Overcoming Misperceptions About Flooding

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Kamer Davis, FloodSmart
FloodSmart

• Who We Are: The marketing and education campaign of the National Flood Insurance Program

• Goal: Encourage people to buy flood insurance to lessen the financial consequences of a flood
An Integrated Marketing Campaign

Website
Search
Online Advertising
Direct Response TV
Radio
Direct Mail
Print
Public Relations

Are you FLOODSMART?
Today’s Discussion

• Review recent research on homeowners’ and insurance agents’ perceptions of flood risk and flood insurance.

• Discuss key misperceptions and how to address them.

• Share FloodSmart tools to aid the dialogue.
Review of Research
• Reviewed awareness and interest in the NFIP and flood insurance.
• Provided insight into the buying and selling behavior of homeowners and agents.
• Second year Fors Marsh conducted the study.
• Revealed a consistent pattern—denial of risk.
Why Buy or Sell Flood Insurance?

Homeowner: Why I Buy

- Peace of mind: 59%
- Flood damage can be expensive: 45%
- I'm required to have flood insurance by my lender or law: 31%

Agent: Why I Sell

- Flood damage can be expensive: 65%
- I want to be a one-stop shop for all of my customers' insurance needs: 48%
- My customer lives in a floodplain: 46%
Why Not?

Homeowner: Why I Don’t Buy

- I do not believe my home is at risk: 76%
- It is too expensive: 19%
- It’s a waste of money: 11%

Agent: Why I Don’t Sell

- My customer is not at risk for flooding: 36%
- It is too difficult to convince customers flood insurance is worthwhile: 31%
- My customer cannot afford flood insurance: 20%
### Agent: Why Homeowners Said No

**What are the most common reasons customers decline flood insurance?**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>They do not believe they are at risk</td>
</tr>
<tr>
<td>44%</td>
<td>They do not live near water</td>
</tr>
<tr>
<td>43%</td>
<td>They think flood insurance is too expensive</td>
</tr>
<tr>
<td>36%</td>
<td>They don’t believe in the severity of the consequences</td>
</tr>
<tr>
<td>36%</td>
<td>They think flood insurance is a waste of money</td>
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Are you FLOODSMART?
• Studied homeowners at high risk in New York City post-Sandy.
• Key finding—following a disaster, people acknowledge the flood risk but still **underestimate** the resulting damage.
• Another finding -- **fatalism**
Overcoming Misperceptions
Our Challenge: Overcome Consumer Misperception and Denial

- “My home is not at risk.”
- “Maybe I am at some risk, but how bad can some water damage be?”
- “Anyway, flood insurance is too expensive.”
- “Really there’s nothing I can do.”
Meeting the Challenge: Visualization, Personalization, Reinforcement, Action

• “Whoa—what if this happened to me? I could be in a world of hurt.”
• “Seems like I’m hearing more and more about flooding.”
• “Flood insurance could make sense. I’ll call my agent.”
Misperception #1: I’m Not at Risk
Visualize the Risk to Make It Real

High Water Mark Signs

Risk MAP Depth Grid

Levee Simulator
Misperception #2: Maybe I Am at Some Risk, but How Bad Can It Be?

86% believe they live in a floodprone area.

Only 39% of these homeowners expect damage from a flood to be costly to them.  

(Wharton)
Personalize the Consequences

The Cost of Flooding

Measure Your Damages

6 inch flood

Typically, there is a 30-day waiting period on new flood insurance policies.

Estimates are for illustrative purposes only and should not be used to estimate any actual flood loss. A flood certified insurance adjuster making a room-by-room item-by-item, detailed estimate of covered flood damage is the only estimating method approved by and acceptable to the National Flood Insurance Program. These estimated costs are based on an average U.S. home of 1,000 and 2,000 square feet, built on a slab and with typical household items. Costs vary from State to State and home to home.
Misperception #3:
Flood Insurance Is Too Expensive

<table>
<thead>
<tr>
<th></th>
<th>2014 Average Premium</th>
<th>2014 Average Claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-Risk Flood Area</td>
<td>$779</td>
<td>$23,033</td>
</tr>
<tr>
<td>Moderate- to Low-Risk Flood Area</td>
<td>$420</td>
<td>$27,888</td>
</tr>
</tbody>
</table>
Stress the Return on Investment: Peace of Mind
Misperception #4: There’s Nothing I Can Do
"People are more likely to take actions if information explains how those actions can cut their losses if something happens."

—Dennis S. Mileti
Making It Stick: Reinforcement

• Build coalitions.
• Integrate a variety of information channels.
• Involve community groups—and insurance agents!
Additional Tools to Help Communicate Risk
FloodSmart.gov/Partners

Community Resources

Tools & Resources

FloodSmart offers a range of resources, including interactive tools, widgets, toolkits, and materials, you can use to educate Americans about the impact of flooding and what they can do to protect themselves. Help connect individuals to the information they need to make informed decisions by sharing these resources via your website, blog, social networks, and other communication channels.

Latest News

When does your state focus on flood safety? Find out here.
Find out more about the Preferred Risk Policy Eligibility Extension. Learn More.

Typically, there's a 30-day waiting period from date of purchase before your policy goes into effect.

Cost of Flooding

Include this tool on your website to educate individuals about the high cost of a flood to a home.

Launch Tool

Are you FloodSmart?

Call toll free: 1.888.379.9531 or have us call you.

Search FloodSmart.gov
Other FloodSmart Resources

- Social Media
  - SPREAD THE WORD
    - Help Americans become FloodSmart by sharing these messages about flood risks and flood insurance protection with your social networks.
    - Twitter: 
    - Facebook:
  - TWITTER MESSAGES:
    - Use these messages to spread the word on Twitter. Click on the icons to post messages to your Twitter account.
    - Note: Tweets can be no more than 140 characters.
    - April showers bring May flowers and a higher risk of flooding. Learn about your flood risk here: [http://1.usa.gov/1V56717] #FloodSmart
    - Tweet:
    - Flooding in moderate-to-low-risk areas causes 20% of flood claims. Protect yourself this spring: [http://1.usa.gov/1CyFpLI] #FloodSmart
    - In four years, spring flooding caused nearly $3M in property damage. Are you at risk for flooding? [http://1.usa.gov/1NvLAdB] #floodSmart

- Infographics
  - Before a Flood — Make a Plan
  - After a Flood — Recover Quickly
  - Hurricane Season Is Flood Season
    - And the risk extends far inland

- Toolkits
  - Mapping the Risk
  - Insurance Outreach Toolkit
  - Flood Outreach Toolkit
Community Examples

Houston, Texas
Questions

www.FloodSmart.gov/Partners

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