



# Wisconsin Insurance News

Issue 1 - Summer 2012

## Commissioner's Note

By Ted Nickel, Commissioner of Insurance



I have hit an age where I start to look back at this world, and the truth is it is not the same as it was when I was younger. And it is definitely

not the same for my father. My office is not the same as the office he used to work at in Merrill, Wisconsin. Technology has changed the way insurers and the OCI do business. These changes are leading to new tools, new opportunities, and ultimately changes in the way we regulate. We used to wait for a paper copy of a bill signed by the Governor, now we just wait until it is posted on-line. With our state insurers getting bigger, and our insurers becoming more international in scope, we are forced to look at issues not only from a state perspective but also from a national and international perspective. Wisconsin has the 8th largest domestic insurance market in the U.S. Part of my job is to ensure that our companies can continue to provide both good insurance and good jobs for Wisconsin residents.

While the business of insurance has changed, many of its principles have not and should not. I was talking to our new Deputy Legal Counsel, Richard Wicka, about all of these changes. Before his work with the 11th Circuit Court of Appeals, he had done some work with one of the earliest insurance entities in the world – Lloyd's of London. It's hard not

to be compelled by the romantic early beginning of insurance embodied by Lloyd's – sea captains, long voyages and pirates!

In the 1600's and 1700's, captaining a ship was a dangerous and uncertain business. A sea captain might take goods from England to South East Asia. He might return with silk, tea, and exotic spices. Along the way, he could face uncertain weather, storms, uncharted rocks, and attacks by pirates. The uncertainty of these voyages made them very risky in life and financially. Insurance was important to protect the ship's owner from facing a total loss. Because Lloyds Coffee House was a popular spot for local sea captains, it was used as a place for them to meet, share the latest intelligence, and gossip – and more importantly arrange for insurance.

By creating a market of insurers (called underwriters then) Lloyd's Coffee House ensured captains were able to protect themselves from problems caused by uncertain events. And linking underwriters together in a group – through Lloyds – ensured that if a ship owner suffered a loss, the underwriters had access to the money to pay. It was one of the first insurance markets.

But that market was largely unregulated. As the industry expanded in size and into new markets, regulation became necessary. In Wisconsin, Secretary of State Llywelyn Breese was not only Wisconsin's first insurance commissioner in 1870, but also the first President of the National Association of Insurance Commissioners. Inger Williams (who

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is in charge of records at OCI) recently showed me the “First Annual Report of the Insurance Department” issued by him in 1870. At that time, Wisconsin had 80 companies doing business in the state including 8 Wisconsin companies. The companies wrote just over \$6.7 million in premiums.

We can literally “picture” insurance regulation in Gina Frank’s office. Gina, who is our Administrator of the Division of Regulation and Enforcement, has two of the earliest pictures of the insurance department. The 1895 insurance department was presided over by Commissioner William A. Fricke and consisted of 7 men. By 1899, Commissioner Emil Giljohann (the first commissioner born in Wisconsin) presided over an insurance department of 9 men and 3 women (apparently Commissioner Giljohann was more progressive).

Times have changed. Our staff has 76 women and 71 men. We still keep all records in our office including early papers, microfilm, microfiche, and other formats, but we’re in the process of converting them to an electronic format as well. Our primary communications vehicle is now electronic, rather than the U.S. mail. We regulate over 380 domestic companies and over 3,000 companies overall. Our employees include everyone from Nate Raygor (a new law clerk still taking exams) to Marcia Elliott (our Webmaster who began her work at OCI in the typing pool over 35 years ago). We even have several employees who have emigrated from other countries and have mastered English as their second language.

As much as we have changed, more changes are coming. For example:

- Dodd-Frank not only created new federal rules for the collection of premium taxes for some lines of insurance but also created a new Federal Insurance Office. Their report on the

future of insurance regulation is now months overdue.

- The Patient Protection and Affordable Care Act (PPACA) adds new federal regulatory requirements to health insurance and a federal health insurance exchange.
- Insurance agents are seeking legislation to make it easier to sell insurance in multiple states.
- International regulators are increasingly concerned about inconsistent regulatory requirements between our states and their country. Many American companies want to make sure they can compete on equal footing with international companies.
- The National Association of Insurance Commissioners is continuing to work to ensure the state-based regulatory system becomes more efficient and consistent through use of technology and more consistent standards.
- Congress continues to punt on issues like flood insurance, Medicare and Medicaid funding, and other issues.

And if that is not enough, all this is set against a backdrop of the Supreme Court deciding several important cases defining the relationship between the states and the federal government (including the lawsuit on federal health care reform).

The Wisconsin OCI has long played a key role in insurance regulation both individually and through its involvement with the National Association of Insurance Commissioners. While change is inevitable, I will work hard to be sure we remain at the head of the table. We need to be certain that any changes to come will reflect the unique and diverse insurance marketplace in Wisconsin and ultimately benefit Wisconsin consumers. We have a great insurance department with a professional staff and, as always, we will rely on their expertise as new issues and perspectives arise. Wisconsin continues to be well placed as a national leader on insurance issues well into the foreseeable future.

## Talk to Clients About Flood Insurance

Property and casualty insurance agents in Wisconsin should talk with their clients about the need for flood insurance.

There are a number of myths about flood insurance. These myths lead consumers to believe that they are unable to purchase flood insurance or that it is too expensive. This is where an agent can be an invaluable source of advice. Flood insurance policies have a 30-day waiting period before they take effect. Most people are unaware of this waiting period.

The standard homeowner’s policy does not cover property and possessions in the event of a flood. Just a few inches of flood water can cause thousands of dollars in damage.

Flood insurance is relatively inexpensive and is available under the National Flood Insurance Program (NFIP), a federally-backed program managed by the Federal Emergency Management Agency (FEMA). According to the FEMA Web site, the average cost of the policy is slightly more than \$300 a year for approximately \$100,000 of coverage.

Under the flood insurance program, coverage may be purchased as long as the property is located in a community that participates in the NFIP. To verify if a community participates, check with a property insurance agent or visit the FEMA Web site at [www.fema.gov/business/nfip](http://www.fema.gov/business/nfip). Information on the program can be obtained by calling 1-800-427-2419 or visiting [www.floodsmart.gov](http://www.floodsmart.gov).

## Administrative Actions

OCI does not include its administrative actions in this edition of the Wisconsin Insurance News. Administrative actions taken by OCI for the previous period are available for review at: [oci.wi.gov/ins\\_rev/1011\\_0312admact.pdf](http://oci.wi.gov/ins_rev/1011_0312admact.pdf)

## Continuing Education

Resident-intermediary agents who hold a license in any of the major lines of insurance must complete a total of 24 credit hours of continuing education during the biennium. At least 3 credit hours must be in the ethics of insurance. The major lines include Property, Casualty, Personal Lines P&C, Life, and Accident and Health, or the limited line of Automobile. Excess credit hours accumulated during any reporting period will not be carried forward to the next reporting period.

Resident agents who are required to complete continuing education will receive a notice mailed 90 days prior to the expiration date if they are deficient in course credits. Agents are encouraged to not wait until the last few weeks of their reporting period to complete continuing education. By rule, continuing education providers are given 10 days to electronically bank the credits, and paper confirmation of continuing education is not acceptable. Agents should complete all continuing education at least 10 days before the expiration date in order to avoid revocation of the license and termination of appointment(s).

Agents can view lists of approved providers, approved courses, and course

locations, or view or print their transcript at any time on Sircon's Web site at [www.sircon.com/Wisconsin](http://www.sircon.com/Wisconsin) by selecting "Look up education courses/credits" and following the prompts. The continuing education provider also can be contacted directly to determine if the completed course has been submitted for approval in Wisconsin or to bank any approved credits. There is no grace period for the completion of the required continuing education courses during the biennium.

### Internet Transcripts Available from Sircon

The transcript mentioned above can be printed free of charge by logging on to [www.sircon.com/wisconsin](http://www.sircon.com/wisconsin). By printing and viewing the transcript, agents can take any action that is necessary to add, delete, or change information that is inaccurate. To correct credit discrepancies, agents are required to contact their continuing education provider(s) directly. These discrepancies can only be resolved between the agent, the provider and Pearson VUE. Agents may contact Pearson VUE at 1-800-274-4679 for answers to general questions, to obtain information on course availability, and to confirm if credits have been banked in an agent's individual record.

## Biennial Regulation Fees - Renewal Notices

Agents are required to submit their biennial regulation fee in order to continue conducting insurance business in Wisconsin. Approximately 60 days prior to license expiration, OCI mails a renewal notice to the mailing address that the agent has on file with our office. All notices are sent by first class mail and are in a postcard format. Renewal fees must be paid by credit card, debit card, or electronic check.

### Print Your License

Agents and firms can print a copy of the license on the OCI Web site at [oci.wi.gov](http://oci.wi.gov).

- Click "Print your license" under "How Do I?" / "Apply for an Insurance License"
- Select the "Agent Search" or "Agency Search" tab
- Enter License No.
- Click "Search"
- Click "Print License"

## Electronic License Renewals Required

Resident or nonresident agents must renew their license online either by credit card, debit card or electronic check. Agents have the following three options to make these payments:

**SIRCON** ([www.sircon.com/wisconsin](http://www.sircon.com/wisconsin))—All payments made at this site are made in real time to the Office of the Commissioner of Insurance (OCI), and an agent's record is updated immediately. Sircon adds a \$6 transaction fee in addition to the renewal fee.

**Office of the Commissioner of Insurance** ([oci.wi.gov](http://oci.wi.gov))—A \$1 transaction fee is added in addition to the renewal fee. Due to a 72-hour time delay in posting the transaction with this option, agents making payments within five days of their expiration date are required to use Sircon to avoid delays or license cancellation.

**National Insurance Producer Registry** ([www.nipr.com](http://www.nipr.com))—A \$5 transaction fee is added in addition to the renewal fee.

Agents with questions may visit our Web site at [oci.wi.gov](http://oci.wi.gov) or contact OCI Agent Licensing at [ociagentlicensing@wisconsin.gov](mailto:ociagentlicensing@wisconsin.gov).

## E-mail Correspondence

We would like to remind our constituents that we do respond to e-mail correspondence from consumers and from companies, and those contacts are often the quickest way to get questions answered or transact business. However, please note that e-mail that you send us is not necessarily secure against interception. Therefore, please do not send us any e-mail with sensitive information like your Social Security number. If you must provide us with such information contact us in writing by U.S. mail.

## Recently Enacted Legislation

Governor Scott Walker recently signed a number of bills affecting the business of insurance. This summary is for informational purposes and is not the office's interpretation of these newly enacted laws. It is recommended that copies of applicable laws be obtained. Copies of any legislation are available from Legislative Documents, 1 East Main Street, Madison, WI 53703, and (608) 266-2400 or through the Legislature's Web site at [legis.wisconsin.gov](http://legis.wisconsin.gov).

2011 Wisconsin Act 46 – Small Business Regulatory Review Board. The Act changes the membership of the Small Business Regulatory Review Board (SBRRB). It requires each state agency to assist small businesses in complying with agency rules and encourage small business participation in administrative rule development. It requires state agencies to designate a small business regulatory coordinator and publicize the coordinator's contact information. It also requires the SBRRB to evaluate the impact of any proposed rules or emergency rules on small business. The SBRRB can suggest changes or withdrawal of proposed rules or emergency rules.

The provisions of Act 46 first apply to administrative rules submitted to the legislature, or to emergency rules submitted after November 15, 2011.

2011 Wisconsin Act 49 – Imputed Income. This Act excludes from state taxable income any amounts paid by an employer to provide medical care for the employee's adult child.

The provisions of Act 49 apply to taxable years beginning on January 1, 2011.

2011 Wisconsin Act 120 – Applying military training to licensing requirements. The Act requires the Commissioner to include any relevant instruction in connection with military service toward satisfying any preclicensing education requirements for licensure. An applicant must satisfy the Commissioner that the instruction is substantially equivalent to the preclicensing education required for licensure.

The provisions of Act 120 first apply to license applications received on June 1, 2012.

2011 Wisconsin Act 183 – Various changes to the worker's compensation law. The Act makes changes to the worker's compensation statutes affecting claims and payments including rates for permanent partial disability, the standard deviation for disputed fees, persons receiving vocational rehabilitation training, compensation for permanent disfigurement, and submission of practitioner's reports to the Department of Workforce Development (DWD). The Act also makes changes to the worker's compensation law supplemental benefit fund and requires DWD to conduct a study on certain aspects of worker's compensation.

Act 183 became effective on April 17, 2012. Certain provisions of Act 183 are applicable between April 17, 2012, and December 31, 2012. Other provisions are applicable on April 22, 2012, and January 1, 2013.

2011 Wisconsin Act 209 – Veterans license fee waivers. The Act requires the Commissioner to grant a one-time fee waiver to eligible veterans for the issuance of an initial covered license.

Act 209 is effective for all qualifying license applications beginning on July 1, 2012.

2011 Wisconsin Act 218 – Coverage of abortions in health plans sold through exchanges. Prohibits any qualified health plan sold through a health insurance exchange from providing coverage for abortions.

Act 218 became effective on April 20, 2012.

2011 Wisconsin Act 224 – Various changes to insurance statutes. The Act implements statutory changes needed to comply with the Nonadmitted and Reinsurance Reform Act (NRA), which modifies how states would regulate surplus lines business.

The Act also prohibits intermediaries from issuing a misleading certificate of insurance.

The Act specifies commercial liability policies are exempt from requirements to offer uninsured motorist, underinsured motorist and medical payments coverages if the incidental coverage for motor vehicles is limited to only non-owned motor vehicles. It also specifies commercial automobile liability policies are subject to the requirements to offer uninsured motorist, underinsured motorist and medical payments coverages. Provides minimum coverage limits for exempt policies that do provide such coverages. The Act also clarifies that only one named insured is required to reject medical payments or underinsured motorist coverages.

The Act clarifies that retained asset accounts are eligible for Wisconsin Insurance Security Fund (fund) protection. It also provides a definition of "disability insurance" as comprehensive health insurance and major medical health insurance. The Act clarifies that the maximum obligation applies regardless of the number of policies or contracts and sets the maximum aggregate liability of the fund for a single risk, loss, or life with respect to benefits for property insurance, liability insurance, and disability insurance at \$500,000, while the maximum for other insurance policy or contract types remains at \$300,000.

Act 224 became effective April 20, 2012.

2011 Wisconsin Act 225 – Portable electronics insurance. The Act clarifies licensing, training, termination of insurance, changes to the policy, compensation and disclosure standards applicable to portable electronics insurance.

Act 225 became effective April 20, 2012.

2011 Wisconsin Act 226 – Regulating certain service contracts. The Act allows new and existing service contract plans to choose to be licensed under the new statute or under the existing statute. It

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also includes standards for licensing of service contract providers and any administrators appointed by providers. Standards also include financial disclosure requirements, service contract form filing with the Commissioner, required contract disclosures, prohibited acts and other record-keeping requirements.

Act 226 became effective April 20, 2012.

## Application Procedures Following License Cancellation

Agents who have had their license revoked for failure to pay the renewal fee or failure to comply with continuing education requirements must reapply in order to have their license reinstated.

**Residents** who held a major-line or limited-line license have one year from their expiration date to reapply without having to complete any prelicensing education or examinations. Agents must complete continuing education requirements and the credits must be banked electronically with our office before the agent can reapply.

Resident and nonresident agents may reapply online on Sircon at [www.sircon.com/wisconsin](http://www.sircon.com/wisconsin) or on NIPR at [www.nipr.com](http://www.nipr.com).

Resident agents who wish to reapply for a major-line license after one year are required to complete all of the prelicensing education for each line previously held and take the law portion of each examination. Residents holding a limited line license would need to take the entire examination.

Agents can view lists of approved providers and approved prelicensing courses on Sircon's Web site at [www.sircon.com](http://www.sircon.com). Select "Look Up Education Courses/Credit" and follow the prompts.

For questions, please contact Agent Licensing at (608) 266-8699.

## Name or Address Changes

Agents and firms must notify the Commissioner of Insurance in writing, within 30 days, of any change in the name, residence address, mailing address, and business address. Agents should use the following options to notify OCI:

- Log on to [www.sircon.com/wisconsin](http://www.sircon.com/wisconsin) and select "Update your Name or Address." This option also allows agents to add or maintain e-mail addresses;
- Notify the Agent Licensing Section in writing at P.O. Box 7872, Madison, WI 53707-7872, by fax at (608) 267-9451,

or by e-mail at [ociagentlicensing@wisconsin.gov](mailto:ociagentlicensing@wisconsin.gov). Agents/firms must include name, license number, new address, and effective date. Telephone requests are not accepted.

Agents whose residential address change involves a change from one state to another state are reminded that, in addition to the address change, they also must provide OCI with either a letter of certification or a copy of their new resident license from their new state of residence. This should be sent to OCI within 60 days of the change of residence.

## Advertising Requirements for Agents that Market Medicare Supplement Policies

Agents are reminded that they need to file a copy of any advertisement they plan to use in connection with the sale of Medicare supplement insurance in Wisconsin prior to using the advertisement. This includes lead generating materials such as reply cards created by the agent or a vendor and used to obtain agent leads for Medicare supplement sales.

The Medicare Supplement Advertising Transmittal Form (OCI 26-042) and instructions for filing advertisements is available on the OCI Web site at [oci.wi.gov/company/forms-policy.htm](http://oci.wi.gov/company/forms-policy.htm). The OCI Web site also includes a Medicare Supplement Advertisement checklist.

## Medicare Information Now Available in Sign Language

The Centers for Medicare & Medicaid Services (CMS) has released an educational video in American Sign Language (ASL) to provide important information about the Medicare program to people who are Deaf or hard of hearing.

The video consists of an overview of the Medicare program, including what Medicare is, who qualifies, the four parts of Medicare (A, B, C, and D), new preventive services under the Affordable

Care Act, and help paying Medicare costs.

The video will be available on Medicare.gov, [cms.gov](http://cms.gov) and the CMS YouTube channel.

To access go to <http://www.youtube.com/watch?v=eskZVAg7v0o>.

To download, go to <http://downloads.cms.gov/media/video/ASLOverview.mp4>.

Miss an issue of the WIN?

No problem. We have old issues of Wisconsin Insurance News dating back to 2002 on our Web site:

[http://oci.wi.gov/ins\\_rev.htm](http://oci.wi.gov/ins_rev.htm)

## 2012 Milestones

OCI Financial Examiner David Jensen earned the Certified Financial Examiner designation from the Society of Financial Examiners.

Stephen Elmer has met the requirements to be designated an Accredited Financial Examiner by the Society of Financial Examiners.

Legal Counsel Fred Nepple has retired from state service.

Financial Examiner Russell Lamb retired in January 2012 to become an advisor in Kosovo.

Insurance examiner Janelle Dvorak earned the Accredited Insurance Examiner Designation from the Insurance Regulatory Examiners Society.

Market Regulation Bureau Deputy Director Jo LeDuc received the 2012 Paul DeAngelo Teaching Award at the IRES Foundation National School on Market Regulation.

Advanced Financial Examiner Tim Vande Hey was appointed to lead the Minnesota Department of Commerce Insurance Division as Assistant Commissioner.

## Updated Publications

OCI has recently updated several publications. Choose the "Publications" link in the top navigation on our home page, [oci.wi.gov](http://oci.wi.gov), then "Consumer Publications" to view, print or request a copy.

Fact Sheet on the Independent Review Process in Wisconsin (PI-203) (Updated April 2012)

Group Health Insurance Index (Updated April 2012)

Health Insurance for Small Employers and Their Employees (2012) (PI-206) (Updated March 2012)

Medicare Advantage in Wisconsin (PI-099) (Updated March 2012)

Medicare Part D - Things to Know Before Signing Up (PI-222) (Updated March 2012)

Medicare Supplement Insurance Approved Policies (PI-010) (Updated March 2012)

Wisconsin Guide to Health Insurance for People with Medicare (PI-002) (Updated March 2012)

Other Sources of Help (Updated September 2011)

## Long-Term Care Insurance Training Requirements

Resident agents who sell long-term care insurance (LTC) are required to complete 8 hours of initial LTC training prior to soliciting, negotiating or selling LTC insurance. Resident agents are also required to complete 4 hours of ongoing training every 24 months after completing the initial training. Nonresident agents who have completed another state's LTC training requirements are required to complete an initial 2 hours of Wisconsin-specific LTC training prior to selling LTC in Wisconsin. Nonresident agents are also required to complete 1 hour of Wisconsin-specific ongoing training every 24 months after completing the initial Wisconsin LTC training. The LTC training requirements apply to agents selling life or annuity products with LTC riders.

The initial training and the 4 credit hours or 1 credit hour of ongoing training that are required every 24 months run concurrent with an agent's license renewal cycle. For example: An agent who completed LTC initial training in January 2010 and whose license renewal cycle is June 1, 2010, to May 31, 2012, must complete ongoing training in

the 24-month period June 1, 2010, to May 31, 2012. If the agent does not complete the ongoing training by May 31, 2012, the agent may not sell LTC insurance in Wisconsin after May 31, 2012.

Insurance companies that market LTC in Wisconsin are required to maintain verification that their appointed agents received the LTC training.

A list of LTC courses approved for continuing education (CE) credit in Wisconsin is available electronically on Sircon. Agents can also look up their CE credit status on Sircon at [www.sircon.com/wisconsin](http://www.sircon.com/wisconsin).

Questions regarding CE courses and credits can be directed to Pearson VUE at [www.pearsonvue.com/contact/ce/](http://www.pearsonvue.com/contact/ce/) or by calling 1-800-274-4679.

A *Frequently Asked Questions, Long-Term Care Insurance* regarding agent training requirements and with links to other LTC information is available on OCI's Web site at [oci.wi.gov/agentlic/faq\\_ltc.htm](http://oci.wi.gov/agentlic/faq_ltc.htm).

## Annuity Training Requirements

Agents selling annuities are reminded that changes to s. 628.347, Wis. Stat., pertaining to the suitability of annuities require licensed life insurance agents who sell annuities to complete a one-time, four-credit general annuity training course approved by OCI. The training is required of both resident and nonresident agents. Agents who complete an annuity training course approved in another state that is substantially similar to Wisconsin's requirements can satisfy this annuity training requirement. Completion of a Wisconsin-approved annuity training course can also count towards a resident

agent's continuing education credits requirement.

A list of annuity training courses approved for continuing education (CE) credit is available on Sircon's Web site at [www.sircon.com](http://www.sircon.com) by selecting "Look Up Education Courses/Credit" and follow the prompts.

Questions regarding CE courses and credits can be directed to Pearson VUE at [www.pearsonvue.com/contact/ce/](http://www.pearsonvue.com/contact/ce/) or by calling 1-800-274-4679.

### OCI in Your E-mail

OCI's subscription service will send you an e-mail every time OCI issues a new bulletin, press release, or an issue of the Wisconsin Insurance News. Please visit [oci.wi.gov/listserv.htm](http://oci.wi.gov/listserv.htm) to sign up.

## Adequate Flood Insurance Coverage Takes Community Effort

by Gary Heinrichs, *Floodplain Planning Program Manager, Wisconsin Department of Natural Resources*

Since it's been less than two years since the Milwaukee area was devastated by record flooding and much of West Central Wisconsin experienced extreme rainfalls and flood flows, it's an opportune time to consider the advantages of flood insurance and examine what industry professionals and local officials can do to promote awareness of flood risk and how flood insurance can lessen the burden for those folks who have suffered from flooding.

When reviewing the history of flooding and flood recovery in this country, two important conclusions stand out from the rest:

- Flooding doesn't just happen in floodplains.
- Disaster assistance will never make you whole after a flood.

We know a lot more about flooding than we did when the NFIP program was first authorized in 1968. One of the most revealing statistics is that FEMA has not mapped all floodplains and probably never will. Yet these unmapped areas continue to flood, the residents struggle to recover and flood insurance continues to be an afterthought for many of those who would benefit the most from it.

For every four structures damaged by a flood, one or more are outside the mapped floodplain. It is the responsibility of community officials to inform these folks of their flood risk, provide information on simple steps they can take to mitigate the flood risk and make sure that residents, insurance agents, lenders and real estate agents are aware that low-cost flood insurance is available in these areas and can be purchased from the same agent who insures their home and car.

Most flood events never receive a federal disaster declaration. No declaration, no disaster assistance. No disaster assistance, no grants, loans, buyouts, temporary housing, no federal assistance period. Even if there is a declaration, most folks only qualify for small grants for unmet needs and loans. While the interest rate is generally lower, it is still a loan and it imposes further financial hardship on people who are struggling to recover.

The simple truth is that people with **adequate** flood insurance rebuild and recover faster and return to normal faster than people without. People without the needed financial resources may not be able to make full repairs to their home and may move back into an unsafe or unsanitary structure. Neighborhoods deteriorate over time if homes are not brought up to standard, resulting in social problems and reductions in the tax base.

Businesses with the proper coverage can repair, reopen, and put their employees back to work faster, generating much-needed revenue and providing a sense of "normalcy" in the heart of the community which can be difficult to restore after a devastating flood.

The cost of flood insurance, while sharing similarities with other insurance products, is dependent on some unique factors, including elevation of the building in relation to the base flood elevation, building design, basement or crawl space features, and number of floors. While local officials may not consider it their responsibility to promote the sale of flood insurance, there are some compelling reasons to get involved:

- More flood insurance coverage is good for the community. Reliance on scarce local or state resources or unpredictable federal assistance is too risky. Businesses and residents need the certainty that flood insurance provides. Remember, legitimate claims for a covered event will be paid – no exceptions.

- Most federal disaster aid is loans that have to be paid back with interest. Grant money is typically reserved for low-income citizens and the maximum grant amount will never cover the costs to repair a significantly damaged home. Well less than half of all flood disasters get a presidential disaster declaration.

These reasons point to the benefits to communities to get more people covered. There are ways they can do this, including:

- Telling people of the advantages of flood insurance in newsletter articles, public service announcements, and other outreach projects;
- Helping insurance agents with map interpretation;
- Providing insurance agents and residents with Elevation Certificates that are kept with building permit files;
- Advising permit applicants for projects in the floodplain about the advantages of flood insurance; and
- Buying flood insurance for community-owned buildings to set a good example and to be prepared for the next flood, when disaster assistance will be reduced by the amount of insurance the community should have.

For communities the lesson is clear: preparing for flooding and pursuing flood mitigation strategies are important; however, it is equally critical to prepare for the financial burdens which will be placed on the community and its residents and businesses when the next flood occurs. Don't count on federal disaster assistance to make your community whole again. Self-reliant communities know that flood insurance is the only guaranteed vehicle to assure a smooth and complete recovery for everyone affected.



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