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The Impact of Recurrent Flooding on Businesses

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Overview

- Background Information
- Challenges facing Businesses
- New options for Businesses

Background Information

- Most businesses get “insurance package” that includes standard hazard insurance (similar to homeowners insurance) and liability insurance – does NOT include Flood Insurance
- Currently flood insurance is regulated and premiums are set forth by FEMA. Insurance companies are simply “middlemen”.
- Businesses typically don’t get flood insurance unless it’s required by their lender

- There are some ways business owners attempt to mitigate premium costs
 - Utilize optional coverage such as:
 - Flood policies can be building only coverage. Adding contents is an optional coverage
 - By leaving contents off it severely reduces premium “at insured’s risk”
 - Or a flood policy could just cover the 1st floor
 - Utilize elevation certificates to reduce premium by proving their property is elevated. Can be expensive to get done
 - Utilize deductibles

Challenges Facing Businesses

- Overall complexity of insurance and what coverage is included and is needed
- Response to changing characteristics of property and area
- Costs & Disruptions to Business Activity
- Difficulty finding coverage
- Other priorities

New Options for Businesses

- Customers stunned by rate hikes under the National Flood Insurance Program.
- Some companies are offering flood insurance outside of FEMA
 - Example: Private Market Flood program is currently written by Lloyd's of London as part of the surplus lines market
- Seeing a decrease in rates

Questions

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