

**Minutes of the Insurance Information Institute's  
Communications Committee Meeting  
The Waldorf-Astoria Hotel, New York, NY  
Wednesday, January 14, 2009**

**Communications Committee:** *Chairman*, Stephen Dishart, **Swiss Re**; *Vice Chairman*, Wendi Strong, **USAA**; Patrick McGovern, **ACE Group of Companies**; Carla Ferrara, **ACE North America**; Hubertus Kuelps, **Allianz of America**; John Jones, **American International Group**; Sari Macrie and Maria C. Gemskie, **Allstate**; Mark E. Greenberg and Mark Schussel, **Chubb**; Katrina Parker, **CNA**; Mark Toohey, **Farmers Insurance Group**; Janice Minshall, **GEICO**; Charles Agin, **General Reinsurance**; Michael Buckley, **The Hanover Insurance Group**; Joshua King and David Snowden, **The Hartford**; Richard Madden, **Horace Mann Companies**; Paul Alexander and John Cusolito, **Liberty Mutual**; Dean Davison, **Lockton Companies**; B. David Hammarström, **MetLife**; Robert Kinsella, **Munich Re Group**; Rick Phillips, **Nationwide**; Carmen Duarte, **OneBeacon Insurance**; Steve Vogel, **State Farm**; Alayna Francis and John Novaria, **Swiss Re**; Shane Boyd, Jennifer Wislocki and Marina Luri-Clark, **Travelers**; Justin Schmitt and Kevin Barber, **USAA**; Roger Scotton, **XL Capital Ltd**; Sean Kevelighan, **Zurich Financial Services**.

**Guests:**

Nancy Grover, **National Association of Mutual Insurance Companies**; Roger Morris, **National Insurance Crime Bureau**; Liam Plevin, **Wall Street Journal**; Brenda O'Connor, **Institute for Business & Home Safety**, Blain Rethmeier, **American Insurance Association**; Marguerite Tortorello, **Property Casualty Insurers Association of America**

**I.I.I. Staff:**

Robert Hartwig, Cary Schneider, Jeanne Salvatore, Michael Barry, William Bailey, Carolyn Gorman, Madine Singer, Steven Weisbart and Loretta Worters.

**I. Welcome and Introduction**

Steve Dishart opened the meeting by welcoming everyone and having the anti-trust statement read by Bill Bailey.

Mr. Dishart noted that the I.I.I. had completed all of the projects requested at the November 10<sup>th</sup> and 11<sup>th</sup> Communications Committee meeting in Florida. He also said the new Executive Committee had met and that another planning meeting will be scheduled for April to discuss the I.I.I.'s Communications Plan. It was announced that there was also the need for a regional insurer to join the Executive Communications Committee and Carmen Duarte of One Beacon volunteered. Mr. Dishart announced that the April 2009 meeting would be open to anyone from the Committee who wished to participate.

## **II. Guest Speaker – Liam Pleven.**

Mr. Dishart introduced guest speaker Liam Pleven of the *Wall Street Journal (WSJ)* who spoke to the Committee regarding the financial crisis and some of the changes at the *WSJ*. When Mr. Pleven began working at the *WSJ* three years ago, he was new to business reporting.

Factors such as new ownership at the *WSJ*, an economy in free-fall and an increased reliance on the Internet as a source of news, have brought about significant changes at the paper. He cited the *WSJ's* front page, which now has more photographs, has a more vibrant look and a greater emphasis on breaking news.

In regard to the current economic crisis, Mr. Pleven said that although the property/casualty insurance industry has performed better than other segments of the financial services sector, he thinks there is potential for more trouble ahead. He said that if the economy continues to worsen over the next six months, the big story at the *WSJ* will be comparisons to the Great Depression.

Mr. Pleven said that he values getting more information from public relations people, not less. He welcomes opportunities to speak with executives in the industry even if those discussions do not lead to a story in the paper. He also emphasized that he can keep confidences and handle sensitive information with discretion.

Mr. Pleven predicted that 2009 will be even more difficult than 2008 for the newspaper industry. Advertising revenue is down and the transition to the Internet has been costly. He said it would be very profitable if the newspaper industry were to become completely digital, but shedding existing infrastructure such as trucks, printing plants, and distribution systems means the changeover will be time consuming and expensive.

## **III. President's Report**

Dr. Robert Hartwig reported that, due to the economic downturn, the financial services industry is held in very low esteem by the general public. Reform of the regulation of financial services, including insurance, is likely. However, with a new White House administration and Congress in place there will likely be a number of legislators and staffers with limited knowledge of the fundamentals of insurance. The I.I.I. Board of Directors asked the Institute to develop a legislative education program consistent with its non-lobbying status. It was noted that members of the CEO Roundtable also expressed concern about the potential for uninformed and inappropriate legislation. Dr. Hartwig reported that the I.I.I. will be working closely with the advocacy trades to develop and implement an educational program geared toward policymakers.

He noted that the decline of the traditional media is also a concern since it will make it harder for the industry to get its messages out to the public. For the first time, more

people will get most of their news from online sources rather than traditional media. In response, the I.I.I. has been investing heavily in new media technology, and will launch its new Web site in 2009.

Dr. Hartwig also reported that according to the *Insurance Pulse* survey, nine out of ten people believe there are issues facing the insurance industry. Those surveyed say they are afraid that the financial crisis will make it difficult for insurers to pay claims. The survey shows that financial strength and security are uppermost in consumers' minds and that many of them are dropping coverage to save money.

The Committee requested a copy of the PowerPoint presentation delivered at the meeting.

#### **IV. Subcommittee Reports**

##### **a. Financial Crisis Subcommittee**

Mark Greenberg reported that the subcommittee had developed message points related to the ongoing financial crisis. They were distributed to the full committee prior to the meeting. These message points will also be updated as needed and redistributed to the Committee.

Mr. Greenberg said the subcommittee firmly believes that the I.I.I. must acknowledge problems in the industry related to the financial meltdown. To ignore or play down these problems would ultimately harm the I.I.I.'s credibility with the media and other key constituencies. He said consumers must be reminded that they are not buying an insurance policy from the insurance industry, they are buying it from a specific company. This means that consumers need to investigate the financial strength of the company.

##### **b. Insurance Scoring Subcommittee**

Justin Schmitt reported that the subcommittee is currently working on message points. As soon as they are completed, they will be distributed to the full committee.

He also pointed out that the Federal Trade Commission is gathering data from insurers for its report on credit scoring and homeowners insurance. He also noted that Birny Birnbaum of the Center for Economic Justice has asked the National Association of Insurance Commissioners to declare a three-year moratorium on the use of credit scoring by insurers.

The subcommittee also suggested doing additional research to test not only the message points but also the "lexicon" used. Joshua King agreed to assist the subcommittee by reviewing proposals submitted by vendors. Dr. Hartwig requested a thorough analysis of the cost of the research and what might be gained from the expenditure before considering proceeding.

### **c. Measurement Subcommittee**

John Novaria reported that the subcommittee suggested that I.I.I. communications should be measured on whether or not the industry message makes it into the story, rather than simply counting the number of media hits. The subcommittee recommended talking with firms specializing in measurement and analysis. Charles Agin suggested testing one or two messages. John Cusolito suggested using subjects such as credit scoring and the financial crisis for testing rather than the entire communications plan. Madine Singer reported that the I.I.I. had retained the use of Meltwater for 2009 and noted that, based on the I.I.I.'s experience with Biz360, most of the measurement firms do not do a good job of tracking the tone of an article. Meltwater, it should be noted, conducts online tracking. Mr. Novaria volunteered to work with Ms. Singer on the Meltwater project.

## **V. 2009 Communications Plan**

Jeanne Salvatore updated the committee on the status of the I.I.I. 2009 Communications Plan, which was distributed to the group prior to the meeting.

Based on feedback at the November meeting, she reported that the plan has been simplified. The revised plan will focus on two key issues: credit scoring and the financial crisis. Lastly, the list of the quarterly tactics in the 2008 plan has been eliminated. It was replaced by a grid of planned tactics listed by month, each accompanied by a measurement of success as an evaluation.

Ms. Salvatore would like some feedback on the plan before the Executive Communications Committee meeting planned for April 2009 in New York City.

## **VI. Key Issue Discussion**

Roger Morris, National Insurance Crime Bureau (NICB), gave a short presentation outlining NICB's new structure and focus for 2009. This included NICB's legislative goals, which include the creation of an insurance fraud prevention legislation blueprint. NICB also plans to recruit more members from the healthcare industry along with self-insured corporate entities such as Wal-Mart.

Brenda O'Connor, Institute for Business & Home Safety (IBHS), said that in 2009, IBHS will begin construction on its new testing facility in South Carolina. This facility is modeled on the very successful Insurance Institute for Highway Safety Vehicle Research Center in central Virginia. IBHS will embark on a testing program that blows up buildings and sets controlled fires in order to determine which building products and methods best protect families and businesses from disasters.

Nancy Grover, National Association of Mutual Insurance Companies (NAMIC), briefly outlined NAMIC's legislative plan for 2009, which stresses policymaker staff education

designed to emphasize the fact that property/casualty insurers continue to operate normally within the financial services sector and should not be swept into new regulations destined to be counterproductive and a burden to the industry and the public.

Blain Rethmeier, American Insurance Association (AIA), briefly outlined the AIA's legislative agenda, which will be devoted to preventing needless regulation of the industry.

Marguerite Tortorello, Property Casualty Insurers Association of America (PCI), outlined PCI's legislative goals, which also focus on insurance regulation.

Following the individual presentations from the insurance trade associations, there was discussion of how to avoid overlapping and conflicting new regulation of the industry. It was generally agreed that the industry must work together to educate public policymakers and staff about the critical differences between the property/casualty insurance industry and others in the financial services sector.

Mr. Rethmeier also pointed out that a new generation of reporters is largely ignorant when it comes to insurance, and there are many reporters in need of education.

David Hammarström said the industry fears dual-overlapping federal and state regulation and asked the trades how they are planning for this worst case scenario.

Ms. Grover said NAMIC continues to educate the public and government on this issue with coordinated support from the I.I.I. and the other insurance trades.

### **To Do List Generated by the Meeting**

1. Distribute Dr. Hartwig's PowerPoint presentation to the Communications Committee.
2. Arrange for the Executive Communications Committee to meet in April and invite the full Committee.
3. Distribute message points on credit scoring when they are complete and (when updated) distribute new message points on the financial crisis.
4. Conduct a cost/benefit analysis before moving forward with additional research on the issue of credit scoring.
5. Work with the trades on a public policy insurance education campaign.
6. Mr. Novaria volunteered to work with Ms. Singer on the Meltwater project.