



National Association of
Insurance Commissioners

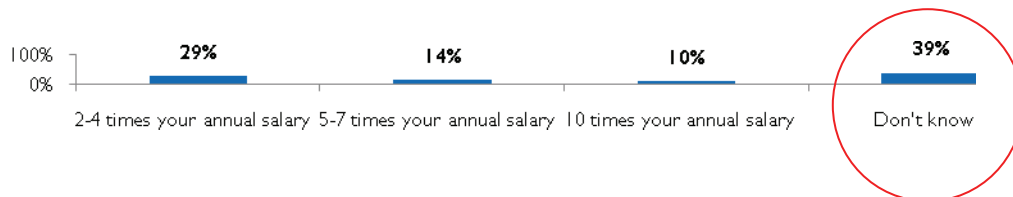
The NAIC Insurance IQ study was designed to better understand adults' knowledge when it comes to insurance. Our goal was to:

- ✓ Highlight consumer concerns and questions
- ✓ Uncover misinformation and insurance myths
- ✓ Underscore financial and emotional impact of uninformed insurance decisions

Key Findings

Americans are "flunking out" when it comes to insurance. On average, respondents only scored a four (out of 10) on the Insurance IQ.

- **Health:** Less than half (49%) know that if they leave their job and choose COBRA to continue their health benefits, they must pay the full cost of coverage. However, 58 percent are aware that health insurance will not cover their living expenses if they became disabled and cannot perform their job.
- **Home:** Just one in five respondents (19 percent) realizes that the requirement for private mortgage insurance (PMI) on a newly purchased home depends on the size of the down payment and lender; almost 30 percent think PMI is required by law. Also on the home front, less than 50 percent of people surveyed realize they can legally own a home without homeowners insurance (although lenders will not allow it).
- **Life:** Only 14 percent of respondents correctly know that the amount of life insurance typically recommended for individuals is 5-7 times your annual salary; 29 percent believe 2-4 times an annual salary is the recommended amount; and nearly 40 percent simply say they have no idea.



- **Auto:** Less than two-thirds of Americans (62 percent) are aware of the top three factors that impact the cost of auto insurance coverage (i.e., accident history, vehicle safety features, geography). And, only four in 10 respondents (41 percent) know that auto insurance does not automatically cover a rental car.

The majority of Americans claim to be confident and knowledgeable about their insurance policies and coverage.

- More than half of Americans (56 percent) say they feel "very confident" when making insurance decisions.
- Nine in ten adults (90 percent) say they are knowledgeable about their *policy coverage* and 83 percent claim to be knowledgeable about the *limitations of their insurance*.
- However, nearly half of adults admit they get confused when *deciding how much insurance coverage they need* (48 percent) and when *purchasing an insurance policy* (45 percent).

Family and friends, as well as personal experience, play a key role in making insurance-related decisions.

- Americans are most likely to use *friends or family members* (62 percent) as a resource when purchasing insurance.
- And, when deciding how much coverage to purchase, *personal experience* (47 percent) has the greatest influence on Americans' insurance decisions.

Insurance agents also play a major role in Americans' decisions.

- When purchasing insurance outside of an employer, Americans are most likely to use *insurance company agents* (61 percent) to purchase their policy.
- The majority of Americans agree *I have a good working relationship with my insurance agent* (80 percent) and *I personally trust my insurance agent to help me make the right choices* (82 percent).



Most Americans review their policy annually.

- Overall, 74 percent of adults surveyed say they have reviewed their insurance policy in the past year.
- However, only 39 percent would describe themselves as someone who *periodically reviews their policy to make sure they are appropriately covered*.

	Total %
I periodically review my insurance policies to make sure I am appropriately covered	39
I tend to only look at my policies when they come up for renewal	30
I tend to only look at my policies when I need to file a claim	7
I rarely look at my policies	16
I never look at my policies	9

37% admit they only look at their policy during renewal or when they need to file a claim.

25% admit that they rarely or never look at their policy!

- And, the majority of Americans (54 percent) admit they would rather *clean their bathroom* than read their insurance policy.

Many Americans are considering changes to their insurance policies in the current economic environment.

- One-third of adults (33 percent) are likely to consider making a change to their insurance policies, with the most likely change to be *changing insurance providers* (40 percent).

Methodology

The NAIC Insurance IQ study was managed by StrategyOne – a specialist applied research firm based in Chicago. The study consisted of a 1,000 –respondent telephone survey, conducted among adults 18 years and older in the United States. Interviewing took place between December 4-14, 2008. Each interview lasted approximately 15 minutes. All interviews were conducted in English. The margin of sampling error at the 95 percent level of confidence is ±3.1 for total respondents (1,000)