

Annual Consumer Survey: Increasing Risk Awareness

Executive Summary

Neptune Flood’s 2024 consumer survey, conducted in collaboration with the University of South Florida St. Petersburg Customer Experience Lab, provides critical insights into the evolving landscape of flood insurance in the United States. Now in its fifth year, this annual survey captures homeowners’ perspectives nationwide and reflects significant changes in risk perception, insurance adoption barriers, and consumer preferences. Against the backdrop of increasingly severe weather events and rising climate awareness, the survey underscores the growing importance of tailored flood insurance solutions.

Key Insights:

1. **Increased Awareness of Flood Risk:** Following a historic storm season in 2024 with 5 US hurricane landfalls, 77% of respondents assessed their flood risk as increasing, compared to 63.9% in 2023.
2. **Increased Willingness to Invest in Flood Insurance:** Just 2.2% of respondents indicated they would be unwilling to pay higher flood insurance premiums, down from 6.6% in 2023. Consumers are finding more value from flood insurance as a necessary component of homeownership.
3. **Generation Shift in Risk Perception:** Younger demographics, particularly those aged 18-34, exhibit the highest levels of concern, signaling a generational shift in attitudes toward climate resilience.
4. **Barriers to Insurance Adoption:** Nearly 80% of respondents indicated that the perceived expense of flood insurance had deterred them from purchasing homes, while nearly 70% of non-policyholders cited a lack of perceived risk as their primary reason for abstaining.
5. **Geographical Preferences in Flood Insurance Providers:** Preferences for private versus federal insurance providers vary regionally, with Midwestern residents showing a clear preference for private insurers due to higher coverage limits and greater flexibility. Meanwhile, respondents from the Mid-Atlantic region expressed a stronger inclination toward the National Flood Insurance Program (NFIP), citing trust and stability as key factors.
6. **Attractiveness of Comprehensive Coverage Options:** Policy features such as temporary living expense coverage and replacement cost coverage for home contents remain top priorities among respondents. Nearly 90% expressed a willingness to purchase policies offering these benefits.

Trevor Burgess, Neptune Flood’s President and CEO, emphasized the company’s role in leading the private flood insurance market, stating, “These findings highlight both the opportunities and the responsibilities we have as flood insurance industry leaders. By leveraging data-driven insights, Neptune can continue to innovate and deliver policies that empower homeowners to protect their properties and families against an evolving risk landscape.”

Dr. Philip J. Trocchia, Professor at the University of South Florida St. Petersburg Customer Experience Lab, remarked, “The year-over-year trends clearly show a growing awareness of flood risks among homeowners. This heightened awareness, coupled with Neptune’s innovative approach to insurance, presents a unique opportunity to address the gaps in coverage and meet the increasing demand for customized flood protection.”

The survey was conducted in November 2024. Using Qualtrics to construct the questionnaire and Amazon MTurk as the survey tool, the results are comprised of 881 qualified responses across 18 US states. Data validation included rigorous attention checks and reCAPTCHA filters to ensure quality insights. These measures provide robust and reliable findings for year-over-year comparisons.

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Introduction

Since 2020, Neptune Flood and the University of South Florida St. Petersburg Customer Experience Lab have partnered to conduct an annual survey exploring consumer perceptions of flood risk and insurance. The 2024 survey, distributed to 1,576 respondents nationwide, aligns with Neptune's mission to expand flood insurance coverage and promote consumer resilience. With hurricanes and floods dominating headlines, this year's survey sheds light on significant shifts in public sentiment. These shifts underscore the critical need for tailored solutions and proactive education to address gaps in understanding and accessibility within the flood insurance market.

Methodology

The survey was conducted in November 2024 using Amazon MTurk and included a representative sample of flood-prone states across four regions: Western, Mid-Atlantic, Midwest, and South/Gulf. After stringent data validation, 881 responses were deemed usable. Respondents ranged in age from 21 to 81, with a median age of 35.6 years. Gender skewed predominantly male (65%), reflecting a notable shift from prior surveys. Data validation included rigorous attention checks and reCAPTCHA filters to ensure quality insights. These measures provide robust and reliable findings for year-over-year comparisons.

Key Findings

1. Increased Awareness of Flood Risk

Seventy-seven percent of respondents perceive greater flood risk for their primary residences compared to previous years, up from 63.9% in 2023. Younger respondents (ages 18-34) expressed the highest levels of concern, aligning with predictions of heightened climate impact. This upward trend in awareness offers Neptune an opportunity to position itself as an industry leader in providing relevant, data-driven insights and practical solutions for diverse demographic groups.

2. Barriers to Insurance Adoption

Affordability remains a critical challenge:

- 80.7% reported that the cost of flood insurance had deterred a home purchase.
- 67.2% of non-policyholders cited a lack of perceived risk as the primary reason for abstaining.

These results underscore the need for targeted education and cost-reduction strategies. Furthermore, it highlights the importance of bridging the gap between perceived and actual risks through innovative communication and policy adjustments that make flood insurance more accessible.

3. Preference for Private Insurance

Regional differences are pronounced in insurer preference. Midwestern residents displayed a 50.3% preference for private insurers due to higher coverage limits and flexible policies. Conversely, 64.3% of respondents from the Mid-Atlantic region favored the National Flood Insurance Program (NFIP) for perceived stability and trust. This regional variation indicates the importance of geographically tailored marketing strategies that address local concerns and preferences.

4. Importance of Policy Features

Temporary living expense coverage ranked highly among desired features, with 89.4% indicating a willingness to purchase policies offering this benefit. Replacement cost coverage for home contents remains another top priority. These findings emphasize the need for policies that go beyond basic coverage to meet evolving consumer demands.

5. Shifts in Rebuilding Intentions

In 2024, 35.5% of respondents stated they were very likely to rebuild in the same location if their homes were destroyed, a significant increase from 27.4% in 2023. This reflects greater confidence in insurance solutions mitigating financial loss. Neptune Flood's commitment to supporting rebuilding efforts with comprehensive coverage can solidify its role as a trusted partner in disaster recovery.

Year-Over-Year Comparison

- **Flood Risk Perception:** Marked increases in perceived risk, especially among younger and Midwestern respondents, suggest growing climate awareness.
 - **Willingness to Pay More:** A significant reduction in those unwilling to pay higher premiums, from 6.6% in 2023 to 2.2% in 2024, highlights a shift toward greater valuation of insurance as a necessity.
 - **Barriers to Adoption:** The rising influence of cost and mandatory requirements as decision factors indicates a need for strategic interventions to ease these barriers.
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Opportunities for Growing the Flood Insured Base

1. Education and Awareness Campaigns

Focus on enhancing consumer understanding of flood risks by utilizing tools like online flood assessments, interactive maps, and community-specific risk projections. Educational initiatives should also address common misconceptions, such as the belief that standard homeowners' insurance covers flood damage. Leveraging localized data can help personalize outreach efforts, making risks more tangible for consumers.

2. Incentivizing Flood Mitigation Measures

Modern building codes mandate advanced flood mitigation measures in high-risk areas. Encouraging compliance with these codes, alongside educating homeowners on the advantages of retrofitting older homes to meet current standards, significantly decreases property vulnerability and reduces insurance premiums. These proactive steps not only safeguard individual properties but also contribute to broader community resilience and economic stability.

3. Expanding Product Features

Continuous innovation in product offerings remains essential to ensure alignment with increasing flood risk. Product features such as temporary living expenses, replacement cost coverage, and coverage for unattached structures like garages or sheds are important in providing consumers with a comprehensive and valued product. Streamlining the purchasing process to reduce complexity and improve transparency also ensures that consumers perceive value in the product and experience received.

4. Building Trust Through Agents and Digital Platforms

Work with insurance agents to ensure they have the tools to explain flood insurance benefits effectively. At the same time, improve digital tools so customers can compare plans, assess risks, and get personalized options quickly and easily. Combining human help and smart tech can reach more people.

5. Targeting Underinsured Regions

Identify and prioritize outreach in regions with high flood risks but low insurance penetration. Tailor marketing efforts to address the unique concerns and barriers faced by these communities. Highlight success stories of homeowners who avoided financial disaster thanks to their flood insurance policies.

Conclusion

The 2024 survey demonstrates rising awareness of flood risks and a growing openness to flood insurance solutions. Neptune Flood has a critical opportunity to lead the industry by addressing barriers, enhancing education, and providing innovative, consumer-focused policies. Together, we can build resilient communities and ensure financial protection against the increasing threat of floods. By leveraging these insights, Neptune Flood can solidify its position as a market leader, offering tailored solutions that meet the unique needs of today's homeowners while paving the way for a more secure and resilient future.