

August 26, 2022

**VIA – ELECTRONIC MAIL:** [bryan.falcone@fema.dhs.gov](mailto:bryan.falcone@fema.dhs.gov)

Mr. Bryan Falcone  
Federal Insurance and Mitigation Administration  
500 C Street SW  
Washington, DC 20472

**Re: Request for Information – FEMA Direct to Consumer (D2C) Initiative**

Dear Mr. Falcone:

On behalf of the Independent Insurance Agents and Brokers of America, Inc. (IIABA or Big “I”), I would like to offer our response to FEMA’s request for information (RFI) regarding the Direct to Customer (D2C) initiative.

Founded in 1896, the IIABA is the nation’s oldest and largest association of independent insurance agents and brokers, representing more than 25,000 agency locations under the Trusted Choice brand. Trusted Choice independent agents offer consumers all types of insurance—property, casualty, life, health, employee benefit plans and retirement products—from a variety of insurance companies.

Independent agents currently play, and must continue to play, an essential role in the delivery of the National Flood Insurance Program (NFIP) through the Write-Your-Own (WYO) program. NFIP policies, procedures, and requirements are complex and agents serve as a vital conduit between the NFIP, the companies, and consumers. Agents generally serve as the first point of contact for a consumer to explain the necessity for flood insurance. The sale, servicing and underwriting of NFIP policies is complicated; and where the purchase of flood insurance is not required by statute, regulation or otherwise by mortgage lender, property owners are often reluctant to purchase flood insurance as they have often been erroneously led to believe they are “not in a flood zone” and therefore do not need flood insurance when, in fact, more than 20% of floods occur outside the Special Flood Hazard Area (SFHA).

Despite the need for flood insurance, purchasing flood insurance can be a daunting and complex process, especially within the SFHA. Insurance agents and brokers, whether selling in the NFIP or via a private insurer help consumers estimate flood risk and insurance cost and discuss several “what if” scenarios with potential policyholders. Insurance agents and brokers help to prepare quotes, ensure consumers understand the impact of different policy limits and deductibles, and work to explain different policy provisions in order to inform the consumer’s purchase decision.



When flood insurance is legally required or otherwise required by a mortgagee for security on a loan, agents also work closely with lenders to provide evidence of coverage and ensure that the property is properly covered pursuant to relevant legal and regulatory requirements. Lender information requests do not just occur when a policy is initially purchased on a new loan but also throughout the life of the loan.

Additionally, for the life of a flood insurance policy, agents help consumers annually review and adjust coverages to fit changing needs and assist policyholders with claims when a claim occurs. Agents receive no additional compensation for assistance with claims related issues. For NFIP policies, agents must also monitor many unique issues related to policy renewals, such as legally required rate increases, frequent changes to the NFIP, mapping changes, statutory and regulatory changes, and underwriting changes.

As FEMA considers this Direct to Customer initiative, the IIBA offers the below comments in response to FEMA's Request for Information.

1. How would you implement and use digital sales and services to increase the number of properties covered by flood insurance and improve the nation's climate resilience?
  - a. There are a number of ways that digital sales and service can be used by agents in order to improve resilience. The first is to keep the sales and service of NFIP products in the agents' hands. Agents currently use a number of digital sales and service tools in their everyday work such as CRM systems, carrier portals and others, and agents are used to combining their expertise in the industry with these digital tools. Second, agency websites are heavily used by insureds and can be relied upon for insureds to access better sales and service. For example, many agencies have a way to access insurance certificates or request them from the agent right online, but agent involvement still remains an important part of the process. The insured trusts that they can go to their agent in order to access their insurance product no matter what the level of service is. On the other hand, consumers who purchase insurance through online companies and websites that advertise that insureds can purchase insurance and have it serviced online often end up disappointed. These customers are often left with wrong coverages, underinsured, and then stuck dealing with an unpleasant customer service experience. Finally, agents could implement a sales portal or tool right on their website or give insureds links so that while they can pay and generate a quote digitally, agents still have the ability to review for accuracy, make suggestions to the client and potentially help the customer with other insurance needs. In terms of sales, metrics on a current agent book of flood and homeowner business is also helpful. Aligning where the books of business are, best ways to market to those locations, and other digital tools such as mapping of where the policies are on a GIS platform are helpful to agents to sell more flood insurance.



2. What pain points or obstacles exist that would prevent or limit the implementation of digital services? What is the biggest risk to selling online?
  - a. Some pain points/risks are listed in response to question 1, but the biggest pain point is insureds thinking they have purchased the proper insurance online only to find out at the time of the loss that they do not have the right level of coverage. Online sales do not allow the customer to discuss coverage of the policy prior to the purchase, creating a significant risk for consumers. That is why having the agent involved is so critical to the process of selling flood insurance. Unlike other lines of insurance, there are government and private flood options, with pros and cons of each. It is critical that an agent is involved somewhere in the process to ensure that the consumer chooses an NFIP or private flood policy based on what best fits their needs.
3. What services do you think potential NFIP customers expect to be able to obtain digitally? What tools do you currently use in other insurance lines to sell and service policies directly? What tools should FEMA explore in establishing this capability?
  - a. There are some ways in which the NFIP can partner with agents in order to modernize the NFIP that would not only meet the NFIP mission in digitalization but also increase the agent's interest in flood insurance. The first is by making tools for agents to service. One example would be to add links for insureds to go and pay premiums online, some of which already exist with some WYO companies. Another example would be to make a policy portal where insureds can request an endorsement for the agent to process. And finally, a better connection between the lending community and the agent/insured, where a digital platform could allow a lender or servicer to pay online or ask for endorsements as well would be beneficial. Additionally, public quoting portals or widgets to add to agent websites would allow the insured to start or request a quote, then the agent can walk the insured through to the finish line. It also bolsters the agency website and gives the agent the opportunity to be more tech savvy and proficient in flood insurance in ways the consumer may desire. FEMA also needs to focus on more underwriting automation such as a replacement cost calculator for commercial flood insurance, more property data being pulled to help the agent complete the application, and a smoother cancellation and bind process.
4. What is preventing you from doing this today? What do you need from FEMA to start achieving digital sales capabilities? Would you be willing to sell flood insurance online if FEMA provided the technology?
  - a. The lack of access to PIVOT is a problem and easier API access is an immediate need, although some WYOs are making that available. The actual customer portals need to be designed and agents need the ability to easily integrate them into their existing websites.



Agents also need the data access to see where the policies are and how to better market in certain locations. As noted previously, some WYOs are able to help in this space, but there needs to be greater innovation in apps to help the agents target their clients and meet their clients expectations.

5. How will you ensure equity for all potential customers, and ensure excellent customer service for all? Do you feel properly incentivized to invest in digital sales and service?
  - a. The simple answer here is that the agent needs to be involved in the process. An agent cares about their book of business, regardless of who the client is or where they came from. If a lead is generated or a policy is serviced through some sort of online digital portal, the agent is going to care a lot about the policy no matter who it is. So long as the technology is straight forward and involves the agent, then yes, there would be incentives.
6. How do you think the NFIP Public/Private partnership will evolve if direct to customer services are implemented? What “non-typical” partners should FEMA engage in this effort?
  - a. The Big “I” strongly opposes any move by FEMA that would leave the agent out of the NFIP sales process by going digital. The Big “I” believes that such a move would cause significant damage to the relationship between FEMA/NFIP and both insurance agents and consumers. For instance, why would agents continue to spend considerable time and use considerable resources to market and sell an NFIP policy if the agent doesn’t have to be involved? Why would the consumer want an online only policy if they have to call a call center that is not local and/or not responsive to their needs when they have a problem, such as a lender request (which is very common)? One of the most important reasons agents need to be involved in the process of selling NFIP products is to have local experts that insureds can count on. While it is understandable that the NFIP may be concerned about their policy count, retention, or distribution, any digital transformation should be a partnership with insurance agents. Building on and improving this partnership has always been the best way to strengthen the NFIP.
7. What has worked well or needed to work better when servicing claims for policies sold digitally? Have there been significant reformation or error and omissions concerns for policies sold directly in other lines of business?
  - a. From the agent’s perspective, one thing that has worked well is the speed in which a digital claim can be done. However, much like the agent being involved in digital sales, adjusters are still involved in digital claims, and that partnership has been able to make the entire claims experience work for all involved. This is a great example of why having the agent involved even for digital sales is so important. When there is a claim, consumers



still want to call their agent, and even in a digital claim, the insured still wants to walk through the claim or ask questions to their agent.

8. Should FEMA primarily focus on delivering digital sales capabilities, or look to implement a full end-to-end policy sales and servicing platform?
  - a. FEMA should focus on how to make agents' job easier. This involves end to end digital sales and servicing and assisting both the client and agent. An online widget on the agent's website for the insured to access their policy is a great example of this. The client enters in some basic information and gets an indication, not the actual quote. The agent is alerted and reaches out to the insured to finalize the quote and check the information that was entered. This gives the agent the ability to meet the consumer's need and advise the client on coverages available through the NFIP. Then, assuming the policy is sold, the consumer has tools such as an online payment portal or portal to access the policy and request changes to be made right at their fingertips. This keeps them engaged with the policy, but also with the agent.
9. Given recent program changes FEMA has recently delivered, such as Risk Rating 2.0 – Equity in action, what lessons learned do you want to ensure are applied?
  - a. The biggest lesson learned is to take your time and make sure technology works before fully implementing it. If the NFIP creates any digital tool and then has major issues with it, the consumer blowback could be big for both the NFIP and the agent. The Big "I" would also encourage FEMA to work with stakeholders such as agents and WYO's to come up with the best possible strategies to increase the number of consumers with flood insurance coverage.
10. What concerns and / or opportunities does a direct to service model raise? What challenges do you foresee with state regulators and interacting directly with the federal government?
  - a. The Big "I" strongly believes that any type of direct sales/service model, if done from end to end without agent's and WYO's involved, would not benefit the NFIP or consumers. There is still a need and desire to be able to have someone with expertise involved, even with a younger generation of consumers looking for things to be done instantly and online. It's the same reason that rather than repairing your own brakes on a car, you bring it to a shop. For one, if it is done incorrectly, you are liable. This method also takes way too much time, especially when there are experts who can advise of anything else wrong with the car when they take a look at the brakes. The same can be said about selling flood insurance online. Yes, it's being done and can be done, but with the NFIP being so unique, there needs to be an expert on the process and the policies that is able to engage with the insured.



In conclusion, we would like to thank you for the opportunity to express the views of the Independent Insurance Agents and Brokers of America, Inc. (IIABA or Big “I”). Please contact Wyatt Stewart at [wyatt.stewart@iiaba.net](mailto:wyatt.stewart@iiaba.net) or (202) 863-7000 should you wish to have additional information regarding our comments.

Sincerely,

*Wyatt Stewart*

Wyatt Stewart

Assistant Vice President, Federal Government Affairs

Staff Administrator, IIABA Flood Insurance Subcommittee

