Travelers Consumer Risk Index

A new, annual survey of the risks Americans believe are most prevalent in their lives

September 2013
EXECUTIVE SUMMARY

Americans believe their world is growing riskier. From concerns over their financial security and loss of privacy, to personal safety and the increased frequency of severe weather, individuals and families see a number of risks in their day to day lives.

That is why Travelers created the new Consumer Risk Index, an annual survey that provides insight into the types of risks the American public believes to be most prevalent in their everyday lives. By identifying these trends, we can track a host of traditional and emerging concerns and then identify everyday solutions to help Americans properly prepare for the unexpected.

Travelers tapped into its 160-years of experience in risk management and partnered with Hart Research to design the Consumer Risk Index. What we found is that some of people’s biggest concerns did not exist half a generation ago, such as identity theft and distracted driving. On the other hand, some risks also stand the test of time – financial concerns topped the list with 68 percent of respondents saying they worry about financial risks. Whether the risks we face are new or old, we should all be thinking about whether we have taken the appropriate steps to protect our loved ones and our most valuable items.

For more information on the Travelers Consumer Risk Index, including commentary from industry leaders about the issues that are most concerning American households, visit www.travelers.com/riskindex.

“Whether the risks we face are new or old, we should all be thinking about whether we have taken the appropriate steps to protect our loved ones and our most valuable items.”
KEY FINDINGS

While the types of risks individuals and families face are diverse, there was agreement that people feel their world is growing riskier. Following are some of the key trends and findings that emerged from the baseline data for the Travelers Consumer Risk Index:

#1 63% of Americans believe their world is getting riskier.

<table>
<thead>
<tr>
<th>DO YOU BELIEVE YOUR WORLD IS GROWING MORE RISKY?</th>
</tr>
</thead>
<tbody>
<tr>
<td>MORE RISKY</td>
</tr>
<tr>
<td>more risky 29%</td>
</tr>
<tr>
<td>much more risky 34%</td>
</tr>
<tr>
<td>somewhat more risky 63%</td>
</tr>
<tr>
<td>LESS RISKY</td>
</tr>
<tr>
<td>THE LEVEL OF RISK IS NOT CHANGING THAT MUCH</td>
</tr>
<tr>
<td>15%</td>
</tr>
<tr>
<td>21%</td>
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</tbody>
</table>

#2 We live in a world with new risks. Some of the major concerns are things that didn’t exist half a century ago.

#3 Technological advancements may present a double-edged sword, with major concerns emerging around electronic risks, such as computer hacking and identity theft.

#4 Technology-induced distractions are everywhere, creating new risk for both drivers and pedestrians.

#5 Americans believe extreme weather events are occurring more frequently.

#6 Individuals are taking many steps to mitigate risk, often prioritizing security over cost.
THE TOP 5 RISKS

Respondents who said they worry about:

1. Financial Concerns and Risks 68%
2. Risk of personal privacy loss/identity theft 64%
3. Risk of serious health problem 60%
4. Personal safety concerns and risks 44%
5. Extreme weather/natural disasters 43%

Thinking about weather across the U.S., 70% say they feel severe weather is becoming more frequent.

When asked about tech-related risks, 33% worry a great deal about their financial accounts being hacked.
As technology makes it much easier to share information, Americans repeatedly cited concerns over technological risks, such as cyber security and identity theft. With regard to computer- and technology-related risks, Americans were the most concerned about their own or their families’ bank accounts and other financial accounts being hacked.

### TOP TECHNOLOGICAL CONCERNS

<table>
<thead>
<tr>
<th>Concern</th>
<th>Worry a great deal</th>
<th>Worry some</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank/Other Financial Accounts Hacked</td>
<td>64% 33%</td>
<td>31%</td>
</tr>
<tr>
<td>Potential for Identity Theft</td>
<td>62% 31%</td>
<td>31%</td>
</tr>
<tr>
<td>Losing My Personal Privacy</td>
<td>61% 30%</td>
<td>31%</td>
</tr>
<tr>
<td>Losing Confidential Info via Stolen Computer</td>
<td>48% 23%</td>
<td>25%</td>
</tr>
<tr>
<td>Computer/Phone/Tablet Infected with Virus</td>
<td>45% 23%</td>
<td>22%</td>
</tr>
<tr>
<td>Mobile Phone Stolen: Access to Personal Info</td>
<td>45% 20%</td>
<td>25%</td>
</tr>
<tr>
<td>Someone Hacking Into My Computer</td>
<td>45% 18%</td>
<td>27%</td>
</tr>
<tr>
<td>Losing Some/All Stored Data Information</td>
<td>43% 18%</td>
<td>25%</td>
</tr>
</tbody>
</table>
DISTRACTED DRIVING

Technological distractions have launched an entirely new spectrum of personal safety and transportation risks, including drivers’ and pedestrians’ use of mobile devices. When asked...

- **84%** of Americans are concerned about distracted driving, and over half consider it a major concern.

- Most are worried about the other drivers on the road. **31%** feel concerned about getting into an accident due to their own distraction from a cell phone or other device.

- **55%** are concerned about distracted pedestrians—people walking/crossing streets while using technology.

### PEOPLE WHO SAID DISTRACTED DRIVING IS A MAJOR CONCERN, BY AGE

- **45%** ages 18-39
- **50%** ages 40-54
- **60%** ages 55+

### PEOPLE WHO SAID DISTRACTED PEDESTRIANS IS A MAJOR CONCERN, BASED ON WHERE THEY LIVE

- **19%** suburban
- **27%** rural
- **36%** urban
Americans worry about the growing frequency of severe weather. In fact, severe weather is the fifth most prevalent concern among Americans surveyed.

Most individuals believe severe damaging weather events in the United States are occurring more frequently now than in the past few years.

People saying severe damaging weather events across the U.S. are:

- Occurring more frequently now: 70%
- Not occurring more or less frequently: 26%
- Occurring less frequently now: 3%

Many feel that the increasing frequency and severity of extreme weather in their own areas makes the likelihood of damage to their property more likely.

Americans report feeling protected against severe weather incidents:
- 90% are confident their home is properly insured
- 93% reported the same for automobile coverage
EXTREME WEATHER

When considering extreme weather events in their own areas, people living in the South were most likely to say severe weather is more frequent now, followed by the Northeast, Midwest and finally, the West.

CONCERN BY REGION

People who said frequency of extreme weather is increasing locally, according to region:

- Midwest: 30%
- Northeast: 36%
- South: 39%
- West: 21%

CONCERN BY GEOGRAPHIC RISK ZONE

People who said frequency of extreme weather is increasing locally, according to geographic risk zone:

- Tornado Alley: 38%
- Hurricane Zones: 35%
- Blizzard States: 29%
- Brush Fire Areas: 26%
Levels of concern are consistent across geographical regions when it comes to many forms of risk, including financial concerns and risk of personal privacy loss. Americans living in southern states, however, do report greater concern about personal safety as well as extreme weather events when compared to the rest of the country.

### Personal Safety Concerns

People who say they worry about personal safety concerns and risks, according to region:

- **NORTHEAST**: 41%
- **MIDWEST**: 34%
- **WEST**: 44%
- **SOUTH**: 52%

### Extreme Weather and Natural Disaster Concerns

People who say they worry about extreme weather events or natural disasters, according to region:

- **NORTHEAST**: 39%
- **MIDWEST**: 40%
- **WEST**: 34%
- **SOUTH**: 55%
PREPAREDNESS IS KEY

MOST COMMON PREPARATIONS AMERICANS ARE TAKING

- Have done this
  - Install carbon monoxide and smoke detectors: 83%
  - Annual safety check for car: check tires, parts, fluids, etc.: 84%
  - Constantly alert to distracted drivers and pedestrians: 78%
  - Evacuation plan for extreme weather, fire, natural disaster: 52%
  - Store food/water/flashlights for extreme weather, fire, natural disaster: 57%
  - Annual review of auto insurance policy to ensure adequate coverage: 58%

- Have not done, but very likely to do

- Have not done, but somewhat likely to do

PREPARATIONS PEOPLE PERFORM LEAST FREQUENTLY

- Install/use burglar alarm: 34%
- Have flood insurance to cover damage not included in homeowner/renter policy: 22%
- Buy vacation insurance for refund if trip cancelled due to extreme weather, illness, other factors: 17%
CONSUMER CONFIDENCE

Overall, Americans feel confident their homes and cars are properly insured and that they have spent enough time reading and understanding their insurance coverage policies.

90% of Americans feel confident their homes are properly insured:

93% feel confident their automobiles are properly insured:

82% of Americans feel confident they have spent enough time reading and understanding their insurance coverage:

Americans feeling very confident in their home insurance:

- SINGLE: 56%
- MARRIED: 71%
- RENTERS: 48%
- HOMEOWNERS: 71%

Americans feeling very confident in their automobile insurance:

- SINGLE: 60%
- MARRIED: 81%
- SUBURBS: 80%
- CITY: 66%
SURVEY METHODOLOGY

METHODOLOGY

Hart Research conducted a national telephone survey from May 20—June 2, 2013, among 806 adults nationwide. The survey was commissioned by Travelers and has a statistical margin of error of +/-3.5 percentage points. The margin of error will be higher among subgroups, and sampling error is just one form of error or bias that can affect survey results. For complete survey results, please visit www.travelers.com/riskindex.

Regional Divisions
Northeast: ME, NH, VT, MA, RI, CT, NY, PA, NJ; Midwest: WI, MI, IL, IN, OH, MO, ND, DS, NE, KS, MN, IA; South: DE, MD, D.C, VA, WV, NC, SC, GA, FL, KY, TN, MS, AL, OK, TX, AR, LA; West: ID, MT, WY, NV, UT, CO, AZ, NM, AK, WA, OR, CA, HI

Geographical Risk Zones
Tornado Alley: SD, IA, NE, KS, MO, CO, NM, OK, TX; Hurricane Zone: FL, TX, LA, MS, AL, GA, SC, NC, VA, MD, DE, PA, NJ, NY, CT, RI, MA; Brush Fire Area: CA, AZ, NM, CO, UT, WY, MT, ID, WA, OR, TX, NV; Blizzard Area: ID, WY, ND, SD, MT, CO, NE, KS, MO, IA, MN, MI, IN, NY, VT, MA, NH, RI, CT, ME, PA, OH, WV, MD

ABOUT HART RESEARCH

Hart Research Associates is one of the leading survey research firms in the United States. Now in its 42nd year of operation, the firm has conducted well over 7,000 public opinion surveys and has administered and analyzed interviews among more than four million individuals in that time. Hart Research also has undertaken more than 6,000 focus group sessions. Our client base represents five major sectors of society: nonprofit institutions and advocacy organizations, labor unions, politics and public policy, business and industry, and the media. For more information, visit www.hartresearch.com.

ABOUT TRAVELERS

The Travelers Companies, Inc. (NYSE: TRV) is a leading property casualty insurer selling primarily through independent agents and brokers. The company’s diverse business lines offer its global customers a wide range of coverage in the auto, home and business settings. A component of the Dow Jones Industrial Average, Travelers has more than 30,000 employees and generated revenues of approximately $26 billion in 2012. For more information, visit www.travelers.com.

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