

Chubb Homeowners' Risk Survey Executive Summary

Chubb Survey Finds Homeowners Continue
to Put Largest Investible Asset at Risk



Personal Risk Services

Chubb Survey Finds Homeowners Continue to Put Largest Investible Asset at Risk

According to Chubb's Third Annual Homeowners' Risk Survey, homeowners continue to put their largest investible asset—their homes—at risk by failing to take the right property protection measures.

According to the survey, 89% of homeowners report being “very” or “somewhat” confident in their ability to check for possible damage or maintenance issues around their homes. In fact, more than half (55%) claim to be vigilant about taking such home protection measures.

However, there continues to be a disconnect between homeowner beliefs and behaviors, especially when it comes to protecting against the most common source of property-related damage: water. Despite the fact that the study found that internal water damage is among the top three concerns for homeowners when it comes to perceived home threats, no more than 20% of homeowners took any single water-related risk mitigation best practice—from conducting home heating system inspections (19%), periodically checking appliance hoses (19%) and performing water heater maintenance (16%) to shutting off the water supply while on vacation (15%) and installing pipe insulation (12%).

In addition to homeowner beliefs and behaviors, Chubb's survey looked at anticipated homeowner renovation plans over the next 12 months to examine what efforts homeowners are taking to upgrade (and protect) their property and their design inspirations when doing so. The study also looked at when homeowners seek assistance from friends, family and neighbors, and when homeowners choose to act alone.

Read on to see the full results from Chubb's 2019 Homeowners' Risk Survey.

Less than
20% of
 respondents
 implemented
 any single water
 risk mitigation
 best practice.

Section 1: Nine in 10 homeowners are confident in their handyman skills, but more than four million homeowners will still submit a property claim each year.

As mentioned, roughly nine-in-10 homeowners say they are “very” or “somewhat” confident in their ability to check for possible damage or maintenance issues in their homes. This is a significant uptick from last year, when only 73% reported the same level of confidence.

But confidence doesn't always mean action—and many homeowners don't actually take the right property protection steps, regardless of the source of risk. According to the survey, there are several hurdles that prevent homeowners from implementing necessary actions, including cost (27%), required time investment (18%) and a lack of knowledge around which products and tools to

purchase (12%). While these same hurdles were identified as the top three barriers to implementation in 2018, some good news exists in that the percentage of respondents who identified them as roadblocks decreased across the board.

Of those who choose to take action, however, many are not taking the right steps—especially when it comes to water damage. According to the survey, less than 20% of respondents implemented any single water risk mitigation best practice. Particularly concerning is that while water is only becoming a greater threat to homeowners, for the most part, the percentage of homeowners taking the necessary risk mitigation best practices for water has decreased year-over-year.

The top concerns for homeowners.

There is a clear disconnect when it comes to their actions and their behaviors.



Maintaining home value



External weather threats



Internal water damage



Theft/vandalism/ crime

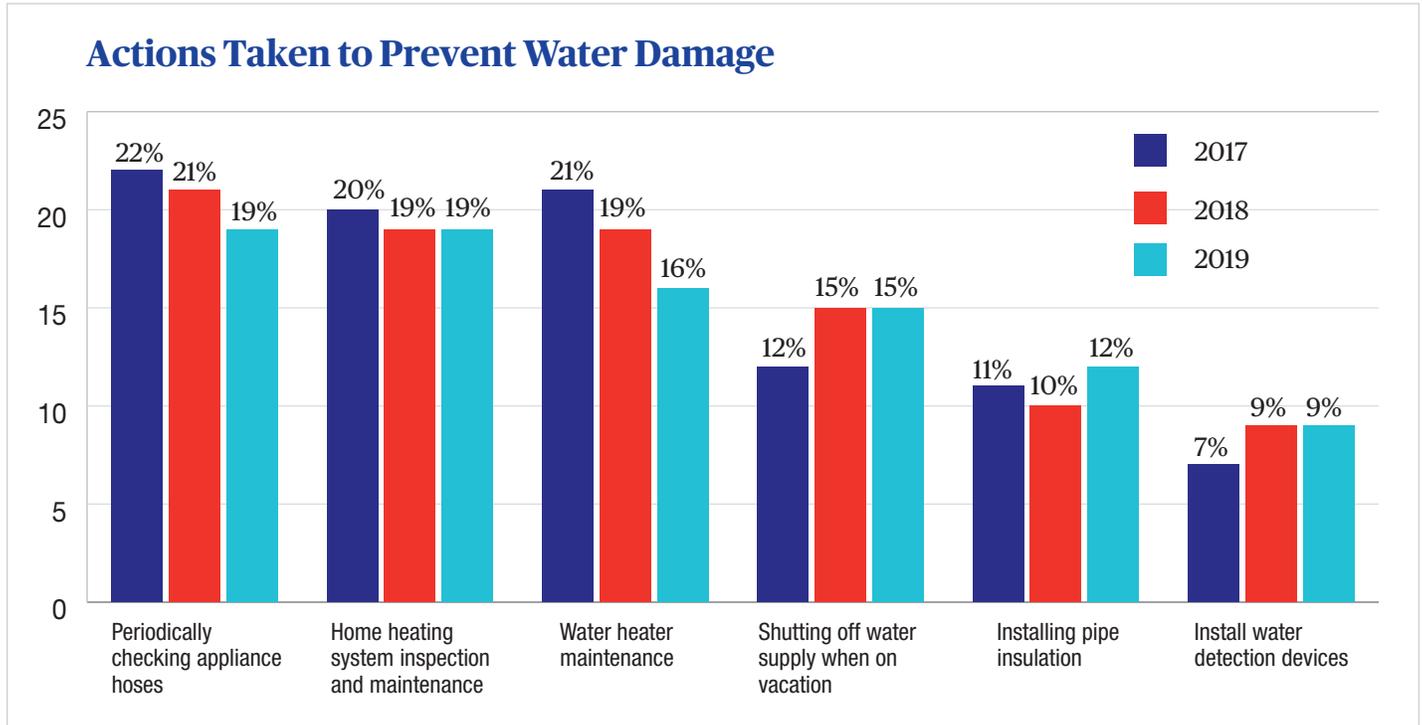


Day-to-day upkeep



Fire

Despite an increase in water-related property claims, to a large extent, homeowners are less likely to implement the necessary safeguards than prior years.



According to the survey, however, there is one universal theme that compels homeowners to act—extreme weather. In addition to ranking as the second most pressing property concern for homeowners, two-thirds of homeowners report that when reflecting back on their most recent home improvement or maintenance project, they were motivated by an approaching storm or in response to weather-related damage. For comparison, just 21% took home protection measures as part of a planned renovation (see page 8 for more information on renovation behavior), 9% when getting ready to put their home on the market, and only 7% in response to a neighbor, friend or family member doing the same.

To gather this information and determine whether to take action, homeowners rely on a number of weather sources. The

most popular are digital sources, with the majority (58%) turning to mobile apps or online weather sites first thing in the morning. Local and national broadcast weather reporters are less frequented sources, with just 29% and 10% of homeowners relying on them as their go-to weather source each morning, respectively.

Yet, regardless of where homeowners get their weather information, an increasing number of homeowners believe that weather reporters and meteorologists “regularly” or “frequently” exaggerate when it comes to the magnitude or impact of an approaching storm or weather event—rising from 45% in 2018 to 47% in 2019. Significantly, what’s most concerning is that failure to believe the weather forecast means homeowners are less likely to take the necessary home protection measures.

The average water leak cost is more than **\$55,000** for financially successful homeowners.*

Homeowners vastly underestimate the cost of property damage.

In addition to being unprepared to prevent various property damages from occurring, most homeowners are not prepared financially. According to the survey, half of all homeowners (51%) think a plumbing or appliance water leak costs less than \$5,000 in damages. However, according to the Insurance Information Institute, the average water leak costs more than \$10,000 in damages. And according to Chubb's internal claims data from 2014-2018, the average water leak cost is more than \$55,000 for financially successful homeowners, and the average water back-up loss for homeowners was almost \$45,000.

It's a similar situation for wind damage claims, which often occur in tandem to weather-related flooding incidents. The same report from the Insurance Information Institute found that the average wind/hail claim runs \$10,182. Unfortunately, 16% of homeowners believe the average corresponding damage to be under \$1,000 and a quarter think it costs between \$1,000 and \$5,000.

This misunderstanding, when it comes to the cost of common sources of property loss, can mean homeowners are underinsured. Without sufficient protection in place, homeowners can be left facing significant out-of-pocket costs in the event of damage. Consider floods, for example, which are the number one disaster in the United States, according to the Federal Emergency Management Agency (FEMA). Even if a homeowner does not live near water, protecting one's home from unexpected flooding is important. What's more, a homeowner's policy generally isn't designed to provide coverage for flooding; thus, homeowners should consider a separate flood policy to help lessen the financial impact.



**Smart Water
Protection**

**www.SmartWaterProtection.com
941.350.1227**