

Flood: A New Approach for Agents

In the wake of Hurricanes Katrina, Rita and Ophelia, the multiple hurricanes of 2004 and the fall 2005 flooding in the Northeast, I want to take this opportunity to suggest a slightly different approach to flood insurance — treat it as a valuable product in the portfolio you offer your clients. Many products available today are of interest to only a small portion of consumers, but often agencies advertise them as products that are available for purchase; I encourage you to make flood insurance one of the products that you talk with your clients about.

An NAIC flood insurance study group contends that one of the largest problems with flood coverage is just plain ignorance on the part of agents, adjusters and insureds alike. Since flooding can be a problem in North Carolina, it is important for agents and adjusters to be familiar with flood coverage. You wouldn't sell auto, home or business insurance without being familiar with the product so that you can offer your client informed advice and the same should hold true for flood insurance. If you're not familiar with it, take the steps necessary to learn about it. A good starting point for learning about flood insurance is continuing education; we've included a flood course in the continuing education program since 1999, so if you haven't taken it yet, take it this year, and if you took it several years ago, take it again, as the program is always changing.

The Department's Web site, www.ncdoi.com, contains a section that can help consumers understand specific types of insurance, including flood insurance. By selecting "flood insurance" consumer can read about the most frequently asked questions, including what a flood policy covers, what it doesn't cover and any restrictions that might apply. This consumer section provides a good primer on flood coverage, and there is also a link to the National Flood Insurance Program (NFIP) Web site, where consumers can find a wealth of information and direction on how to handle flood coverage.

To make sure your clients are the most informed they can be, help yourself understand flood coverage, by doing the following:

Know your community and the potential product market. Your client does not have to live on a major river or near the ocean to qualify for flood coverage. Any resident of a jurisdiction participating in the NFIP is eligible to purchase coverage. North Carolina victims of the 2004 hurricane floods were mostly in the mountains, far from the ocean. A tropical storm can turn a peaceful mountain creek into a raging river overnight.

Know how to write a flood policy. If a client requested an auto policy, you would know how to quote a premium, you would know which application to fill out and you would

know what information is needed in support. Can you do the same if a client needs or wants flood coverage?

Establish a relationship with either the NFIP or a Write Your Own (WYO) program.

You don't include business coverage in your advertisements and then go looking for a company when you have a client. Investigate your major carriers for a WYO program and investigate how to work directly with the NFIP. After you decide how to go, set up a relationship and make sure everyone in your office who works with clients knows you are set up to do this coverage.

Protect your client and yourself. Make sure every client who might be eligible for flood coverage is offered flood insurance. Don't be the agent who gets to tell a client whose home or business was destroyed by a flood that they could have purchased coverage from you had they only asked. Tell them they can buy it and from you, their agent.

Include flood on a worksheet that asks the questions about the extra coverages that apply to home or business property packages. Use this when selling or reviewing your client's coverage, and if your client declines the coverage, obtain their signature on the form.

Your client will thank you and your community will be better off for the effort.