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United States House of Representatives  
Subcommittee on Housing and Community Opportunity

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Ohio Department of Insurance

**Testimony on “A Look at the National Flood Insurance Program:  
Is Ohio Ready for a Flood?”**

Chairman Bob Ney, Ohio  
August 17, 2005

Thank you Chairman Ney and committee members for the opportunity to testify on the National Flood Insurance Program (NFIP). I am Derrick Dozier, Supervisor of the Property and Casualty Unit of the Office of Consumer Services at the Ohio Department of Insurance.

I am here today representing Ann Womer Benjamin, Director of the Ohio Department of Insurance (the Department.) I have been with the Department for more than 22 years and have held my current position for the past 10 years. While I am not involved in every consumer phone call, I do review every written complaint sent to the Department involving flood insurance.

My Division, the Office of Consumer Services, is the consumer protection arm of the Department. We assist consumers with all types of insurance related complaints and answer a variety of questions. Annually, my division handles more than 90,000 consumer inquiries on all kinds of insurance issues. Some of these inquiries rise to the level of a written complaint against an insurance company or agent. In 2004, we handled about 8,000 written consumer complaints, and as a result helped consumers recover over \$6 million.

In my invitation to come to testify before this Committee today, I was asked to address a number of issues regarding the NFIP.

The first issue I was asked to address was to comment on the responsiveness of the NFIP and private insurance companies participating in the NFIP to paying claims for recent floods, and to describe the type of complaints we hear at the Department about payment of flood claims.



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Consumer Hotline: 1-800-686-1526    Fraud Hotline: 1-800-686-1527    OSHIP Hotline: 1-800-686-1578

The information the Department receives about the responsiveness of the NFIP and NFIP-participating insurers to flood claims generally comes from the calls and emails we get from consumers.

The Department has a system for tracking consumer complaints. One category we track is flood claims relative to homeowners' insurance. Since 2000, the Department has tracked 24 complaints relating to flood insurance. The majority of these complaints relate to delays in processing claims.

Many of the calls the Department receives are not complaints, but inquiries where the consumer is seeking information. We regularly get calls from consumers about flood insurance, and the inquiries we get far outnumber the complaints. Some of the inquiries do involve flood claims, and we work with the consumer even though no complaint is filed.

When a consumer contacts us about flood insurance, and the NFIP needs to be involved, we call the NFIP directly for the consumer. In the case of a flood insurance claim, we contact an NFIP claims manager directly. In our experience, NFIP claims managers get back with the Department promptly. We do not track all of our referrals to the NFIP.

The second issue you asked me to address was the steps the Department has taken to educate consumers and agents about flood insurance, and what else needs to be done.

As you may know, neither the State of Ohio nor the Department regulates flood insurance products or rates. However, we do work to educate consumers and agents on the NFIP. We do this by publishing and distributing information about flood insurance, by answering consumer questions, by working with the NFIP on consumer issues, by speaking to consumer groups, and by sending representatives into communities affected by floods. For example, during flood events, the Department sends personnel from my staff to on-site Disaster Assistance Centers to help consumers with their questions, claims and complaints.

Another way the Department educates consumers is through its consumer guides. We publish and distribute a consumer guide on homeowners insurance that contains a section on flood insurance. This consumer guide stresses that homeowners' insurance does not provide coverage for floods, and that consumers must contact their insurance agent or company to find out whether they need flood insurance and how to buy it. The consumer guide also provides information about NFIP, including NFIP's telephone number. This consumer guide is available in printed form and also on the Department's website at [www.ohioinsurance.gov](http://www.ohioinsurance.gov).

The Department also has a dedicated staff of consumer analysts who can answer questions about flood insurance. Consumers can call the Department's toll free consumer hotline (800-686-1526) and they can talk to a consumer analyst with experience in flood insurance. The analyst will work with the consumer until the consumer's questions are answered.

The Department has also put together a "Consumer Tips" series of press releases, one of which deals with flood insurance. News organizations around the state can access "Consumer Tips" for use in newspapers, radio and television spots.

In terms of doing more, the Department is constantly working to improve the information it provides to Ohio consumers, and flood insurance is one of the topics on which we have focused. We believe consumers should know that homeowner's insurance does not cover flood damage, and that flood insurance must be purchased separately. To make sure more consumers know this, there is a cooperative effort between FEMA and the Department. The information the Department circulates is clear on this subject, but more can be done to get this information to consumers. Our Department welcomes the opportunity to work to improve distribution of this information.

The third issue I was asked to address today deals with the training and licensure requirements that apply to insurance agents selling flood insurance in Ohio.

There is no special flood insurance license in Ohio. All property and casualty insurance agents licensed by the State of Ohio are authorized to write flood insurance with the NFIP. This means that the licensure requirements that apply to insurance agents generally are the licensure requirements that apply to insurance agents selling flood insurance.

An applicant for an agent's license must complete 40 hours of pre-licensing education that includes instruction on flood insurance, and is required to pass an exam, which includes questions on flood insurance.

After obtaining a license, an agent must complete 20 hours of continuing education (CE) every two years. The Department has approved four hours of CE if an Ohio agent completes FEMA's flood insurance seminar. The Department has approved other flood insurance courses for CE credit. Other agent education courses are also available through FEMA.

Since 2000, the Department has received very few complaints against insurance agents involving flood insurance. We attribute this to the fact that a basic understanding of flood insurance is a requirement to obtaining an insurance agent's license in Ohio.

In closing, I want to say that we agree that it is very important that consumers and agents are knowledgeable about flood insurance. The Department is committed to educating consumers on a variety of insurance issues and is always seeking better ways to communicate with consumers. We welcome a discussion of how to better educate consumers about flood insurance.

Once again, on behalf of our Director, Ann Womer Benjamin, I would like to thank Chairman Ney and the committee members for inviting me here today to testify, and I am happy to answer your questions.