



FEMA

W-10034

March 31, 2010

MEMORANDUM FOR: Write Your Own (WYO) Company Principal Coordinators and the National Flood Insurance Program (NFIP) Servicing Agent

FROM: *Edward L. Connor*
Edward L. Connor
Acting Federal Insurance and Mitigation Administrator
National Flood Insurance Program

SUBJECT: Marketing Reports

In August 2009, FEMA provided new NFIP Marketing Guidelines to the Write Your Own (WYO) companies as part of the WYO Arrangement package. Those guidelines are attached, for your reference. This memo is to reiterate the request for WYO companies to provide flood insurance marketing plans to FEMA, and to provide a reporting form to assist in that effort.

The WYO Arrangement defines the responsibilities of participating companies in writing policies under the NFIP through the WYO Program. It also sets forth the responsibilities of the Federal government in providing support and financial compensation to the companies, as well as in overseeing company compliance with the requirements of the WYO Financial Control Plan (FCP). The principal elements of the FCP are the reports required by the Transaction Record Reporting and Processing (TRRP) Plan, the submission of independent biennial financial audits by participating companies, and a triennial Operation Review of company performance by FEMA claims and underwriting staff. The Government Accountability Office (GAO) periodically reviews these aspects of FEMA's oversight of the WYO Program.

While claims and underwriting requirements are uniform from company to company and easily conducive to compliance reviews, there are other responsibilities under the WYO Arrangement that do not lend themselves as well to such uniformity and are, therefore, not as readily auditable. One of these areas is marketing. The WYO Arrangement requires that companies market flood insurance in a manner consistent with the Marketing Guidelines that are provided to companies with the Arrangement. However, since marketing strategies and techniques vary from company to company and are often part of comprehensive marketing plans that encompass other lines of business, it is difficult to assess the efficacy of a company's NFIP marketing with any precision. For that reason, we have relied on the good faith of the companies to apply the necessary effort to convey to their customers the value of NFIP coverage. At the same time, even though FEMA has not reviewed

company marketing activities with the same scrutiny as claims, underwriting, and finance, GAO regularly requests information on how the companies market the NFIP.

In order for FEMA to gain better insight into WYO marketing activities and to apply that information to FEMA's marketing decision-making, and to better equip ourselves to respond to the GAO, we are asking that companies provide us at the end of each Arrangement Year copies of their current NFIP marketing plans and reports on marketing activities. We have devised a simple reporting form that can be used to facilitate the feedback. Use of the form is optional, but it can serve as a guide on the type of information that will be useful.

If you have any questions, please contact Ed Pasterick at edward.pasterick@dhs.gov.

Attachments

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: All Departments

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**National Flood Insurance Program
Marketing Guidelines
for
Write Your Own Companies**

I. Background

The National Flood Insurance Program (NFIP) Write Your-Own (WYO) program is premised on the understanding that participating WYO companies will, in general, employ the same standard business practices in selling and servicing Federal flood insurance policies that they use for their other lines of property insurance. This principle is clearly relevant to the areas of claims and underwriting, except for certain requirements that are unique to the NFIP. However, the marketing of flood insurance presents challenges that differ significantly from those affecting lines like homeowners and automobile coverage.

The most important difference is that potential buyers of homeowners and automobile insurance seldom have to be persuaded of the need for such insurance. People readily recognize the risk of loss, and the incentive to buy is further reinforced by lender requirements and motor vehicle laws that are generally understood by most people. The risk of flooding, on the other hand, is not perceived by the public with the same level of awareness. Furthermore, even when lenders rigorously enforce the mandatory purchase of flood insurance, the requirements typically apply only to Special Flood Hazard Areas and to buildings with mortgages.

Therefore, when marketing flood insurance, WYO companies should focus on heightening consumer awareness of the risk of flooding and educating them regarding the importance of and need for flood insurance coverage. Insurance agents who act as the flood insurance sales channel may also need to be educated, because of the tendency to believe that flood insurance is needed only where it is required by the lender. FEMA, through its FloodSmart campaign, produces a range of materials, tools, and resources which can be of value to WYO companies in meeting these challenges. FEMA encourages WYO companies to review these resources to determine how they can be incorporated in the WYO company's flood insurance marketing plan.

For a variety of reasons, it is useful for FEMA to gain insight into flood insurance marketing activities undertaken by WYO companies. Such information enables FEMA management to better assess the nature of the NFIP market, develop NFIP policy guidance, identify opportunities for program improvement, and facilitate the response to inquiries about NFIP marketing efforts. We encourage WYO companies to share flood insurance marketing plans with FEMA to assist the NFIP in accomplishing these objectives.

FEMA plans to use the submitted marketing plans for internal informational purposes only and will not share them with any other agencies or organizations. WYO companies that choose to submit plans should send them to the following address:

Federal Insurance Administrator
Attention: Industry and Public Relations Branch
Federal Emergency Management Agency
1800 South Bell Street
Arlington, VA 20598-3010.

The submissions should be timed in accordance with the WYO companies' business cycles.

II. Marketing Plan Guidelines

WYO companies should give ample consideration to all aspects of an appropriate marketing plan, including but not limited to the components listed below. Following any required vetting, an annual flood insurance marketing plan should include efforts to reach both consumers and the sales force in a manner complementary to the WYO company's marketing of other product lines.

The final plan should include, with as much specificity as feasible, the following:

1. **Sales and Retention Goals.** Establish goals for sales and retention.
2. **Marketing Strategies.** Develop strategies devised to achieve the established sales and retention goals; as appropriate, consider strategies for targeting specific markets.
3. **Marketing Organization.** Identify roles and responsibilities for overseeing and updating marketing efforts, including the WYO business units engaged in marketing, and the vendor, if a vendor has a role.
4. **Sales Channels.** Identify the types of distribution used when selling flood insurance, such as captive agents, independent agents, online sales, direct sales, or a combination.
5. **Marketing Activities.** Identify the various marketing activities that will be employed, including the following:
 - a. Direct mail
 - b. Print advertising
 - c. Yellow Pages
 - d. Television/radio advertising
 - e. Internet advertising
 - f. Newsletters
 - g. Media relations
 - h. Collateral materials

- i. Online communication
 - j. Other practices consistent with overall company marketing activities.
6. **Purchase or Retention Facilitation.** Describe methods to facilitate purchases or retention. Toward this end, FEMA encourages WYO companies to allow consumers to make premium payments through the use of credit cards.
 7. **Sales Force Incentives.** Describe incentives used to encourage or reward the sales force for flood insurance policy growth (financial incentives, recognition for achievement, reimbursement for marketing activities, etc.).
 8. **Sales Force Sales Support.** Describe tools and methods used to provide support to the sales force (online rating, flood zone determinations, tracking renewals, etc.).
 9. **Sales Force Communication.** Describe methods for communicating with the sales force (newsletters, bulletins, marketing workshops, training sessions, onsite visits, etc.)
 10. **Sales Force Education and Training.** Describe means to implement Article II, G. 3 of the WYO Arrangement:
 - a. Notify agents of the need to comply with State education regulations.
 - b. Notify agents of flood insurance training opportunities.
 - c. Assess agent training needs and outline the avenues for providing agents with necessary training.
 11. **Utilization of FEMA programs.** Describe strategies to encourage the sales force to review and utilize, as appropriate, the marketing and advertising services provided by FEMA. These include the following:
 - a. www.Agents.FloodSmart.gov
 - b. NFIP Cooperative Advertising Program
 - c. NFIP Leads Program
 - d. NFIP Mail-on-Demand Program
 - e. Agent Day at the National Flood Conference.

III. Measurement, Evaluation, Future Plans

Describe the metrics used to measure and track the results of marketing efforts, evaluate their effectiveness, and develop and implement marketing plans for the next cycle.



FEMA

National Flood Insurance Marketing Plan Submission

FEMA plans to use the submitted marketing plans for internal informational purposes only and will not share them with any other agencies or organizations. WYO companies should submit marketing plans to the following address:

*Federal Insurance and Mitigation Administration
Attention: Industry and Public Relations Branch
Federal Emergency Management Agency
1800 South Bell Street
Arlington, VA 20598-3010.*

Submission information:

WYO Company: _____
Submission Preparer: _____
Marketing Officer: _____
Address: _____
Marketing Plan Period: _____

Marketing Organization

Who is responsible for overseeing and updating marketing efforts?

Is the vendor engaged in marketing?

☐ Yes

☐ No

If yes, please describe: _____

Goals & Objectives

Flood Policies Written: _____

Flood Policy Sales: _____

As a percentage of total policies sold

2010-2011 Sales goals: _____

Current Flood Policy Retention

Percentages: _____

Established Retention Goal: _____

2010-2011 Retention goals: _____

Marketing Strategies

List flood insurance marketing strategies developed to achieve the established sales and retention goals:

List flood insurance strategies for targeting specific markets:

Sales Channels

Indicate all distribution methods utilized for selling flood insurance. For each method identified, indicate the rough percentage of sales attributed to each distribution method.

Distribution Method	Percentage of Sales from source:
Captive Agents	_____
Independent Agents	_____
Online Sales	_____
Direct Sales	_____
Other (please list) _____	_____

Marketing Activities

Indicate the various flood insurance-specific marketing activities currently employed:

- | | |
|---|---|
| <input type="checkbox"/> Newsletters | <input type="checkbox"/> Direct mail |
| <input type="checkbox"/> Media relations | <input type="checkbox"/> Print advertising |
| <input type="checkbox"/> Collateral materials | <input type="checkbox"/> Yellow Pages |
| <input type="checkbox"/> Online communication | <input type="checkbox"/> Television/radio advertising |
| <input type="checkbox"/> Other : _____ | <input type="checkbox"/> Internet advertising |

What tools are utilized to cross-sell flood insurance alongside your other offerings?

Purchase or Retention Facilitation

Indicate ways in which you allow customers to renew their flood insurance policy:

- ☐ Online (using a major credit card or check)
- ☐ By Phone (using a major credit card or check)
- ☐ In person
- ☐ Other : _____

Describe any methods you currently employ to get customers to renew their flood insurance policies:

Sales Force

How do you currently notify agents of State education regulations?

How often? _____

How do you notify agents about flood insurance training opportunities?

What percentage of your sales force is currently trained to sell flood insurance?

How do you assess training needs? List ways agents are provided necessary training:

Indicate the incentives used, and details of each, to encourage or reward the sales force for flood insurance policy growth.

- ☐ Recognition for achievement _____
- ☐ Reimbursement for marketing activities _____
- ☐ Collateral materials _____
- ☐ Financial Incentives _____
- ☐ Other : _____

We are always looking for ways to help WYOs communicate to their agents about flood insurance. Please indicate ways in which you currently communicate with your sales force:

- ☐ Newsletters
- ☐ Bulletins
- ☐ Marketing Workshops
- ☐ Other : _____
- ☐ Training Sessions
- ☐ Onsite visits
- ☐ Email

Utilization of FEMA programs

List ways in which you currently encourage the sales force to utilize marketing and advertising services provided by FEMA (marketing and advertising services include resources on Agents.FloodSmart.gov, NFIP Cooperative Advertising Program, NFIP Leads Program, NFIP Mail-on-Demand Program, and Agent Day at the National Flood Conference).

Are there any additional programs, resources, or tools that you think would be beneficial for FEMA to provide, or you would like to see added to the sales and marketing resources currently available?

Do you support your agents with branded materials and programs? ☐ Yes ☐ No
If yes, please list? _____

Measurement, Evaluation, Future Plans

List the metrics used to measure and track the results of marketing efforts:

Do you plan to adjust your company's current marketing efforts for the following year based on the results? ☐ Yes ☐ No

If yes, how? _____

