

2007 COMMUNICATIONS PLAN

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I. Executive Summary

The following plan provides a framework for Insurance Information Institute (I.I.I.) communications activities in 2007.

This document is a revised Word format version of the PowerPoint presented at the November meeting and includes the suggestions and comments of Communications Committee members.

The I.I.I.'s communications efforts in 2007 will be aggressive, creative and strategic. We will continue to strengthen our existing relationships with the media, educating them on topical issues and providing them with a greater understanding of how the industry works. As part of the I.I.I.'s 2007 media outreach, we are producing a new Handbook for Reporters in a similar format to the Associated Press Style Book and are considering creating an insurance education program for use in journalism schools.

In addition to enhancing our relationship with the media, we will further educate consumers, legislators, regulators, academics, investors and other stakeholders about what insurance is and how it works.

We plan to do this through a variety of strategies and tactics, which include:

- Anticipating emerging issues, alerting member companies and providing communications counsel.
- Aggressively working with the news media to get ahead of the news cycle on key issues.
- Amplifying consumer education activities through I.I.I.'s Web sites, strategic partnerships, new software, polls and research.
- Communicating the industry's financial contributions and community impact.

Communications activities will include:

- **Consumer Communications**
We plan an aggressive consumer education program. This will include the fundamentals of insurance, disaster preparedness outreach and a targeted education effort toward Hispanics. We also view the use of strategic partnerships as an effective vehicle to educate the public about our industry. We have identified a number of organizations that have synergies with I.I.I. and will help us to reach a broader audience.



- **Issues Management**

The issues listed in this plan have been identified by the I.I.I.'s Board of Directors, the Communications Committee and senior staff as priorities for 2007. They are listed in *alphabetical* order since all of them are important to the industry's overall public standing but are of varying concern to individual member companies.

- **Disaster Response**

After a catastrophe, the I.I.I. is prepared to respond aggressively to both educate disaster victims regarding the steps they need to take toward recovery and to position the industry as one of the first responders after a catastrophe. If necessary, the I.I.I. will also serve the industry by providing support for litigation communications.

- **Industry Communications**

The I.I.I. and the Corporate Social Responsibility subcommittee will coordinate a CSR public relations program to raise awareness of the industry's significant contributions to society.



II. Consumer Education

a) Disaster Preparedness

Objective

Communicate to homeowners and business owners that how well they prepare for a disaster will largely determine how fully and quickly they recover from one.

Strategy

Conduct an aggressive disaster preparedness media campaign with a focus on coverage issues.

Broaden I.I.I.'s reach to consumers and other relevant stakeholders by partnering with agents associations and groups such as the American Institute of Certified Public Accountants (AICPA), Federal Alliance for Safe Homes (FLASH), Institute for Business and Home Safety (IBHS), national and state trades, National Flood Insurance Program and the Small Business Administration.

Key Messages

- Individuals and small business owners need to financially protect themselves against all-hazards by purchasing the right type and amount of coverage, including flood and earthquake insurance.
- Simple mitigation measures can protect property, reduce injuries and save lives.
- Individuals and small business owners should have a disaster plan.

Key Tactics

- Continue to educate Northeast residents about the risk of a hurricane and what they need to do to prepare. The I.I.I. will continue to work with state and local emergency managers, regional insurance representatives, disaster aid organizations and the media.
- Produce a Video News Release (VNR) on flood insurance in both Spanish and English.



- Produce a VNR with IBHS on the five inexpensive steps to protect homes from serious storms.
- Reissue VNRs on taking a home inventory and home evacuation preparedness.
- Incorporate poll data and use I.I.I. research as news hooks to demonstrate the risk of various natural disasters and levels of preparedness. Localize information for use by state trades in disaster-prone locations.



b) Purchasing Insurance: What Individuals and Business Owners Need to Know

Objective

Educate individuals and small business owners about what is and is not covered in standard policies and the importance of getting the right amount and type of insurance coverage.

Strategy

Take advantage of “teachable moments” such as natural disasters and other news events to distribute consumer education messages that will resonate with the media.

Use the results of surveys and research on consumer understanding to generate news interest, such as I.I.I. Pulse, Marshall & Swift, Pew data and Insurance Research Council.

Key Messages

- An insurance policy is a contract between an individual or business and the insurance company. The policy clearly states what is and is not covered, along with the rights and responsibilities of both parties under the contract. Every word of the policy has been approved by state insurance regulators.
- Consumers should understand the factors (the car they drive, the area they live in, their credit scores) influencing the cost and availability of insurance coverage.
- Under standard property insurance policies, neither flood nor earthquakes are covered. Separate policies are available for both types of disasters.

Key Tactics

- Utilize the I.I.I.’s Web communications to convey coverage messages in entertaining and compelling ways, (i.e. quizzes, videos) to targeted audiences, such as young people, small business owners and minorities.
- Promote the I.I.I.’s free software tools:
 - Know Your Stuff—Home Inventory Software
 - My Financial House—Personal Finance Software.



- Utilize sections of I.I.I.'s Web site as news hooks, such as the Home Buyers Checklist, the Life Stages tool and the How to Find an Insurance Company Tool.
- Produce a "virtual" insurance book for small business owners with an accompanying video. The I.I.I. will promote these products to both traditional and Web-based media.
- Partner with organizations such as Neighborhood Housing Services and the National African American Insurance Association to foster an broader-based, more diverse approach in I.I.I. consumer communications; link to blogs and Web sites targeted towards specific demographics.

III. Key Issues

a) Challenges to Underwriting Criteria

Objective

Increase awareness of the benefits consumers receive from the use of predictive modeling and other underwriting tools that enhance the accuracy and efficiency of pricing and rating systems.

Strategy

Educate consumers, regulators and legislators on the benefits of predictive modeling and how it works.

Key messages

- Predictive modeling creates a fair and equitable system for all, through a better match between risk and price.
- Unreasonable restrictions on predictive modeling and underwriting criteria in general can have negative consequences such as higher insurance costs and less choice for those purchasing policies.
- Catastrophe modeling helps insurers, reinsurers and risk managers to determine the most accurate risk management and pricing strategies.

Key Tactics

- Develop explanatory materials on predictive modeling and traditional underwriting criteria for use by advocacy trades in key states and in I.I.I. media outreach.
- Support the trades when credit-based insurance scores come under attack. This may include arranging editorial board meetings, writing op-eds and providing expert witness testimony.
- Work with insurance commissioners to further the dialogue about how to best incorporate results of catastrophe modeling into the underwriting and ratemaking process.



- Continue I.I.I.'s credit education program:
 - Embed credit messages in personal finance communications.
 - Update and expand credit related content on the I.I.I. Web site.
 - Partner with consumer organizations.
 - Work with credit organizations such as Fair Isaac and Choice Point.
 - Produce an audio news release on predictive modeling in Spanish and English.

b) Florida Related Issues

Background

The high cost of property insurance in Florida and the lack of availability from the private insurance market are dominant issues in the state's media and among public policymakers. A special legislative session on property insurance will commence in early January. In addition, the regular session of the legislature will be dealing with other important insurance issues, such as the future of the no-fault system.

Further complicating the communications environment is a lack of industry agreement on many key public policy issues and a state insurance association with limited resources.

The subcommittee on Florida communications asked the I.I.I. to develop a plan for the first-quarter of 2007 that would supplement the communications program of the Tallahassee-based industry lobbying organization, the Florida Insurance Council, (FIC) in close coordination with the AIA, NAMIC and PCI.

The development of a more comprehensive communications plan will be discussed by the full committee with the national lobbying trades at its meeting in January.

Objectives

Improve understanding of current market conditions in Florida by providing media and policymakers with the facts behind the high cost of property insurance, including how prices are determined, the role of profits, the risks faced by Florida property owners and their insurers and the contributions of the insurance industry to the overall Florida economy. Develop communications strategies for property insurance and other critical issues, such as no-fault auto insurance, credit scoring and insurance fraud.

Strategy

Coordinate activities with FIC, American Insurance Association (AIA), National Association of Mutual Insurance companies (NAMIC) and Property Casualty Insurers Association of America (PCI). This includes leading the discussion regarding the industry's long-term communications structure in Florida.

Key Messages

- Messages regarding the price and availability of property insurance will be refined based on focus group interviews conducted by the PCI. They will stress the need to find a practical



solution to the state's property insurance problems by working together with state and local governments, builders, realtors, business owners and home owners and acknowledge the financial burden of high property insurance costs.

Key Tactics

(Implementation planned for the first quarter of 2007.)

- Conduct briefing for Florida media on industry financial results and Florida experience on Friday, January 5.
- Produce Fact Book on the industry's contributions to the Florida economy.
- Distribute new white paper on property residual markets.
- Create a Florida-focused insurance information Web site.
- Take part in editorial board telephone briefings on special session.
- Join in statewide media tour in February.
- Participate in town hall meetings on homeowners insurance hosted by Florida newspapers.
- Develop and deliver analyses before legislative bodies at the request of lobbying trades.
- Contribute to op-ed pieces under development by the FIC.
- Participate in briefing at Florida Press Center in Tallahassee.
- Make arrangements for appearances on talk radio programs.

c) Impact of Natural Disasters on the Cost and Availability of Coverage

Objective

Develop comprehensive information on the economics of providing insurance and insurance markets in disaster prone areas for use in targeted media outreach and by advocacy trades, regulators and legislators.

Strategy

Educate the media, regulators, legislators, insurance agents and brokers on insurer operating procedures, financial performance, rate-making, modeling, profitability, capacity, investments and rating agencies.

Key Messages

- If insurers are not able to charge a price that is commensurate with the risk of a disaster, they may be forced to withdraw from the marketplace.
- Natural disasters can put additional pressures on the residual markets.
- Climate change is an emerging issue that could impact the cost and availability of insurance.

Key Tactics

- Educate, through detailed factual financial data, the impact and implications of catastrophes on the insurance industry.
- Co-produce with the Wharton School of the University of Pennsylvania a report, “Insuring and Mitigating Risks of Large-Scale Natural Disasters.”
- Establish a catastrophe modeling forum jointly with Harvard University’s Center for Health and the Global Environment, with forums to take place over three years.
- Develop and continually update information and presentations on the risk of various types of natural disasters; pitch content to business, science and technology reporters.
- Arrange editorial board meetings and write op-eds in coordination with the advocacy trades in disaster prone areas.



- Promote I.I.I. white paper on residual markets. The paper looks at development of FAIR windstorm and beach plans from pre-Hurricane Andrew through 9/11 to post-Hurricane Katrina.
- Publish a paper on climate change in NATO Proceedings.

d) Industry Financial Performance and Market Conditions

Objective

Explain the factors that determine price and availability in key insurance markets, as well as the role of profit and its relationship to the financial strength and claims paying ability of companies.

Strategy

Proactively work with the national business, personal finance and consumer news media to explain why insurer profitability is not only good for insurance companies and investors, but also for consumers and business owners.

Key Messages

- Profits generated in 2006 (and most of the profits in 2005 and 2004) were earned in types of insurance and in parts of the country not affected by hurricane losses.
- Insurers must remain profitable in order to be in a position to pay the millions of claims that can arise from catastrophic events like Hurricane Katrina.
- Profitability is necessary in order to maintain high financial strength and credit ratings.
- Premiums are based on risk.

Key Tactics

- Promote the I.I.I. Insurance Issues Update paper on industry financials and develop additional information from independent sources showing that, despite the mild 2006 hurricane season, the U.S. is in a period of more severe and more frequent hurricanes.
- Promote I.I.I.'s forecasts for Home and Auto Expenditures. The forecasts include discussions of the links between the profitability of auto and homeowners lines and underlying loss drivers and competition.
- Assist state trades in coastal areas such as Florida and Texas to counter the assertion that insurers exaggerate the hurricane risk to raise rates and earn excessive profits.

e) Regulatory Modernization

Objective

Provide balanced and thoughtful information on the issue of regulatory modernization for use by individual insurers and the advocacy trades.

Strategy

Educate reporters and the general public on the two key pieces of federal legislation before Congress in 2007: the optional federal charter (OFC) and the State Modernization & Regulatory Transparency Act (SMART).

Key Messages

- The optional federal charter would establish for the insurance industry a regulatory structure akin to the one that currently governs U.S. banks: insurers operating in multiple states, which now must be licensed and regulated on a state-by-state basis, would, under this proposal, be able to opt for a federal charter, thereby coming under the jurisdiction of a single, federal regulator.
- Those supporting the optional charter include life insurers, insurers who sell coverage to major corporations, reinsurers and banks that are moving into the insurance business. The National Association of Insurance Commissioners (NAIC) and others oppose passage of the optional charter bill, believing the state-based system of insurance regulation remains the most effective way to provide industry oversight.
- The SMART Act, if enacted, would keep the state-based regulatory system intact while creating national uniform standards in areas such as market conduct, licensing and the filing of new insurance products.
- The 1999 Gramm-Leach-Bliley Financial Services Modernization Act reaffirmed that insurance activities—whether conducted by banks, broker-dealers or insurers—are regulated by the states. The act specifically protected 13 areas of state insurance regulation from federal preemption.

Key Tactics

- Update the I.I.I.'s Insurance Issues Update paper on this topic as the issue evolves.
- Create information as needed for advocacy trades and individual insurers.

f) Terrorism Risk Insurance Extension Act

Objective

Educate targeted media and the public policy community on the need for a long-term solution to the risk of terrorism and the need for a public-private partnership between insurers, reinsurers and the federal government in order to provide complete protection against that risk.

Strategy

Support the advocacy trades by developing information that supports the economic and intellectual arguments for the continued existence of a federal role in the terrorism insurance market. This includes developing a risk-based rationale that explains the specter of a terrorist attack remains and that, without a program like the Terrorism Risk Insurance Extension Act (TRIEA) in place, a large number of insurers would exit the terrorism insurance market altogether.

Key Message (with input from the AIA)

- TRIEA is scheduled to expire on December 31, 2007. After that date, the Treasury Secretary will no longer declare “certified” acts of terrorism; the definition of a certified act will no longer be valid; the \$100 billion cap on insurance industry losses will terminate; and, the federal reinsurance program will no longer offer a backstop for private sector terrorism losses.
- The August 2006 GAO report and the September 2006 report of the Presidential Working Group on Financial Markets (PWG) confirmed that availability and affordability of terrorism risk insurance has improved since the Terrorism Risk Insurance Act (TRIA) was enacted in November 2002, but that the potential long-term development of the private terrorism risk insurance market in the absence of a federal backstop is questionable.
- While the legislation doesn’t expire until the end of 2007, the consequences of congressional inaction will be felt much sooner, due to operational realities of the insurance market. Many commercial insurance contracts are negotiated months ahead of the policy’s inception date. (For example, 2007 policy renewal discussions begin as early as September 2006.) As a result, time is of the essence—if Congress does not act quickly, market “dysfunction” will become apparent and grow throughout 2007.
- The majority of 2007 commercial insurance policy renewals have policy terms that run beyond TRIEA’s expiration date; today. Because the backstop may terminate during the life of these policies, insurers and policyholders will be exposed to additional terrorism risk that



did not exist during the time the federal backstop was in place and the contract was negotiated.

- If TRIEA expires without a replacement for the vital reinsurance capacity that it supplies, each insurer would be forced to reevaluate its ability to provide any terrorism coverage beyond 12/31/07.
- Conditional policy “endorsements” help insurers and policyholders manage potential coverage problems posed by the 12/31/07 “hard ending” of the federal backstop by providing critical tools needed now to make underwriting decisions on terrorism coverage in an uncertain post-TRIEA environment.
- Conditional endorsements provide insurers with options: to exclude all terrorism losses; exclude only terrorism losses related to nuclear, chemical, biological and radiological terrorism acts; or to cover terrorism losses up to a specific sub-limit for the coverage period extending beyond the expiration of TRIEA.
- Additional endorsements neither apply to workers’ compensation, nor invalidate Standard Fire Policy statutes that require insurers to cover any fire resulting from terrorist attacks. Such laws exist in over a dozen states that comprise well over half of the commercial property market in the U.S.

Key Tactics

- Update I.I.I. white paper and presentations on terrorism and insurance after the November election; post information on the I.I.I. Web site for use by advocacy trades, members and the media.
- Update I.I.I. white paper, “Public/Private Mechanisms for Handling Catastrophic Risks in the United States.”
- Communicate messages to key audiences: media, academics, private business groups, legislators and regulators.
- Coordinate communications activities with the advocacy trades.
- Develop op-eds and arrange editorial board meetings in coordination with the advocacy trades to advance industry’s support for a long-term solution for terrorism risk.
- Pitch stories on TRIEA to trade publications outside the insurance industry, highlighting what would happen if the right long-term solution is not found.



- In coordination with the advocacy trades, create presentation and educational materials to provide to legislators, regulators and opinion leaders.



IV. Disaster Response

a) Post-Disaster Consumer Communications

Objective

Create public awareness that the industry is responding rapidly, effectively and compassionately to the needs of its policyholders following a natural catastrophe, and that it has the financial strength to pay claims.

Strategy

- Position the insurance industry as one of the first responders when a disaster strikes.
- Work closely with I.I.I. member companies to communicate their activities in the disaster zone.
- Cultivate relationships with the local media and community based organizations in the disaster area.

Key Messages

- The insurance industry has the financial resources to pay the claims for this and other disasters.
- Explain to consumers how to file a claim and how to prepare for an adjuster's visit after a disaster.
- The insurance industry's number one goal is helping customers recover as quickly as possible. An army of adjusters has begun adjusting claims in the areas accessible to them. Others are gathered in staging areas prepared to move into the most seriously damaged communities as soon as civil authorities allow.

Key Tactics

- Direct media and consumers to the I.I.I.'s disaster information Web sites, disasterinformation.org and hiic.org (Hurricane Insurance Information Center).
- Report loss estimates to distribute to the media by working with modeling agencies, insurance company catastrophe coordinators and affected state trade associations.



- Set up locally based disaster information centers in coordination with member companies and national and state trade associations.
- Distribute post-disaster news releases.
- Produce and distribute an I.I.I. “Insurance Minute” VNR on how to file an insurance claim, to be distributed to local media in the disaster zone.

b) Litigation Public Relations

Objective

Provide communications support to the insurance industry and individual insurance companies when legal cases are tried in the media. In the beginning of 2007, the focus will continue to be on Hurricane Katrina related issues. The I.I.I is also prepared to provide aggressive communications support on this and other insurance issues such as asbestos liability.

Strategy

Use strategic communications before litigation gets underway, during the trial process and after it terminates. As part of this process, we will target specific external audiences including the “court of public opinion.”

Key Messages

- Insurance policies are contracts. When policyholders and their attorneys try retroactively to change the terms of an insurance contract, they put all contracts at risk.

Key Tactics

- Support—in coordination with the advocacy trades—the industry’s position on key cases.
- Coordinate communications response to support the legal strategies of individual insurance companies.



V. Special Initiatives

a) Corporate Social Responsibility

Objective

Increase the awareness of the industry's significant contributions to society through its diverse corporate social responsibility (CSR) programs.

Strategy

Assist in developing a unified message on the industry's CSR activities, consistent with the strategic and financial situations of individual companies.

Key Tactics

- Working with the Communications Committee, I.I.I. will analyze CSR information collected, looking for themes that can help direct a PR initiative.
- Promote CSR activities in I.I.I.'s *Impact* magazine.
- Use data in the I.I.I. publication, "A Firm Foundation," as a news hook to promote the insurance industry's financial contributions to the U.S. economy. State-specific versions of the book are planned for Florida, Texas and other states as the need arises. A full-length print version of the "A Firm Foundation" is also planned.
- Monitor CSR reporting practices in Europe for relevance in the U.S.



b) Diverse Markets

Objective

The I.I.I. plans to target a variety of diverse markets over the next several years. As a first step in this initiative, we will focus in 2007 on educating the Hispanic community about how insurance works. There will be a special emphasis on disaster preparedness in recognition of the large number of Hispanics who live in catastrophe-prone locations such as California, Florida, Texas and the Northeast.

Strategy

Develop relationships with, and provide information to, the Hispanic media, business associations and community groups to connect the insurance industry with this fast growing population.

Key Messages

- Consumer education and disaster-preparedness messages will be provided in Spanish and delivered in a culturally appropriate manner.

Key Tactics

- Expand the Spanish-language content of the I.I.I. Web site, including quizzes and videos.
- Target Hispanic media in Florida, the Gulf Coast and the Northeast with hurricane preparedness information, including the creation of PSAs.
- Provide Spanish-language communications support for state trades such as the Florida Insurance Council.
- Create a Spanish language personal finance blog.
- Continue to provide content for Terra.com, AOL Latino and MSN Latino.



VI. Timeline

1st Quarter

- Issue analysis of quarterly results
- Release I.I.I. Fact Books
- Update disaster materials and response plans
- Promote I.I.I. blogs and “My Financial House” software
- Advance industry’s messages on profitability along with the cost and availability of insurance
- Issue analysis 2006 year-end results
- Seasonal releases (winter freeze, insuring expensive gifts, fire hazard)
- Implement Florida-specific communications

2nd Quarter

- Issue analysis of quarterly results
- Disaster communications for flood, hurricane and tornado
- Hispanic communications in disaster-prone locations
- Release VNR on flooding and hurricane shutters
- Launch CSR Initiative
- Publish and promote new I.I.I. “Insurance Handbook for Reporters”
- Seasonal releases (flood insurance, teen drivers, ice dams)

3rd Quarter

- Issue analysis of quarterly results
- Hurricane season communications
- Launch “virtual” insurance book for small business owners
- Distribute VNRs on claims filing
- Publish new and updated credit-related content on the I.I.I. Web site
- Seasonal releases (new home buyers, credit education with a focus on college students, pool liability, deer collisions)



4th Quarter

- Issue analysis of quarterly results
- Aggressively focus on TRIEA renewal
- 2007 post-hurricane season communications
- Release 2008 predictions for home and auto insurance rates.
- Seasonal releases (winter-proofing a home, identity theft/holiday shopping)



VII. Evaluation

There will be two forms of evaluation.

1. The I.I.I. will provide a progress report twice a year on the status of the communications plan.
2. The I.I.I. will track the media's coverage of key issues through its media index.