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

- 2010: 10%
- 2011: 14%
- 2012: 13%
- 2013: 13%
- 2014: 13%
- 2015: 14%
- 2016: 12%

Homeowners With Flood Insurance by Region (2016)

- Midwest: 8%
- Northeast: 13%
- South: 14%
- West: 10%
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 consumers understand that:

- Fire
- Theft
- Wind
- Hail
- Burst Pipes

Covered by standard home policies.
Misconceptions Regarding Flood Coverage

Troubling Results

![Graph showing percentage of homeowners with misconceptions about flood coverage.](image)

- **Heavy rain flooding**: 43%
- **Hurricane storm surge**: 28%
- **Tsunami storm surge**: 18%

*Percentage of homeowners who incorrectly believe these perils are covered under their standard policy.*
Most Know that there is ALE Coverage in a Home Insurance Policy
No ALE in Flood Insurance Policy – A Source of Confusion

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

- 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
Thank You!

@JeanneSalvatore
212-346-5555
917-612-4088
jeannes@iii.org