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2020 TRIPLE-I CONSUMER POLL

U.S. motorists get insurance relief; homeowners make strides in disaster preparation, but still lack understanding on coverage

September 2020





Executive summary

The Insurance Information Institute's (Triple-I) 2020 Consumer Poll was conducted in July 2020, as the nation was coping with the COVID-19 pandemic, and many states were experiencing some phase of non-essential business closings and stay-at-home orders.

Many auto insurers offered a wide variety of benefits to consumers — premium credits, partial refunds, forgiveness of late payment and more. Respondents were asked about their knowledge of these benefits. Most respondents were aware of the programs, but the percentage of respondents who said they knew about them appears to be considerably lower than the percentage who received them.

The 2020 Poll found that more homeowners are protecting their properties against disasters like flooding and hurricanes, a welcome development as the 2020 Atlantic hurricane season got off to an early start and is expected to produce a higher-than-average number of storms. Twenty-seven percent of homeowners said they had flood insurance, the highest percentage since Triple-I began asking the question in 2007. It was also far higher than credible estimates of the percentage insured made by the National Flood Insurance Program. This might indicate that consumers think they have flood coverage when they do not.

Homeowners who live in areas that are likely to experience a hurricane are more aware of their vulnerability than they were five years ago. Also good news: most of them are preparing more when the forecasts predict an average or above-average number of storms.

Key findings

- In July 2020 three out of five (60 percent) of American auto insurance customers said they received a partial refund from their auto insurers, or a credit on their next insurance bill.
- Of that 60 percent, 62 percent were given a partial refund on their paid premium and 38 percent got a credit on a future bill.
- Almost half said they had been informed that their insurer would take further action to accommodate customers who may have trouble paying their insurance bill — by waiving late fees, allowing customers to set up installment plans, or notifying them that their policy would not be cancelled for nonpayment.
- Most auto insurance customers are comparison shoppers — three out of five compared prices of auto insurance at their last renewal.
- 27 percent of homeowners said they had flood insurance, the highest level since the Triple-I began asking Americans this question in 2007. The increase is important since about a quarter of all homeowners think it is likely that their home could be damaged by flooding.
- 23 percent of homeowners with insurance said they had earthquake insurance, another record high level.
- 41 percent of homeowners said they took steps to protect their homes from natural disasters.
- Of those homeowners who did not take steps to protect their homes from natural disaster, 46 percent said it was because they were unsure what steps to take.
- 26 percent of homeowners say they live in an area likely to experience a hurricane.
- Four out of five of those homeowners have heard of seasonal hurricane forecasts.
- When forecasts predict an average or above-average number of hurricanes, about seven out of 10 homeowners who have heard those forecasts make more preparations to protect their homes.
- In total, 41 percent of homeowners said they have taken steps to protect their homes from natural disasters. 42 percent of those homeowners made improvements to protect their homes from floods, and 39 percent took steps to protect their homes from hurricanes.

Auto insurance 2020

Motorists were compensated for reduced driving during the COVID-19 pandemic

The COVID-19 pandemic forced many states to issue stay-at-home and nonessential business closing orders. As a result, drivers across the nation drastically reduced the number of miles they drove. Several insurance companies then announced they would return hundreds of millions of dollars to customers. The [Triple-I estimates](#) that insurers returned more than

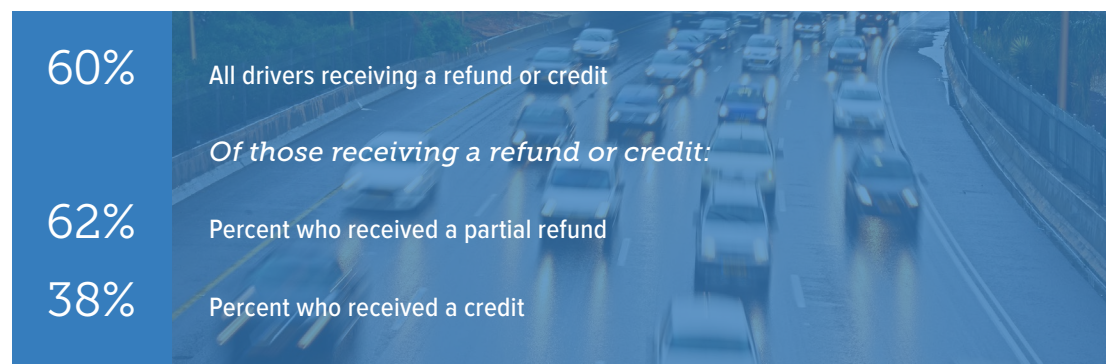
60 percent of auto insurance customers said they received a partial refund or a credit on their next insurance bill from their auto insurers for reduced driving during the pandemic. But that appears low—insurers representing 85 percent of the auto insurance market offered their customers partial refunds or credits.

\$14 billion to their customers nationwide in response to reduced driving during the pandemic. The amount and type of refund varied by insurer. Many refunds were based on a percentage of premiums already paid during the stay-at-home period, while other insurers announced that they would issue credits toward future monthly bills and for insurance renewals.

The 2020 Triple-I poll found that by July, three out of five U.S. drivers who had auto insurance said they received a partial refund or a credit from their auto insurance company for driving less during the COVID-19 pandemic. Sixty-two percent of those

drivers said they received a partial refund from their insurer, and 38 percent said they would get a credit on a future bill. However, the percentage of respondents who said they knew about the partial refunds and credits could be considerably lower than the percentage who received them. Based on a Triple-I analysis, each of the top 20 U.S. auto insurers, which accounted for 85 percent of the U.S. auto market, offered their customers partial refunds or credits for reduced driving during the pandemic.

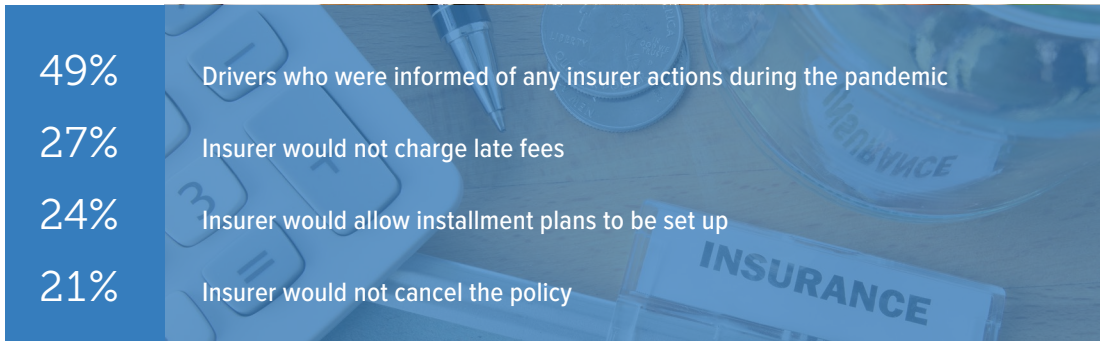
Q. Did you receive a partial refund or a credit from your auto insurance company in 2020 for driving less during the COVID-19 pandemic? (Asked of those who have auto insurance.)



Source: Insurance Information Institute 2020 *Pulse* survey.

During the pandemic **auto insurers said** they would provide additional support for their customers who needed help paying their insurance bill. Almost half of the drivers who received either a refund or credit on their auto insurance were informed by their insurers that they would help them to pay their insurance bill, ranging from having late fees waived (27 percent) to suspending cancellations for varying periods (21 percent).

Q. Did your auto insurance company inform you of any of the following due to the pandemic?

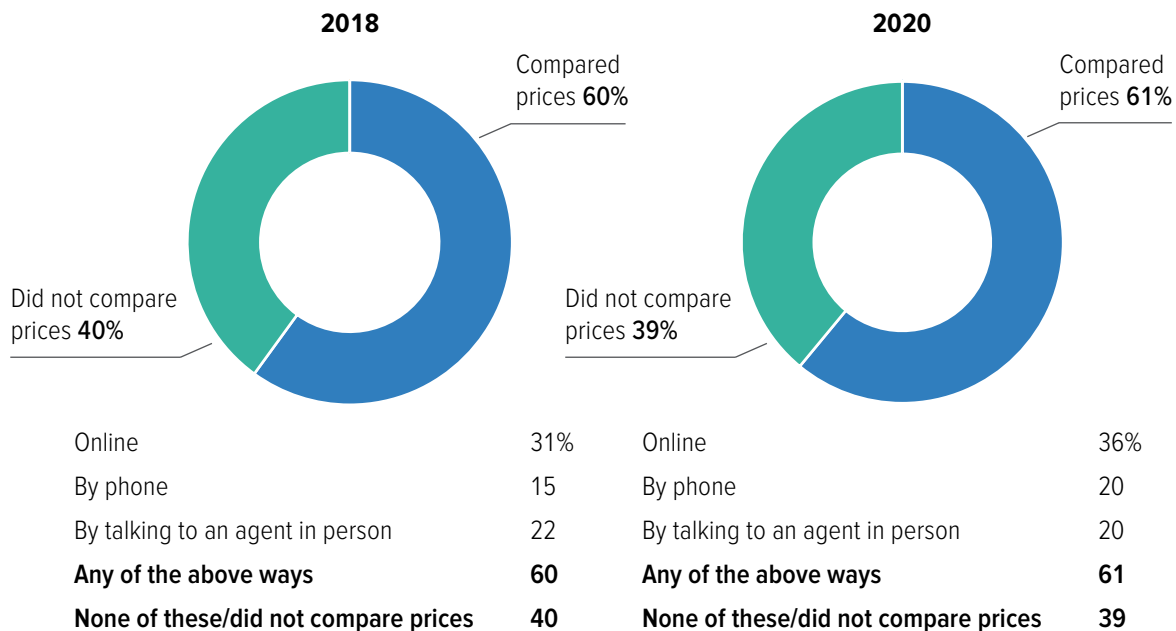


Source: Insurance Information Institute 2020 *Pulse* survey.

Most motorists are shopping for insurance

Three out of five people (61 percent) who have auto insurance compared prices among insurers at their last renewal, about the same as in 2018. In 2020, 36 percent of insured drivers who compared prices did so online, higher than the 31 percent in 2018. The proportion of insured drivers who compared prices by phone rose five percentage points from 15 percent to 20 percent, while those talking to an agent in person dropped two percentage points from 22 percent in 2018 to 20 percent in 2020.

Q. Did you compare prices at your auto insurance renewal in any of the following ways? (Asked of those who have auto insurance.)



Source: Insurance Information Institute *Pulse* surveys.

Home insurance 2020

Homeowners and disaster resilience

A significant proportion of homeowners believe their homes are vulnerable to natural disasters. Among homeowners, 17 percent say they live in an area likely to experience a wildfire. About a quarter (26 percent) of homeowners say they live in an area likely to be impacted by a hurricane, and the same proportion say it is somewhat likely or very likely that their home would be damaged or destroyed by flooding.

In the survey, 41 percent of homeowners said they took steps to protect their homes from natural disasters, up slightly from 38 percent in November 2016.¹ The Triple-I asked homeowners who answered affirmatively what steps they took to protect against specific weather perils.

Q. Did you make any of the following improvements to better protect your home from any kind of natural disaster? (Asked of those who took steps to better protect their home from any kind of natural disaster. Respondents could select as many as applied.)

2020			
Percent	Peril	Highest percentage by region	Example
42%	Floods	Northeast: 57%	By checking or installing a sump pump or sewer back-flow valve; or raising electrical, ventilating, heating or air conditioning equipment above the basic flood elevation; or anchoring fuel tanks.
39%	Hurricanes	South: 53%	By checking for leaks, trimming trees around the home, installing hurricane shutters or a wind-resistant garage door.
34%	Wildfires	West: 55%	By removing combustible material from the perimeter of the home; changing the deck to noncombustible material or installing a fire-resistant roof.
29%	Ice damage, wildfires	Midwest: 48%	By cleaning gutters.
22%	Hail	Midwest: 27%	By protecting outdoor heating, ventilating and air conditioning equipment.
16%	Unspecified steps		

Source: Insurance Information Institute 2020 *Pulse* survey.

Forty-two percent of homeowners who said they took steps to protect their home from a natural disaster protected against flood, with the highest percentage among respondents in the Northeast, at 57 percent. Thirty-nine percent said they protected their homes from hurricane damage, with the highest percentage among residents in the South at 53 percent. Thirty-four percent said they protected their home from wildfires, with the West having the highest percentage at 55 percent. Twenty-two percent said they protected their homes from hail, with the highest percentage coming from Midwestern respondents, at 27 percent.

Homeowners could benefit from more information about improvements they could take to make their homes more resilient. The 2020 Poll found that of the homeowners who took no steps to protect their home, 46 percent said they were unsure what steps to take.

When homeowners were asked if they had other reasons not to make improvements to their homes, 41 percent of those who did not make improvements thought they did not need improvements. Homeowners were also influenced by the COVID-19 pandemic: 15 percent of respondents indicated they did not want to make improvements during the pandemic, as shown below.

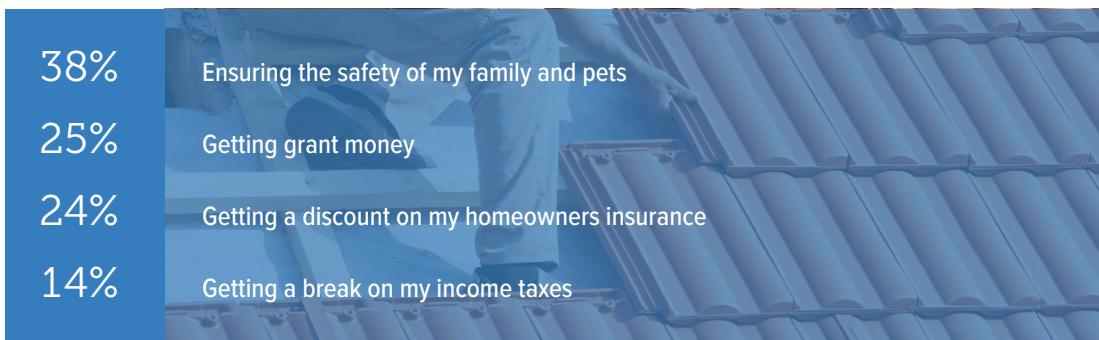
Q. Have you not taken any steps to better protect your home from a natural disaster for any of the following reasons? (Respondents could select as many as applied.)



Source: Insurance Information Institute 2020 *Pulse* survey.

The idea of a more resilient home is attractive to many Americans. In 2020, 55 percent of homeowners said they would pay more for a more resilient home or to upgrade their existing home to better withstand the natural disasters that threaten it. Safety is a major factor, cited by 38 percent of homeowners as a reason to make them more likely to protect their home from hurricane damage. About a quarter of homeowners selected financial reasons, as shown below.

Q. Which one of the following would make you more likely to protect your home from hurricane damage? (Asked of homeowners who did not take steps to protect their homes from natural disasters.)



Source: Insurance Information Institute 2020 *Pulse* survey.

While taking steps to improve the resiliency of a home from flooding is important, one of the more important ways homeowners can protect their homes is to purchase flood insurance. Flood damage is excluded under standard homeowners and renters insurance policies but flood coverage is available as a separate policy from the National Flood Insurance Program

27 percent of homeowners policyholders said they had flood insurance, a record high, but higher than NFIP estimates. Homeowners may not fundamentally understand what flood coverage is and how it works.

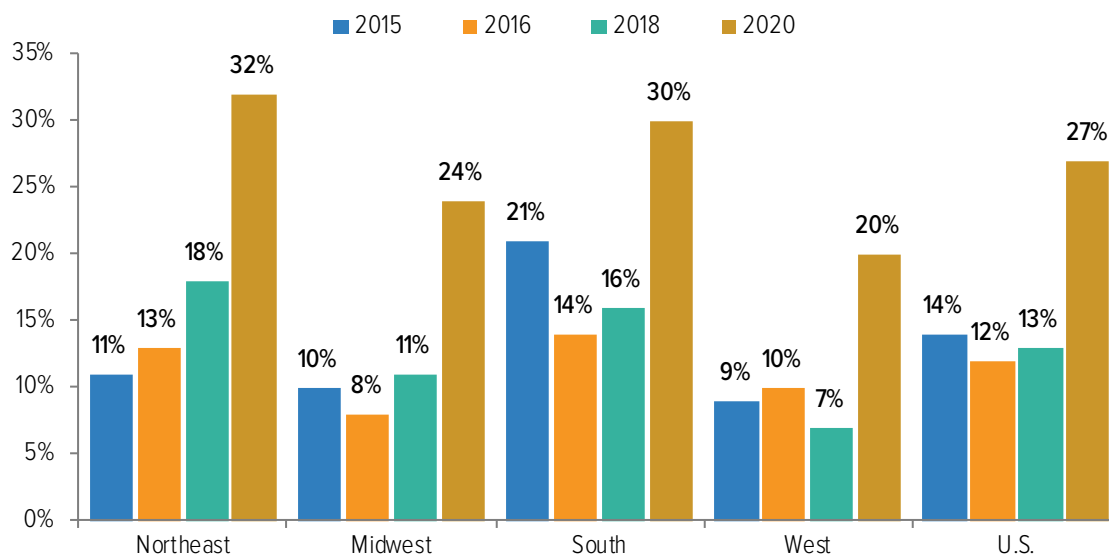
(NFIP), administered by the Federal Emergency Management Agency (FEMA), and from many private insurers.

In 2020, 27 percent of homeowners policyholders said they had flood insurance, the highest level since the Triple-I began asking this question in 2007. However, National Flood Insurance Program (NFIP) estimates seem to suggest that the percentage of homeowners who now have its flood insurance policies is much lower. It is possible that those with homeowners insurance

believe they have flood coverage when they actually do not. One reason this may occur is that homeowners may not fundamentally understand what flood coverage is and how it works. Or they may think flood coverage encompasses water damage from a burst pipe instead of a weather-related event like a hurricane or from a river flooding. While the actual reason may be a combination of these misunderstandings, the discrepancy between those who have flood insurance and those who think they do presents an ongoing opportunity for insurers to inform their customers about the need to purchase flood insurance, whether from the NFIP or a private company.

Respondents from the Northeast were the most likely to say they had flood insurance in 2020, at 32 percent, followed by 30 percent of respondents from the South. Twenty-four percent of respondents from the Midwest said they had flood insurance, along with 20 percent of respondents from the West.

Homeowners who have flood insurance by region, 2015-2020* (Asked of homeowners who have homeowners insurance.)



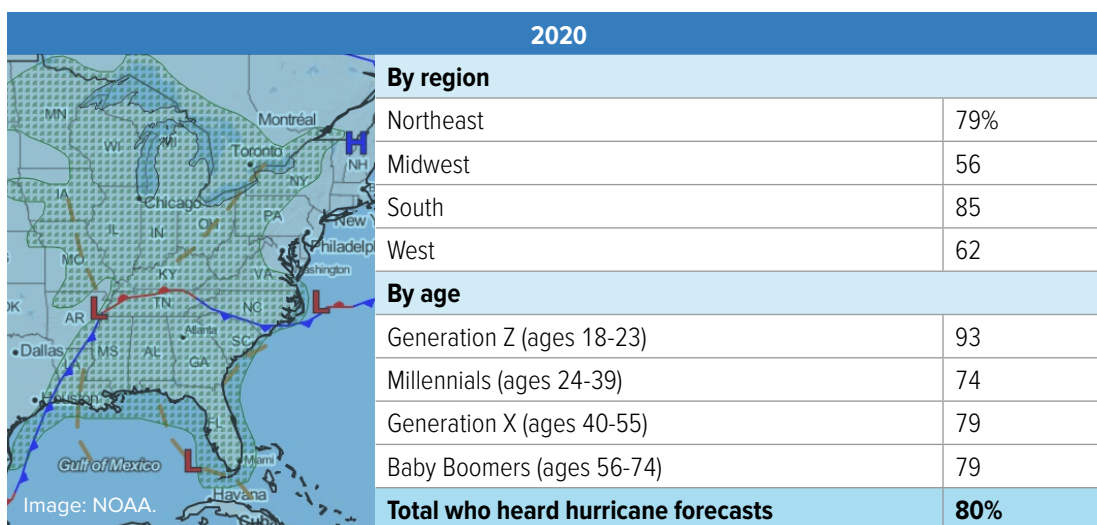
*Question was not asked in 2017 and 2019. In 2015 and 2016, the surveys were conducted via telephone. In 2018 and 2020, the surveys were conducted online.

Source: Insurance Information Institute *Pulse* surveys.

Many people living in areas vulnerable to hurricanes have heard of seasonal hurricane forecasts which are issued by atmospheric scientists such as [Dr. Phillip Klotzbach](#) at Colorado State University, a Triple-I non-resident scholar, and the [National Oceanic and Atmospheric Administration](#) (NOAA). In 2020, 80 percent of people living in areas likely to be struck by a hurricane said they had heard of seasonal hurricane forecasts, compared with 69 percent in 2015.¹ Residents in the South were most likely to have heard these forecasts, at 85 percent. Even among respondents from the Midwest, who are not likely to experience hurricanes, more than half have heard of these reports. Respondents between the ages of 18 and 23, also known as Generation Z, were most likely to have heard the reports, at 93 percent.

Q. Every year scientists issue seasonal hurricane forecasts before hurricane season starts on June 1. These forecasts tell what kind of hurricane activity is expected in the coming six months compared with the past. They show how many hurricanes are likely to form, how many major hurricanes will form and the probability that a hurricane will hit the United States.

Have you heard any of these seasonal hurricane forecasts? *(Asked of respondents who live in an area that is likely to be struck by a hurricane.)*

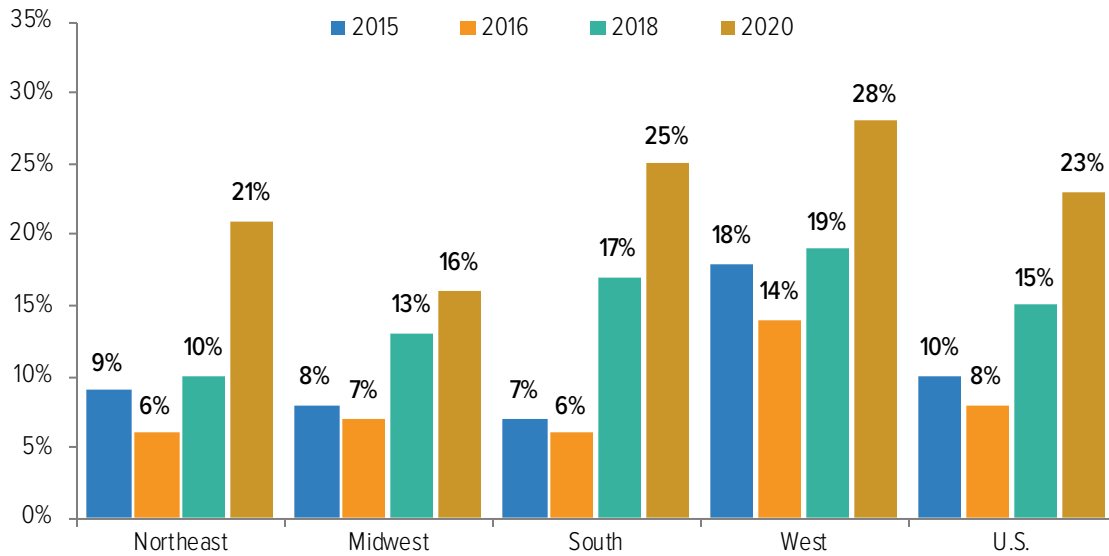


Source: Insurance Information Institute 2020 *Pulse* survey.

Hurricane forecasts have influenced people to be more proactive when they are informed of active hurricane seasons. The Triple-I asked people who live in areas vulnerable to hurricanes and have heard of seasonal hurricane forecasts how they respond to forecasts that show that more storms than average, or an average number of major storms, are likely to form. Almost three-quarters (72 percent) said that when that happens, they make more preparations to protect their homes from hurricane damage. Only 28 percent said that hurricane forecasts do not influence their decisions to prepare.

Earthquakes, common in the West, are a natural disaster that can destroy buildings and personal possessions. Standard homeowners and renters insurance policies do not cover damage from earthquakes. Coverage is available either in the form of an endorsement or as a separate policy. Earthquake coverage is available mostly from private insurance companies. In California homeowners and renters can also get coverage from the California Earthquake Authority (CEA). In 2020, 23 percent of homeowners insurance policyholders said they had earthquake insurance, compared with 15 percent in 2018. Homeowners policyholders in the West were most likely to say they had earthquake insurance in 2020 — 28 percent.

Homeowners who have earthquake insurance by region, 2015-2020* (Asked of homeowners who have homeowners insurance.)



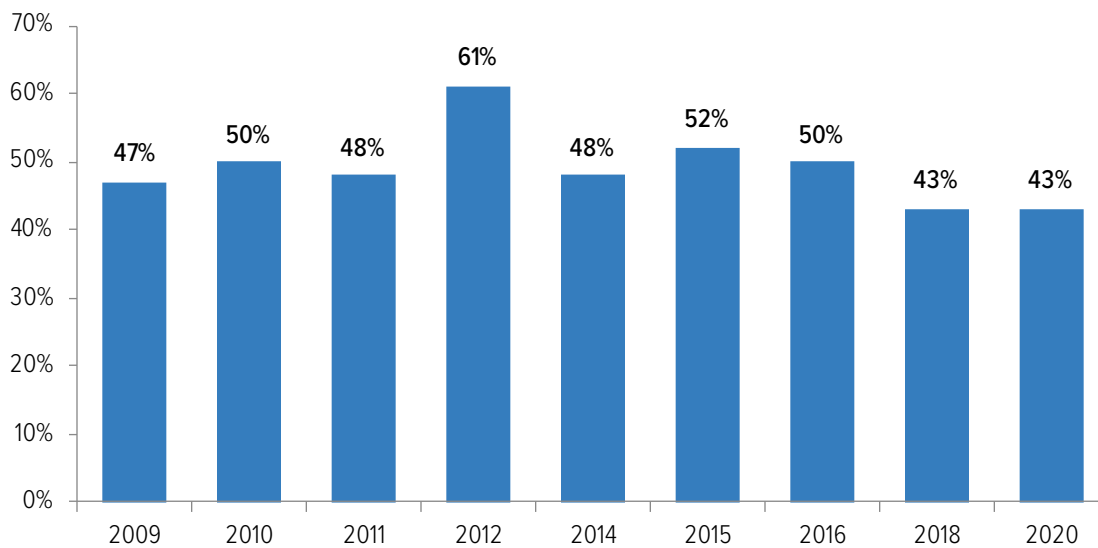
*Question not asked in 2017 and 2019. In 2015 and 2016, the surveys were conducted via telephone. In 2018 and 2020, the surveys were conducted online.

Source: Insurance Information Institute *Pulse* surveys.

Tools for homeowners in case of a disaster

An *inventory* of possessions is an important tool for policyholders to have on hand when making a claim for losses. In the 2020 poll, respondents were asked if they had an inventory of their possessions to help document losses to their insurer in case of a disaster, such as a written list, a photographic inventory, or a video inventory that could be accessed via cellphone, tablet or other device. In 2020, 43 percent of respondents said they had an inventory of their possessions, unchanged from 2018, but lower than the 50 percent levels in 2015 and 2016.

Percent of homeowners who have a home inventory, 2009-2020*



*Question not asked in 2017 and 2019. In 2009 to 2016, the surveys were conducted via telephone. In 2018 and 2020, the surveys were conducted online.

Source: Insurance Information Institute *Pulse* surveys.

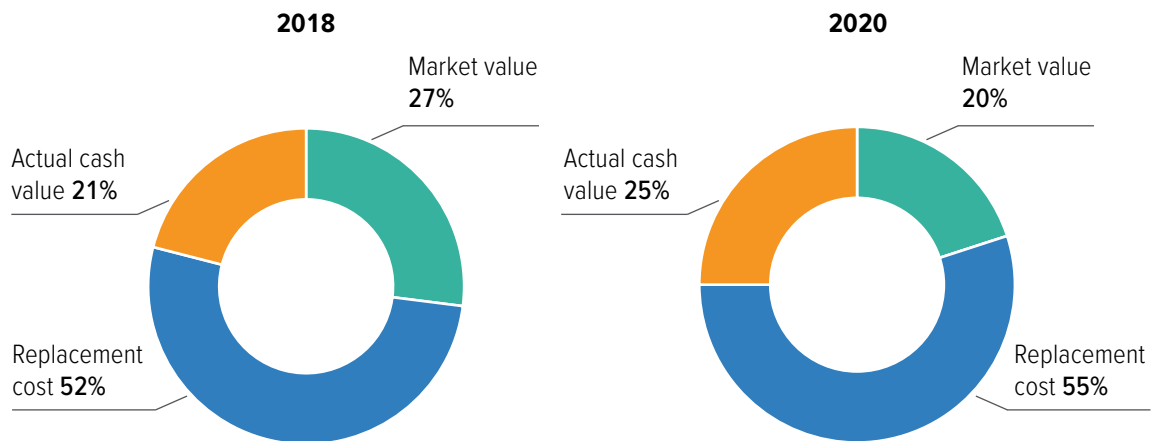


Knowing where to go, and what to bring, if authorities order an evacuation can make things much easier in the event of a disaster. This is especially important if there are children, pets, elderly relatives, or anyone with special needs in a household. In 2020, 44 percent of respondents said they had a plan in case they needed to evacuate, and 40 percent had a kit of essential items that they could take with them in case they were ordered to evacuate.

Homeowners can also make sure they are prepared for a disaster by reviewing their insurance policy before a disaster to determine what their insurance company will pay if they have a claim. The most comprehensive payment would be for the replacement cost of the home and possessions, which is the value of these items at today's cost. Another option is for actual cash value, which is what the items are worth today but with depreciation subtracted. When homeowners were asked what their insurer would pay to replace their damaged home and property, 55 percent of respondents said they would pay replacement cost, about the same percentage as in 2018. One-quarter of respondents said their insurer would pay actual cash value. Twenty percent mistakenly thought their insurer would pay market or real estate value, highlighting the need to continue to inform homeowners about replacement cost policies.

Q. If you make a claim under your homeowners policy, what will your insurance company pay to replace your destroyed home and property? Would you say...

(Asked of those who have home insurance.)

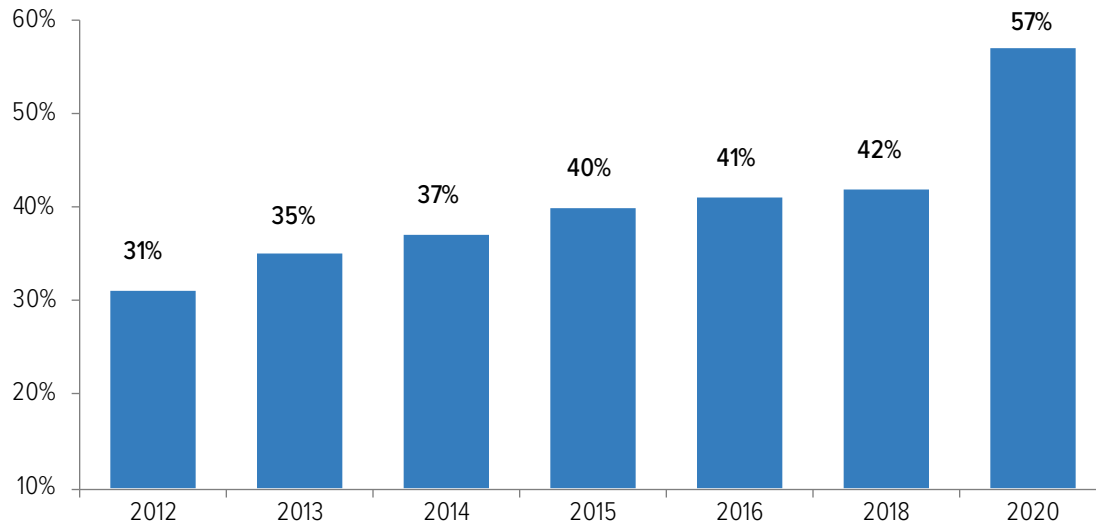


Source: Insurance Information Institute *Pulse* surveys.

More renters are buying insurance

In 2020, 57 percent of renters said they have renters insurance, compared with 42 percent in 2018. Although the survey method changed in 2018, the 2020 response is the highest since the Triple-I began asking the question in 2012.

Percent of renters who have renters insurance, 2012-2020*



*Question not asked in 2017 and 2019. In 2012 to 2016, the surveys were conducted via telephone. In 2018 and 2020, the surveys were conducted online.

Source: Insurance Information Institute *Pulse* surveys.

Notes

¹In 2018 and 2020, the polls, also called Pulse surveys, were conducted online. Prior to 2018, the surveys were conducted via telephone. Therefore, survey results for years prior to 2018 may not be strictly comparable to 2018 and 2020 results.

Methodology

This CARAVAN survey was conducted by Engine Insights among a sample of 1,004 adults 18 years of age and older. The study was conducted online on July 10-12, 2020.



For 60 years, the Triple-I has been the leading independent source of objective information, insight, analysis and referral on insurance for a wide range of audiences, including: Consumers, insurance professionals, the media, government and regulatory organizations, educational institutions and students. The Triple-I is the trusted source of unique, data-driven insights on insurance to inform and empower consumers. It is an industry supported organization, but does not lobby for insurance businesses; instead, our central function is to provide objective, fact-based information about insurance information that is rooted in economic and actuarial soundness.