Flood Renewal Quick Card

The 3 Broker Renewal Moves That Keep Flood From Dying as an Afterthought. Fourteen years after Superstorm Sandy (2012), Moody's October 28, 2026 analysis reveals New York and New Jersey carry nearly 50,000 fewer NFIP policies (−12.2%), while population rose 4%. In 2026 alone, NY fell 5,044 policies (−3%) and NJ fell 6,283 (−3.2%). Awareness is not failing; flood is dying at renewal desks inside stacks of multi-line increases because no lender forces the buy.

THE GOVERNING RENEWAL REALITY FOR NY & NJ BOOKS

"*A policy that moved is a placement decision. A policy that vanished is an uninsured exposure wearing a closed file.*" — Larry Stanney, Paris Kirwan Associates. Clients are more conscious of flood than ever, but when flood sits at the bottom of a renewal summary with property and auto increases, it feels optional. Separate it, test its adequacy, and document the file.

MOVE 1 Give Flood Its Own Standalone Conversation

The Renewal Desk Trap: Bundling flood into an overall renewal invoice where home, auto, and umbrella rates increased. The client looks for something to cut, sees flood has no lender mandate, and drops it.

The Broker Action: Schedule a dedicated 10-minute flood review *before* sending the aggregated premium invoice. Discuss the property's specific exposure, both flood mechanisms (coastal surge vs. urban rainfall drainage), and what the limit covers and excludes.
Key Dialogue: "*Flood is not an add-on line item; it is the single peril excluded from your homeowners policy. Let's look at your property's water routes separately before reviewing other rate adjustments.*"

MOVE 2 Check the Limit Against Replacement Cost, Not Just Policy Count

The Adequacy Trap: Assuming a book is stable because renewal policy counts held steady. Moody's establishes that protection adequacy is governed by the *level and concentration of coverage against exposure distribution*, not raw policy counts.

The Broker Action: Audit whether in-force flood limits still match building replacement costs. A $250,000 NFIP residential limit placed in 2012 covers a fraction of post-2026 reconstruction costs.
The Renewal Question: Not just "*Do they still carry flood?*" but **"Does what they have still match the building?"** Evaluate whether an excess flood or private placement is required to close the reconstruction gap.

MOVE 3 Document Every Declination Like an E&O Claim Waiting to Happen

The Liability Trap: A client verbalizes "let's skip flood this year" and the broker closes the file with a silent non-renewal note. When water enters, the client claims they were never advised or were told they were safe.

The Firas Saleh Redistribution Law: "*Where coverage is absent or insufficient, the financial loss does not disappear. It is redistributed.*" After a loss, uninsured exposure gets redistributed to whoever the client believes should have talked them out of dropping it.
The Broker Action: Issue a written declination memorandum specifying the dual-mechanism peril, the homeowners water exclusion, and the client's voluntary election to retain 100% of flood loss.

The Dual Flood Mechanism: Surge vs. Rainfall Defense

Moody's directly challenges using Sandy's coastal footprint as a proxy for future risk. Physical sea walls protect against coastal surge, but offer zero defense against intense inland precipitation.

Flood Mechanism	Benchmark Event	Client Fallacy	Physical Defense Limitation
Coastal Surge Marine/Tidal Inundation	**Superstorm Sandy (2012)** Ocean surge pushing into shorelines, coastal inlets, and bays.	*"I survived Sandy fine / I am three blocks inland from the boardwalk."*	Shoreline flood barriers can hold back surge, but leave surface drainage trapped inside.
Inland Rainfall Cloudburst & Drainage	**Hurricane Ida Remnants (2021)** Extreme cloudburst overwhelming urban drainage far from shore.	*"Flood is strictly a waterfront problem."*	**Moody's (Firas Saleh):** *"A flood barrier can protect a shoreline but can't protect a city against every way water can arrive."*
Infrastructure Failure Utility & Access Routes	**Regional Grid & Road Loss** Substation flooding, sewage backup, washed-out access corridors.	*"My building structure sits above the base flood elevation."*	A dry property remains uninhabitable if access roads, electrical grids, and sewer mains fail.

Standard E&O Declination File-Note Template

MANDATORY BROKER FILE PROTOCOL: DOCUMENTED INFORMED DECISION

When an insured drops or declines flood coverage, place this exact structured file note in the agency management system and send a confirmation copy to the client's verified email address.

File Entry Field	Required Verification Content	E&O Protection Objective
1. Standalone Briefing	Date, time, and attendees of dedicated flood discussion separated from property/auto renewal stack.	Proves flood was presented on its own merits, not lost as an afterthought line item.
2. Peril Disclosure	Explicit confirmation that Homeowners Policy excludes flood, surface water, and storm-driven inundation.	Eliminates the "My homeowners policy covers water damage" claim-time classroom dispute.
3. Dual-Mechanism Review	Documentation that coastal surge (Sandy 2012) and inland rainfall/drainage (Ida 2021) were reviewed.	Defeats the "I am not waterfront / survived Sandy" post-loss allegation.
4. Limit vs. Building Test	Comparison of available NFIP ($250k building) and private options against estimated replacement cost.	Confirms client was informed of building replacement cost gaps and excess options.
5. Informed Declination	Written statement citing client's decision to self-insure flood peril despite broker recommendation.	Anchors Firas Saleh redistribution finding: client consciously retained the financial loss.

STANNEY'S MARKET SPLIT: PLACEMENT-MOVED VS. VANISHED EXPOSURE

Private flood has roughly doubled since 2020 while NFIP dropped by an equivalent number, but data shows this is not a 1:1 wash. Commercial accounts captured cheaper private forms, while personal lines homeowners under FEMA Risk Rating 2.0 premium shocks simply stopped buying. Never assume a cancelled NFIP policy migrated to private market—audit the file to confirm whether coverage moved or vanished.