2016 NORC Survey on Perception of Homeowner’s and Renter’s Insurance in the State of Louisiana

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Due to frequent natural disasters, homeowner’s insurance in many states, including Louisiana, is highly regulated. The continued population growth along the coastline in the state of Louisiana makes understanding perceptions of property insurance important. To understand public perceptions of the impact of this regulation, including pricing, competition, and service levels, NORC at the University of Chicago, with funding from State Farm Fire and Casualty Company, conducted a representative household survey of registered voters in Louisiana. The survey assessed how registered voters understand homeowner’s insurance policies and pricing, and the role of government regulation. Key findings from the survey are provided below. Additional information, including the survey’s complete topline findings, can be found on the NORC website at http://www.norc.org/Research/Projects/Pages/norc-survey-on-perception-of-homeowners-and-renters-insurance-in-the-state-of-louisiana.aspx

THE MAJORITY OF LOUISIANA REGISTERED VOTERS DO NOT SUPPORT GOVERNMENT REGULATION OF INSURANCE MARKETS, AND INDICATE THAT PRICES SHOULD BE SET BY INSURERS.

Results show little support for government regulation of insurance prices. On average, only 20% of registered voters indicate that the government should be responsible for setting the price of insurance, and 52% indicate that insurance companies in a competitive market should be responsible for setting prices. Coastal registered voters tend to be even less supportive of government involvement in price setting relative to non-coastal registered voters. That is, only 16% of coastal registered voters support government involvement, while 21% of non-coastal registered voters indicate they favor government involvement.

ALMOST HALF OF LOUISIANA REGISTERED VOTERS AGREE THAT MORE CLAIMS MEAN HIGHER PRICES.

A substantial proportion of registered voters feel the prices they pay for insurance are fair (49%), although fewer coastal registered voters report fair prices when compared with non-coastal registered voters (42% vs. 53%). However, a majority (52%) of registered voters
indicate that it is fair for consumers who submit a higher number of claims to pay higher prices. When asked about the fairness of higher prices for people who live in areas affected by catastrophic storms, 30% of registered voters agree that it is fair for consumers living in catastrophic prone areas to pay higher prices. A difference between coastal and non-coastal registered voters is apparent among voters who disagree; coastal registered voters are twice as likely to disagree that higher prices for consumers living in these areas are fair (34%) relative to non-coastal registered voters (17%).

There is strong support for more national insurers, particularly in coastal areas.

In general, results indicate that there are a few large insurers in the market, with a high proportion of registered voters carrying insurance with a smaller or local company. While many registered voters indicate they feel they have enough choices when selecting an insurer (66%), a substantial proportion of registered voters indicate they favor more national insurance companies offering coverage in their area (71%). When compared to non-coastal registered voters, coastal registered voters are twice as likely to report not having enough choices when selecting an insurer (37% vs. 15%), and more frequently indicate they would favor more companies offering coverage in their area (77% vs. 68%).

Coastal registered voters are less satisfied overall with insurance companies.

Registered voters who report high levels of satisfaction (57%), indicate they are likely to remain a customer of their current insurer (62%), and likely to recommend their insurer to others (52%). Similarly high levels of satisfaction are reported on other service metrics (including responsiveness, quality products and services,
Consumer Perceptions

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Research Highlight

honesty and transparency, and adequate communication), with one notable exception - only 41% of registered voters indicate they feel their company offers fair prices. Notably, coastal registered voters report substantially lower levels of satisfaction on all service metrics, with between 10% and 15% fewer coastal registered voters reporting high levels of satisfaction, high likelihood to remain a customer of their current insurer, or high likelihood to recommend their current insurer. The largest difference is in the perception of fair prices; only 38% of coastal registered voters feel their insurance company offers fair prices, while 43% of non-coastal registered voters report fair prices from their insurer.

STUDY METHODOLOGY

The survey was conducted from February through April 2016. It was made possible by a funding from State Farm Fire and Casualty Company. Respondents were recruited using the Louisiana voter registration file from January, 2016. A random sample of registered voters in Louisiana was mailed an invitation to participate in the online survey. Surveys were collected from 695 respondents online, and five respondents on the telephone (through a toll-free number), for a total of 700 respondents. Respondents were offered a small monetary incentive for participating. Cognitive and usability testing was conducted on a draft version of the questionnaire instrument to ensure understandability and validity of survey questions. The final response rate was 1.6%, based on the Council of American Survey Research Organizations (CASRO) response rate. The overall margin of error, under simple random sampling, was +/- 3.7 percentage points. Weights were calculated to account for probabilities of selection, to adjust for nonresponse bias arising from differential response rates across various demographic groups, and to control weighted sample counts to the Louisiana registered voting population by age, sex, race and education. The weighted data, which thus reflect the registered voting population of Louisiana, were used for all analyses.

ABOUT NORC

NORC at the University of Chicago is an independent research organization headquartered in downtown Chicago with additional offices on the University of Chicago’s campus, the DC Metro area, Atlanta, Boston, and San Francisco. NORC also supports a nationwide field staff as well as international research operations. With clients throughout the world, NORC collaborates with government agencies, foundations, educational institutions, nonprofit organizations, and businesses to provide data and analysis that support informed decision-making in key areas, including health care, education, economics, crime, justice, and energy. NORC’s decades of leadership and experience in data collection, analysis, and dissemination—coupled with deep subject matter expertise—provide the foundation for effective solutions.