BETTER UNDERSTANDING THE THREAT

Flooding continues to critically impact residents and communities across the country, due to an increase in the number of flooding events and the associated personal and financial costs. Multiple independent studies have reached the same conclusion: flooding causes more death and destruction than any other natural disaster. Recognizing the impact of these studies, the Department of Homeland Security (DHS) Science and Technology Directorate (S&T) is conducting evaluation research to better understand threats to public safety following flooding.

CLOSING FLOOD INSURANCE GAPS

The National Flood Insurance Program (NFIP) was created by Congress through the National Flood Insurance Act of 1968. It provides affordable insurance to property owners, renters, and businesses by encouraging communities to adopt and enforce floodplain monument regulations. NFIP policies are government-backed but are not purchased directly from the federal government. These are purchased through an insurance company or private-sector insurance agent. This extra step in the process provides a unique set of challenges for product purchases and customer service, including claims. S&T is exploring new product offerings, pricing models, and new delivery mechanisms and technologies to enhance business processes. DHS ultimately seeks to close the insurance gap and meet customer expectations more effectively.

METHODOLOGY FOR THE EVALUATION

The research design for this study included three data collection activities:

1. Secondary Analysis. Findings from existing data and reports in the public domain were delivered in a monthly landscape analysis newsletter.

2. Qualitative. Online focus groups, semi-structured interviews with subject matter experts, and a two-day, in-person innovation workshop were completed with attendees from the Federal Emergency Management Agency (FEMA), S&T, and the flood insurance industry. Findings were used to answer the 18 research questions provided by FEMA in the final report.

3. Quantitative Survey. An online survey was conducted with 960 consumers who reside in 40 countries within a 100-year flood zone.

FINDINGS

The insurance industry is mainly focused on incremental operation advances, rather than more fundamental disruptive innovation. Many of the incremental advances used commercial-off-the-shelf technologies that were used in other industries, especially banking and other financial services.

Five overarching mindsets were derived from the qualitative data collection: 1) need vs legal requirement for insurance, 2) cost benefit analysis, 3) price matters, 4) importance of customer service during the claims process, and 5) the need for peace of mind.

These mindsets were used as inputs for the quantitative survey questionnaire to quantify them as part of the segmentation analysis and create data-driven segments, also known as personas. These four personas can be described as the Optimistic Influencer, the Trusting Risk Taker, the Satisfied Loyal Optimist, and the Risk Averse Pessimist. The four personas are important when developing communication campaigns, as this strategy can help increase the success of a particular product or message across all customer types.

POST-AWARD DISSEMINATION

The research findings from this study will be synthesized into targeted paper submissions to:

- American Association for Public Opinion Research in Philadelphia, PA, May 10-12
- National Flood Conference in Washington, DC, June 7
- Insurance Innovators in Nashville, TN, April 16-17

PERFORMERS & PARTNERS

- Growth Focused Insights & Research, Cincinnati, OH
- FEMA