

Homeowners Insurance Survey

At the request of the NAIC, ICR was commissioned to conduct a study among homeowners regarding homeowners' insurance policies. The questions designed by the NAIC were administered in ICR's *EXCEL* Telephone Omnibus.

Respondents answering questions were 673 men and women who are heads of the household, own their own homes, and have homeowners' insurance.

Coverage of Losses in Standard Homeowners Policy

Homeowners were asked about ten situations and whether or not they thought a standard homeowners' policy would cover damage or losses due to each situation.

About three in four felt that a standard policy would cover damage or losses caused by a 'tornado, wind, or hail storm' and by 'water damage due to burst pipes or freezing of plumbing' (75% each).

- Significantly more homeowners in the North Central (92%) and Southern (83%) regions than in both the Northeast (61%) and Western (54%) regions felt damage from a tornado/wind/hail storm would be covered.
- Various significant differences were evident among respondents who felt 'water damage' would be covered, including significantly more:
 - Men (81% vs. 69% women)
 - With household income \$25K+ (81% vs. 55% under \$25K)
 - In the West (85% vs. 68% in the South)

Just over two-thirds (68%) thought their vehicles would be covered if they were stolen from or damaged while on their property (including cars, boats, motorcycles).

- Significantly more homeowners with a high school education or less believed this to be covered (75% vs. 62% some college education or more).

One-half said damage or losses from 'a break in the waterline on your property supplying water to your houses' would be covered.

- The 65 and over age group was least likely to think this was covered (37%), significantly less likely than those age 18-34 (55%), 35-44 (62%), and 55-64 (51%) – slightly less likely than those ages 45-54 (50%).
- Significantly more in the West (63%) than in the North Central (48%) and Southern (46%) – slightly more than in the Northeast (49%)

Up to one-third felt any of the remaining five situations would be covered by a standard homeowners' policy:

- Break in the sewer line on your property that connects to your municipal sewer system (37%)
- Earthquake (35%)
- Mold (34%)
- Flood (33%)
- Termites and/or other infestation (31%)
- Your pets – stolen from or injured on property (22%)

Replacement vs. Actual Cash Value

Respondents were asked if they thought their homeowners' insurance policy covered the replacement value or actual cash value of their home and its contents. The majority of respondents felt their policies covered the replacement value (64%), while only about one in four thought it was the actual cash value (24%). Another 12% did not know.

Those likeliest to believe that homeowners would cover the 'replacement value' are:

- Ages 35 to 64 (70% vs. 46% ages 18-34)
- White (66% vs. 44% Black)

Significantly more Black than White respondents in this sample thought the 'actual cash value' would be given (40% vs. 22%, respectively).

Significantly more women than men said they did not know (15% vs. 9%, respectively). Also, significantly more homeowners with household incomes less than \$75K did not know (16% vs. 3% \$75K+).

Concerns Over Being Sued Today vs. 5 Years Ago

Just over one in four homeowners (28%) said they are more concerned today than they were five years ago about being sued. Slightly less (27%) said they are just as concerned, while only 5% are less concerned.

Additional Umbrella Policy

Almost two-thirds (63%) do not have additional umbrella liability coverage above what is included in their basic homeowners' policy.

Maybe not surprisingly, significantly more respondents in this sample with higher household income do have this additional coverage (40% \$75K+ vs. 22% <\$75K). And, as education increases so does the incidence of additional umbrella coverage (17% high school or less vs. 29% some college vs. 40% college education or more).

This study was conducted in ICR's *EXCEL* Omnibus. *EXCEL* is a national, twice-weekly telephone omnibus service designed to meet the standards of quality associated with custom research studies. The *EXCEL* survey consists of a standard set of introductory and demographic questions supplemented by a changing series of questions on various topics as contracted by participating companies.

Sample Design

Each *EXCEL* survey consists of a minimum of 1,000 interviews, with 50% men and 50% women. *EXCEL* uses a fully-replicated, stratified, single-stage random-digit-dialing (RDD) sample of telephone households. Sample telephone numbers are computer-generated and loaded into on-line sample files accessed directly by the CRT system. Within each sample household, one adult respondent is randomly selected using a computerized procedure based on the "Most Recent Birthday Method".

Respondents answering questions in an *EXCEL* insert specifically designed for this survey were 673 men and women who are heads of the household, own their own homes, and have homeowners' insurance.

Weighting

The weighting process takes into account the disproportionate probabilities of household selection due to the number of separate telephone lines and the probability associated with the random selection of an individual household member. Following application of the above, the sample is post-stratified and balanced by key demographics to ensure nationally representative and projectable estimates of U.S. households.

Margin of Error

Because this is a sample, and not an actual population, an associated margin of error applies. At a 95% level of confidence, the margin of error for this sample of 673 is +/- 3.8%. This essentially means that we can be 95% certain that, for any percentage result for the total sample, the "true" percentage is within 3.8 percentage points of that which is actually reported.

Significant Differences

Within this report, significant differences are reported at the 95% level of confidence.