



Nationwide®

October 2022

Nationwide Economic Pressures Survey Report

RESEARCH OBJECTIVES

PURPOSE

Research affiliate Edelman Data & Intelligence (DxI) has been engaged to conduct a survey among consumers, independent insurance agents, and small business owners. The survey will allow us to dive deeper into responses to current economic pressures, including how the market is impacting decisions on home and automotive insurance policies. The findings will provide Nationwide agents with an opportunity to counsel their clients on the importance of maintaining their policies, especially in this economic climate, and how they can adjust based on changing business needs and budgets.

The data will be used as easily shareable insights and create greater visibility for Nationwide through earned media and for marketing purposes.

RESEARCH OBJECTIVE

Explore consumer response to certain economic indicators that are currently pointing to a recession, independent agents' perspectives on what they are seeing/hearing from customers and how they've been counseling their clients, and if business owners are facing the same pressures and are making choices about expenses that can be cut.

SURVEY METHODOLOGY



Audiences

U.S. General Population Consumers

Age 18+, nationally representative by age, gender, race, region

Gen Z Consumers

Ages 18-25

Independent Insurance Agents

Identify as an independent insurance agent. Mix of principals, producers, and customer service reps

Small Business Owners

Business owner of a company with 1-50 employees and less than \$10M in revenue



Sample Size

N=2,000

N=200

N=401

N=401



Methodology

**15-Minute
Online Survey**



Timing

**Survey Fielded
September 6th – 19th,
2022**

KEY FINDINGS - CONSUMERS

1

Consumers have a negative outlook on current economic conditions as well as their personal financial situations

More than half of consumers would rate the following as 'poor' or 'fair': the condition of the U.S. economy overall (76%); the condition of the economy in their own city or region (67%); their personal financial situation (53% Gen Pop, 60% Gen Z). Over 4 in 10 (44%) also report that their personal financial situation has gotten worse over the past 6 months.

2

Consumers expect economic conditions will worsen over the coming months, and few feel prepared to weather a potential recession

Most consumers expect interest rates (68%) and inflation (64%) will increase over the next 6 months. Similarly, roughly two thirds expect the U.S. economy will be in recession within that same time frame (67%) and over half (55%) believe the U.S. stock market will decline. However, less than 4 in 10 consumers, and even fewer among Gen Z, feel prepared to weather a recession within the next 6 months (37% Gen Pop, 23% Gen Z).

3

Inflation and economic uncertainty are top financial concerns among consumers – and are negatively impacting mental health

When thinking about their personal finances, roughly 3 in 4 consumers are concerned about inflation / rising living costs (77%) and a recession or economic downturn in the U.S. (71%). Many agree their personal financial situation has been negatively impacted by inflation (66%) as well as the uncertain economic environment (49%) over the past 6 months. And similar proportions report inflation (54% Gen Pop, 64% Gen Z) and the uncertain economic environment (45% Gen Pop, 57% Gen Z) have negatively impacted their mental health – especially for Gen Z consumers.

KEY FINDINGS - CONSUMERS

4 **Consumer behavior is changing as a result of economic uncertainty, with many adjusting their budgets and dining out or driving less to meet their financial needs**

In response to current economic conditions, roughly a third or more of consumers have dined out less frequently (38%), adjusted their budget (36%), reduced the amount they drive (33%), or began to purchase cheaper/different items than they typically would (32%) over the past 6 months to better meet their financial needs. Over the next 6 months, a fifth (20%) of consumers expect to delay or cancel a vacation, while 23% of Gen Z consumers expect to take on another job.

5 **Economic uncertainty has also impacted perceptions of job security, and many are concerned about the future**

Thinking about how a potential recession or economic downturn in the U.S. may impact them, roughly 4 in 10 consumers are concerned about losing their job, being furloughed, or taking a pay cut (40%). And there are signs employer outlooks are weakening. Some employed consumers report that employees at their organization have been asked to take on more responsibilities without additional compensation in the past 6 months (26%) and about 1 in 5 have seen hiring slow down or pause (21%). In addition to taking more responsibilities, younger generations have also experienced reduced hours (33% Gen Z).

6 **Consumers are reconsidering their insurance coverage as tough economic times loom**

Nearly half of consumers expect their insurance premiums to increase over the next 6 months (48%), and most are considering reviewing or have already reviewed their insurance policies (78%). Many have or plan to contact their insurance agent in the next 6 months to discuss coverage (63%) or have already looked or will look for ways to save on premiums for their existing policies (56%). Interestingly, Gen Z consumers are more likely to report they have already decreased or plan to decrease their coverage in the next 6 months (37% vs. 26% Gen Pop), and that they have removed or will remove a policy from their coverage (33% Gen Z vs. 23% Gen Pop).

KEY FINDINGS - SMALL BUSINESS OWNERS

1

Small business owners have a negative outlook on current economic conditions – and most don't feel prepared to weather a potential recession

Less than 4 in 10 small business owners say current business conditions are strong in the U.S. (27%) or in their own region or city (36%). Additionally, 70% of small business owners expect there will be a recession in the U.S. within the next 6 months, and most also expect the stock market to decline (64%). Despite this, just 37% of small business owners say their company is prepared to weather a recession.

2

As a result of this economic instability, many small business owners have experienced drops in business revenue over the past 6 months

Only about half (52%) of small business owners would rate the current conditions of their business as being good or excellent. Almost 4 in 10 (39%) say their business revenue has decreased over the past 6 months, with most declines being as high as 30%. However just about 1 in 5 (22%) expect business revenue to decrease over the next 6 months, and those that do anticipate small drops.

3

Inflation and rising prices are the top challenges impacting business conditions today – and most small business owners don't see conditions improving anytime soon

Over half of small business owners (61%) agree inflation has negatively impacted their business in the past 6 months, and a similar proportion see inflation as the largest challenge facing their business over the next 6 months (58%). 7 in 10 small business owners (70%) expect inflation will increase over the next 6 months, in addition to interest rates (76%) and insurance premiums (52%).

4

Small business owners are taking action to protect themselves against economic instability, with many even considering cuts to payroll

Over the past 6 months, many small business owners have looked for ways to reduce business expenses (58%), used personal savings to support their business (38%) or canceled/postposed a major business investment (22%). Additionally, some either have already or plan to pause hiring (38%), hire new workers (28%), or furlough workers/reduce hours (23%). Roughly 4 in 10 report they are not planning to offer raises (42%) or bonuses (41%) to their workers this year.

5

Small business owners are reconsidering their insurance coverage as tough economic times loom

Over 8 in 10 (84%) have reviewed their insurance policies or are considering doing so soon. Of those who currently work with an insurance agent to manage their business's insurance needs (53%), nearly a third (29%) have contacted their agent in the past 6 months to discuss their coverage. About half (51%) of small business owners say they would be at least somewhat likely to decrease their business's current insurance coverage or limits as a way of reducing operating expenses if the country entered a recession in the coming months.

KEY FINDINGS – INDEPENDENT AGENTS

1

In contrast to the negative outlook among consumers and small business owners, independent agents are optimistic about business conditions for their agencies

Less than 6 in 10 producers/CSRs say current business conditions are strong in the U.S. (44%) or in their own region or city (57%), though principal agents have a more positive outlook (US economy: 63%, own region/city: 67%). However, in higher numbers than the other audiences surveyed, more than 7 in 10 agents (78% principal agents, 74% producers/CSRs) would rate the conditions of their business specifically as being good or excellent.

2

Though some principal agents have experienced drops in business revenue over the past 6 months – the majority have seen their revenue increase or hold steady.

In higher numbers than small business owners, two-thirds of principal agents say their business revenue has increased or stayed the same over the past 6 months (67%). And looking ahead to the coming year, 80% anticipate their revenue to increase or stay as is. This is likely due to the fact that 68% of overall independent agents anticipate insurance premiums will increase over the next 6 months.

3

Inflation is a top challenge impacting insurance agents today – and most fear conditions will worsen over the coming months

Over half of principal agents agree inflation and rising prices (57%) have negatively impacted their business in the past 6 months, in addition to interest rate increases (57%). And 35% of principal agents also see inflation as one of the largest challenges facing their business over the next 6 months. Looking ahead, 63% of all independent agents expect inflation will increase over the next 6 months, in addition to interest rates (62%).

4

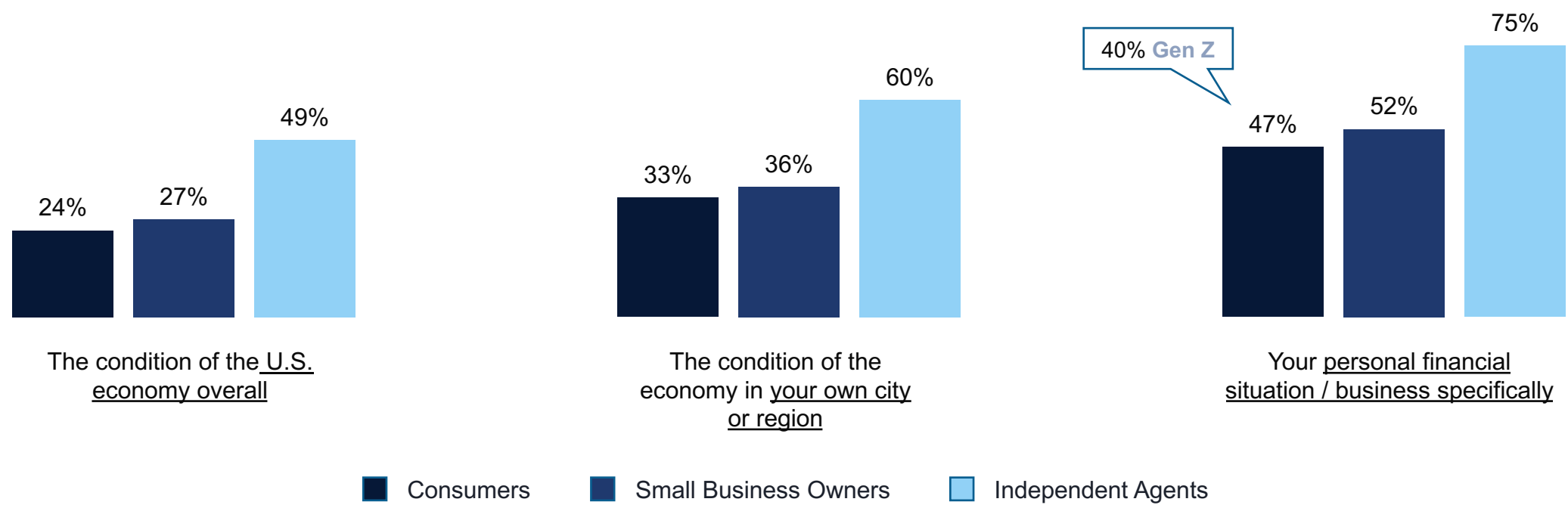
Insurance agents are preparing their clients and businesses for a recession, keeping in mind changes in consumer behavior during past recessions

During past recessions, nearly two-thirds of agents (64%) recall customers reducing their insurance coverage or limits, with personal lines (homeowners insurance, auto insurance, etc.) and financial services (life insurance, annuities, etc.) being most impacted. Agents now see these actions occurring again as a result of current economic conditions. Thinking about the impact of rising interest rates, most independent agents say there has been an uptick in consumers attempting to renegotiate their insurance policies (85%) and that consumer demand for insurance policies has decreased (63%) over the past 6 months. Looking ahead, over half (53%) expect customers to reduce their insurance coverage/ limits in preparation for a potential recession. To address this, three-fourths of agents (76%) have had conversations with customers about rising interest rates and what it means for them.

Economic Landscape & Outlook

Consumers and small business owners have a very negative outlook on current economic conditions, though independent insurance agents have more positive views – particularly for their own agencies

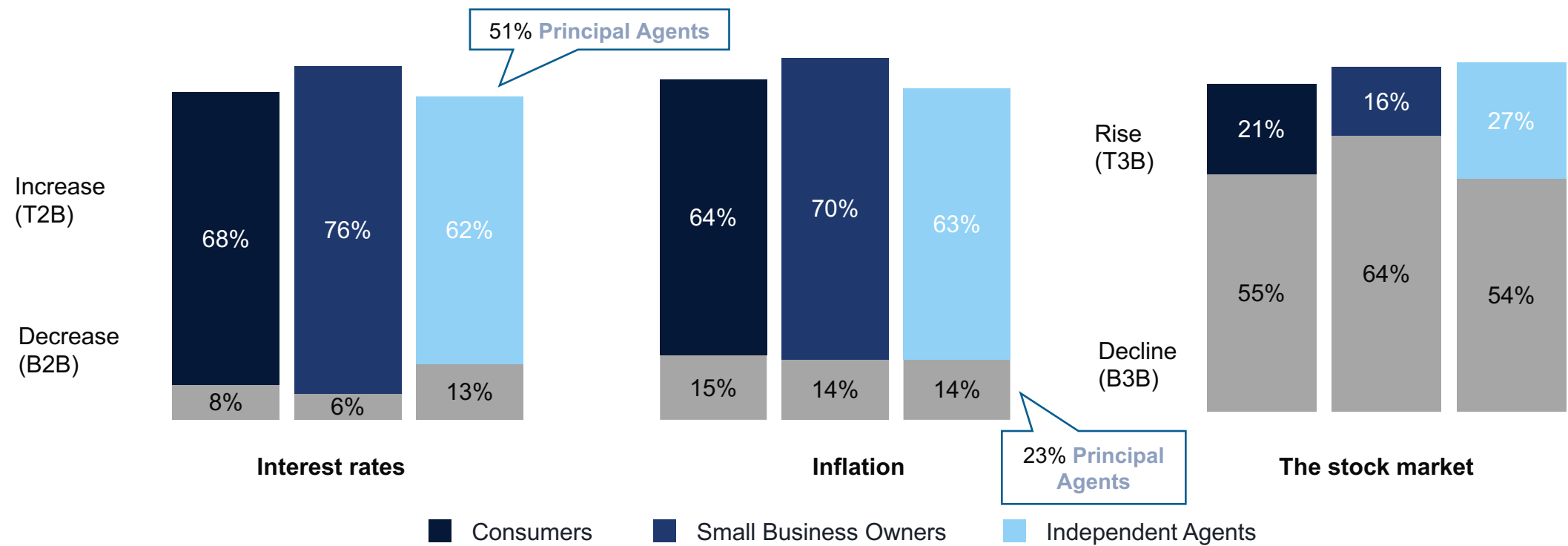
Rating of Current Economic Conditions
(Shown % Selected Top 2 Box ‘Good/Excellent’ on a 4-point scale)



Across audiences, most see interest rates and inflation rising over the next 6 months, while stock market performance is expected to decline

Expected Change in Interest Rates and Inflation Over Next 6 Months
(Shown % Selected, Top 2 Box 'Increase', Bottom 2 Box 'Decrease' on a 5-pt scale)

Expected Change in Stock Market Performance Over Next 6 Months
(Shown % Selected, Top 3 Box 'Rise', Bottom 3 Box 'Decline' on a 7-pt scale)

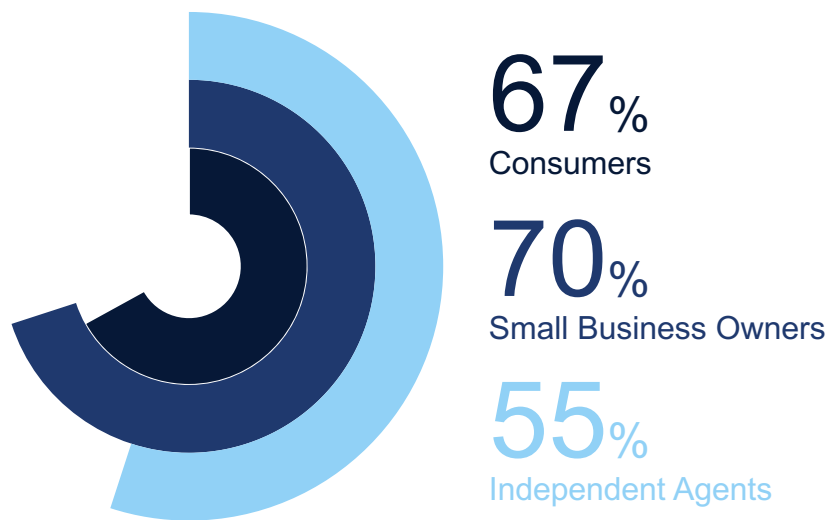


Q8., Q36., Q61. How do you expect interest rates will change over the next six months? Base: Gen Pop Consumers (n=2,000), Small Business Owners (n=401), Independent Agents (n=401), Principals (n=108)
Q9., Q37., Q63. How do you expect inflation will change over the next six months? Base: Gen Pop Consumers (n=2,000), Small Business Owners (n=401), Independent Agents (n=401), Principals (n=108)
Q12., Q41., Q65. How do you expect the US stock market will perform over the next six months? Your best estimate is fine. Base: Gen Pop Consumers (n=2,000), Small Business Owners (n=401), Independent Agents (n=401)

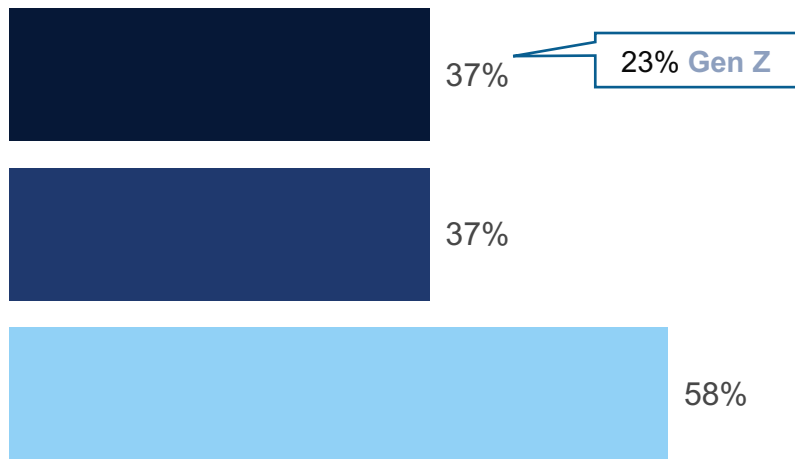
Most expect the U.S. economy will be in a recession within the next 6 months

Few consumers or small business owners feel prepared to weather a coming recession; independent agents are much more confident in their businesses' resiliency.

**Recession Expectation
(within next 6 months)**
(Shown % Selected 'Yes')



Recession Preparedness
(Shown % Selected Top 2 Box 'Moderately/Very Prepared' on a 4-point scale)



■ Consumers ■ Small Business Owners ■ Independent Agents

Q10., Q38., Q64. Do you expect the US economy will be in recession within the next six months? Base: Gen Pop Consumers (n=2,000), Small Business Owners (n=401), Independent Agents (n=401), Principals (n=108); Q11. How prepared would you say you are to weather a recession within the next six months? Base: Gen Pop Consumers (n=2,000), Gen Z Consumers (n=200); Q39. How prepared would you say your business is to weather a recession within the next six months? Base: Small Business Owners (n=401); Q66. How prepared would you say your business/company is to weather a recession within the next six months? Base: Independent Agents (n=401)



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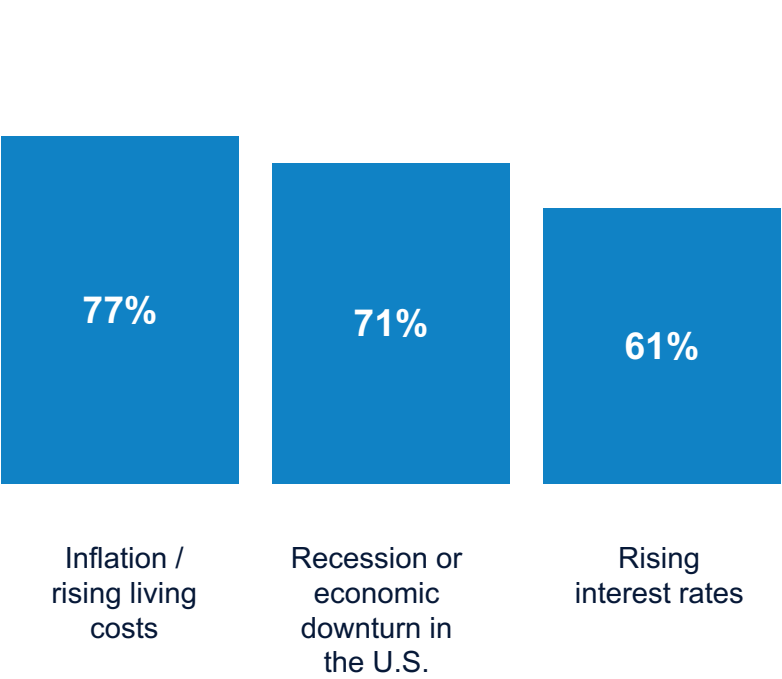
Detailed Findings: Consumers

Consumers are concerned about inflation, rising interest rates, and a possible recession

Just about half of Gen Z consumers feel informed about how to plan for a recession or economic downturn.

Concern About ...

(Shown % Selected, Top 2 Box 'Concerned' on a 5-pt scale)



Knowledge Levels About Key Financial Topics

(Shown % Selected, Top 2 Box 'Very/Somewhat Informed' on a 4-pt scale)

		Gen Pop	Gen Z
1	Inflation / rising living costs	85%	82%
2	Making a monthly budget	82%	83%
3	Insurance coverage	78%	58%
4	Rising interest rates	74%	65%
5	Planning for a recession or economic downturn	67%	53%
6	Investing in the stock market	56%	52%

Q6. Thinking about your own personal finances, how concerned are you currently about the following? Q5. How informed would you say you are about the following topics? Base: Gen Pop Consumers (n=2,000), Gen Z Consumers (n=200)

Beyond basic living costs, consumers' top financial concerns include healthcare expenses and a lack of emergency savings

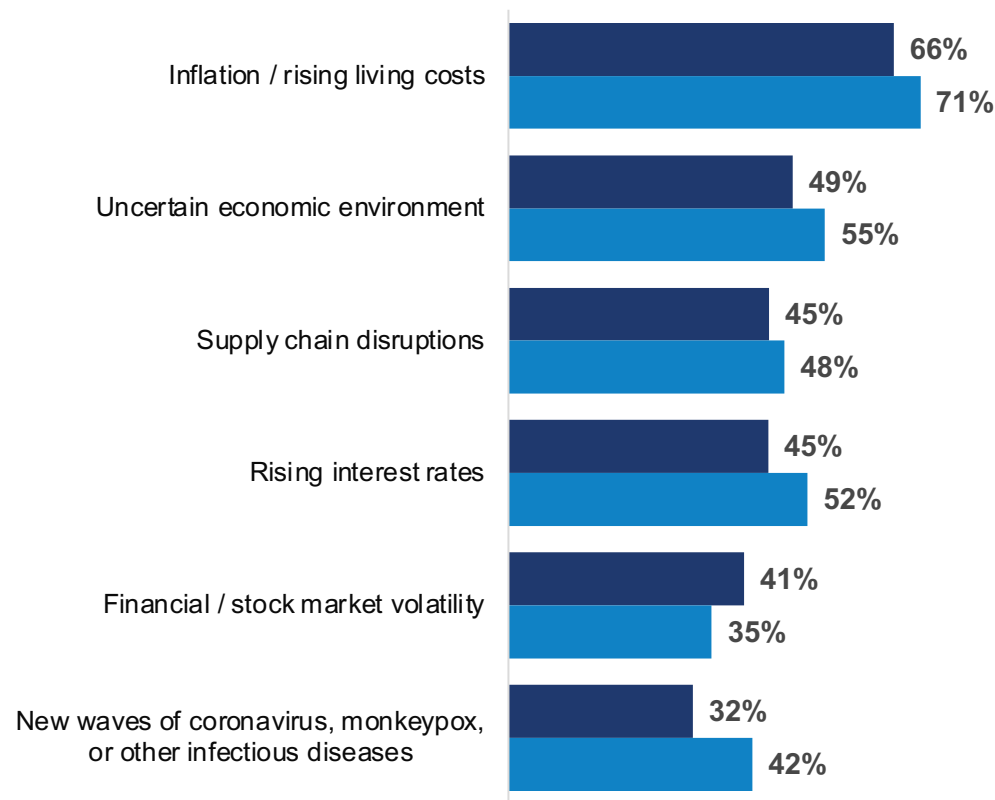
Gen Z consumers are more likely to be worried about housing costs (44%), lack of savings (36%), and unemployment or job loss (31%).

Top Financial Concerns (Shown: % Selected Among Top 5)	Gen Pop	
	Gen Pop	Gen Z
Inflation or rising living costs	60%	50%
Paying for gas	42%	43%
Cost of rent or housing	31%	44%
Healthcare expenses	30%	20%
Lack of savings for unexpected or emergency expenses	29%	36%
Sticking to my budget	25%	28%
Ability to travel for leisure	22%	13%
Managing debt	22%	20%
Inability to financially support family	17%	20%
Not being on track for retirement	17%	8%
Unemployment or job loss	15%	31%
Tax compliance	11%	12%
Poor purchasing or investment decisions	10%	10%
Education expenses	8%	19%
Repaying student loans	7%	16%
Childcare expenses	6%	13%

Inflation and economic uncertainty are negatively impacting consumers' finances and their mental health

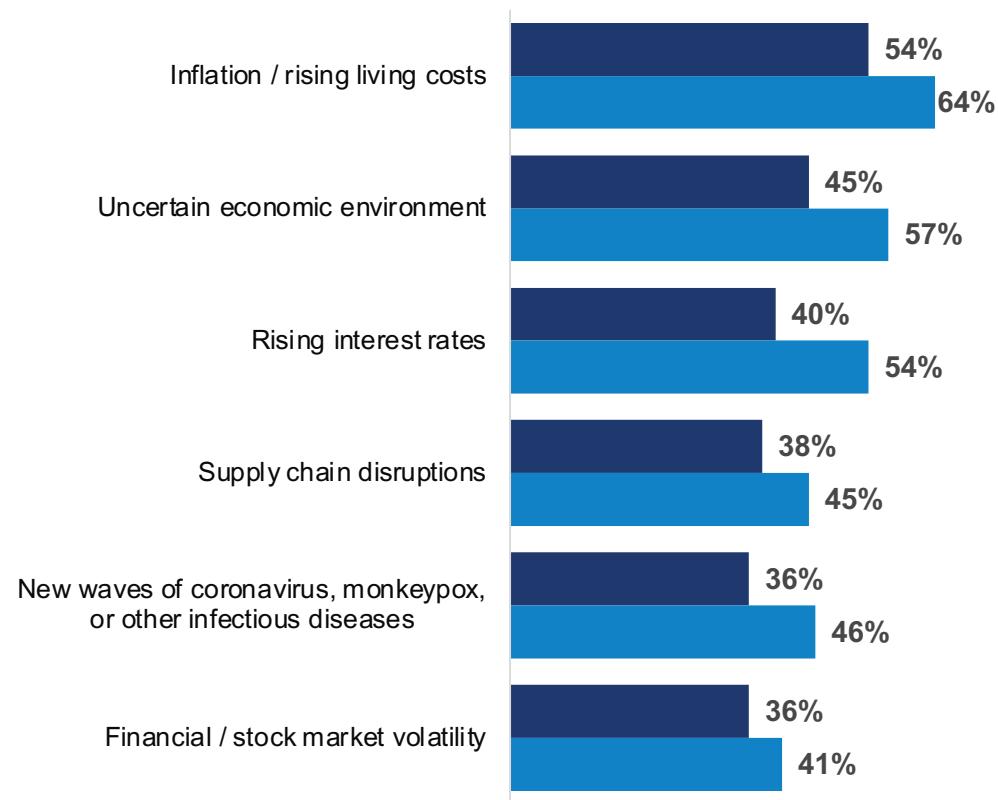
Negative Impact on Personal Financial Situation

(Shown % Selected, Top 2 Box 'Moderately/Extremely Impacted' on a 5-pt scale)



Negative Impact on Mental Health

(Shown % Selected, Top 2 Box 'Moderately/Extremely Impacted' on a 5-pt scale)



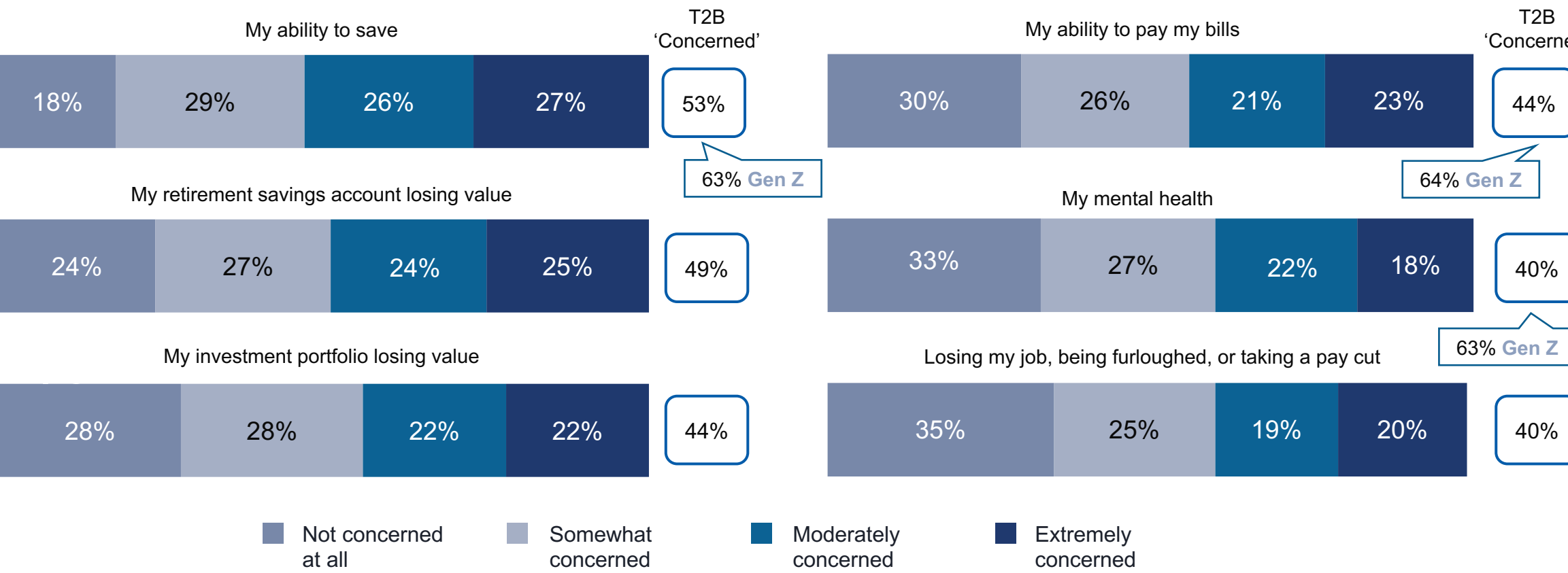
■ Gen Pop Consumers ■ Gen Z Consumers

Q4. Again thinking about the past six months, how much has your personal financial situation been negatively impacted by each of the following conditions? Q7. How much, if at all, have concerns about each of the following conditions negatively impacted your mental health over the past six months? Base: Gen Pop Consumers (n=2,000), Gen Z Consumers (n=200)

Concerns are high about their ability to save and plan for retirement in the event of a recession

Additionally, 40% of consumers are concerned about losing their job, being furloughed, or taking a pay cut. The same proportion say they are concerned about their mental health – including almost two-thirds of Gen Z consumers.

Concerns Related to a Potential Recession
(Shown: % Selected)



Q16. Thinking about how a potential recession or economic downturn in the U.S may impact you personally, how concerned are you about the following? Base: Gen Pop Consumers (n=2,000), Gen Z Consumers (n=200)

In response to current conditions, many consumers are adjusting their budgets and dining out or driving less to meet their financial needs

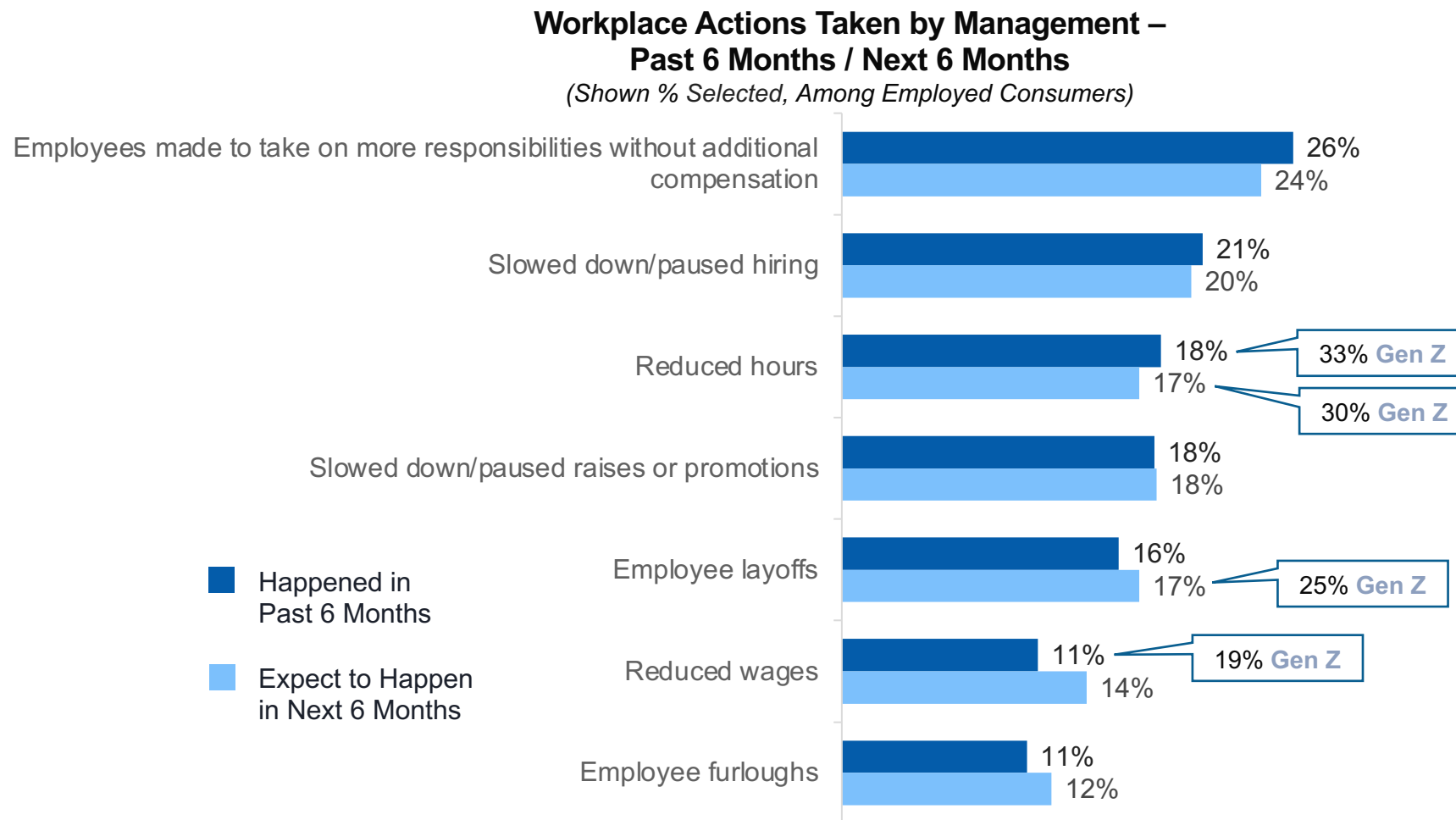
Actions Taken / Planned to Take in Response to Current Economic Conditions to Meet Financial Needs

(Shown: % Selected)

	Done in Past 6 Months		Plan to Do in Next 6 Months	
	Gen Pop	Gen Z	Gen Pop	Gen Z
Dine out (e.g., visited restaurants) less frequently	38%	41%	32%	32%
Adjust my budget	36%	46%	36%	37%
Reduce the amount I drive	33%	32%	26%	19%
Begin to purchase cheaper/different items than I typically would	32%	41%	25%	27%
Decrease the amount I save	25%	26%	17%	18%
Delay or cancel a vacation	22%	22%	20%	11%
Delay or cancel plans to buy a car	15%	14%	13%	10%
Use my credit card points for essential items	14%	20%	13%	14%
Accumulate additional credit card debt	14%	17%	8%	9%
Use "buy now, pay later" apps or services	14%	20%	11%	17%
Receive food or household goods from a food bank	12%	15%	11%	10%
Withdraw funds/take a loan from my retirement savings	9%	8%	8%	9%
Delay or cancel plans to buy a house	8%	6%	7%	10%
Take on another job	7%	18%	14%	23%
Change jobs	7%	13%	7%	19%
Decrease my retirement plan contributions	6%	6%	6%	5%
Relocate or downsize housing situation (for example, moved / move to a different home, apartment, etc.)	6%	12%	6%	9%
Delay starting a family	5%	9%	4%	9%
Delay getting married	4%	10%	4%	7%
Something else	1%	1%	1%	1%
None of the above	15%	6%	20%	11%

Economic uncertainty is impacting the workplace, with hiring pauses and employees being made to take on additional work without compensation

Roughly 1 in 5 employees report being asked to take on more responsibilities without additional compensation in the past 6 months and have seen hiring slow down or pause. Similar proportions expect these employer actions to continue over the next 6 months.



Over half of consumers say they are spending less or delaying large purchases as a result of interest rate hikes

Additionally, roughly half of consumers and 70% of Gen Z consumers agree worries about current economic conditions have negatively impacted their mental health.

Impact of Interest Rate Changes
(Shown % Selected T2B 'Agree')

	Gen Pop Consumers	Gen Z Consumers
I am spending less	72%	75%
I have delayed/postponed large purchases (e.g., house, car, etc.)	56%	64%
Worries about current economic conditions have negatively impacted my mental health	51%	70%
I am having trouble managing debt	40%	52%
I am worried I will have to relocate or downsize my housing situation	35%	50%

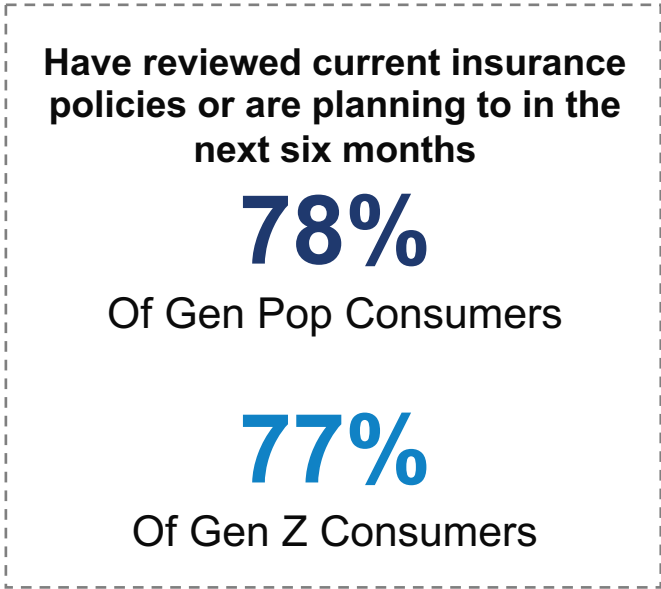
Highlighted text indicates significant difference between groups at the 95% confidence level

Consumers expect insurance premium increases in the coming months – and 3 in 10 say they would decrease their current coverage in a recession

Almost 8 in 10 (78%) consumers have reviewed their current insurance policies or plan to within the next 6 months.

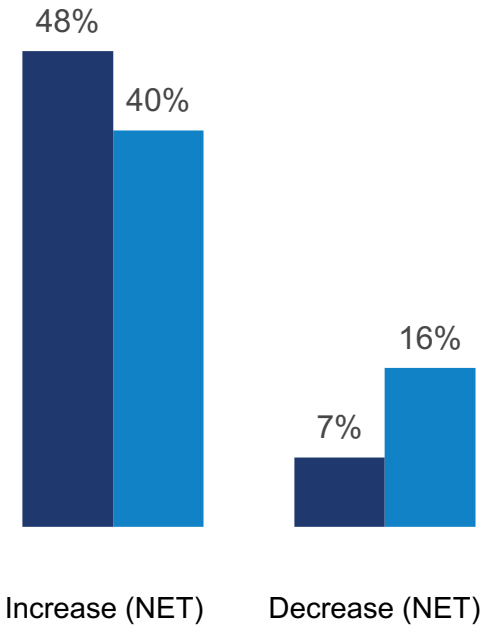
Insurance Policy Reviews

(Shown % Selected T2B ‘Planning to/Have’)



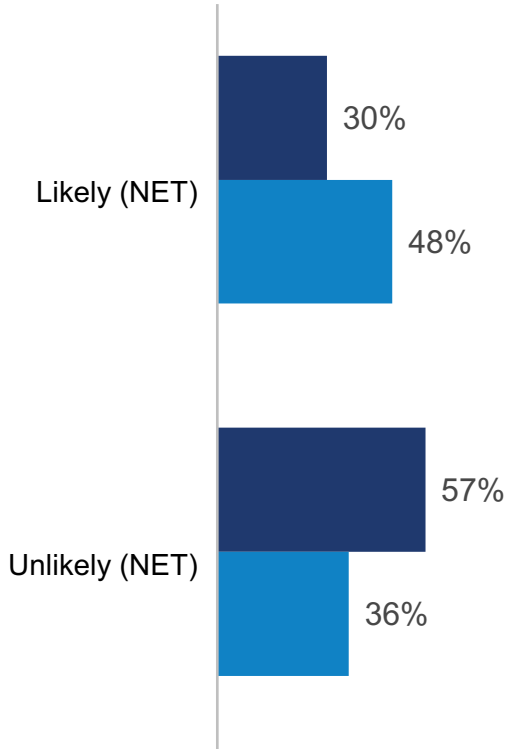
Expected Change in Insurance Premiums (Next 6 Months)

(Shown % Selected B2B ‘Decrease’ and T2B ‘Increase’)



Likelihood of Decreasing Current Insurance Coverage/Limits in the Event of a Recession

(Shown % Selected T2B ‘Likely’ and B2B ‘Unlikely’)



Q24. Thinking about your current insurance policies, have you reviewed any of the policies in the past 6 months? Q25. How do you expect your insurance premiums will change over the next six months? Q28. If the country entered a recession within the next six months, how likely would you be to decrease your current insurance coverage/limits as a way of cutting expenses? Please select all that apply. Base: Consumers who have insurance policies (n=1,912), Gen Z Consumers who have insurance policies (n=189)

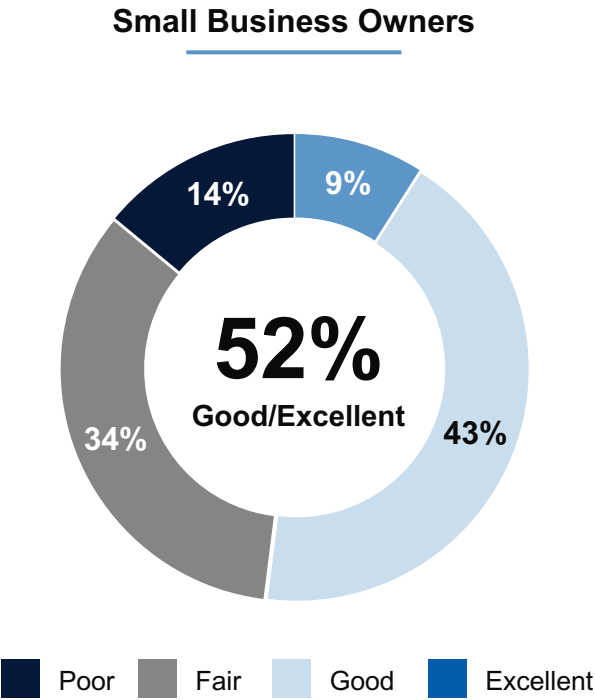


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Detailed Findings: Small Business Owners

6 in 10 small business owners say inflation has negatively impacted them, but half still have a positive view of current business conditions

Current Business Conditions for Respondent's Business
(Shown % Selected)

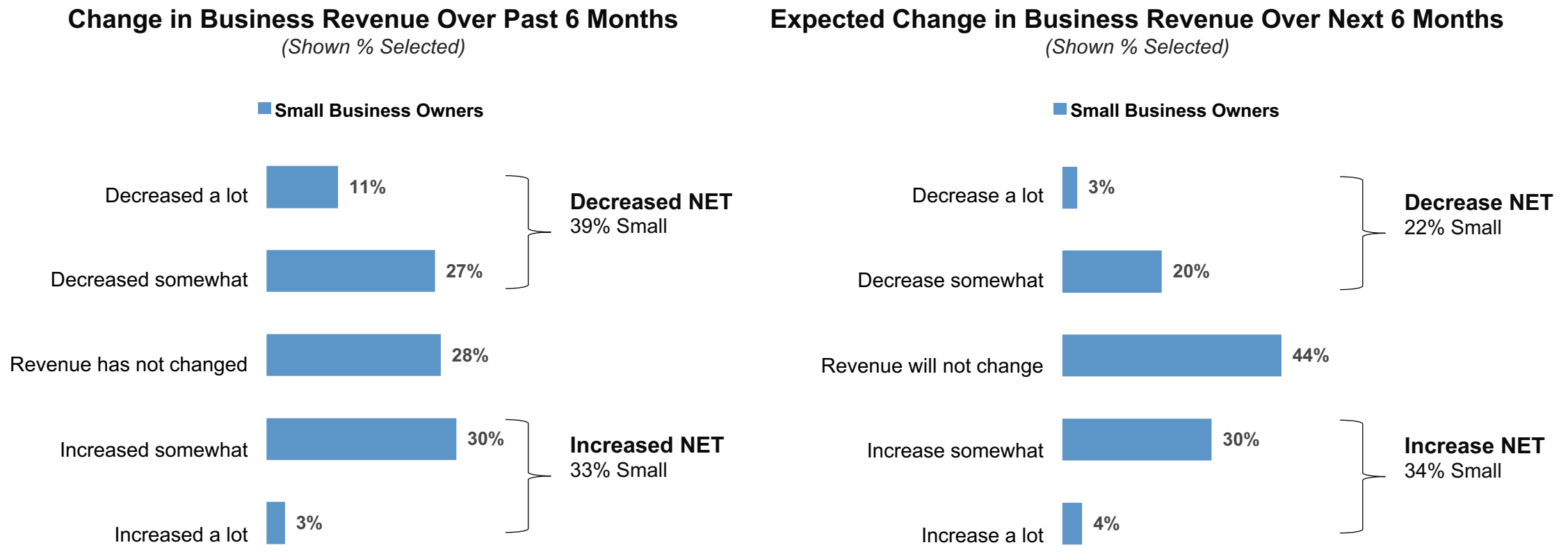


Negative Impact in Past Six Months
(Shown % Selected Top 2 Box 'Moderately/Extremely Impacted')

		SBOs
1	Inflation / rising prices	61%
2	Supply chain disruptions	41%
3	Interest rate increases	35%
4	Tight labor market / scarce labor	26%
5	New waves of coronavirus infections	20%
6	Extreme weather	18%
7	Instability in Europe and other global markets	17%
8	Increased crime on business premises (for example, vandalism or theft)	14%
9	Cyber crime	11%

Q29. How would you rate current business conditions... Q32. Again thinking about the past six months, how much has your business been negatively impacted by each of the following conditions? Base: Small Business Owners (n=401)

Revenue has dropped for two-in-five small business owners, although roughly a third expect increases over the next 6 months



Q30. How has your business's revenue changed over the past six months? Q34. Looking ahead to the next six months, how do you expect your business's revenue will change?
Your best estimate is fine Base: Small Business Owners (n=401)

Still, inflation and rising prices are expected to continue as a pain point for small business owners

Future Challenges for Business

(Shown % Selected within Top 3)

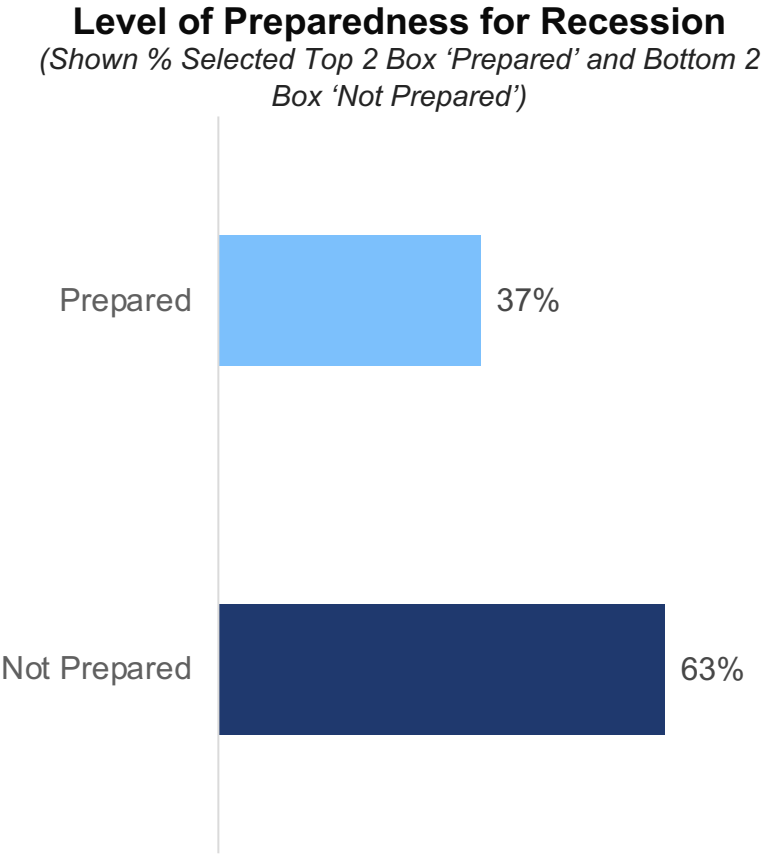
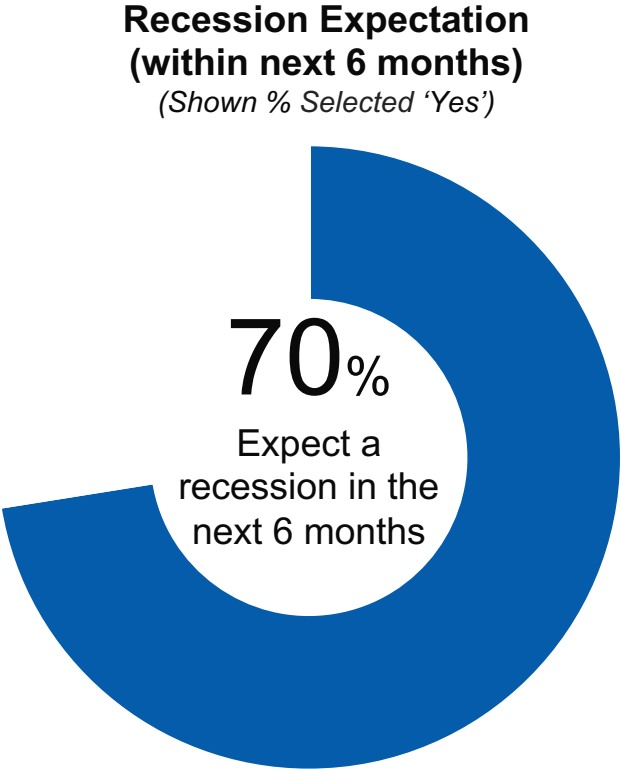
	Small Business Owners
Inflation and rising prices	58%
Uncertain economic environment	32%
Supply chain disruptions	29%
Reaching new customers	27%
Rising interest rates	19%
Cash flow / managing revenue	16%
Declining consumer demand	16%
Taxes and government regulations	14%
Uncertain political environment	14%
New waves of coronavirus infections	13%
Ability to attract and retain good employees	11%
Financial market volatility	9%
Access to capital	7%
The Russia/Ukraine War	6%
Risk management / insurance coverage	2%

51%

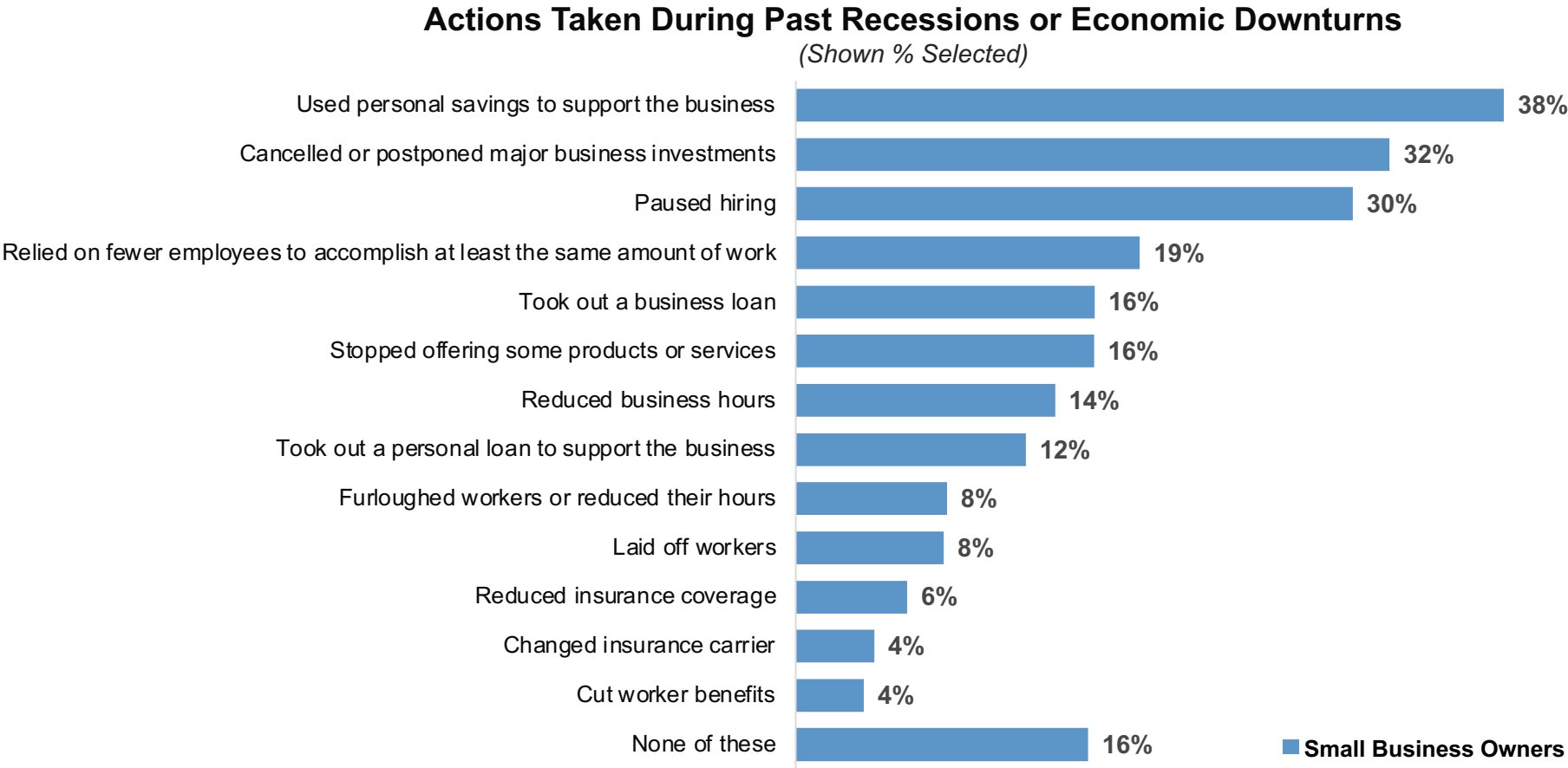


Of small business owners are likely to **decrease their business's current insurance coverage / limits** as a way of reducing operating expenses if a recession occurred

Most small business owners expect a recession within the next six months, yet few say they are prepared for one

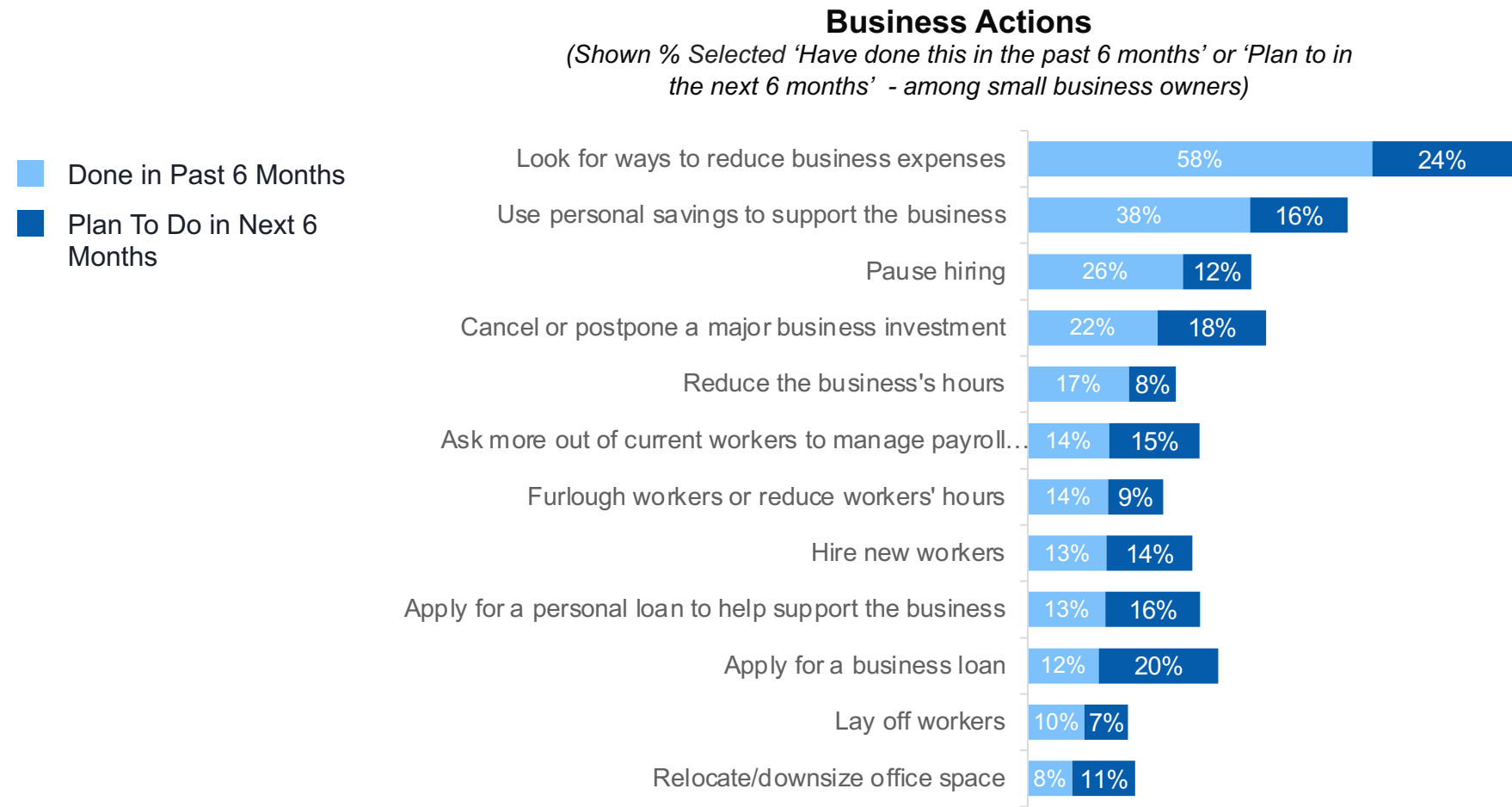


In past recessions, small business owners adjusted their hiring and investment strategies, and used their own money to keep the business operating



Q40. Which of the following actions have you taken during past recessions or economic downturns in order to keep your business operating? Select all that apply. Base: Small Business Owners (n=401)

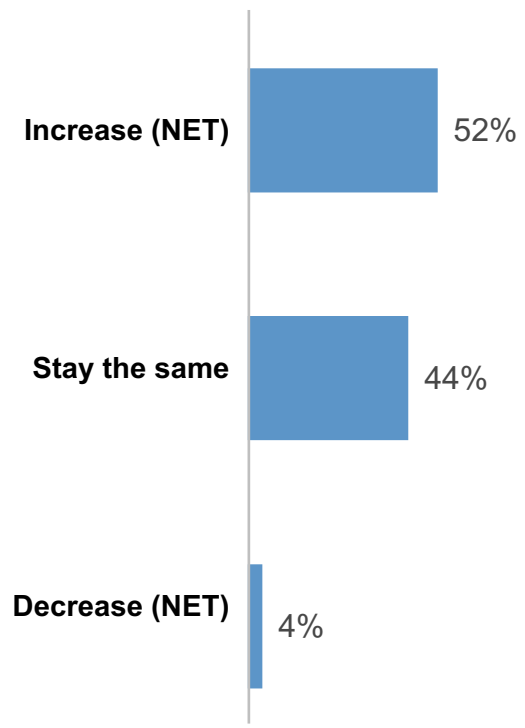
Looking at the next 6 months, reducing business expenses is a top priority



Q43. Which of the following actions relating to your business's operations have you done in the past six months or do you plan to do in the next six months? If an action is not applicable to your business please indicate that. Base: Small Business Owners (n=401)

Half of small business owners expect their insurance premiums to increase in the coming six months

Expected Change to Business Insurance Premiums
(Shown % Selected T2B Increase and B2B Decrease)



Actions Taken within Past Six Months
(Shown % Selected)

Checked my insurance policies online	45%
Contacted my insurance agent to discuss my coverage	29%
Decreased coverage/limits on my existing insurance policies	11%
Asked my insurance agent to have my policy requoted by different carriers to find a better price or coverage	10%
Increased coverage/limits on my existing insurance policies	10%
Talked with my agent about the impact of inflation or supply chain disruptions on my insurance rates	10%
Removed a policy from my coverage	6%
Added a new cyber liability policy to my coverage	5%
Added another type of policy to my coverage (other than cyber liability)	5%
None of the above	26%

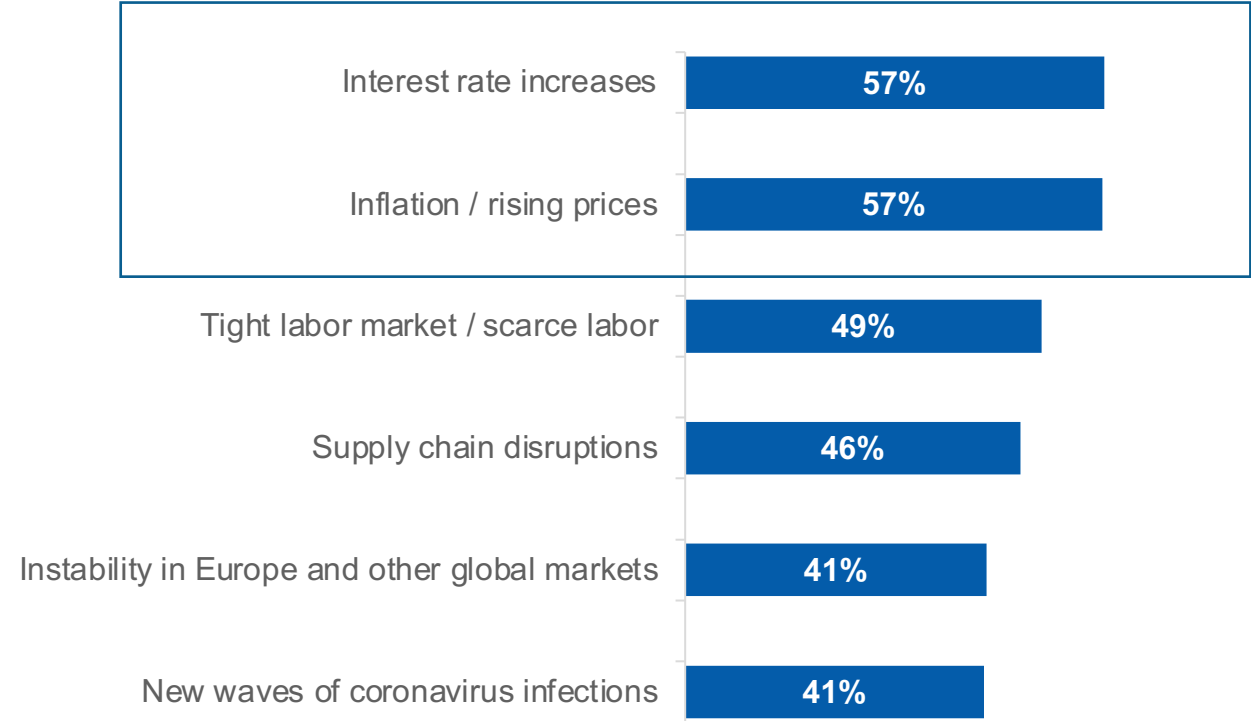
84%

Of small business owners have reviewed current insurance policies or are planning to in the next six months

Detailed Findings: Independent Insurance Agents

Despite having a more positive outlook on current business conditions, principal agents report negative impacts from inflation, interest rate hikes, and a tight labor market

Negative Impact on Business in Past 6 Months
(Shown % Selected, Top 2 Box 'Moderately/Extremely Impacted')



Q56. Again thinking about the past six months, how much has your business been negatively impacted by each of the following conditions? Base: Principals (n=108)

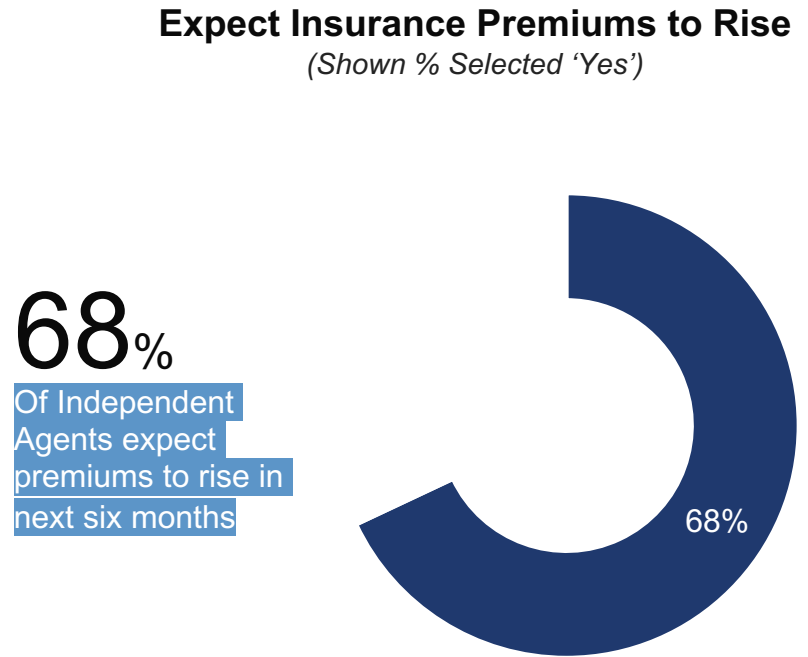
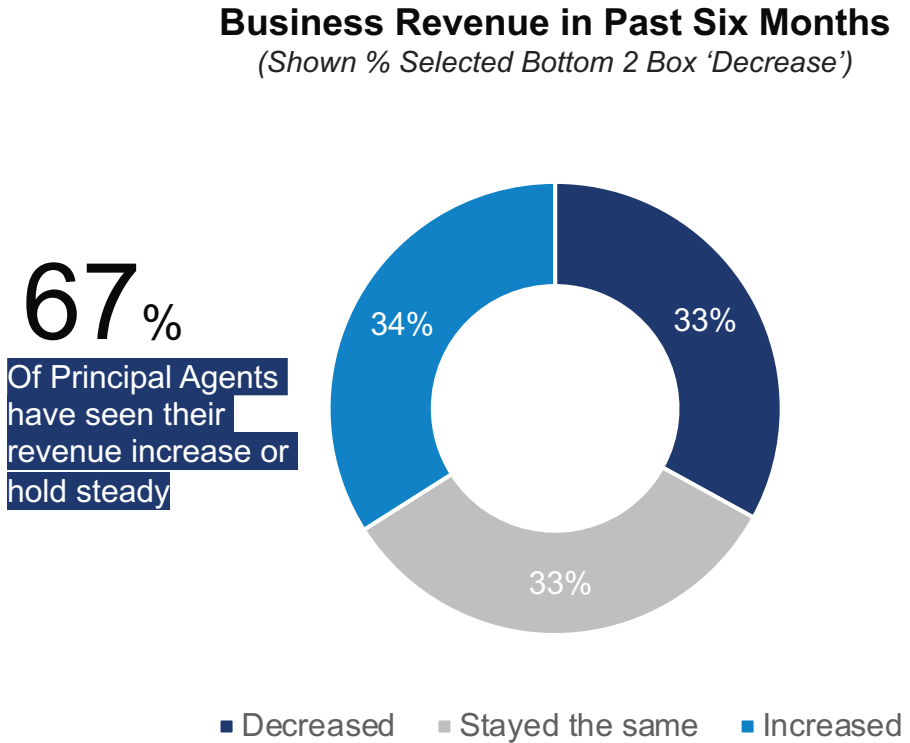
Looking ahead to the next six months, inflation is principal agents' top concern

There is also concern about customers changing insurance carriers, perhaps related to the expectation that agents expect premiums to rise.

Top Business Challenges Over Next 6 Months (Shown: % Selected in Top 3)	Top 3 Concern
Inflation and rising prices	35%
Customers changing to other insurance carriers	26%
Financial market volatility	23%
Reaching new customers	21%
Rising interest rates	20%
Global instability	20%
Ability to attract and retain good employees	18%
Declining consumer demand	17%
Cash flow / managing revenue	17%
New waves of coronavirus infections	16%
Access to capital	16%
Uncertain political environment	14%
Uncertain economic environment	13%
Supply chain disruptions	13%
Taxes and government regulations	11%

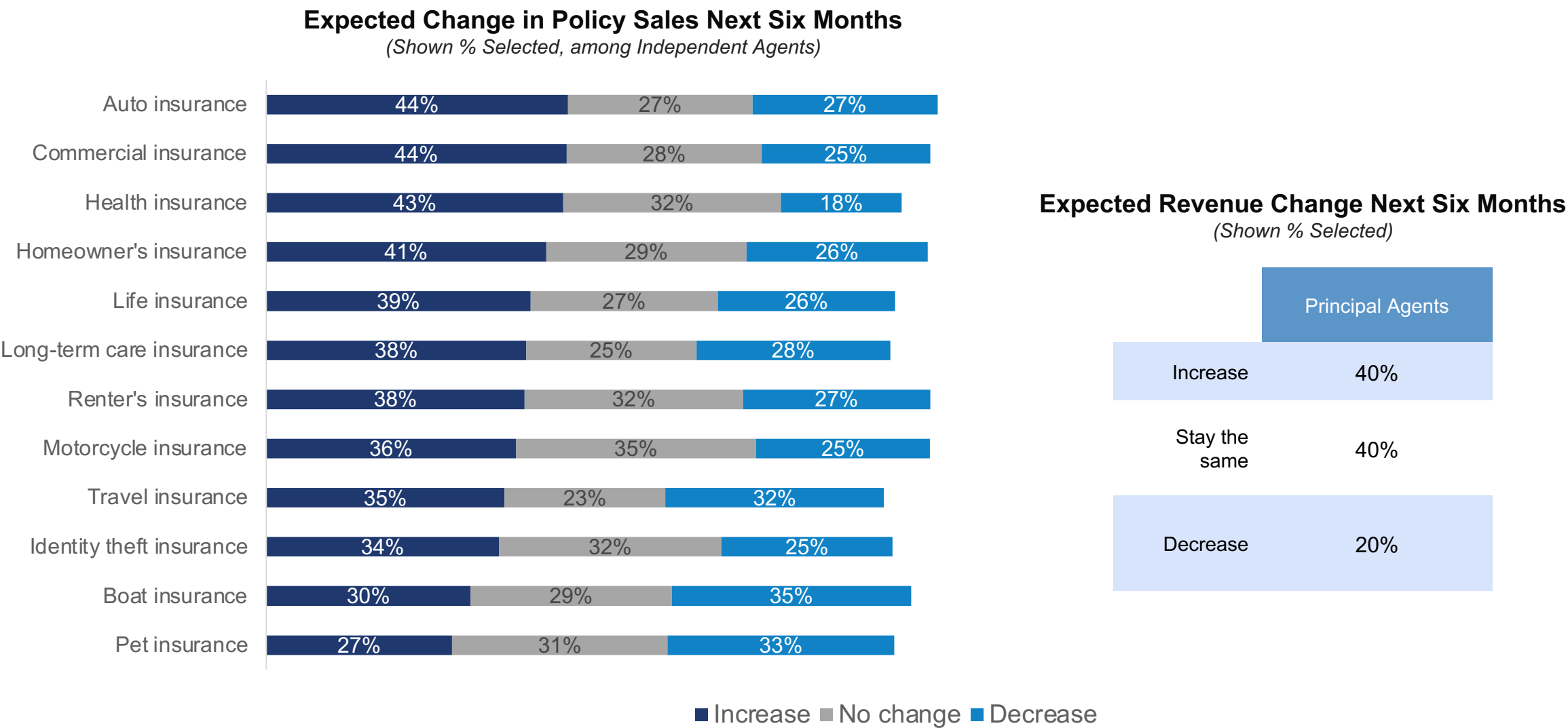
Principal agents expect insurance premiums to rise in the coming months, potentially offsetting the negative impacts of inflation and other market conditions

Two-thirds report seeing their revenue increase or hold steady over the past six months, perhaps contributing to their optimism about business conditions.



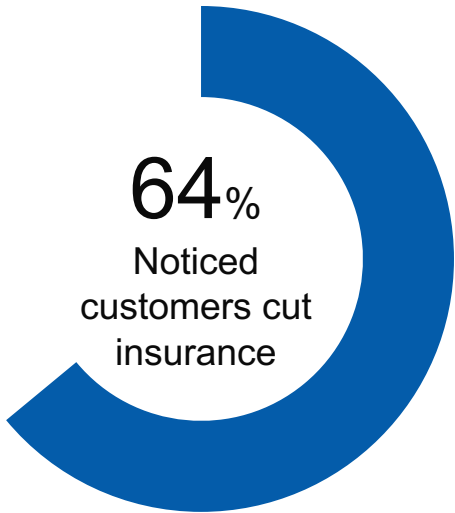
Q53: How has your business's revenue changed over the past six months? Base: Principals (n=108) Q62: How do you expect insurance premiums will change over the next six months? Base: Independent Agents (n=401)

Principal agents are twice as likely to expect revenue increases than decreases in the next 6 months

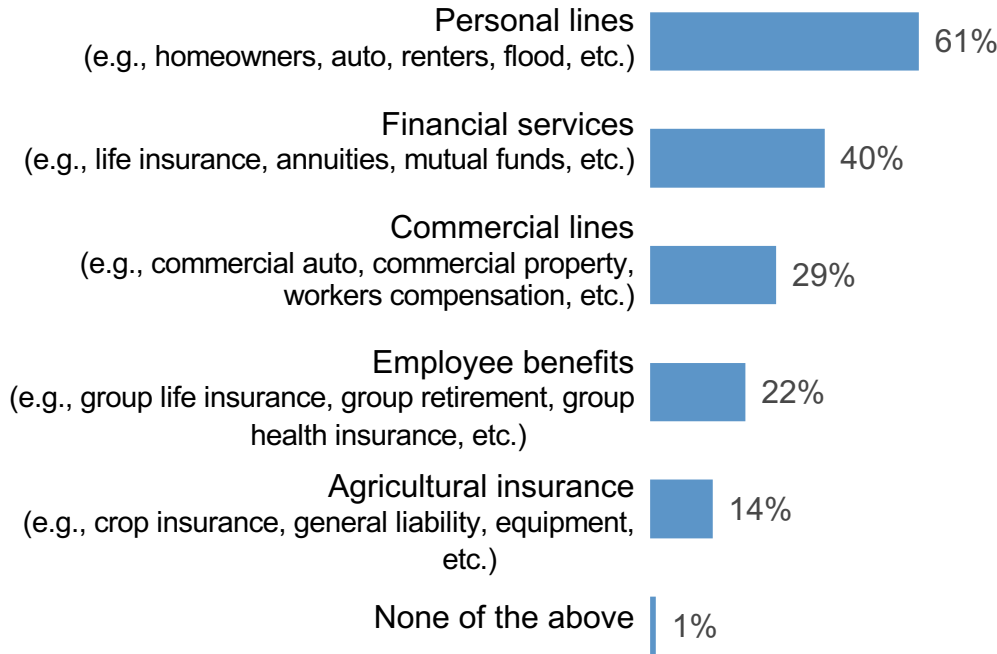


Almost two-thirds of independent agents recall customers cutting insurance in past recessions, mostly within personal lines

Customers Cut Insurance in Past Recessions
(Shown % Selected 'Yes')



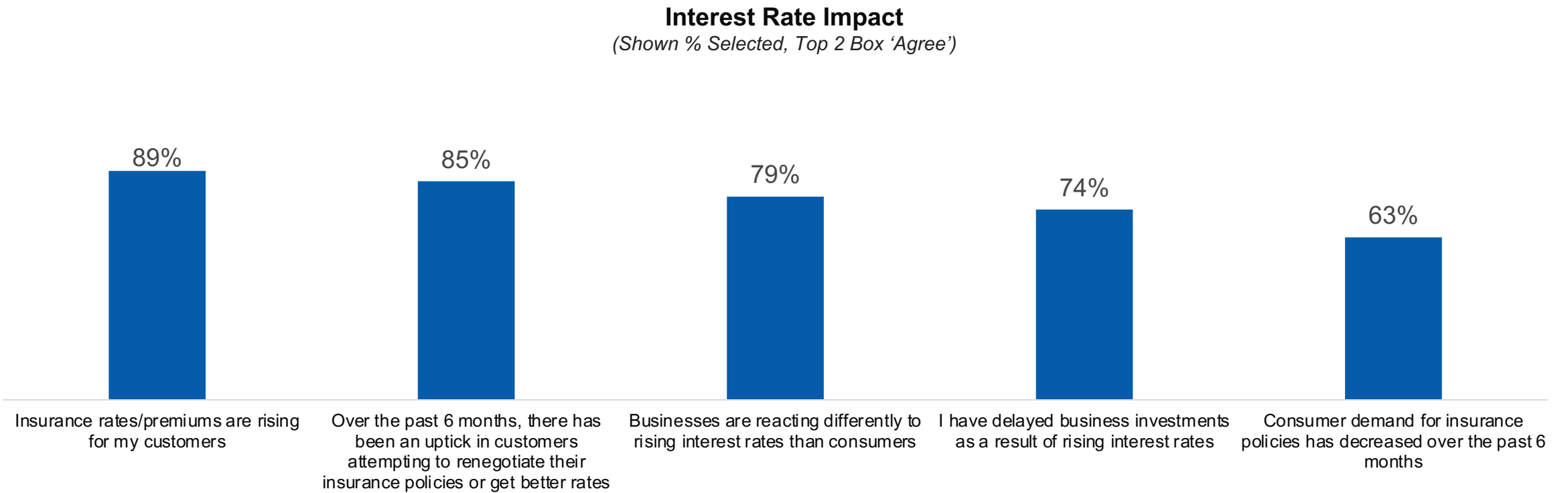
Where Customers Made Cuts
(Shown % Selected)



Q68a. In past recessions, did you notice customers reducing their insurance coverage/limits in order to manage expenses? Base: Independent Agents (n=401) Q68b: Thinking about customers who reduced their insurance coverage/limits in order to manage expenses in past recessions, which lines of business were most impacted? Base: Agents who saw customers reduce coverage (n=256)

Agents report an uptick in customers attempting to renegotiate their policies in the past six months

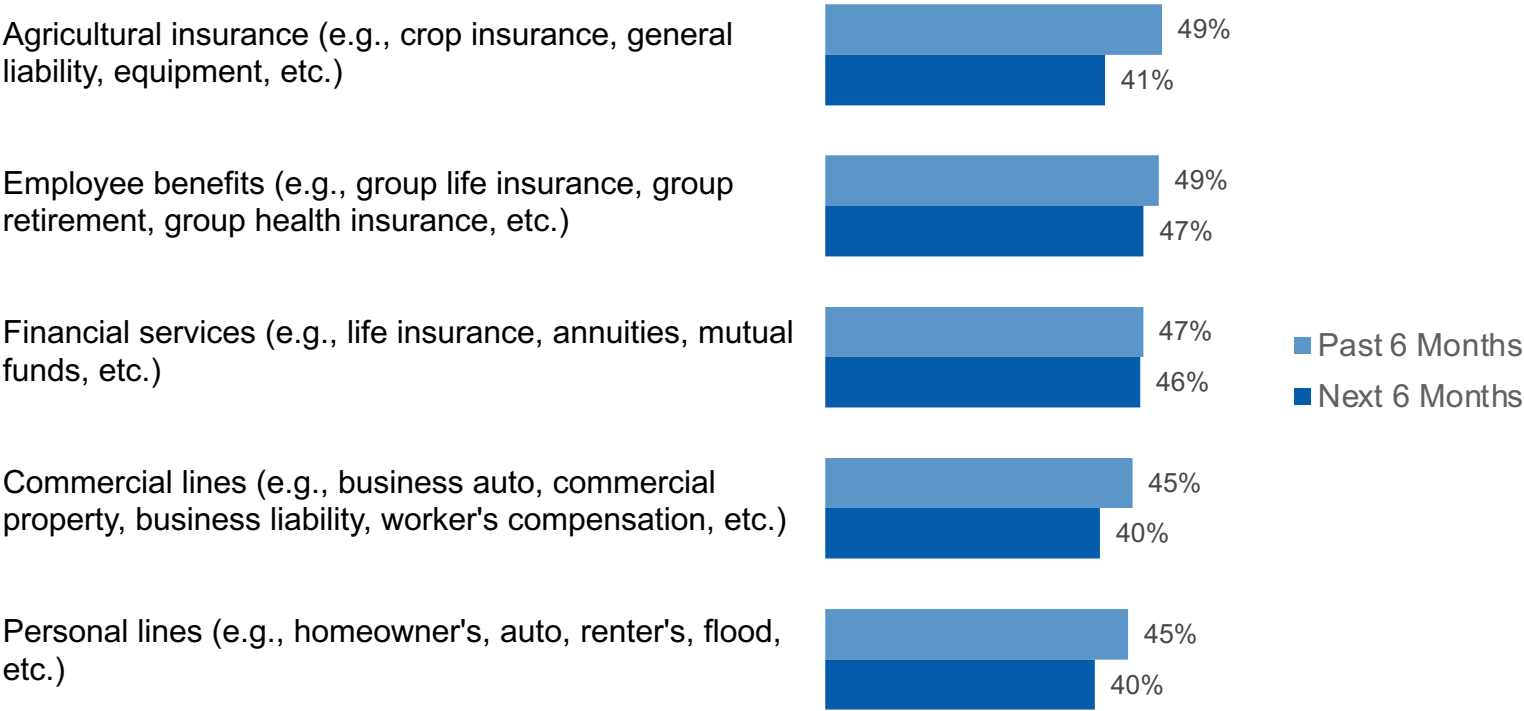
89% say insurance premiums are rising for their customers.



Q76. How much do you agree or disagree with the following statements about how rising interest rates are impacting your business and customers? Base: Independent Agents (n=401)

Roughly half of independent agents report declining customer demand across business lines

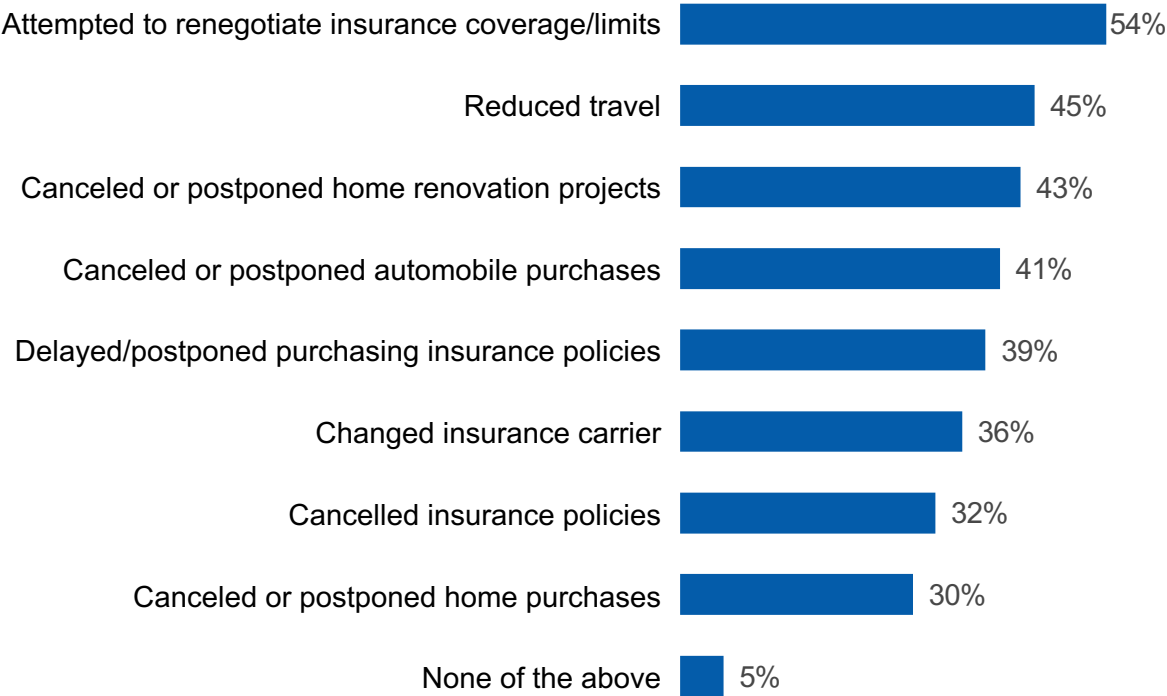
**Declines in Demand for Business Lines:
Experienced in Past Six Months, Expected in Next Six Months**
(Shown % Selected 'Yes')



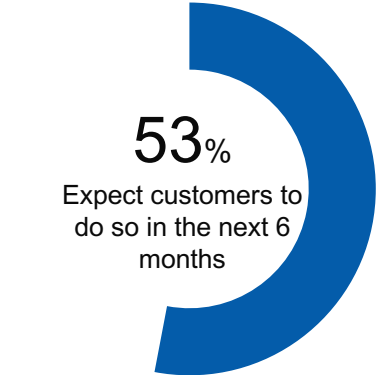
Q55. Has your company experienced a decline in performance/consumer demand in any of the following business lines over the past 6 months? Q60. Do you expect your company will experience a decline in performance/consumer demand in any of the following business lines over the next 6 months? Base: Independent Agents, bases vary by business line

Just over half of agents expect customers to cut or reduce their coverage to prepare for a possible recession

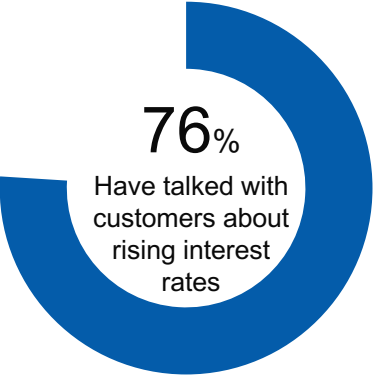
**Agent Reported Customer Behavior:
Within the Past Six Months**
(Shown % Selected)



Expect Customers to Reduce Coverage/Limits
(Shown % Selected 'Yes')



Spoken With Customers About Interest Rates
(Shown % Selected 'Yes')



68% of those are comfortable having these conversations

Q74. To the best of your knowledge, which of the following actions, if any, have your customers taken in the past 6 months in response to inflation and rising interest rates? Q69. Do you expect customers will reduce their insurance coverage/limits over the next six months in preparation for a potential recession? Q70: Have you recently had any conversations with customers to explain rising insurance costs? Base: Independent Agents (n=401) Q70b: How comfortable are you having conversations with customers about rising insurance costs? Base: Spoke with customers about rising interest (n=308)



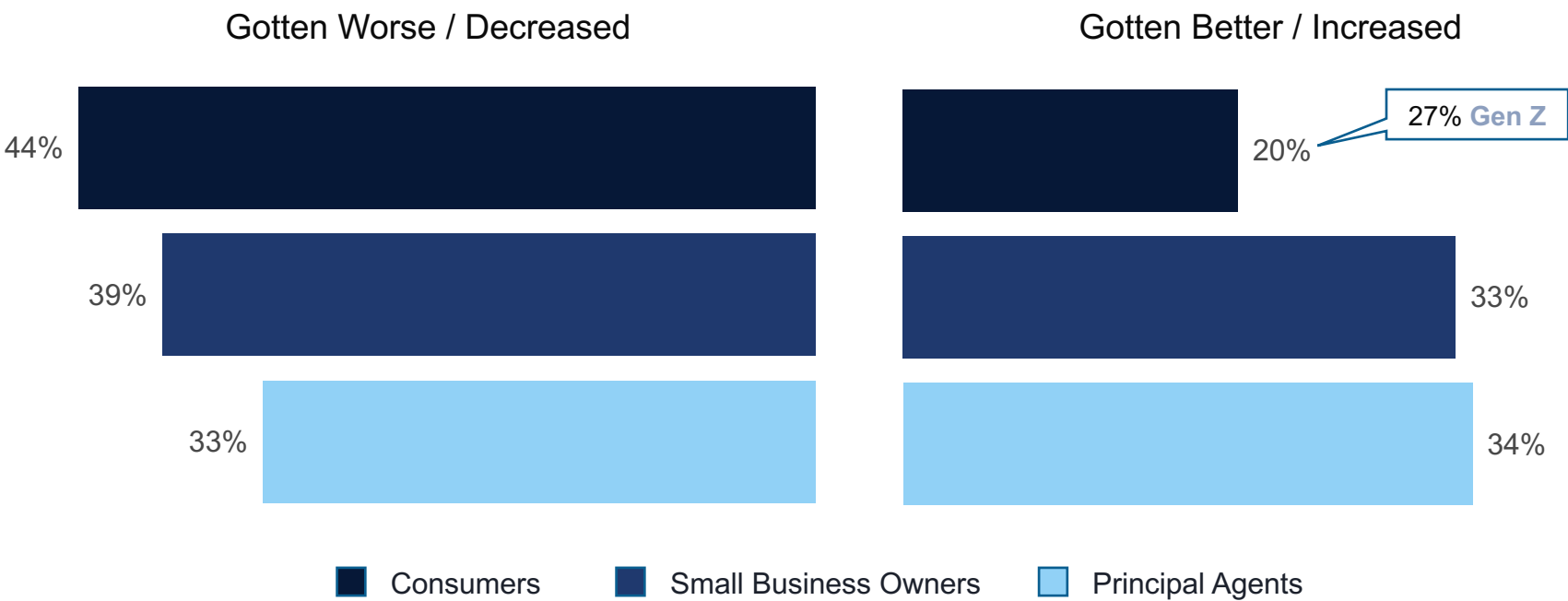
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Appendix

Additional Findings

Over the past 6 months, nearly half of consumers say their personal financial situation has worsened, and over a third of small business owners and principal agents have experienced drops in business revenue

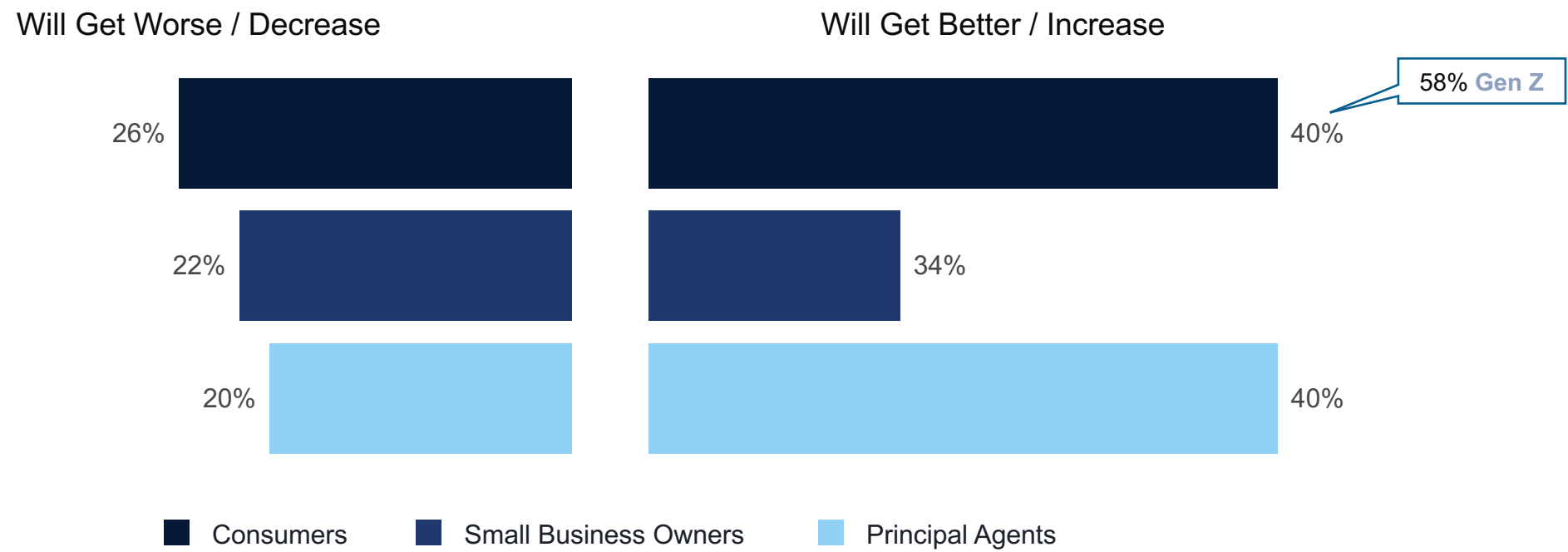
Change in (Personal Financial Situation/Business's Revenue) Over The Past 6 Months
(Shown % Selected Bottom 2 Box 'Gotten Worse' or 'Decreased', Top 2 Box 'Gotten Better' or 'Increased' on a 5-point scale)



Q2. How has your personal financial situation changed over the past six months? Base: Gen Pop Consumers (n=2,000), Gen Z Consumers (n=200); Q30. How has your business's revenue changed over the past six months? Base: Small Business Owners (n=401); Q53. How has your business's revenue changed over the past six months? Base: Principals (n=108)

Looking ahead to the next 6 months, both consumers and principal agents have a more positive outlook on their personal/business finances, while small business owners are still uncertain about future revenue

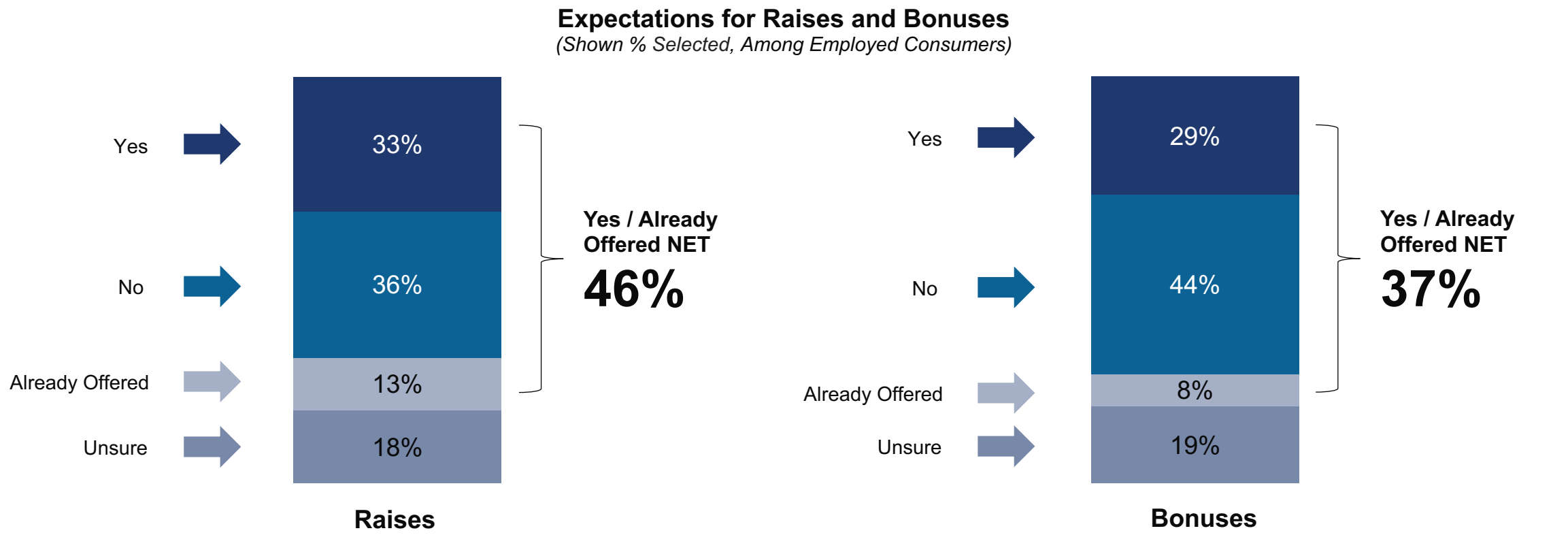
Expected Change in (Personal Financial Situation/Business's Revenue) Over The Next 6 Months?
(Shown % Selected Bottom 2 Box 'Will Get Worse' or 'Will Decrease', Top 2 Box 'Will Get Better' or 'Will Increase' on a 5-point scale)



Q3. How do you expect your personal financial situation to change over the next six months? Base: Gen Pop Consumers (n=2,000), Gen Z Consumers (n=200); Q34. Looking ahead to the next six months, how do you expect your business's revenue will change? Base: Small Business Owners (n=401); Q58. Looking ahead to the next six months, how do you expect your business's revenue will change? Base: Principals (n=108)

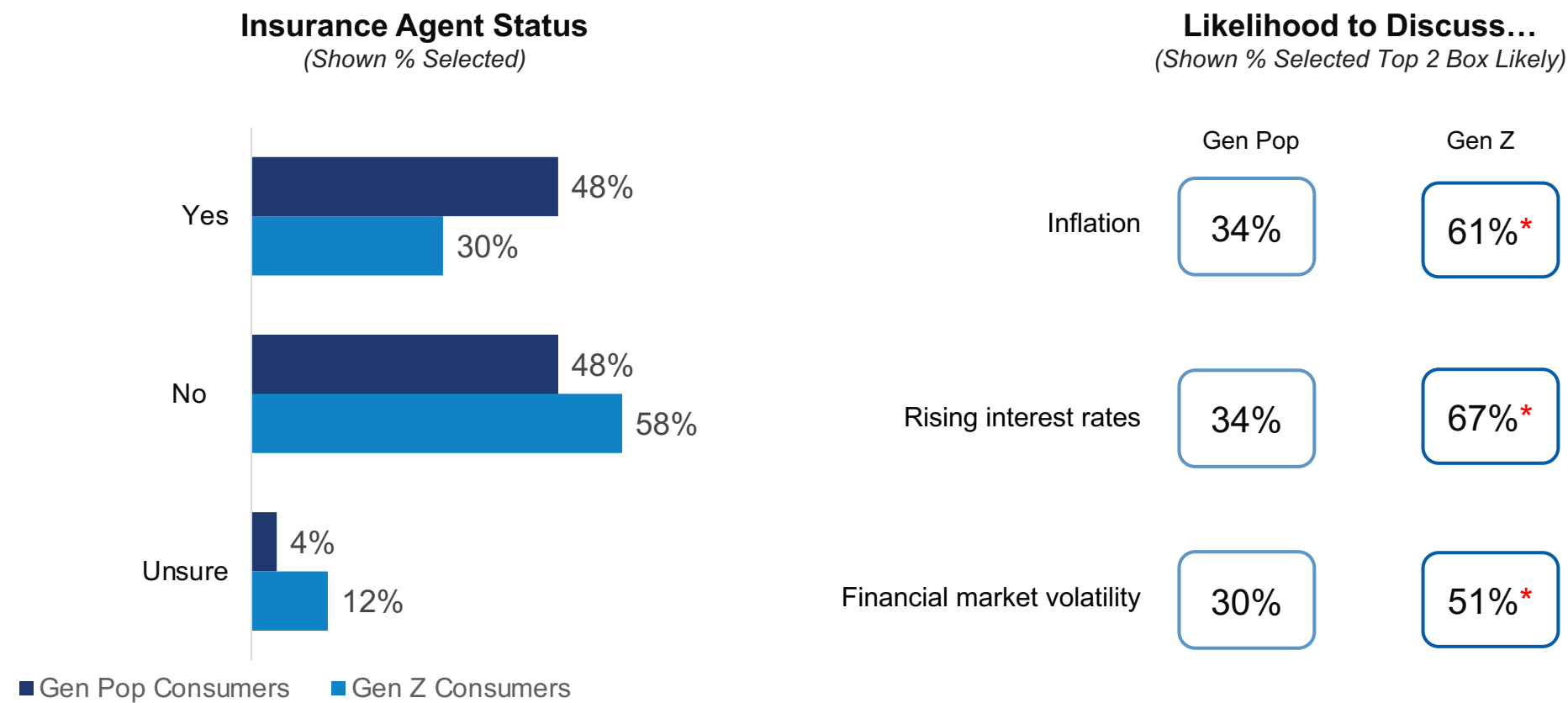
Looking ahead, consumers are split on whether their employers will offer raises or bonuses this year

About a third of employed consumers expect raises this year, while similar proportions are not expecting them. Expectations of bonuses are slightly lower, with nearly half of consumers feeling unconfident that they will be given a bonus this year.



Q19. Do you expect your employer will offer raises this year? Base: Employed Gen Pop Consumers (n=1,089)
Q20. Do you expect your employer will give bonuses this year? Base: Employed Gen Pop Consumers (n=1,089)

Roughly half of consumers currently work with an insurance agent; of these individuals, about a third are likely to talk to their agent about inflation, rising interest rates, and market volatility



Q23. Do you work with an insurance agent to manage your insurance needs (e.g., car/auto insurance, renter's insurance, homeowner's insurance, etc.)? Base: Consumers who have insurance policies (n=1,912), Gen Z Consumers who have insurance policies (n=189) Q27. How likely would you be to talk with your insurance agent about the impact of the following topics on your financial goals and insurance policies? Base: Consumers who work with an insurance agent (n=914), Gen Z Consumers who work with an insurance agent (n=57*)

*Small sample size, directional findings only

Most consumers have or plan to contact their insurance agent in the next 6 months to discuss coverage

Over half have also already looked or plan to look for ways to save on premiums for their existing policies.

Actions Taken / Planned to Take in Response to Current Economic Conditions to Meet Financial Needs (Shown: % Selected)	NET Done/Plan to Do		Done in Past 6 Months		Plan to Do in Next 6 Months	
	Gen Pop	Gen Z	Gen Pop	Gen Z	Gen Pop	Gen Z
Contact my insurance agent to discuss my coverage	63%	65%	30%	37%	32%	28%
Look for ways to save money on my premiums with my existing policies	56%	60%	21%	16%	34%	44%
Check my insurance policies online	56%	67%	31%	30%	24%	37%
Decrease coverage/limits on my existing policies	26%	37%	8%	13%	18%	24%
Increase coverage/limits on my existing policies	25%	34%	9%	8%	17%	26%
Switch to a new insurance agent	24%	51%	10%	21%	15%	30%
Add another type of policy to my coverage	23%	33%	8%	8%	14%	25%
Remove a policy from my coverage	23%	33%	8%	13%	14%	21%

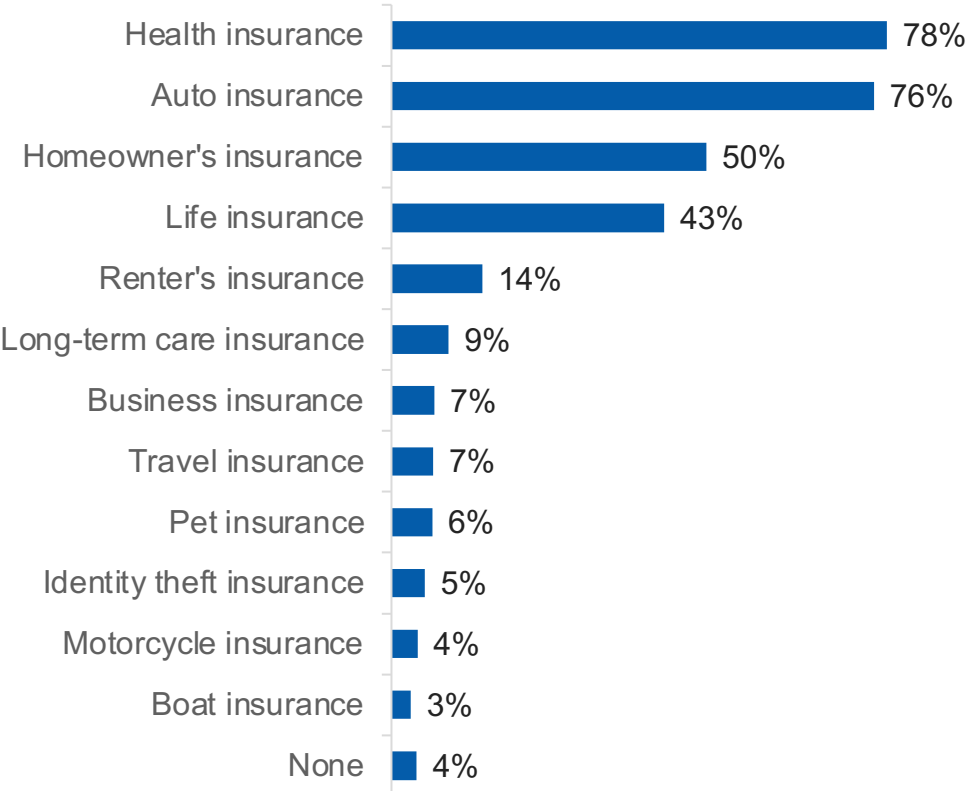
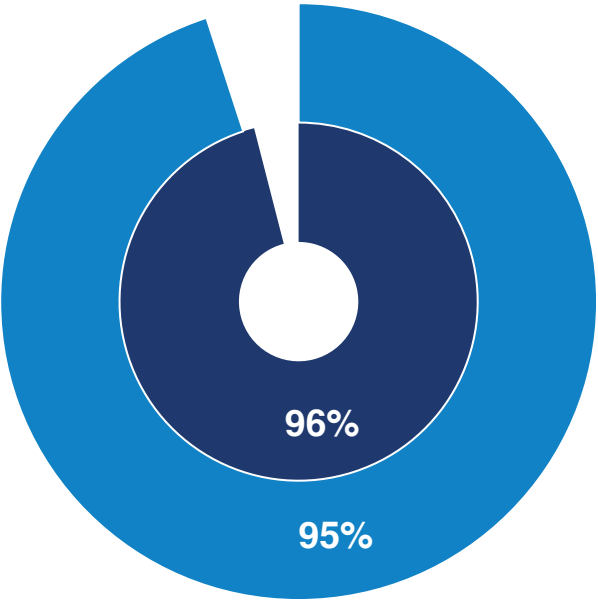
Nearly all consumers currently have some sort of insurance policy; of these individuals, health and auto insurance are most common

Policies Owned

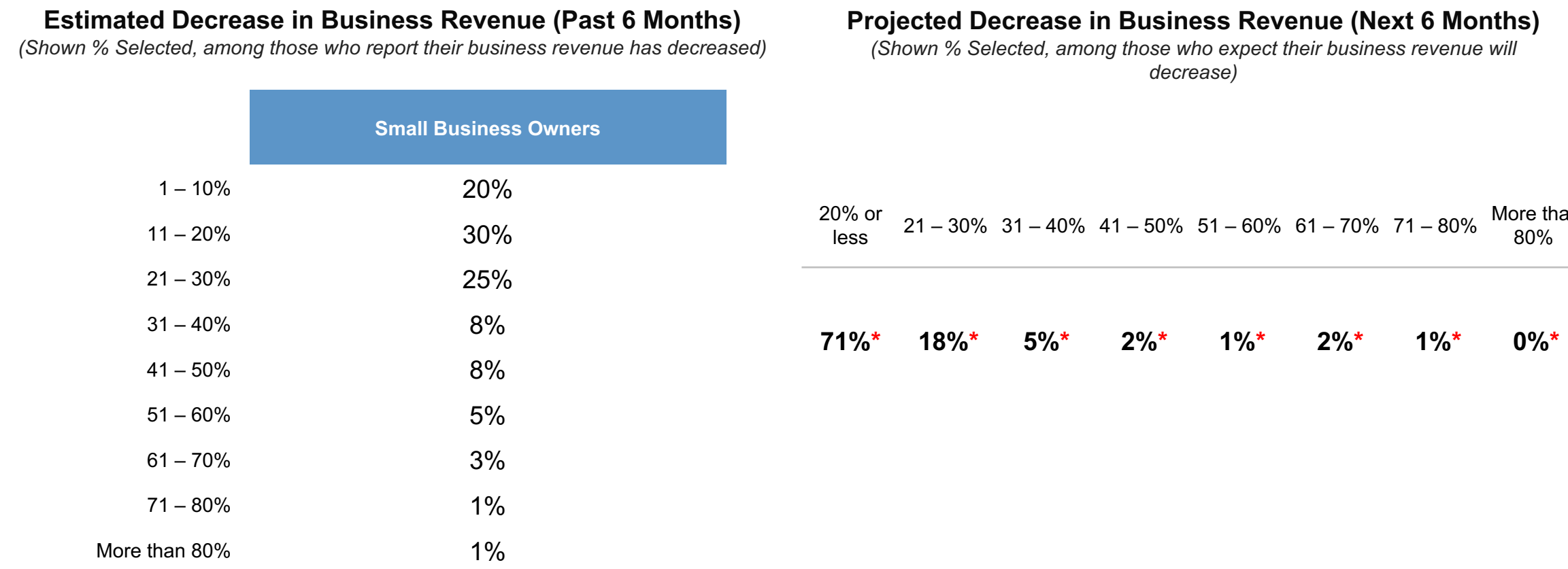
(Shown % Selected, among consumers)

96%
Of Gen Pop
Consumers have
some form of
insurance

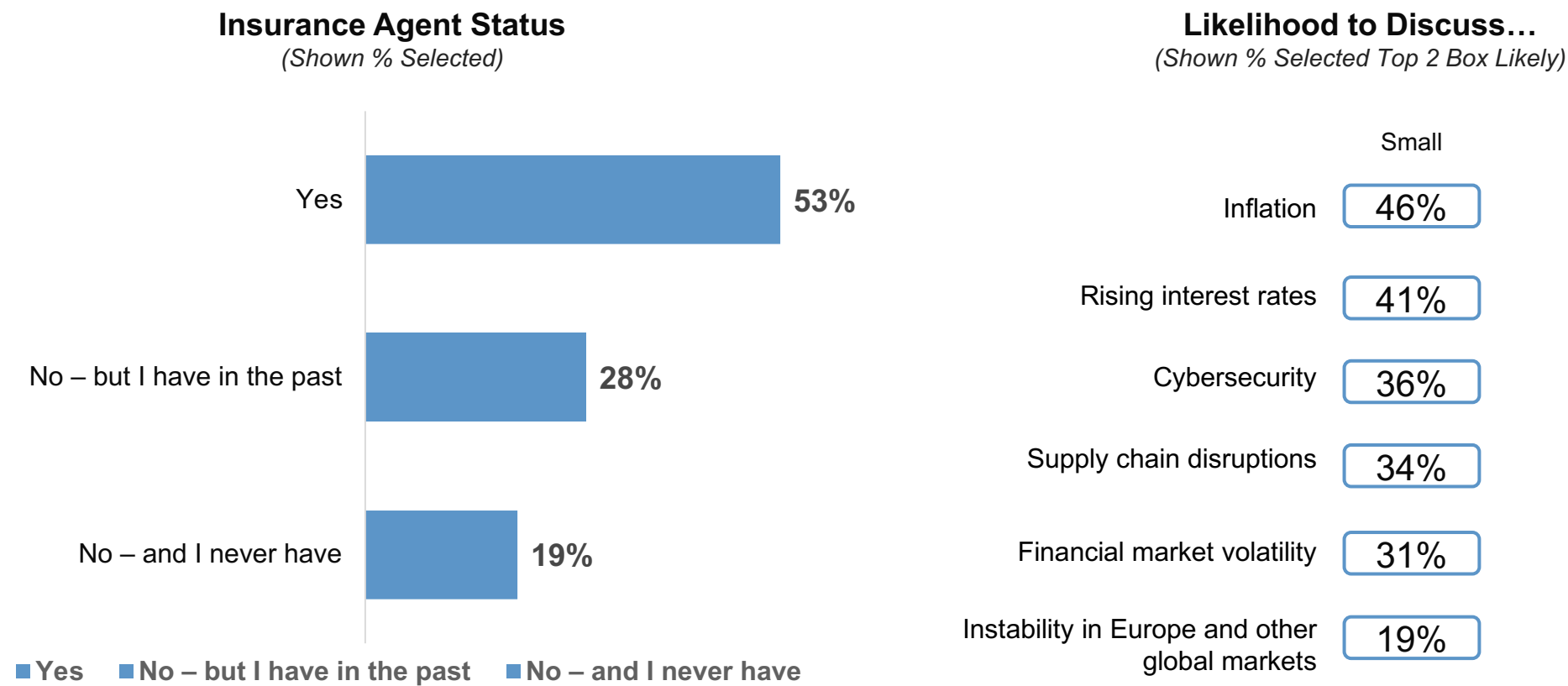
95%
Of Gen Z Consumers
have some form of
insurance



Most revenue decreases for small business owners have been as high as 30%, though those who expect decreases in the next six months anticipate smaller declines



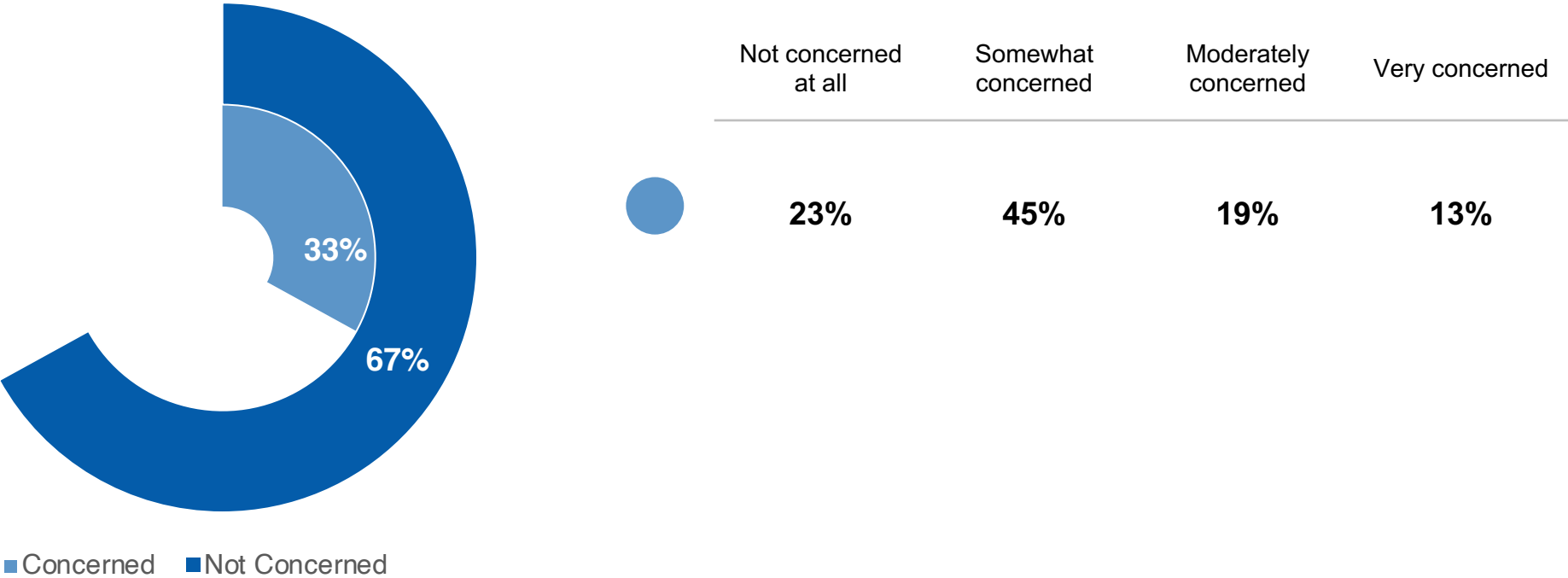
Half of small business owners work with insurance agents, and those that do are most likely to talk about the impact of inflation with their agent



Most small business owners are not concerned about political unrest following the midterm elections

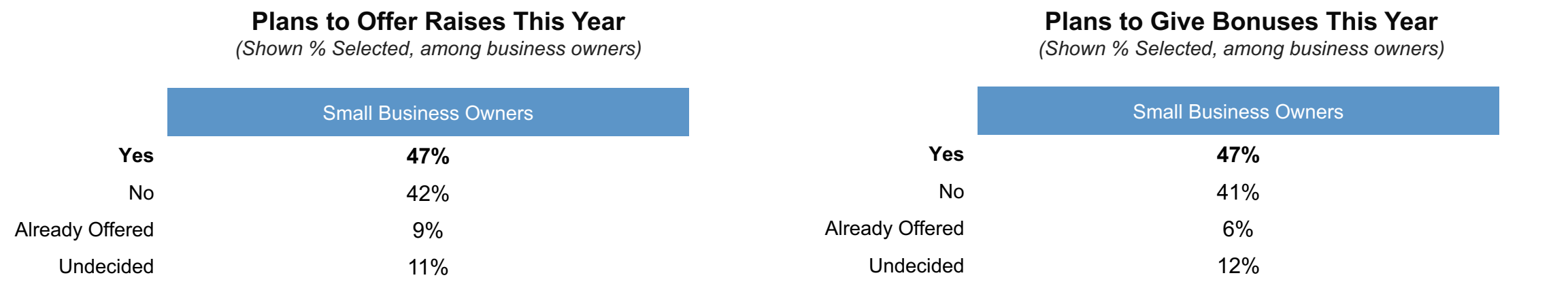
Concern About Potential Political Unrest Resulting from the Upcoming Midterm Elections Negatively Impacting Business
(Shown % Selected Top 2 Box concerned (left), % Selected (right))

33%
Of Small Business Owners are concerned



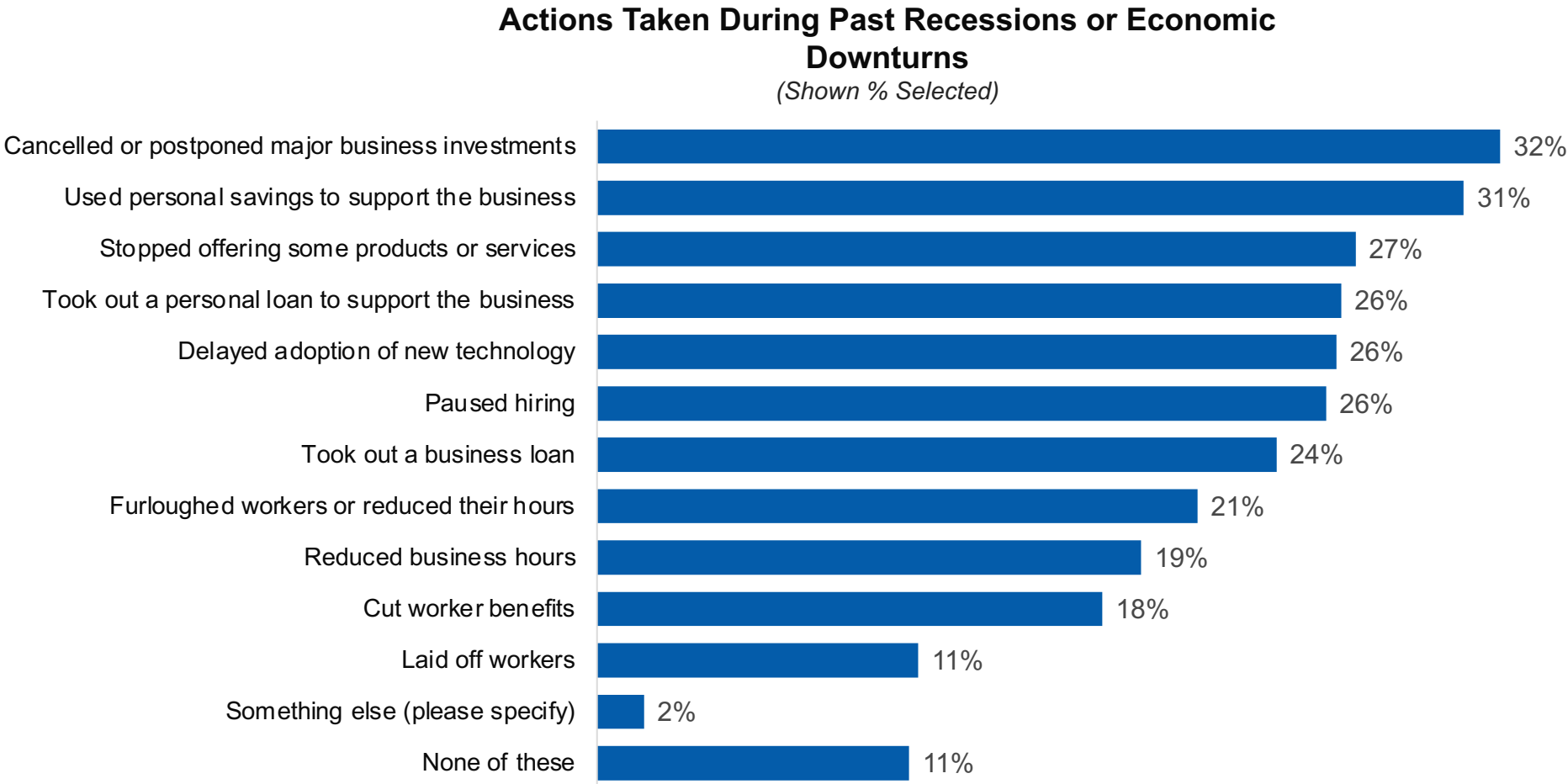
Q42. How concerned are you about potential political unrest resulting from the upcoming midterm elections negatively impacting your business? Base: Small Business Owners (n=401)

Nearly half of small business owners still plan to offer raises and bonuses this year



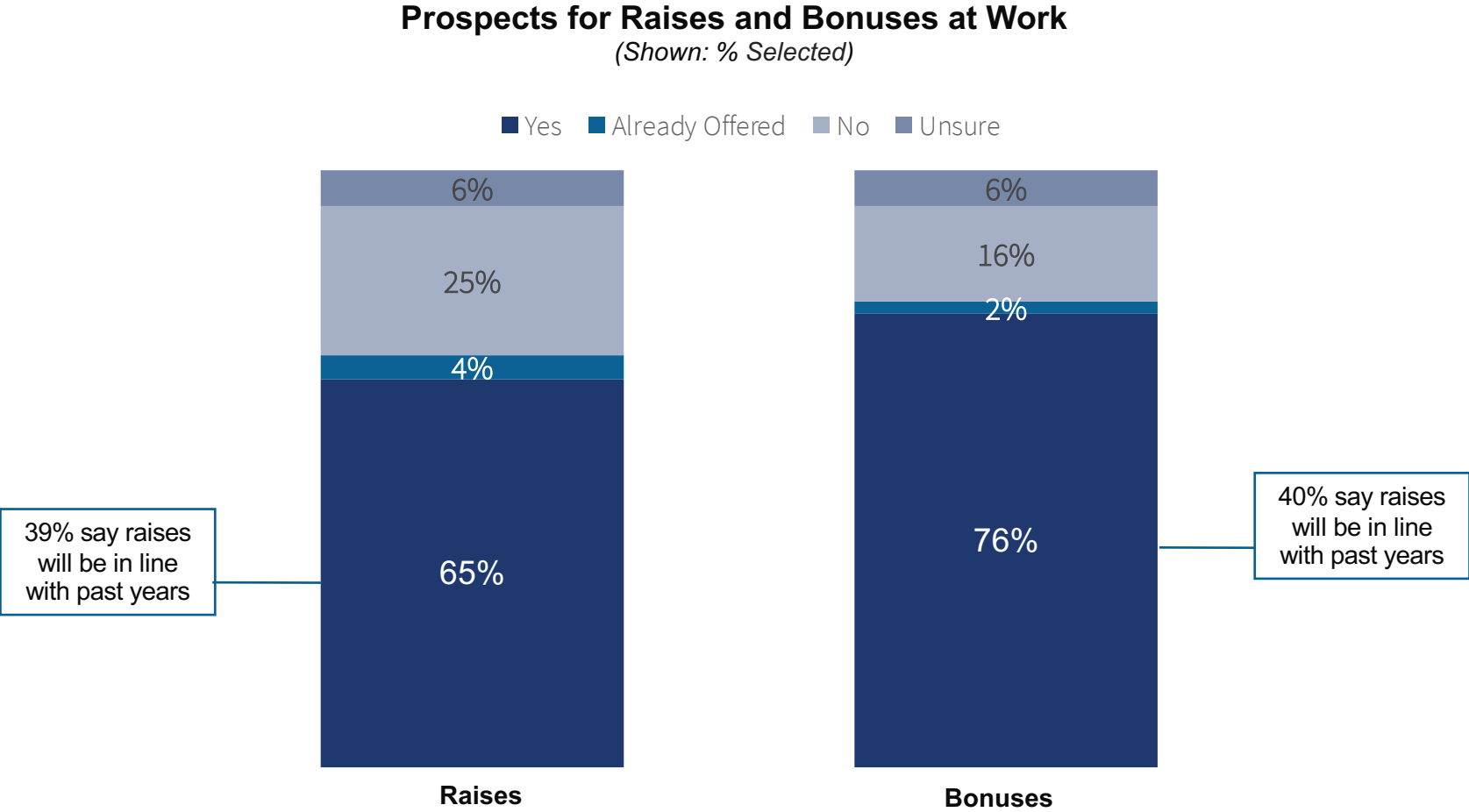
Q44. Do you plan to offer your workers pay raises this year? Q45. Do you plan to give bonuses to your workers this year? Base: Small Business Owners (n=401)

During past recessions, principal agents have made a variety of business changes to stay afloat, like cancelling investments or altering offerings



Q67. Which of the following actions have you taken during past recessions or economic downturns in order to keep your business operating? Base: Principals (n=108)

Principal agents are making efforts to keep their employees happy, with about four-in-ten keeping raises and bonuses in line with previous years



Q72. Do you plan to offer your workers pay raises this year? Q73. Do you plan to give bonuses to your workers this year? Base: Principals (n=108)



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Appendix

Demographics

Demographics: Consumers

Gender

Man	49%
Woman	51%
Non-binary	<1%
Prefer not to answer	<1%

Age

18-24	12%
25-34	18%
35-44	17%
45-54	16%
55-64	17%
65+	21%

Region

Northeast	17%
Midwest	21%
South	38%
West	24%

Community Type

Urban, or a downtown area	33%
Suburban, on the outskirts of an urban area	49%
Rural	18%

Ethnicity

Asian or Asian American	6%
Black or African American	12%
Hispanic	16%
White	63%
Other	3%
Prefer not to answer	<1%

Education

Some grade school	<1%
Some high school	2%
High school graduate	20%
Technical or vocational school	5%
Some college	22%
College graduate	33%
Graduate or professional school	19%
Prefer not to answer	<1%

Income

Under \$25,000	16%
\$25,000 - \$49,999	22%
\$50,000 – \$74,999	19%
\$75,000 - \$99,999	15%
\$100,000 - \$149,999	14%
\$150,000 - \$199,999	7%
\$200,000+	6%
Prefer not to answer	1%

Employment Status

Full-time	44%
Retired	25%
Part-time	12%
Unemployed	9%
Homemaker/Stay-at-home parent	6%
Student	3%
Prefer not to answer	1%

Marital Status

Single, never married	30%
Married	49%
Divorced/Separated	10%
Widowed	4%
Civil union/Domestic partnership	6%
Other	0%

Parent of Children Under 18

Yes	30%
No	70%

Demographics: Small Business Owners

Gender

Man	57%
Woman	42%
Non-binary	<1%
Other	0%

Age

18-24	1%
25-34	12%
35-44	18%
45-54	16%
55-64	30%
65+	24%

Region

Northeast	18%
Midwest	19%
South	39%
West	24%

Community Type

Urban, or a downtown area	20%
Suburban, on the outskirts of an urban area	60%
Rural	20%

Ethnicity

Asian or Asian American	3%
Black or African American	11%
Hispanic	10%
White	71%
Other	5%
Prefer not to answer	<1%

Education

Some grade school	<1%
Some high school	1%
High school graduate	10%
Technical or vocational school	6%
Some college	28%
College graduate	37%
Graduate or professional school	18%

Income

Under \$25,000	4%
\$25,000 - \$49,999	18%
\$50,000 - \$74,999	27%
\$75,000 - \$99,999	19%
\$100,000 - \$149,999	16%
\$150,000 - \$199,999	8%
\$200,000+	8%

Marital Status

Single, never married	22%
Married	51%
Divorced/Separated	19%
Widowed	3%
Civil union/Domestic partnership	6%
Other	<1%

Parent of Children Under 18

Yes	35%
No	65%

Employment Status

Full-time	83%
Part-time	17%

Ownership

Sole-owner	86%
Part-owner	14%

Number of Employees

1 to 4 employees	50%
5 to 24 employees	34%
25 to 49 employees	16%

Demographics: Small Business Owners

Industry	
Advertising/Marketing/Media	<1%
Agriculture/Forestry/Fishing/Mining	2%
Architecture/Engineering	1%
Arts/Entertainment/Recreation	5%
Automotive	2%
Business/Professional Services	10%
Computing/Computing Peripherals/or Other IT Hardware Manufacturer	2%
Construction	17%
Education	2%
Finance	2%
Healthcare	4%
Insurance	<1%
Legal	2%
Manufacturing/Production	3%
Non-profit or Religious Organization	1%
Personnel Services	5%
Real Estate	3%
Restaurant/Fast food	3%
Retail	11%
Technology	2%
Telecommunications	<1%
Transportation	4%
Utilities	1%
Wholesale	1%
Other	16%

Business Revenue in 2021	
\$500,000 or less	58%
\$500,001 to \$1,000,000	20%
\$1,000,001 to \$5,000,000	17%
\$5,000,001 to \$10,000,000	5%
Insurance Policies	
General liability insurance	61%
Business owner's policy insurance	47%
Workers' compensation insurance	46%
Property insurance	43%
Life insurance	32%
401(k) plan	30%
Professional liability or errors and omissions insurance	28%
Commercial auto insurance	25%
Employee life insurance	18%
Business Income insurance	14%
401(a) plan	6%
Deferred compensation plan	3%
Other	1%
None of the above	0%

Demographics: Independent Insurance Agents

Gender

Man	50%
Woman	50%
Non-binary	0%

Age

18-24	4%
25-34	33%
35-44	30%
45-54	12%
55-64	13%
65+	8%

Region

Northeast	23%
Midwest	18%
South	39%
West	20%

Community Type

Urban, or a downtown area	45%
Suburban, on the outskirts of an urban area	42%
Rural	13%

Ethnicity

Asian or Asian American	2%
Black or African American	5%
Hispanic	11%
White	80%
Other	2%
Prefer not to answer	<1%

Marital Status

Single, never married	23%
Married	65%
Divorced/Separated	7%
Widowed	2%
Civil union/Domestic partnership	4%

Parent of Children Under 18

Yes	48%
No	52%

Education

Some grade school	<1%
Some high school	<1%
High school graduate	9%
Technical or vocational school	7%
Some college	27%
College graduate	43%
Graduate or professional school	15%

Income

Under \$25,000	1%
\$25,000 - \$49,999	11%
\$50,000 – \$74,999	18%
\$75,000 - \$99,999	28%
\$100,000 - \$149,999	30%
\$150,000 - \$199,999	9%
\$200,000+	3%

Employment Status

Full-time	92%
Part-time	8%

Number of Employees

0 employees	4%
1 to 4 employees	14%
5 to 24 employees	15%
25 to 49 employees	18%
50 to 99 employees	4%
100 to 249 employees	17%
250 to 500 employees	16%
501 to 999 employees	8%
1,000 to 4,999 employees	5%

Demographics: Independent Insurance Agents

Business Revenue in 2021

\$500,000 or less	10%
\$500,001 to \$1,000,000	18%
\$1,000,001 to \$5,000,000	23%
\$5,000,001 to \$10,000,000	5%
\$10,000,001 to \$50,000,000	18%
\$50,000,001 to \$250,000,000	12%
\$250,000,001 to \$500,000,000	8%
More than \$500,000,000	6%

Average Percentage of Sales for Business Lines

Personal lines (e.g., homeowners, auto, renters, flood, etc.)	40%
Commercial lines (e.g., commercial auto, commercial property, workers compensation, etc.)	25%
Financial services (e.g., life insurance, annuities, mutual funds, etc.)	15%
Employee benefits (e.g., group life insurance, group retirement, group health insurance, etc.)	12%
Agricultural insurance (e.g., crop insurance, general liability, equipment, etc.)	8%