

PROGRESS REPORT TO THE COMMUNICATIONS COMMITTEE

First Quarter

JANUARY

Issue analysis of quarterly results

- ✓ Dr. Hartwig wrote a commentary on the year end results of 2007 (<http://www.iii.org/media/industry/financials/2007yearend/>), which noted that the industry's net income after taxes slipped 5.8 percent to \$61.9 billion in 2007 from \$65.8 billion in 2006. The insurance industry's overall profitability as measured by its rate of return on average policyholders' surplus dipped to 12.3 percent in 2007 from 14.4 percent in 2006. Driving the erosion in net income and overall profitability, the property/casualty insurance industry's net gains on underwriting fell 38.9 percent to \$19 billion in 2007 from \$31.1 billion the year before. The combined ratio—a key measure of losses and other underwriting expenses per dollar of premium—edged up to 95.6 percent in 2007 from 92.4 percent in 2006. Partially offsetting the decline in net gains on underwriting, insurers' net investment gains—the sum of net investment income and realized capital gains—climbed 13.9 percent to \$63.6 billion in 2007 from \$55.8 billion in 2006.
- ✓ Distributed to the media the news release on the industry's year-end results which was co-written by ISO and PCI. It was also featured in the I.I.I. *Daily*.

Release I.I.I. Fact Book

- ✓ Issued the I.I.I. *2008 Insurance Fact Book*. It was distributed to researchers at major news outlets, the I.I.I. Board and Communications Committee. A Web version is available at <http://www.iii.org/factbook>.

Update materials on terrorism and insurance

- ✓ Updated I.I.I. materials in Insurance Issues Update and in the Facts and Statistics portion of the Web site. <http://www.iii.org/media/hottopics/insurance/terrorism/>

Update disaster materials and response plans

- ✓ I.I.I. consultant Bill Bailey organized a meeting on January 31 with insurance companies, state governmental emergency response experts and senior officers of the Federal Emergency Management Agency's (FEMA) Region I about the industry's and government's preparations in the event of a natural disaster. It was held in Maynard, MA and included a presentation (via conference call) with Colorado State University forecasters Phil Klotzbach and Dr. William Gray.

Advance industry's messages on profitability along with the cost and availability of insurance.

- ✓ Dr. Hartwig developed the presentation *Florida Property Insurance Markets: Economic and Financial Update* which was part of a media briefing on the state of the property/casualty industry in Florida on January 22, 2008.



- ✓ Wrote news release *When U.S. Insurers Compete, Consumers Win; Insurers Realize Profits While Also Cutting Premium Rates, Boosting Dividends*.
<http://www.iii.org/media/updates/press.780578/>
- ✓ Aggressively responded to the Consumer Federation of America study regarding the insurance industry's profitability. Wrote the press release *Error Strewn CFA Study Inaccurately Portrays Insurer Profitability; Consumers Benefit from a Financially Strong Industry, Says I.I.I.*
<http://www.iii.org/media/updates/press.780633/>

Issue news release on how to insure a boat to coincide with National Boat Show

- ✓ A news release on how to insure a boat was written and released to coincide with the National Boat Show in January. A radio actuality was embedded in the release, *Going to the National Boat Show in New York This Weekend? The I.I.I. Provides Information on Insuring Your New Boat*. <http://www.iii.org/media/updates/press.780372/>

Issue news release on My Financial House Software

- ✓ Promoted the *My Financial House* software with a media campaign that included a video news release (VNR) and press releases in both English and Spanish: *Building Your Financial House: The I.I.I.'s Free, Personal Finance Software Makes Keeping Track of Your Finances Easier than Ever*. <http://www.iii.org/media/updates/press.781219/>

Additional Accomplishments

- ✓ Responded to Toyota's advertising campaign, which was built in part on depictions of auto insurance fraud. Dr. Hartwig sent a letter to Toyota North America's president on January 2.
- ✓ Issued a news release on life stages and insurance: *As the New Year Begins, Remember That Changes in Your Life May Require Changes in Your Insurance; The I.I.I. Provides 10 Questions to Determine Whether You Need to Update Your Coverage*.
<http://www.iii.org/media/updates/press.780821/>

FEBRUARY

Issue news release on business insurance – the four most important questions business owners should ask

- ✓ Issued a news release in English and Spanish on business insurance entitled *Is Your Business Properly Insured? Ask Your Insurer the Four Most Important Questions; I.I.I. Provides Tips to Make Sure Your Business is Not Underinsured*. A radio actuality was embedded in the release.
<http://www.iii.org/media/updates/press.782076/>.

Issue news release on social host liability with Super Bowl parties as the news hook

- ✓ Wrote and distributed news release on social host liability with Super Bowl parties as the news hook: *Throwing a Super Bowl Party? Field a Team of Designated Drivers; I.I.I. Offers Tips for Being a Responsible Host*. A radio actuality was embedded in the release.
<http://www.iii.org/media/updates/press.781276/>

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Issue news release on Home Inventory Software

- ✓ Wrote and distributed a press release in English and Spanish on the newest version of the *Know Your Stuff – Home Inventory Software: Want to Maximize Your Insurance Dollars in 2008? Make ‘Conduct a Home Inventory’ One of Your New Year’s Resolutions*. A VNR and a radio actuality were embedded in the release. <http://www.iii.org/media/updates/press.780532/>

Issue news release on travel insurance and winter getaways

- ✓ Wrote and distributed a press release on travel insurance and winter getaways. A radio actuality was embedded in the release. <http://www.iii.org/media/updates/press.781994/>

Advance industry’s messages on profitability along with the cost and availability of insurance

- ✓ Dr. Hartwig developed the presentation *Mega-Trends Influencing the Workers Compensation Insurance Industry*, which focused on the state of the workers compensation line of insurance. <http://www.iii.org/media/presentations/workerscomp5/>

Additional Accomplishments

- ✓ I.I.I. launched its New Online Bookstore as an additional resource for the public to discover the value of insurance information. A press release was issued to inform the media and the public about it: *Consumers Now Have Opportunity to Get Latest Books/Brochures on Insurance*. <http://www.iii.org/media/updates/press.782132/>
- ✓ In anticipation of CNBC’s March 2 Business Nation story, *Are You Insured?*, which looked at the 2003 southern California wildfires and the May 2007 Greensburg, Kansas tornado and how insurers are focusing on maximizing profits rather than managing risk, Dr. Hartwig sent out a pointed letter on February 29 to the segment producer because of print advertisements that touted the CNBC segment, telling readers that insurers were “Cashing in on Catastrophe.” In addition, Dr. Hartwig was interviewed by CNBC in January 2008 and appeared in the piece.
- ✓ Dr. Hartwig sent a letter to the editor of *Newsday*, which was published on February 28 responding to a February 21 editorial that said State Farm had decided not to renew any of its home insurance policies on Long Island, a subsequent correction in its February 22 hard-copy edition was changed to say that it had decided not to renew “some” of its policies.
- ✓ Dr. Hartwig sent a letter to the editor of the *Appleton Post-Crescent* in Wisconsin, which on February 8 published an opinion piece which said that credit information should not be used in the underwriting of auto and home insurance. The editor claimed no actuarial studies had been done verifying the correlation between credit-based insurance scores and claims filing. Among other things, the I.I.I. provided the editor with copies of the 2007 FTC and Federal Reserve studies on the issue. The *Post-Crescent* subsequently changed its editorial in its online version.
- ✓ The I.I.I. issued the report *Catastrophe Modeling: A Vital Tool in the Risk Management Box*. Written by Claire Wilkinson, it explains what catastrophe modeling is and how it is used. It also discusses how modeling can help insurers, reinsurers and business and government agencies better assess the potential losses caused by natural and man-made catastrophes. The report can be accessed at <http://www.iii.org/media/research/catmodeling/>.

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- ✓ Wrote and distributed a press release on motorcycle insurance with an embedded radio actuality: *I.I.I. Offers Tips on Motorcycle Coverage Needs; Financial Protection Ought To Be Purchased For All-Terrain Vehicles, Too.* <http://www.iii.org/media/updates/press.782134/>
- ✓ Wrote and distributed a press release on evacuation plans in English and Spanish: *When Is the Time for You and Your Family to Prepare a Home Evacuation Plan? Now! The I.I.I. Suggests Five Steps to Prepare For a Disaster.* <http://www.iii.org/media/updates/press.782272/>
- ✓ Wrote and distributed press release on GPS systems and theft with an embedded radio actuality: *Global Positioning Systems: The Target "Du Jour" For Thieves; I.I.I. Offers Tips to Navigate Your System Away From Being Pilfered.* <http://www.iii.org/media/updates/press.782476/>

MARCH

I.I.I. Engages Florida-based Communications Representative

- ✓ Following the recommendation of the Florida Communications Subcommittee to strengthen the industry's communications presence there, the I.I.I. retained a representative on a contract basis. Lynne McChristian, formerly USAA's Tampa-based executive director – Corporate Communications, is an experienced insurance communications professional, and already well-known to Florida media, industry communicators and other key players in the state. Lynne will be working closely with I.I.I. staff, including consultants Bill Bailey, Bill Davis and Elianne Gonzalez, who is based in Miami, as well as with member company communications professionals, the Florida communications representatives of the national advocacy trades, the Florida Insurance Council and the Institute for Business & Home Safety. IBHS has generously provided Lynne with space at its Tampa office. This will be particularly useful as mitigation communications is an important element of the overall Florida outreach effort. The I.I.I. staff has begun working on new media materials, content for an I.I.I. Florida Web site and arranging some appearances at hurricane preparedness expos. The Florida communications plan can be accessed on the member company Web site at: http://www.iii.org/members/Florida_Industry_Public_Relations_Plan_Discussion_Paper.pdf.

Advance industry's messages on profitability along with the cost and availability of insurance

- ✓ Dr. Hartwig developed the presentation *Two Years Without Major Catastrophe Losses: Implications for P/C Insurance Markets* presented February 6, 2008 at the Benfield Catastrophe Summit. <http://www.iii.org/media/presentations/catastrophes/>
- ✓ Dr. Hartwig gave a presentation at the Ole Miss Insurance Symposium at the University of Mississippi on March 26 that reviewed the insurance market in Mississippi in the wake of Hurricane Katrina. The presentation, entitled *Catastrophes, the Credit Crisis & Insurance Cycle: Impacts & Implications for the P/C Insurance Industry*, provides an overview of catastrophe risk and losses nationwide and then focuses on Mississippi. <http://www.iii.org/media/presentations/MSoverview/>

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Issue news release on uninsured property damage, losses and tax deductions

- ✓ Wrote and distributed a news release in English and Spanish on uninsured property damage and tax deductions: *Did You Have Substantial Property Damage In 2007? You May Be Able to Deduct a Portion of Uninsured Losses from Your Taxes; Document Unreimbursed Losses, Including Deductibles, Notes the I.I.I.* A radio actuality was embedded in the release. <http://www.iii.org/media/updates/press.782772/>

Update disaster materials and response plans

- ✓ Updated the I.I.I. communications plan for a Northeast Hurricane. http://www.iii.org/members/III_Northeast_Hurricane_Communications_Plan_2008
- ✓ Organized another meeting of the Northeast Hurricane project on March 19, 2008 where Bob Hartwig gave a presentation, *Hurricane Risk in the Northeast United States: A Real and Present Danger*. In addition, those attending this session heard from Mary Colvin, Chief, Flood Plain Management and Flood Insurance Branch, Region II's Department of Homeland Security/FEMA, about the ongoing redrawing of the flood maps in Region II states (NY and NJ). In addition, Dr. William Gray briefed the group on the upcoming 2008 hurricane season.

Issue news release on flood insurance

- ✓ Wrote and distributed press release on flood insurance: *Is Your Home Insured for Flood Loss? Melting Snow and Heavy Rains Are Already Causing Widespread Flooding in Some States.* A radio actuality was embedded in the release. <http://www.iii.org/media/updates/press.783094/>

Issue news release on earthquake safety and preparedness

- ✓ Wrote and distributed a news release on how to prepare for an earthquake: *Are You Prepared for an Earthquake? They Don't Just Happen in California; Quakes Can Occur from the Big Apple to the Heart of the Homeland, Says the I.I.I.* A radio actuality was also embedded in the release. <http://www.iii.org/media/updates/press.784012/>

Issue news release on tornado coverage and safety tips

- ✓ Sent out a media advisory regarding the deadly tornadoes in Alabama, Arkansas, Kentucky, Mississippi and Tennessee. CNN's Gerri Willis incorporated some of this material into her on-air reporting and cited I.I.I. as the source. The disaster provided an opportunity for I.I.I. to talk to the media about coverage, including the need for better preparation by homeowners and business owners.
- ✓ Used the Georgia tornadoes as an opportunity to provide information about coverage: *Georgia Tornadoes Signal the Beginning of Twister Season in the South; Spring Is Peak Tornado Season in the South; I.I.I. Offers Safety and Claims Filing Tips.* This also provided the opportunity for I.I.I. to publicize its *Know Your Stuff – Home Inventory Software*. <http://www.knowyourstuff.org/>; <http://www.iii.org/media/updates/press.782882/>

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Advance industry's messages on profitability along with the cost and availability of insurance.

- ✓ Dr. Hartwig developed the presentation *Why 2008 Will Be a Make or Break Year for the P/C Insurance Industry?*, which he presented at the Property Casualty Insurance Association of America Marketing & Underwriting Conference, March 17, 2008.
<http://www.iii.org/media/presentations/pciaa/>

Additional Accomplishments

- ✓ Awarded a Gold Hermes Creative Award for the I.I.I.'s 2008 Communications Plan. The Hermes Creative Awards are administered and judged by the Association of Marketing and Communications Professionals (AMCP) <http://www.amcpros.com/>.
- ✓ Immediately prior to Consumer Federation of America (CFA) President Robert Hunter testifying before the Florida state Senate's Property Insurance Accountability Committee, I.I.I. President Bob Hartwig and other insurance representatives, briefed reporters at a press conference held at the Property Casualty Insurers Association of America's Tallahassee, Florida office. The I.I.I. distributed materials at the press conference, which resulted in the industry's messages being placed in next-day stories on the committee hearing.
- ✓ As part of its ongoing effort to advance understanding of commercial insurance, the I.I.I. promoted its business Web site, *Insuring your Business: A Small Business Owners' Guide to Insurance* (<http://www.iii.org/smallbusiness/>). The Web-based resource was designed to educate small business owners about what is and is not covered in standard policies, provide tips to reduce property losses and explain which business-specific insurance coverages should be considered. The Associated Press gave a positive review of the I.I.I.'s business Web site which ran in numerous publications including the *Chicago Tribune*, *South Florida Sun-Sentinel*, *Los Angeles Times* and the *Salt Lake City Tribune*, among others.
- ✓ Distributed a news release on flood insurance for businesses: *Is Your Business Insured for Flood Loss? Melting Snow and Spring Rains Can Cause Damage, Cautions the I.I.I.* A radio actuality was embedded in the release. <http://www.iii.org/media/updates/press.783096/>
- ✓ Distributed a news release on hit and run accidents: *Hit-and-Run Accidents Can Hit Insured Drivers by Surprise; Basic Insurance Coverage May Not Be Sufficient to Cover Expenses That Become the Insured Victim's Responsibility.* A radio actuality was embedded in the release. <http://www.iii.org/media/updates/press.782474/>
- ✓ Wrote and distributed press release on saving money on auto insurance: *Get the Most for Your Auto Insurance Dollar; the I.I.I. Offers Tips for Saving Money on Auto Insurance.* A radio actuality was embedded in the release. <http://www.iii.org/media/updates/press.783672/>
- ✓ Dr. Hartwig and I.I.I. member companies spoke with think tanks that favor market-oriented solutions to expanding the availability and affordability of property insurance in coastal parts of the U.S. The result is that the James Madison Institute agreed to publicly release its assessment of Florida's current property insurance situation.

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- ✓ Jeanne Salvatore was asked to be an insurance expert for Jane Bryant Quinn as she writes an updated version of her book, *Making the Most of Your Money*. Ms. Salvatore was also asked to serve as an expert for a new CBS Early Show called, *Ask it Early*. While Jeanne will not appear on-air, she and the I.I.I. will be cited as the show's information source.
- ✓ I.I.I.'s chief economist Steve Weisbart appeared on *Retirement Revolution*, a two-part PBS documentary hosted by former CNN anchor Paula Zahn.
- ✓ Provided Monster.com with facts and figures on career opportunities in the insurance industry.
- ✓ Published the print version of *Insuring Your Business: A Small Business Owners' Guide to Insurance*. Designed to help business owners decide what kinds of insurance they need for their business, the 123-page book has sections devoted to property insurance, liability protection, life insurance for key employees and workers compensation, among other topics.
- ✓ Updated the Issues Update paper, *Residual Markets*.
<http://www.iii.org/media/hottopics/insurance/residual/>
- ✓ Elianne Gonzalez prepared and developed a New York media tour to Spanish television stations. This resulted in extensive media opportunities for the I.I.I. Ms. Gonzalez recorded interviews on teen drivers, saving on car insurance, life stages and insurance and *My Financial House* for Telemundo (Channel 47). In addition, she met with Univision (Channel 41) and did tapings for future airing on host's liability for the Super Bowl parties and driving; the *My Financial House* and *Know Your Stuff* tools; and how to make a plan in case of an emergency. She also met with NY1 (Noticias NY1) and with Despierta America (part of the Univision network) on auto fraud.

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