

IBHS Flood Committee General Session 3-2-16

Upfront was Cassie Masone (Selective Insurance – IBHS Flood Committee Chair) and people from FEMA: Roy Wright, Paul Huang and Tony Hake

- Roy
 - Highlighted changes in the organization (FIMA Now)
 - Upswing in policies sold in CA; with potential impacts of flooding from El Nino; worked with local communities and state; WYOs did their own input; Sep-Dec 25% increase; through Jan 70K new. Clear message of risk heard not just from agents but from others; so he is looking for other ways like map changes (like in N.O.) to get the message out
 - SC – 5200 claims; \$140 M in claims paid; spoke in front of NAIC in December – got good feedback from SC Ins Commissioner before he spoke; SC had great claim adjusting experience
 - Three things – driving his agenda
 - Customer Centric reset, affordability and reauthorization
 - Customer Centric Reset
 - Laid out ways to better serve policyholders
 - Product simplification – it is more complex than it should be
 - Program mapping changes
 - Renewal – the most nerve racking is renewal; they don't understand the change in premium, etc. at renewal
 - Redesign rating system
 - Finish Sandy claims
 - Affordability – second NAS affordability report: he was not as enamored; he has laid out a process to build out the puzzle pieces on affordability and framework is due July 2017
 - Reauthorization – one bill marked up today; he wants to get things done now that Congress does not have to pass a law about; actively engage Congress and others on this
 - FIO (Federal Information Office) meeting is about getting stakeholders together and looking at claim time, application time. There will be 3 other similar meetings
 - Ultimately, he wants to make it simpler and more straight forward
- Paul
 - Paid out \$8K in sandy and \$3500 in SC; so not a lot compared to Sandy insurance claims; so, flood insurance is critically important
 - Quoted Warren Buffet – what makes a good insurance company
 - First, need to know your exposure (and we want more)
 - Second, what is the probability of loss; they are going to look at data they provide to the actuaries...we have flood depth data we should incorporate
 - Third, price accordingly – for about 80%, we are adequately actuarially rated
 - Fourth, be able to walk away from writing a risk – as the feds, can't do it.
 - Short Term Priorities – he reviewed the same ones he presented at FIPNC
 - Operations - Need stability; lots of things to clean up and finish
 - Catastrophic Resiliency – where are short, systems, adjusters, people, communicators – lay out this year the plan
 - Customer Experience –
 - Brand, value, product, and service

- They want to know more in advance before a change in premium (map change; reform legislation)
 - So, they are working on getting info on map changes (like getting info of changes around map);
 - Risk Rating 2.0 – simplifying
 - People – they have beaten up
- Cassie
 - New Org chart needs to be shared; FEMA said it will be sent out
 - Meetings will be at Embassy Suite for rest of year, but may change in 2017 since FEMA is moving to C Street in April
- Jhun de la Cruz (FEMA Underwriting Branch Chief)
 - October Rate Changes
 - AR/A99 – will become eligibility for PRP rates; hope to release the bulletin April 1; the challenge is the system requirements
 - Working on Prior return refunds and cancellations –
 - Clear Communications – 2 phase approach;
 - Cassie - need to communicate ahead of time with agents and insureds; they (WYOs) would like list of policies that will be getting those letters; originally got one letter to review – have not heard back since; they would like to get those draft letters now to review. Keep them simple. And then have an FAQ for the them to go to. Need those in the next 30 days.
 - Jhun – the earliest going out will be June 2016 and only those new that are PRPs, NMP and subsidized rates; so they will give June letters to review first. Will provide a listing to WYOs of letters going out each month. Q: Have you done any testing? Don't need to sanitize the data...it's all based on what WYOs/Direct reports. If information is missing, then a letter won't go out.
 - Butch – accepts WYOs' offer to help on Section 28; including HFIAA FAQs, so asked to re-stand-up Marketing Committee.
- Summary of FEMA follow-up – get letters to them and get feedback quickly; have monthly underwriting and claims meetings; scrubbed CX Experience report
 - Can they get copies of McKinsey Report? Since there are privacy concerns, can they get summary decks.
 - Need updates on NextGen/Phoenix and CSC/OST transition next time;
 - Sandy Update
 - 19,000 eligible; 11,000 working on 5,300 closed; 1500 were with payment
 - Claims update – Donald Water
 - Certification – have only 15 classes this year (instead of 30); have 4 online courses to “authorize” them to adjust; maybe looking for adjusting firms to help with the training
 - Legislation
 - Ross-Murphy bill – continuous coverage is included which helps overcome the lapse issue
 - 2017 – what is important is stability; if changes, it should be targeted; affordability will take an act of congress;
 - How do we win back lapsed policies is an important question?
 - Ken of CIAB/FIPNC brought up the idea of setting up a blog and a wiki; Advocate's office is setting up a CRM tool (Susan Bernstein now uses SalesForce); process through Ask the Expert 500-1300 a month. Also looking at Knowledge Management that would be social as well. Wants to use Linked In with partners