August 16, 2004

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

FROM: WYO Clearinghouse

SUBJECT: FloodSmart Retention Mailing – Update and Opt-Out Form

Thank you for your participation in the Retention and Win-Back program Web casts on August 3 and 12. In follow-up to the calls, please see, attached:

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

The deadline for opting out of the programs has been extended to September 30, 2004, to allow WYO companies additional time to review the program elements. If you have additional questions about the programs, please direct them to floodsmart@ogilvypr.com.

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

Suggested Routing: Marketing, Underwriting
Policy Holder Retention and Win-Back Programs
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
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?
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.
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
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
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.
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
  - Companies who wish not to participate may opt out from these mailings (form provided)
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)
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

<table>
<thead>
<tr>
<th>Decile</th>
<th>Attrition</th>
<th>Attrition Index</th>
<th>Cumul % of Lapsed Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>84%</td>
<td>339</td>
<td>34%</td>
</tr>
<tr>
<td>2</td>
<td>66%</td>
<td>265</td>
<td>60%</td>
</tr>
<tr>
<td>3</td>
<td>37%</td>
<td>150</td>
<td>75%</td>
</tr>
<tr>
<td>4</td>
<td>23%</td>
<td>95</td>
<td>85%</td>
</tr>
<tr>
<td>5</td>
<td>17%</td>
<td>69</td>
<td>92%</td>
</tr>
<tr>
<td>6</td>
<td>12%</td>
<td>48</td>
<td>97%</td>
</tr>
<tr>
<td>7</td>
<td>6%</td>
<td>23</td>
<td>99%</td>
</tr>
<tr>
<td>8</td>
<td>2%</td>
<td>7</td>
<td>99%</td>
</tr>
<tr>
<td>9</td>
<td>1%</td>
<td>3</td>
<td>100%</td>
</tr>
<tr>
<td>10</td>
<td>1%</td>
<td>2</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>25%</td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>
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
What Do WYO Companies Need To Do?

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

Cover

First Reveal

Are you FloodSmart?
Retention Creative Call-To-Action
(Two Brothers)

Are you faced with a decision about flood insurance? Make the right choice. You never save by being uninsured. Renew your "WYO" policy today.

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>
Agency Name>
.Agent Phone Number>

Call To Action

Second Reveal

Are you FloodSmart?
Retention Creative Call To Action

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.

Are you FloodSmart?
Retention Creative
(Pull Tab)

UNCOVER THE TRUTH
BEHIND THE MYTHS ABOUT FLOOD INSURANCE.

MYTH: You can save money by not renewing your flood insurance.
(Pull tab to uncover the myth)

MYTH: Your home is safe from flooding.
(Pull tab to uncover the myth)

MYTH: If there's a flood, the government will provide free disaster assistance.
(Pull tab to uncover the myth)

MYTH: You cannot afford your flood insurance if flood insurance is imminent.
(Pull tab to uncover the myth)

MYTH: A small flood of only a few inches won't cause much damage.
(Pull tab to uncover the myth)

WARNING: What is the truth about flood insurance could cost you thousands of dollars.

Are you FloodSmart?
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.

Archived April 2018
Retention Creative Call To Action (Pull Tab)

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

< 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
Artytown
USA, 0000000>

Back

Are you FloodSmart?
Win-Back Program

• 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
Win-Back Creative
(Funny Thing)

Funny thing about insurance...

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.

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…

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.

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 to drop it. Floods happen anywhere and at any time and can mean millions of dollars in damage. While there's a 1 in 2 chance of flooding in a flood zone, about 25% of all losses come from low flood risk areas. Delaying insurance, if it's available, isn't smart; you'll repay with interest. If you ever lose hope and clear, then you have nothing 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


ARCHIVED APRIL 2018
Win-Back Creative
(Testimonial)

“I had a decision to make about protecting the largest asset I own. My story inside...”

 Furman Wingate

Outer Envelope - Front

Are you FloodSmart?

Outer Envelope - Back

ARCHIVED APRIL 2018
Win-Back Creative (Testimonial)

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

John D. Sample
123 Main Street
Annapolis
MD 20003

"Dear Mr. Sample,"

I've never had to write a testimonial until now about what happened when a once-burned house was hit by a flood some years back. It was a close one, and I'm glad I had flood insurance. Well, not the flood insurance I had before a flood insurance carrier for wanting to hear that. I wanted to let you know that the record for some never seen traditional death's most thoughtful. It's happened and it had happened in 10 years, which is the shortest it happened in.

Even in 1991 I had to repair flood damage. The time before the insurance was paid out, I set aside anticipated flood damage. After all, we don't have to think of the general - I consider it quite well. "Left out of the sun,"

You see was even better than what we've done before. The flood insurance companies found it valuable to let the sun in. After a rainstorm, you had to get out and get it.

I have been fortunate that I have only been flooded once. The other flood insurance companies found it too good. After a rainstorm, you had to get out and get it.

I believe this is very important. I think it's necessary for you to re-insure your home against flooding. Be FloodSmart.

Your insurance agent today.
For more information about flood insurance, call 1-888-724-6799 or go to FloodSmart.gov/stories

FEMA

Letter - Back

Are you FloodSmart?

Letter - Back
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.
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.
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.
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