The Evolution of the Private Flood Insurance Market

WHAT FLOODPLAIN MANAGERS NEED TO KNOW ABOUT PRIVATE FLOOD INSURANCE

NCAFP FAL 2020 VIRTUAL WORKSHOPS
OCTOBER 22, 2020

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BENDER CONSULTING SERVICES, INC.
Most Homeowners insurance policies don’t cover damage due to flooding. You need to buy an NFIP policy.
Let’s Return to the 70’s…
trend setting fashions
Let’s Return to the 70’s… memorable TV shows
Let’s Return to the 70’s…

cutting edge technology
Let’s Return to the 70’s…
The NFIP
Today’s NFIP Flood Insurance

- Complicated Product
- Limited Basement Coverage
- Writes All Properties
- Limited RC
- Low Limits
- Subsidized/Discounted Rates
- Fees & Surcharges
Today’s Flood Insurance Gap

Floods $20 B

85%

That’s 5 in 6 homes, leaving an average yearly protection gap of $10 billion.

1. BUILD A CULTURE OF PREPAREDNESS

1.2 Close the insurance gap

1.3 Help people prepare for disasters

1.4 Better learn from past disasters, improve continuously, and innovate
Private Flood Insurance Today

- 50+
- Non-Admitted
- Admitted
- Lender Compliant
- New Tech
- As Broad(er)
Four Basic Types of Policies
Broader Coverages

- **Cancellation**: Pro-rated, Minimum Earned
- **Waiting Period**: 0, 5, 7, 10, 14, 15 Days
- **Replacement Cost**: Building & Contents
- **Limits**: Bldg-$5M, Cnts-$2.5M, TIV-$15M & $20M
- **Addl Coverages**: Addl Living Exp, Basement, FlexCash & Swimming Pool Cleanout
Quick Quotes

Stand-Alone Flood Coverage Quoting

Flood Zone: [A]
(If you are unsure of your current flood zone, check here to help determine your flood zone)

Year of Home: [1975 or greater]

Flood Building Limit: [$500,000]

Flood Personal Property Limit: [$100,000]

Replacement Cost on Personal Property: [No]

Flood Deductible: [$5000]

[Calculate]

Premium displayed is an estimate and does not guarantee issuance of coverage.

Estimated Annual Flood Premium: [$3,584]

We offer these upgrades, take your pick:

Please click on the yes / no switch to turn an upgrade on or off.

- Replacement Cost - Personal Property
- Temporary Living Expenses
- Unattached Structures
- Post Repair & Fit

Your Premium: [$3,152.00]

[Request Additional Information]
Property Owner Considerations

LAP  SE

30 DAY Waiting Period

State Guaranty Fund
Federal & Local Considerations
Lending Regulators Guidance on Private Flood Insurance
State Regulators look to encourage writing of private flood insurance
Insurance agents to program managers actively marketing private flood insurance
NFIP Risk Rating 2.0

Redesigning risk rating system to improve policyholder experience

- Provides rates that are easier to understand for agents and policyholders
- Reduces complexity for agents to generate a quote
- Creates an individualized picture of a property’s risk
- Reflects more types of flood risk in rates
- Ensures that rates remain risk-based and use the latest actuarial practices

NFIP Transformation
www.fema.gov/flood-insurance/work-with-nfip/risk-rating

April 2021-Rates released
October 2021-Rates effective
Increase Offerings of Parametric Insurance; Recommendation 2019a-05: The Administrator should convene cross-sector industry partners to develop parametric insurance for individuals.
Ongoing publications
Questions?
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