National Association of Insurance Commissioners (NAIC)
Insurance Summit

Consumer Engagement from an Industry Perspective

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Michael Barry, Vice President, Media Relations
Jeanne M. Salvatore, Senior Vice President, Chief Engagement Officer and Sr. Spokesperson
Insurance Information Institute • 110 William Street • New York, NY 10038
Tel: 212.346.5555 • Cell: 917.612.4088 • Jeannes@iii.org • www.iii.org
Presentation Overview

Consumer Engagement from an Industry Perspective

▲ What is the Insurance Information Institute?
▲ What do Consumers Know About Insurance?
▲ What Should We Be Communicating?
▲ What does the I.I.I. do to Educate Consumers?
▲ What are other Sources of Insurance Information?
▲ How Should We Communicate?
▲ Questions
I.I.I. Mission Statement
Simple and succinct; and should stay that way…

Improving public understanding of insurance…

…what it does and how it works
What do Consumers Know About Insurance?
And what don’t they understand?
Homeowners and Renters Insurance

Most Homeowners Purchase Coverage, and Growing Number of Renters do too!

- A 2016 Insurance Information Institute poll conducted by ORC International found that **93 percent of homeowners had homeowners insurance.**

- And **41 percent of renters had renters insurance.** This number has been growing over the last decade.

- But only **12 percent had a flood insurance policy**, despite the fact that flooding is the most common natural disaster in the U.S.

- And, although earthquakes have caused damage in all 50 states, **only 8 percent of American homeowners purchase separate earthquake insurance** or add an earthquake endorsement to their homeowners policy.
Growing Number of Renters Insure Their Home

- 2011: 29%
- 2012: 31%
- 2013: 35%
- 2014: 37%
- 2015: 40%
- 2016: 41%
Renters Insurance - Age Matters

In one surprising twist, the I.I.I. found that younger generations are more likely to purchase renters insurance than older Americans.

A greater percentage of both Millennials and Generation Xers purchase renters insurance than Baby Boomers.
Most homeowners understand the basics in a home insurance policy but don’t understand water damage and flooding.
Misconceptions Regarding Flood Coverage

Troubling Results

![Bar chart showing percentages of homeowners who incorrectly believe their standard policy covers various flood scenarios](image)
Flood Insurance by Year and By Region

<table>
<thead>
<tr>
<th>Year</th>
<th>Midwest</th>
<th>Northeast</th>
<th>South</th>
<th>West</th>
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<tr>
<td>2010</td>
<td>8%</td>
<td></td>
<td></td>
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<td>2011</td>
<td>13%</td>
<td></td>
<td></td>
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<tr>
<td>2012</td>
<td>14%</td>
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<td>2013</td>
<td>14%</td>
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<td>2014</td>
<td>13%</td>
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<td>2015</td>
<td>14%</td>
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</tr>
<tr>
<td>2016</td>
<td>10%</td>
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</table>
Homeowners Understand the Key Provisions in A Policy

Most homeowners understand the key provisions of a standard homeowners insurance policy. A majority of homeowners recognize that their policy will provide coverage for damage caused by fire, wind and hail. Most also know that items stolen from their house are covered (Fig. 7).

Most consumers understand that
- Fire
- Theft
- Wind
- Hail
- Burst Pipes
ARE covered by standard home policies
Most Know that there is ALE Coverage in a Home Insurance Policy

No ALE in Flood Insurance Policy – A Source of Confusion

Consumers are also confused by coverage for basements.
Consumers are Fuzzy on the Details

While homeowners understand the basics, the I.I.I. found that many were not aware of some additional coverages included in their policy.

For example, 79 percent recognize that homeowners insurance provides coverage for stolen possessions in their home, but don’t always know that they are covered away from home too.
Consumers are Unaware that Fallen Objects are Covered!

- Only 27 percent of homeowners said their policy covered a meteorite striking their home.

- They also don’t know they are covered against falling airplane debris or if their drone falls and injures someone.
Lack of Knowledge about Earthquake Coverage

Property damage caused by earthquakes is also not covered by a standard homeowners policy, though fire damage following an earthquake will usually be covered.
Earthquake Insurance and Risk by Region

There has been increased seismic activity in the Midwest and South. Earthquakes occurred in Kansas, Oklahoma and Texas, as well as Alaska, Arizona, Idaho, Nevada and California.

The U.S. Geological Survey reports increased seismic activity in Oklahoma caused by underground wastewater disposal associated with oil and natural gas production.
Most policyholders recognize that standard homeowners insurance provides liability coverage.
What Should We Be Communicating?
Need to Communicate the Basics As Often as Possible

Key Messages Include:

- Standard home, renters and business insurance policies clearly list the disasters that are covered and the disasters that are not.

- Everyone needs to get enough insurance to rebuild their home, replace their possession and protect their assets.

- The two biggest disasters that are not covered are floods and earthquakes.

- Flood coverage is available from the National Flood Insurance Program (NFIP) and a few private insurance companies. Excess flood insurance is available from private insurers.

- Flood damage to an auto is covered under the optional comprehensive portion of an auto insurance policy.

- Earthquake insurance is available from private insurance companies and through the CEA in California.
Focus on Renters – Encourage to get both a Renters Insurance Policy and a Flood Insurance Policy

We are increasingly becoming a Nation that Eschews Home Ownership at Every Demographic!

- The U.S. homeownership rate was 63 percent in second-quarter 2016, the lowest rate since the third quarter of 1965, according to data from the U.S. Census Bureau.

- Renters account for a majority of households in NYC (69 percent), LA (62 percent), Chicago and Houston (55 percent).
Need to Clear Up Confusion About Coverage

- For example, the industry needs to do a better job of explaining water damage coverage.

- Need to communicate that homeowners insurance includes coverage for damage caused by wind-driven rain, burst pipes and water leaking into a house because of an ice dam.

- Also need to clearly explain coverage for mudslides, landslides and back-up of sewers and drains, as well as “law and ordinance” coverage.
Need to Point out Limitations of the Flood Insurance Policy

Important to Not Sugar Coat it!

Stress the following:

- There is no ALE coverage.

- Coverage for Basements is limited.

- There are limits on the amount and type of coverage under an NFIP flood insurance policy. Homes are covered for up to $250,000 on a replacement cost basis and the contents for up to $100,000 on an actual cash value basis.

- Coverage limits for commercial property are $500,000 for the structure and another $500,000 for its contents.
What does the I.I.I. do to Educate Consumers?

Different Tactics for Different Audiences
Approaches as Different As Individuals

- Apps
- Blogs
- Checklists
- Consumer Articles
- Infographics
- Media Interviews
- Social Engagement
- Videos
The I.I.I. homepage is updated regularly with content relevant to consumers.
I.I.I.’s Spanish Language Resources
Consumer News Releases Translated into Spanish

Articles

News Releases
Press Releases

PRESS RELEASES ARCHIVES


Louisiana Flooding Offers Reminder Of U.S. Flood Risk During The 2016 Hurricane Season
AUGUST 17, 2016

MEDIA ADVISORY: Reporters Covering The Louisiana Floods Can Contact The I.I.I. For Analysis, Resources And Interviews
AUGUST 16, 2016

Flood Insurance Is Primary Topic Of Concern For Hispanic Consumers In Houston, Says I.I.I.
AUGUST 5, 2016

Media Advisory: Univision 45 Hosting Helpline On Wednesday, August 3rd, From 5 To 7 PM, To Answer Viewers’ Questions On Insurance And Disaster Preparedness
AUGUST 2, 2016

Six Tips For Taking The Wheel When It Comes To Shopping For Car Insurance
JULY 25, 2016

I.I.I. BLOG / TERMS & CONDITIONS

Louisiana Flooding Underscores Insurance Need

I.I.I. VIDEO

Protecting Your Home From An Earthquake
Earthquakes are a real threat to your home, possessions, and safety. Learn simple ways to improve th...
I.I.I. Blogs
“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.
Social Engagement
What are other Sources of Insurance Information?
Entities Which Educate Consumers

- National Association of Insurance Commissioners (NAIC)
- National Oceanic and Atmospheric Administration (NOAA)
- Federal Emergency Management Agency (FEMA)
- Department of Homeland Security (DHS)
NAIC’s Consumer-Focused Web Content
Insurer-Funded Trade Groups
How MetLife Educates Consumers

Insurance

4 Ways Your Employer Can Help You Buy a New Home

Are you planning a move? Learn how your employer can help you buy a new home.

What Is a Statement of Health?

Are you enrolling in or making changes to a group life insurance or disability plan? Here’s what you should know about a statement of health.

Retiring? 5 Benefits Questions to Ask Before You Do

A benefits package that fits your vision of retirement is an important part of your financial future. Before you retire, answer these five questions about your benefits.
How Travelers Educates Consumers

Through the Insurance Essentials: Your Questions Answered symposium series, the Travelers Institute hosts events across the country to empower community members with reliable information about their insurance options. The Travelers Institute, in partnership with independent insurance agents and other local professionals, seeks to raise awareness and provide informational content to promote understanding about insurance.

**Insurance Guide**

The guide provides a toolkit of information about insurance and types of coverage allowing consumers to put their minds at ease and more easily protect their families and assets. The Insurance Guide centralizes educational resources on homeowners and auto insurance, deductibles, the National Flood Insurance Program and disaster preparedness into one-stop-shop for insurance information.

**Consumer Risk Index**

What types of risks concern Americans the most in their daily lives? The Travelers Consumer Risk Index is an annual survey that provides insight into the types of risks that individuals and families believe are most prevalent — and concerning — in their everyday lives. By identifying these trends, we can help consumers take practical steps to prepare for the unexpected and manage those risks.

**Prepare & Prevent**

Tips for preventing home, business and auto damage. Visit our Prepare & Prevent resource area today. Our expertise in dealing with property damage will help prepare and prevent damage to yours.

Learn more >
How MunichRe Educates Consumers

FORTIFIED Home™ On the Go
Help your home weather the storm

What is FORTIFIED Home™ On the Go?
The FORTIFIED Home™ On the Go App is a mobile application designed for iPad tablets. It is an interactive tool for homeowners, contractors and architects to use when building or retrofitting a single family home to make it a more fortified structure. It is based on the Insurance Institute for Business & Home Safety (IBHS) FORTIFIED Home™ program which is designed to strengthen homes against hurricanes, high winds, hail and severe thunderstorms.

This app is a joint project between Munich Re and IBHS.

Where can I download the app?
The free app is available via the iTunes store.

Learn more about FORTIFIED Home™
How Should We Communicate?
“Surround Sound” Approach to Consumer Communications
Questions?
And, Thank You!

@JeanneSalvatore
212-346-5555
917-612-4088
Jeannes@iii.org

Michael Barry
212-346-5542
917-923-8245
Michaelb@iii.org