



INSURANCE
INFORMATION
INSTITUTE

Affiliated with The Institutes

Munich RE 

Homeowners Perception of Weather Risks

2023Q2 Consumer Survey



Executive Summary

88%

of homeowners purchased homeowners' insurance

32%

of homeowners reported that they have been impacted by weather in the last 5 years

25%

do not expect to ever be impacted by weather risks

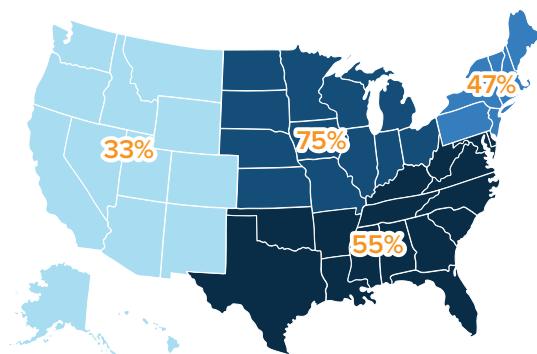
Thunderstorms

Components of thunderstorms:

Thunderstorm Flooding Tornadoes

54% report thunderstorms as their number one concern

Percent of homeowners who report thunderstorms as the biggest risk, by region.



Preparedness

52%

of homeowners have an evacuation plan

Highest:

58%

in South region

Lowest:

44%

in Northeast region

47%

of homeowners have a home inventory

Highest:

52%

in South region

Lowest:

39%

in Northeast region

Flood Risk

64%

of homeowners say they are not at risk of flood

22%

of homeowners report they are at risk of flood



78%

purchased flood insurance

14%

of homeowners are unsure of their flood risk

Mitigations and Improvements to Make Home More Resilient

40%

have taken steps to make home better protected (more resilient)

47%

in West region

44%

in South region

50%

have made improvements to make home more resilient

14%

are unwilling to spend money to improve or upgrade their property

63%

willing to spend up to \$5,000 to make home better protected

Overview of Research

Insurance Information Institute (Triple-I), in coordination with Munich Reinsurance America, Inc., conducted a survey to gain insights into perceptions of weather events, the level of preparedness, and mitigation of future weather events. This report summarizes the findings to inform insurers, policymakers, and consumers about the need for education, preparedness, and resilience.

A representative sample of 2,018 adults, ages 18 and older, living in the continental United States, were presented with approximately twenty questions about their perceptions of weather risks, experiences with weather risks, and their mitigation activities. Homeowners and the properties in which they reside are the focus of this report (homeowners sample size equal to 1,103).

Protecting Personal Property

Triple-I asked adults their perceptions of weather risks. While we cannot prevent weather events, we can become better prepared to protect our homes and property from such events.

An overwhelming majority (88 percent) of homeowners' report that they have purchased homeowners' insurance. The high proportion is likely due to processes mortgage lenders have put in place to protect collateral either through requiring escrow accounts to collect and pay annual premiums or requiring owners to provide proof of insurance annually.

The twelve percent of homeowners who did not purchase homeowners' insurance is cause for concern. Twenty percent of homeowners in the survey have household income less than \$40,000 per year, yet this population represents 48

— **88%** of homeowners purchased homeowners' insurance —

percent of non-buyers and only 16 percent of buyers. At lower income levels, homeowners' insurance may be perceived as a discretionary purchase. Weather does not discriminate by income, and low-income homeowners remain at risk.

Differences by income can inform how to target and educate individuals who do not purchase homeowners' insurance so that fewer homeowners are at risk and more low-income consumers are protected.

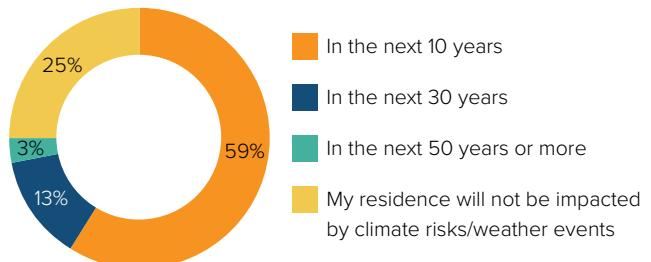
Logic would suggest that only a small proportion of low-income homeowners could withstand the total loss of their home from an unforeseen weather event without insurance coverage.



Perceptions of Weather Risks

Among the survey population of all homeowners, 59 percent believe their residence will be impacted by weather risks in the near term (within the next 10 years). Surprisingly, 25 percent do not believe that they will ever be impacted by weather risk. This quantifies the size of the educational opportunity for the insurance industry. Being prepared for such events through mitigation and preparedness are an important part of managing weather risk at home.

Over what timeframe, if ever, do you think your residence might be impacted by climate risks/weather events in the future?



Experiences Impact Weather Perception

Thirty-two percent of homeowners indicate that their home has been impacted by a weather event in the last five years.

The diagram below shows how experiencing a weather event impacts our perceptions of future events. Ninety-two percent of those impacted by recent weather events expect to experience weather again in the next ten years.

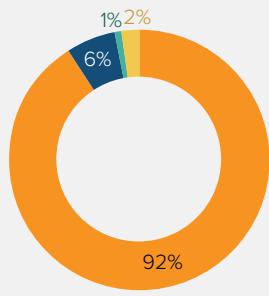
However, within the 68 percent who report not being impacted within the last five years, 36 percent believe their residence will never be impacted by climate risk. This further emphasizes the education opportunity about climate risk to homeowners.

Perceptions Shift with Experience

32%

of homeowners report being impacted by weather events in the last five years

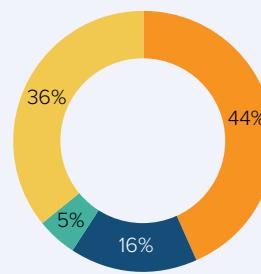
Do you think your residence might be impacted by weather events in the future?



68%

of homeowners report not being impacted by weather events in the last five years

Do you think your residence might be impacted by weather events in the future?





Weather Risks

The survey presented participants with seven weather events and asked respondents to select the peril that is most likely to cause damage (result in a claim) to their residence. The seven presented weather events included hurricanes, tornadoes, thunderstorms, flooding, snowstorms, earthquakes, and wildfires.

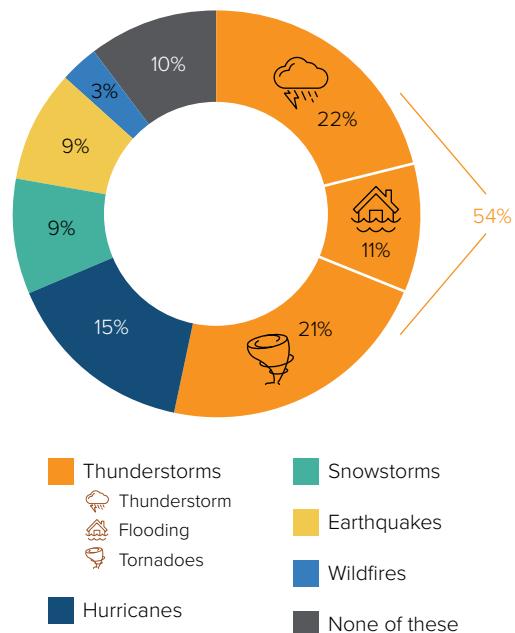
Top Weather Risk

Our survey indicates that thunderstorms are the number one concern of homeowners' nationwide at 54 percent, which aligns with data that thunderstorms are the most common and most damaging natural catastrophe in the U.S. According to National Oceanic and Atmospheric Administration (NOAA), thunderstorms are commonly concurrent with 1) flooding, 2) lightning, and 3) tornadoes. For this report, we aggregated flooding and tornadoes into thunderstorms.

The remaining perils of hurricanes, snowstorms, earthquakes, and wildfire make up another 36 percent.

Only ten percent of homeowners indicate that none of the listed perils will result in a claim for their residence.

Which natural disaster events do you believe is most likely to cause severe damage to your residence?



Flood risk and insurance

Education and protection from flood risk is vital to homeowners across the country. Homeowners were asked in this research if their property is at risk for flooding. Sixty-four percent responded that their residences were not at risk, and another 14 percent were unsure of their flood risk. However, anywhere it can rain, it can flood - so almost everyone can be at risk.

Most people do not realize the risk and power associated with flood waters. According to the National Weather Service, flood waters result in more deaths than any other weather peril. Furthermore, unlike other weather risks, flooding is not covered by homeowner's insurance. Flood coverage needs to be added to or endorsed onto the homeowner's policy.

Homeowners have the option to purchase NFIP (National Flood Insurance Program) coverage or buy coverage from private insurers. Raising awareness of flood risks could result in increased purchasing of flood insurance in many areas that are at risk, since flood events have become more frequent. Of those who perceive they are at risk of flooding, 78 percent have purchased flood insurance. This survey result indicates informed consumers are more likely to purchase flood coverage.

Within the 78 percent who have purchased flood insurance, 43 percent have purchased through the National Flood Insurance Program (NFIP) and an additional 35 percent have purchased private flood insurance. Homeowners are encouraged to determine the flood risk of their residence.

64%
of homeowners say
they are not at risk
of flood

14%
of homeowners
are unsure of their
flood risk

22%
of homeowners
report they are at
risk of flood

78%
purchased flood
insurance

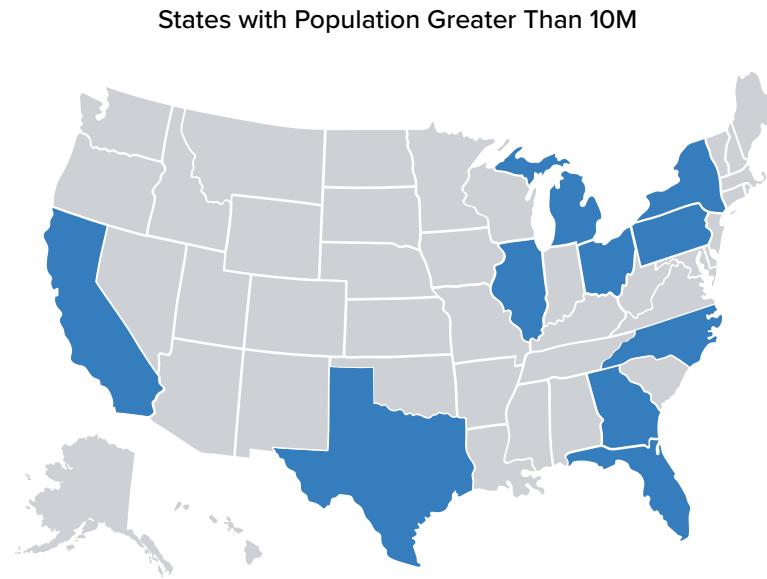
35%
purchased insurance
through a private
insurance provider

43%
purchased insurance
through the National
Flood Insurance
Program



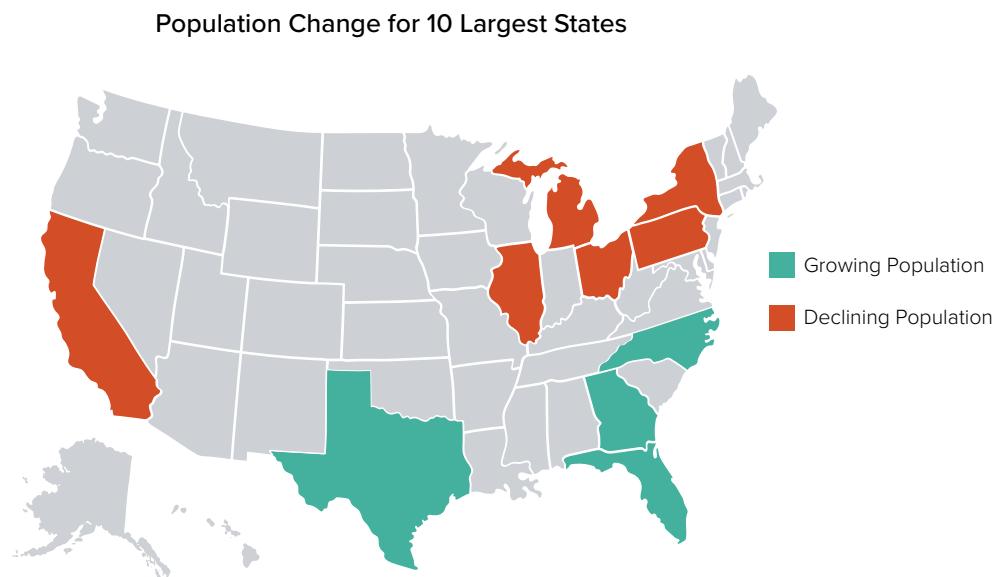
Population Shifts into Harm's Way

A review of the 2020 census shows that there are ten states with population greater than 10 million persons. These states are wide ranging from California to Florida. Shown on the map below are the ten largest states.



Population is trending upward for the most recent three years in coastal southern states. This map is color coded green for growing population and red for negative growth.

Population is growing in most of the southern states exposed to coastal weather events. These states include Texas, Florida, Georgia, and North Carolina.



Regional Weather Risk Perceptions

Knowing the weather risks should be an important factor in how to protect your property. Shown in the following figure, homeowners cite a variety of weather risks which they believe are likely to result in a claim. These results vary by region and are presented below.

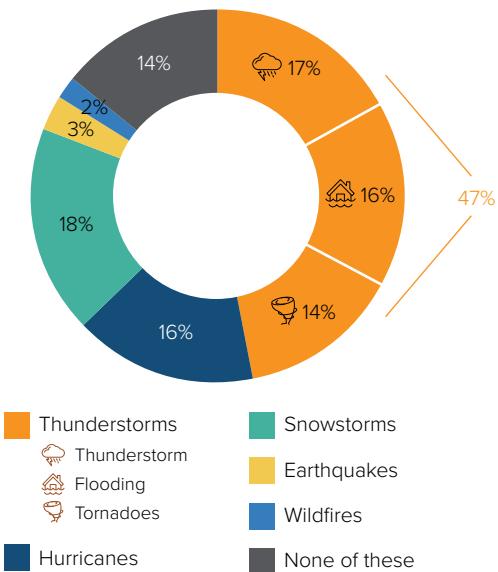
Regional Weather Risks - Northeast

Weather in the Northeast varies greatly. Homeowners have multiple perils with which they are concerned. A significant proportion of respondents report that thunderstorms (inclusive of flooding and tornadoes) are likely to result in a claim.

Among the four regions presented, homeowners in the Northeast report the highest number are concerned with flooding (16 percent) of the total thunderstorm risk at 47 percent.

The 2020 census reports that population in the northeast region is declining in the most recent three years and includes only two states with population greater than 10 million, New York and Pennsylvania.

Which natural disaster event do you believe is most likely to cause severe damage to your residence?

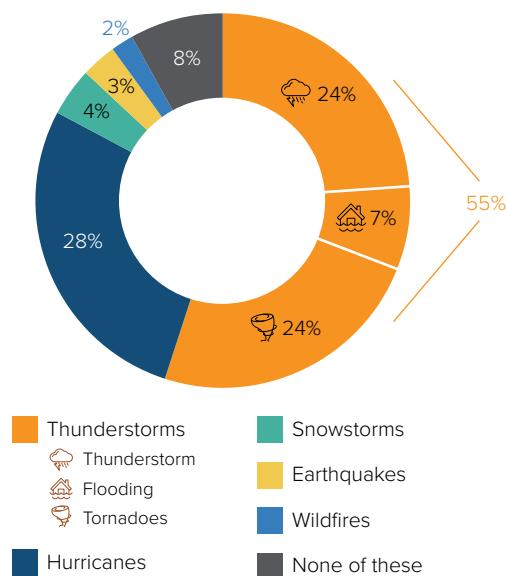


Regional Weather Risks – South

As expected, hurricanes are one of the top weather risks reported in the South Region. Twenty-eight percent of homeowners indicate that hurricanes are the likely to cause a claim on their homeowners' policy. Thunderstorms lead the list of southern weather risks. Flooding and tornadoes comprise most of the claims in this region. Twenty-four percent of the thunderstorm risk is tornadoes which have shifted to the south from "tornado alley" which is historically in the Midwest.

Despite the known severe weather risk, more people are moving into harm's way. Based on the 2020 census, the South region is the only region that is growing. When ranking U.S. state by population growth, four of the top ten states are in the South - Florida, Georgia, North Carolina, and Texas. These four states already have population greater than 10 million.

Which natural disaster event do you believe is most likely to cause severe damage to your residence?



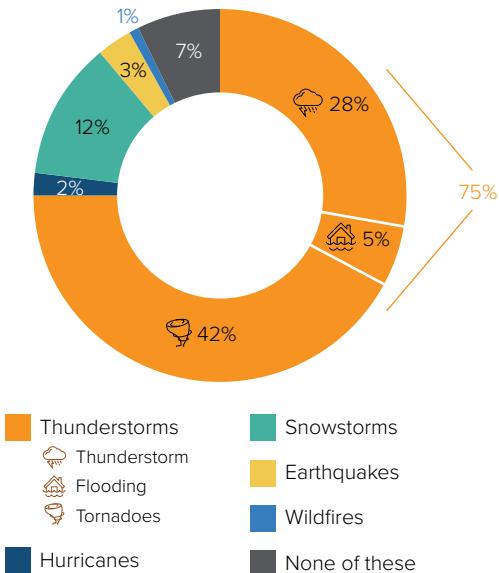


Regional Weather Risks – Midwest

Seventy-five percent of this region indicate that thunderstorms are the primary risk to their home. The Midwest is home to the traditional “tornado alley” that drives the tornado risk in this region. As expected, 42 percent of this region’s homeowners responded that tornadoes were their top concern.

Population in this region is declining in all twelve states, including the two states with population greater than 10 million - Illinois and Michigan.

Which natural disaster event do you believe is most likely to cause severe damage to your residence?



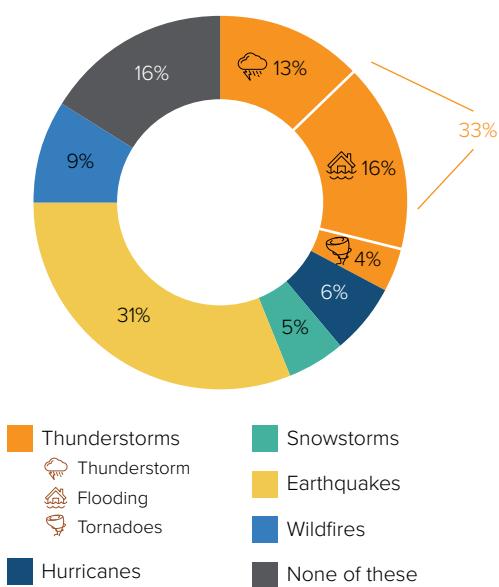
Regional Weather Risks – West

Thunderstorms, as in all other regions, is the leading concern in the West, although only 33 percent of homeowners consider it their chief issue. This is the lowest proportion of any region.

Wildfires are also a significant concern. More than nine percent of those in the west region indicate that their home is at risk from wildfires, three times higher than any other region.

Earthquake risk comprises 31 percent of weather risk in the west and while being less frequent than other perils - is one of the leading concerns for the west region. More than 37 percent of those living in the west report having purchased earthquake coverage. This is almost three times higher than other regions.

Which natural disaster event do you believe is most likely to cause severe damage to your residence?

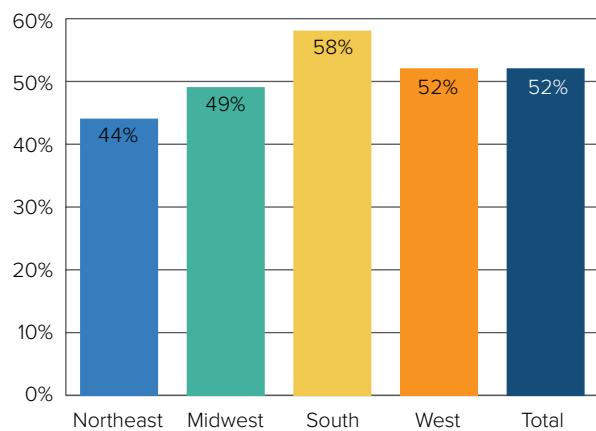




Weather Preparedness

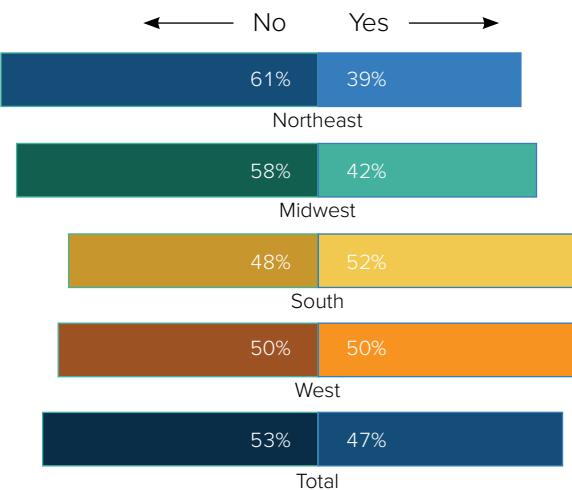
Purchasing insurance is not the only way homeowners can be prepared in a weather event. Preparing an evacuation plan and a disaster kit are considered best practice to reduce harm. More than half of homeowners (52 percent) say they have a plan or disaster kit in the event of a weather disaster.

Yes, have a plan if a mandatory evacuation is ordered for your residence.



Homeowners were asked if they have an inventory of possessions in the event of a claim. While this proportion varies by region, more than half have not documented their property and possessions. Investing in the preparation of such an inventory will help make recovery easier no matter which of the weather events causes the claim.

Do you have an inventory of your possessions in the event of a loss or claim?



For more information about how to create a home inventory: <http://www.iii.org/article/how-create-home-inventory>



Maintenance and Improvement Activities

Being prepared for changing weather is vital to resilience. While homeowners cannot prevent weather events, preparing for and mitigating the risk to your home is crucial.

Forty percent of homeowners state that they have taken maintenance and/or resilience steps to better protect their home, while 60 percent claim to have not completed any steps at all.

On a positive note, homeowners in the south and the west regions, where weather events are often more frequent and severe, were more likely to take steps to protect their homes.

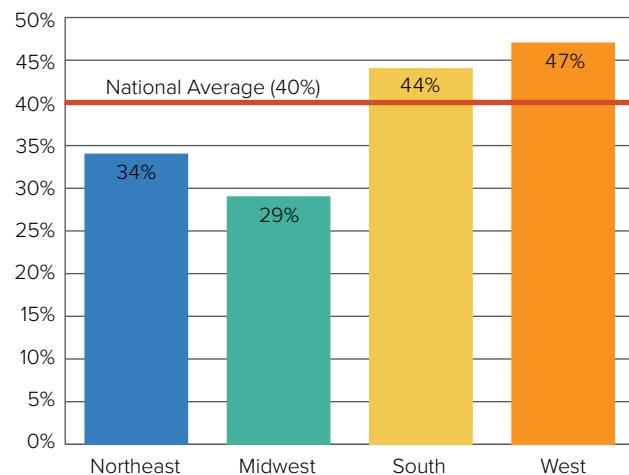
Maintenance activities include trimming trees, cleaning gutters, protecting outside HVAC equipment, removing combustible materials surrounding the home, and checking sump pumps. Sixty percent of those surveyed have performed basic maintenance activities on their homes.

Respondents were also asked about resilience-related improvements they have made to protect their home. The two activities most often cited were:

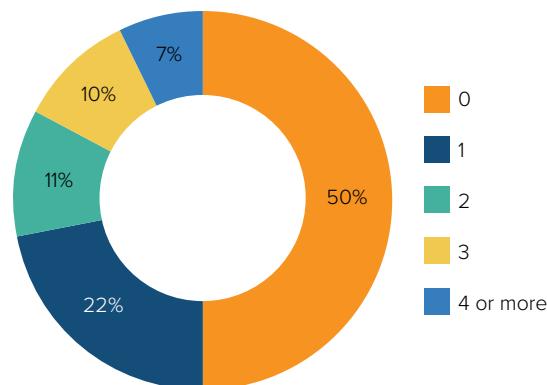
1. Using new building techniques to fortify roof, windows, doors, and walls
2. Installing smart sensors and cameras to monitor for damages

Of major concern are homeowners who have not completed basic maintenance (40 percent) and those who have not made resilience-related improvements (50 percent) to their homes.

Yes, have taken steps to better protect residence.

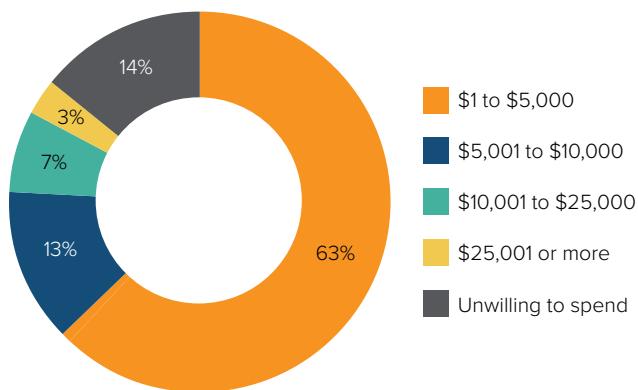


Number of resilience-related home improvements made in the last year





Homeowners were asked how much they would be willing to spend to better protect their home in the next year. A resounding 63 percent are willing to spend as much as \$5,000, while 14 percent are unwilling to spend money to improve or upgrade their property.



Insurers should spend time educating their policyholders on this critical topic of prevention and mitigation. Homeowners should talk with their insurance provider to learn how best to invest in maintenance and improvement measures to increase the resiliency of their homes.

Inexpensive maintenance activities include:

Protecting outside HVAC

Cleaning gutters

Removing combustible materials around the perimeter of house

Checking sump pumps

Checking for leaks

Trimming trees

In addition, most of these improvements below can be made for under \$5,000:

Raising electrical components for HVAC

Anchoring fuel tanks

Installing a sump pump or sewer backflow valve

Installing hurricane shutters or a wind-resistant garage door

Installing smart home sensor devices and cameras to monitor for damage

Conclusion

Weather events often are considered “acts of God.” However, as the number and severity of weather events continue to increase, purchasing the appropriate insurance and preparing for these events can help save lives, reduce the costs associated with homeownership, and avoid potential damage to one’s residence.

This research demonstrates more consumers need to be educated about the risk of severe weather events, and these weather events vary by region. Twenty-five percent of homeowners believe their residence will never be impacted by climate risk, and another 42 percent believe they will not be impacted within the next five years.

Maintenance and improvements help mitigate damage and reduce cost. Only four in ten homeowners state that they have completed some preventative measures on their homes.

Being prepared for unforeseen weather events, by creating an evacuation plan or an inventory of property, can help make your response more efficient. Most (52 percent) have not completed a home inventory, and only 48 percent have an evacuation plan.

It is imperative for insurers to raise the awareness of both policymakers and homeowners about the potential for damage, and the need for the proper coverage, preparedness and resilience measures.



Appendix

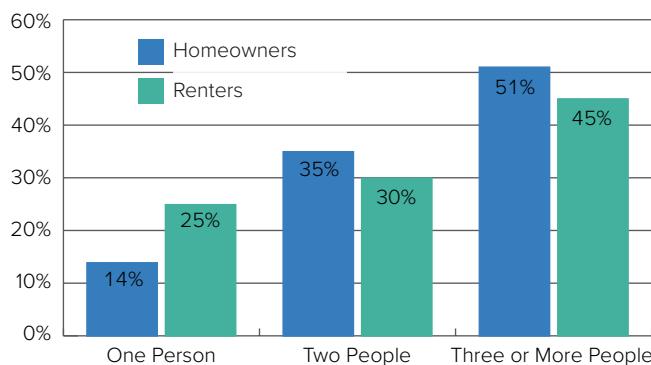
This research included both homeowners and renters. In this appendix are descriptions of the demographics for each of the populations.

Homeowners and Renters

The focus of this research was on the impact of weather on homeowners throughout the United States. Relationship of income and the purchase of insurance are described in section one of this report.

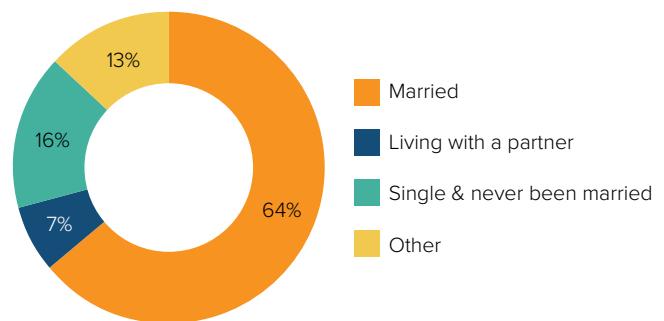
Other demographic summaries include:

- Household Size – Homeowners are more likely (51 percent) to have more than three persons living in the household. One person adult households (25 percent) are more likely to rent and only fourteen percent are homeowners.
- Of the households with three or more residents, 51 percent live in homes compared with 45 percent who are renters.

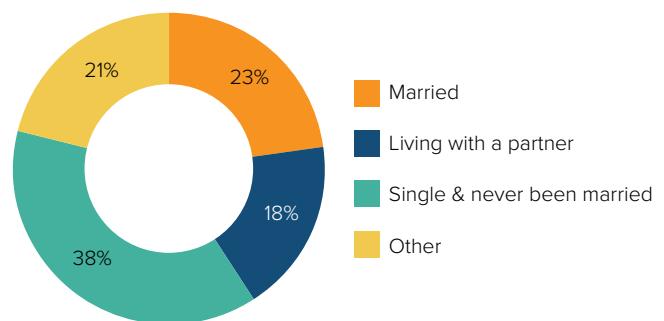


- Marital status – Of all surveyed, 48 percent are married, living with partner represents 11 percent of responders, 25 percent single (never married), other 16 percent included divorced, widowed, and separated.

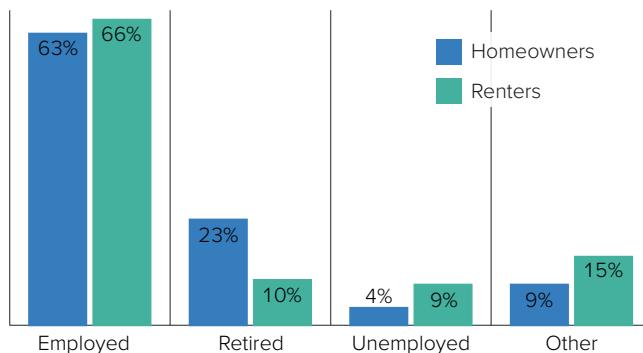
Marital Status of Homeowners



Marital Status of Renters



- Current employment status – Sixty percent or more of both owners and renters are employed (full-time, part-time, and self-employed), 23 percent of owners and 10 percent of renters are retired. Nine percent of homeowners and 15 percent of renters are included in the other categories of students, homemaker, and disabled persons.





**INSURANCE
INFORMATION
INSTITUTE**

Affiliated with The Institutes

For 60 years, Insurance Information Institute 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. 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. Learn more at iii.org.



Munich Reinsurance America, Inc. (“Munich Re US”) is one of the largest reinsurers in the United States. We provide reinsurance coverages, specialty reinsurance, and risk management solutions to commercial and personal lines insurance carriers, agents and brokers, program administrators, and managing general agents. Our admitted and non-admitted insurance company affiliates offer specialty insurance products. We provide insurance carriers with white label products to help protect against the devastating effects of natural catastrophes and emerging risks, while our Innovation Lab offers client solutions in a rapidly evolving technology risk landscape. We believe that by looking out for our clients’ best interests with innovative risk solutions we can help build more resilient communities and close insurance gaps. For information on Munich Re US’ climate risk solutions, [click here](#).



Big Village Insights is a global research and analytics business uncovering not just the ‘what’ but the ‘why’ behind customer behavior, supporting clients’ insights needs with agile tools, CX research, branding, product innovation, data & analytics, and more. Big Village Insights is part of Bright Mountain Media. Find out more at <https://big-village.com>

The data, examples and conclusions presented herein are intended for informational purposes only. They are not intended to provide legal, underwriting, financial or any other type of advice. Recipients should not rely on the content in this research report, but rather should contact their legal, insurance, or financial professionals for advise on their particular circumstances.