

Consumers See Flatening of Non-Renewals, Rate Increases for Homeowner Insurance

New Survey also finds Homeowners not taking steps to better protect themselves.

[City, State, Month, Date, 2007] A new national survey by Trusted Choice® and The Independent Insurance Agents & Brokers of America (the Big “I”) found that over the past four years nearly the same amount have lost their homeowners coverage as the amount that lost it in a two year period in 2003. Despite the aftermath of Hurricane Katrina, most homeowners have done nothing to structurally reinforce their home to protect against a natural disaster.

The study found that nearly 3.0 million households have lost their homeowners coverage since 2003. This is a follow up to a study first conducted in 2003 for the same groups. The number of people losing coverage represents an increase of 500,000 household since 2003 when respondents were asked if they lost homeowners coverage in the past two years. Two-thirds of the households that lost coverage (approximately 2.1 million) are located in the South. About half of non-renewed households said they were able to find other coverage.

“It is significant to note that the increase in coverage cancellations from our 2003 study was small; however, the number of households losing coverage during the four-year period is more than the resident population of Mississippi,” says agency spokesperson’s name and title] of the [name of agency] in [name of city], a Trusted Choice® agency.

“It is important to keep in mind that while some consumers are able to find new coverage, it is often more expensive and provides less protection.”

New for the 2007 study, respondents were asked what they have done since 2003 to secure their home in case of a natural disaster (i.e. add storm shutters, make roofing improvements, etc.) Only about one-fourth of the respondents (28 percent of households) said they have made changes. Surprisingly, even in the South, only 31 percent said they made changes and in the Gulf Coast specifically, the number was only slightly higher at 37 percent.

Approximately 26.1 million households (about 35 percent of all American households) said they experienced a homeowners insurance rate increase in the last 48 months. Of those households that experienced rate increases, they were as follows:

- Up to 10 percent rate increase: 40 percent
 - 11-25 percent rate increase: 22 percent
 - More than 25 percent rate increase: 13 percent
- (25 percent were undetermined)

The good news for consumers is that the trend of increases seems to be slowing. When asked what has happened to their insurance rates in just the past year, 62 percent said their homeowners rates have stayed the same.

[agency spokesperson's last name] says there are ways consumers can reduce the possibility of facing non-renewal or premium increases from their homeowners insurance company, and offers these tips for homeowners concerned about their coverage in a tightening insurance market:

- Monitor your claim activity. Be thoughtful about and consult your Trusted Choice® independent insurance agent when filing claims. Insurance companies track how many and what type of claims you file. Frequent claim activity, no matter how small, can impact your renewal and rate.
- Stick with one insurance company and the company may be more likely to stick with you. An insurance company is more inclined to look past an item on your claims record if you are a long-term customer rather than a new one. Annually hopping from one insurance company to another makes it difficult to build a relationship with any company.
- Bundle your home with other coverages. Keeping your homeowners and auto policies with one company makes you a more attractive customer. An insurance company may think twice about dropping your home coverage if it may mean losing your auto business, too. That bond can be further strengthened by having a personal umbrella policy—coverage that protects you from rare but potentially catastrophic liability claims and lawsuits. Umbrella policies are a bargain from a coverage and account stability standpoint, costing as little as \$150 per year. Furthermore, maintaining multiple policies with one company often can lead to significant discounts.
- Review your deductibles. Carefully review the deductibles for losses under your policy and be sure that you know if a separate deductible applies for losses due to windstorm or other specified perils. Also, make sure that your deductible isn't so small that you will be submitting every potential claim for payment, nor so large that it will cause you financial hardship in the event of a loss. It is important to remember that a large deductible can mean premium savings for you.
- Home improvements help. Your home's wiring, plumbing, heating and roofing should be in good repair at all times. At least twice a year, walk through your home and inspect it for developing problems. Older houses with antiquated systems can be modernized. Your insurance company has the right to inspect your property. It can require repairs for continuity of coverage or decide against renewing coverage on a house in poor condition. These fixes initially may seem costly, but can be dangerous and ultimately more expensive if ignored.
- Buyer beware. If you are shopping for a new home, learn about the house's claim history before you buy it. Ask for a disclosure report, which can be obtained from your real estate agent or the seller's agent. Insurance companies will be wary of a home with previous multiple structural or water-damage claims. It can work against you, even if you were not the owner of the home at the time.

- Consult your Trusted Choice® independent insurance agent. Working closely with a Trusted Choice® agent may be the easiest way to stay insured affordably. These agents are your advocate when you have a claim or other problem. They have relationships with many different companies and can shop around for the coverage you want. The advice of a Trusted Choice® independent insurance agent may be your best protection in the current homeowners insurance market.

“Granted, there is no fool-proof way for homeowners to avoid a rate increase or being non-renewed by their insurance company, but heeding these precautions can help you become a more valuable policyholder,” says [agency spokesperson’s last name]. “Trusted Choice® agents are the ultimate advocate for homeowners because they provide important consumer benefits that can help individuals stay insured. They can shop your needs around to different companies and take you through the process step-by-step to find you the value and protection you want. They also there to help when a claim or other problem arises. Always consult your independent insurance agent before filing a claim.”

About the research: The survey was conducted for Trusted Choice® via telephone by TRC, an independent research company in Fort Washington, Pa. Interviews were conducted during May 2007 among a nationally representative sample of 726 homeowners. The margin of error is +/- 3.7 percentage points at the 95% confidence level. More information about TRC can be obtained at www.trchome.com.

[Name of agency] is a local Trusted Choice® agency that represents multiple insurance companies, so it offers you a variety of personal and business coverage choices and can customize an insurance plan to meet your specialized needs. You can visit [name of agency] online at [Web address] or call it at [agency phone number].