



**Researching Consumer Interests**

***The Journal of Consumer Affairs***  
**Press Release**

**Title of Article:**

Perceptions of Home Insurance and Policy Directions: Comparing Mexican Americans and Non-Hispanic White Americans

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**Concise Statement of Impact or Importance:**

A Significant number of homes in the US are either uninsured or underinsured. This study shows how the perceptions of home insurance differ between Whites and Mexican Americans. The former consider home insurance as coverage against potential damages and injuries, whereas the latter view home insurance as a cost burden. Our study offers several action plans to guide public policy in its endeavors to inform and empower minority homeowners.

**Google Key Words or Tags for Search Engine Optimization (SEO):**

Perceptions of home insurance, Mexican American home insurance, insurance as a cost, insurance as a cover, ethnicity and perception of home insurance

**Summary:**

Unlike driving a car, consumers can legally own a home without acquiring home insurance. Sure enough, the number of uninsured homes in the U.S. has exceeded the 4-million mark (insurance information institute, 2019). In addition, 22% of all insured homes are severely underinsured; especially when a mortgage is involved in the purchase of a home and the lender has force-placed an insurance on the property because the borrower's home insurance is canceled, has lapsed, or is considered insufficient (Consumer Financial Protection Bureau, 1996). Apart from being far more expensive than insurance policies acquired by consumers, force-placed insurance mostly covers the outstanding amount due on the loan, which protects the lender's but not the homeowner's interest (Cronkite, 2016).

## THE JOURNAL OF CONSUMER AFFAIRS

JCA, a journal concerned with cutting-edge research on consumer well-being, is sharing a brief, non-technical summary of a recently accepted article of interest to policy makers, other researchers, non-governmental organizations also interested in consumer well-being, government agencies, and the general public.

### For Immediate Release

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The existence of uninsured and underinsured homes is due to a complex interplay among various socioeconomic and cultural factors, which unsurprisingly have a more severe impact on minority and vulnerable groups. Prior research on home insurance has largely focused on supply side factors, and we know little about demand side attributes of this market, especially about the disparities attributable to cultural differences rooted in diverse structural and institutional circumstances in which minority homeowners often find themselves. These circumstances tend to shape differential perceptions of insurance across different segments of society. This article demonstrates that, despite seemingly more equitable industry practices, ethnic homeowners (Mexican Americans in this study), relative to the majority White population, have a greater tendency to view home insurance as a cost burden (as opposed to coverage against potential damages and injuries) and, hence, are more vulnerable to living with minimal or no home insurance coverage. The difference persisted even after accounting for personal, household, property, mortgage, and natural calamity factors.

We argue that both insurance providers and legislatures and regulators can improve and do more in the way of availing vital direct-to-consumers informational resources, online and in print, that demonstrate the necessity and benefits of home insurance (Barseghyan et al. 2011). Consumer guides are already available in many states that provide information on the prices and types of products offered by insurance companies. Federal guides also provide information on flood insurance offered by FEMA. But state insurance commissioners could also provide reports on the numbers and prices of policies that companies write by neighborhood (perhaps using census tracts) so consumers know which companies are serving their communities.

Mass media campaigns constitute one of the best means of extending public education (Ratcliffe, Cairns, and Platt 1997). They may also be effective in stimulating the reluctant and vulnerable consumers to obtain appropriate home insurance policies. In anti-smoking programs, mass media campaigns have been more effective when combined with dedicated telephone helplines (Wakefield and Borland 2002). Smokers' quitting success rate doubles when such helplines are utilized (Zhu et al. 2002). Likewise, telephone helplines can help inform consumers about insurance policy pricing, claim payments, and perceptions of insurance.

We offer several action plans to guide public policy in its endeavors to inform and empower minority homeowners. These include: Improving and Extending Communications; Aligning Communications with Homeowners' Beliefs and Aspirations; Engaging Faith-Based and Neighborhood Communities; Establishing Home Insurance Day/Month; Augmenting and Leveraging Insurance Licensing Exams; and Diversifying the Portfolio of Home Insurance Products.

For the full article please refer to: