Flood Insurance Trends in Illinois
What The Heck Is Going On?
2012

Biggert-Waters Flood Insurance Reform Act

- Passed on July 6, 2012.
- Extended the National Flood Insurance Program 5 years, until September 30, 2017.

- Its purpose:
  - Make the NFIP more financially stable by raising rates on certain classes of property to reflect true flood risk
  - Create a funding pool for large disasters. (Reserve Fund)
  - Triggered rate changes for certain properties, when certain events were met to accurately reflect the flood risk
Biggert-Waters Implementation

• Began in January 2013

• Newly purchased policies required to go to full-risk rates
  – Elevation Certificates required for full-risk rating
  – Pre-FIRM structures wrote at full-risk rates

• Annual Percentage Increase Policies
  – Most rate classes had a jump in rates
  – Some had 25%+ rate increases

• Policies jumped in cases by $1,000s

• Grandfathered policies phase-out

• We all started to feel the pressure

- Stop policy increases for certain subsidized policyholders
- Reverted full-risk rating for Pre-FIRM properties that hit full risk the triggers
- Set a Cap on how high policies can go in a given year
- Created refunds for policies that went over a cap
- Halts the elimination of Grandfathering (for now)
- Implements a surcharge on all policyholders
Clear Communication Letters

• Section 28, *Clear Communication of Risk*, within the [Homeowner Flood Insurance Affordability Act of 2014](#)
  – Communicate Flood Risk and Policy Rating based on that risk.
Rate Increases Continue....

- Policy Rates will continue to go up in all rate classes on average by 5.24%
- Elevation Based Rates
  - Unnumbered A Zone: 5%
  - AE: 1%
- Subsidized (pre-FIRM, No Elevation Cert)
  - Primary Residence: 5%
  - Non-primary residences, Pre-FIRM A, and V zones: 24%
  - Business Class, Severe Rep Loss: 24%
Trends In Illinois

2012 Policies in Force: 49,158
2020 Policies in Force: 38,375

2012 Average Premium: $849
2020 Average Premium: $1,061

2012 total Coverage: $8.7 Billion
2020 Total Coverage: $7.8 Billion
## Top 10 PIF Communities

<table>
<thead>
<tr>
<th>Community</th>
<th>Policy Count</th>
<th>Total Coverage</th>
<th>Total / Ave. Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>DES PLAINES</td>
<td>1,618</td>
<td>$352,152,600</td>
<td>$1,587,344 ($981)</td>
</tr>
<tr>
<td>CHICAGO</td>
<td>1,303</td>
<td>$252,217,300</td>
<td>$602,732 ($463)</td>
</tr>
<tr>
<td>LAKE COUNTY</td>
<td>901</td>
<td>$196,752,900</td>
<td>$1,163,081 ($1,291)</td>
</tr>
<tr>
<td>DU PAGE COUNTY</td>
<td>741</td>
<td>$131,569,200</td>
<td>$499,324 ($674)</td>
</tr>
<tr>
<td>PROSPECT HTS</td>
<td>679</td>
<td>$81,378,400</td>
<td>$447,955 ($660)</td>
</tr>
<tr>
<td>NORTH CHICAGO</td>
<td>672</td>
<td>$232,282,100</td>
<td>$282,314 ($420)</td>
</tr>
<tr>
<td>Unknown</td>
<td>629</td>
<td>$125,037,700</td>
<td>$473,312 ($752)</td>
</tr>
<tr>
<td>AURORA</td>
<td>603</td>
<td>$96,374,500</td>
<td>$435,443 ($722)</td>
</tr>
<tr>
<td>JOLIET</td>
<td>591</td>
<td>$86,251,000</td>
<td>$794,885 ($1,345)</td>
</tr>
<tr>
<td>ROLLING MEADOWS</td>
<td>563</td>
<td>$66,352,000</td>
<td>$217,419 ($386)</td>
</tr>
<tr>
<td>MADISON COUNTY</td>
<td>557</td>
<td>$136,185,300</td>
<td>$598,661 ($1,075)</td>
</tr>
<tr>
<td><strong>IL Total</strong></td>
<td><strong>38,375</strong></td>
<td><strong>$7,876,749,200</strong></td>
<td><strong>$40,714,148 ($1,061)</strong></td>
</tr>
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</table>
Flood Insurance Claims In IL

<table>
<thead>
<tr>
<th>Year</th>
<th>Claims</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>5,357</td>
<td>110,929,768</td>
</tr>
<tr>
<td>2009</td>
<td>582</td>
<td>5,843,888</td>
</tr>
<tr>
<td>2010</td>
<td>2,100</td>
<td>28,336,412</td>
</tr>
<tr>
<td>2011</td>
<td>1,210</td>
<td>17,697,178</td>
</tr>
<tr>
<td>2012</td>
<td>69</td>
<td>346,657</td>
</tr>
<tr>
<td>2013</td>
<td>4,399</td>
<td>95,999,940</td>
</tr>
<tr>
<td>2014</td>
<td>681</td>
<td>6,126,129</td>
</tr>
<tr>
<td>2015</td>
<td>716</td>
<td>8,459,088</td>
</tr>
<tr>
<td>2016</td>
<td>486</td>
<td>5,703,630</td>
</tr>
<tr>
<td>2017</td>
<td>892</td>
<td>17,436,186</td>
</tr>
<tr>
<td>2018</td>
<td>675</td>
<td>16,221,644</td>
</tr>
<tr>
<td>2019</td>
<td>1,065</td>
<td>24,173,292</td>
</tr>
<tr>
<td>2020</td>
<td>45</td>
<td>277,255</td>
</tr>
</tbody>
</table>

75% reduction in claims.
## Top 15 Claims Communities in IL

<table>
<thead>
<tr>
<th>Community Name</th>
<th>Number of Losses</th>
<th>Total Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>DES PLAINES</td>
<td>1,409</td>
<td>$30,916,461</td>
</tr>
<tr>
<td>JERSEY COUNTY</td>
<td>1,594</td>
<td>$16,698,020</td>
</tr>
<tr>
<td>PEORIA COUNTY</td>
<td>1,674</td>
<td>$16,178,755</td>
</tr>
<tr>
<td>ADAMS COUNTY</td>
<td>372</td>
<td>$14,390,074</td>
</tr>
<tr>
<td>WATSEKA</td>
<td>686</td>
<td>$13,014,204</td>
</tr>
<tr>
<td>VALMEYER</td>
<td>311</td>
<td>$11,665,003</td>
</tr>
<tr>
<td>CALHOUN COUNTY</td>
<td>1,336</td>
<td>$10,983,415</td>
</tr>
<tr>
<td>ROCK ISLAND COUNTY</td>
<td>1,239</td>
<td>$10,941,990</td>
</tr>
<tr>
<td>MONROE COUNTY</td>
<td>384</td>
<td>$10,600,993</td>
</tr>
<tr>
<td>WILL COUNTY</td>
<td>908</td>
<td>$10,345,454</td>
</tr>
<tr>
<td>ROCKFORD</td>
<td>613</td>
<td>$10,272,231</td>
</tr>
<tr>
<td>MACHESNEY PARK</td>
<td>454</td>
<td>$9,816,716</td>
</tr>
<tr>
<td>BELLWOOD</td>
<td>1,431</td>
<td>$9,322,990</td>
</tr>
<tr>
<td>COOK COUNTY</td>
<td>861</td>
<td>$9,253,865</td>
</tr>
<tr>
<td>GRAFTON</td>
<td>754</td>
<td>$8,575,880</td>
</tr>
<tr>
<td><strong>IL TOTAL</strong></td>
<td><strong>51,096</strong></td>
<td><strong>$566,769,824</strong></td>
</tr>
<tr>
<td>Community Name</td>
<td>Number of Losses</td>
<td>Total Payments</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>WATSEKA</td>
<td>308</td>
<td>$6,535,950</td>
</tr>
<tr>
<td>KANKAKEE COUNTY</td>
<td>120</td>
<td>$4,667,309</td>
</tr>
<tr>
<td>LAKE COUNTY</td>
<td>202</td>
<td>$3,802,329</td>
</tr>
<tr>
<td>GRAFTON</td>
<td>101</td>
<td>$2,829,475</td>
</tr>
<tr>
<td>MACHESNEY PARK</td>
<td>91</td>
<td>$2,332,696</td>
</tr>
<tr>
<td>CALHOUN COUNTY</td>
<td>75</td>
<td>$2,016,451</td>
</tr>
<tr>
<td>ADAMS COUNTY</td>
<td>41</td>
<td>$1,956,067</td>
</tr>
<tr>
<td>IROQUOIS COUNTY</td>
<td>50</td>
<td>$1,895,466</td>
</tr>
<tr>
<td>JERSEY COUNTY</td>
<td>41</td>
<td>$1,808,581</td>
</tr>
<tr>
<td>ROCK ISLAND COUNTY</td>
<td>140</td>
<td>$1,773,160</td>
</tr>
<tr>
<td>GURNEE</td>
<td>22</td>
<td>$1,310,463</td>
</tr>
<tr>
<td>FOX LAKE</td>
<td>55</td>
<td>$1,177,205</td>
</tr>
<tr>
<td>ROCKFORD</td>
<td>41</td>
<td>$1,116,160</td>
</tr>
<tr>
<td>LINCOLNSHIRE</td>
<td>22</td>
<td>$1,106,264</td>
</tr>
<tr>
<td>STONE PARK</td>
<td>47</td>
<td>$973,554</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,875</strong></td>
<td><strong>$72,267,534</strong></td>
</tr>
</tbody>
</table>

Des Plaines, Calhoun, Jersey, Peoria, Rock Island, Adams... Have all basically dropped off the list.

Prior claims in the thousands. Now less than 100!
# Rep Loss In Illinois

<table>
<thead>
<tr>
<th>Community</th>
<th>Properties</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Des Plaines</td>
<td>245</td>
<td>22,950,139</td>
</tr>
<tr>
<td>Bellwood</td>
<td>237</td>
<td>5,631,423</td>
</tr>
<tr>
<td>Peoria County</td>
<td>127</td>
<td>6,194,650</td>
</tr>
<tr>
<td>Cook County</td>
<td>126</td>
<td>7,377,157</td>
</tr>
<tr>
<td>Will County</td>
<td>120</td>
<td>5,478,152</td>
</tr>
<tr>
<td>Rock Island County</td>
<td>94</td>
<td>4,320,848</td>
</tr>
<tr>
<td>Stone Park</td>
<td>91</td>
<td>5,567,359</td>
</tr>
<tr>
<td>Westchester</td>
<td>83</td>
<td>1,862,269</td>
</tr>
<tr>
<td>Rockford</td>
<td>79</td>
<td>4,319,772</td>
</tr>
<tr>
<td>Watseka</td>
<td>71</td>
<td>3,405,185</td>
</tr>
</tbody>
</table>

Post FIRM A zone claims? Only one in Bellwood!
While Property exposure went down

Revenue by premiums did not go down
Marketing & Outreach
2 out of 3 Homes Underinsured
By Average of 22%
Flood Insurance Marketing Initiatives

➢ Acquisition – Getting New Policyholders
  • Year-round
  • Short-term
  • Geographically finite areas
  • Based largely on where people buy when
  • Done in “Waves” (Winter, Spring, Hurricanes, etc.)

➢ Retention – Keeping who we have
  • Year-round
  • All policyholders
  • No boundaries

➢ Specials
  • Pilot projects testing specific messaging/tools
  • Opportunistic campaigns (event driven)
Engagement and Messaging

Paid Media

CY19 Spring Wave markets received 6 weeks of the full campaign, including 4 weeks of select digital media tactics that will serve to prime the markets:

- Digital Display Banners (CNN)
- Paid Search Ads (Google, Bing)
- Radio (Broadcast, Pandora)
- Dynamic Display (Weather.com)
Engagement and Messaging

Earned Media

FEMA conducts earned media outreach using local flood contexts as a newsworthy hook.

Earned media outreach can consist of:
Direct outreach
- Coordinating interview requests with federal and local spokespeople

Materials may include:
- Media Lists
- Talking points
- Template pitch emails
- Template press releases
- Radio Media Tour/ Satellite Media Tour

Section 2: Talking Points

Below you will find primary messages that can be applied to any market at risk of spring flooding. They should be supported by local anecdotes, a sample of which can be found in the section below.

YOUR RISK: Spring flooding is unpredictable, which can put many properties, inside or outside of high-risk flood areas, at risk.
- FEMA warns that the [insert area, e.g., Ohio River Valley, Great Lakes, Mississippi River] is at high risk of spring flooding due to increased precipitation—from both snow and spring rain.
- Last year, homes and businesses in the [insert area] experienced [insert local anecdote].
- It doesn’t have to be a devastating flood to be expensive.
  - Just an inch of water in an average-size home can cause more than $25,000 in damage.

WHAT YOU CAN DO: Purchase flood insurance to protect the life you’ve built.
- Having flood insurance is one of the most important steps property owners and renters can take to protect the life they’ve built.
  - Insured residents are able to recover faster and more fully from a flood than their uninsured neighbors.
- Flood insurance is a small price to pay for peace of mind.
  - In 2017, the average flood insurance claim payment in the U.S. was more than $90,000.
Region V
Earned Media Outreach Results
September 2019
Outreach Overview

- **Radio Media Tour (August 20, 2019)**
  - **Objective:** Secure a radio media tour with stations in Wisconsin targeting news, talk, and adult formats, using the anniversary of the 2018 Wisconsin flash flood as a reminder to urge property owners to get flood insurance.
  - **Spokesperson:** James Sink, Regional Flood Insurance Liaison, FEMA Region 5

- **Earned Media Outreach (August 20-23, 2019)**
  - **Objective:** To secure media coverage in La Crosse and Madison that educates consumers on the importance of flood insurance on the one year anniversary of the 2018 Wisconsin flash flood event.
  - **Spokesperson:** James Sink, Regional Flood Insurance Liaison, FEMA Region 5
Outreach Results

• Radio Media Tour
  • 8 interviews conducted and 72,650 total listeners
• Earned Media Outreach
  • 16+ total stories and an audience reach of 830,000+*

* Audience reach includes about 100,000 live broadcast viewership and more than 730,000 print and online unique visitors per month. Data acquired through Cision and TV Eyes.
Outreach Results

RMT Highlights
• Airings on statewide network in Wisconsin.
• Airing on #1 news talk information station in La Crosse.
• 72,650 listeners, 79 stations aired an interview, and 8 interviews conducted

Earned Outreach Highlights
• 16+ stories total
  • 9 on-air TV segments (including interviews with James Sink and field story about our survivor, Marty Severson)
  • 5 stories on TV and radio news websites
  • 1 print story (not including non-online publications)
  • 1 on-air radio spot
Wisconsin ("Mid-West") Survivor Stories
Outreach Resources

➢ Map Changes
  • Keep Community Members Up To Date
    • https://agents.floodsmart.gov/servicing/map-change-keep-clients-up-to-date
  • Map Change Toolkit
    • https://agents.floodsmart.gov/servicing/map-change-resource-library

➢ Marketing Campaigns
  • https://agents.floodsmart.gov/marketing/participate-in-campaigns

➢ Outreach Resource Library
  • https://agents.floodsmart.gov/marketing/resource-library
**Outreach Resources**

- **Flood Insurance Whiteboard Explainer Videos**
  - https://www.fema.gov/media-library/multimedia/collections/630

- **Order Free Materials**
  - https://www.fema.gov/media-library/assets/documents/250

- **Contact Paul for Referral to Me for...**
  - Conference Support, Speaking Requests, or other Outreach Projects
  - PSAs or Radio Scripts

- **“Mid-West” Survivor Stories**
  - Survivor Story: Marty Severson (90 sec)
    - https://www.youtube.com/watch?v=uBW0MLBKoqs
  - Survivor Story: Marty Severson (30 sec)
    - https://www.youtube.com/watch?v=dyeGH4HMZ10
  - Survivor Story: Marty Severson (15 sec)
    - https://www.youtube.com/watch?v=gYGVvWn0Jdo
  - Survivor Story: Robert and Redgy Nelson
    - https://www.youtube.com/watch?v=ZGsgtgVIZgo
Closing the Insurance Gap

Help others understand the risk they face for all disasters, and take action to protect the life they’ve built through insurance.

Provide others with options to mitigate their home to bring down the cost of hazard-specific insurance.

Share the importance of flood insurance through your social networks and marketing channels.

Together, we can double the amount of flood coverage nation-wide by 2022.

Resiliency requires all levels of government and the private sector.
In Illinois....
92% of flood damages now occur outside of the floodplain!
Wow!

Sewer backup vs Flood insurance

NFIP losses are pocket change!
Climate Change is Happening in Illinois.

The Time For Doubt Is Over!
Higher temp = more evaporation = heavier rains!

Despite better floodplain mapping, strong regulations, and proactive flood mitigation programs, flood damages due to climate change continues to increase in Illinois.

University of Illinois. State Climatologist.
A great View!
Look at all that **GREEN** in Grafton!

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