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Contact: David Corum, CPCU
Phone: (610) 644-2212, ext. 7506
E-mail: corum@cpcuiia.org

In Response to Economic Downturn Most Consumers Maintain Essential Insurance Coverages

MALVERN, Pa.— A new study by the Insurance Research Council (IRC) finds that many Americans have taken steps to reduce personal insurance costs in response to the economic downturn, but that maintaining essential auto and homeowners coverage remains a priority for the vast majority of consumers. Twenty-eight percent of those with auto insurance coverage surveyed for the study reported shopping for lower rates when they normally would not have done so. Among those with auto or homeowners insurance, 15 percent said they had increased their insurance deductibles or reduced the amount of coverage in order to reduce premium costs.

Most Americans, however, have maintained essential homeowners and auto insurance coverage despite the challenges posed by the economic downturn. Nine percent of those with at least one household vehicle reported canceling or not renewing coverage for a household vehicle in response to the economic downturn. However, almost one-third (31 percent) of those canceling auto insurance coverage also reported selling a vehicle as a way to save money, so many of those vehicles for which insurance coverage was canceled were also likely sold. Five percent of homeowners and 14 percent of renters reported canceling homeowners or renters insurance coverage.

The study also reports on the frequency with which consumers have taken other steps in response to the downturn. For example, 65 percent reported greatly reducing their expenditures on entertainment. Thirty-seven percent reported postponing the purchase of a major household appliance.

"These findings confirm that most Americans recognize the importance of maintaining essential insurance coverage on their homes and cars," said Elizabeth A. Sprinkel, senior vice president of the IRC. "But they also show that Americans are willing to shop and reevaluate their insurance needs in order to reduce insurance costs."

The results of the IRC's report, *Public Attitude Monitor 2009, Consumer Response to the Economic Downturn*, are based on 1,000 telephone interviews conducted with adults age 18 and older in December 2008 by GfK Custom Research North America.

For more information on the study's methodology and findings, contact David Corum at (610) 644-2212, ext. 7506, or by e-mail at irc@cpcuiia.org. Or visit IRC's Web site at www.ircweb.org. Copies of the study are available for \$65 each in the U.S. (\$80 elsewhere) postpaid from the Insurance Research Council, 718 Providence Rd., Malvern, PA 19355-3402.

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