

Federal Emergency Management Agency (FEMA)
National Flood Insurance Program (NFIP)
Request for Information

General Information:

This RFI is issued solely for information gathering purposes to, responses to this RFI is not an offer and cannot be accepted by the Government to form a binding contract. This RFI shall not be construed as a commitment by the Government for any purpose, nor does it restrict the Government to an ultimate acquisition approach. Respondents are solely responsible for all expenses associated with their RFI response.

Background:

The Federal Insurance and Mitigation Administration (FIMA), an organization within the Federal Emergency Management Agency (FEMA), manages the National Flood Insurance Program (NFIP). In 1968, Congress created the NFIP to provide a means for property owners to financially protect themselves since standard homeowners' insurance does not cover losses due to flooding.

The NFIP offers flood insurance to homeowners, renters, and business owners if their communities participate in the NFIP. More than 22,500 communities participate in the program and have agreed to adopt and enforce ordinances that meet or exceed FEMA requirements to reduce the risk of flooding. The NFIP offers flood insurance that can be purchased directly from FEMA's NFIP Direct, or through approximately 60 private Property and Casualty (P&C) insurance companies that have entered into a Financial Assistance/Subsidy arrangement (the "arrangement" codified at 44 C.F.R. Part 62, Appendix A). These companies are referred to as Write Your Own or WYO companies. Rates are set nationally and do not differ from company to company or agent to agent. The rates depend on many factors, including the type of construction and distance and elevation relative to flooding sources. Flood insurance protects two types of insurable property: building and contents.

Flood insurance has been sold in the same manner since the program's inception. An agent collects information from a potential policyholder and completes the application on their behalf. A WYO enters the information into an online system and obtains the price. FEMA recently centralized the calculation of premiums in the NFIP system rather than each WYO maintaining their own pricing structure based on published rates. Other lines of insurance have made the leap into the digital realm, including WYO companies for their other lines of insurance. Flood Insurance remains behind the times, leading to potential customer frustration and the inability to protect one's home or business. As FEMA strives to increase climate resilience, ensure equitable access and outcomes for all citizens, and promote and sustain a ready FEMA and nation, it is imperative that FEMA enable the digital sale and servicing of flood insurance to increase the number of people covered. FEMA calls this initiative "Direct to Customer" or "D2C".

While the NFIP is the world's largest single peril insurance company, covering nearly 5 million policyholders with an annual premium of \$3.5 billion and \$1.3 trillion insurance in force, only 4%

of structures in the United States are covered. As climate change continues flood risks are increasing across the country with flooding events occurring in all 50 states and 99% of counties in the United States since 1996. In order to close the nation's flood insurance gap, the D2C investment has several goals:

- Achieve more equitable flood insurance outcomes by designing a new digital customer experience for selling and servicing NFIP policies.
- Improve climate resilience by providing digital solutions that make flood insurance more accessible and affordable to consumers and businesses.
- Reduce disaster suffering by utilizing digital solutions to make NFIP operations more efficient and more effective before, during and after flood events.

Response Submittal Instructions:

As FEMA designs its approach to fill this critical mission need, it seeks feedback from industry and insurance practitioners from all backgrounds. Please review the questions below and provide a written response by **August 4, 2022**. Responses should be no more than 10 8.5" by 11" pages and utilize a reasonably sized font (e.g. Times New Roman 12pt.) Responders are encouraged, but not required to answer all questions below. In addition to your up to 10-page response, please include a cover sheet explaining you or your organization's role and experience with the NFIP if any, as well as the following:

- Business Name
- Unique Entity ID
- Cage Code
- Point of Contact Information
- Current Business Size (ie HUBZone small business concern, service-disabled veteran-owned small business firm, 8(a) contractor, woman-owned small business, small business, or large business concern).

Please submit your responses to **bryan.falcone@fema.dhs.gov** no later than 5:00 PM EDT **August, 4, 2022**.

Questions:

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?
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?

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?
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?
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?
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?
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?
8. Should FEMA primarily focus on delivering digital sales capabilities, or look to implement a full end-to-end policy sales and servicing platform?
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?
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?

FEMA will continue to do market research, and may publish additional requests for information as needed to refine the approach to establishing this capability. We thank you for your consideration and look forward to your submissions.