



A Wicked Problem

Consumer research helps
build the foundation
for data driven earthquake
insurance communications

2022 Earthquake Summit | March 3, 2022

 Disaster and Community
Crisis Center
University of Missouri

 MISSOURI DEPARTMENT OF
INSURANCE

NAIC CIPR

Agenda

Research objectives

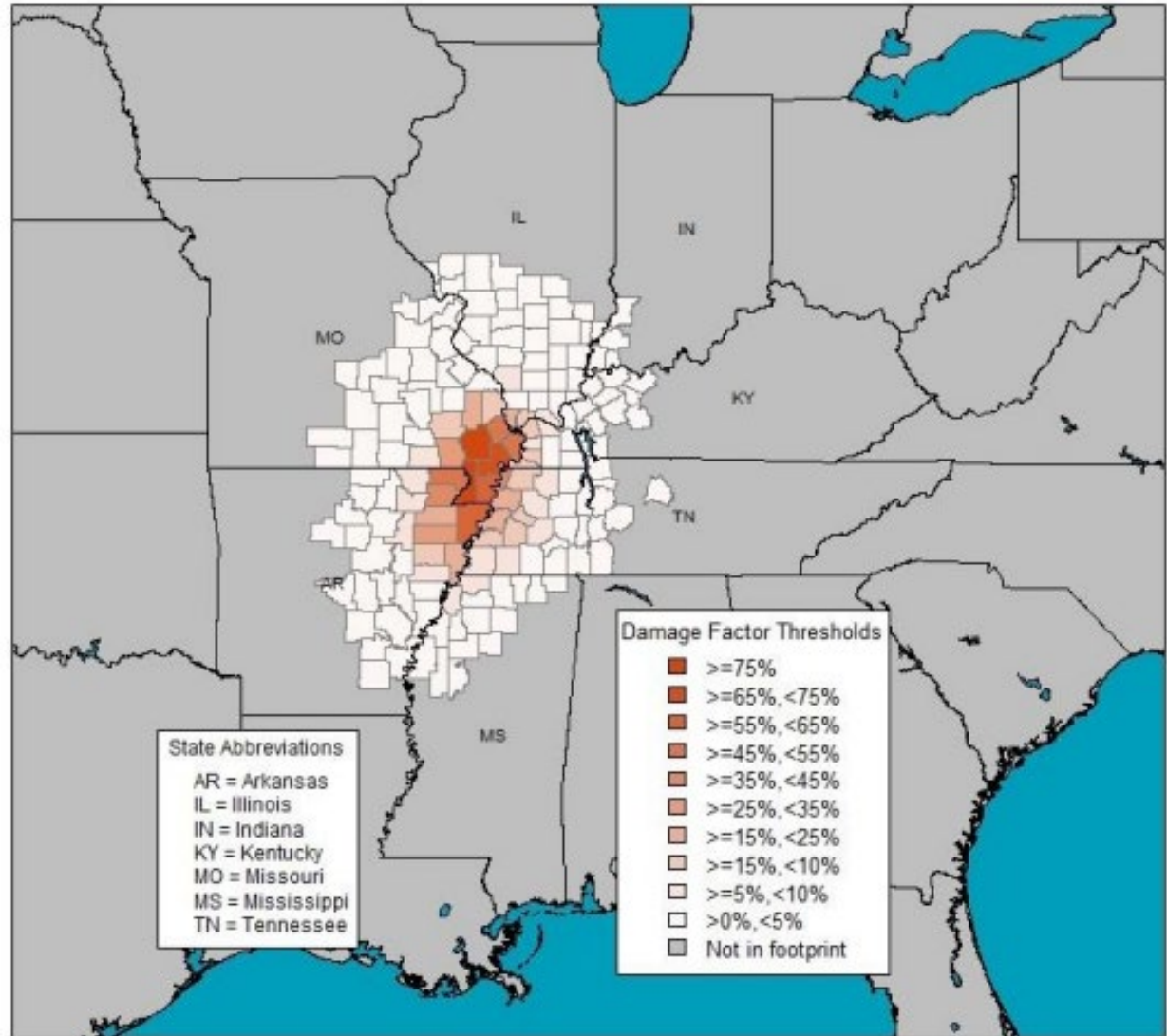
MO's "Wicked Problem" — A foundation for data-driven earthquake insurance communication

Initial results (Missouri specific)

- Focus groups/ interviews
- Survey

Using the results & next steps

MO DCI 2022 Earthquake Campaign



Footprint and residential, ground-up shake damage levels for a New Madrid earthquake event. Source: [Lloyds RDS 2022](#)

MO's Wicked Problem: What influences insurance purchase *in addition to cost*?

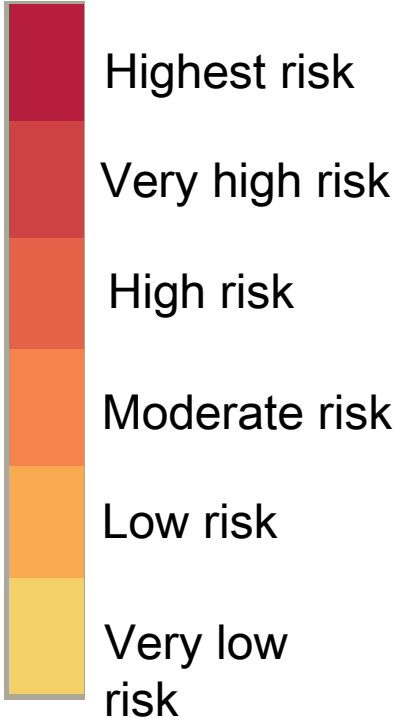
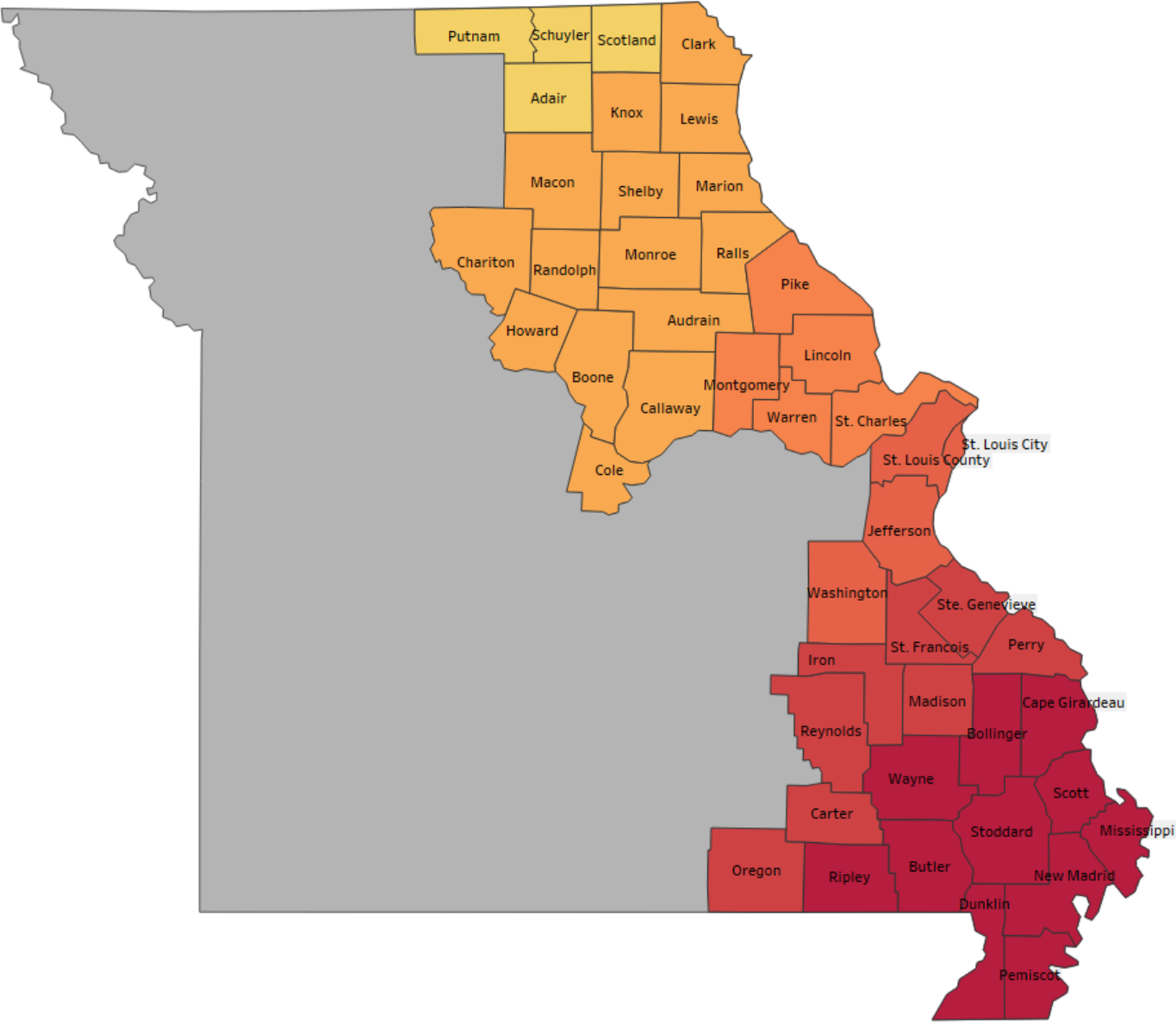
- *Price & design of earthquake insurance coverage*
- *Household demographics & income constraints*
- Risk perceptions, including catastrophe experience
- Messaging by insurers, governments, media
- Culture of preparedness
- Expectation of post-disaster relief
- Investments in mitigation

More: Kelly, Bowen, McGillivray (2020) The Earthquake Insurance Protection Gap: A Tale of Two Countries; *Journal of Insurance Regulation*

Research study

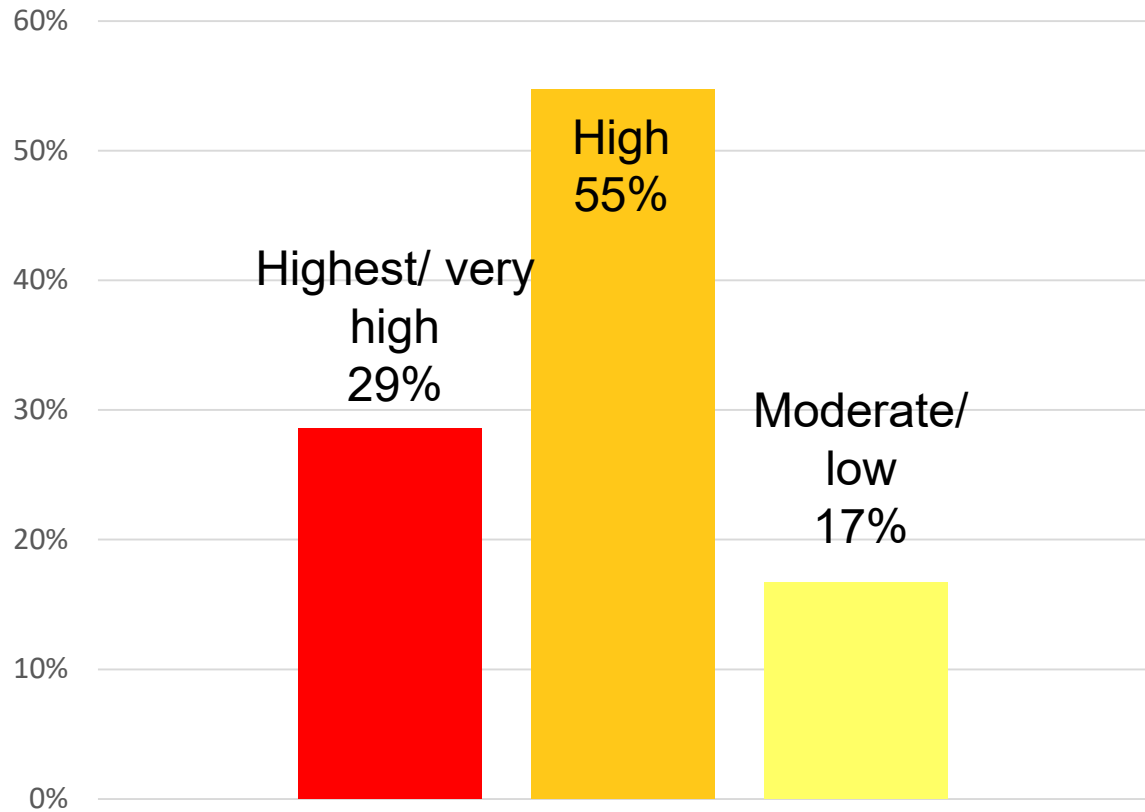
- Qualitative
 - Focus groups & interviews
 - Currently wrapping up
- Quantitative
 - Online survey of 1,200+ adults
 - MO results up next
- Target: Missouri & other regions in New Madrid Seismic Zone

Missouri counties included in survey

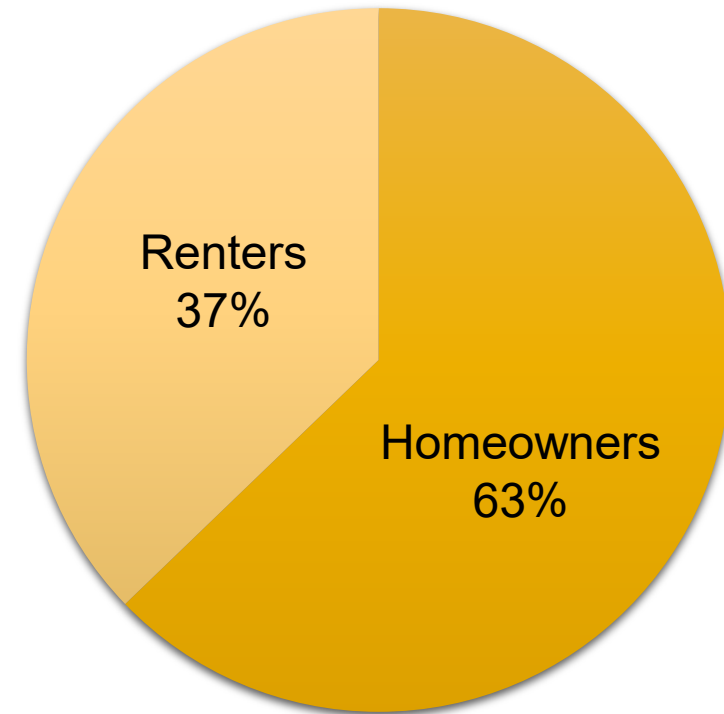


623 Missourians completed the survey

County Risk Level



Homeowners vs. Renters



Do you have earthquake insurance?

Homeowners (n = 391)

	Yes	No	Not Sure
Highest Risk	33%	43%	24%
High Risk	32%	32%	36%
Lower Risk	22%	48%	30%
TOTAL	31%	38%	32%

Renters (n = 232)

	Yes	No	Not Sure
Highest Risk	8%	79%	13%
High Risk	8%	62%	30%
Lower Risk	6%	81%	14%
TOTAL	8%	70%	22%

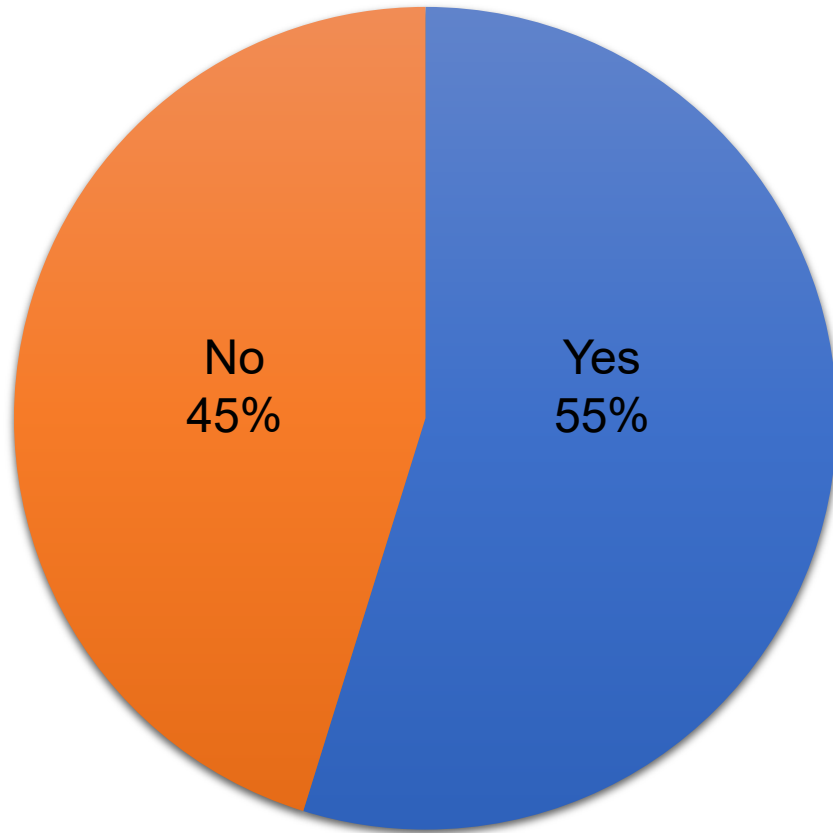
*All percentages are rounded

Why do you not have earthquake insurance?

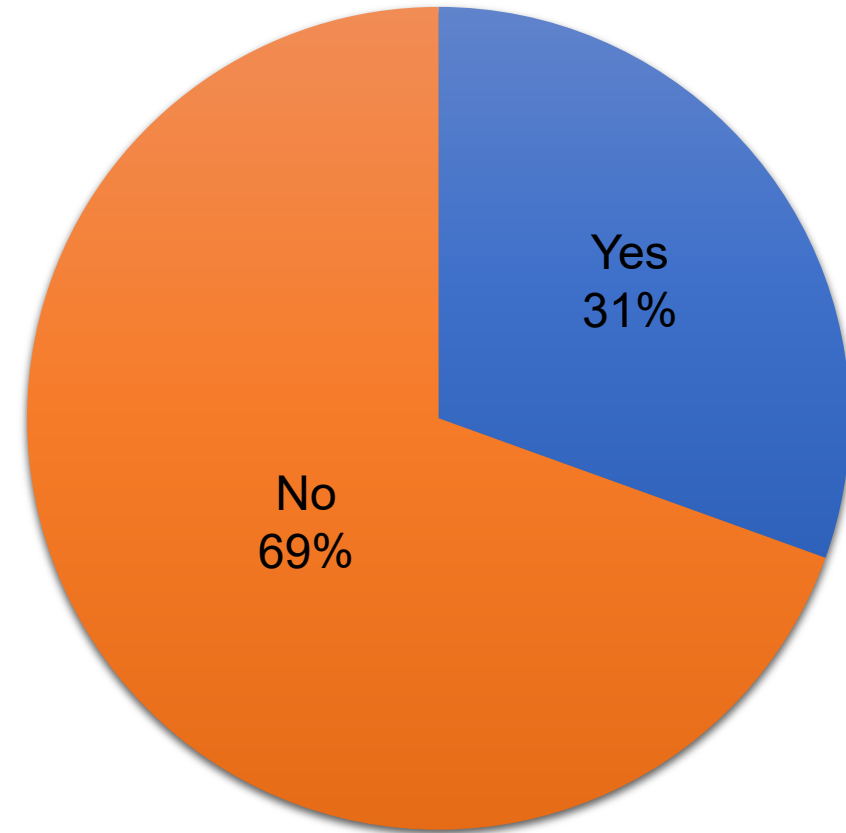
HOMEOWNERS (<i>n</i> = 391)		RENTERS (<i>n</i> = 232)	
I have not heard of it before	30%	I have not heard of it before	44%
<u>Insurance for other risks more important</u>	23%	Too expensive	21%
Too expensive	22%	<u>Insurance for other risks more important</u>	16%
Don't need it	15%	Don't need it	15%
Not worth it	10%	Not worth it	6%

Did you know regular insurance doesn't cover damage and loss covered by an earthquake?

Homeowners



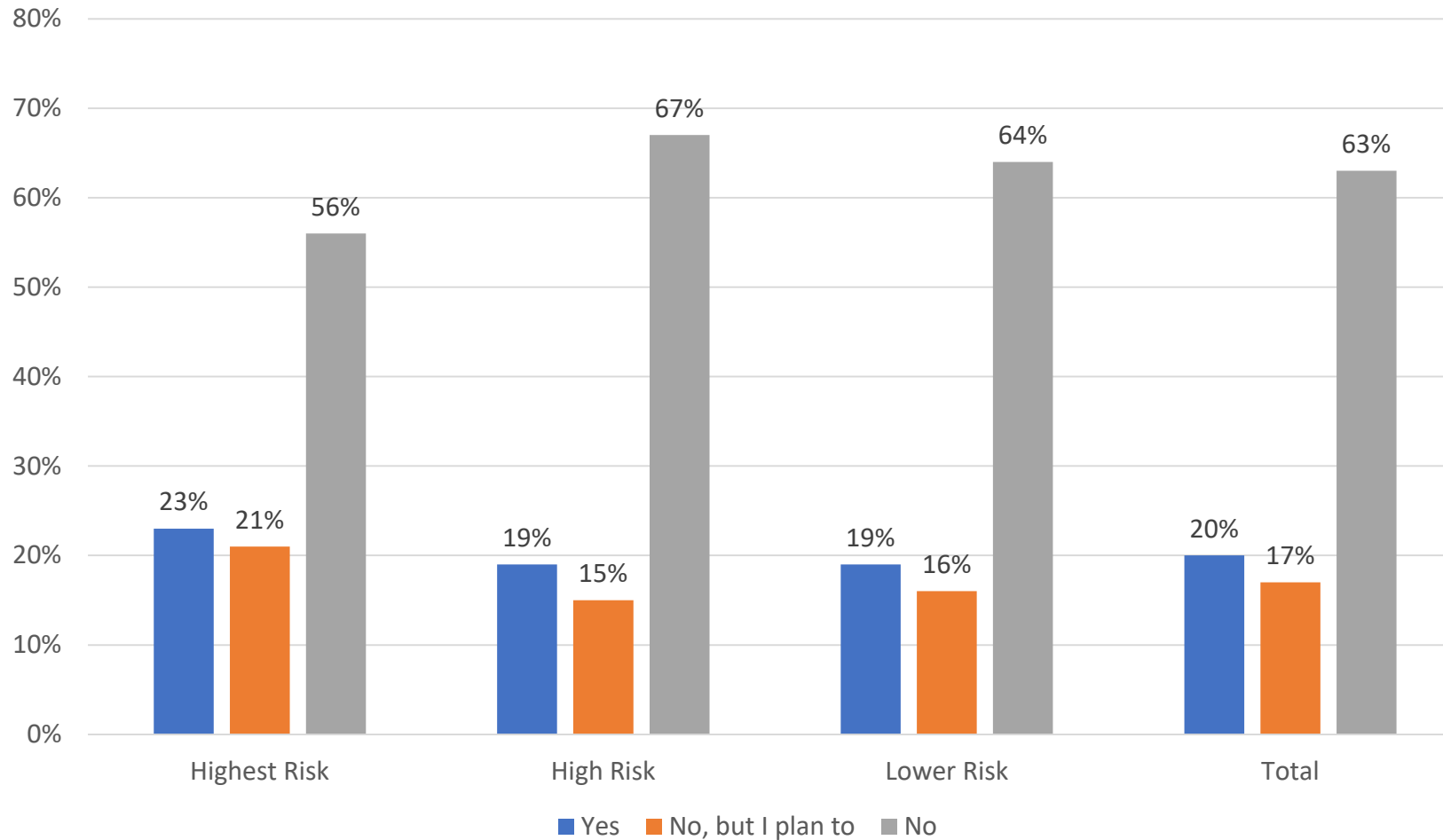
Renters



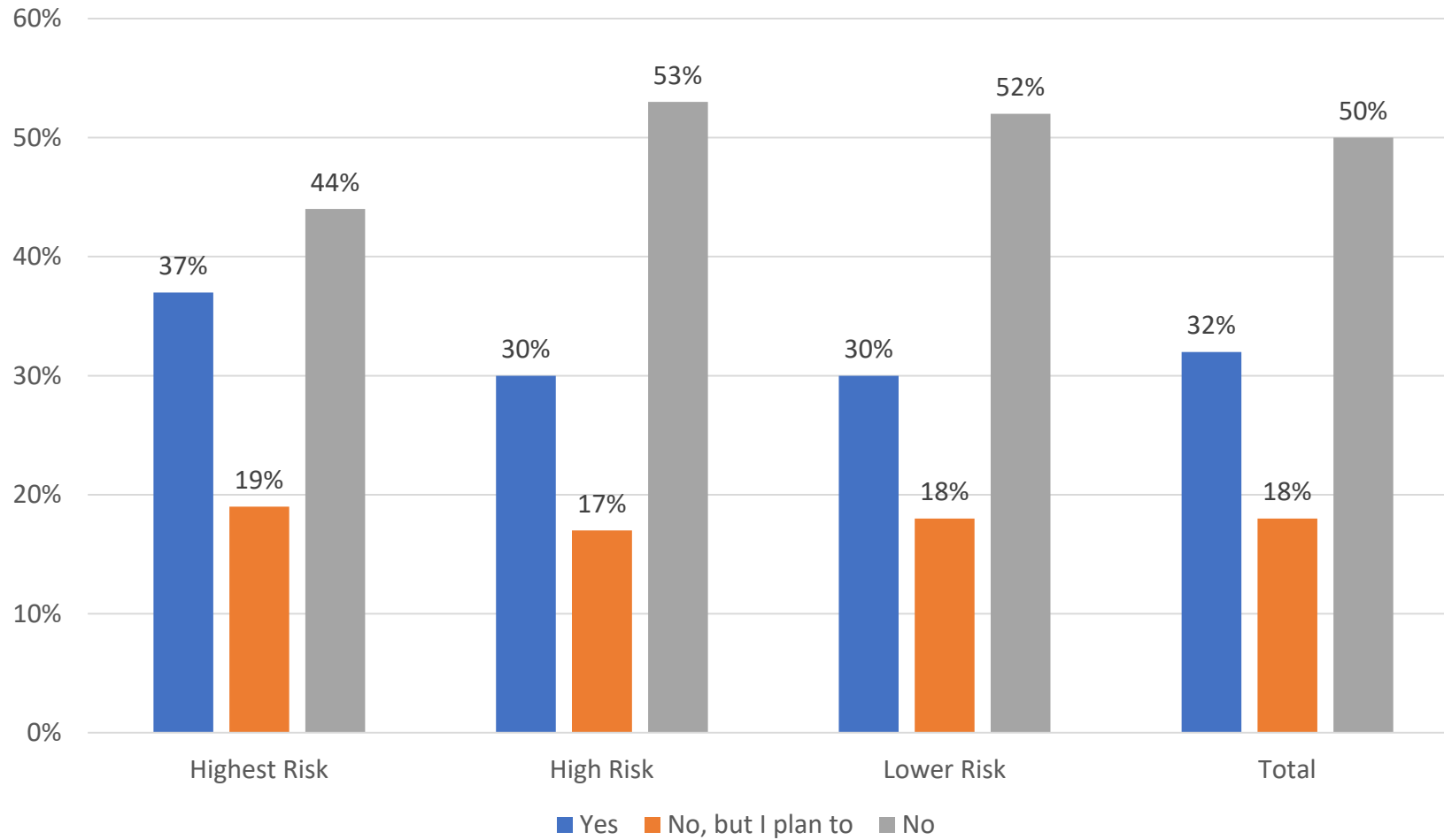
Why did you buy earthquake insurance?

HOMEOWNERS (n = 391)		RENTERS (n = 232)	
To protect against earthquake damage	66%	To protect against earthquake damage	39%
Live in a place with earthquakes	49%	Insurance agent recommended it	39%
Insurance agent recommended it	23%	Family/friends recommend it	33%
Family/friends recommend it	18%	Live in a place with earthquakes	22%

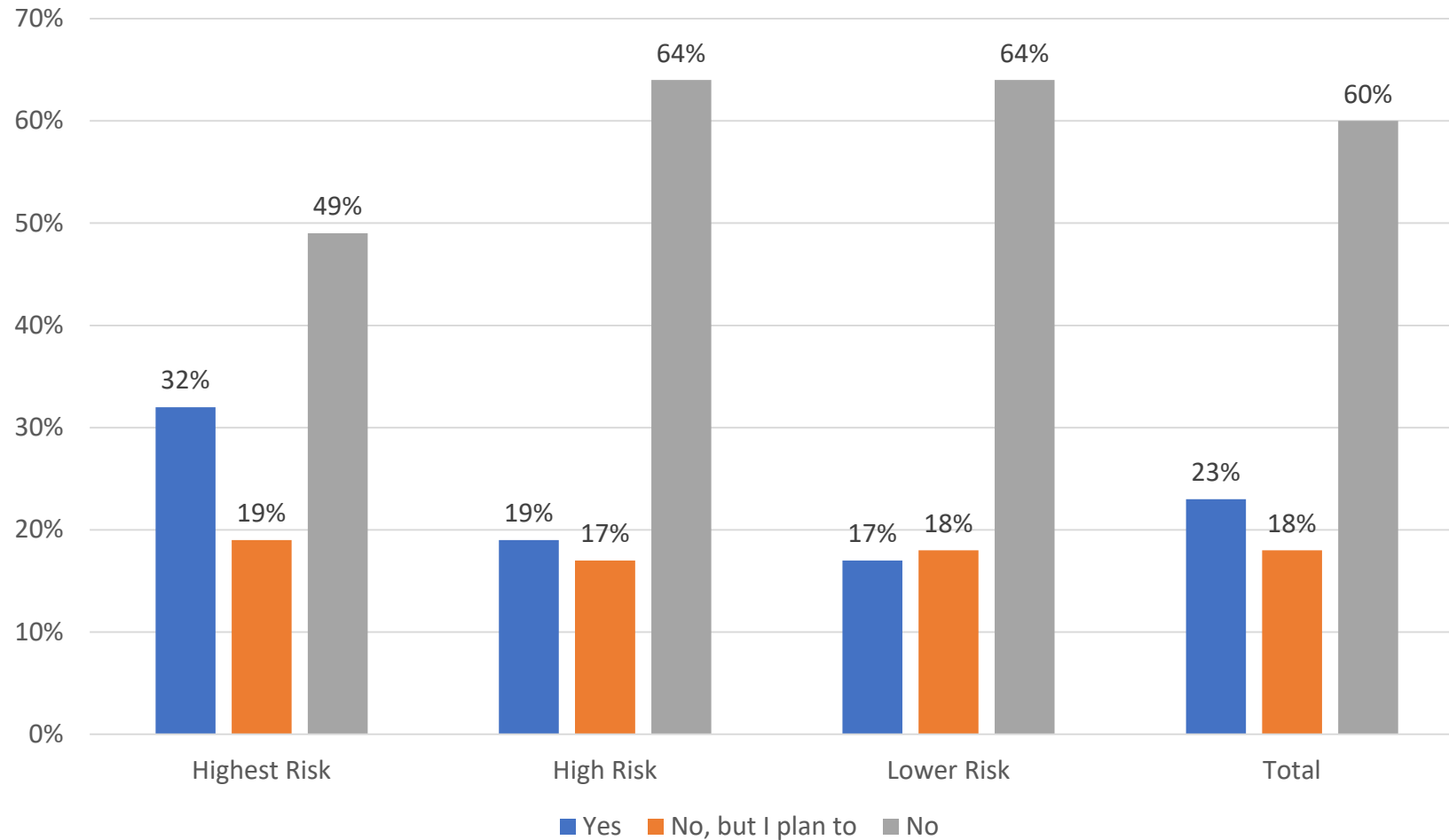
Have you fastened, secured, or bolted down heavy objects...in your home?



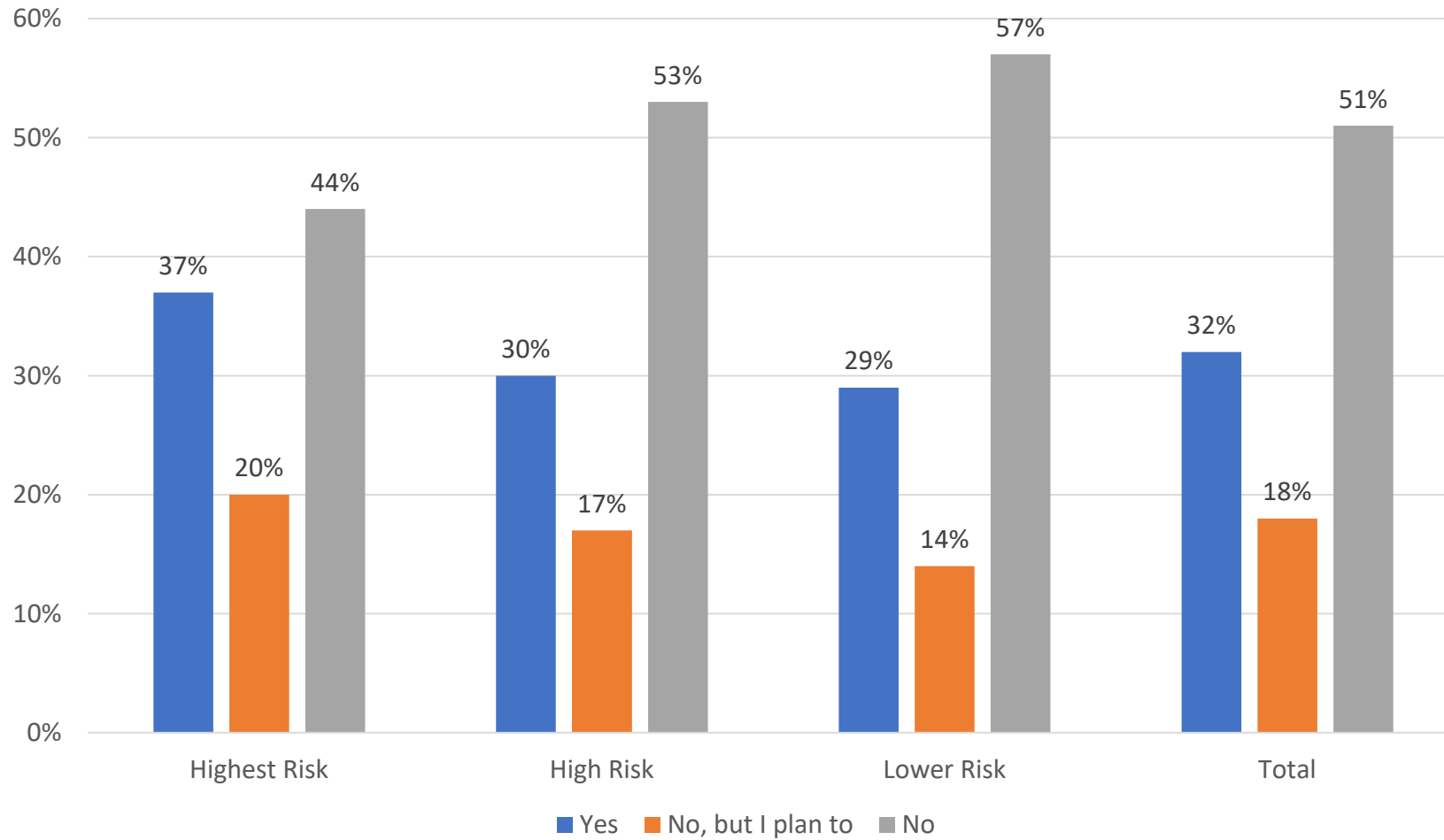
Have you prepared an earthquake/disaster kit?



Have you developed a family earthquake plan?



Have you planned for how you would evacuate...?





GETTING READY

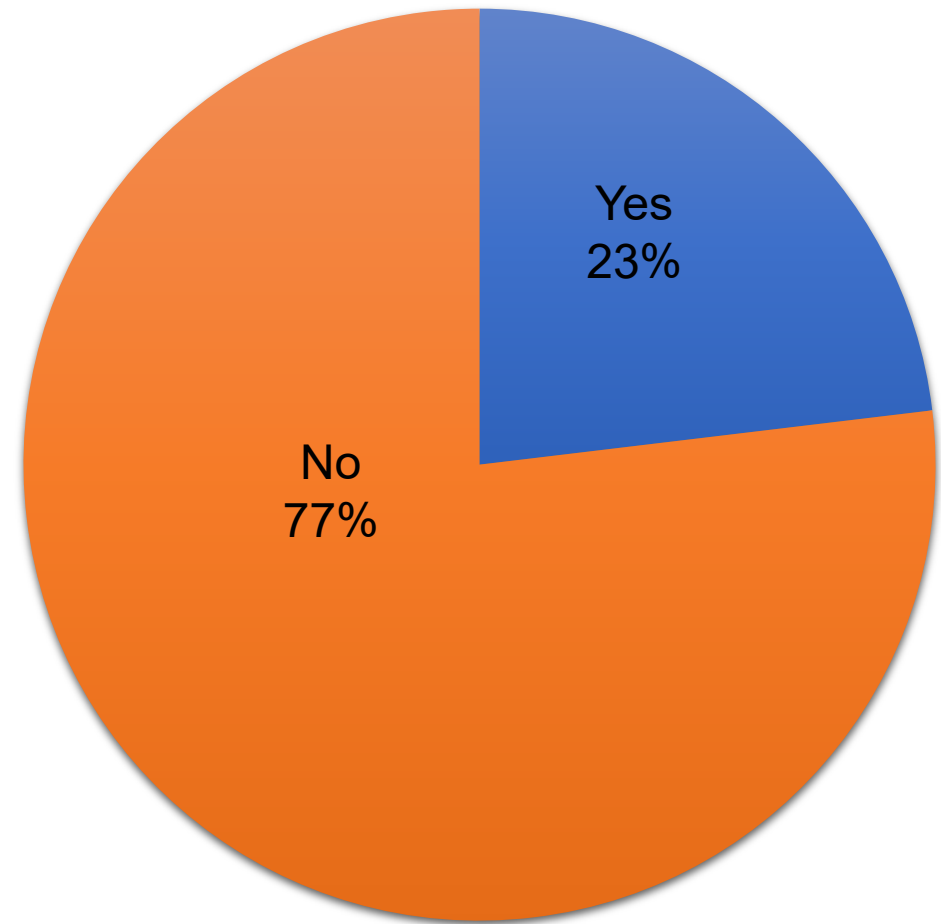
Planning for your recovery before an earthquake occurs



DCI A scene truly horrible - Earthquake Awareness - Missou...
Watch later Share

100 BILLION DOLLARS

Have you seen *Are You Ready* campaign materials?





Impact of seeing DCI campaign

Participants who saw the DCI campaign were:

- More likely to have a home disaster kit than those who did not see the campaign.
- More likely to have a family earthquake plan than those who did not see the campaign.
- NOT more likely to know that earthquake damage isn't covered in regular homeowners insurance than those who did not see the campaign.
- More likely to have earthquake insurance than those who did not see the campaign.

Seeing DCI campaign and information sufficiency

Do you have enough information to stay safe and protect your family during an earthquake?

	Yes	No
Saw the DCI campaign	66%	34%
<u>DID NOT</u> see the DCI campaign	36%	62%





Findings informed Missouri's 2022 *Are You Ready* campaign

- Increased messaging that homeowner and renter insurance does not protect against earthquake damage.
- Added messaging that consumers should contact their insurance agents to talk about earthquake insurance.



**GETTING
READY**

Planning for your recovery before an earthquake occurs

"The southeastern quadrant of Missouri includes the New Madrid Seismic Zone, which experiences around 200 small earthquakes per year. Yet, the most at-risk consumers don't seem to know their homeowners or renters policies don't cover earthquake damage. We are concerned and want consumers to know where they stand before a major earthquake occurs. Do you know if you're covered?"

– **Chlora Lindley-Myers**
Director, Missouri Department of Commerce and Insurance



**ALL PERILS ARE
NOT COVERED BY
YOUR HOMEOWNER'S
INSURANCE**

Radio Script

Earthquakes don't just happen in California. They can happen right here, at any time and with no warning. The chance of a major Missouri earthquake in the next fifty years is as high as forty percent and could cause up to three hundred billion dollars in damage. Are you prepared? **Most homeowner's policies don't cover earthquakes.** Are you covered? Earthquake insurance can help protect you and your family. **Call your insurance agent** or visit Central US Quake dot org....that's central us quake dot org. Remember, it's not IF...it's WHEN.



Photo by Gaelle Marcel on Unsplash

Next steps

- Complete analysis of interviews & focus groups
- Disseminate survey results from entire New Madrid Seismic Zone
- Release in-depth research report: summer 2022
- Follow-up survey after 2022 DCI campaign



Questions?

Lori Croy, Director of Communications, Missouri Department of Commerce and Insurance

Lisa Groshong, PhD, Communication Research Scientist, NAIC Center for Insurance Policy Research

Brian Houston, PhD, Director, University of Missouri Disaster and Community Preparedness Center

 Disaster and Community
Crisis Center
University of Missouri

