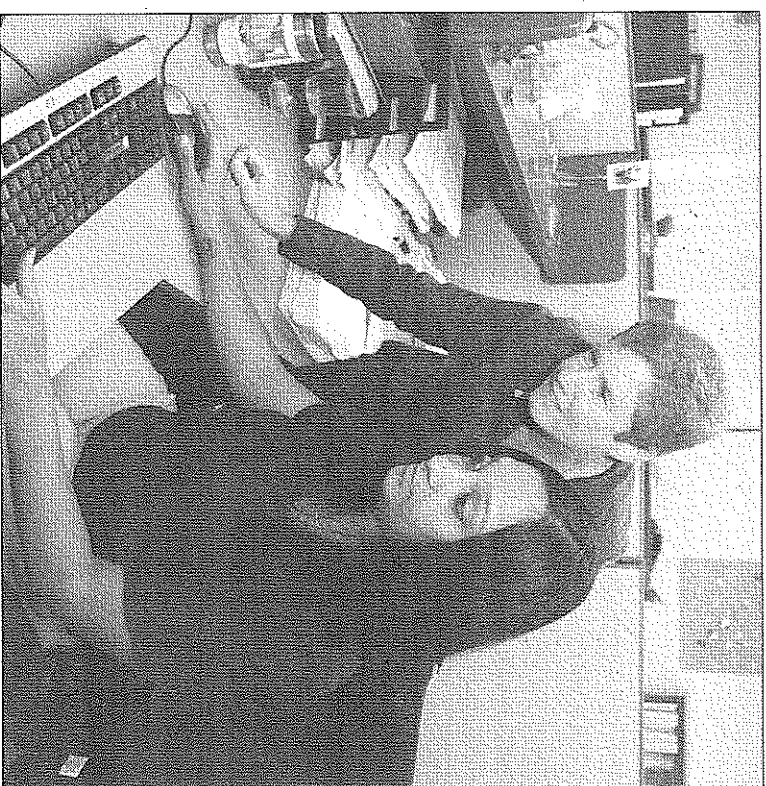
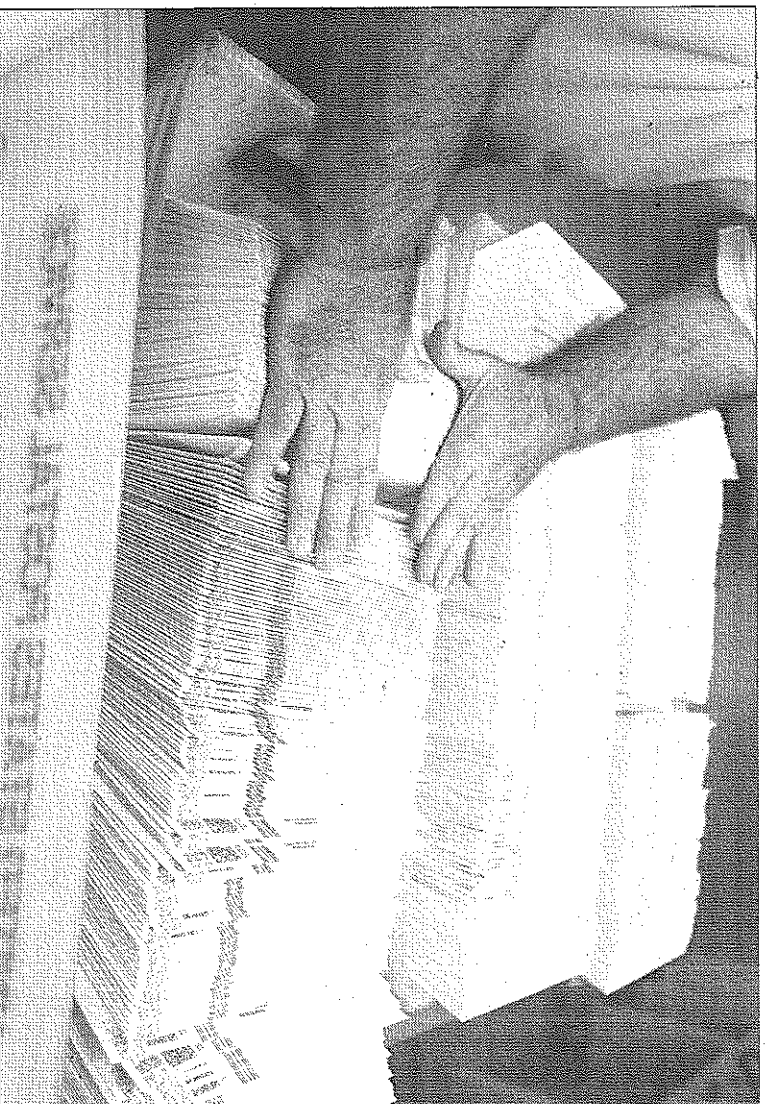


INSURANCE
SPECIAL REPORT

James Lebrecht, technician for the output center at Wright Flood, in the midst of document packaging, while Connie O'Brien, cash manager, speaks with Tara Johnson, senior clerk, in the finance department.

KATHLEEN CAGBLE

Preparing for the claims storm

Wright Flood invests in staff, expertise to hit the high ground

BY MARGIE MANNING
QUALITY AND CONTENT EDITOR

ST. PETERSBURG — As Superstorm Sandy wreaked destruction on the northeast United States, a small training room at Wright Flood was converted to claims central.

Working virtually around the clock, the company was able to process thousands of claims. Every staff member worked the phones, taking 3,000 claims on the first day alone. By April 10, Wright had closed 95 percent of the 20,000 claims it received, and paid out almost \$900 million to policyholders, said Neal Conolly, president.

"We've been through so many disasters in 20-plus years in business that we have it down to a science," said Patty Templeton-Jones, chief operating officer. "During Katrina, we fine-tuned our process; (with Sandy) we were able to mobilize on a second's notice."

An investment in a permanent claims staff and a sole focus on flood insurance are among the reasons Conolly and Templeton-Jones cited for the company's leading market share in Florida.

"It's good to be a Florida company in the largest flood market in the country," Conolly said.

ONE-STOP SHOP

Wright National Flood Insurance Ser-

vices LLC is the new name for the former

Fidelity National Indemnity Insurance Co., purchased in 2011 for \$219.5 million by Wright Insurance Group LLC, a New York-based firm with subsidiaries that provide specialized risk management. The common theme through the businesses is public-private partnerships, Conolly said. Flood insurance is provided through the National Flood Insurance Program, a federal program administered by the Federal Emergency Management Agency. Wright is among the "write your own" agencies, private companies that write and service federal flood insurance policies in their own names.

"We are different from almost every one of the other 80-plus companies in the federal program. We do everything," Conolly said. "Most of the other companies are involved in the front end, the sales, but leave other aspects, from underwriting to claims, to someone else ... We are responsible here for everything that happens, and we think that makes a difference."

The company has 250 staff members with an average tenure of 10 years. About 230 employees are in the company's office at the Koger Center. There are about 20 sales people in the field who train agents on the product, seven of them in Florida alone, Conolly said.

Wright Flood also has several strategic partnerships. As of April 1, American Integrity Insurance Group in Tampa is making flood coverage available through its network of independent agents. Security First Insurance in Ormond Beach and Wright Flood launched a flood coverage

FLOOD RISKS

Thirty percent of all flood claims are from low-to-moderate risk areas. A home in a low-to-moderate risk area has a 25 percent chance of flooding over the course of a 30-year mortgage. The same home has a 1 percent risk of fire.

Almost 40 percent of small businesses never reopen their doors after a flood disaster.

SOURCE: Wright Flood

software solution to expedite the process for agents to obtain flood coverage for Florida residents.

MISCONCEPTIONS AROUND

A nationwide survey in April by Bankrate.com found that about one in five consumers didn't know that a standard homeowners policy specifically excludes flood-related damage.

That's one of many issues many people don't understand about flood insurance, Templeton-Jones said.

"You hear people say all the time, 'I don't live in a flood zone.' Everyone lives in a flood zone. It just depends on if you are low-to-moderate risk or high-risk. Roughly 30 percent of all claims come out of low-to-moderate risk areas," she said.

Flood insurance provides better protection than relying on government grants or loans, which are only available for presidentially declared disasters. The average grant is around \$3,500 while the average flood insurance claim is around \$33,000, said Dolores Glass, Wright Flood communications manager.

"People think the federal government is here to bail them out, and they're not," Templeton-Jones said.

CHANGE AHEAD

Congress last year approved the Big-gert Waters Flood Insurance Reform Act, extending the National Flood Insurance Program for five years and also requiring FEMA to move toward actuarial soundness.

"The new law eliminates some artificially low rates and discounts which are no longer sustainable," FEMA said in a fact sheet posted on its web site. "Most flood insurance rates will reflect full risk and flood insurance rates will rise on some policies."

About 80 percent of NFIP policyholders won't see much impact right away, because their policies already are actuarially rated, FEMA said. About 5 percent of all NFIP policies will see immediate 25 percent increases, including non-primary residences, businesses and severe repetitive loss properties, FEMA said. Another 10 percent of policies are subsidized but won't see rate hikes until the property is sold or the policy lapses, FEMA said.

Even with rate hikes, flood insurance provides a good return on investment, said Doug Whiteman, insurance analyst with Bankrate.com in North Palm Beach. The average cost of an annual premium is \$600, and the average payout per claim is \$20,000, he said.

"Just one inch of water in a 2,000-square-foot home can cause about \$21,000 in damage," Whiteman said.