In March of 2023, Chubb commissioned IResearch Services to survey 332 commercial insurance brokers about their perceptions, and those of their clients, regarding commercial flood insurance.

### What commercial brokers reported

Our takeaway underscores the fact that, despite an ever-increasing risk of flooding (largely due to climate change), not all brokers are fully aware of the need for flood insurance coverage, and most brokers—and many brokers themselves—under- appreciate the danger that flooding presents.

Here are the key findings:

#### 77% of brokers surveyed believe that less than a quarter of their clients actually have a flood response mitigation plan in place.

#### 57% of brokers surveyed believe that less than half of their clients have flood insurance.

#### 50% of brokers surveyed believe that less than half of their clients have flood insurance coverage.

#### 16% of brokers surveyed believe that less than half of their clients have flood insurance because they assume flooding is covered by their commercial property insurance.

### Why clients buy flood insurance

The four main drivers for why lower and middle market clients purchase through the National Flood Insurance Program, with an excess endorsement, are:

- **The evolving landscape of flood insurance coverage**
- **The ease of doing business**
- **The cost of doing business**
- **Reducing the knowledge gap**
- **Widely misunderstood degree of flood risk**
- **Why aren't clients buying flood insurance**

### FLOOD-INSURANCE PURCHASING DECISION

<table>
<thead>
<tr>
<th>Over half of brokers surveyed believe that flood insurance is a covered cause of loss under their clients’ commercial property policies.</th>
<th>Not much about half of brokers believe that flood insurance is a covered cause of loss under their clients’ commercial property policies.</th>
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<tbody>
<tr>
<td>More than half of brokers believe that flood risk assessment should be a standard part of the due diligence process when a new client is introduced.</td>
<td>But only 20% of brokers included flood risk assessment among six key questions they ask when interviewing a potential new client.</td>
</tr>
<tr>
<td>50% of brokers said their clients need flood insurance.</td>
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- **Why aren't clients buying flood insurance**

### FLOOD INSURANCE PURCHASING INFLUENCERS

- **Company location**
  - 45% of brokers believe that their clients think the price of flood insurance is too high.
  - 35% of brokers believe that their clients think flood insurance is too expensive.
  - 20% of brokers believe that their clients don’t buy because it’s not a requirement.

- **Company size**
  - 55% of brokers believe that their clients think the price of flood insurance is too high.
  - 45% of brokers believe that their clients think flood insurance is too expensive.
  - 20% of brokers believe that their clients don’t buy because it’s not a requirement.

- **Company revenue**
  - 65% of brokers believe that their clients think the price of flood insurance is too high.
  - 55% of brokers believe that their clients think flood insurance is too expensive.
  - 20% of brokers believe that their clients don’t buy because it’s not a requirement.

### FLOOD RISK IS MOST UNDERSERVED IN:

- **Agriculture**
- **Construction**
- **Clean tech**
- **Cultural/entertainment**
- **Government**
- **Government**
- **Healthcare**
- **Telecommunications**
- **Television**
- **Television**

### BRIDGING THE KNOWLEDGE GAP

- **Why aren't clients buying flood insurance**
  - 85% of brokers surveyed believe that less than half of their clients actually have a flood response mitigation plan in place.
  - 56% of brokers surveyed believe that less than half of their clients have flood insurance.
  - 45% of brokers surveyed believe that less than half of their clients have flood insurance because they assume flooding is covered by their commercial property insurance.
  - 45% of brokers surveyed believe that their clients are in a low-risk area.
  - 42% of brokers surveyed believe that their clients have limited expectations that their clients’ flood insurance coverage will be effective in the event of flooding.

### Client information

**Industries**

- Aerospace
- Agriculture
- Construction
- Cultural/entertainment
- Government
- Healthcare
- Telecommunications
- Television
- Telematics
- Technology

**Company size**

- Small (0-250 employees)
- Medium (251-1,000 employees)
- Major (1,001-5,000 employees)
- Gigantic (5,001-50,000 employees)
- Gigantic (50,001-99,999 employees)
- Huge (100,000+ employees)

**Company location**

- East
- Midwest
- West
- South

**Company revenue**

- $0 – under $5 million
- $5 million – $10 million
- $10 million – $25 million
- $25 million – $50 million
- $50 million – $100 million
- $100 million – $500 million
- $500 million – $1 billion
- $1 billion – $5 billion
- $5 billion – $10 billion
- $10 billion – $50 billion
- $50 billion – $100 billion
- $100 billion – $500 billion
- over $500 billion

### THE PRICE

- **Cost of Doing Business**
- **Cost of Doing Business**
- **Reducing the Knowledge Gap**
- **Widely misunderstood degree of flood risk**
- **Why aren't clients buying flood insurance**

### THE EVOLVING LANDSCAPE OF FLOOD INSURANCE COVERAGE

As a major insurer of commercial real estate, Chubb understands the markets where flooding is a concern and the consequence of being underinsured. Flooding is the most frequent natural disaster in the United States, and many policies do not provide enough coverage to protect a business from damage.

This information is based on industry reports and does not constitute a guarantee of any kind. This information is intended to help clients understand the nature of the risk, and to provide general guidance about flood insurance coverage. We recommend consulting your insurance professional for more specific guidance on your situation.

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