

## Untapped Market

### *Why you need to actively sell flood insurance*

By James Redeker

When most people think of flooding in the U.S., they think of hurricanes and the coastal states. But many significant rain events cause localized flooding for those living near rivers, creeks and bodies of water, and those in low-lying areas.

In fact, weather.com reports that over the past decade, more presidential flood disaster declarations have applied to inland states than coastal states. No state is immune to flooding.

Still, fewer people are purchasing flood insurance than ever before: In 2017, only 5 million flood policies were in effect, compared to 5.5 million five years earlier—a decrease of 10%, according to the Associated Press.

After a flood event, numerous flood-related claims are turned in on insurance agents errors & omissions policies. While some of these claims are justified, a great number of them are due to lack of flood coverage—either the client thought flood was included in their property policy, or the agent told the client they didn't need flood insurance.

These claims are much easier to defend when the agent offered flood coverage and the client rejected it.

If you are going to sell flood coverage, you need to understand what you are selling. The second most frequent reason we see for flood-related E&O claims is a lack of understanding of the NFIP manual and policy.

The NFIP manual and policy are constantly changing. Assign someone in your office as the expert on the NFIP manual and policy. Once someone in your office has mastered the NFIP policy, they should not keep that information to themselves.

Most insurance consumers are acquaint-ed with a property policy, but not with a flood policy. Explaining the differences will help curb expectations. After a flood loss is not the time to explain that their coverage is not as broad as what they thought.

You should also get rid of your outdated flood zone maps—E&O claims against agents who are using outdated flood zone maps are nearly impossible to defend.

And finally, be mindful of elevation certificates. We see E&O claims involving delays in obtaining elevation certificates, or where the elevation has changed due to renovations but the agent fails to submit a new certificate.

Always document that you inform the client that you cannot obtain flood coverage until the property owner gets you the elevation certificate. Never offer to obtain an elevation



certificate for a customer.

*James Redeker is vice president and claims manager at Swiss Re Corporate Solutions and works out of the office in Overland Park, Kansas. Insurance products underwritten by Westport Insurance Corporation, Over-land Park, Kansas, a member of Swiss Re.*

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