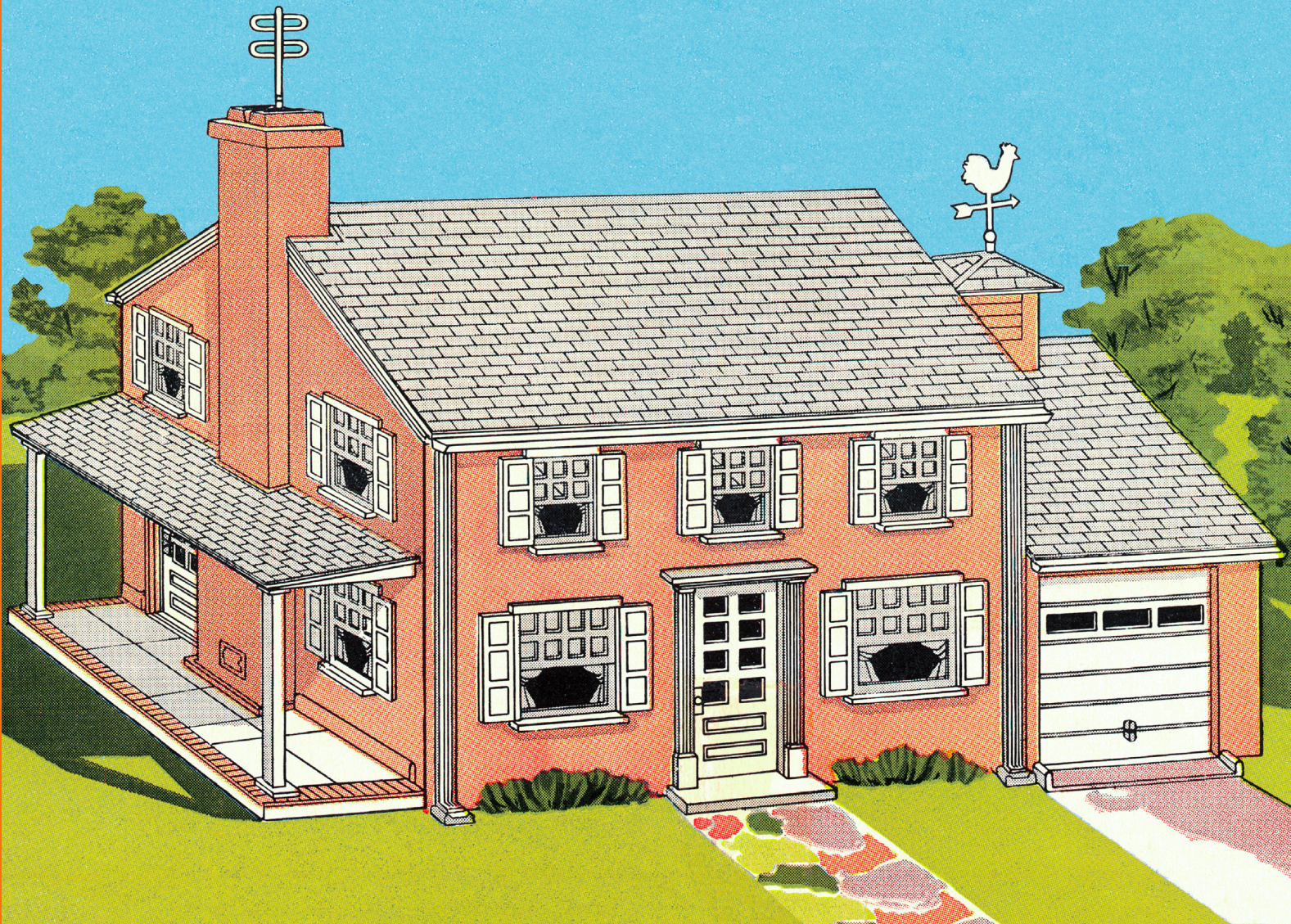


Policygenius

Home Insurance Literacy Survey 2020

DATA HIGHLIGHTS

By Anna Swartz and Pat Howard

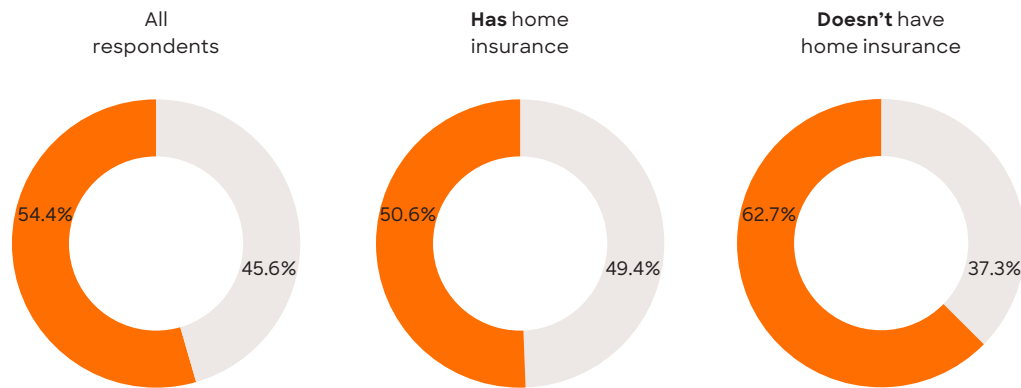


Introduction

Many Americans are confused about the basics of home insurance. Even homeowners who have insurance aren't sure how much coverage they need, according to the results of a survey commissioned by Policygenius. Confusion about coverage puts homeowners at risk either for being underinsured in the event of a catastrophe, or for overpaying for more home insurance than they actually need.

The following findings are based on responses from a survey of a nationally representative sample of 2,500 Americans ages 25 and over, conducted by Google Surveys from June 25 through July 3, 2020.

True or false: The amount of home insurance I need is based on the market value of my home.



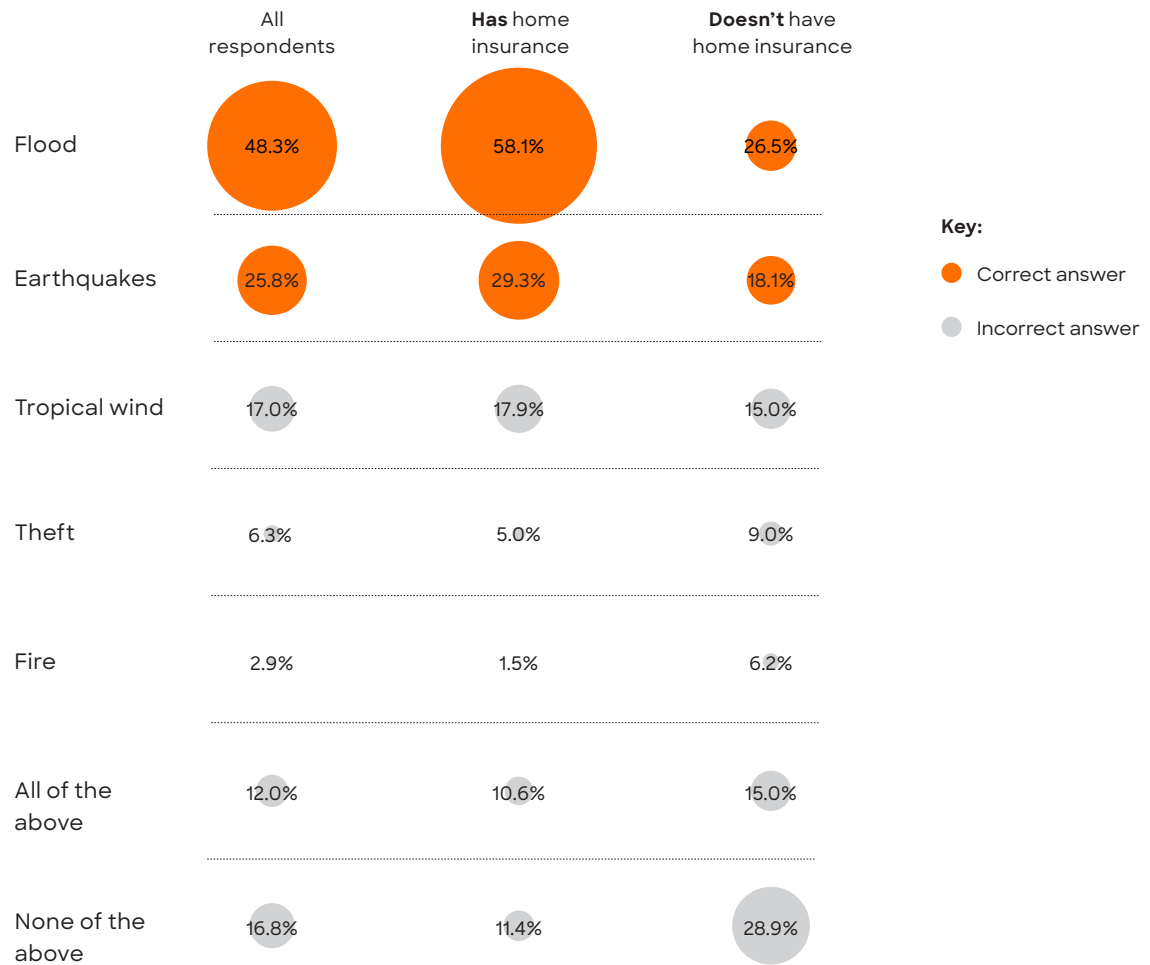
Key:

● True ● False

The amount of coverage a homeowner needs is based on the rebuild cost – the cost to totally rebuild the home if it were destroyed – not the home’s market value. While 54.4% of total respondents were correct that market value is not the basis for home insurance coverage, a surprising 49.4% of homeowners – nearly half – aren’t sure how to determine coverage amounts for their homes.

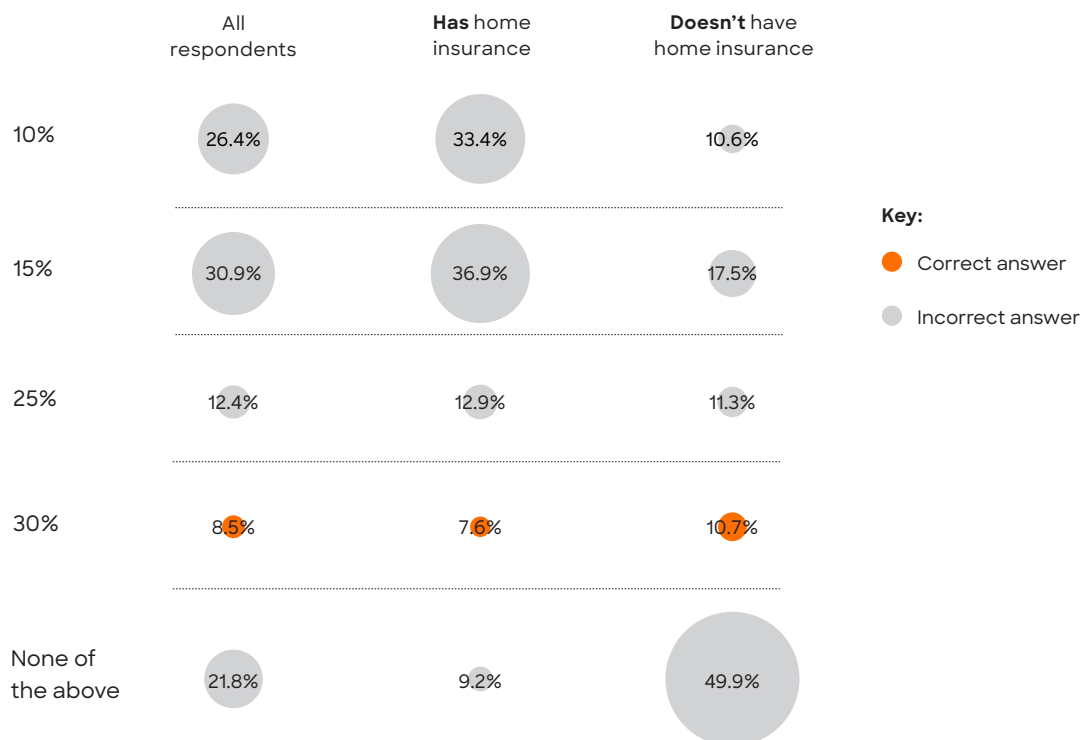
Homeowners who insure their homes based on market value, not rebuild cost, risk being either significantly underinsured or significantly over-insured, if the cost to rebuild a home is dramatically different than its market value.

Which of the following is *not* covered by a typical home insurance policy?



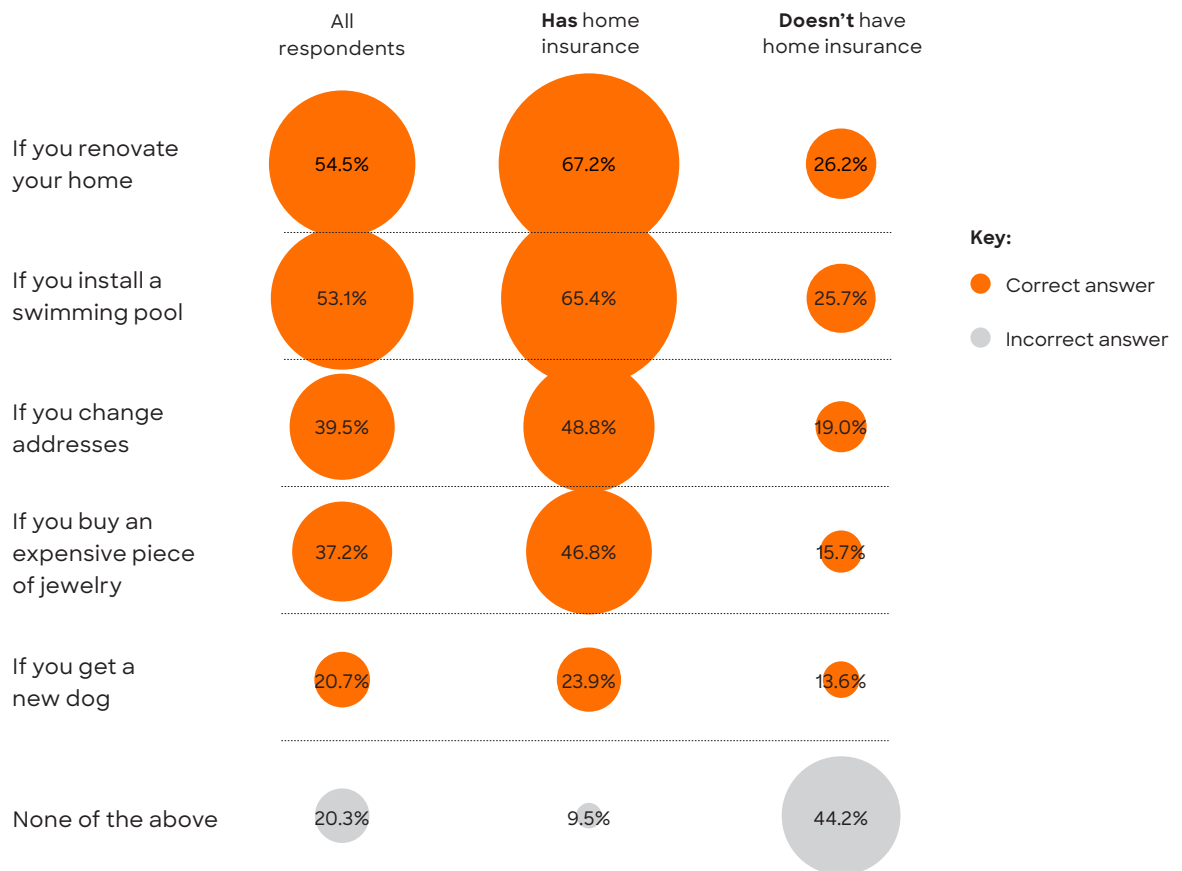
A typical home insurance policy covers a range of perils, including wind, fire, theft, vandalism, lighting, falling objects, and hail – but a standard home insurance policy does not cover floods or earthquakes. More than half of homeowners surveyed don't realize that a typical policy doesn't cover floods, and more than 80% of homeowners don't realize a standard policy means they're not covered in case of earthquake – potentially leaving them dangerously underprotected.

Homeowners can save up to *this much* off their rates by combining their home and car insurance policies with the same company.



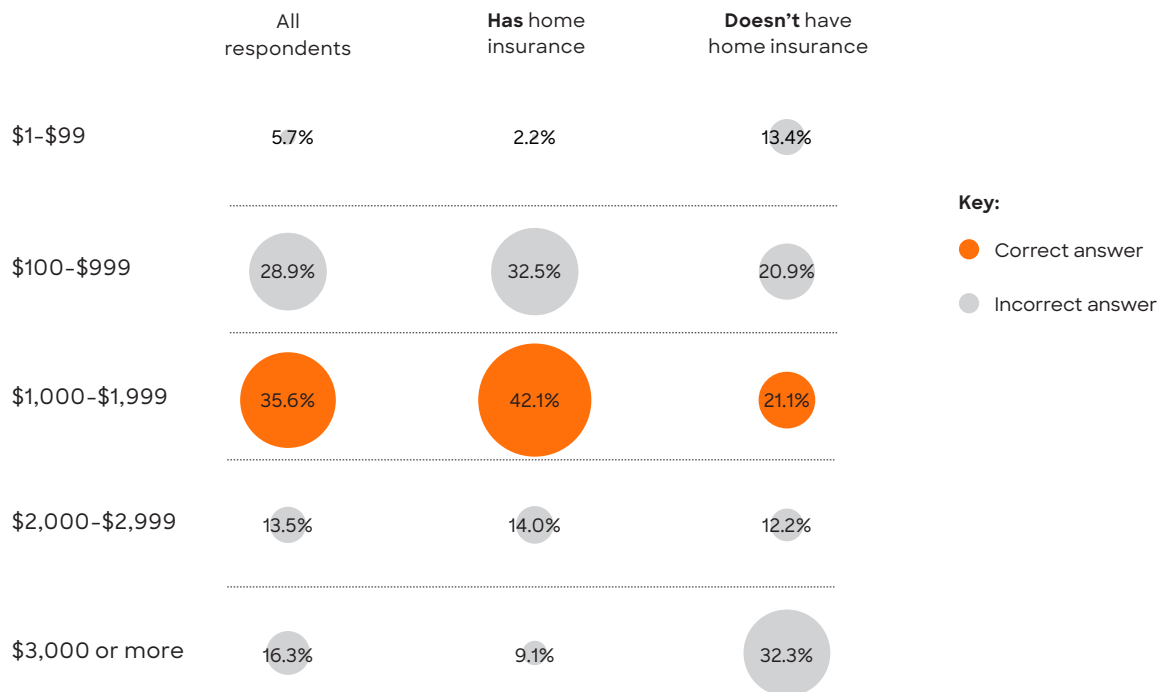
A significant majority of homeowners (83.2%) underestimate how much they could be saving by combining their home and car insurance policies with the same company, known as bundling. Policygenius has found that our customers have saved an average of 30% by bundling home and car insurance with us – far more than homeowners think they can save.

In which case would you want to update your existing home insurance policy?



While many people are aware that major updates like a home renovation or new swimming pool might require updates to an existing home insurance policy, other lifestyle changes may be slipping through the cracks. All of the above represent times when homeowners should update their policy – otherwise their new additions may not be covered by insurance.

How much would you estimate a home insurance policy costs per year, on average?



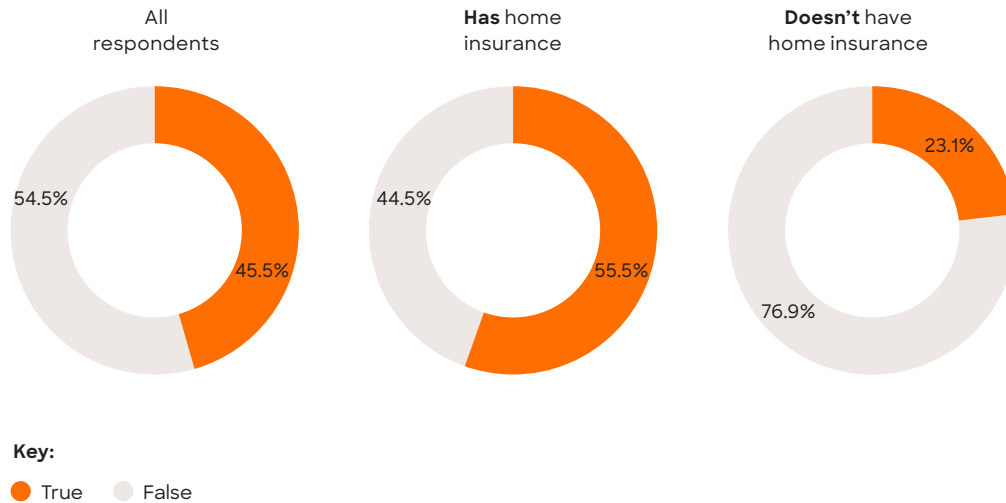
According to the National Association of Insurance Commissioners, the average annual home insurance premium is \$1,211. However, more than a quarter of Americans (29.8%) think that home insurance costs hundreds, or even thousands of dollars more than it actually does.

Which of the following can lower your home insurance costs?



The truth is that everything mentioned here – from owning a newly built home to setting a higher deductible – can lead to lower home insurance premiums. However, homeowners may be missing out on ways to save. Nearly half of homeowners, 48.7%, didn't know that setting a higher policy deductible can lower rates, and 41.5% of homeowners don't realize that buying home and auto insurance from the same company, or bundling, can lower their home insurance rates.

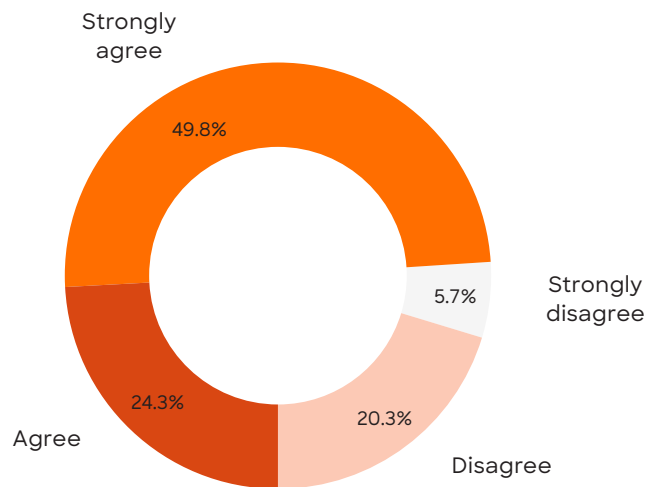
True or false: A replacement cost policy will reimburse you for more than an actual cash value policy.



Home insurance can reimburse you for property loss in one of two ways: Replacement cost or actual cash value. A replacement cost policy will reimburse you for the value of property when it was brand new, so you can replace a destroyed item with a new one of equivalent value. An actual cash value policy, however, will pay out less than what the item was worth brand new, because it takes into account any aging, wear or tear.

A surprising 44.5% of homeowners don't realize that a replacement cost policy will pay out more than an actual cash value policy, meaning they may think they have more coverage than they actually do.

Rate this statement: "I am confident that my home insurance coverage is enough to fully replace my home in the event of a disaster."



While most homeowners said they were confident that they had enough home insurance coverage to fully replace their home in the event of a disaster, **more than a quarter (26%) felt that they did not have enough coverage to replace their home**, which would leave them unprotected in the event of a disaster.

About the author



Anna Swartz is an expert in home and auto insurance and a Managing SEO Editor at Policygenius in New York City. Previously, she was a senior staff writer at Mic.



Pat Howard is an Insurance Editor at Policygenius in New York City and an expert in homeowners insurance. Previously, he worked as a freelance writer for the New York State Nurses Association and wrote for the Michigan Information Research Service. Pat has a B.A. in journalism from Michigan State University.

About Policygenius

Policygenius is the nation's leading online insurance marketplace, with headquarters in New York City and Durham, North Carolina. We've helped more than 30 million people shop for all types of insurance like they shop for everything else – online – and have placed over \$60 billion in coverage. Policygenius launched in 2014 and is one of the early insurtech pioneers. Policygenius was named to Forbes list of Best Startup Employers (2020), Crain's Fast 50 (2019) and Inc. Magazine's Best Workplaces (2018, 2019, 2020).

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