Building Resilience Through Insurance Literacy

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Lead outreach & education coordinator

Oregon Division of Financial Regulation
Department of Consumer and Business Services

We regulate:
- Banks and credit unions
- Check cashing
- Debt management services
- Financial & investment advisors
- Insurance industry
- Mortgage industry
- Money transmitters
- Pawnshops
- Payday and title lenders
- Securities

2018 Consumer Advocacy Results

Division of Financial Regulation:
- Helped 12,440 Oregonians
- Resolved 3,883 insurance and financial complaints
- Recovered $4,010,464 for Oregonians

Resilience
An ability to recover from or adjust easily to misfortune or change.

Outline
- The role a Department of Insurance can plan in resiliency and recovery
- Reaching the masses and the challenges therein
  - Normalcy Bias
  - Position Purpose
- Timing your message
- Q&A
DFR is a Collaborator for Disaster Recovery
- DHS- Mass Care Recovery Council
- Interagency Hazard Mitigation Coordinating Council
- Office of Emergency Management EPIC team (Communications)
- Governor’s Recovery Cabinet

Our Involvement in Disaster Response
- 2007 Vernonia Flood
- 2008 Portland landslide
- 2011 Sandy River Migration
- 2015 Canyon Creek Fire Complex
- 2016-17 Winter Ice Storm
- 2016 Manzanita Tornado
- 2017 Canby Tornado
- 2017 Wildfires (Statewide)
- 2018 Wildfires (Statewide)
- 2019…(We’ll be there)

To Protect Consumers...
- We want them to understand their rights
- We want them to use insurance and financial products well to protect them from financial ruin.
  - An informed consumer is less likely to be a victim of fraud and they know how to protect themselves.

They are not listening because...

Position Purpose
- People see things in a way that provides them with the greatest advantage, or in the case of prepping...comfort.
Normalcy Bias
Simply put...
- It hasn’t happened to me, therefore it can or won’t.

But it does happen...
Hurricane Harvey, Houston, Texas
Aug. 26, 2017

Hurricane Michael, Mexico Beach, FL
Oct. 10, 2018

Camp Wildfire Paradise, CA
Nov. 9, 2018
Harry R Truman and Mt. Saint Helen

- He was warned
- He ignored the science
- He relied on his own "facts" that helped him feel safe

Mr. Truman died May 18, 1980 in the eruption of Mt. Saint Helen
Real stories have deep impacts

Combating Normalcy Bias
Canyon Creek Fire, 2015

Lessons from Canyon Creek (2015)

- 43 homes lost
- 15+ other structures
  - Do Home Inventories
  - Maintain Defensible Space
  - Stricter Insurance Underwriting

DFR Response to Events
When the veil of Normalcy Bias is thin

- 1st Connect with all local insurance agents
- 2nd Call every hotel, motel, RV park in the area
- 3rd Send information about Insurance Claims and ALE to partners
- 4th Deploy on the Ground Advocates to assist with
  - Claims
  - Misinformation
  - Manage expectations
  - Educate about insurance and recovery
- TV Commercials and Billboards

2018 fire stats

- 14 major fires or complexes (over 1,000 acres)
- 4,347 homes in level 2 or 3 evacuation risk areas
- 5 homes lost
- 17 other structures lost
2007 Vernonia
- Vernonia, Tillamook and Seaside Flood
- 10 inches of water in 24 hours
- 750 homes flooded
- $30 million in damages
- 400 homes were rebuilt, lifted, or demolished
- All schools had to be rebuilt
- 20% effected were over 65yrs

Only 25 % had flood insurance

Post Flood
- Of the 299 structures still in the flood risk area
  - 165 (55%) have NFIP
  - 42 (13%) have private flood insurance (estimate)
  - 68 elevations including a multi-family unit
- 28 were bought-out by FEMA and removed

Winter 2016-17 Sno-pocalypse
- 4 major snow and ice storms hit Oregon statewide over a 6 week period.

North Oregon Warehouse

Central Oregon School Gym
2016-17 Snow Storm

- Hundreds of Home Insurance claims
- Several Dozen Auto Claims (Comprehensive and Collision)
- 60+ structural collapse
  - 50+ Onion Sheds (destroyed 25% of nation's union storage)
  - Schools
  - Barns
  - Feed Stocks
  - Carports
  - Warehouses
Conclusion

- Know your audience, their position and purpose
- Be careful how you overcome Normalcy Bias
- Agents/Producers are your Front Line when it comes to building Financial Resiliency. Support and invest in them.
- Strike while the irons hot
- Be Relevant, Reliable, and Resourceful

Questions?
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[Link: dfr.oregon.gov/outreachsurvey]