



**PUBLIC OPINION
STRATEGIES**



**THE
MELLMAN
Group** RESEARCH
BASED
STRATEGY

NATIONAL REALTOR SURVEY ON HOMEOWNERS INSURANCE EXECUTIVE SUMMARY

1. *Realtors in America's hardest hit areas are understandably concerned about future catastrophes.*

Fifty-percent (50%) of Realtors believe that a natural catastrophe is likely to affect them in the area in which they live sometime over the next few years. Concern runs particularly high in Florida (82% likely) and the Gulf States (69% likely).

2. *And, Realtors do not believe the country is ready for the consequences.*

Eight of ten Realtors (82%) say the country is NOT sufficiently prepared to deal with the consequences of major catastrophes, and believe Congress should pass legislation that helps reduce the financial and economic consequences.

3. *Rising homeowners insurance premiums are hitting everyone, but the impact is most acutely felt in the hurricane-devastated regions.*

Eighty-three percent (83%) of Realtors say that homeowners insurance premiums have gone up in the last two or three years, including 40% who say they have gone up *significantly*.

- ▶ A stunning 97% of Realtors in Florida say insurance premiums have gone up significantly. Fifty-five percent (55%) of Realtors in the Gulf States say their insurance premiums have gone up significantly as well.

4. *The price and availability of homeowners insurance is having a substantial impact on the real estate market, particularly in the hurricane belt.*

Asked how much of an impact has the cost and availability of homeowners insurance had on the real estate market in your area, 26% of Realtors across the country say it is having a significant or moderate impact.

Homeowners insurance is having a tremendous impact in Florida, and to a slightly lesser extent, in the Gulf States:

- ▶ In Florida, 92% of Realtors say the cost and availability of homeowners insurance is having an impact on the real estate market, including 74% who say the impact is significant. Forty-four percent (44%) of Realtors in the Gulf States say it is having an impact on their market.
- ▶ Eighty-one percent (81%) of Realtors in Florida and 33% of those in the Gulf States say their clients have decided to postpone or not complete a purchase due to the price of homeowners insurance (20% nationally).
- ▶ Seven out of ten (70%) Florida Realtors report that in the past two years they have had clients decide to list their home for sale due to the price and availability of homeowners insurance.

5. ***Like voters, Realtors do believe there is a role for government when it comes to paying the costs of rebuilding after a catastrophe.***

Realtors strongly agree that there is a role for the government in the aftermath of a catastrophe. We asked which of the following statements they agree with more:

Those who say a major catastrophe or terrorist attack would cost insurance companies billions of dollars. No insurance company has the ability to pay for claims for such an overwhelming crisis. In the case of such a catastrophe, it is appropriate for the federal government through agencies like FEMA, together with state agencies, to **step in** and help pay the cost of rebuilding. 62%

Those who say federal and state government should **stay out** of the homeowners insurance industry, and leave it to individuals and the private market. Homeowners know the risks they take for living in certain areas, and insurance companies have to be prepared. It's not up to government and the taxpayers to bail them out if they are not prepared. 38%

6. ***By a better than two-to-one margin, Realtors would rather see consumers help pay for catastrophes through higher premiums rather than higher taxes.***

Offered only the options of higher taxes or higher premiums, Realtors solidly prefer higher premiums – 68% believe higher premiums is the better solution, while only 32% opt for higher taxes.

7. ***Realtors are largely in agreement with voters on which proposals they feel would be most acceptable and effective in preparing the country for a future catastrophe.***

We tested a series of 12 proposals that could be implemented to better prepare for a natural catastrophe. We asked respondents to indicate their support or opposition to each proposal, and then rate the proposal on how effective they felt it would be to prepare for a catastrophe on a ten-point scale (zero=not effective at all, 10=very effective).

The following proposals were met with stronger Realtor support AND rated higher on the effectiveness scale:

- Strengthen local land use policies so that future homes are not built in disaster prone areas.
- Strengthen building codes so that homes are better able to withstand storms and earthquakes.
- Provide tax deductions or tax credits to homeowners who take the initiative and pay to help “disaster proof” their own home by strengthening it to better withstand future catastrophes.
- Provide reduced insurance rates to homeowners who take the initiative and pay to help “disaster proof” their own home by strengthening it to better withstand future natural catastrophes.

8. ***Of the twelve proposals we tested, as drafted, a national catastrophe fund rated near the bottom of the list in terms of proposals Realtors supported or believed would be effective.***

We also asked Realtors to rate a national catastrophe fund on both the favor/oppose scale and the effectiveness scale. The following language was used to describe the fund: *Create what is called a national reserve catastrophe fund for states hit with natural catastrophes. Once all private insurance money and the state catastrophe funds have been used, a national catastrophe fund would kick in when the cost of the disaster becomes extremely high. The national catastrophe fund would be paid for through a small addition to each homeowner's insurance premiums.*

Just 27% of Realtors were strongly in favor of a national catastrophe fund, and the proposal received a mean rating of 6.6 on the effectiveness scale. In our experience, a strongly favorable mark of less than 30% or a mean effectiveness rating of less than 7.0 demonstrates only tepid support.

We believe that more information or additional context will likely have to be provided to bring Realtors on board with this proposal. Another approach is to bundle the issue with some of the other high-ranking proposals as a legislative package.

Methodology

Public Opinion Strategies and the Mellman Group conducted a national internet survey of 586 Realtors on April 4-16, 2007. The survey has a margin of error of $\pm 3.9\%$. Oversamples of Realtors were conducted in each of the following regions: California (229), Florida (297), New York/New Jersey (157), and the Gulf States region (Alabama, Mississippi, Louisiana, and Texas - 289).