



**INSURANCE
INFORMATION**
INSTITUTE

2016 ANNUAL SITA CONFERENCE

The Hilton Promenade at Branson Landing Branson, Missouri

Key Issues Affecting the Insurance Industry
Monday, October 3, 2016

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Presentation Overview

2016 SITA ANNUAL CONFERENCE

- ▲ Important Role of the State Trades in the I.I.I.'s Overall Mission
- ▲ How the I.I.I. Supports the State Trades
- ▲ State Issues Dominating the National Insurance Discussion
 - ◆ Rising cost of auto insurance
 - ◆ Attacks on Underwriting
 - ◆ Catastrophes
 - ◆ Sharing Economy
 - ◆ Unclaimed life insurance
- ▲ Industry-wide Initiatives of Vital importance – Attracting New Talent and Improving the Industry's Image



Import Role of the State Trades in the I.I.I.'s overall mission

Who We Are and What We Do

- ▲ The mission of the Insurance Information Institute is to build public understanding of insurance—what it does and how it works.
- ▲ We Are...
 - ◆ A voice for the property/casualty insurance industry.
 - ◆ The go-to source for credible and unbiased insurance information for the media, the industry and consumers.
 - ◆ Dedicated to ensuring the media covers our business fairly and accurately.
 - ◆ Ready to assist our member companies with their communications, research and planning needs.
 - ◆ Work closely with the network of state trade associations



We do not lobby.

I.I.I.'s Relationship with the State Trades

Key Component in the I.I.I.'s Overall Communications Strategy

- ▲ Highly dependent on the state trades to be our “eyes and ears” for emerging issues on the state and local levels.
- ▲ Provide early warning regarding emerging:
 - ◆ consumer questions,
 - ◆ consumer dissatisfaction
 - ◆ emerging legislative or regulatory issues.
- ▲ Alert us to media issues that potentially could result in national interest.
- ▲ Support each other's social engagement on Twitter, Facebook, etc.



How the I.I.I. can Support the State Trades

Ways I.I.I. Supports the State Trades

- ▲ Deploy I.I.I. communicators post-catastrophe if needed.
- ▲ Make I.I.I. consumer information and research available.
- ▲ Assist in media strategy, messaging or even handle a media inquiry on your behalf (via Skype or local studio.)
- ▲ Organize monthly call, hosts the SITA website and update the State Insurance Exchange List (STIX).
- ▲ Invited to participate in the all-industry weekly media call
- ▲ Provides speakers to your important events and present at legislative or regulatory events and hearings:
 - ◆ I.I.I.'s President, Sean Kevelighan; Chief Economist, Dr. Steven Weisbart; Jim Lynch, Chief Actuary and others are all available as needed.



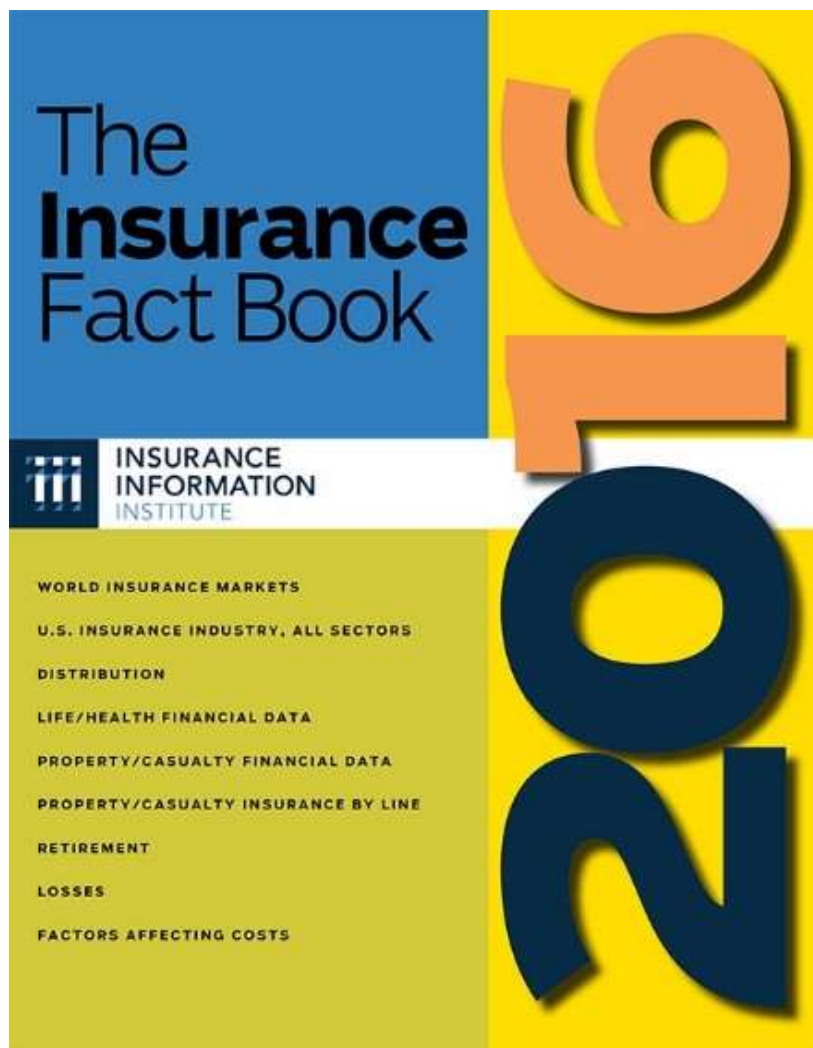
I.I.I. Hosts the SITA Website

[Go to www.sitaonline.org](http://www.sitaonline.org)



**I.I.I. Insurance
Fact book
State Directory
And other
resources can be
found here**

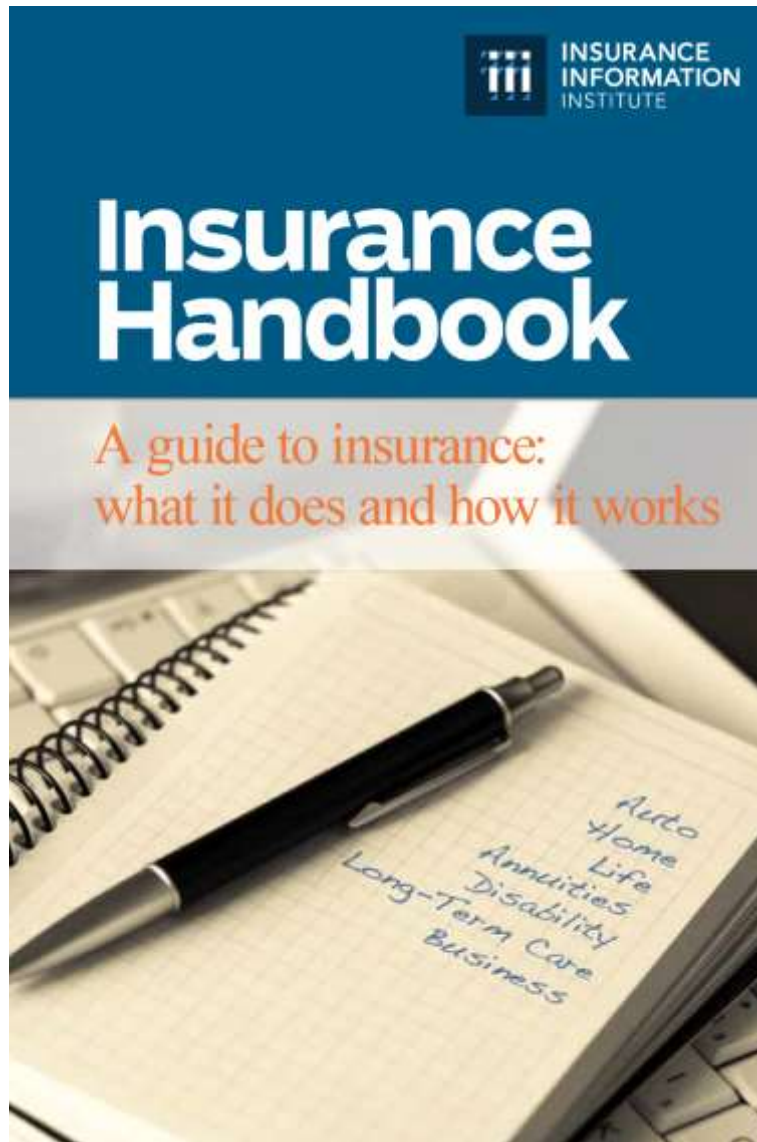
Insurance Fact Book



The Insurance Fact Book is the almanac of the insurance industry designed for quick and easy reference.

- ▲ Thousands of facts, figures, tables and graphs
- ▲ Factors affecting costs
- ▲ Losses by category
- ▲ Laws affecting motorists
- ▲ Premiums by line
- ▲ And much more...

Insurance Handbook



The I.I.I. Insurance Handbook provides vital information for a wide variety of audiences:

- ▲ Public Policymakers
- ▲ Reporters
- ▲ Regulators
- ▲ Students
- ▲ Insurance Company Employees
- ▲ Academics

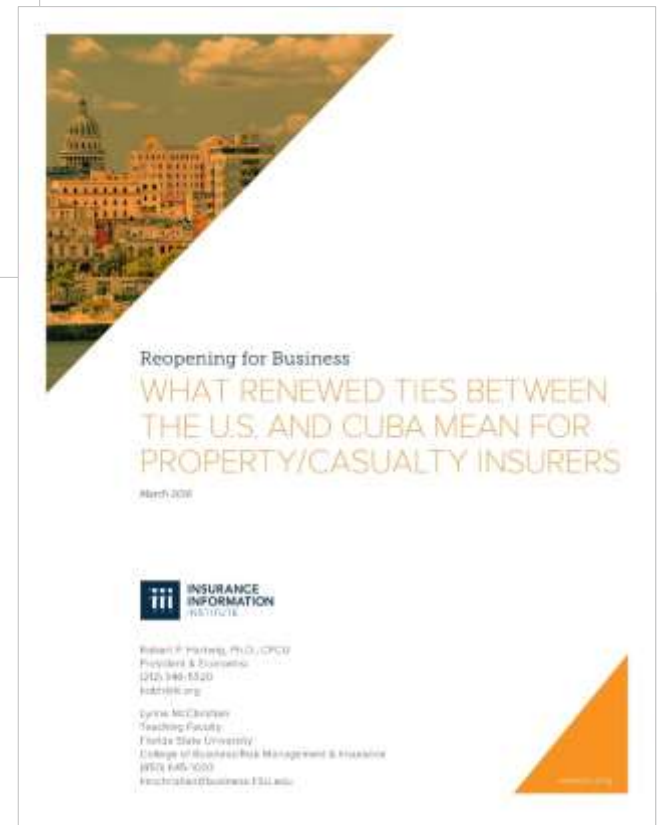
A Firm Foundation

A Firm Foundation provides details on the impact and importance of the insurance industry on national and state economies

Insurers Don't Just Pay Claims; They Are:

- ▲ Employers
- ▲ Income Providers
- ▲ Taxpayers
- ▲ Investors
- ▲ Engines of Growth & Recovery
- ▲ Philanthropists

I.I.I. White Papers



“The I’s on Insurance” Video Series



Animated video series covering Homeowners, Auto, Small Business and Life Insurance.

Goal: To engage and encourage viewers to reach out to their agent, broker, or company representative to discuss insurance coverage.

Know Your Stuff® - Home Inventory Software & App Demo



The screenshot shows the Know Your Stuff website. At the top, there's a navigation bar with links for FEATURES, GETTING STARTED, SUPPORT, SIGN IN, and a SIGN UP button. The main header features a blue background with line art illustrations of a lamp, a sofa, and a bookshelf, each with a price tag. The sofa's tag shows '\$2645.44'. Below this, the text 'Do You Know Your Stuff®?' is displayed, followed by a sub-headline: 'A home inventory can save time, money and peace of mind, and help you get the most value from your insurance.' A lock icon is positioned below the text. The section 'If You Have a Loss' follows, stating that the software can export a list of belongings to help file an insurance claim. Three columns of benefits are listed: 'Keep Your Coverage Up to Date' (documenting items for insurance), 'Get the Most Out of Your Policy' (understanding item value), and 'Anytime, Anywhere' (syncing across devices). A 'SEE ALL FEATURES' button is at the bottom.

FEATURES GETTING STARTED SUPPORT SIGN IN SIGN UP

Do You Know Your Stuff®?
A home inventory can save time, money and peace of mind, and help you get the most value from your insurance.

If You Have a Loss
Know Your Stuff® can export a list of your belongings to help you quickly file an insurance claim.

Keep Your Coverage Up to Date
As you acquire belongings, document them so you know you're fully covered in the event of an emergency.

Get the Most Out of Your Policy
Your insurance policy may make assumptions about the value of your things. Get an understanding of the true value of your things by documenting them with Know Your Stuff®.

Anytime, Anywhere
Know Your Stuff® syncs in sync across your devices. Use the fully featured and intuitive app on your web browser, iPhone, iPad, Android phones and tablets.

SEE ALL FEATURES

Know Your Stuff is a free home inventory desktop and mobile app. Highly regarded by the public and media, and highly effective consumer outreach.



Please post positive reviews in google play to drive up user rates

State Issues Dominating the National Insurance Discussion

Auto Insurance Trends – Costs are Rising

Key Messages

Auto accidents are increasing in both frequency and severity.

- ◆ More people are driving because more people are working which means there are more drivers commuting and taking vacations.
- ◆ The number of fatal U.S. auto accidents increased 8 percent in 2015 compared to 2014.
- ◆ People are driving faster due to higher speed limits.

More Congested Roads



Auto Insurance Trends

Key Messages

- ▲ Auto insurance payouts are increasing.
 - ◆ People are driving more expensive cars, which are costlier to repair.
 - ◆ Medical, litigation costs are also on the rise.
 - ◆ Careful to not use the word “rates.” We use the word, “costs.”

Costlier Claims



Auto Insurance Trends

Key Messages

- Auto insurance is a competitive business so drivers have many auto insurers to choose from.
- There are many things that a consumer can do to save money such as taking a higher deductible, maintaining good credit and taking advantage of every available discount.
- Drivers should think about the cost of insurance when selecting a car.

Consumers have many choices

PRINT EMAIL  60

How Can I Save Money On Auto Insurance?

When It Comes to Lowering Your Auto Insurance Premiums, You're in the Driver's Seat



The cost of auto insurance premiums can vary by hundreds of dollars, depending what type of car you have and who insures it. Here are some ways to save money.

1. Shop Around

Prices differ from company to company, so it pays to shop around. Get at least three price quotes. You can call companies directly or research the information online. Your state insurance department may also provide comparisons of prices charged by major insurers.

While shopping, get quotes from different types of insurance companies. Some sell through their own agents; some sell through independent agents who offer policies from several insurance companies. And a

Rising Auto Rates

New White Paper to be Released soon!

New White Paper Auto Costs



Release Schedule

- Unless the CFA or other group attacks the industry, the I.I.I. will first release this to our members on Oct. 12
- A media advisory and wider distribution will occur on Oct. 13.
- PowerPoint slides are being developed for industry use based on the key facts in the paper.

Attacks on Auto Underwriting

CFA Believes that only driving record should be used

Finds Fault with credit, marital status, location of car



I.I.I. Key Message

- ▲ A key part of our strategy is to communicate the more underwriting criteria that insurers are allowed to use, the more competitive the insurance marketplace is for consumers.
- ▲ This gives consumers the power to pick an insurance policy that is right for them at a competitive price.
- ▲ The I.I.I. has many consumer focused materials on how to shop for auto insurance.

Attacks on Auto Insurance Underwriting

I.I.I. Tactic – Explain What Rating Factors Go Into An Auto Policy

Created an Infographic

Consumer article



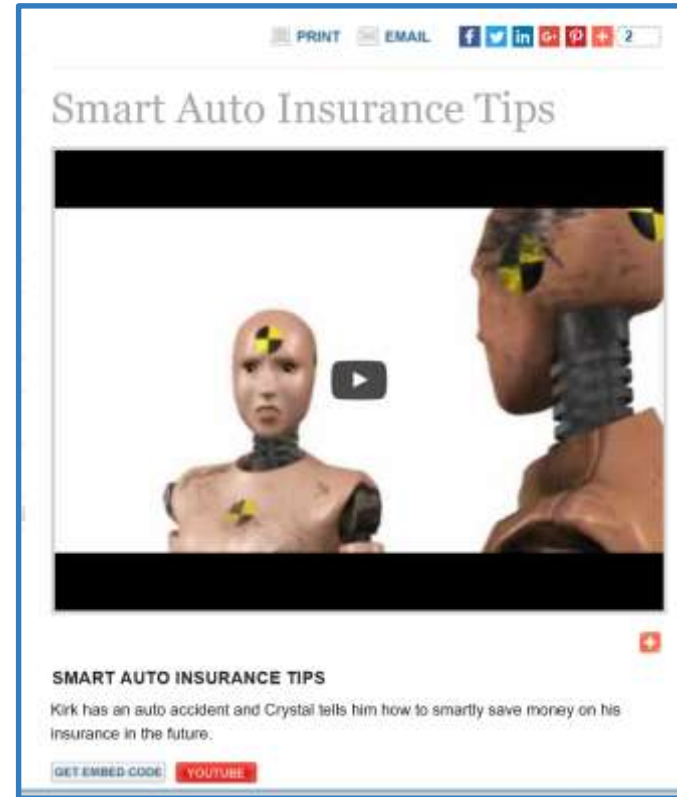
Explain all of the components that go into underwriting an auto policy

I.I.I. Provides a Full Library of Articles and Videos on How to Shop and Save Money on Auto Insurance

Articles



Videos



CFA ha been successful in pushing states to ban price optimization

Takes Regulators to Task for Not Protecting Consumers

18 States Have Banned Price Op



I.I.I. Developed Content

- ▲ Insurers Have Always ‘Optimized’ – With Regulator Knowledge & Approval
- ▲ Optimization Doesn’t Raise Rates; It Distributes the Rate Change. Remains True to Cost-Based Price
- ▲ Innovations Are Usually Encouraged, With Appropriate Restraint by regulators

On-Demand/Sharing/Peer-to-Peer Economy Impacts Many Lines of Insurance

- ▲ The “On-Demand” Economy is or will impact many segments of the economy important to P/C insurers
 - ◆ Auto (personal and commercial)
 - ◆ Homeowners/Renters
 - ◆ Many Liability Coverages
 - ◆ Professional Liability
- ▲ Creating a number of questions and issues for the state insurance trades
- ▲ Insurance solutions are increasingly available to fill the many insurance gaps that arise



U B E R



Consumer Article on Insurance Implications of Renting out Your Home



Catastrophes

State-specific issues

- ▲ Hurricane deductibles - Nineteen states and the District of Columbia have hurricane deductibles: Alabama, Connecticut, Delaware, Florida, Georgia, Hawaii, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Texas, Virginia and Washington DC.
- ▲ Flood maps are being updated – Starting Sept 30 – new flood maps will be available. The NFIP working in coordination with state and local municipalities have invested in community-wide mitigation. This has reduced the risk of flooding and reduced the cost of flood insurance. It has taken home and business owners out of the high-risk zone. While this is a positive step, it has also increased the possibility that people will drop flood insurance.



Lost or Unclaimed Life Insurance Covered by Leslie Stahl, Program Entitled, “Not Paid!”

Accusation- Insurers will use the Death Master File to stop paying annuity claims. But, not to pay a life insurance claim.



CBS News / CBS Evening News / CBS

60 MINUTES

LIFE INSURANCE INDUSTRY UNDER INVESTIGATION

Audits of leading life insurance companies have uncovered a systematic, industry-wide practice of not paying significant numbers of beneficiaries

APR 17 LESLEY STAHL

The following is a script from "Not Paid" which aired on April 17, 2016. Lesley Stahl is the correspondent. Rich Bonin, producer.

When you take out a life insurance policy, you pay premiums in the expectation that when you die your spouse or your children will receive the benefit. But audits of the nation's leading insurance companies have uncovered a systematic, industry-wide practice of not paying significant numbers of beneficiaries.

In a little-known series of settlements, 25 of the nation's biggest life insurance companies have agreed to pay more than \$7.5 billion in back-death benefits. However, about 35 insurance companies have not settled and remain under investigation for not paying when the beneficiary is unaware there was a policy, something that is not at all uncommon.



Numerous States Entered into Settlements with Life Insurers

I.I.I.'s Key messages

1. This is a preventable problem
2. Insurers are using procedures where they are likely to find a pay claims.
3. Insurance want to pay claims.
4. But they appose retroactively changing the terms of the policy.



Segment Premiered in April and then Rebroadcast in August

I.I.I. Consumer Content on Lost Life Insurance

EN ESPAÑOL PRINT EMAIL

Unclaimed Life Insurance Benefits

Sometimes life insurance benefits are left unclaimed after a policyholder dies. This is an unfortunate problem under any circumstances, but especially now, when many people are struggling financially. What is more, this is an easily preventable outcome.

To ensure that your life insurance benefits do not go unclaimed it is important to understand why this might happen. There are five major reasons; we will examine each in turn.

1. *The life insurance company and the policy's owner and/or insured might have lost track of each other.*
The main mode of contact between you and financial institutions (banks, credit card companies, insurance companies, investment management companies, etc.) is by "snail" mail. As with anyone with whom you wish to keep in contact after you move, you must tell them your new mailing address or they will lose track of you. The U.S. Post Office will only forward first-class mail for a year to a forwarding address, and the sender is not aware that the mail is being forwarded to a new address as the Post Office does not inform the financial institution of the change. **So if you move you should immediately inform every financial institution directly of your new mailing address, including your life insurer(s).**

Of course, the same principle applies to other forms of communication: tell the life insurance company of new phone numbers (cell and land line), email address, fax number, etc.

2. *The life insurance company might not know that the insured has died.*
Life insurance companies typically do not know when a policyholder dies until they are informed of his or her death, usually by the policy's beneficiary. Even if a policy is in a premium-paying stage and the payments stop, the insurance company has no reason to assume that the insured has died.

Moreover, there are policies that have benefits called cash values, with an Automatic Premium Loan (APL) feature. An APL policy borrows money from the cash value to pay a premium due if the money does not come in by the end of the grace period; thus preventing an unintended lapse of the policy, which would have the disastrous effect of loss of the entire death benefit should the insured die after premiums due were not paid. Under an APL, the policy

12 Easy Steps To Locating Lost Life Insurance Policy Documents

Tactics for Tackling a Difficult Task amid Difficult Times



Locating life insurance documents for a deceased relative can be a daunting task—for one thing, as of this moment there are no national databases of all life insurance policies. However, with a little sleuthing, you can successfully navigate the paper trail.

Here are some strategies to help simplify your search:

1. Look for Insurance Related Documents

Search through files, bank safe deposit boxes and other storage places to see if there are any insurance related documents. Also, check address books for the names of any insurance professionals or companies—an agent or company who sold the deceased their auto or home insurance may know about the existence of a life insurance policy.

Millennials describe their careers in insurance... My Career in Insurance is....



My Career in Insurance Is...

For more of these videos, visit [youtube.com/user/iiiivideo/playlists](https://www.youtube.com/user/iiiivideo/playlists)
<https://www.youtube.com/watch?v=oZok9ftn41M>

I.I.I. is taking a leadership role in promoting insurance careers to students and young workers. The video playlist is on our YouTube channel:

We're currently working with Gamma Iota Sigma, the college Actuarial fraternity, on promoting careers and content. We're also developing a landing page and other resources to engage with "millennials," students, and young professionals.



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and your attention!

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