



## PRP MARKETING TIPS FOR AGENTS

FloodSmart.gov

National Flood Insurance Program

### Preferred Risk Policy Marketing for Agents

A flood starts with a single drop of water — but it doesn't stop there. All it takes is one persistent thunderstorm and suddenly, water is rushing under the door. Without flood insurance, your customers have to pay for ruined walls, furniture, floors, rugs, baseboards, electronics and more. Fortunately, if your customers live in a moderate-to-low risk area, they qualify for the National Flood Insurance Program's (NFIP) Preferred Risk Policy (PRP) — a lower cost flood insurance policy that starts at just \$129<sup>1</sup> per year. Please find general information, compelling statistics, marketing tips and talking points below that can serve as a guide when speaking to your customers about their insurance options. **Encourage your clients to buy a PRP today and help not only to lessen their financial burden but build your business as well!**

#### General Information

Most homes in moderate-to-low risk flood areas will qualify for the PRP — wherever flood insurance is sold, and available to homeowners, business owners, and renters. A PRP premium for a residential building and contents ranges from as low as \$129 — for \$20,000 in building and \$8,000 in contents coverage — to as high as \$405 — for the maximum \$250,000 building and \$100,000 contents coverage. Commercial rates start as low as \$567 — \$50,000 in both building and contents coverage. Recently the NFIP extended eligibility of the PRP to those properties newly mapped into a high-risk area due to a map revision **on or after October 1, 2008** for two policy years. Additional information can be found at [www.floodsmart.gov](http://www.floodsmart.gov) and [www.floodsmart.gov/PRPExtension](http://www.floodsmart.gov/PRPExtension).

#### Compelling Statistics

- Floods are the #1 natural disaster in the United States.
- In the past ten years the average flood insurance claim was \$49,529 per year.
- In the past ten years the NFIP has paid more than \$27 billion in claims to flood insurance customers.

#### Marketing Tips

- **Start marketing now.** Talk to your existing customers as soon as possible about the PRP. There is typically a 30-day wait before a policy becomes effective so reach out to your clients before the next flood event occurs in their community.
- **Be aggressive.** Reminding your customers about the importance of obtaining flood insurance, even if they aren't required to purchase it, will increase your business and reduce your E&O exposure. Consult the Flood Insurance Manual for details on coverage options and eligibility criteria for existing and new clients. When talking to your customers about the PRP, ask them to sign a standard waiver form if they decline coverage.

<sup>1</sup> All premiums are for rates effective January 1, 2011.

- **Review your book of business** and make sure your clients have the best coverage and the best price.
- **Review your commercial P&C portfolio.** The PRP is a great complement to the Business Owners Policy (BOP).
- **Stay informed about upcoming map changes.** Ensure that your clients and prospects are aware of these changes and the rating options they have; for example
  - ▶ If newly mapped into a high-risk area, property owners can now benefit from the 2-year PRP Extension to help reduce the financial burden.
  - ▶ If newly mapped from a high-risk to a moderate-to-low risk area, property owners are still at risk as the risk has just been reduced, not removed. Using the NFIP's conversion process, offer to convert the existing standard-rated policy to a PRP where there will be no gap in coverage. They typically will get money back and you **get to keep both commissions.**
- **Visit and sign up for Agents.FloodSmart.gov** for access to online tools, information, and marketing materials that will help you better sell flood insurance to existing and new customers...resources such as the Co-Op, Referral and Mail-on-Demand Programs and much more are available!

## Talking Points

- **Most homeowners insurance policies do not cover flooding.** Only flood insurance can help you financially recover from the damages that flooding can cause to your home, business, and belongings.
- **Federal disaster assistance is not always available for flooding**—and if it is, it's usually a loan that must be repaid. Isn't buying a PRP a small price to pay for protection from what could be a big, expensive, time-consuming problem?
- **Flooding is the most common natural disaster.** Floods can happen anywhere and are more common than you might think. You don't need to live in a high-risk area or near a body of water to be at risk for flooding.
- **You may not be able to afford NOT to purchase flood insurance.** Just inches of water can cause tens of thousands of dollars in damage to your property and wipe out your personal savings or have devastating effects on your business. According to the Institute for Business and Home Safety, at least 25 percent of businesses forced to close by a disaster never reopen—mainly because they lack adequate insurance.
- **The PRP provides the same effective coverage as a standard flood insurance policy for roughly half the cost.** A PRP premium for a residential building and contents ranges from as low as \$129 – for \$20,000 in building and \$8,000 in contents coverage – to as high as \$405 – for the maximum \$250,000 building and \$100,000 contents coverage. Commercial rates start as low as \$567 – \$50,000 in both building and contents coverage (all premium calculations as of January 1, 2011).
- **Buy flood insurance before it's too late.** It takes 30 days for a policy to go into effect so buy a PRP today before the next flood hits your community.