

The Concrete Evidence

MUTUALS HAVE LONG KNOWN ABOUT THE VALUE OF THEIR BUSINESS MODEL.
NAMIC NOW HAS THE RESEARCH AND STATISTICS TO BACK IT UP.

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For centuries, NAMIC member companies have been telling the story of mutuals through anecdotes and examples of what makes the mutual industry different. Not surprisingly, these stories have repeatedly shown that when people learn about the benefits of mutuals, they respond favorably to this model.

What the industry has lacked, however, is recent evidence to back up the mutual stories members have shared. In 2018, NAMIC worked with outside experts to conduct and publish research that addressed the awareness and perception of mutual insurance from the consumer perspective. NAMIC also collected and analyzed definitive data from a market performance standpoint.

The association worked with John Gilfeather & Associates to survey more than 1,000 home and/or auto insurance consumers regarding their knowledge of insurance companies. The survey began by asking whether participants had ever heard of a mutual insurance company. A quarter of them had not. Yet, after being provided a clear definition of mutual insurance and the differences between

mutuals and other insurers, consumers' favorability of mutuals shot up by nearly 30 points. At the same time, favorability of other insurers dropped by 10 points. The survey also questioned consumers about what they value in an insurance company. It found that consumers cite fairness in settling claims, excellent service, and price stability as the most important attributes for home and auto insurance companies. And they recognized the mutual advantage here, associating mutuals with fairness and customer service by 10 points more than other types of insurers.

While the consumer survey reinforced the value in educating people about mutuals, NAMIC took the research initiative a step further to demonstrate the mutual insurance industry's market performance impact. The association teamed up with the University of South Carolina — more specifically Robert P. Hartwig, Ph.D., director of the Risk and Uncertainty Management Center in the university's Darla Moore School of Business — to look at the actual performance numbers. Just how does the mutual industry stack up when compared to others in the property/

casualty insurance industry? The answer — pretty darn well.

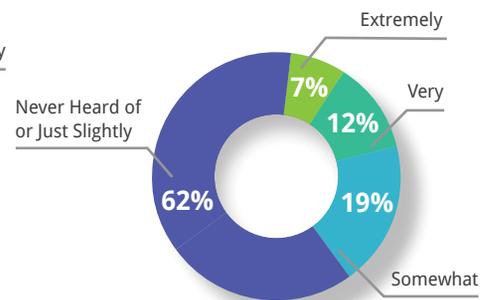
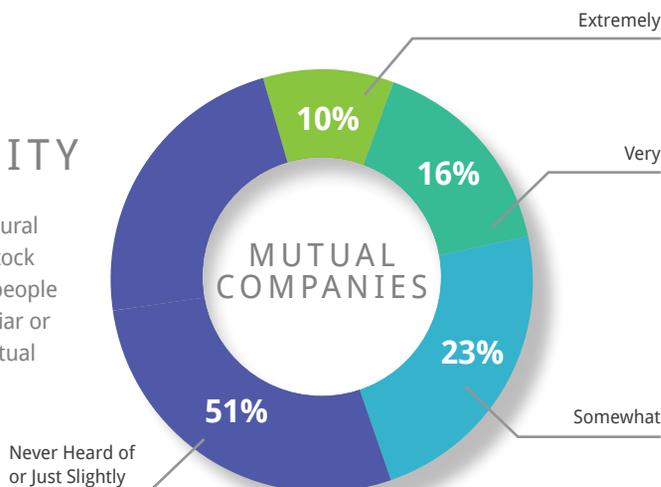
The published market performance analysis findings — called "The Mutual Factor" — presents a strong picture of the current state of the mutual insurance industry. Not only have the findings given the industry — and the public — concrete evidence of the value of the mutual model, they have provided a baseline for future research.

NAMIC plans to expand on Hartwig's work and conduct a second round of consumer research, which will focus on commercial lines insurance consumers. In the meantime, Hartwig provides an overview of the 2018 analysis' findings on page 23 of this issue, and the full report can be found at NAMIC.org on our public policy paper webpage.

Overall, though, the market research validates what NAMIC and member companies have known all along. The mutual industry is financially strong and consistently puts policyholders' interests first. 

FAMILIARITY

Insurance buyers are more familiar with mutual companies than with stock companies, but many people were only slightly familiar or had never heard of mutual insurance companies.



STOCK COMPANIES