



FEMA

W-04066

September 22, 2004

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators
and the NFIP Servicing Agent

FROM: WYO Clearinghouse

SUBJECT: Reminder -- FloodSmart Retention & Win-Back Mailing Opt-Out
Deadline September 30, 2004

We welcome your support of the FloodSmart Retention & WinBack Mailing Program that will be launched this fall. This is a free program to WYO companies that will help agents and companies retain their customers. Participation does not require any out-of-pocket costs to WYO companies or agents. The deadline for opting out of the mailings is September 30, 2004. Attached for your review are detailed materials related to this program:

- *Policyholder Retention and Win-back Programs* PowerPoint Presentation
- *Questions and Answers* generated as a result of the August Web cast meetings
- *NFIP Opt-Out Form* for the FloodSmart Retention & Win-Back Mailings

If you have additional questions about the program, please direct them to floodsmart@ogilvypr.com.

cc: Vendors, IBHS, FIPNC, WYO Marketing Committee, Government Technical Representative

Suggested Routing: Marketing, Underwriting



FEMA



**NATIONAL
FLOOD
INSURANCE
PROGRAM**

Policy Holder Retention and Win-Back Programs



Are you FloodSmart?

FloodSmart Retention Program Review

- Monthly direct mail campaign
- Targeted to approx 20% of total policy holders
- Designed to provide marketing messages that remind policy holder to renew policy
- Targeting based on renewal date and predictive model
- Two creative versions, to be tested one against each other



Are you FloodSmart?

Issues raised by the insurance industry

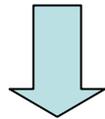
- In what ways can NFIP use policy holder data?
- What is the call to action?
- Can NFIP target specific groups of customers?
- How does the timing work with companies' renewal notifications?



Are you FloodSmart?

How can NFIP use policy holder data?

- Broadly, NFIP is able to use policy holder data to communicate with policy holders (according to NFIP attorney), as long as it is for purposes of ensuring flood insurance coverage
- BUT: Companies have their own privacy agreements with their customers plus agreements with their agents that they must comply with



Solution: Mailing to use company name and agent name, rather than just appearing to come only from FEMA and NFIP.



Are you FloodSmart?

What is the call to action?

- Call to action is to contact the agent
- Not a letter as such, and so no 'signatory'
- Will show FEMA and NFIP logo
- Company name to be included
- Agent name, agency name and contact info to be included



Are you FloodSmart?

How are policy holders being targeted?

- Predictive model identifies those most at risk of lapsing
 - *The mailing targets these policies, is clearly from NFIP and does not replace the WYO's renewal notice (e.g. no policy number, effective date, etc.)*
- Renewal dates are used to develop the monthly mailing lists



Are you FloodSmart?

How do we want policy holders to respond?

- Renew your insurance today: Call your agent, Mr. J Smith, 123-456-7890
- FloodSmart.gov will be included on piece, although not as call to action
- No NFIP 1-800 # as call to action



Are you FloodSmart?

When will the mailings go out?

- Likely 2-6 weeks prior to renewal date
- 1x per month drop
- Mailing will acknowledge that someone may have already paid their renewal, or mailing may coincide with renewal notices
 - Example: Renewal dates between January 1-31. Mail date December 20.
 - Companies who wish not to participate may opt out from these mailings (form provided)



Are you FloodSmart?

Model overview

Objective

- Identify current policies that are most likely to lapse at the renewal date
- Generate a score for each policy for which a higher score implies more likely to lapse
- Use score to sort most likely to lapse policies to the top of the list (i.e. top 20% of list)



Are you FloodSmart?

Model overview

Data Sources:

- Contracts in Force
 - as of Sep 30, 2003
- Expired/Cancelled
 - as of Sep 30, 2003
- Claims
 - Sep 30, 1998 - Sep 30, 2003
- Major Flood Disasters
 - Jan 1, 1996 - Dec 1, 2003



Are you FloodSmart?

Model application results

- The model was applied to a data sample for testing and validation
- The top 20% of the list contained nearly 60% of the total lapsed policies

Decile	Attrition	Attrition Index	Cumul % of Lapsed Policies
1	84%	339	34%
2	66%	265	60%
3	37%	150	75%
4	23%	95	85%
5	17%	69	92%
6	12%	48	97%
7	6%	23	99%
8	2%	7	99%
9	1%	3	100%
10	1%	2	100%
<i>Total</i>	25%	100	100%



Are you FloodSmart?

Data Transfer Protocol

Each quarter (firm date TBD), connect@jwt will:

- Establish FTP sites for each vendor
- Request 5-day turn around if possible
- Transmit lists stored as tab delimited text files with column headings in the first row
 - Vendors to match records based on policy number
- Need appended:
 - Agent name, street address and phone number
 - Policy holder's name, mailing address



Are you FloodSmart?

What Do WYO Companies Need To Do?

Action	When By?	Who is Responsible
Return completed opt-out form to FEMA	30 th September	WYO Companies
Determine final print quantities for Nov - March mailings	4 th October	JWT
Select data for Nov-March mailings	6 th October	JWT
Post data files and data append instructions to secure FTP site for vendor access	7 th October	JWT
Retrieve data files from FTP site	8 th October	Vendors
Append agent info, mailing address and lien holder data	15 th October	Vendors
Delete specific records if required	20 th October	WYO Companies
Return data files to JWT via FTP site	22 nd October	Vendors
Prepare mail files and send to letter shop	29 th October	JWT
First monthly mail date (monthly thereafter)	29 th November	JWT



Are you FloodSmart?

Retention Creative (Two Brothers)



Cover



First Reveal



Are you FloodSmart?

Retention Creative Call-To-Action (Two Brothers)

MEET CARL AND ALAN JOHNSON.

Two brothers with a lot in common—same town, same dad, same great childhood. When it came time to buy a house, they even got similar properties in the same street. You could say they inherited a lot of stress together. But when they paid off their mortgages, suddenly at the same time, they had a choice to make about renewing flood insurance. That's when their paths diverged...

UNTIL THE FLOOD HIT...

Clearing	\$ 500.00	Flood insurance	\$500.00
Flooring	\$1,193.17		
Drywall	\$2,137.89		
Subflooring	\$1,399.39		
Baseboards	\$1,129.51		
Wall-to-wall carpets	\$2,234.22		
Furnace	\$1,842.81		
Central air	\$1,290.99		
Kitchen cabinets	\$2,018.64		
Painting	\$ 990.00		
Insulation	\$ 887.96		

WARNING: Short-term gains are washed away without flood insurance.

FLOODS ARE THE #1 NATURAL DISASTER IN AMERICA.

Most floods are not declared a federal disaster and uninsured homeowners are left with the burden of repairs. Even if the President declares a federal disaster, most assistance is in the form of a loan that must be repaid with interest—and that can cost the same as paying for the damages yourself.

CALL TODAY:

<Agent Name Optional> at
<Agency Name>
<Agent Phone Number>

Second Reveal

WARNING: Short-term gains are washed away without flood insurance.

FLOODS ARE THE #1 NATURAL DISASTER IN AMERICA.

CALL TODAY:

<Agent Name Optional> at
<Agency Name>
<Agent Phone Number>

Call To Action

Are you FloodSmart?

Retention Creative Call To Action

MEET CARL AND ALAN JOHNSON.

Two brothers with a lot in common: same town, same dad, same great childhood. When it came time to buy a house, they even got similar properties on the same street. This could've been another lot of same-ness, but when they paid off their mortgages, rough at the same time, they had a choice to make about renewing flood insurance. That's when their paths diverged...

UNTIL THE FLOOD HIT...

Clearance	\$ 900.00	Flood Insurance	\$500.00
Flooring	\$1,193.47		
Drystack	\$2,137.85		
Sidewalking	\$1,299.25		
Handicapped	\$1,125.51		
High-top-soled carpets	\$2,254.22		
Refrigerator	\$1,060.00		
Central air	\$1,990.88		
Kitchen cabinets	\$2,014.64		
Painting	\$ 950.00		
Breakfast	\$ 807.88		
TV & stereo	\$1,867.88		
Furniture	\$2,715.88		
Computer	\$1,734.28		
Toys	\$ 969.22		
Refrigerator	\$1,267.88		
Food	\$ 767.11		
Outback	\$1,011.28		
TOTAL	\$26,065.59*	TOTAL	\$500.00

WHAT'S YOUR DECISION ON FLOOD INSURANCE?

If your mortgage is paid off... if you have flood insurance but feel like because you haven't been hit by a flood in years... if you think federal disaster aid could cover damages with no out-of-pocket... if you still aren't sure if there's no chance of flooding because you live in a low-risk area... there are signs that you may not have enough about floods and flood insurance.

The fact is, if a 4" home can rise the risk of flooding and 25% of national flood damage comes from low-to-mid-risk areas. Even a low number of floods can mean thousands of dollars in damage. The average cost of repairing a home damaged by flood is around \$17,000—and that's just the national average. Costs are much higher in certain areas—costs that you would have to bear if you left yourself uninsured. For information, visit FloodSmart.gov/choice. Better yet, give your agent a call. They can tell you more.

CALL YOUR INSURANCE AGENT TODAY.
If you've already renewed your flood insurance, we thank you.

Be FloodSmart.

NATIONAL FLOOD INSURANCE PROGRAM

FEMA

Third Reveal

is around \$17,000—and that's just the national average. Costs are much higher in certain areas—costs that you would have to bear if you left yourself uninsured. For information, visit FloodSmart.gov/choice. Better yet, give your agent a call. They can tell you more.

CALL YOUR INSURANCE AGENT TODAY.

If you've already renewed your flood insurance, we thank you.

Be FloodSmart.



**NATIONAL
FLOOD
INSURANCE
PROGRAM**

Are you FloodSmart?

Retention Creative (Pull Tab)



Cover with tabs closed



Cover with tabs opened



Retention Creative Call To Action

WARNING: No home is safe from flooding. Protect yours with flood insurance.

There's one key reason you have flood insurance.

Only flood insurance can protect your home against America's #1 natural disaster. Your homeowners policy covers you for most things—but not flooding. *No home in America is safe from flooding.*

Why renew your flood insurance?

It's simple. Without flood insurance, if your home is flooded, you will pay ALL the flood costs yourself. Can you afford to see your hopes and dreams washed away in a torrent of bills?

Flood insurance is your home's only protection against flooding.

Maybe you think letting your flood insurance policy lapse will save you some money. And maybe that's right... if you never experience a flood. When it comes to your home, is *maybe* good enough?

KNOW THE TRUTH ABOUT FLOODING.

Every year, thousands of people in America experience flooding. Those without flood insurance are faced with thousands of dollars in repair bills. For these people, a flood is not just a natural disaster—it can also be a financial disaster. Be flood smart and know the truth about flooding.

- Floods happen in all 50 states. Even if you live in a low-risk flood zone, your home isn't safe from flooding.
- It's not just waterways, like rivers, that cause flooding. Floods can result from heavy rains, surging tides, mudflows, snowmelts and nearby construction that alters drainage patterns.
- Only a couple of inches of flood water in your home can cause thousands of dollars in damage.
- Up to 90% of all floods are not declared natural disasters. And when they are, federal disaster assistance is usually a loan that must be paid back with interest.
- No homeowners policy protects you against flooding. Only flood insurance, available from your insurance agent or company, can protect your home.

Don't let myths about flooding lead you to the wrong decision. Renew your flood insurance. **CALL YOUR AGENT TODAY.**



FEMA

The National Flood Insurance Program (NFIP) is managed by the Federal Emergency Management Agency (FEMA), a component of the U.S. Department of Homeland Security (DHS). All claims and expenses are handled by insurance providers, not the dollar.



NATIONAL FLOOD INSURANCE PROGRAM

Flooding is America's #1 natural disaster.

For more information about flood insurance speak to your agent or go to FloodSmart.gov/myths

Don't let myths about flooding lead you to the wrong decision. Renew your flood insurance. CALL YOUR AGENT TODAY.

If you've already renewed your flood insurance, we thank you.

Be FloodSmart.



NATIONAL FLOOD INSURANCE PROGRAM

Inside Panels

Are you FloodSmart?

Retention Creative Call To Action (Pull Tab)

**Uncover the truth about flood
insurance before it's too late.**



NATIONAL
FLOOD
INSURANCE
PROGRAM

Presorted
Standard Mail
US POSTAGE PAID
NEW BRUNSWICK, NJ
PERMIT No. 1512

**< Renew your <Write Your Own company
name> policy today.>**

< Call <Agency Name> today at:
<Agent Phone Number>
<and ask for>
<Agent Name Optional>

<John Q. Sample
1234 Any Street
Anytown
USA, 0000000>

G41180-2

Back



Are you FloodSmart?

Win-Back Program

ACQUISITION



RETENTION



WINBACK

- Direct mail targeted to previous policy holders who have let their policies lapse
- Objective is to convince these people to that they should still be covered by flood insurance
- 2 creative executions have been developed and will be tested against each other
- First mail date 29th November, second drop 1st March 2005
- Call to action: Call your agent today, or call 1-800 123 4567 or visit FloodSmart.gov for more information
- Minimum of 90 days allowed after policy lapsed prior to mailing
- Cancelled policies excluded from mailings



Are you FloodSmart?

Win-Back Creative (Funny Thing)



Front



Back



Win-Back Creative (Funny Thing)

Even if you've never had an accident...
you don't think twice
about insuring your automobile.



And while you're careful about fire,
you make sure
your home is covered for fire.

Yet when it comes to protecting your home against
America's #1 natural disaster...



First Reveal



Are you FloodSmart?

Win-Back Creative (Funny Thing)

Even if you've never had an accident...
you don't think twice
about insuring your automobile.

you drop your flood insurance.
Does that make sense?

There are lots of reasons for dropping flood insurance... you don't live in a high-risk flood zone, you think the government will help in a flood, you don't need it because your mortgage is paid off. They seem like good reasons, but they're not.

Floods happen anywhere, at any time to anyone and can mean thousands of dollars in damage. While there's a 1 in 4 chance of flooding in a

high-risk zone, up to 25% of claims come from low to moderate-risk zones. Disaster assistance, if it's available at all, is a loan you'll repay with interest. If you own your house free and clear, then you have the most to lose.

Protect your home and contents with flood insurance, because **without it, you're on your own.**

Before it's too late...
**re-insure your home
against flooding.**

Be FloodSmart.

Call your insurance agent today.

For more information about flood insurance,

call **1-888-724-6791**

or go to **FloodSmart.gov/funny**



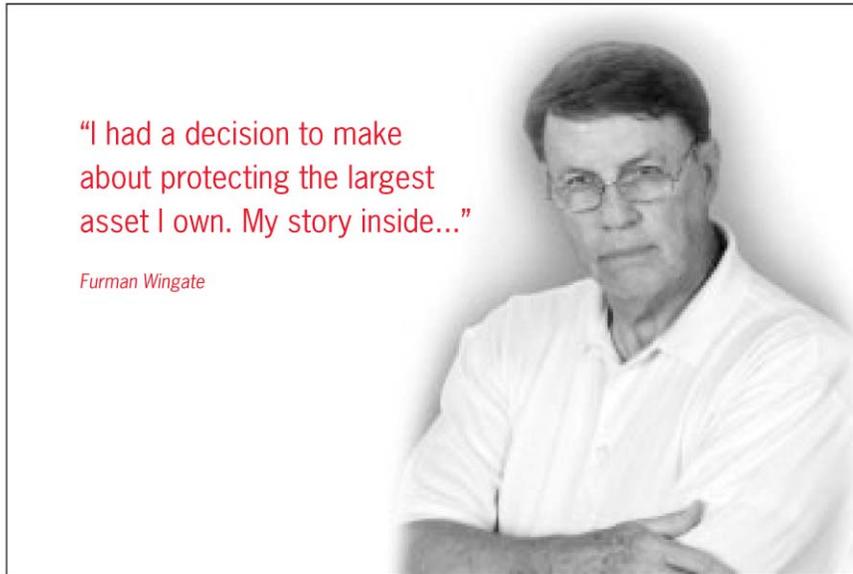
The National Flood Insurance Program is managed by the Federal Emergency Management Agency (FEMA), a component of the U.S. Department of Homeland Security. All claims and expenses are funded by insurance premiums, not tax dollars.

Second Reveal

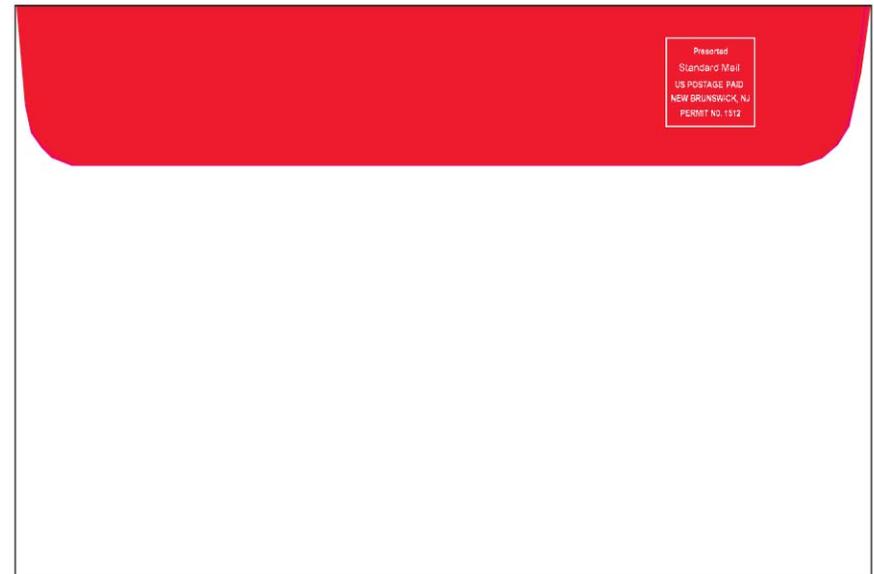


Are you FloodSmart?

Win-Back Creative (Testimonial)



Outer Envelope - Front



Outer Envelope - Back

Win-Back Creative (Testimonial)

A foot of water remained on our main floor for just 24 hours, but the damage lasted for weeks!

"Looking back, I can hardly believe how close I came to letting my flood insurance go!"

<John Q. Sample
1234 Any Street
Anytown
USA, 00000000>

<Dear Mr. Sample,>

I've been asked to write to you today to tell you about what happened when our home was hit by a flood some years back. Like you, I once had flood insurance. And like you, I thought about letting my policy lapse.

I had plenty of good reasons for wanting to let it go. I noted that the records for our area never once indicated a flood. I thought to myself, if it hasn't happened in 100 years, what's the chance of it happening now?

Even as I boarded up our windows the night before the storm was predicted to hit, I only anticipated wind damage. After all, our home is three feet off the ground... I considered it was pretty well "flood-proof".

No one was more surprised than me when our home was hit by a 16-foot storm surge. Since our house was also 15 feet above sea level I thought, even if some water got through, how much harm could it do? If it got in—I'd get it out!

I now know from experience that 12 inches of water can do a lot of damage. Flood waters can be murky concoctions of animal waste, fuel and sewage that invade every nook and cranny of your home, leaving behind a foul-smelling muck.

Floors buckle, carpets are ruined, walls act like a sponge sopping up every ounce of water and may need to be replaced entirely. Sea water corrodes every appliance it touches—and even some it doesn't. Our fridge, stove, air conditioning unit and three heat pumps all rusted out.

Everything that could absorb water did—our furniture, mattresses, family photos—even my pool table. I didn't realize that almost everything I owned would be jeopardized by a flood.

And we were among the lucky ones. Although we suffered over \$50,000 in damages, all of it was covered by insurance—and only because I decided against letting my flood insurance lapse.

I'm amazed at just how little we really know about the risk of flooding. Some people imagine floods occur only during dramatic storms, when riverbeds

over please...

**Before it's too late...
re-insure your home against flooding.**

Be FloodSmart.

Call your insurance agent today.

For more information about flood insurance,
call **1-888-724-6789**
or go to **FloodSmart.gov/story**

Floods don't only occur during dramatic storms.

There are many causes of flooding. Water drainage patterns can change due to an increase in asphalt surfaces in new subdivisions, shopping centers or highway improvement. Inform yourself about the risk of flooding.

There are many ways water can get into your home.

Often the things we associate with directing flood water away from our homes—like drains and sewers—are what can bring water into your house during periods of heavy rain. Dams break, levees can fail, drains will overflow. Water simply follows the path of least resistance, flowing into homeowners' basements and ground floors.

Letter - Front

overflow or dams burst. The fact is, you don't have to live near water to experience a flood!

How is that possible? Well, think of it this way—America is growing. Every town has new shopping centers, highways and neighborhoods being built. We all see the development, but how many of us question where the rainwater will go, now that miles of previously absorbent ground has been paved over?

Of course, sewers are built to absorb normal rainfalls but, in heavy downpours, excess rain simply flows to the lowest-lying area. If that happens to be your backyard—you're flooded. There are other causes too. Wildfires on hillsides burn down trees that absorb water, leaving low-lying towns vulnerable to major flooding. Dams, dikes and levees wear out over time and can break. Ditches can overflow. You get the picture.

Believe me, you don't need to live on the coast or by a river to experience a flood—but you need flood insurance to avoid being financially wiped out by one.

We were fortunate because we had somewhere else to live while our home was being repaired. But you may not have the same luxury. Without flood insurance you'd be totally on your own.

You'd need thousands of dollars to get back on your feet again. You might have to take out a long-term loan or wipe out your savings trying to get back on your feet. Trust me, suffering \$50,000 in damages meant we were more fortunate than some of my neighbors. Imagine the costs without insurance!

I came real close to letting my flood insurance go. I know from experience that flooding can happen anytime—and for a number of reasons.

Without flood insurance, you're simply rolling the dice. You're gambling with the largest asset you own. Take it from me—it's not worth it.

Sincerely,


Furman Wingate

PS. **Flooding is still our nation's #1 natural disaster.** If you've let your flood insurance policy lapse—please think again.

Call your insurance agent today.

For more information about flood insurance,
call **1-888-724-6789** or go to **FloodSmart.gov/story**




The National Flood Insurance Program is managed by the Federal Emergency Management Agency (FEMA), a component of the U.S. Department of Homeland Security. All claims and expenses are funded by insurance premiums, not tax dollars.

WARNING: You may have left your home susceptible to the #1 natural disaster in the U.S.



Letter - Back



Are you FloodSmart?

Summary

- Retention program is part of a larger campaign to drive increased policies in 2004/2005.
- Combined with WYO company permission to use mailing address and agent name, NFIP will help to reduce policy lapse rate.
- Win Back program complete the loop of targeting non policy holders (acquisition) current policy holders (retention) and lapsed policy holders.
- All programs aimed at driving flood insurance business to insurance agents - and therefore WYO Companies.



Are you FloodSmart?

Next Steps

- Receive back opt-out forms by September 30 from WYO companies that don't plan to participate in the NFIP retention program or the win-back program.
- Establish data transfer protocols with WYO company vendors (in progress).
- Begin data transfer and appending in October.
- Drop first monthly mailing third week of November and monthly thereafter.



Are you FloodSmart?

Questions/Answers from Retention Conference Calls With WYO Companies

1. **Question**

Can we have a written copy of the meeting presentation?

Answer

The presentation is now posted on the BureauNet.

2. **Question**

Can we see what the direct mail creative looks like?

Answer

The creative for all four direct mail pieces (two for retention and two for the win-back program) are shown inside the presentation posted on the BureauNet.

3. **Question**

Where are the agent phone numbers coming from?

Answer

JWT will send predictive modeling data to the appropriate source of agent phone numbers and contact information for each participating WYO company and/or vendor. Once received, each WYO company and/or vendor is asked to provide the agent's name, address, and phone number to JWT for use in the pieces.

4. **Question**

Can we put the company logo on the mailing?

Answer

At one time, that was going to be the solution to the question of "who is this reminder coming from?" However, too many WYO companies were concerned with redlining (sending only to a select few). Because of this, the company name can be included, but the only logos included in the pieces will be the FEMA and NFIP logos.

5. **Question**

What if we need more than 2 weeks to make a decision?

Answer

Originally, the due date for the Opt Out form was going to be two weeks. Because of everyone's concern with that amount of time, it will now be necessary to opt out within a six-week period. The new opt out date is Thursday, September 30.

6. **Question**

What's the process if we have to get permission to use each agent's name?

Answer

You will notice that there is a six-week waiting period between today and the date you have to turn in your Opt-Out Form for nonparticipation. During that time, if you feel it's necessary to allow each agent to Opt In to the program, each WYO company should take this time to do it. If your agents need notification of this upcoming program, the deadline gives you six weeks to inform them.

7. **Question**

Can the program be an opt-in program rather than an opt-out program?

Answers

The program is utilizing an opt-out option for several reasons. Many WYOs are ready to participate at this time while others have expressed the need for additional time to review the program prior to participating. Rather than delay the program, the decision was made to conduct the initial mailing with the opt-out form to allow WYOs who need more time to postpone their participation, if needed. WYOs who initially elect to opt-out can contact Jim Caponigro (JWT) at 404-365-7309 to discuss participating in future mailings.

8. **Question**

Has JWT or FEMA contacted the PIA and IIABA to solicit their input?

Answer

Both PIA and IIABA have been presented with the retention and win-back programs, and have provided ongoing feedback.

9. **Question**

Why is the FloodSmart.gov website address included in the direct mail pieces?

Answer

The call-to-action in each direct mail piece tells the policyholder to renew their policy today, and contact their agent (with questions or for more information). To help reinforce the customer/agent relationship, the retention mailing also lists each agent's name, company, address, and phone number.

FloodSmart.gov is included in the copy where information about flood insurance is mentioned. It provides the customer a place to go if they want more information about flooding. Nowhere in any piece does it talk about looking for another agent at FloodSmart.gov.

10. **Question**

Can the win-back mailing go to the mailing address instead of the property address?

Answer

Sure. We'll just have to use the same process of sending details to the vendors to make sure the addresses are current.



NATIONAL
FLOOD
INSURANCE
PROGRAM

NFIP Opt-Out Form

Name:
Title:
WYO Company Name:
Phone:
Email Address:

RETENTION PROGRAM

- Direct mail designed to provide marketing messages to policyholders to remind them to contact their agents to renew their policies
- Targeting based on renewal date and predictive modeling
- Current policyholders will receive the reminder close to their renewal date to act as a final reminder

I would like to **OPT OUT** of the NFIP
monthly **Retention Program**

WIN-BACK PROGRAM

- Direct mail targeted to previous policyholders who have let their policies lapse
- Objective is to convince these people that they should still be covered by flood insurance
- Minimum of 90 days allowed after policy lapsed prior to mailing

I would like to **OPT OUT** of the NFIP
monthly **Win-Back Program**

Please fax/email form by Thursday, September 30. If we don't hear from you, we will assume your participation.

Email: floodsmart@ogilvypr.com

Fax: (202) 466-7598, attention Meg Bartow at Ogilvy PR

If you have any additional questions, contact floodsmart@ogilvypr.com