Federal Insurance Marketing & Outreach Branch

Chasing the Rain - Data Analytics Applications for the NFIP

June 19, 2018
Agenda:

- Introduction
- Data Tour
- How Data Informs Campaigns
- Call To Action
- Next Steps
**Strategic Plan**

**Helping People. Together.**

**FEMA Mission:** Helping people and protecting property in times of disaster.

**FEMA Vision:** A prepared and resilient nation.

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**Strategic Goals:**

1. **Build a Culture of Preparedness**
   - 1.1 Incentivize investments that reduce risk, including pre-disaster mitigation, and reduce disaster costs at all levels.
   - 1.2 Close the insurance gap.
   - 1.3 Help people prepare for disasters.
   - 1.4 Better learn from past disasters, improve continuously, and innovate.

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**Innovative Systems and Processes:**

- Open grants management, transparency, and improve analytics.
- Support the National Disaster Recovery Fund.
- Leverage the experience and knowledge of the disaster survivor and their communities.

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**National Flood Insurance Program (NFIP):**

Helping people and protecting property in times of disaster.
C3 is helping the NFIP demonstrate the value of flood insurance and dramatically increase policy coverage across the nation.
The C3 Team consists of companies with deep expertise in behavioral sciences, data sciences, and human-centered design.
Our approach relies on a mix of data-driven tools and science-based methods to influence customer behavior.

Key Elements of the C3 Solution

We deliver value by:

(1) Using advanced analytics to improve target selection and measure impact.

(2) Using behavioral science best practices to improve content and messaging.

(3) Using infomediaries and stakeholders to amplify direct marketing.
The C3 solution is designed to maximize CIF per marketing dollar by improving response rates and delivering quality prospects into the sales funnel.
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How Big Data Informs Targeting
Marketing Flood Insurance: A Conceptual Framework

Generally, avoid a “one-size-fits-all” approach. Any marketing intervention should be designed, developed, and executed with the target audience in mind.

**WHEN**
is the best time to market flood insurance?

**WHERE**
are the best areas to market flood insurance?

**WHAT**
are the messages we should communicate?

**HOW**
should we deliver messages using marketing channels?
**When is the best time to engage customers in a “steady state” environment? (1/2)**

**Demand Curve Clusters by Shape**
Standardized CIF Counts at the 3-Digit Zip Code Level
When is the best time to engage customers in a “steady state” environment? (2/2)

- Winter Peak (Nov-Jan)
- Spring Peak (Feb-Apr)
- Hills (Feb-Oct)
- Summer Peak (Jun-Aug)
- Fall Peak (Sep-Oct)
Where are the best targets likely to reside? (1/2)

Our geo-targeting models use a blend of economic theory and empirical evidence to score areas (e.g., zip codes) based on a range of factors, including:

**Heightened Sense of Personal Financial Exposure**
- A high degree of homeownership (percent owner-occupied homes)
- A “low” built environment (percent of single-family homes)

**Heightened Awareness of Flood Risk**
- Seasonality of flood insurance purchases (shape of the demand curve)
- One or more highly visible hazards (distance to coast, rivers, lakes)
- Experienced significant flooding in the past 5-10 years (disaster declarations)

**Favorable Affordability Conditions**
- A significant share of homes that are likely to qualify for lower-cost policies (share of structures in X zone; CRS discounts)
- A significant share of homeowners who are likely to have the means to afford insurance (COLA-adjusted discretionary income)
Where are the best targets likely to reside? (2/2)

C3 Cost Burden Index by Zip Code
Index = Expected Premium / Discretionary Earnings
Overview + Audience

For the FY18 Hurricane Season Campaign, we will focus our marketing efforts on “target rich” markets within Harvey and Irma-impacted areas and the wider world.

We will use the results from our 2017 initiatives, along with findings from academic literature, to identify zip codes that should have a high-density of valuable targets.

We will consider data variables including:

- Distance from the Atlantic or Gulf coasts
- Direct experience with Harvey, Irma, or other disasters
- Ability to afford flood insurance, as measured by a ratio of expected premium to discretionary income
- Flood zone (e.g., share of NSFHA households)
- Relative proportion of single-family homes, primary v. secondary homes, homeownership rate, etc.

Directly-hit areas in TX were excluded from FY17 campaign, but will be included in FY18
Targeting

KEY
- Considered Area
- Recommended Targets
- Radio Market

Summary Stats
1,072 zip codes
Total population 18+ of 19.9M

Radio markets: Houston, Gainesville, Ft. Myers, Ft. Pierce, Orlando, Jacksonville, Baton Rouge, Greenville-New Bern (NC), Myrtle Beach, Norfolk, Atlantic City, Philadelphia
Overview + Audience

For the FY18 NatGeo Campaign, we will use analyses of historical policy data at the zip code level to identify peak times for policy sales across the country (based on policy effective dates). This strategy will naturally align our campaign messages to those geographies that are primed to receive them based on seasonal drivers of purchasing behavior (e.g., flash flooding from summer rainstorms).
Targeting

CBI Threshold of <0.50
Digital Target Population: 4.0 million
Radio Target Population: 16.3 million
Call to Action - Leverage C3 Learnings and Tools
CALL TO ACTION

Hurricane Season + Nat Geo

https://www.fema.gov/media-library/assets/documents/165317