

Flood Insurance Literacy and Flood Risk Knowledge: Lents and Powellhurst-Gilbert Neighborhoods

8th Annual Johnson Creek Science Symposium

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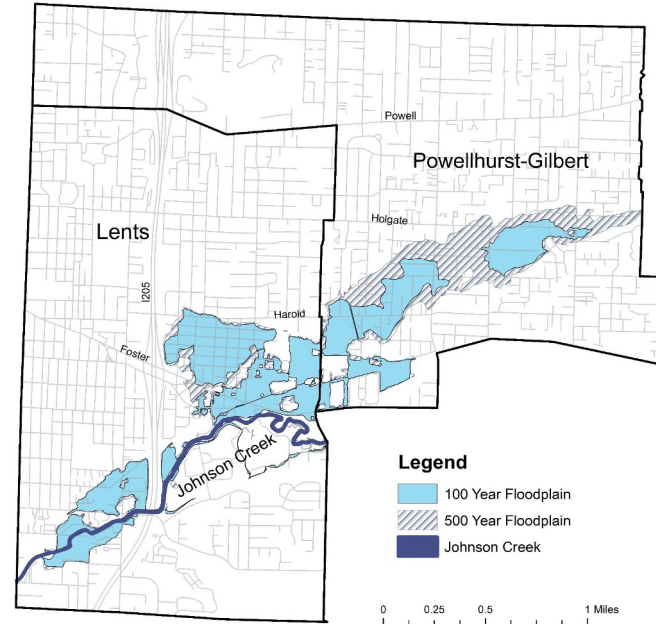


Study Questions

1. *Willingness-to-pay for flood insurance.* When would individuals forego flood insurance? How does price responsiveness vary with income and risk levels?
2. *Flood insurance literacy.* Do individuals understand flood insurance? The role and value? Policy details?
3. *Flood risk perceptions.* Do people have accurate understanding of their flood risk? Does their perception match their objective flood risk? How does this vary based on characteristics of the individual, their past experience, and the information they have received?
4. *Did participation in Portland's Flood Insurance Savings Program improve insurance literacy or risk awareness?*



Study Area



Survey

- All floodplain residents and around 3,000 randomly selected residents outside the floodplain; around 4,000 total
- Survey was announced using postcards and letters, promoted on Facebook, Nextdoor, neighborhood associations and JCWC
- Unique access code to bridge the survey with housing information
- Online or hard copy; available in English, Vietnamese, Russian and Spanish
- Response rate of around 11%

Your voice matters.

Take our survey to improve flood risk management in your neighborhood.



Portland Housing Bureau | REED COLLEGE | Penn University of Pennsylvania

Research Projects: Key Findings

Netusil, N.R., C. Kousky, S. Neupane, W. Daniel, and H. Kunreuther. 2021. [The Willingness to Pay for Flood Insurance](#) *Land Economics* 97(1).

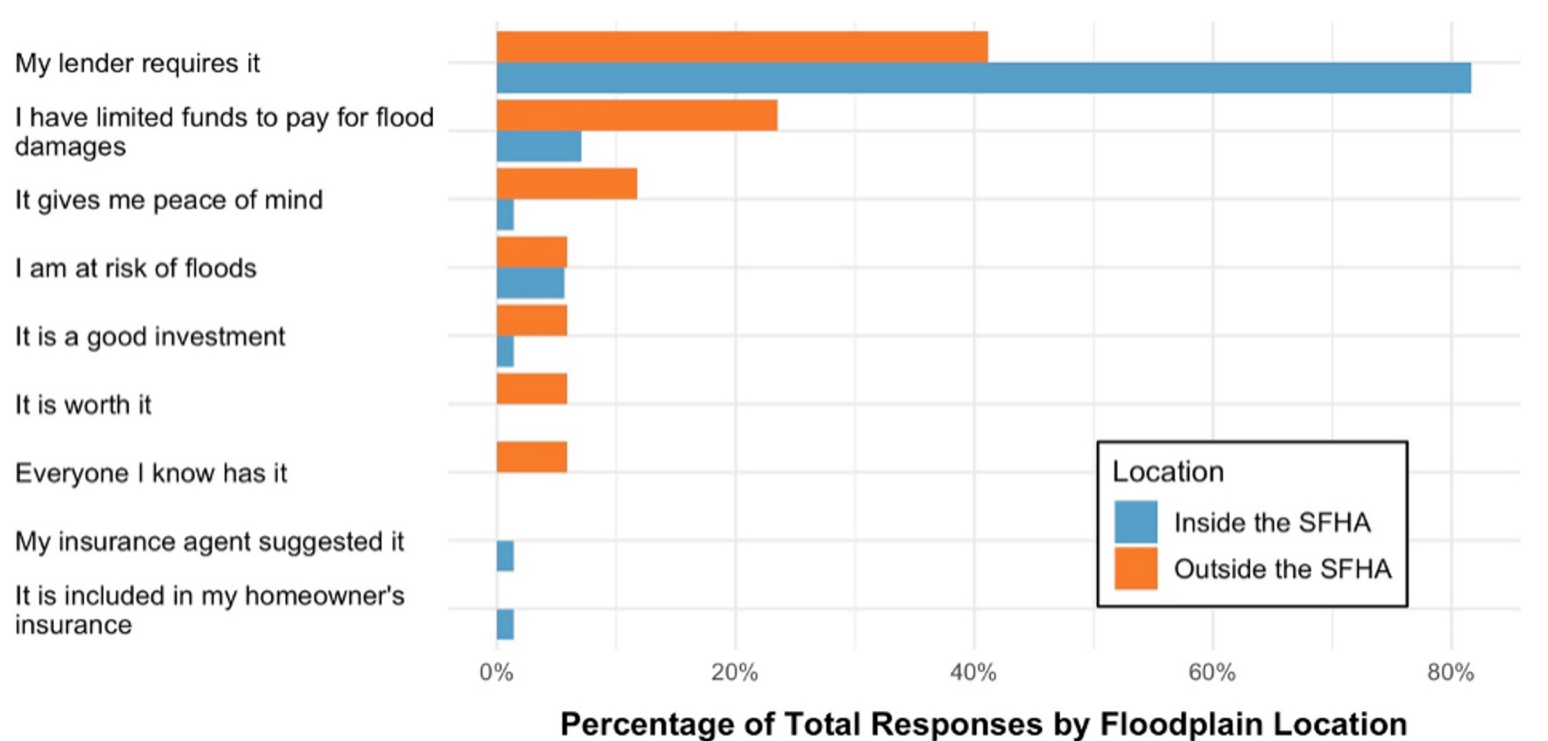
- Median willingness-to-pay for flood insurance was 47% to 59% of the *discounted* cost of flood insurance policies for properties in the 100-year floodplain
- Need for education and outreach focused on specific groups
 - Long-term residents
 - Residents located far from Johnson Creek

Kousky, C. and N.R. Netusil. 2023. [Flood Insurance Literacy and Flood Risk Knowledge: Evidence from Portland, Oregon](#). *Risk Management and Insurance Review* 26(2) 175-201.

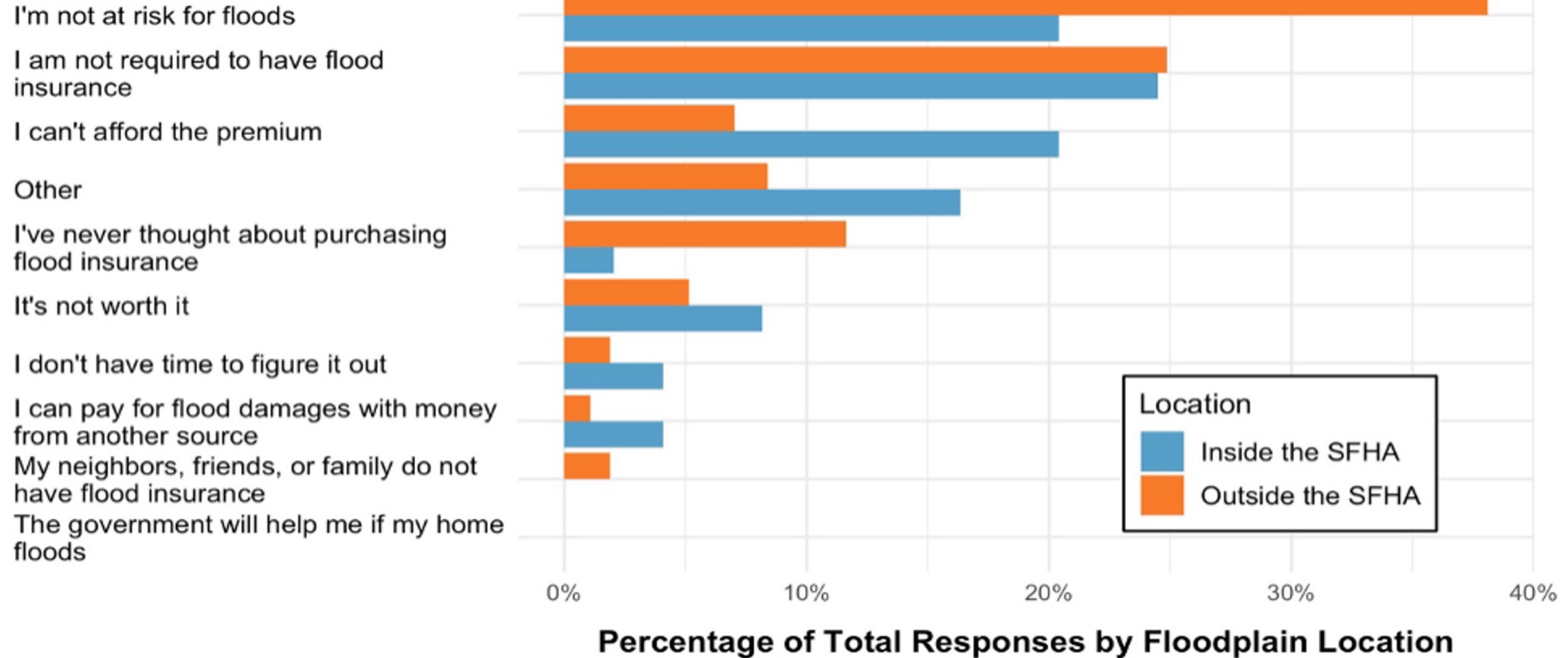
- Details about flood insurance policies are not well understood
- Respondents learned about flood risk very late in the home purchasing process



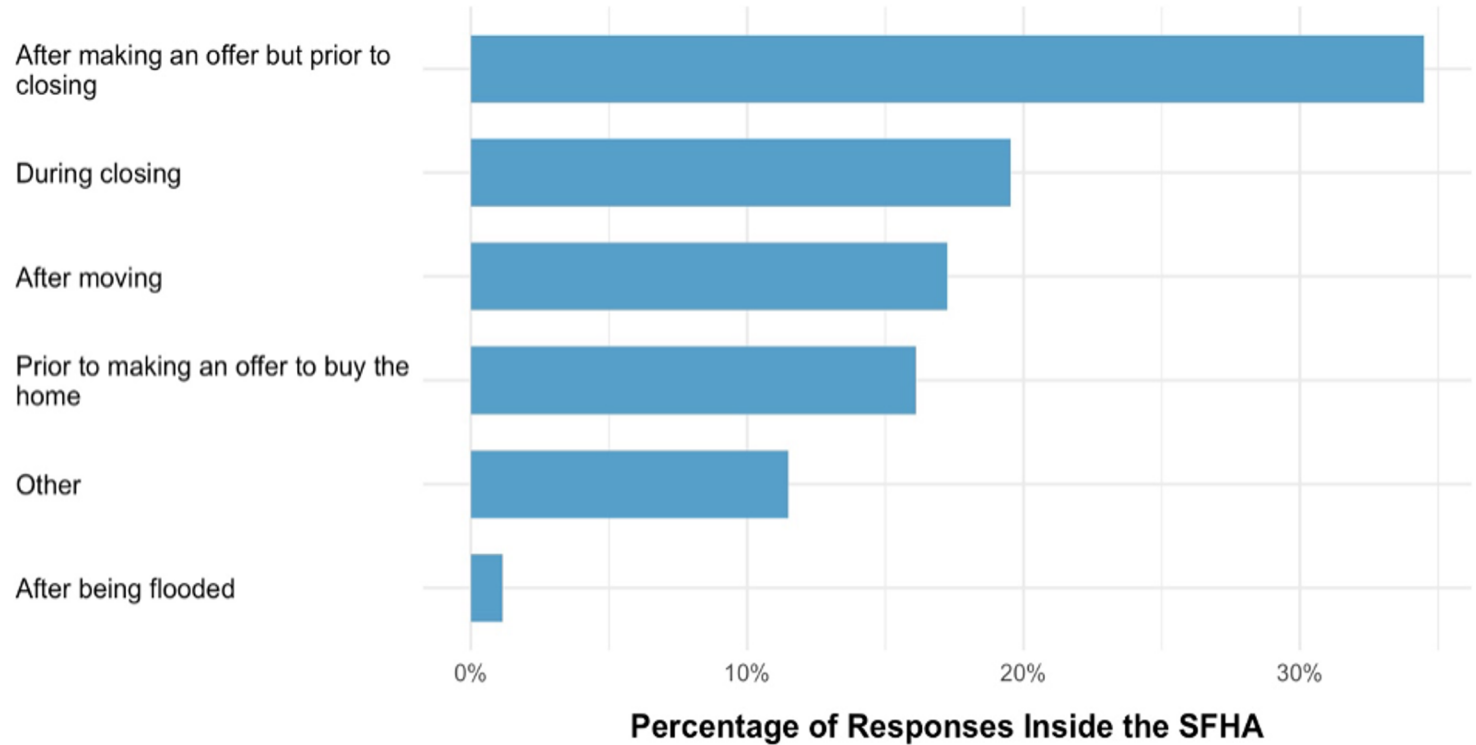
Why did you purchase flood insurance?



Why didn't you purchase flood insurance?



When did you learn about flood risk?



Who told you your home is in a floodplain?

My mortgage company

My realtor

Through a website (for example: FEMA, Portlandmaps.com)

Seller disclosed that information

I didn't know that my home is in a 100-year floodplain

From a neighbor, friend, or family

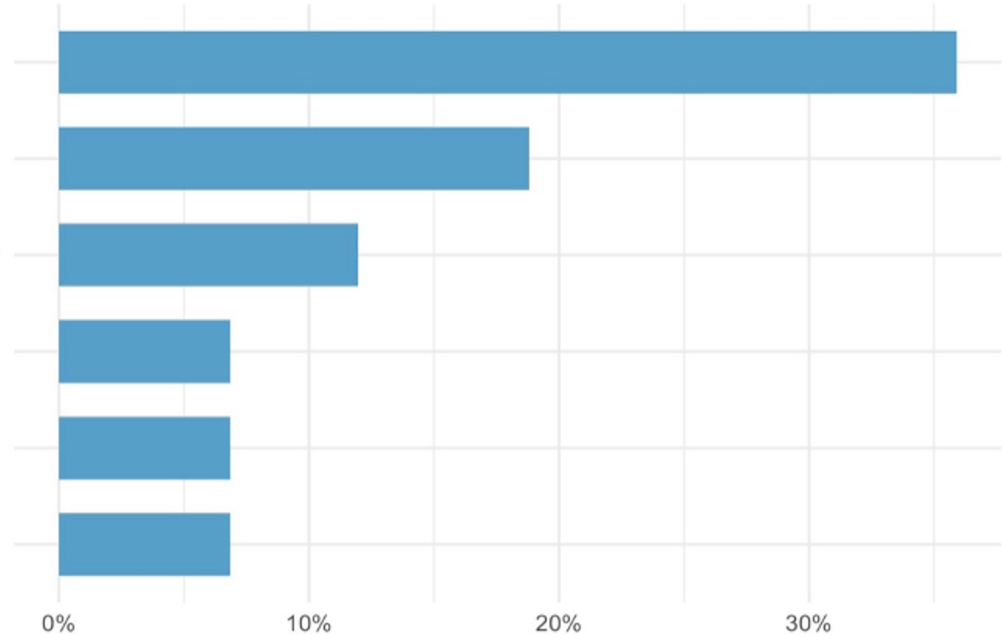
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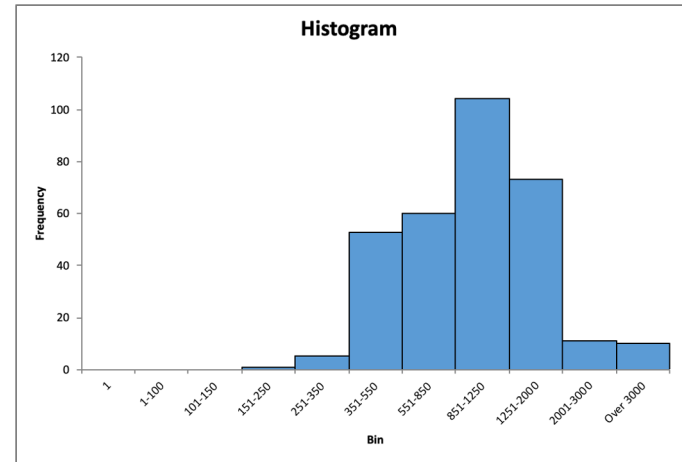
30%

Percentage of Responses Inside the SFHA



Portland's Flood Insurance Savings Program

- Flood insurance rates were increasing by 5-18% annually
- Portland's Pilot Flood Insurance Savings Program (FISP)
 - City paid for one-on-one consultations for income-qualified residents with a flood insurance agent; almost 50% of reviewed policies had errors
 - City paid for elevation certificates for income-qualified residents; reduced premiums by an average of \$720 per household
- Benefit/Cost Ratio = 8.84



Minimum	\$183
25th Percentile	\$648
Median	\$1,030
75th Percentile	\$1,304
Maximum	\$5,357

Source: NFIP policies in 9766 zip code as of March 2018

Published papers and policy briefs

Sherman, J. and C. Kousky. 2018. [Local Solutions to Flood Insurance Affordability: Portland's Flood Insurance Savings Program](#) Wharton Risk Center Issue Brief. November.

Kousky, C., Netusil, N.R., and Moldovan-Trujillo, G. 2020. [The Mispricing of Flood Insurance: A Look at Portland, Oregon](#) Wharton Risk Center Issue Brief. December.

Netusil, N.R., C. Kousky, S. Neupane, W. Daniel, and H. Kunreuther. 2021. [The Willingness to Pay for Flood Insurance](#) *Land Economics* 97(1).

Kousky, C. and N.R. Netusil. 2023. [Flood Insurance Literacy and Flood Risk Knowledge: Evidence from Portland, Oregon](#) *Risk Management and Insurance Review* 26(2) 175-201.

Questions?

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