



Communicating Risk: Is Anyone Listening?

**National Hurricane Conference
Austin, Texas
April 2, 2015**

Lynne McChristian, Florida Representative

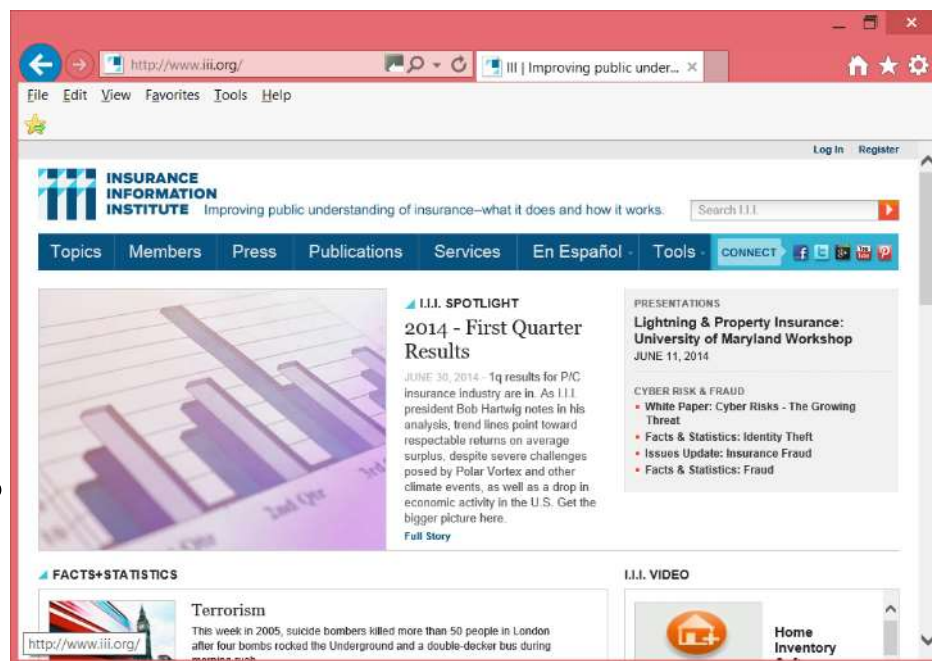
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The Insurance Information Institute was founded more than 50 years ago to improve the public understanding of insurance – what it does and how it works. The I.I.I. is a primary source for information, analysis and referral concerning insurance topics.

- www.iii.org
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We are a resource for consumers, media, insurers and researchers.



Risk Averse – or Risk Denial?

Walt Disney
PICTURES PRESENTS
chicken little

OMG!
“The sky
is falling!”

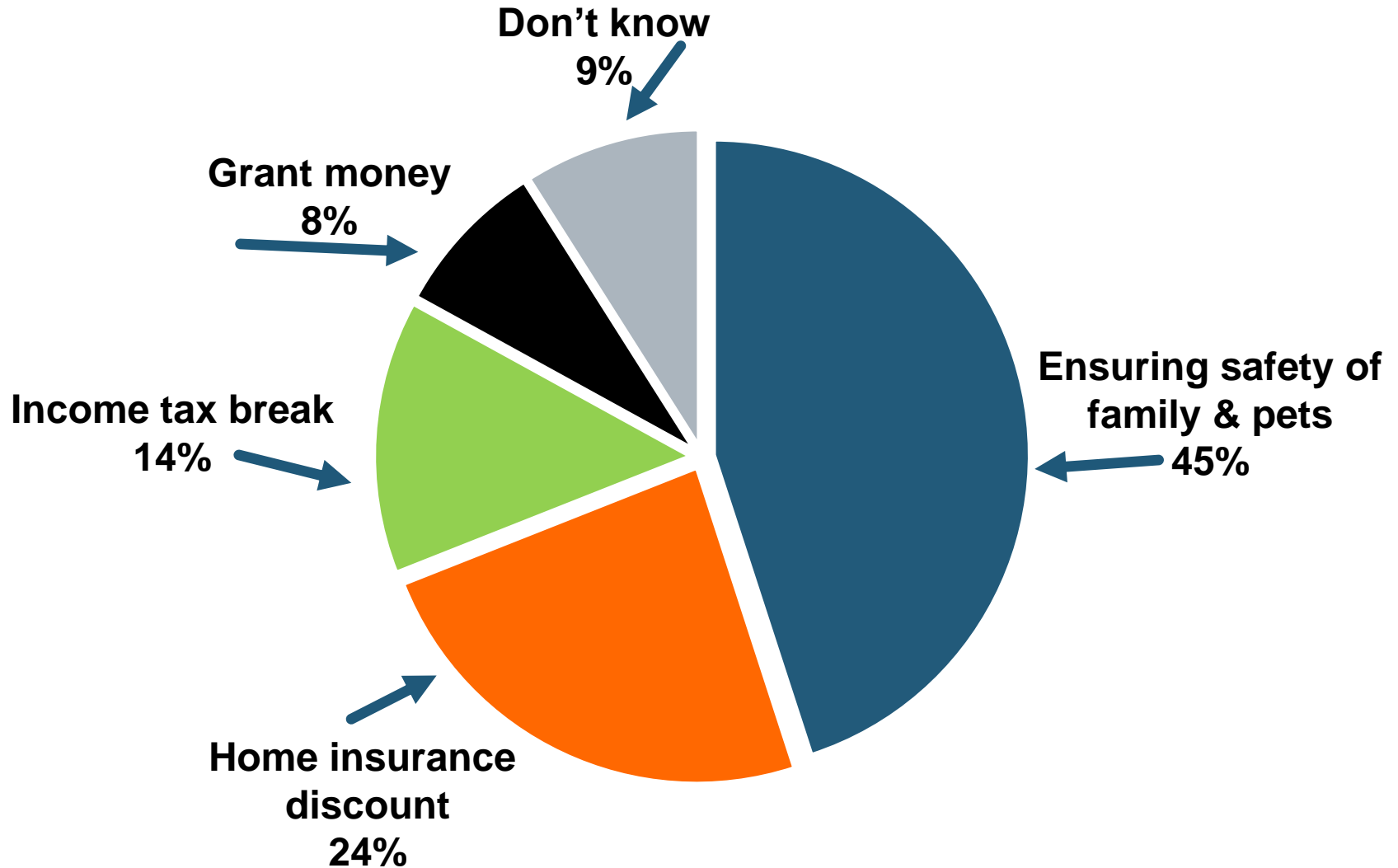


A contrast from cartoons...

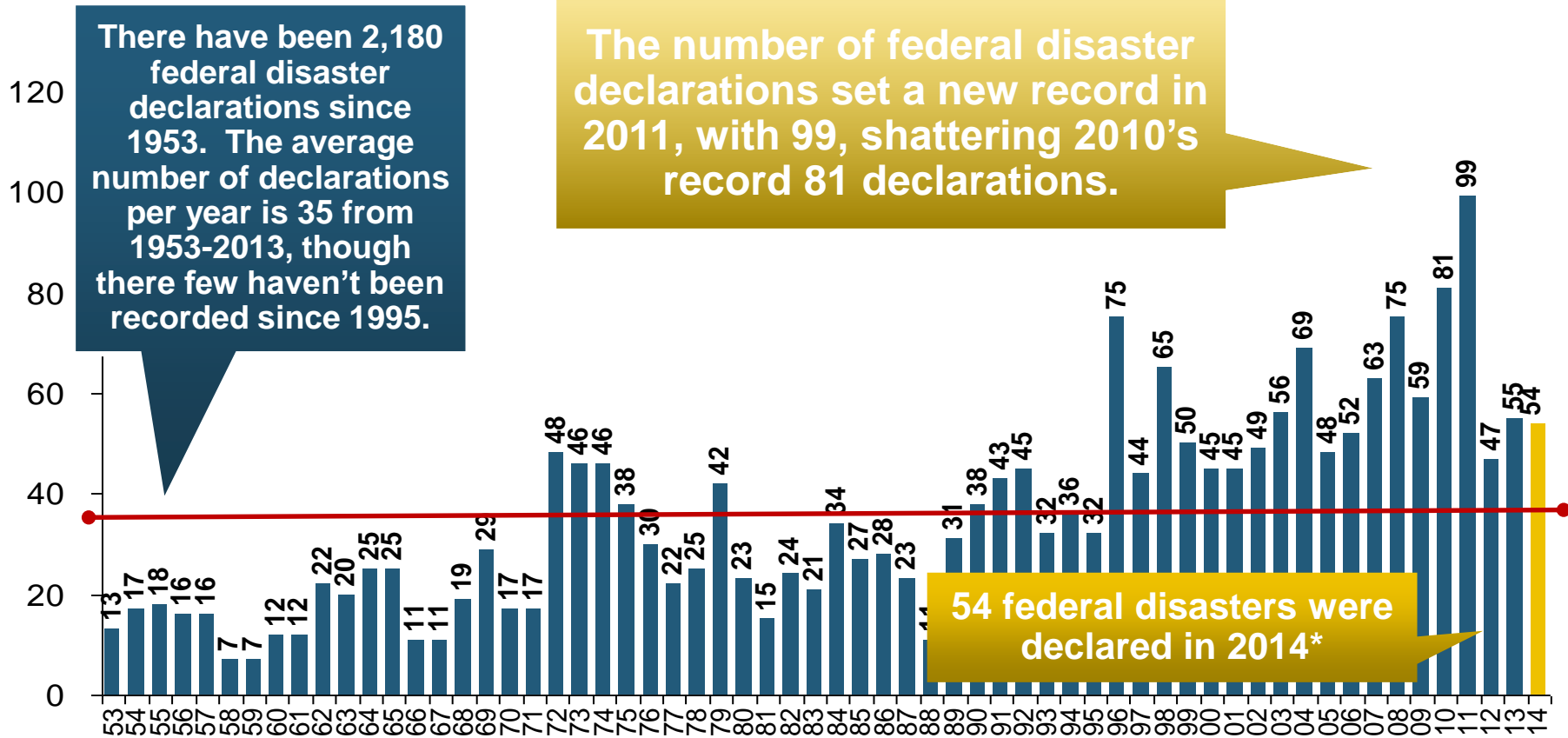
One in 5 Americans Live in Hurricane-Prone Areas

- **In the U.S., 49% of the population is vulnerable to hurricanes; 19 states and the District of Columbia have areas vulnerable to storm surge.**
 - Yet, only 19% of the American public said they live in an area likely to be struck.
- **Only 29% of Northeast residents said they live in a hurricane-prone area, despite Superstorm Sandy striking EVERY state in that region in 2012.**
- **Half of those living in vulnerable areas say seasonal forecasts have no bearing on their decisions to protect their property.**

Q: What ONE Thing Would Motivate You to Protect Your Home From Damage?



Number of Federal Major Disaster Declarations, 1953-2014*

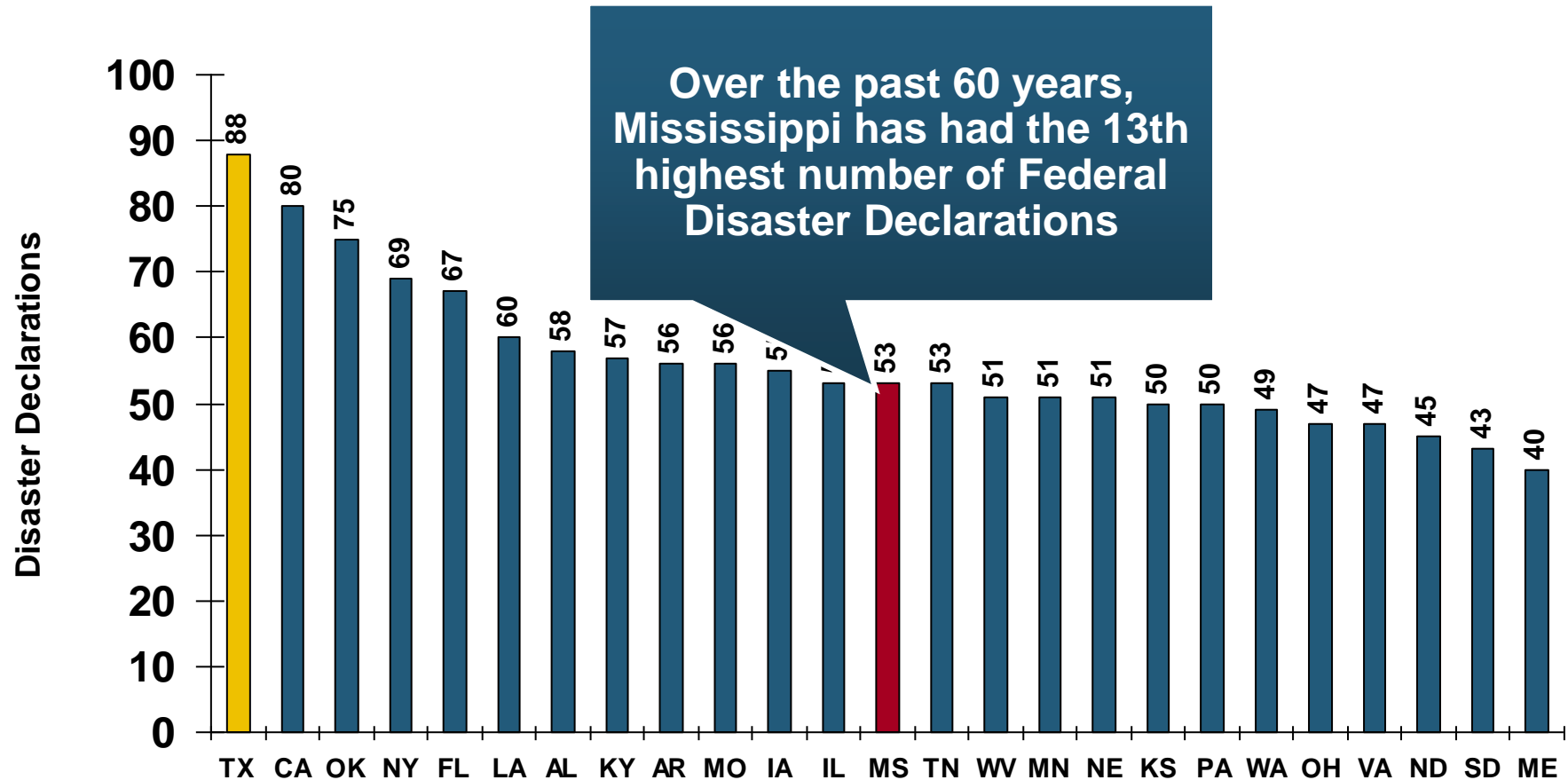


The Number of Federal Disaster Declarations Is Rising and Set New Records in 2010 and 2011 Before Dropping in 2012-2014

*Through December 31, 2014.

Source: Federal Emergency Management Administration; <http://www.fema.gov/disasters>; Insurance Information Institute.

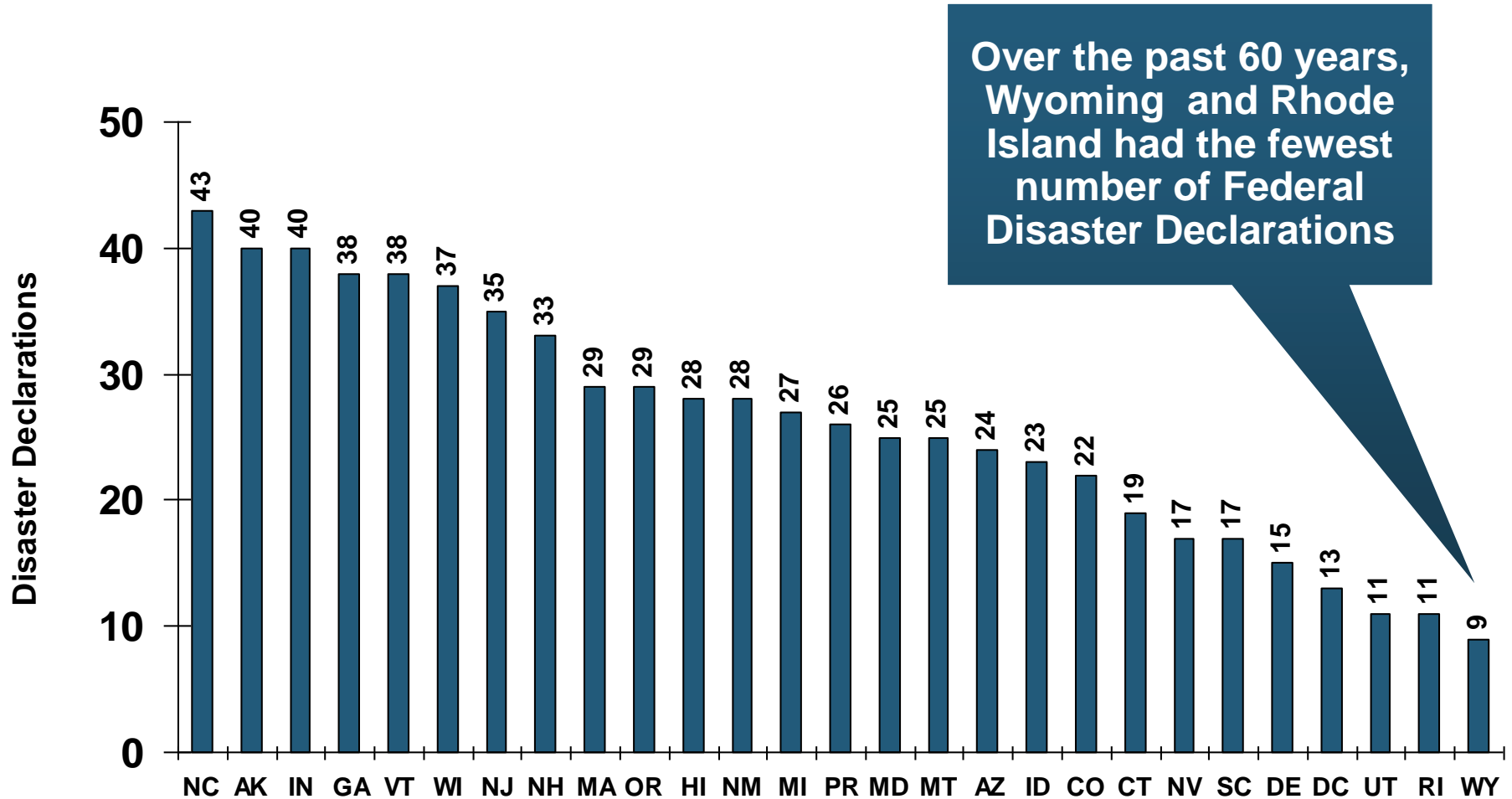
Federal Disasters Declarations by State, 1953 – 2014: Highest 25 States*



*Through December 31, 2014. Includes Puerto Rico and the District of Columbia.

Source: FEMA: http://www.fema.gov/news/disaster_totals_annual.fema; Insurance Information Institute.

Federal Disasters Declarations by State, 1953 – 2014: Lowest 25 States*



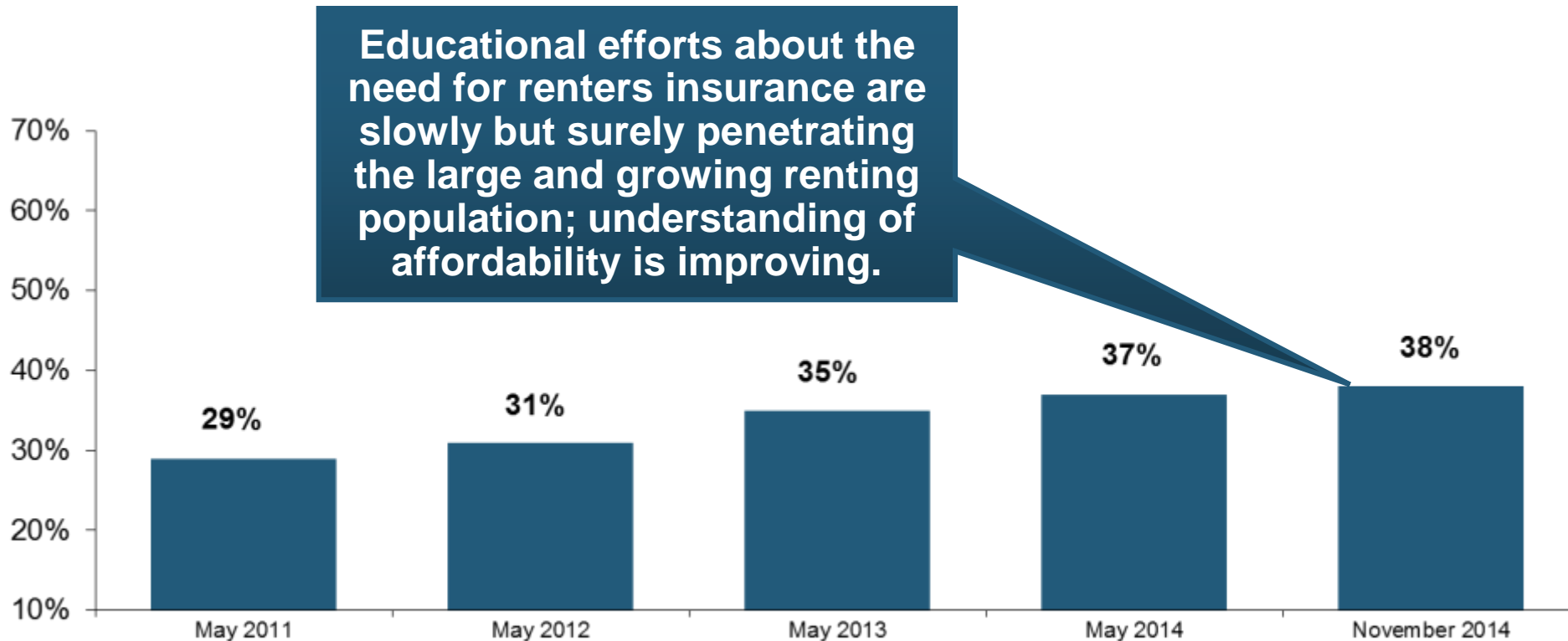
*Through December 31, 2014. Includes Puerto Rico and the District of Columbia.

Source: FEMA: http://www.fema.gov/news/disaster_totals_annual.fema; Insurance Information Institute.

- **95% of homeowners have home insurance. Among renters, only 38% have renters insurance.**
 - ◆ **Renters insurance covers hurricanes, fire, theft, liability, some policies even cover flood damage, but:**
 - ◆ **One in 10 people said they didn't know renters insurance covered their personal belongings.**
 - **21% of the respondents said they did not own anything valuable enough to insure.**
 - **In 1990, 18% said that.**
 - **15% thought they were covered under the landlord's insurance. FALSE!**
 - **24% of survey respondents think it costs too much.**
 - **In 1990, 41% said cost was a factor.**
 - **Today, average cost nationally is between \$117-\$252.**

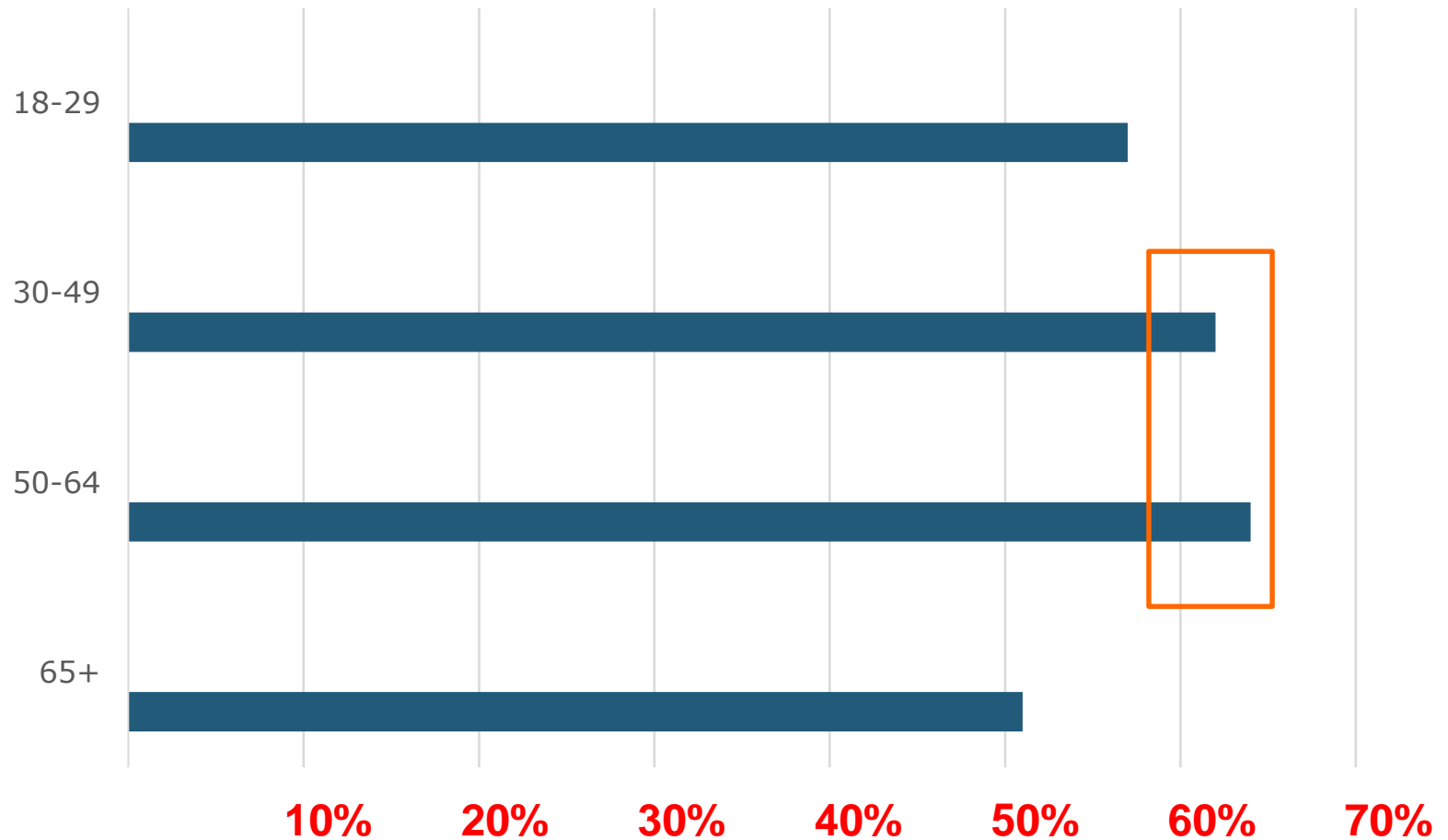
I.I.I. Poll: Renters Insurance

Percentage of Renters Who Have Renters Insurance, 2011-2014



Percentage of Renters With Renters Insurance Is Increasing.

Percentages of Renters Who Don't Have Renters Insurance, by Age Group



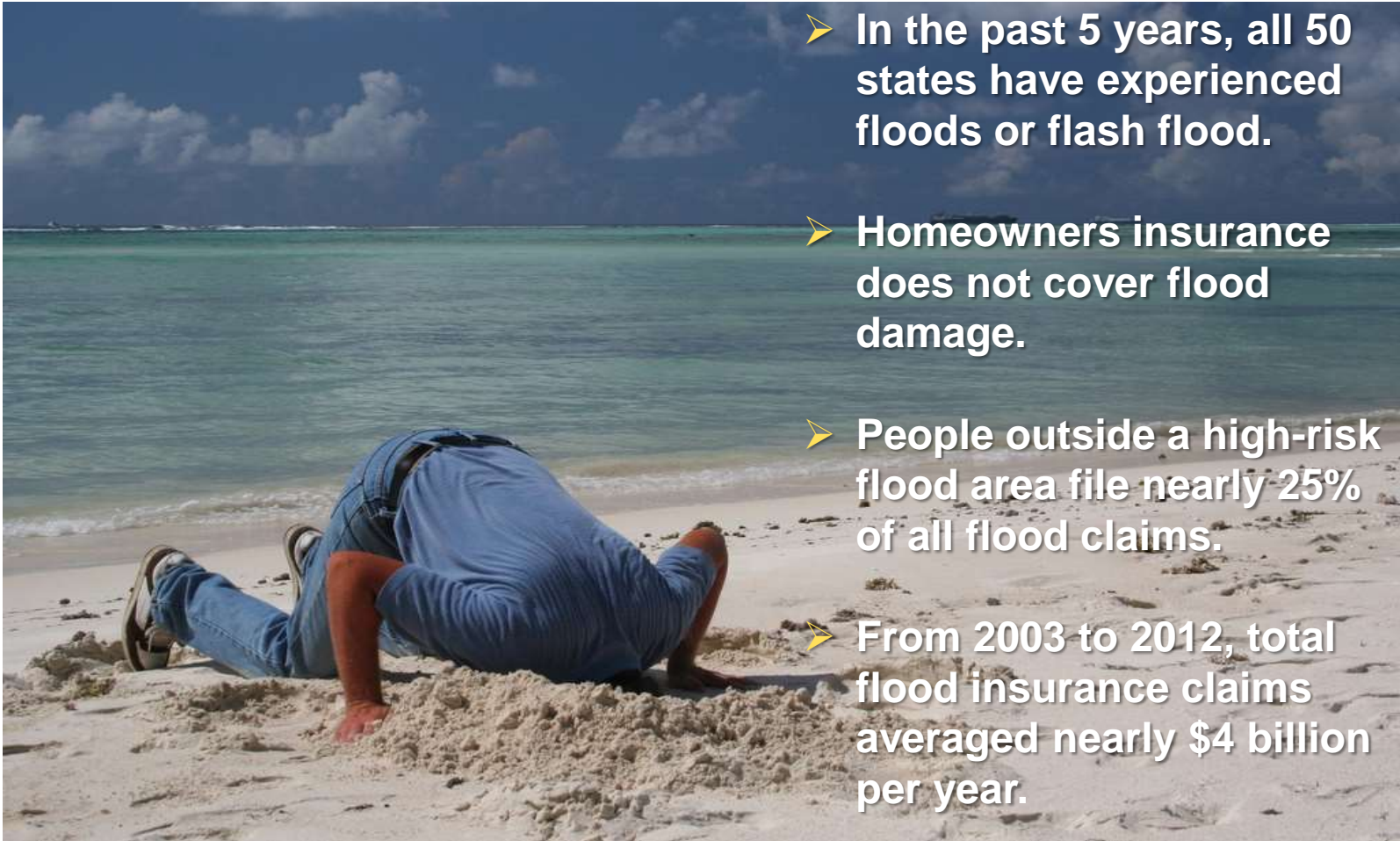
Source: Princeton Survey Research Associates International, for Insurance Quotes, Jan. 2015.

Flood Insurance:

“If you can see the water, it can see you.”

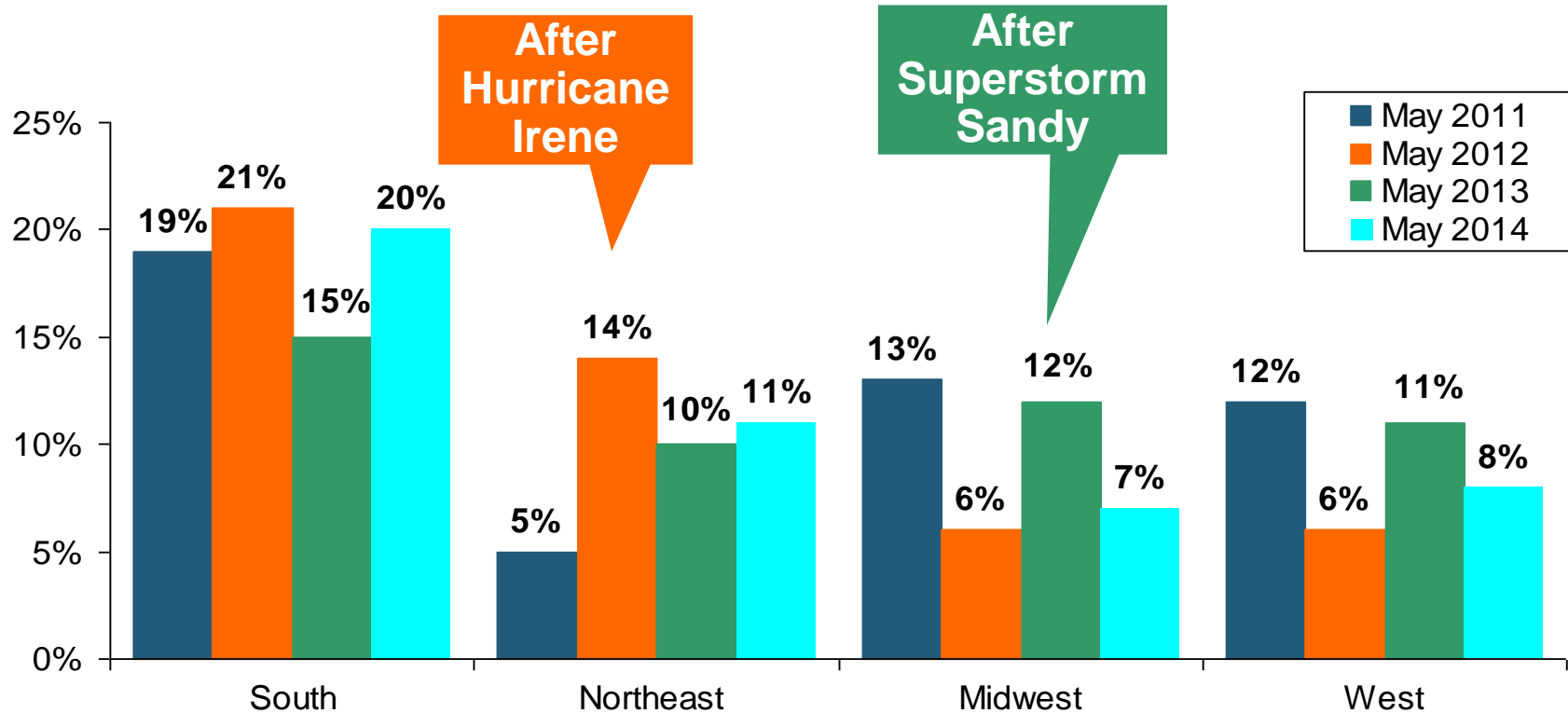
Flood Facts:

- In the past 5 years, all 50 states have experienced floods or flash flood.
- Homeowners insurance does not cover flood damage.
- People outside a high-risk flood area file nearly 25% of all flood claims.
- From 2003 to 2012, total flood insurance claims averaged nearly \$4 billion per year.



Even Frequent & Severe Floods Haven't Changed Flood Insurance Ownership Much

Q. Do you have a separate flood insurance policy?¹



Despite extensive flooding (and wide publicity), few U.S. homeowners say they have a flood insurance policy; moreover, there is no upward trend.

¹Asked of those who have homeowners insurance and who responded "yes".

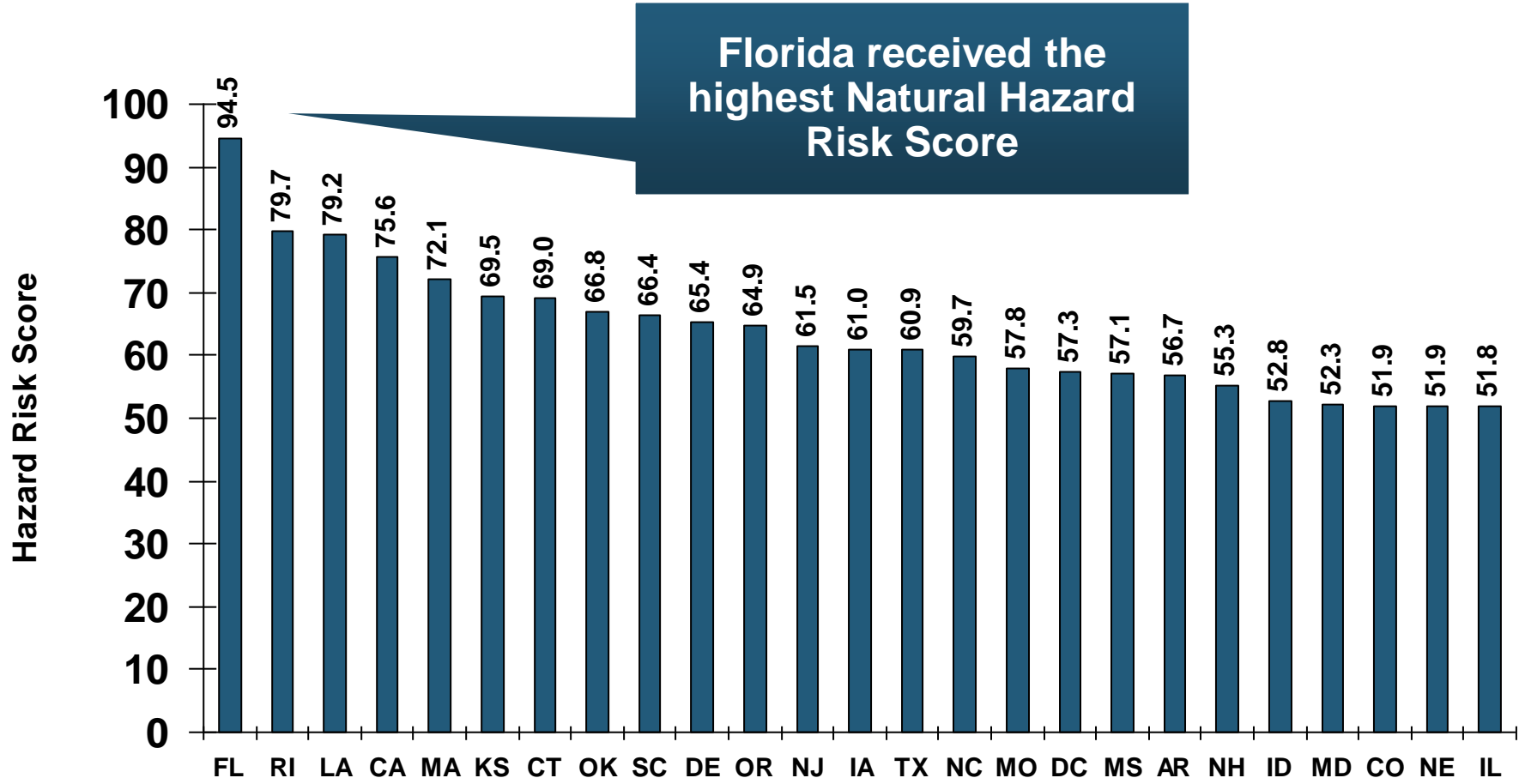
Source: Insurance Information Institute Annual *Pulse* Survey.

■ “Flight, fight, play dead,” or “trial and error”

Qualitative characteristics	Direction of Influence
Personal control	Increases risk tolerance
Institutional control	Depends on confidence in the institutional performance
Voluntariness	Increases risk tolerance
Familiarity	Increases risk tolerance
Dread	Decreases risk tolerance
Inequitable distribution of risks & benefits	Depends on individual utility; strong social incentive for rejecting risk
Artificiality of risk source	Amplifies attention to risk; often decreases risk tolerance
Blame	Increase quest for social/political response

Natural Hazard Risk Scores, 2014

Highest 25 States*



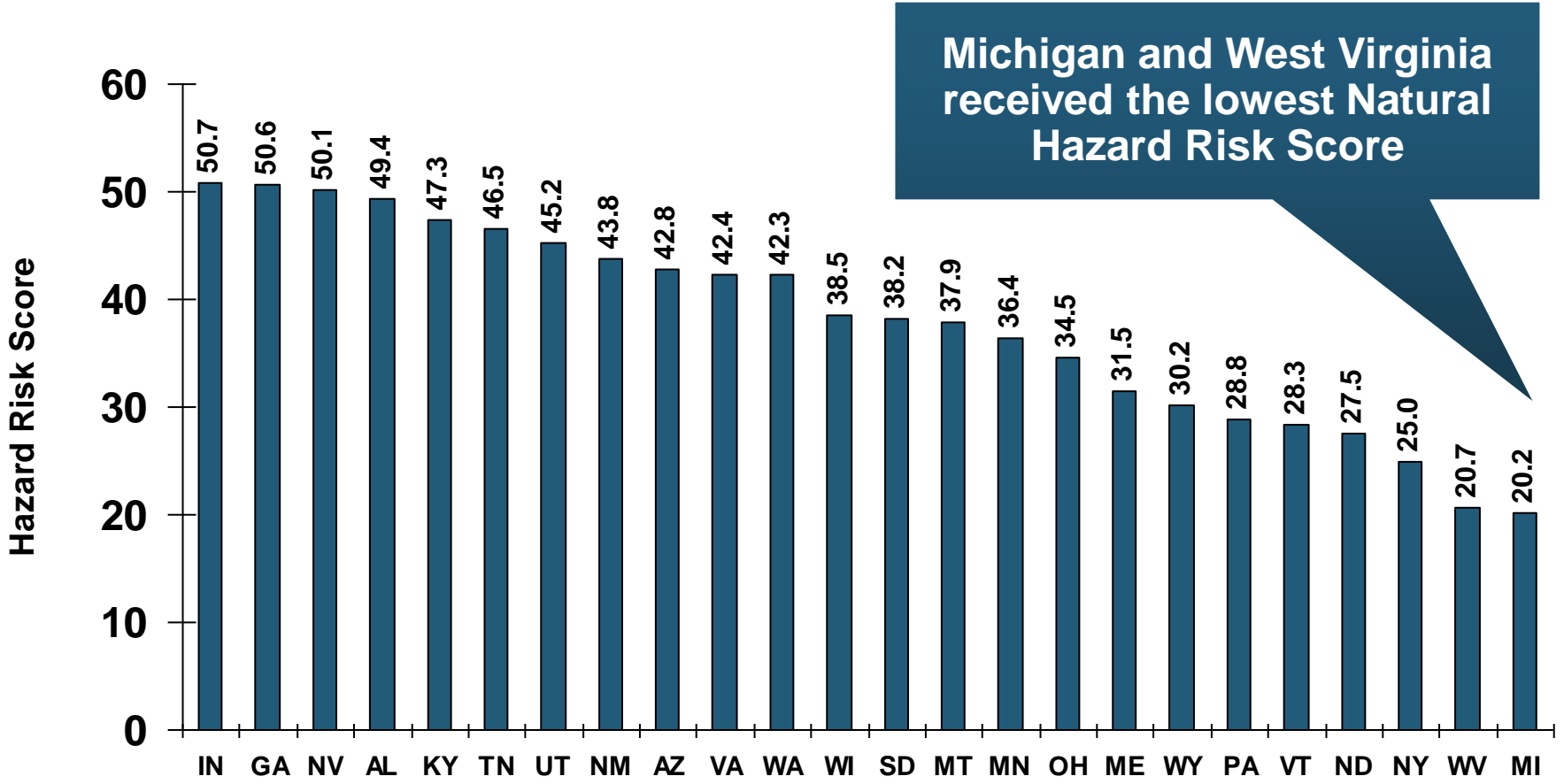
Note: Score is based on data on 9 natural hazards: flood, wildfire, tornado, storm surge, earthquake, straight-line wind, hurricane, wind, hail and sinkhole.

*Analysis Includes DC. Excludes Alaska and Hawaii due to limited natural hazard risk data.

Sources: CoreLogic release "CoreLogic Identifies US States at Highest Risk of Property Damage Loss from Natural Hazards," Sept. 10, 2014; Insurance Information Institute.

Natural Hazard Risk Scores, 2014

Bottom 24 States*



Michigan and West Virginia received the lowest Natural Hazard Risk Score

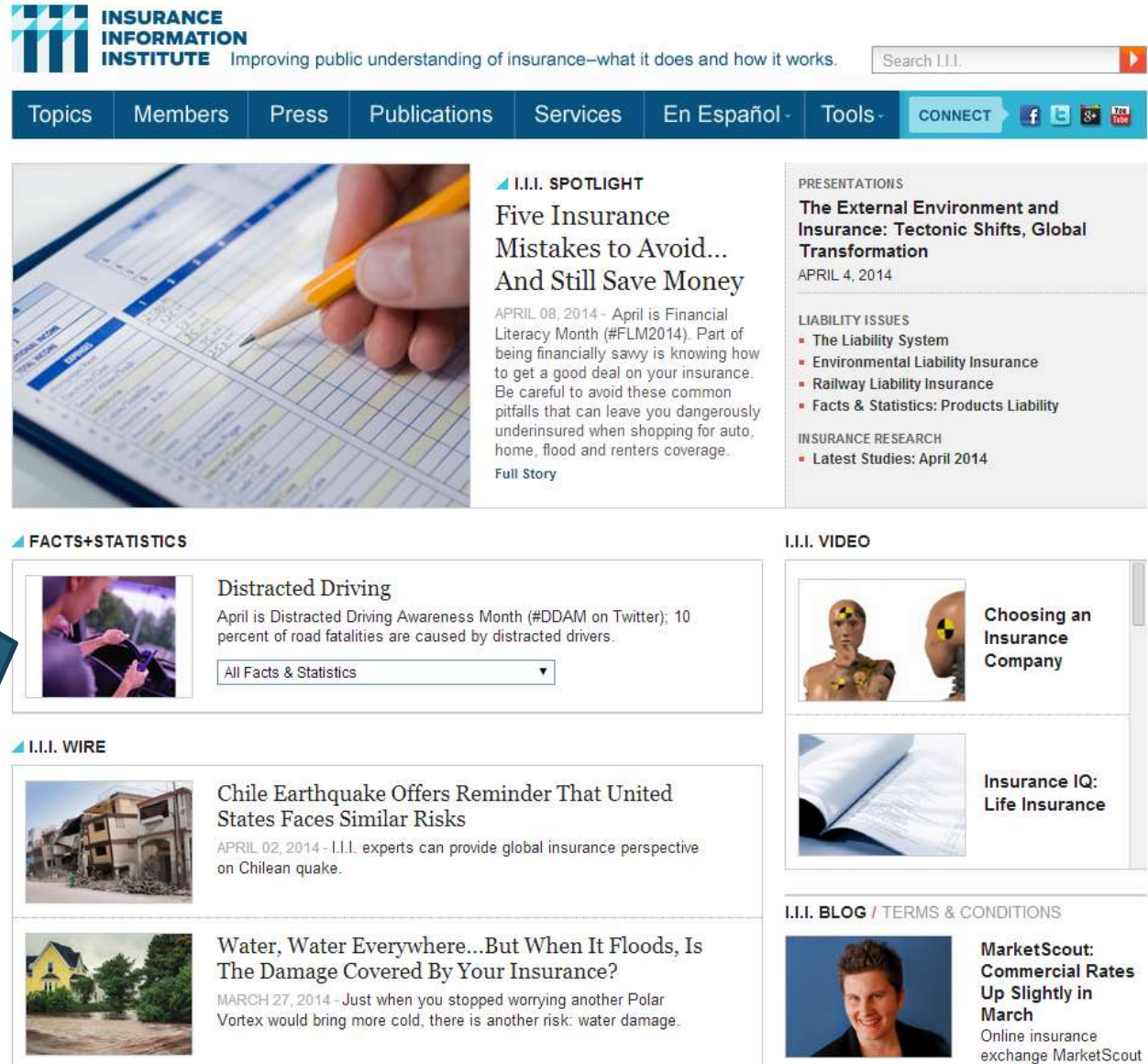
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I.I.I. SPOTLIGHT
Five Insurance Mistakes to Avoid... And Still Save Money
APRIL 08, 2014 - April is Financial Literacy Month (#FLM2014). Part of being financially savvy is knowing how to get a good deal on your insurance. Be careful to avoid these common pitfalls that can leave you dangerously underinsured when shopping for auto, home, flood and renters coverage.
[Full Story](#)

PRESENTATIONS
The External Environment and Insurance: Tectonic Shifts, Global Transformation
APRIL 4, 2014

LIABILITY ISSUES

- The Liability System
- Environmental Liability Insurance
- Railway Liability Insurance
- Facts & Statistics: Products Liability

INSURANCE RESEARCH

- Latest Studies: April 2014

FACTS+STATISTICS

Distracted Driving
April is Distracted Driving Awareness Month (#DDAM on Twitter); 10 percent of road fatalities are caused by distracted drivers.
[All Facts & Statistics](#)

I.I.I. WIRE

Chile Earthquake Offers Reminder That United States Faces Similar Risks
APRIL 02, 2014 - I.I.I. experts can provide global insurance perspective on Chilean quake.

Water, Water Everywhere...But When It Floods, Is The Damage Covered By Your Insurance?
MARCH 27, 2014 - Just when you stopped worrying another Polar Vortex would bring more cold, there is another risk: water damage.

I.I.I. VIDEO

Choosing an Insurance Company

Insurance IQ: Life Insurance

I.I.I. BLOG / TERMS & CONDITIONS

MarketScout: Commercial Rates Up Slightly in March
Online insurance exchange MarketScout

Issues Updates

Arson
Asbestos Liability
Auto Crashes
Auto Theft
Buying Insurance: Evolving Distribution Channels
Captives and Other Risk-Financing Options
Catastrophes: Insurance Issues
Climate Change: Insurance Issues
Compulsory Auto/Uninsured Motorists
Credit Scoring
Crop Insurance
Distracted Driving
Dog Bite Liability
Drunk Driving
Earthquakes: Risk and Insurance Issues
Financial and Market Conditions
Flood Insurance
Generic Auto Crash Parts
Hurricane and Windstorm Deductibles
Insolvencies/Guaranty Funds
Insurance Accounting
Insurance Fraud
Liability System
Medical Malpractice

Facts and Statistics

Aggressive Driving
Annuities
Arson
Auto Insurance
Auto Theft
Aviation
Bank Insurance Sales
Boating
Bond Insurance
Careers and Employment
Catastrophe Bonds
Catastrophes: Global
Catastrophes: U.S.
Civil Disorders
Commercial Lines
Corporate Social Responsibility
Crime
Deer-Vehicle Collisions: Infographic
Demographics
Disability
Distracted Driving
Distribution Channels
Dog Bite Claims: Infographic
Droughts and Heat Waves
Drowsy Driving
Earthquakes and Tsunamis

Background papers and statistical information are available on the I.I.I. website and are continually updated as new information becomes available



Improving public understanding of insurance--what it does and how it works.

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Take the MYSTERY out of reviewing your INSURANCE

Disasters

GENERAL

- Catastrophes: Insurance Issues [Issues Updates](#)
- Climate Change: Insurance Issues [Issues Updates](#)
- Frequently Asked Questions about FEMA Disaster Assistance [Article](#)
- In the wake of Hurricane Sandy survivors continue to have questions about federal disaster assistance

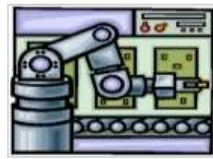
EARTHQUAKE

- Does My Homeowners Insurance Cover Earthquake Damage? [Article](#)
- Preparing for an Earthquake [Article](#)
- In Case of an Earthquake [Article](#)
- Recovering from an Earthquake [Article](#)
- Protecting Your Home from an Earthquake [Video](#)
- Earthquakes: Risk and Insurance Issues [Issues Updates](#)
- U.S. Earthquake History [Article](#)
- California Earthquake Authority [White Papers](#)
- The San Francisco Earthquake of 1906: An Insurance Perspective [Article](#)
- The Northridge, CA, Earthquake 20 Years After: Facts, Figures and Perspectives [Article](#)
- The Northridge, California, earthquake of 1994 was the costliest earthquake in U.S. history in terms of insured losses.

FLOOD

- Facts About Flood Insurance [Article](#)
- In Case of a Flood [Article](#)
- Recovering from a Flood [Article](#)
- Flood Insurance [Publication Article](#)
- National Flood Insurance Program [Article](#)

I.I.I. SPOTLIGHT



Across America--by Driverless Car

This week, the Delphi Driverless Project car set out to make the first-ever automated cross-country ...

I.I.I. VIDEO



Test Your Insurance IQ: Travel Insurance

Vacations are precious escapes, but they can also be expensive and subject to disaster. Travel insur...

PRESENTATIONS



Alternative Capital: Impacts on Global Insurance and Reinsurance Markets

How alternative capital is changing the reinsurance landscape.

I.I.I. BLOG / TERMS & CONDITIONS



Swiss Re: Lack of Insurance Cover An Issue in Many Countries

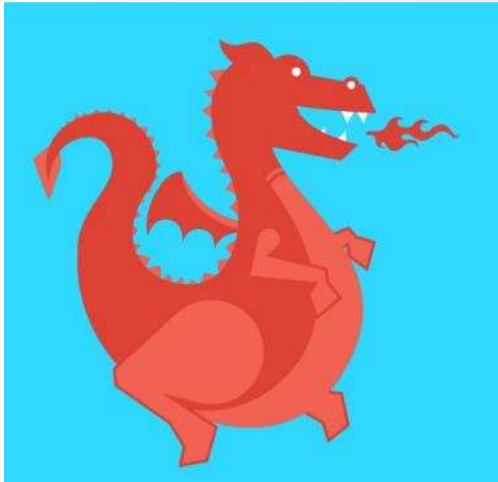
The iiiToolkit: Putting Insurance Tools into the Hands of Consumers

- The iiiToolkit is a free mobile app suite that can help users put together a disaster plan, learn about selecting the right insurance for their needs and budget, and create and maintain a home inventory database.

- Takes an action oriented approach: make a checklist; create an inventory; have a conversation with your insurance professional.



“The I’s on Insurance” Video Series



The i’s on Insurance:

**Auto Coverage:
You’re in the Driver’s Seat**



The i’s on Insurance:

Your Homeowners Coverage



The i’s on Insurance:

[Not So] Risky Business

Animated video series focusing on Homeowners, Auto, Small Business and Claims Filing. The goal is to engage and encourage viewers to reach out to their agent, broker, or company representative to discuss insurance coverage.

“Check20” Campaign: Sample Email

 INSURANCE
INFORMATION
INSTITUTE

 CHECK:20
Your Insurance Policy Review.

HOME AUTO FINANCIAL PLANNING



HOME ISSUE 1: JUNE 16, 2014

YOUR HOME INSURANCE: EXPLAINED

Every house needs a strong foundation. Insuring a house is no different; you need a strong foundation of knowledge to build a home insurance strategy that's in step with your needs.

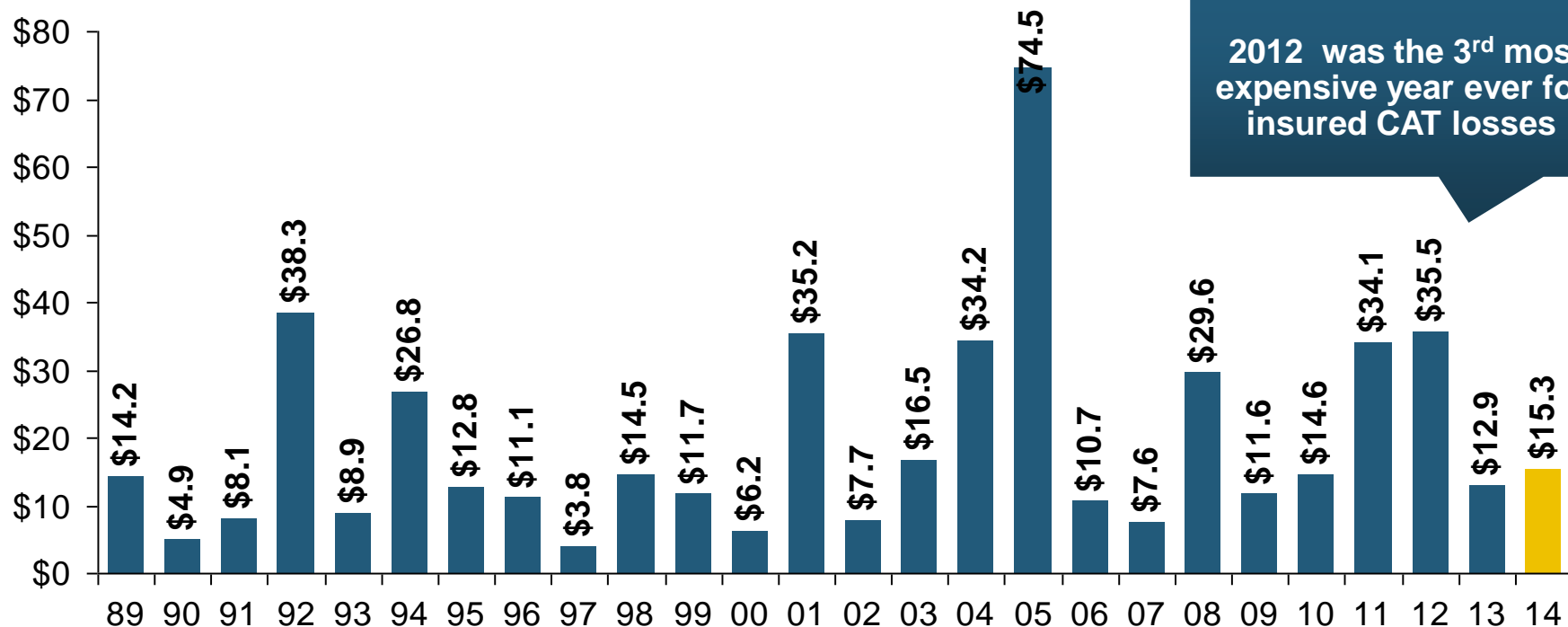
How well do you know your home insurance? Do you understand what's covered, and whether you've got the right amounts of coverage for liability, damage or theft? The key to getting the right insurance for your needs and budget starts with having a conversation with your Insurance Professional. And to prepare you for this conversation, we've created this helpful, handy video, "The I's on Insurance: Your Homeowners Coverage." Spend a few moments to understand the hazards covered by most homeowners policies—and some special cases in which you should consider additional coverage.

- Check20 is a cross-channel messaging campaign.
- It has a call-to-action feature that encourages spending 20 minutes to get smarter about insurance.
- Explains the basics and encourages a constructive dialogue with an insurance professional.

The Check20 Newsletter gives users options for a Homeowners, Auto, or Financial Planning (Life Insurance, Annuities, etc) monthly email newsletter.

U.S. Insured Catastrophe Losses

(\$ Billions, \$ 2013)



2012 was the 3rd most expensive year ever for insured CAT losses

Reminder: 2012 was the 3rd costliest year for insured disaster losses in US history. Long-term trend is for more—not fewer—costly events.

\$15.3 billion in insured CAT losses estimated for 2014

*Through 12/31/14.

Note: 2001 figure includes \$20.3B for 9/11 losses reported through 12/31/01 (\$25.9B 2011 dollars). Includes only business and personal property claims, business interruption and auto claims. Non-prop/BI losses = \$12.2B (\$15.6B in 2011 dollars.)

Sources: Property Claims Service/ISO; Insurance Information Institute.

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