

PrepTalks Discussion Guides are companion documents to PrepTalks video presentations and question-and-answer (Q&A) sessions. When used together with the videos, these guides help translate the research and expertise showcased in each presentation into action steps that emergency managers can take with community leaders to improve disaster preparedness in their jurisdictions.

### Sean Kevelighan: Understanding the Value of Insurance

In his PrepTalk, Kevelighan shares the pivotal role that insurance plays in people's lives and communities, both before and after a disaster. "What happens when the water drains, when the dust settles? You have to rebuild an economy," Kevelighan says. "This is what insurance does. It gets people back in their jobs. It gets people back in their homes." He describes the deeper values of insurance, including how insurance improves safety, builds resilience, and promotes innovation.

Sean Kevelighan is the President and Chief Executive Officer of the [Insurance Information Institute](#), an organization dedicated to improving the public's understanding of insurance.

*[The insurance industry] act[s] as the financial first responder after catastrophe. We get into the communities, we help rebuild and restore people's lives and the economy more broadly.*

— Sean Kevelighan, I.I.I

### Partners for the Discussion

Promoting insurance coverage is a great way to help your community recover more quickly and completely following a disaster. Use your convening power as an emergency manager to bring together the following people to increase insurance coverage in your community—individuals with and without insurance, not-for-profits that serve potentially un- or under-insured populations, businesses, public infrastructure managers, emergency managers, economic development officials, insurance professionals active in your community, and state insurance commissioner representatives.

### Discussion Prompts

#### Topic 1: Understanding Insurance

It is important to understand the basics of insurance. The Federal Alliance for Safe Homes and the Actuarial Foundation developed the [Homeowner's Insurance Guide to Natural Disasters](#). This publication helps clarify how property insurance works.



*The views expressed in PrepTalk presentations and the Q&A sessions are solely those of the speaker and do not represent the views of their organization or any of the PrepTalks partners.*

**Purpose of Insurance.** The basic function of insurance is to transfer risk. Its aim is to reduce financial uncertainty and make accidental loss manageable. It does this by substituting payment of a small, known fee—an insurance premium—to a professional insurer in exchange for the assumption of the risk of a large loss and a promise to pay in the event of such a loss. *Source: Insurance Information Institute*

**Be an Advocate for Closing the Insurance Gap.** The entire community—citizens, businesses, and the local government—will benefit from insuring property in the right amount for your local hazards. Know your local hazards and how insurance providers cover them. The Insurance Information Institute provides additional information for [homeowners](#), [renters](#), and [business owners](#) on the importance of property insurance. These tips come from the [Homeowners' Insurance Guide to Natural Disasters](#):

- A policy may have different coverage and deductibles based on the hazard. Policies often have percentage deductibles for **windstorm damage** instead of typical dollar value deductibles that cover losses from fire and theft. Some states have wind pools to cover **wind and hurricane** damage.
- One of the more common percentage deductibles is the hurricane percentage deductible, which applies to damage from **hurricanes**. For example, a policyholder may have a \$1,000 deductible for fire losses, but a 2 percent deductible for hurricane losses.
- **Earthquake** coverage may involve a third deductible that differs from all other deductibles for the insured property.
- Typical property policies do not cover **floods, including from storm surge**, so property owners must purchase a separate flood insurance policy to ensure coverage for flood losses. Flood insurance can be purchased through private market insurance companies, but the Federal government underwrites the risk through the National Flood Insurance Program (NFIP), managed by the Federal Emergency Management Agency (FEMA), and bears all costs for [floods as defined by the NFIP](#).

The **insurance gap** is the difference between property that is currently insured and all of the property that is insurable.

In California, where there is very significant earthquake risk, less than 10 percent of properties are insured against earthquake.

### Action Steps

- Review the *Homeowners' Insurance Guide to Natural Disasters* [Glossary of Terms](#) and invite insurance adjusters to a planning meeting to review different types of insurance, including homeowners (single family, condo, and mobile home), renters, and business insurance for the likely hazards in your community.




#### Topic 2: Community Actions to Lower Risk and Increase Insurance

The actions that local governments take significantly reduce the impact to property damage by ensuring access to programs that provide cost savings and incentives for insurance coverage.

**Improve Community Building Codes.** The insurance industry supports current statewide codes because codes help make homes and buildings less vulnerable to the effects of severe weather events. This leads to fewer claims, a healthier industry, and less need for public or private disaster relief. In addition, homes that are constructed using current, model building codes or that have been retrofitted against hail or windstorm may be eligible for credits or discounts. Examples of qualifying characteristics include hurricane shutters, impact-resistant roof covering, superior roof connections, and wind-resistant garage doors.

The [Insurance Institute for Business and Home Safety's: Rating the States 2018](#) assesses the progress of 18 hurricane-prone coastal states along the Gulf of Mexico and the Atlantic Coast in strengthening their residential building codes.

#### Action Steps

-  Take an active interest in how community decisions affect risk in your community, including land use planning, zoning, and building code enforcement.
-  Confirm with government agencies that government property, including infrastructure, and critical facilities (hospitals, assisted living facilities) is fully insured.
-  Work with insurance providers to negotiate deductions and incentive schemes for policy holders.



*[The insurance industry] acts as a partner to governments, and households, and businesses, and we help them understand what the risks are, help them mitigate the risks, and in turn they will become more resilient and sustainable for the future.*

— Sean Kevelighan, I.I.I.

**Participate in the National Flood Insurance Program (NFIP).** To participate in the NFIP, a community must adopt and submit a floodplain management ordinance that meets or exceeds the minimum criteria, adopt a resolution of intent to participate and cooperate with FEMA, and complete an application. To see if your community participates, view the [NFIP Community Status Report](#) for your state and read the FEMA publication [Joining the National Flood Insurance Program](#) for more information. The [Community Rating System \(CRS\)](#) is a voluntary program where participating communities implement local mitigation, floodplain management and outreach activities that exceed the minimum NFIP requirements. Accepted communities receive benefits such as discounted flood insurance premium rates. For more information about the CRS or to obtain the CRS application, email the Insurance Services Office at [nfipcrs@iso.com](mailto:nfipcrs@iso.com).



### Action Steps

-  Confirm that your community participates in the NFIP and the CRS. If not currently participating, take steps to apply for both.
-  Develop a strategy to improve your CRS rating.




**Understand Disaster Assistance.** When your community experiences a Presidentially-declared disaster, disaster assistance from the Federal government becomes available. There are limitations to Federal assistance, which make having insurance the best option to have sufficient resources following a disaster. Go to [Forms of Assistance | disasterassistance.gov](https://www.fema.gov/forms-of-assistance-disaster-assistance) for more information on Federal disaster assistance.

*When [FEMA goes] into communities, the evidence is very clear ...the individual with a flood insurance policy is on the road to recovery...The uninsured survivor [has] a very uncertain future.*

— David Maurstad, FEMA

- **FEMA** provides limited assistance to homeowners and renters for housing costs (rent, repairs, and in some cases, mortgage assistance) and other disaster-caused expenses including, medical and dental, child care, funeral and burial, essential household items, moving and storage, vehicle, and some cleanup items. FEMA cannot duplicate the assistance received from insurance but may provide assistance for items not covered by insurance. FEMA does not provide assistance for secondary homes or businesses.
- **The U.S. Small Business Administration (SBA)** provides low-interest disaster loans to homeowners, renters, and businesses.
- **The U.S. Department of Housing and Urban Development (HUD)** Disaster Housing Assistance Program and the Community Development Block Grants provide funding for housing-related disaster recovery. HUD also assists with Federal Housing Authority loans and Section 8 housing.

### Action Steps

-  Stay current on disaster assistance provided by state and Federal governments and how that assistance relates to insurance, both for residents of your community and for public assets.
-  Review FEMA Public Assistance guidelines and guidance from other agencies that provide disaster assistance, including the HUD, SBA, and the U.S. Department of Agriculture.
-  Invite emergency managers in your state who have recently managed a Presidentially-declared disaster to share their experiences and recommendations.

### Topic 3: Promoting Insurance with a Sustained Outreach Campaign

To close the insurance gap, we have to increase the number of people with insurance policies and ensure the coverage includes the appropriate range of perils and property value. To develop an effective outreach campaign, you need an accurate picture of the people, property, and businesses in your community.

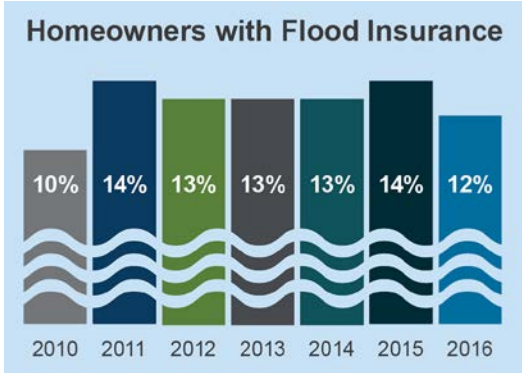
**Build a Snapshot of Your Community.** Review the [U.S. Census Bureau’s American Community Survey](#) “Housing Characteristics” data for your community to develop a profile of the number of homeowners and renters in your community, their types of dwelling (house, condominium, mobile home), year built, housing values and costs, and mortgage status (with or without a mortgage). Use the PrepTalks guide “[Using Census Data to Understand Your Community](#)” to identify population segments that may need support to understand the important role insurance plays in their financial well-being.

**Develop Key Messages to Keep your Community Informed.** An effective communications campaign targets the right audience, with the right message, at the right time. The example key messages below can help your communications team kick start a campaign to close the insurance gap.

- **Disaster assistance from the government is limited and is insufficient to replace or restore a home and property to pre-disaster conditions. Insurance is essential.** Too often people discover the limitations of government disaster financial aid after a disaster occurs. Educate the residents of your community that insurance is the only way to have the resources they will need after an event.
- **Review insurance policies at least once a year.** Property values change, construction costs change, and updating buildings to current codes can cost more than repairs. Hazard exposure can also change, especially flooding risk. Many hazards require additional insurance or have complicated deductibles. Homeowners and business owners need to review their policies at least once a year to know their coverage.
- **Flooding is an increasing hazard and new flood insurance policies have a 30-day waiting period.** As Kevelighan states in his PrepTalk, “Flooding is the costliest and most frequent disaster we face.” Standard property insurance does not cover flooding, and a separate policy must be purchased. Furthermore, 20 to 25 percent of all flood claims occur outside of the high-risk areas, also known as Special Flood Hazard Areas (SFHA). The percentage of homeowners with flood insurance is very low. Visit [www.floodsmart.gov](http://www.floodsmart.gov) for more information.
- **Never drop insurance, even if your mortgage is paid off.** Some homeowners cancel their insurance when their mortgage is paid off and then have no resources to repair the home if a disaster hits. Homeowners must maintain insurance even when the mortgage is paid off.

*In Harris County, Texas, following Hurricane Harvey, the average Individual Assistance grant was \$4,200, in comparison to the average insurance claim payment of \$113,000.*

— Dr. Daniel Kaniewski, FEMA



Source – Insurance Information Institute

- **Inventory real and personal property and safeguard the policy/policies.** Having an inventory of your belongings is the best way to expedite a claim, should you need to. There are many tools to facilitate the process; for example, most insurers have an app or other inventory tool. People can also take a video of their home while describing their belongings, dates of purchase, approximate values, and serial numbers. The I.I.I. provides an overview of [how to create a home inventory](#). Keep your home inventory current and safeguard your inventory and your insurance policy/policies.

FEMA provides outreach materials to promote insurance and safeguarding critical documents. These are useful handouts for community outreach efforts.

- [Document and Insure Your Property](#): This short guide helps homeowners, renters, and business owners better understand their coverage options and document their property.
- [Safeguard Critical Documents and Valuables](#). This checklist helps individuals create an inventory of household documents (e.g., financial and medical records) and valuables.

An I.I.I. survey found that only 52 percent of homeowners said they prepared an inventory of their possessions to help document losses for their insurers.

**Build Partnerships in Your Community.** Community leaders from all sectors can support your efforts to close the insurance gap. Maximizing property insurance coverage in your community will increase the resources available to help your community recover after a disaster. Examples of community leaders to support your efforts are:

- Realtors
- Homeowners Associations
- Chamber of Commerce
- Small Business Association
- Social service organizations and not-for-profit organizations
- Government agencies
- Elected leaders.

There are people in your jurisdiction who may find it difficult to pay for property insurance or hazard-specific coverage like flood insurance. Look for non-for-profit organizations that are already active in serving these populations and gauge their interest in promoting insurance as a critical component of financial well-being.

## Discussion

- ❓ Who are the stakeholders who can help close the insurance gap in your community? Are there different partners who can help target businesses, homeowners, and renters? Do they have the information and resources to help promote the value of insurance? Is promoting insurance a part of your regular social media and preparedness campaigns?

- ? Are you providing clear and consistent messaging about the value of property insurance for individuals, businesses, neighbors, and the community? Do you include information on hazard-specific coverage and riders?
- ? How can you take advantage of Severe Weather Week, Hurricane Awareness Week, and other national or state days/weeks to promote insurance coverage? Are there community events where you can promote insurance as part of emergency preparedness?
- ? What partnerships and communications can you develop to support community members who may not be able to afford insurance?

#### Topic 4: Prepare for Recovery

If your community experiences a disaster, emergency managers and other community leaders need to be ready to support residents with the insurance claims process to jumpstart rebuilding and economic recovery.

**Help constituents with their insurance claims.** Support your citizens in filing insurance claims by providing clear instructions. Prepare to answer questions about the difference between FEMA and other government aid and insurance, including the home inspection process, and plan to address price gouging and contractor fraud, including public messaging, social media, and fraud hotlines. [Understanding the insurance claims process](#) provides important reminders for the insurance claim, including:

- Take pictures of damage and save all receipts
- The initial payment isn't final
- You may receive multiple checks
- Your lender or management company might have control over your payment
- Your insurance company may pay your contractor directly
- Your additional living expenses check should be made out to you
- Your personal belongings will be calculated on cash value, first
- To get replacement value for your items, you must actually replace them.

#### Additional Resources

- [Insurance Information Institute](#)  
Since 1960, the "Triple I" has had a single mission: To improve public understanding of insurance—what it does and how it works. The Triple I serves everybody: consumers; students and educational institutions; insurance professionals; government and regulatory organizations; and the media.
- [National Association of Insurance Commissioners](#)  
The National Association of Insurance Commissioners (NAIC) has state-specific insurance information and useful resources. NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate their regulatory oversight.

- [Insurance Institute for Business and Home Safety](#)  
The Insurance Institute for Business and Home Safety (IBHS) is an independent, nonprofit, scientific research and communications organization supported solely by property insurers and reinsurers. IBHS' building safety research leads to real-world solutions for home and business owners, helping to create more resilient communities.
- [Federal Alliance for Safe Homes](#)  
The nonprofit Federal Alliance for Safe Homes (FLASH®) is the country's leading consumer advocate for strengthening homes and safeguarding families from natural and manmade disasters.
- [National Flood Insurance Program \(NFIP\) Community Rating System \(CRS\): A Local Official's Guide to Saving Lives, Preventing Property Damage, and Reducing the Cost of Flood Insurance](#)  
A brochure to introduce the NFIP CRS program as a way of promoting the awareness of flood insurance.
- [FEMA Floodplain Management Publications](#)  
This webpage provides publications and resources for flood insurance, floodplain management, and hazard mitigation.
- [Document and Insure Your Property](#)  
This short guide helps homeowners, renters, and business owners better understand their coverage options and document their property.
- [Safeguard Critical Documents and Valuables](#)  
This checklist helps individuals create an inventory of household documents (e.g., financial and medical records) and valuables.
- [Emergency Financial First Aid Kit \(EFFAK\)](#)  
FEMA and Operation Hope have partnered together to create this guidance and online fillable tool to help individuals and households collect and safeguard critical records and contacts.
- [How to Prepare for a Flood](#)  
This article by Sara Cress appeared in the Houston Chronicle on September 10, 2018. It offers a survivor's experience in Hurricane Harvey to advise others with a flood risk.