

The Real Risks of Not Protecting Your Home

- > *Study shows Americans think their homes are protected because they have insurance—but what they don't know about their home insurance may cost them.*

More Than Just Insurance.

Plymouth Rock
assurance®

INTRODUCTION:

Whether someone lives in a house, condo or apartment, home insurance is designed to protect the people inside it and all the things they hold dear.

The National Association of Insurance Commissioners found that 85% of American-owned homes are insured*. This is a clear sign that mortgage lenders require and millions of Americans understand they need home insurance to protect their biggest asset from seen and unforeseen events.

Home insurance is arguably one of the most important investments a homeowner can make. But how much do Americans actually know about their home insurance policy—and do they care? In early 2020, Plymouth Rock commissioned a survey conducted by ResearchScape of 1,000 homeowners across every state in the U.S. to determine how seriously they take their home insurance.

> There were a number of interesting results:

68% of respondents compared carriers the last time they purchased home insurance, indicating that most homeowners do their research.

A significant percentage of Americans don't know how much they pay or what their policy covers. As a result, millions of homes could be at risk and cost homeowners later when they file a claim that isn't covered in their policy.

Homeowners who grew up in a digital-first world shop around for their home insurance more frequently.

Homeowners value the financial strength of a home insurance provider as much as a seamless buying experience.

NOTE: This survey was fielded prior to the COVID-19 outbreak in the U.S. While COVID-19 has upended lives, we believe the data in this report still holds true.

Read on for a deeper dive into each of these topics.

* Maxime Kroll, Home Insurance Facts and Statistics: Facts & Claims, Value Penguin, <https://www.valuepenguin.com/home-insurance-statistics>, (last updated 9 August 2019).

SECTION I:

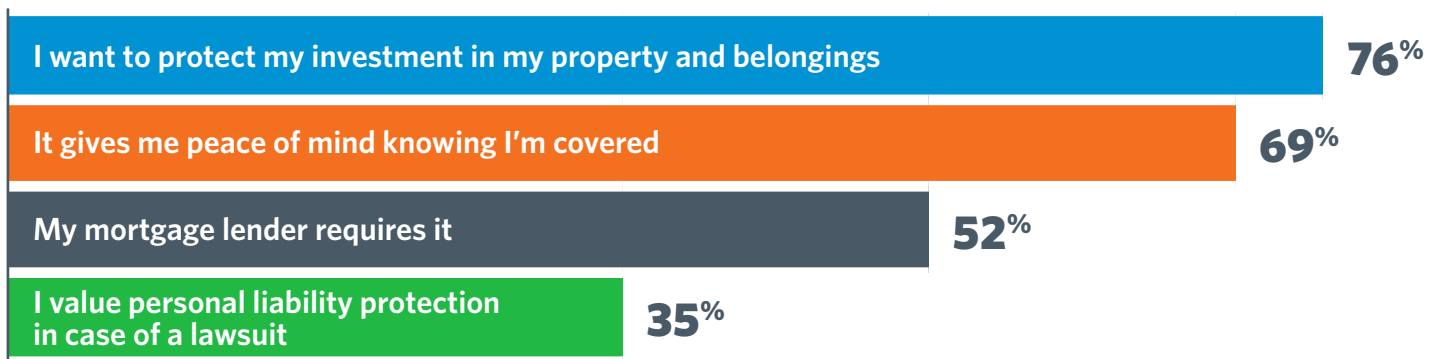
Americans Do Their Research When Selecting a Home Insurance Carrier

While being a homeowner comes with many benefits, it also comes with serious responsibilities. And buying home insurance is one of them.

Selecting the right home insurance can be a daunting process, as there are hundreds of insurance carriers to comb through, each one providing different services and coverage options. A buyer's motivation may differ too. One homeowner may overlook important coverage needs for the sake of getting the best price, while another may want the best coverage possible but spend more than necessary to get it.

To better understand their thinking, we asked homeowners a simple question: Why do you have home insurance? According to our respondents, they don't purchase it just because their mortgage lender requires it, or to protect themselves against worse case scenarios like theft and natural disasters. Instead, their reasons are more realistic. The top two reasons they have home insurance is to protect their financial investment and to achieve peace of mind.

> **Why do you have home insurance?** (Respondents could select up to three reasons.)



We also found that homeowners put time into their research, as 68% of respondents compared carriers the last time they purchased home insurance. Age plays a factor, too: the younger the person is, the more likely they are to compare carriers before making their decision.

An independent home insurance agent can be an extremely helpful resource to a homeowner. Because they're deeply rooted in the community, these local experts can help the homeowner select the best carrier for them. Specifically, they can advise on which coverages they should consider based on where they live, or how much they should be paying for these coverages relative to regional rates. About half of respondents (53%) used an insurance agent to select their home insurance carrier, with 84% of this group conducting their own supplemental research.

More proof that homeowners are doing their research: 89% of respondents do not select the first insurance carrier that pops up in their research. Additionally, respondents do not rely solely on the recommendations of agents, friends or family, nor do they merely select the same carrier as their auto insurance. This is all to say that most Americans are doing their due diligence to carefully select a provider that's right for them.

> **The most important factors when selecting a home insurance carrier:**



PRICE



QUALITY OF SERVICE



COVERAGE OPTIONS

SECTION II:

Risky Gaps Exist: There Are Still People Who Don't Know What They Pay—Or What's Covered in Their Policy

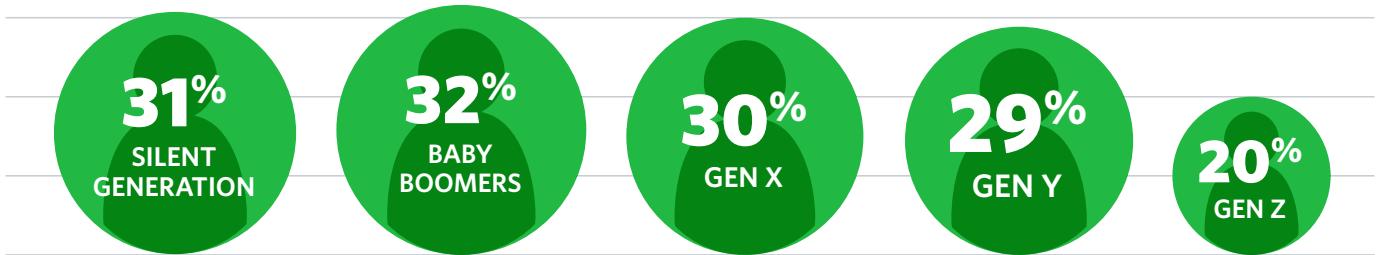
According to the survey, half of respondents (50%) have not shopped around for home insurance in the past three years. This is unfortunate, as the longer a homeowner goes without reviewing their policy, the more they're at risk for overpaying or not getting the coverage they need.

Most people only shop for home insurance when they're buying a home. This shouldn't be the only time they're motivated to shop, as the potential of better coverage and cost savings with a competitor may be possible. So why the hesitancy? It could be that buying home insurance has long been associated with complicated, cumbersome questionnaires. But that has changed, and homeowners should no longer take a "set it and forget it" approach.

Even more alarming is that a full 20% of respondents still don't know what they pay for home insurance—even though it's clear they're researching carriers up front. For context, consider that the survey found that only 11% [don't know what they pay for cable TV](#).

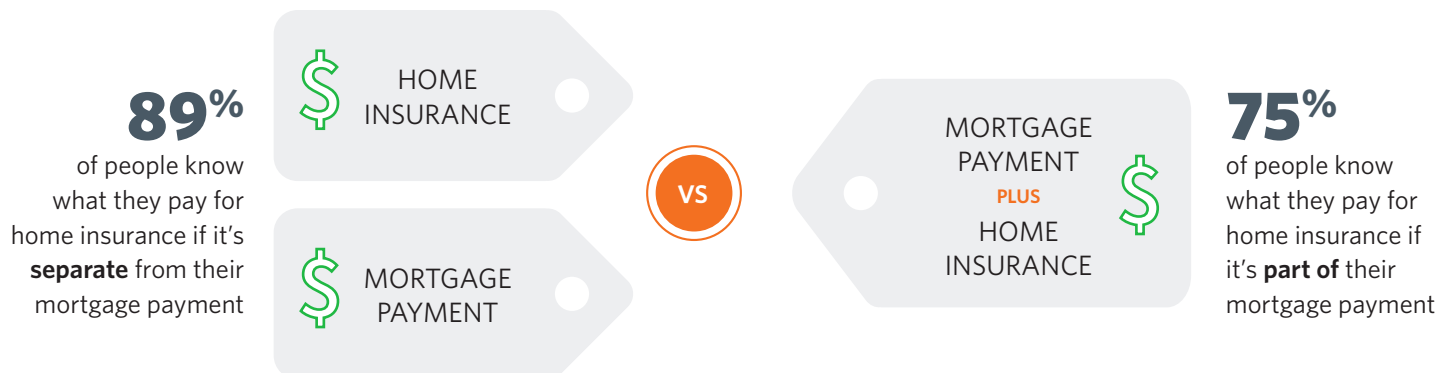
What's more, on average only 30% of respondents feel "confident" they know what's covered in their home insurance plan. For example, a homeowner may think they're paying for something like theft coverage, but in reality, they may not be.

> The following generations are "confident" they know what their home insurance policy covers:



In short, while 80% of respondents know the amount they're paying, only 30% know what they're [paying for](#)! The data suggests a major disconnect between what homeowners pay and the potential risk of not being fully covered or overpaying for unnecessary coverage. It's even more reason why people should be frequently assessing their home insurance.

One factor that influences a homeowner's knowledge of what they pay is how they pay. Respondents are more likely to know off hand what they pay for their home insurance if it's separate from their mortgage payment.

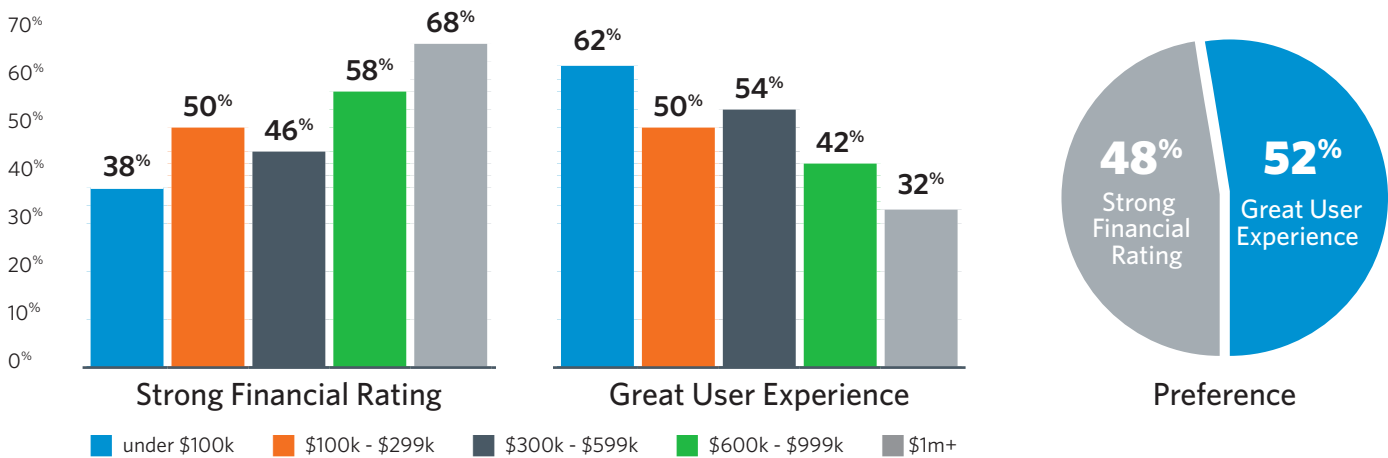


SECTION III:

Homeowners Want a Home Insurance Provider with Strong Financial Ratings and Great User Experience

When selecting a home insurance provider, our respondents told us that a home insurance provider with a strong financial rating is just as important as one that offers a great user experience.

> If you were to select one, would you rather use a home insurance carrier that has a strong financial rating or great user experience?



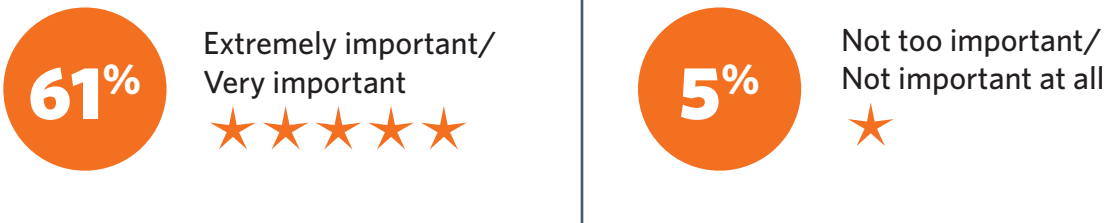
Financial Stability

Independent credit rating agencies, such as A.M. Best rate insurance companies on their overall financial strength. These ratings, which are based on an array of different criteria related to the company’s financial health, indicate how capable a company is of withstanding financial adversity, whether it’s a struggling economy or a high increase in claims.

For example, a homeowner in New England wants to be certain their provider can pay for a covered loss in the event of a Nor’easter, when there will be an influx of claims. To identify home insurance carriers with strong financial ratings, homeowners should look for A.M. Best Ratings of A- or better.

The amount of time an insurance provider has been in business typically correlates directly to their industry expertise and financial rating. It only stands to reason that the longer a company has been in business, the more of a footing they have in the industry.

> According to the survey, 61% of people think it’s “extremely” or “very” important that their home insurance provider has been in business for a while, with only 5% saying it’s “not too important” or “not important at all.”



User Experience

User experience is just as important. Historically, the process of purchasing home insurance has been long and frustrating. Traditional insurance carriers require customers to answer dozens of questions about their home that few of them know offhand—like the age of the roof and the percentage of carpeting. Because this type of data collection relies heavily on memory and guesswork, homeowners often receive inaccurate quotes.

The experience discourages homeowners from ever shopping for a new policy again, leaving millions of Americans either without the protection they need or overpaying for coverage. Homeowners deserve a user experience that's straightforward, fast and digitally driven.

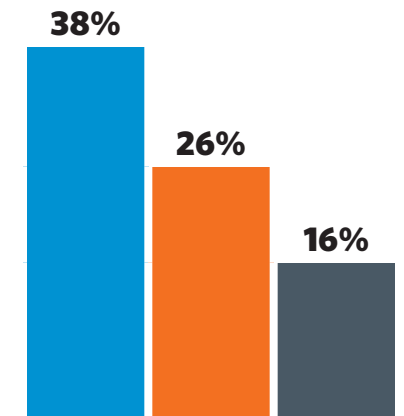
Fortunately, there are new digital solutions on the market that simplify the process of getting a quote and purchasing insurance—like Plymouth Rock's @Home. As a result, Americans are less frustrated in this regard than before.

Despite these strides, 2% of people would still rather get a root canal than go through the home insurance purchasing process—clear proof that carriers can still improve the user experience.

The home insurance providers that will win over homeowners are those who offer strong financial ratings and industry expertise, along with a digitally-driven, seamless customer experience of purchasing the insurance and filing claims.

Respondents stated that the process of purchasing home insurance:

- Gave them peace of mind
- Was a necessary evil
- Made them feel responsible



CONCLUSION:

Plymouth Rock Home Assurance Offers the Best of Both Worlds

The study tells us that people care about their home insurance, but only to an extent. While homeowners may conduct up-front research to select the right carrier and have high expectations around customer experience, they are unlikely to revisit their home insurance policy for years and will likely forget what is covered in their policy.

What homeowners don't know about their home insurance policy—what they pay, what they're covered for—may cost them. It may cost them now because they're overinsured and overpaying, or cost them later when they file a claim that isn't covered in their policy.

What's more, what insurance providers don't know about what homeowners want may cost them. Homeowners want a provider with strong financial ratings and roots in the industry. They also want a digitally-led, fast and efficient customer experience. Providers who are new to the industry, or traditional carriers who don't keep up with offering the best customer experience, may be losing out on customer acquisition opportunities.

Plymouth Rock offers the best of both worlds. They have been in business for decades, have a strong financial rating and, due to their investment in technology and ability to hire the right people, offer a top-notch user experience.

Plymouth Rock's innovative solution, @Home, revolutionizes the traditional home insurance quoting and buying process. @Home uses technical innovations to provide fast quotes for virtually every home address in the carrier's six state region—without the need for lengthy questionnaires. In most states, the home's address alone is all agents and homeowners need to obtain a quote. Agents and homeowners are also able to customize coverage options based on their individual needs.

➤ For more information about Plymouth Rock, visit www.plymouthrock.com/insurance/home.