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CONSUMERS UNDERINSURED FOR MAJOR LIFE, WORK EVENTS, SURVEY SHOWS
Millions of Families Don't Realize They Own Wrong Coverage;
New Year Is Excellent Opportunity for Update

ALEXANDRIA, Va.—At least 32 million U.S. households own insurance policies that aren't right for them, a new national survey conducted by Trusted Choice® finds.

Trusted Choice® agencies are insurance and financial services firms that offer consumers a broad selection of insurance policies and financial services products, customized insurance coverages as well as advocacy support. These firms are committed to providing excellent customer service.

In exploring a variety of home- or work-related events that may have occurred in families during the past three years, the survey provides insight into the haphazard shopping behavior of insurance consumers, who sometimes over-insure for specific events and often ignore or overlook major gaps in coverage. The findings illustrate the importance of an annual policy checkup—and the New Year is an excellent opportunity for a review, says Trusted Choice® spokesperson Madelyn Flannagan.

Among those homeowners who said they “significantly remodeled their homes” since 2003—including a structural change such as adding a room, porch or deck—nearly 40 percent had not updated their homeowners insurance, or weren't sure if they had done so, to reflect the new value of their homes, Flannagan said. This equates to almost 8 million American households that may be improperly insured.

And of those owning a valuable collection, such as wine, fine art, jewelry or antiques, nearly half (47 percent) said they didn't own special insurance coverage for the collectibles.

More than 4 of 10 families who said they had a young driver move away from the home hadn't updated their family's auto insurance coverage to reflect that change. Of those who are frequent carpool drivers to a job, school or activities with children, an alarming 85 percent hadn't changed their liability insurance coverage to reflect the increased risk of additional passengers in the automobile.

And a third of those families with a new baby, or 5 million households, hadn't updated their life insurance protection.

Insurance isn't top of mind for most consumers as they go through these changes in work and life, but an annual review typically would uncover some coverage deficiencies, according to Flannagan. The survey found that fewer than 60 percent had performed “a comprehensive review” of all of their insurance coverage in the last two years. That means a total of 32 percent of respondents have outdated policies, Flannagan said, with half of those saying they haven't done a review since 2002, and an equal percentage saying they've *never* done a review. (Another 10 percent couldn't recall.)

“Reviewing insurance is an important activity for families—and it doesn’t always mean buying more coverage,” said Flannagan. “But the review does help you be a smart consumer and truly understand what coverages you have, what you don’t have, and the reasons why. It sometimes means combining coverages to get the best deal. It means examining deductibles to understand what you can afford, saving money on premiums in the long run.

“Families should make a New Year’s resolution to get their arms around these issues,” Flanagan added, “especially as they’re acquiring new valuables over the holidays or starting new jobs in January, for instance.”

The Trusted Choice® survey also demonstrates a lack of understanding about property and liability risks faced by renters. Of families who rent, nearly 7 in 10 said they don’t have renters insurance, and another five percent weren’t sure. Landlords typically insure building structures, but not the contents or liability of individual tenants, Flannagan noted.

The survey also reveals the extent to which consumers will purchase individual policies for specific risks, even though those specific risks typically are covered by a more affordable homeowners or health insurance policy, Flannagan said. Nearly 14 percent said they bought coverage for eyeglasses, and another 6 percent specifically are covering cancer. Flight insurance was purchased by more than 7 percent of respondents, and baggage insurance, 4 percent.

Trusted Choice[®] Consumer Survey: Key Findings

Home

- Nearly one in four homeowners, or 27 million, said they have “significantly remodeled their homes in the last three years. This includes a structural change such as adding a room, porch or deck. But a third of these respondents (33.5 percent) had not updated their homeowners insurance to reflect the new value of their homes, and another 5.1 percent didn’t know if they had done so.
- Almost 1 in 5, or 21 million households, owns a valuable collection, such as wine, fine art, jewelry or antiques. But when these respondents were asked if they have special insurance coverage for the valuable collectibles, 47 percent said no.
- Some 13.5 percent, or 15 million, said they own a second home, rental property or a vacation home; of these, nearly 36 percent hadn’t updated their coverage.

Automobile

- More than 10 percent had a young driver move away from the home. Of these, 40.5 percent, or almost 12 million, hadn’t updated their family’s auto insurance coverage to reflect that change, and 4.4 percent didn’t know.
- More than 8 percent had someone at home retired from a job to which they drove, but 68 percent of these hadn’t updated their car insurance to reflect the change.
- Some 16 percent are frequent carpool drivers to a job, school or activities with children, but 84.5 percent of these, or 15 million, hadn’t changed their liability insurance coverage to reflect the increased risk of additional passengers in the car.

Life

- Nearly 15 percent had a new baby, but of these, a third, or 5 million, hadn’t updated their life insurance protection.
- Some 30 percent experienced a significant change in their salary, but 68.5 percent of these hadn’t updated their life insurance in light of the change.
- More than 1 in 4 left a job; of these, three-fourths hadn’t updated their life insurance needs.

Renters

- Among those who said they rent (about 26 percent of respondents), nearly 7 in 10, or 20 million, said they don’t have renters insurance; another 4.7 percent weren’t sure.

Miscellaneous

- Although these coverages typically are unnecessary or duplicative, nearly 14 percent said they bought coverage only for eyeglasses; 5.8 percent specifically cover cancer; 7.2 percent buy air travel insurance; and 3.5 percent insure bags.

The omnibus survey was conducted for Trusted Choice[®] via telephone by ICR, an independent research company. Interviews were conducted August 17-21, 2005 among a nationally representative sample of 1,013 adults (defined as 18 years of age and older). The margin of error is +/- 3.1 percentage points at the 95% confidence level. More information about ICR can be obtained at www.icrsurvey.com.

