



Get FloodSmart

Agents.FloodSmart.gov

FOR AGENTS

# PREFERRED RISK POLICY MARKETING

## THE PREFERRED RISK POLICY

A flood starts with a single drop of water—but it doesn't stop there. All it takes is one big thunderstorm, and suddenly water is rushing under the door. Without flood insurance, your clients have to pay for ruined walls, furniture, floors, rugs, baseboards, electronics, and more. Fortunately, if they live in a moderate- to low-risk area, they may qualify for the National Flood Insurance Program's (NFIP) lower-cost Preferred Risk Policy (PRP).

Encourage your clients to buy a PRP today. Not only will you help to minimize their financial burden, but you also will build your business.

## GENERAL INFORMATION

Most properties in moderate- to low-risk flood areas will qualify for the PRP. It's available for homeowners, business owners, and renters. A PRP premium for residential buildings includes up to \$250,000 for building coverage and \$100,000 for contents coverage. Renters can get contents-only coverage. Non-residential PRPs include up to \$500,000 each for building and contents coverage.

Owners of properties newly mapped into a high-risk area due to a map revision could qualify for the cost-saving Newly Mapped procedure. The premiums will be the same as the PRP for the first year (calculated before fees and assessments) provisions of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). Additional information can be found at [Agents.FloodSmart.gov/PRPmarketing](https://agents.floodsmart.gov/PRPmarketing).

## MARKETING TIPS

- **Start marketing now.** Talk to your existing residential and commercial clients about the PRP as soon as possible. There typically is a 30-day wait before a policy becomes effective, so reach out to your clients before the next flood event occurs.
- **Be aggressive.** Reminding your clients in writing about the importance of obtaining flood insurance, even if they aren't required to purchase it, will reduce your Errors and Omissions exposure. Ask them to sign a waiver form if they decline coverage. You can use the form found at [Agents.FloodSmart.gov/manageagent/selling-a-policy/writing-a-policy/waiver-form](https://agents.floodsmart.gov/manageagent/selling-a-policy/writing-a-policy/waiver-form).
- **Review your book of homeowner business.** Cross-selling PRPs to existing clients is a great way to increase your commission and ensure that your clients have the best coverage at the best price.
- **Review your commercial Property and Casualty portfolio.** The PRP is a great complement to the Business Owners Policy (BOP).



FEMA

OCTOBER 2015

## COMPELLING STATISTICS

- From 2010 to 2014, the average residential flood insurance claim in a moderate- to low-risk area was nearly \$39,000.
- From 2010 to 2014, the average commercial flood insurance claim in a moderate- to low-risk area was more than \$89,000.
- More than 20 percent of all flood claims are from outside mapped high-risk flood areas.

- **Stay informed about upcoming map changes.** Ensure that your clients and prospects are aware of map changes and available rating options.
  - If newly mapped into a high-risk area, property owners currently may benefit from the Newly Mapped procedure to help reduce the financial burden.
  - If newly mapped from a high-risk to a moderate- to low-risk area, they still are at risk. Offer to convert the existing standard-rated policy to a PRP with no gap in coverage. Your clients typically will get money back, and you'll get to keep both commissions.
- **Visit [Agents.FloodSmart.gov](http://Agents.FloodSmart.gov)** to access online tools, information, and marketing materials that will help you sell flood insurance to existing and new clients. You'll find the Referral Program, which offers free qualified leads and downloadable tools, widgets, template letters and advertisements, and much more.

## TALKING POINTS

- **Most homeowners insurance policies do not cover flooding.** Only flood insurance can help you recover financially from the damages that flooding can cause to your home, business, and belongings.
- **Federal disaster assistance is not always available for flooding.** Disaster assistance, if it's available, may not be enough to cover your costs. Also, it's typically a loan that must be repaid with interest in addition to your mortgage.
- **Flooding is the most common natural disaster.** Floods can happen anywhere and are more common than you might think. You don't need to live in a high-risk area or near a body of water to be at risk for flooding. Anywhere it can rain, it can flood.
- **You probably can't afford *not* to purchase flood insurance.** Just a few inches of water can cause tens of thousands of dollars in damage to your property and wipe out your personal savings or have devastating effects on your business. According to the Institute for Business and Home Safety, at least 25 percent of businesses forced to close by a disaster never reopen.
- **The PRP provides the same effective coverage as a standard flood insurance policy for roughly half the cost.** A PRP offers both building and contents coverage in one package.
- **Buy flood insurance before it's too late.** It typically takes 30 days for a policy to go into effect, so buy a PRP policy today before the next flood hits your community.