

HOW TO SPEAK FLOOD.



Agents.FloodSmart.gov

PROTECT YOUR CLIENTS. BUILD YOUR BUSINESS. LEARN TO SPEAK FLOOD.

Every licensed property insurance agent can sell flood insurance through the National Flood Insurance Program (NFIP). But flood insurance has a special language—and requires specific sales knowledge. That’s why the NFIP has prepared this guide.

It will help you learn to “speak flood” to your clients. And it will show you how to gain access to all of the sales and marketing tools and tips waiting for you at Agents.FloodSmart.gov.

Know flood. Speak flood. Write flood.



Get FloodSmart
Agents.FloodSmart.gov

WHY LEARN TO SELL FLOOD INSURANCE?

Tell your clients that:

- Floods are the #1 natural disaster in the U.S.
- The average flood insurance policy is about \$700 a year. And in moderate- to low-risk areas, homeowners can financially protect their properties with Preferred Risk Policies (PRPs).
- From 2010 to 2014, the average flood claim was more than \$42,000.
- Anywhere it rains, it can flood. More than 20 percent of all flood insurance claims come from areas outside of mapped high-risk flood zones.

Flood insurance is smart for home and business owners. And smart for agents. Learn why.

SELLING FLOOD INSURANCE BUILDS (AND PROTECTS) YOUR BUSINESS.

Build your business. Insurance is about trust. Your clients trust you to know what they want and need in homeowners, life, auto, umbrella, liability or other lines of coverage. By establishing flood insurance as a significant part of your portfolio, you can make your clients aware of a key vulnerability in their coverage and more fully protect them, further building trust and increasing potential for additional sales.

Protect your business from lawsuits. Your clients trust you to keep them informed about the protection they need and to offer that protection. They also expect you to have the technical knowledge you need to accurately sell and service flood insurance. The top two Errors and Omissions (E&O) pitfalls are not offering coverage and not offering the right amount of coverage. As a well-trained and motivated flood agent, you can protect yourself from possible E&O-related lawsuits.

GO TO AGENTS.FLOODSMART.GOV TO ACCESS CRITICAL TOOLS.

Advertising templates and free leads are only available to registered FloodSmart agents. Learn more about free registration and tools at [Agents.FloodSmart.gov](https://agents.floodsmart.gov).

TO SPEAK FLOOD, YOU HAVE TO KNOW FLOOD.

**We all know a flood when we see one—
but the NFIP has an official definition:**

“A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area, or of two or more properties (at least one of which is your property).”

The NFIP explains the cause of a flood in four ways:

- Overflow of inland or tidal waters;
- Unusual and rapid accumulation of runoff of surface waters from any source;
- Mudflow (a river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water); or
- Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined.

FLOODS HAPPEN EVERYWHERE.

Snow melt in the Midwest brings spring flooding. Heavy winter rains on the West Coast create flooded homes and mudflows. Hurricanes and tropical storms drench the country from New England to the Mid Atlantic to the Gulf, and can seriously impact communities hundreds of miles inland as well. The fact is, floods occur in all 50 states. Because anywhere it can rain, it can flood.

KEY DIFFERENCES BETWEEN HOMEOWNERS AND FLOOD INSURANCE.

Homeowners insurance covers both personal property and the dwelling under one policy. So can a flood insurance policy. However, unlike homeowners insurance, the NFIP gives the property owner the option of including contents. It generally is not an automatic coverage.

PRPs offered in moderate- to low-risk areas, cover structures and personal property jointly. For all standard-rated policies, personal property coverage and dwellings coverage have separate limits. Structural and contents coverage is also offered for commercial properties.

Replacement cost is available as a settlement option for principal single-family residences. The property must be insured to a minimum of 80 percent of Replacement Cost Value. All personal property claims are paid on actual cash value—their depreciated cost.

As shown later in this guide, costs for both residential and commercial coverage are determined by level of risk.

Be sure your clients know there's no such thing as a "little flood." Show them the financial implications of flooding using the Cost of Flooding tool at [FloodSmart.gov](https://www.floodsmart.gov) or use the embed code on [Agents.FloodSmart.gov](https://www.agents.floodsmart.gov) to add the tool to your own website.

KNOW WHAT'S COVERED.

The NFIP pays for direct physical loss by or from flood. For example, if a sewer backs up into a client's home because of flooding in the area, the damage is covered. If the backup has a different cause (such as tree roots around a line) it's not covered by flood insurance. **Refer to the NFIP policy for a complete explanation of coverages and exclusions.**

Building coverage: In addition to the building and its foundation, building coverage pays for permanent items such as: plumbing and electrical systems; HVAC systems; water heaters; refrigerators, stoves and built-in dishwashers; permanently installed paneling, wallboard, bookcases and cabinets; and debris removal. Some items that are often located in basements—such as a furnace, hot water heater and circuit breaker—are also covered by a structural policy. Other items that may be in a basement, such as a washer and dryer, are only covered through personal property coverage—and have limited coverage in basements, as described below.

Personal property coverage: Clothing, furniture and electronic equipment are covered, but so are appliances that are not permanently installed, such as portable microwaves, dishwashers and air conditioners, as well as window air conditioners. Clothes washers and dryers are also considered personal property, as are food freezers and their contents.

It's a good idea to tell flood insurance clients to have an inventory of their home in case they need to make a claim. They can learn more at KnowYourStuff.org.

KNOW WHAT'S NOT COVERED.

When clients are dealing with flood damage, the last thing they need is a surprise. So you should walk them through the Standard Flood Insurance Policy for a full list of coverages and exclusions at the time of application. The following are a few examples of what is not covered.

Property outside a building. This includes decorative and recreational items such as swimming pools, hot tubs, decks, patios, fences and walkways, as well as septic systems. Plantings are also not covered.

Certain high value items. Currency (including rare coins), precious metals and stock certificates.

Damage that could have been avoided. This includes moisture, mildew or mold resulting either from a pre-existing condition or from lack of timely remediation.

Also excluded are payments for living expenses, such as temporary housing, and financial losses caused by business interruption or the loss of use of insured property.

Some valuable items, such as original artwork and furs, are covered under flood insurance. But the limit is \$2,500.

COVERAGE CAN BE AFFORDABLE.

Many people believe flood coverage through the NFIP is always expensive. But that's not the case. Most property owners who live in a moderate- to low-risk area (indicated as B, C or X zones on flood maps) will qualify for a PRP, which is more affordable. Here is a sampling of annual premiums, as of April 2016, for PRPs for single family residences. The NFIP Flood Insurance Manual details more options, including building/contents and contents-only coverage for non-residential properties and the annual Homeowner Flood Insurance Affordability Act (HFIAA) surcharge.

Residential PRP Annual Premiums*

<i>Building</i>	<i>Contents</i>	<i>Premiums</i>
\$20K.....	\$8K.....	\$146
\$100K.....	\$40K.....	\$324
\$250K	\$100K.....	\$425

* An additional \$25 annual HFIAA surcharge will be applied for primary residences and \$250 for all other occupancies.

NOTE: Home and commercial property owners should generally elect to secure both forms of coverage, while renters should elect to only purchase contents coverage.

Individual condominium unit owners, renters, home, and business owners can get peace of mind from obtaining a PRP. Check your book of business for leads.

KEY POINTS FOR CLIENTS.

When discussing flood insurance, there are several important points to share with your clients.

- **Get flood insurance now, because you can't get it at the last minute.** In most cases, it takes 30 days after purchase for a policy to take effect, so it's important to buy insurance before the storm approaches and the floodwaters start to rise.
- **No matter what your risk is, you can purchase flood insurance.** The only requirements are that your community participates in the NFIP and your property qualifies for coverage. Visit www.fema.gov/national-flood-insurance-program-community-status-book for more information.
- **If you are in a high risk area, insurance is mandatory.** This is required if you carry a mortgage from a federally regulated or insured lender.
- **If you live outside a high-risk area, you might qualify for a lower-cost PRP.**
- **If you own your property outright, you should still be financially protected by flood insurance.** Statistics show that if you live in a high risk zone, you are more likely to experience a flood than a fire.

No matter how strong these points are—and how good a salesperson you are—some clients will raise objections to the idea of flood coverage.

OVERCOMING COMMON CLIENT MISCONCEPTIONS.



You already know to tell your clients that homeowners insurance doesn't protect from flooding—and that flood insurance can be especially affordable in moderate- to low-risk areas.

Here are some other objections you can encounter—along with ways to overcome them by “speaking flood.”

Client: If my property is hit by a flood, disaster assistance will bail me out.

You: Maybe—as long as the President declares a disaster, which doesn't always happen. But even if it does, Federal assistance is usually a loan. Borrow \$50,000 at 4% and you'll pay about \$240 a month for 30 years, in addition to your mortgage.

Client: My house is on a hill, so water drains away. I'm safe.

You: Your risk may be reduced, but it's not eliminated. If your community's stormwater drainage system clogs or fails, flooding from heavy rain or melting snow could cause damage to your home and contents. If your home's location puts you in a moderate- to low-risk area, lower-cost flood insurance is available, so it just makes sense to protect yourself.



Clients don't want to think about flooding. Your job is to make them aware of their risk.

OVERCOMING COMMON CLIENT MISCONCEPTIONS.

Client: My area has never flooded, so I've got history on my side.

You: Conditions change. Nearby construction can alter drainage patterns, and rainfall can exceed yearly averages. In addition, nearby community stormwater drains can clog and quickly back up water during heavy rains, causing localized flooding. What's happened in the past is no guarantee of what will happen in the future.

Client: There was a flood in my neighborhood 20 years ago and I live in a 100 year flood plain. So nothing's going to happen in my lifetime.

You: This is a common misunderstanding. The phrase "100 year flood" doesn't mean an area only risks being flooded once a century. It means that there's a 1% chance of flooding each year. Some "100 year flood" areas have seen two or more floods within a 10-year span.

More talking points and sales "barrier busters" are waiting at Agents.FloodSmart.gov.

AGENTS.FLOODSMART.GOV HAS TOOLS TO SHOW YOU HOW TO "SPEAK FLOOD."

The NFIP created FloodSmart.gov to give home- and business owners an overview of the NFIP and flood insurance while also showing them the devastating consequences of flooding.

Agents.FloodSmart.gov offers you resources to reinforce this consumer messaging, such as testimonials, flood risk scenarios and an interactive tool that can help you demonstrate the cost of flooding. And you can embed these tools on your agency's own website to show how flood savvy you really are.





AGENTS.FLOODSMART.GOV IS DESIGNED TO HELP YOU SELL.

When you register at Agents.FloodSmart.gov, you have access to terrific business tools. Here's an overview.

Referral Program: It's the quickest way to get qualified leads—for free. Prospective clients learn about flood zones and insurance costs through FloodSmart.gov and the NFIP Referral Call Center, and when they're ready to find an agent, they'll be connected to you!

Finding new clients is simple

- 1) Enroll online* so that your contact information is available via FloodSmart.gov, the NFIP Referral Call Center and NFIP mailings after enrollment.
- 2) Through [FloodSmart](http://FloodSmart.gov)'s mailings and advertising, property owners learn about the risk of flooding and are directed to visit FloodSmart.gov or contact the NFIP Referral Call Center to learn about flood insurance. They are then connected with an agent through the Agent Locator feature.
- 3) Our direct mail, FloodSmart.gov, and the NFIP Referral Call Center use the Agent Referral Database to offer potential clients contact information of flood insurance agents in their area—like you!
- 4) Consumers who contact the NFIP Referral Call Center have the opportunity to be transferred directly to a participating agent, who will be given the consumer's contact information.
- 5) Voila! A potential new client!

** A minimum of two hours of flood insurance training every two years is required for enrollment. Visit Agents.FloodSmart.gov for more details.*

TRAINING AND TOOLS TO GROW YOUR BUSINESS

Agent Training. To be part of the Referral Program, agents must have taken a minimum of two hours of training on flood insurance in the past 24 months. This training must be renewed every two years. For more details, visit Agents.FloodSmart.gov/Agents/find-training-programs.

Interactive Tools. Agents.FloodSmart.gov offers a variety of interactive tools that can be embedded on your website to help your customers understand their flood risk, and why flood insurance is important for protecting their finances.

Tools include:

Cost of Flooding Tool: This tool illustrates how much flood damage is caused by just a few inches of flooding.

Flood Risk Scenario Tool: Through this tool, your customers can see how various factors can impact both their property and their neighborhood.

Levee Simulation Tool: Informs customers about levees—how they work and how they can be overtopped or fail.

You'll find more information on all marketing and training programs at Agents.FloodSmart.gov. You'll also find marketing tips and sales "barrier busters," and you can sign up for newsletters and alerts so you'll always have up-to-the-minute knowledge of flood insurance.



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