

FIPNC GENERAL SESSION 2-29-16

- Julia Tishman-CIAB
- Amy Roberti -CIAB
- Patrice Collingwood (CIAB-Guest)
- Joel Kupperud (CIAB Legislative)
- Ken Evans-Willis Towers Watson (CIAB Agent rep)
- Lauren Pachman-PIA Staff
- Pat Borowski-PIA staff
- Richie Clements-PIA agent rep
- Jon Gentile (PAI legislative)
- Dee Houle (Hartford-Flood Company for PIA)
- Jen McPhilips (IIABA Legislative)
- Chris Hedrick (IIABA Agent Rep);
- Cassie Masone-Selective/IBHS Chair
- Corise Morrison-USAA/IBHS Vice Chair
- Bruce Bender (ASFPM)
- Butch Kinerney (FEMA)-Marketing
- Chris Page (FEMA)– leading appeals; he is an attorney
- Tom Glenn (FEMA) – was on CX; transition over to Direct servicing branch
- Nancy Niedernhofer (FEMA) – Customer Experience lead
- Elizabeth Asche (FEMA) – analytics lead
- Dave Stearrett (FEMA) – Advocates office
- Jhun De la Cruz (FEMA) - Underwriting
- Tony Hake (FEMA) – Products development
- Mike (FEMA) – Industry Relations
- Melis Mull (FEMA) – Works with Butch
- Rich Gilroy - FloodSmart
- Emmakate Young - FloodSmart

Three things FIPNC latched on to after morning Executive Session meeting:

- Need to collaborate, coordinate better
- Training – if agents are well trained, can't help the customer at the end; training isn't as robust as it used to be; need commitment from FEMA to agree it is not and to do something
- Changes that take place in the program, the process involved needs to be taken into account. For example, set the end plan and then give the date once it is baked.
- Paul Huang
 - Can't do what they do without agents/WYOs; average Federal assistance outside of NFIP paid was \$8K; typical IA is \$3,500. So, not a lot paid out. Consequently, flood insurance is important.
 - He was on the mapping side before, so heard a lot about insurance; he also has a strong interest
 - He was on FEMA team working on NFIP reform; so has a good overall NFIP understanding
 - 3 main priorities for Roy –
 - customer reset (need to improve service, brand, product – overall experience);
 - affordability (NAS delivered second report; conclusion was: affordability is real hard and a lot of data is needed to properly do something);
 - reauthorization (need stability; maybe some targeted changes, but not too many; really want to get reauthorization through)
 - Four team priorities for Paul's team

- Operations – HFIAA/BW12 to continue to implement, Sandy Claims, new org within FIMA; need to do it with minimal impact to industry. So more effective
 - Customer Experience – Nancy reports to Roy; collaborating, simplifying, better implementation of changes
 - Catastrophic Resiliency – what is Katrina and Sandy hit at once; do we have enough adjusters, money, operations to handle it (they will do a table top scenario; they will first do just flood...a 5-event)
 - People – extends to insurance industry; strong workforce – must collaborate together. Things are imperfect, but nothing on the people; the program.
 - Talked about maybe taking some of the processes learned from Risk MAP in consolidating
- Tony Hake
 - David and Paul are SES level; now have different function
 - Tony has under Product Development: Underwriting, claims, NFIP-Direct and Industry Relations
 - Claudia Murphy has Policy & Data, Appeal, Marketing
 - Cliff Oliver has IT and Contracts
 - Actuaries moved over with Building Science in Risk Management
 - Flood Insurance Advocates office
- Customer Experience Discussion
 - Customer experience is composed of 4 components
 - Brand reliability
 - Products
 - Value
 - Customer service
 - Research was not statistical sound, self-selective; 2,000 interviewed
 - Value was the most important; brand was least important; “and we don’t do value very well”
 - Eight touch points – most linked to customer satisfaction renewal process and Program and Map changes;
 - Satisfaction process is only fair for renewals
 - Last person to trust is government official; one of the top is experts like agent
 - Top 5 takeaways
 - Don’t understand their risk, which has a major impact on perception of value
 - Flood insurance can be simpler
 - Existing flood maps are not intuitive for customers; an alternative risk rating method would enable more accurate pricing
 - Systems integration and data sharing must play a role in enabling changes
 - Work more collaboratively with external partners and with each other in improving customer experience
 - Four areas advancing
 - Better communications on touchpoints around map changes; he feels this is doable in a short time

- We have depth info and CSLF; he will find a third party to provide in/out and elevation changes to give to insurance industry; addresses of changing earlier so agents can be more proactive; spreadsheet sent out recently was first step
 - Risk Rating 2.0
 - Relook at rate tables so that people see more value, as right now it is either all high or all low. So, simple carpet soakers should get a less rate than someone living closer to the water (sliding scale)
 - Goal is to frame it out this year
 - Product simplification
 - Cleaning function – look at all past Bulletins and how they can clean up their books and offer a better product that was set up by FEMA, not law. He will want insurance industry input on clean up; the challenge Paul has is not enough staff right now
 - So as a result, he hopes in a year they will have better product and better process in rolling out changes
 - Communities
 - Working with communities in Risk MAP; what can we do with communities that will have more positive impact on insurance (mitigation activities, where to build, CRS)
 - 29 Initiatives have been identified
 - Top 4 were derived by most customers impacted and what was most important to them, and then what they could change and finally what resources were available
 - They have a 5-year plan; now in year 2
 - So, in year 2, they are creating business plans for each
 - And then a communications plan and want help from insurance industry on how they want to be touched/engaged/reached out to
 - Ken (FIPNC Chair) pointed out that the agent is a key component of the customer experience
 - Cassie (IBHS Chair) – WYOs are customers of the program; don't lose sight of that. Also, flush out your ideas with insurance industry as what might look good, it may not make sense in the flood world.
- NFIP Update
 - 1.67 Billion on reserve; \$7.4 B borrowing left
- NFIP Sandy Transformation Task Force
 - \$8.2 B to 144,000 policyholders for Sandy; majority was done appropriately. Things were done properly
 - Litigation is 90% completely – should be phasing out soon; average claim was \$144,000
 - Non-litigation is going slower – average claim is \$14,000; hope to be done by mid-summer (a lot of gates to go through; policyholder response, independent review, etc.); 18,000 came in; 1,000 no response; 10,000 handled. For about 1/3 that didn't get anything back. For the 2/3 that did get money, there is delay in getting additional money.

- Flood Insurance Advocate – Dave Stearrett
 - Started with 3 folks, now have 7, and will reach 9
 - Provided a report to Roy Wright – will become public facing in the next couple of weeks
 - One of top 5 items is ICC – disconnects between agent, adjuster, policyholder
 - Asked desk reference to be updated, ICC handbook to be updated – Roy is requiring his administrators identified in report to update what was listed; it will be in performance plan to get the gap closed; they see it. Issues are more on the FPM side of the house
 - He would like one central Toll-free number and then distribute to what they want
 - He feels the MSC call center model has worked; insurance needs work
 - The NFIP call center in Denton – get about 100 calls a day; very expensive
 - The better they do the call center, the less calls they get
 - They take in 20-30 a month; they see the thorny issues typically; there are probably a large number of agents writing, however, there is a small percentage that feel they haven't been treated properly by their agents (they need to learn/trained about the NFIP); have been saving agents thousands and tens of thousands of dollars
 - They are looped into the material created by the different Directorates so the materials are understandable by the public
 - FIPNC asked for top issues they are hearing: not writing grandfathering correctly; not writing PRP EE and NMP correctly; writing standard Zone X rate instead of PRP
- Privatization and Reinsurance – Paul's comment
 - They are interested in pursuing reinsurance; but they don't know how to do it as no one has ever done it. How do you execute claims? No one knows. So hope to know the mechanics of it before the Administration changes. So they are testing. Will get a small amount, low limit so it gets triggered and they get it tested
- Training – Butch & Mike
 - Butch said he has been a strong proponent of training; has always felt it needed an overhaul; it has been backburnered
 - Training now over to Mike's branch – finalizing advertising for training position. One positive note is; brought a new guy (Dwayne) who said webinar is dead; need to revisit that model of training; so, can't do anything new because not in current contract. So, will look to have that in the new contract; Jo Ann brings some big thinking to FEMA
 - Claims group is working on mentoring group (experienced adjusters working with newer ones)
 - Mike is new and new to FEMA so he will be learning as he goes
- Underwriting – Jhun
 - Affordability – received phase 2 of NAS report: needed data to do it; they have 18 months to get a framework to Congress; 2 tracks:
 - Qualitative track -look at examples the reports offered
 - Quantitative – matching HUD data with their NFIP data to get a better understanding of customer profile
 - Installments – must go through rulemaking; comment period, then implementation; so 12+ months to publish the rule
 - Updating regulations to reflect changes such as Flood In Progress, multi-family property limits, definition of commercial/business

- Community-based Insurance: They have fulfilled the requirements of the bill and probably won't see much more on that
- New material going on NMP
- Substantial damage occurred on or after implementation date of April 1, 2015, can take advantage of new rule; if occurred between March 2014 and April 2015, can keep pre-FIRM rating
- Lapsed policy window question
- The word "license" is not going to be required as part of the definition of being a business
- Clear Communications – will be revising requirements on this. They had wanted to get it done in 12 months; IBHS/FIPNC raised concerns the amount of work involved; so now 24 months. So, the first set of renewal re-underwriting will be pre-FIRM, standard Zone X, newly mapped properties, PRP. With new business, the requirements are not going to change. So, they will probably get letters starting in June. Renewals will be getting it probably around December
- Surcharge – only pushback is 2-family dwellings (I live on one side and my sister lives on the other); but law is clear...single family dwelling
- January 1 multiplier will not be put into effect until January 1, 2018 (he later corrected that to 2017 after I showed him what it said in the Bulletin)
- FIPNC and IBHS request for suggested changes that don't require Congressional actions – Tony said they are integrating these with Customer Experience results to identify top actions
- Marketing
 - FEMA put together an aggressive push on El Nino to play on the press; saw significant uptick in CA; taking this story to all states in southern swath of El Nino
 - Judy Marvel is over with Mike's team; Melis Mull took her place as #2 to Mary Jo Vrem
 - FloodSmart contract is expiring at the end of August – they are looking at different ways to move the needle; and this El Nino was one way (though they know it is not sustainable); new contract will look at more geo-targeting campaigns
- If an insured agrees to receive policy electronically, they can!!
- McKinsey – the TO for them is over; and hope to get a new one in place soon. And they need to get with OMB on how and what they can release. But hope to get something out in 3 weeks.