1965, according to data from the U.S. Census Bureau.
- ▲ The 2010 Census showed that in some of the largest cities renters outnumbered owners, including New York, where 69.0 percent of households were occupied by renters, followed by Los Angeles (61.8 percent), Chicago (55.1 percent) and Houston (54.6 percent).



Need to Point out Limitations of the Policy

Important to Not Sugar Coat it!

Stress the following:

- ▲ There is no ALE coverage.
- ▲ Coverage for Basements is limited.
- ▲ There are limits on the amount and type of coverage under an NFIP flood insurance policy. 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.
- ▲ Coverage limits for commercial property are \$500,000 for the structure and another \$500,000 for its contents.



Disaster-Related Resources

Great Resources – I.I.I. Website

www.I.I.I.org

The screenshot displays the I.I.I. website homepage. At the top left is the I.I.I. logo and the text "INSURANCE INFORMATION INSTITUTE" with the tagline "Improving public understanding of insurance—what it does and how it works." Below this is a navigation menu with links for Topics, Members, Press, Publications, Services, En Español, and Tools. A search bar is located on the right side of the header. The main content area features several sections: 1. "I.I.I. SPOTLIGHT" with a large image of a hurricane and the article "Hurricane Season Insurance Checklist". 2. "PRESENTATIONS" with the article "Insurance Industry Employment Trends: 1990-2017 (February 2017)". 3. "HURRICANE PREPAREDNESS—NATIONAL HURRICANE CONFERENCE #NHCC2017" with sub-articles like "Preparing For A Hurricane" and "Making Your Home More Hurricane Resistant". 4. "DISTRACTED DRIVING AND ROAD SAFETY" with sub-articles like "Distracted Driving" and "Safety Tips For Teen Drivers". 5. "2017 Insurance Fact Book" advertisement with a "BUY NOW" button. 6. "I.I.I. BLOG / TERMS & CONDITIONS" with the article "Insurers Invest in Artificial Intelligence". 7. "I.I.I. DIGITAL / SOFTWARE & MOBILE" with the article "Know Your Stuff". 8. "I.I.I. UPDATES" with the article "Op-Ed: Why The ProPublica Auto Insurance Report". At the bottom, there is a "FACTS+STATISTICS" section with a "Wildfires" article and a dropdown menu for "All Facts & Statistics".

- ❖ Consumer Articles
- ❖ Tips for Business owners
- ❖ Educational Videos
- ❖ Infographics
- ❖ Apps
- ❖ Research
- ❖ Statistics

I.I.I. Flood Insurance Resources

Articles, Facts, Stats and More

- ◆ [Facts About Flood Insurance Article](#)
- ◆ [In Case Of A Flood Article](#)
- ◆ [Recovering from a Flood Article](#)
- ◆ [Flood Insurance Issues Updates](#)
- ◆ [Infographic: How To File A Flood Insurance Claim Article](#)
- ◆ [National Flood Insurance Program Article](#)
- ◆ [Sandy Flood Claim Payouts Article](#)

Variety of Videos and Infographics

Water And Flood Damage:
What Is And Is Not Covered



I.I.I.'s Spanish Language Resources

Consumer News Releases Translated into Spanish

Articles

News Releases

The screenshot shows the I.I.I. website interface in Spanish. The main heading is "Información Sobre los Seguros en Español". The page is organized into several sections:

- INSURANCE TOPICS:** A sidebar menu listing categories such as Auto Insurance, Homeowners and Renters Insurance, Life Insurance, Financial Planning, Business Insurance, Life Stages, and Financial Products and Commentary.
- MAIN CONTENT:**
 - Business Insurance:** "¿Tiene su negocio un plan de seguros contra desastres?" (Does your business have a disaster insurance plan?).
 - Life Stages:** "Cobertura BOP: La póliza básica de seguros para empresas." (BOP Coverage: The basic policy for business insurance).
 - Financial Planning:** "¿Qué es una anualidad?" (What is an annuity?).
- ALL SPOTLIGHT:** "Louisiana Flooding" - Standard flooding more than 30% in some parts of Louisiana have resulted in the worst flooding in...
- ALL VIDEO:** "Protecting Your Home From An Earthquake" - Earthquakes are a real threat to your home, possessions, and safety. Learn simple ways to prepare for...
- PRESENTATIONS:** "Insurance Industry Employment Trends: 1999-2016 (June 2016)" - The U.S. Labor Department's Bureau of Labor Statistics (BLS) just published data as of June 2016.
- ALL BLOG / TERMS & CONDITIONS:** A link to the blog and terms page.

The screenshot shows the I.I.I. website interface in Spanish, specifically the "Comunicados de Prensa" (Press Releases) page. The page features a navigation menu on the left and a main content area with a "PRESS RELEASE ARCHIVE" section. The archive lists several press releases with their dates:

- 2011 | 2012 | 2013 | 2014 | 2016 | 2019
- 2019:** "Riesgos De Inundaciones Y Los Seguros Necesarios En Caso De Tormentas Severas Son Los Temas Que Más Preguntan Los Residentes Hispanos De Houston" (August 4, 2019).
- 2018:** "Aviso A Los Medios: Newsline 45 Presenta Línea Telefónica De Ayuda Este Miércoles 3 De Agosto Para Responder Preguntas De Seguros Y Preparación Contra Desastres" (August 1, 2018).
- 2016:** "Seis Consejos Para Tomar El Control Del Volante Al Comprar Seguro De Auto" (July 25, 2016).
- 2016:** "WXTV Unirán 41. Insurance Information Institute y Latin Agents and Brokers Association Organizan Un Banco Telefónico Para Responder Preguntas De La Audiencia Sobre Los Seguros Con La Cancionera 'Respira Tu Verano' El 20 De Julio De 5 A 7 P.M." (July 20, 2016).
- 2016:** "Los Vacacionistas Preocupados Por El Clima Extremo, El Maltrato Público Y Otros Riesgos Pueden Recurrir A Los Seguros De Viajes Para Obtener Asistencia Personal Y Financiera" (July 11, 2016).
- 2016:** "El Número De Reclamaciones De Seguros Por Daños A Causa De Torpes Desmorona Legislativamente Pero La Severidad Aumenta Un 7%" (June 23, 2016).

On the right side of the page, there are several featured articles and sections:

- I.I.I. VIDEO:** "Protecting Your Home From An Earthquake" - Earthquakes are a real threat to your home, possessions, and safety. Learn simple ways to improve th...
- FACTS+STATISTICS:** "Identity Theft and Cybercrime" - Back to school season presents myriad opportunities to mold young minds. But to hackers and other cy...
- ALL Facts & Statistics:** A link to the facts and statistics page.
- I.I.I. BLOG / TERMS & CONDITIONS:** A link to the blog and terms page.
- EN ESPAÑOL:** "Louisiana Flooding Underscores Insurance Need" and "Las Mordidas De Perros Causan Un Terrores De Los..."



Thank You!

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