



Nationwide®

October 2023

# Nationwide Agency Forward Commercial Lines Protection Survey

# METHODOLOGY

Audiences	Sample Size	Methodology	Fieldwork
Commercial Property Stakeholders* (National Sample) <ul style="list-style-type: none"> <li>Commercial property owners: n=100</li> <li>New construction builders: n=100</li> <li>Business owners: n=100</li> </ul>	n=300		
CL Independent Insurance Agents <ul style="list-style-type: none"> <li>Independent Insurance Agents who sell commercial property coverage. Includes a mix of Principals and Producers/CSRs.</li> </ul>	n=400		
Wildfire States Oversample <ul style="list-style-type: none"> <li>Oversample of property stakeholders operating in: Washington, Oregon, Idaho, Montana, California, Nevada, Utah, Wyoming, Colorado, Arizona, New Mexico, or Kentucky</li> </ul>	n=100	15-minute Online Survey	August 29 <sup>th</sup> – September 19 <sup>th</sup> , 2023
Hurricane States Oversample <ul style="list-style-type: none"> <li>Oversample of property stakeholders operating in: North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Texas</li> </ul>	n=100		

*\*See the Appendix for full audience definitions and qualifying criteria.*

# KEY FINDINGS

1

## **CL Agents and their clients are concerned about the risk of severe weather and natural disasters**

69% of CL Agents and 62% of Commercial Property Stakeholders are concerned about these risks. Property stakeholders are most worried about structural damage caused by damaging winds, tornados, flooding, or lightning strikes. Beyond structural damage, other top concerns include business interruption, water intrusion, damage to personal property or electrical systems.

2

## **Recovering from severe weather and natural disasters often takes months and thousands of dollars**

More than one-third (36%) of property owners nationally report experiencing damage from a natural disaster in the past five years, with hurricanes, floods, tornados, and wildfires the most common events. The most common damage types reported are structural damage, roof damage, and interruption of business operations. The cost of recovery from these events in time and dollars can be substantial – almost half (49%) reported costs between \$20,000 and \$50,000 and the same share reported a total recovery time of 4-6 months.

3

## **Property stakeholders are confident in their preparations for severe weather**

Two-thirds (67%) of property stakeholders nationally believe they are extremely or very prepared to deal with a severe weather event at their business. Virtually all (98%) report having a plan in place to prevent property damage during an event, and 82% say they've worked with an insurance agent to ensure they're adequately covered for severe weather. Additionally, 53% say they would spend more to increase their structure's resiliency during these events.

4

## **There is overwhelming agreement about the importance of building code compliance**

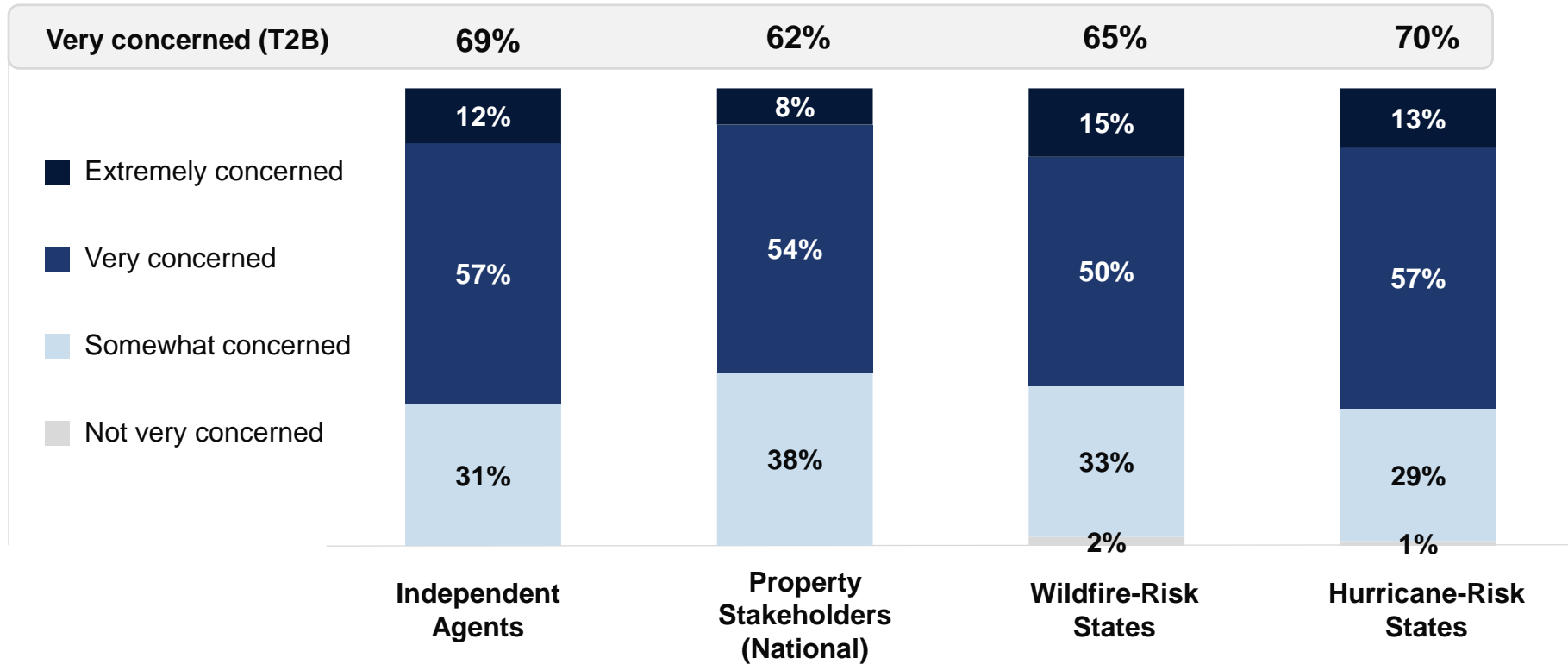
92% of property stakeholders nationally believe it is important to ensure buildings build to the most current code standards, and virtually all (99%) agree that code compliance is vital for protecting property from severe weather damage. An additional 97% would be willing to spend more to make sure their buildings are up to code.



# Severe Weather and Natural Disaster Risk

# Concern is high across the country about the risk of severe weather and natural disasters

**Concern about Severe Weather & Natural Disasters**  
(Shown % Select)



Q1: How concerned are you about the risk of severe weather and natural disasters in your area? Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100), Commercial Lines Independent Insurance Agents (n=400)

# Nationally, property stakeholders see the most risk from damaging winds, tornados, flooding, and lightning strikes

## Perceived Risk from Severe Weather Events

(Shown Top 3 Box at Risk for Severe Weather Event – Ranked by Property Owners)

		CL Insurance Agents	Property Stakeholders-National	Wildfire-Risk States	Hurricane-Risk States
1	Damaging winds	67%	70%	71%	71%
2	Tornado	67%	68%	56%	83%
3	Flood	72%	66%	67%	90%
4	Lightning	70%	65%	67%	71%
5	Tropical Storm / Hurricane	69%	62%	56%	84%
6	Earthquake	58%	51%	81%	70%
7	Severe heat wave	54%	51%	75%	42%
8	Ice storm / Severe cold wave	34%	45%	16%	23%
9	Wildfire	47%	40%	90%	43%
10	Landslide	33%	31%	51%	36%
11	Drought	36%	27%	65%	34%
12	Damaging hail	26%	26%	26%	34%

Q2: How at risk do you think your area is for each of the following severe weather events? Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100), Commercial Lines Independent Insurance Agents (n=400) Shown: Top 3 Box – Select ('At extremely serious risk' OR 'At serious risk' OR 'At moderate risk')

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

# Concern is highest about structural damage – including to roofs, windows, and foundations

**Top Concerns: Business Risk from Severe Weather**  
(Shown % selected)

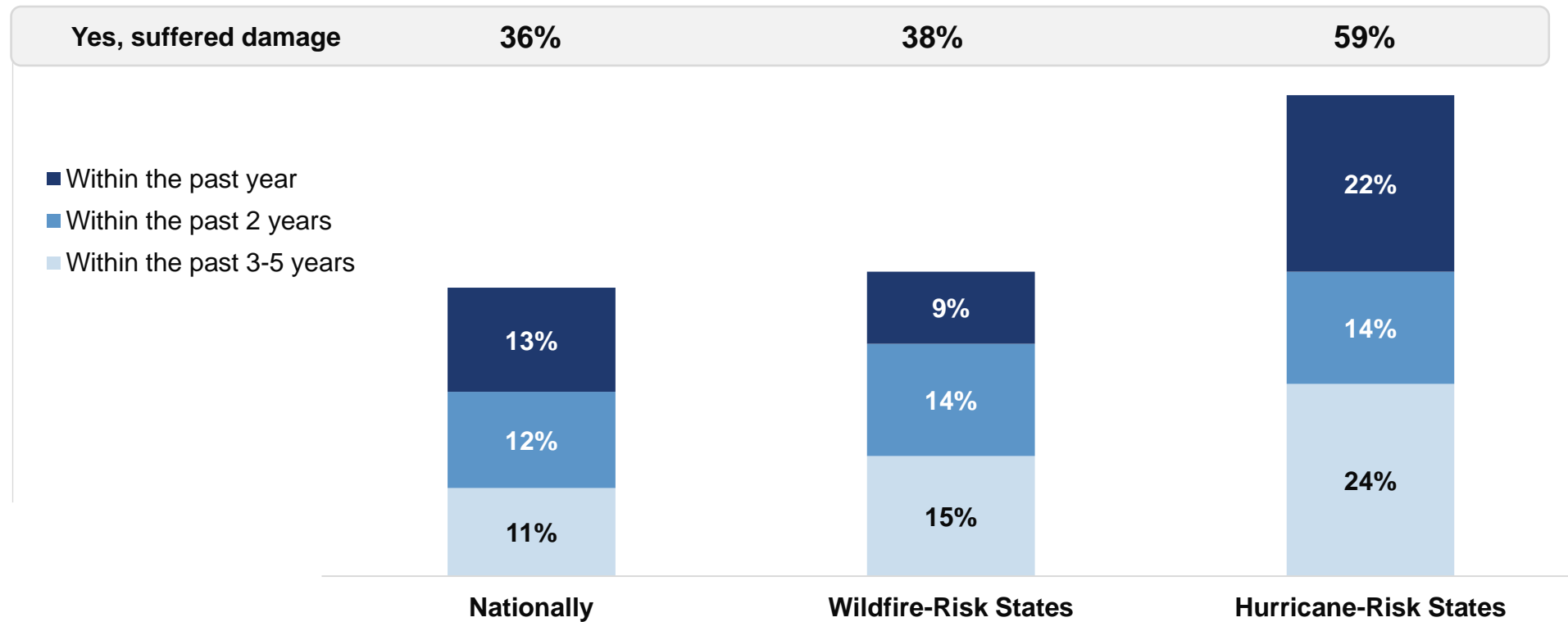
		National	Wildfire-Risk States	Hurricane-Risk States
1	Structural damage	42%	45%	56%
2	Roof damage	36%	25%	33%
3	Broken windows	30%	15%	19%
4	Business interruption	28%	28%	28%
5	Personal property or contents damage	26%	25%	24%
6	Foundation damage	26%	22%	22%
7	Water intrusion / flood damage	25%	15%	40%
8	Damaged electrical systems	21%	19%	27%
9	Damaged plumbing systems	15%	5%	9%
10	Smoke / Fire damage	13%	54%	7%
11	Fallen or uprooted trees	9%	10%	17%
12	Damaged walls / paint	9%	16%	5%
13	Discoloration on walls, ceilings, and floors	7%	12%	6%
14	Mold / Mildew	3%	2%	3%

Q3: What are your top concerns regarding risk to your business and its property because of severe weather events? Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100)

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

# Nationally, more than one-third of property owners have recently suffered damage from a natural disaster

**Property Owners: Property Damage from a Natural Disaster within the Past Five Years**  
(Shown % Select)



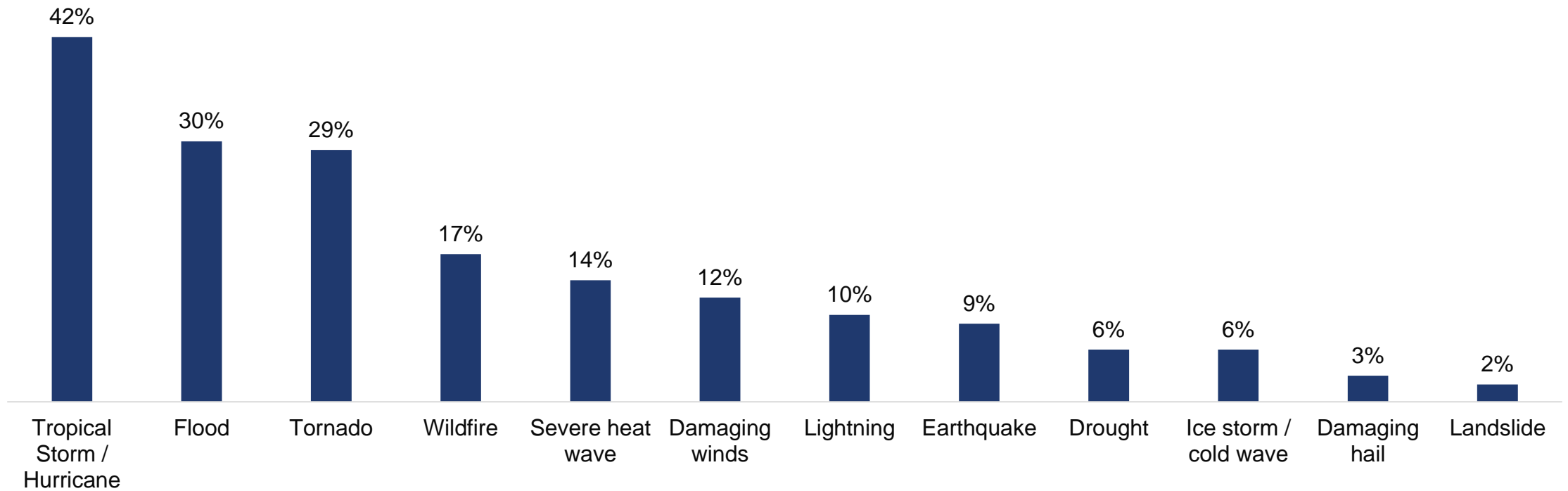
Q10: Has your property suffered damage from a natural disaster in the past 5 years? Base: Property Owners (n=242), Wildfire States Property Owners (n=87), Hurricane States Property Owners (n=96)



# Hurricanes, floods and tornados are the most common disasters that cause property damage

## Property Owners: Natural Disasters Experienced

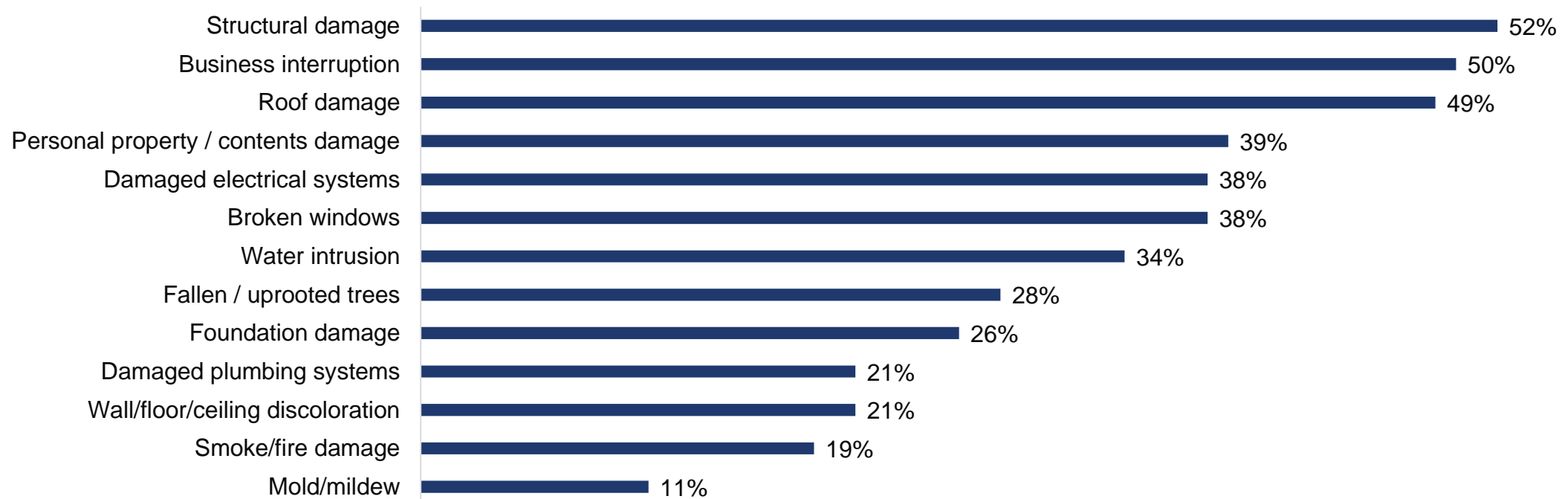
(Shown % Select, Among Those Experiencing Property Damage)



Q11: What type of natural hazard occurred to damage your property? Base: Property Owners with property damaged by a natural disaster in the past 5 years (n=178)

# Structural and roof damage, and business interruption are most common

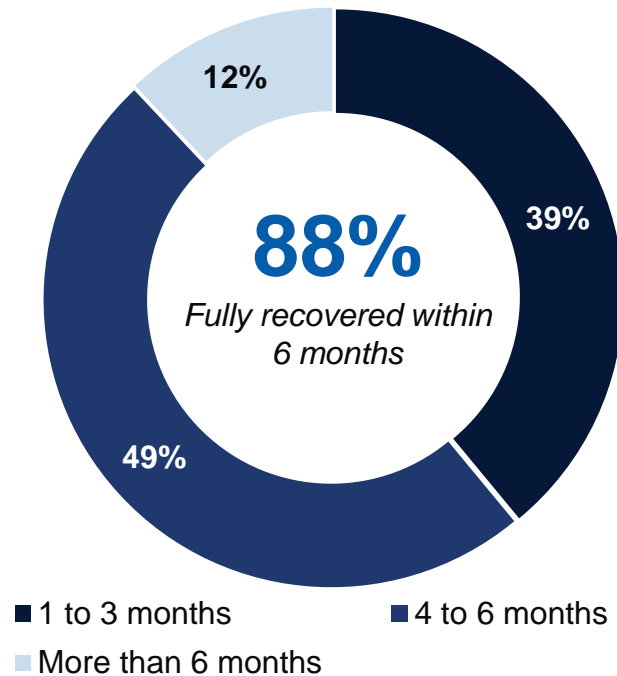
**Property Owners: Type of Damage Caused by Natural Disaster**  
(Shown % selected)



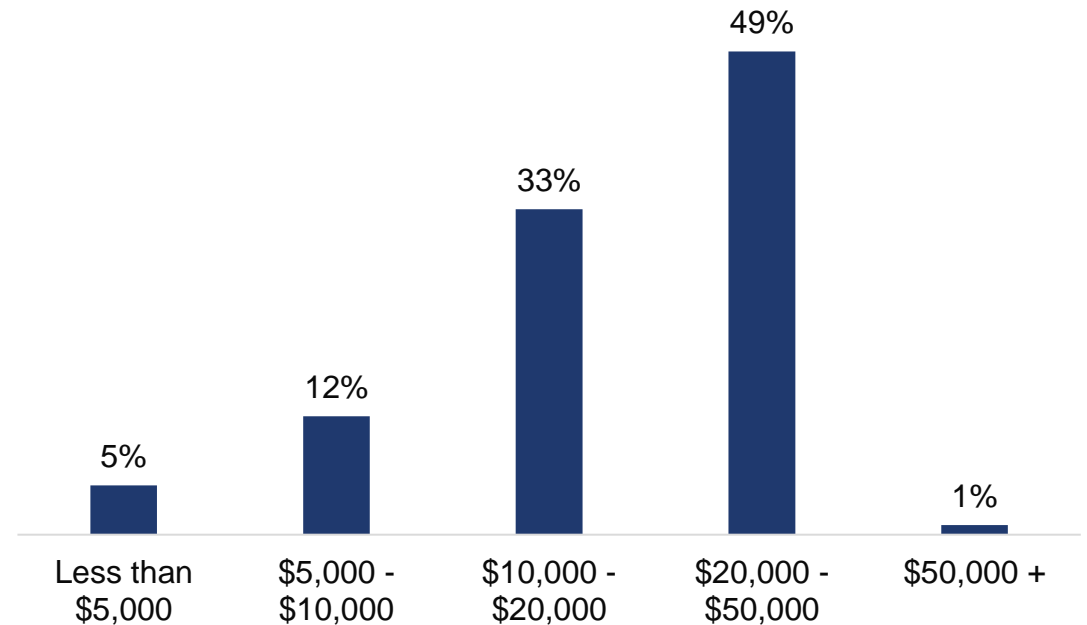
Q12: What type of damage did your property experience? Base: Property Owners with property damaged by a natural disaster in the past 5 years (n=178)

# While many property owners recover from damage quickly, the cost to do so can be substantial

**Property Owners: Disaster Recovery Period**  
(Shown % Select)



**Property Owners: Cost of Recovery from Natural Disaster**  
(Shown % Select)



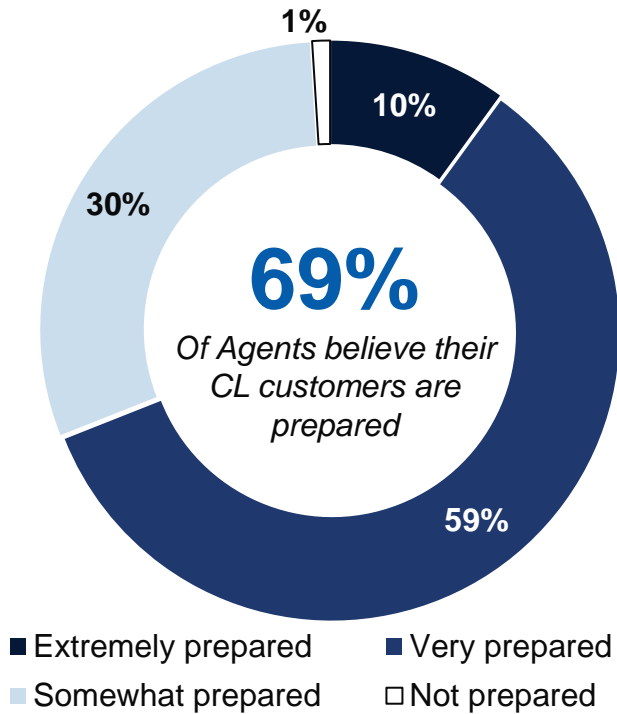
Q13: How long did it take for your property to fully recover from the event? Base: Property Owners with property damaged by a natural disaster in the past 5 years (n=178)

Q14: How much did it cost you/your business to recover from the event? Do not include the cost of lost business due to the disruption. Base: Property Owners with property damaged by a natural disaster in the past 5 years (n=178)

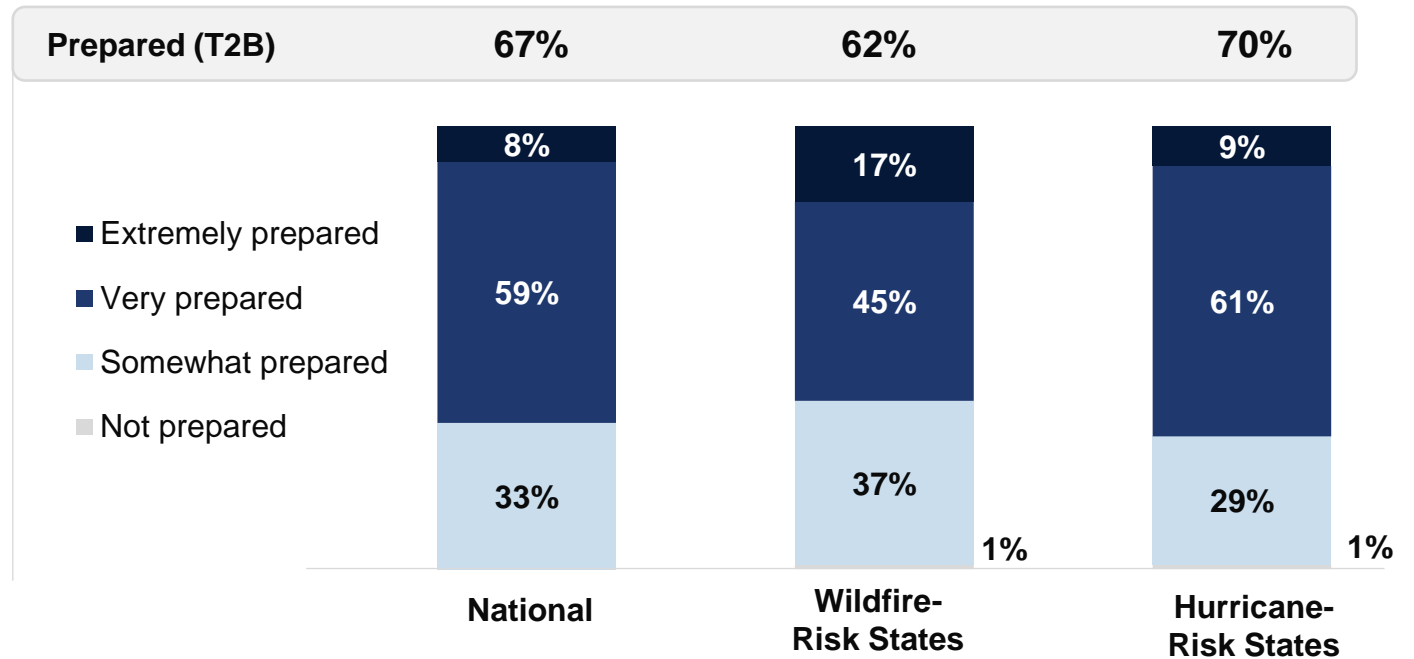
# Severe Weather Protection & Mitigation

# Property stakeholders believe they are prepared for a severe weather event at their business – and CL Agents agree with their assessment

**Agents: Perception of CL Clients' Severe Weather Preparedness**  
(Shown % Select)



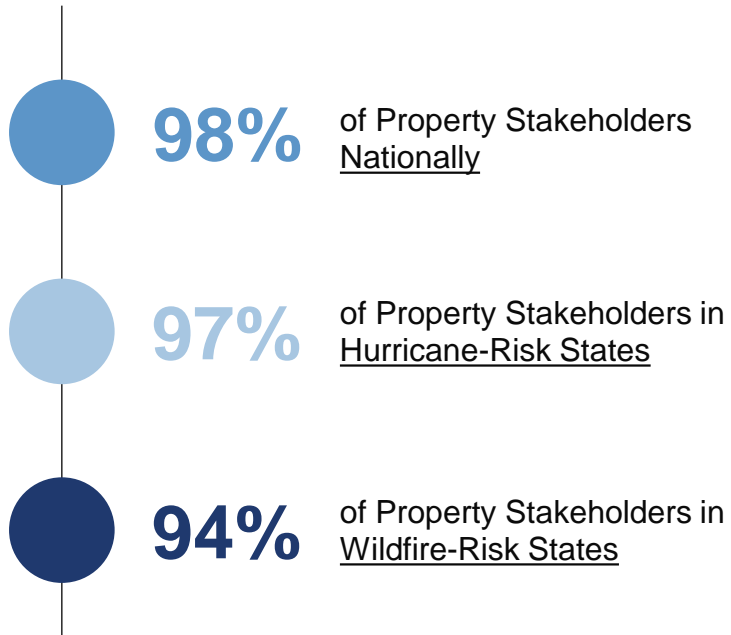
**Property Stakeholders: Preparedness for Severe Weather**  
(Shown % Select)



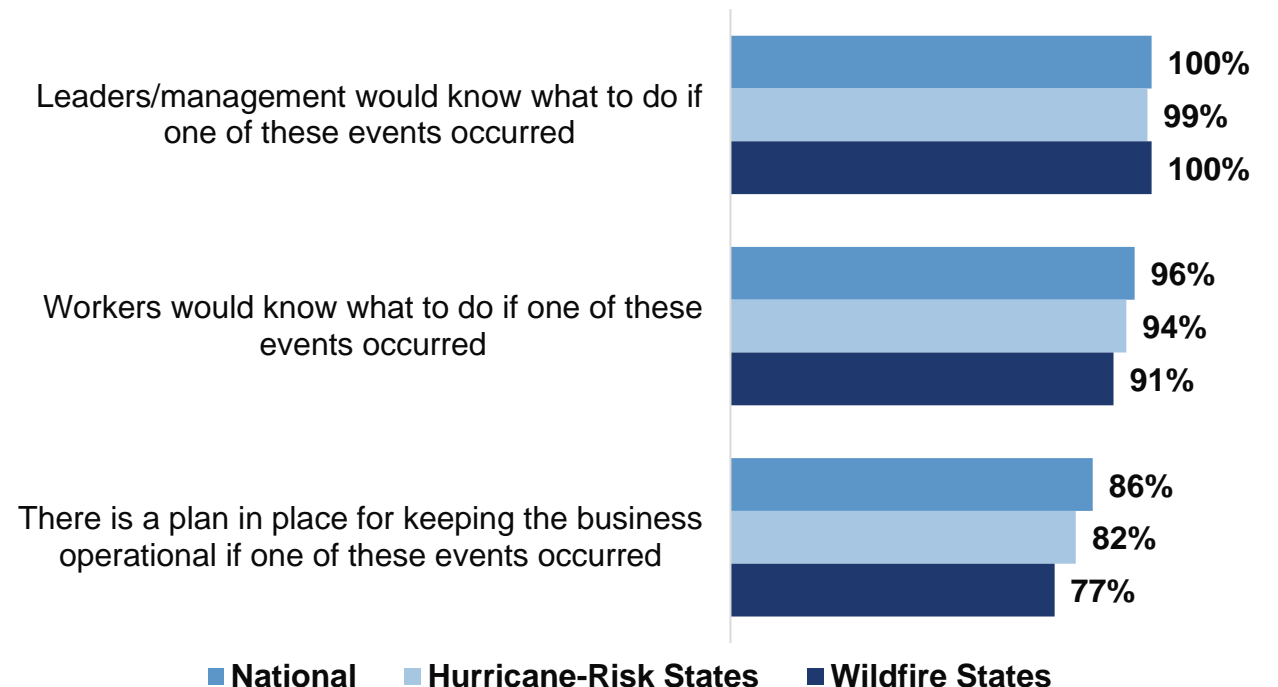
Q4A: How prepared would you say your commercial clients are for a severe weather event at their business? Base: Commercial Lines Independent Insurance Agents (n=400) Q4B: How prepared are you for a severe weather event at your business? Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100)

# Virtually all have a plan to prevent property damage and believe workers would know what to do during a severe weather event

## Have a Plan to Prevent Severe Weather Damage to Business Property (Shown % Select 'Yes')



## Severe Weather Event Response (Shown % Select 'Yes')



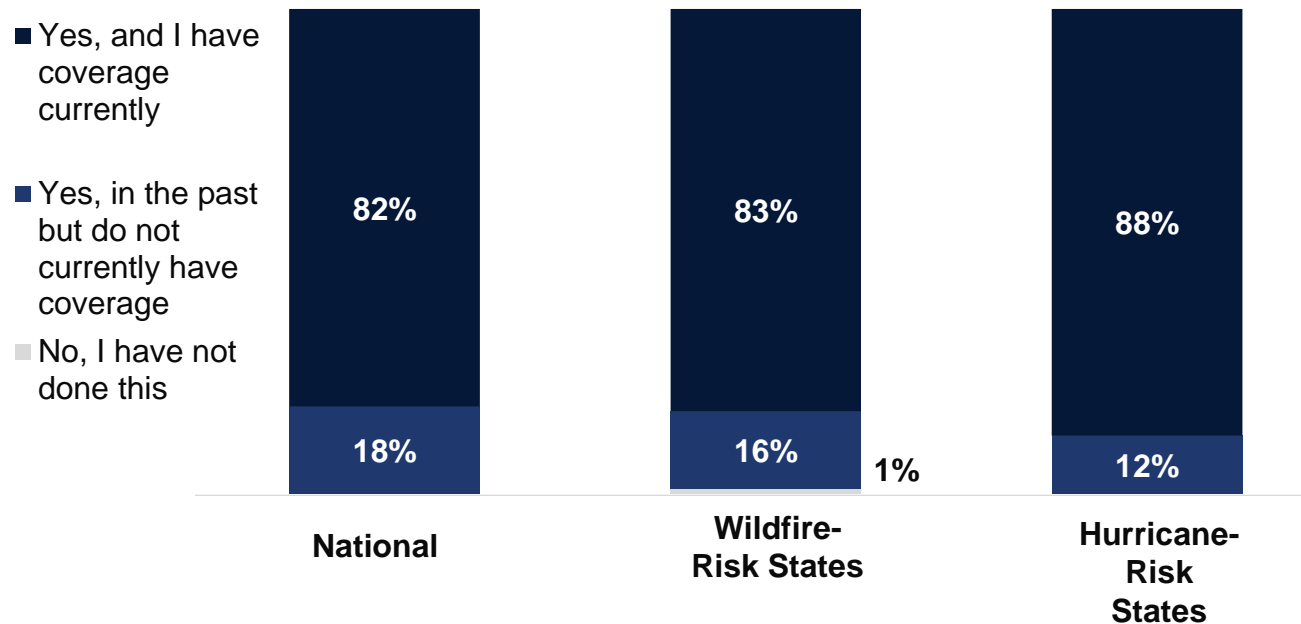
Q5B: Do you have a plan in place to prevent damage to your business's property in the event of a severe weather event?

Q5C: For each of the following statements please answer whether they accurately describe your business and its plans for responding to a severe weather event or natural disaster.

Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100)

# Almost all property stakeholders currently work with an agent to ensure they're adequately covered for severe weather

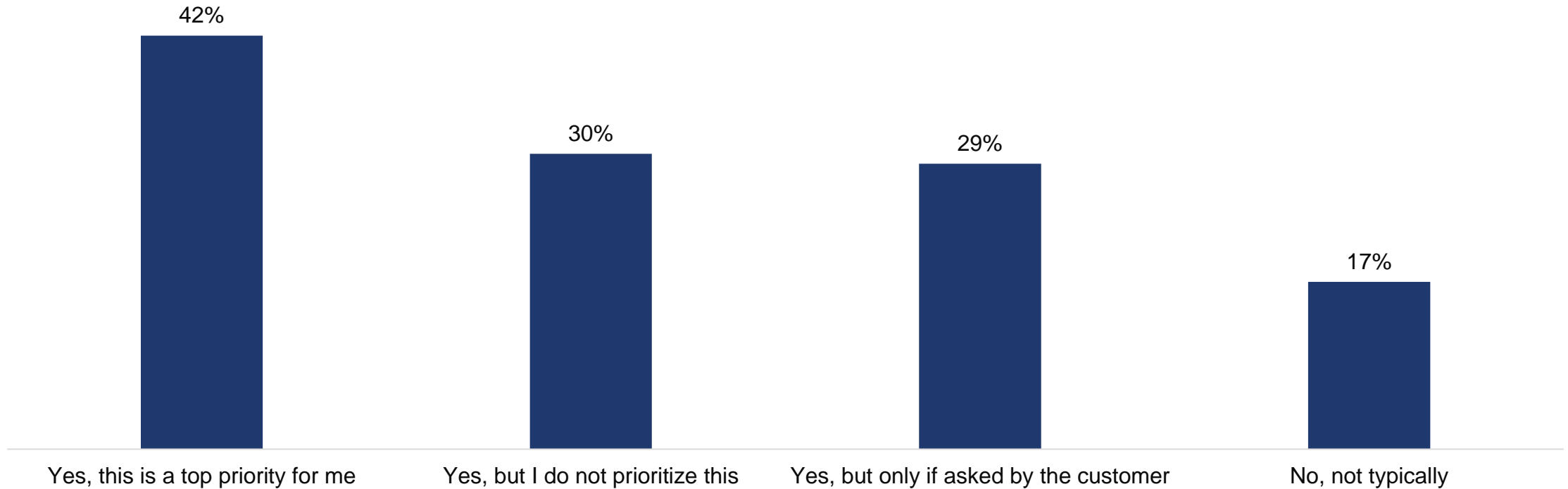
**Worked With An Agent To Ensure Appropriate Coverage For Severe Weather Event**  
(Shown % Select)



Q7B: Have you worked with an insurance agent to ensure you have appropriate coverage to recover from a severe weather disaster? Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100)

# Less than half of agents prioritize promoting insurance carrier solutions and resources for protecting against severe weather to their clients

**Agents: Promotion of Insurance Carrier Resources for Preventing Losses from Severe Weather Events**  
(Shown % Select)



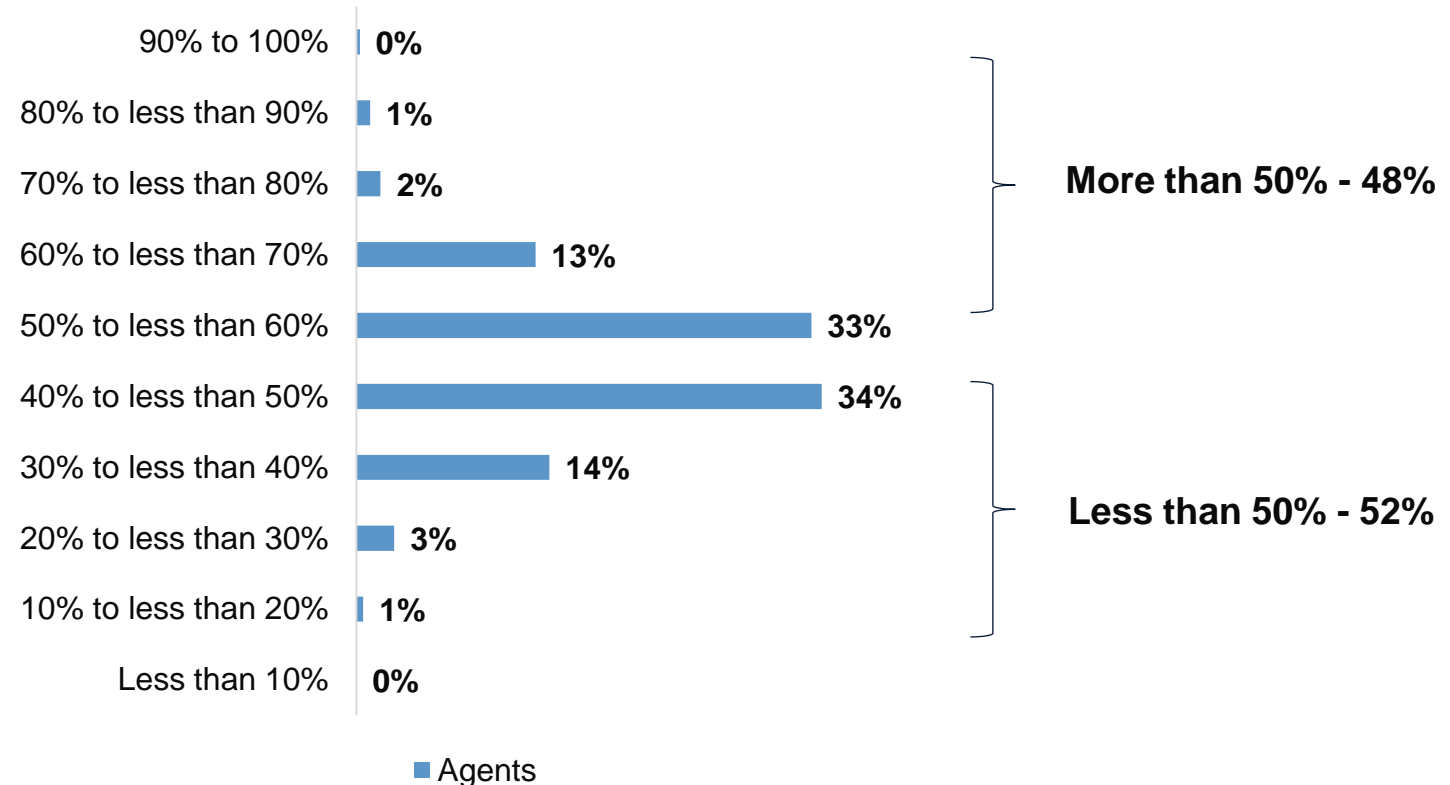
Q27. Do you promote and share insurance carrier resources and solutions for preventing losses from severe weather events to your commercial lines customers? Base: Commercial Lines Independent Insurance Agents (n=400)



# Agents say most of their CL clients don't have an appropriate level of coverage for severe weather

## Agents: Percent of Commercial Clients with an Appropriate Level of Severe Weather Insurance Coverage

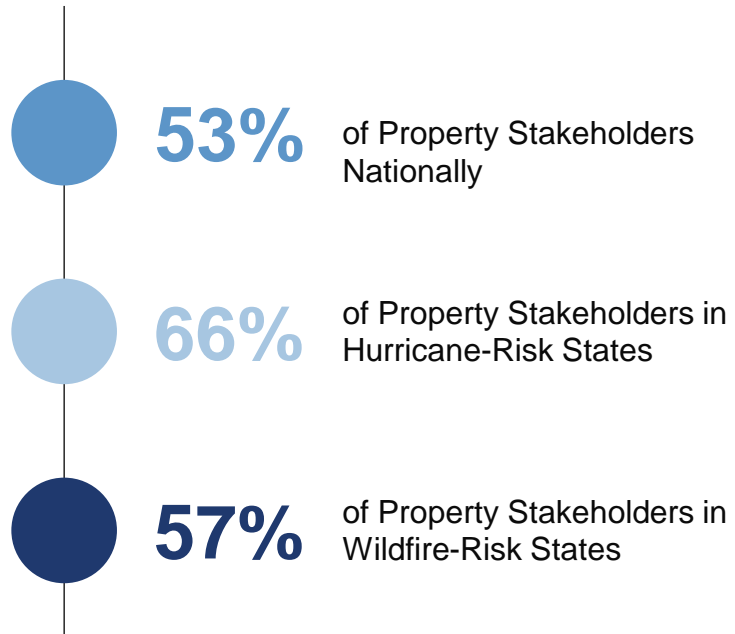
(Shown % Select)



Q5A. About what percent of your commercial clients would you say have an appropriate level of severe weather insurance coverage? Base: Commercial Lines Independent Insurance Agents (n=400)

# Many property stakeholders would be willing to spend more to increase their structure's resiliency; residents of wildfire states are willing to spend the most

## Willingness To Spend More To Increase Business Structure's Resiliency (Shown % Select 'Yes')



## Amount Willing to Spend (Shown Median Response)



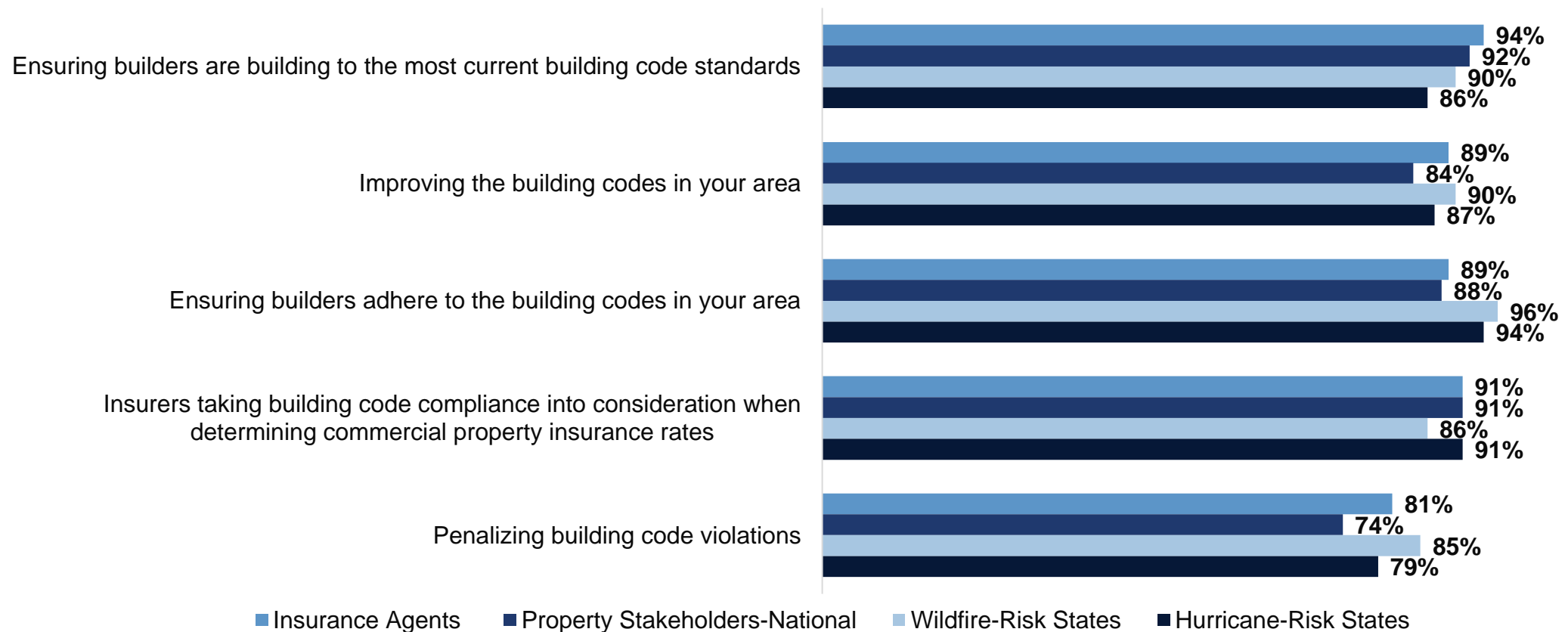
Q8: Would you be willing to spend additional money to make your business's structure(s) more resilient against severe weather? Base: Property Stakeholders (n=242), Wildfire States Property Stakeholders (n=87), Hurricane States Property Stakeholders (n=96) Q9: You said you would be willing to spend additional money to make your business's structure more resilient against severe weather. How much money would you be willing to spend? Please enter an amount in dollars. Base: Property Stakeholders (n=128)

# Building Code Perceptions

# Agents and property stakeholders overwhelmingly agree on the importance of adhering to and improving area building codes

## Importance of Building Code Policy for Protecting Business Property

(Shown Top 2 Box: Extremely/Very Important)

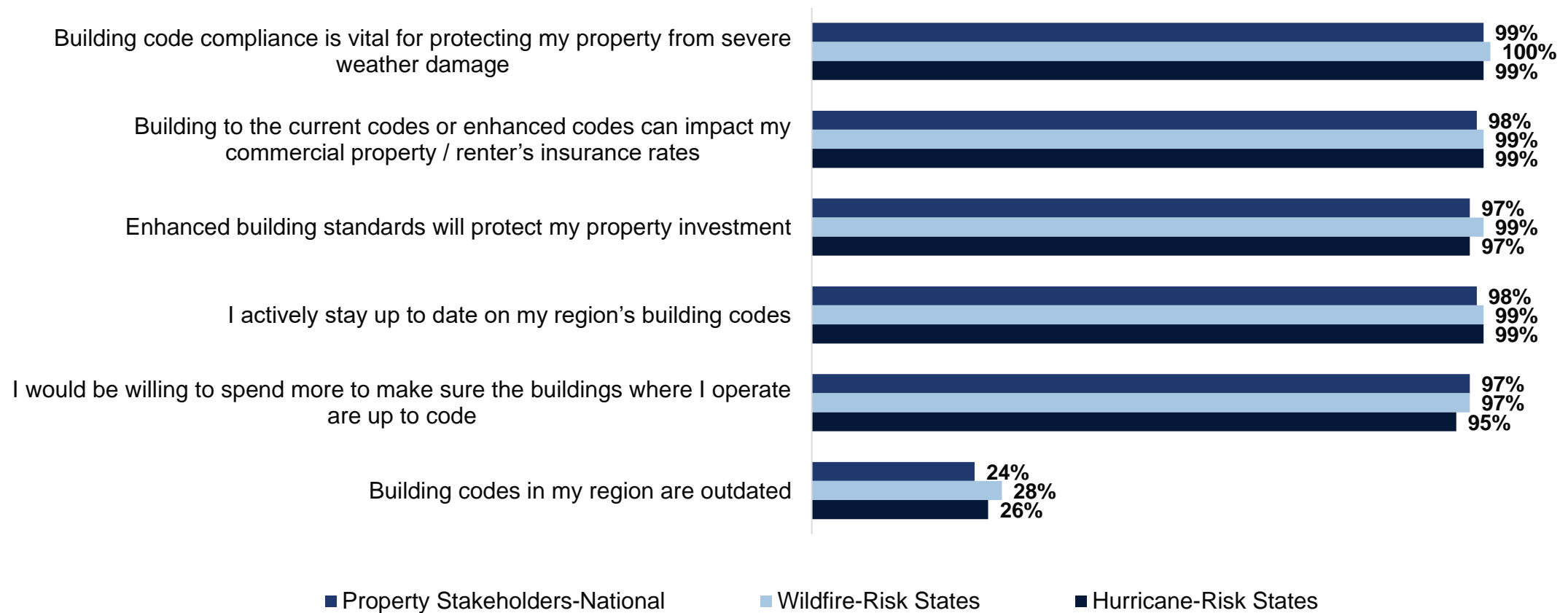


Q19. How important do you think the following are for the protection of the property you own, or where your business operates? Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100), Commercial Lines Independent Insurance Agents (n=400)

# There is near-unanimous agreement that building code compliance is vital for protecting property from severe weather damage

## Property Stakeholders: Building Code Compliance Statements

(Shown Selected Top 2 Box 'Agree')

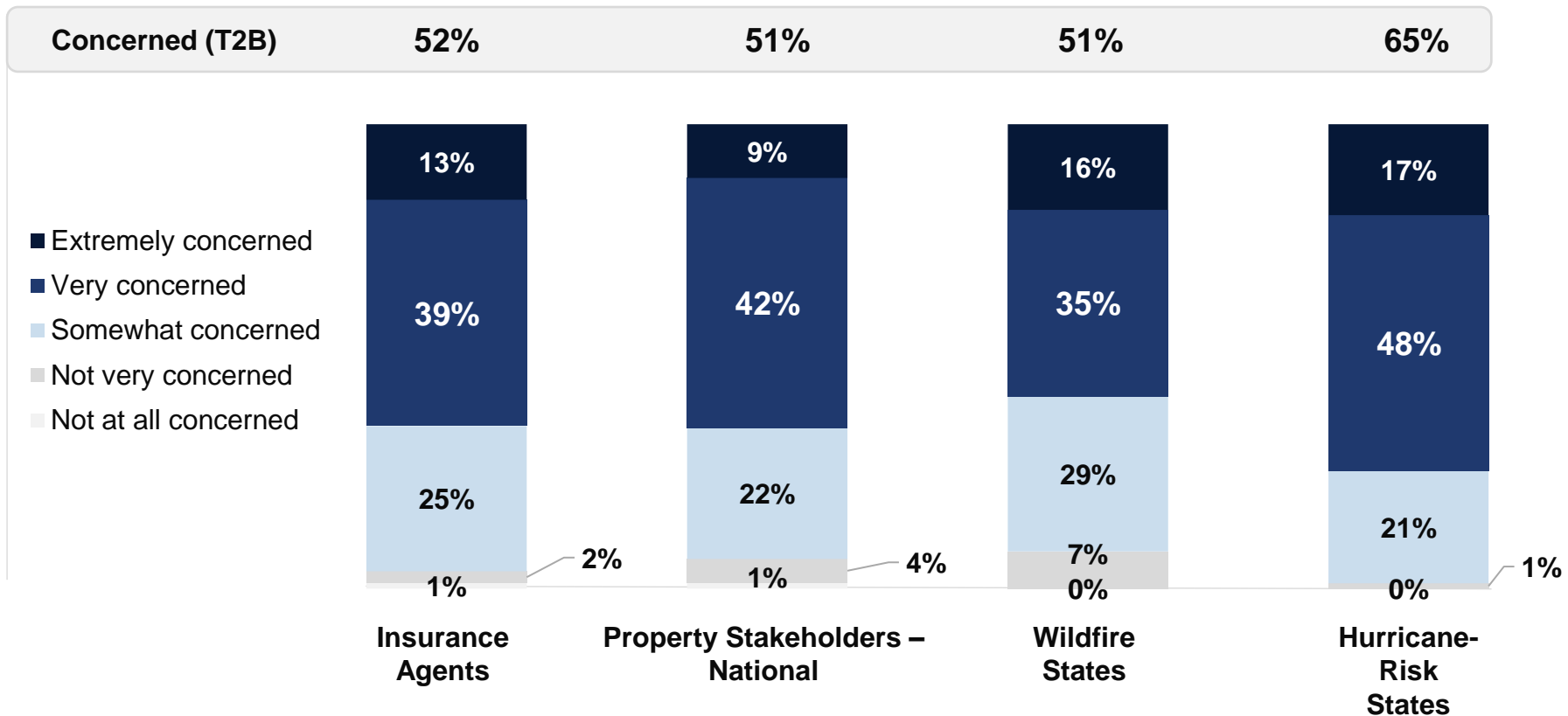


Q20. Do you agree or disagree with each of the following statements? Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100)

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

# Property stakeholders in hurricane-risk states are most concerned about building codes being kept up to date

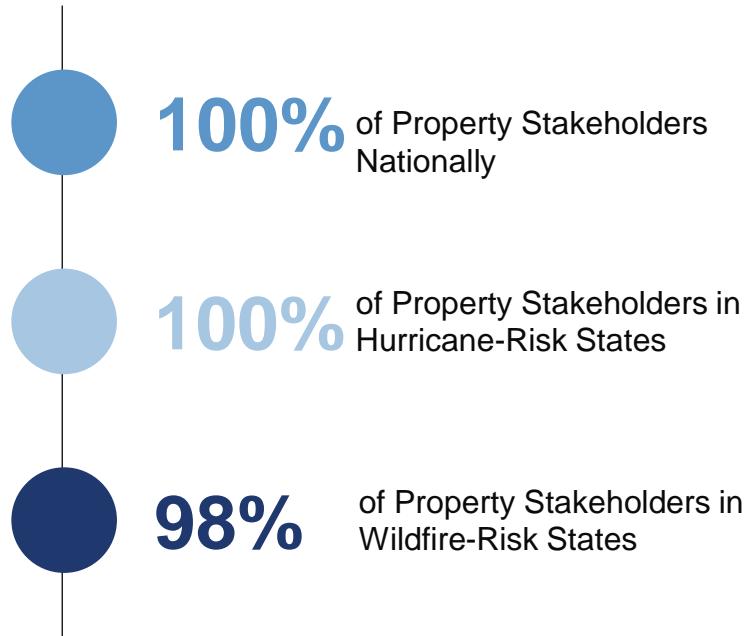
**Building Code Updates Concern**  
(Shown % Select)



Q21. How concerned are you about the lack of building code updates in your area? Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100), Commercial Lines Independent Insurance Agents (n=400)

# Many property owners upgrade electrical systems and build/repair to above current code standards for additional protection

## Property Owners: Checked the Building Codes Before Buying Property (Shown % Select 'Yes')



## Property Owners: Measures Taken for Additional Property Protection (Shown % Selected)

		Property Stakeholders – National
1	Electrical system surge protection	61%
2	Building/repairing property to standards above current code requirements	52%
3	Extra bracing for severe wind	50%
4	Drainage systems	46%
5	Impact resilient doors and flashing	43%
6	Earthquake proof sprinkler system	42%
7	Adding defensible space around my property to protect against wildfires	37%
8	Used longer nails	20%

Q22 Prior to buying your property/building, did you check the building codes and whether they were adhered to?// Q23. Have you taken any of the following measures for adding additional protection for your property(ies)? Base: Property Stakeholders (n=242).

# Costs and disruption to business are the greatest barriers to upgrading existing buildings to a higher standard than required

## Property Owners: Biggest Obstacles to Upgrading Existing Buildings to Protect Against Severe Weather (Shown % Selected)

		Property Owners (National)
<b>1</b>	Construction costs	<b>73%</b>
<b>2</b>	Disruption to my business operations	<b>62%</b>
<b>3</b>	Access to trusted advice	<b>54%</b>
<b>4</b>	Time to research options	<b>44%</b>

Q24. What is the biggest obstacle that would prevent you from upgrading existing buildings to a higher standard - such as the FORTIFIED standard developed by the Insurance Institute for Business and Home Safety - to protect against severe weather? Base: Property Stakeholders (n=242)





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# Appendix

## Additional Data

# Audience Definitions

## Commercial Property Stakeholders:

## Sample Size

### Property Owners

**n=100**

- Individuals or business decision makers at real estate holding firms.
- They must own 2+ buildings, with a minimum 40,000 sq ft each, and the buildings owned must fall into one of the following categories: residential buildings and dwellings, i.e. apartments; nursing care facilities; hotels; restaurants, with \$50M+ in annual sales; office buildings; other commercial/industrial spaces.

### New Construction Builders

**n=100**

- VP+ of businesses operating out of 2+ physical freestanding locations of 40,000 sq ft+.
- Business must predominantly be engaged in new construction, either for commercial/industrial or residential.

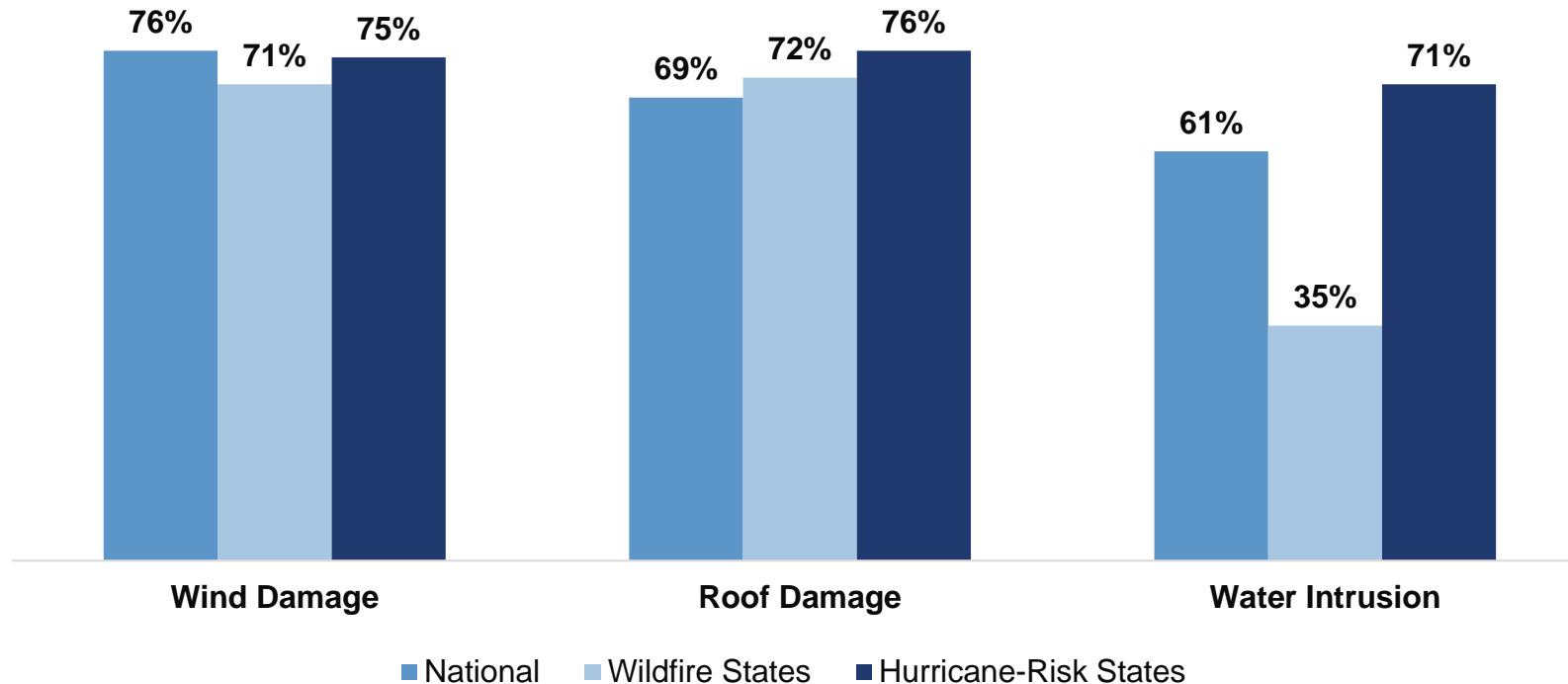
### Business Owners

**n=100**

- Owners of a business who operate out of 2+ physical locations, freestanding buildings with 40,000+ sq ft.
- Can own or lease their buildings
- Must operate in one of the following industries: residential buildings and dwellings/apartments; nursing care facilities; hotels; restaurants with \$50M+ in annual sales; other commercial office or industrial setting. \$4M+ annual sales.

# Most property stakeholders have talked with an agent about ways to mitigate severe weather damage

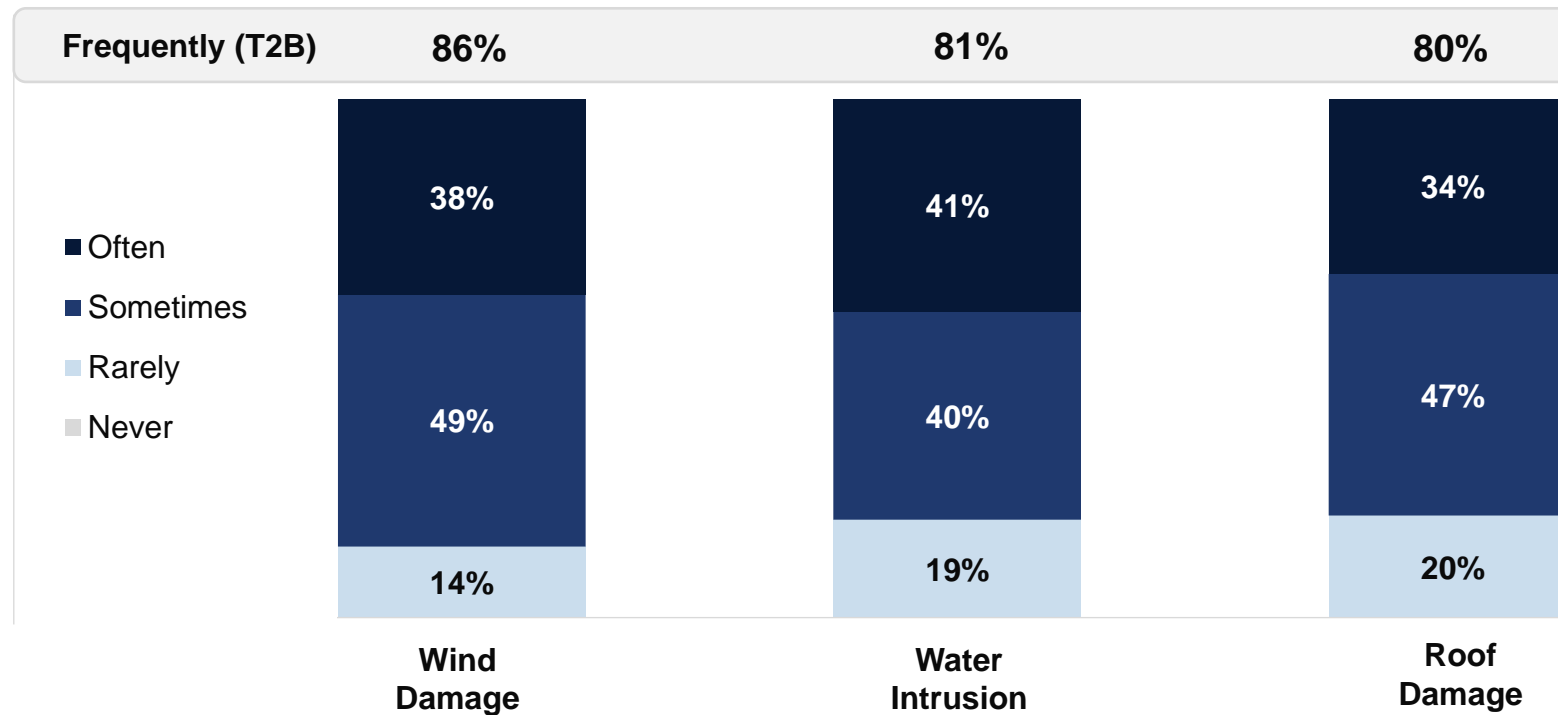
**Engaged with an Agent about Preventing Severe Weather Damage**  
(Shown % Select 'Yes')



Q6B: Have you ever talked with an insurance agent about ways to manage or prevent the following types of damage from severe weather events? Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100)

# Agents regularly discuss how to mitigate weather damage with their CL clients

**How Often Insurance Agents Talk to Clients about Managing/Preventing Types of Damage**  
(Shown % Select)



Q6A: How often do you talk with your commercial clients about ways to manage or prevent the following types of damage from severe weather events?  
Base: Commercial Lines Independent Insurance Agents (n=400)

# Beyond national news and the web, top sources of information about mitigating severe weather risk are the government, insurance carriers, and trade outlets

**Severe Weather Risk Prevention Resources**  
(Shown % Selected)

		Property Stakeholders-National	Wildfire-Risk States	Hurricane-Risk States
<b>1</b>	National news	67%	77%	73%
<b>2</b>	Online web searches	66%	68%	58%
<b>3</b>	Government provided resources	45%	44%	50%
<b>4</b>	FEMA resources	34%	42%	57%
<b>5</b>	Insurance providers	49%	30%	33%
<b>6</b>	Trade outlets	25%	25%	20%
<b>7</b>	Other property owners in my area	18%	19%	12%

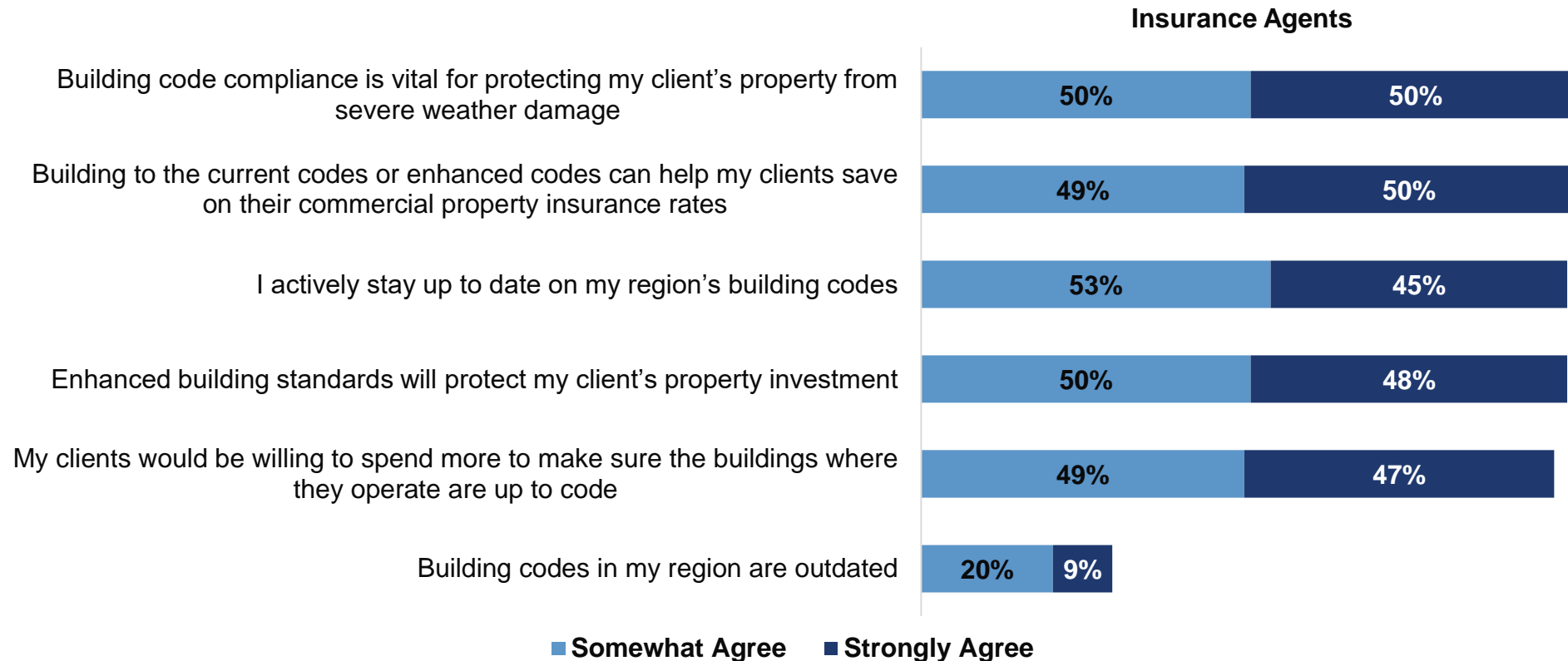
Q16: Where do you look for information and resources about reducing the risk from severe weather events? Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100), Commercial Lines Independent Insurance Agents (n=400)

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

# Agents agree on the impact of building codes on their client's property investments, and they actively stay up to date on the current codes

## Agents: Importance of Building Code Compliance

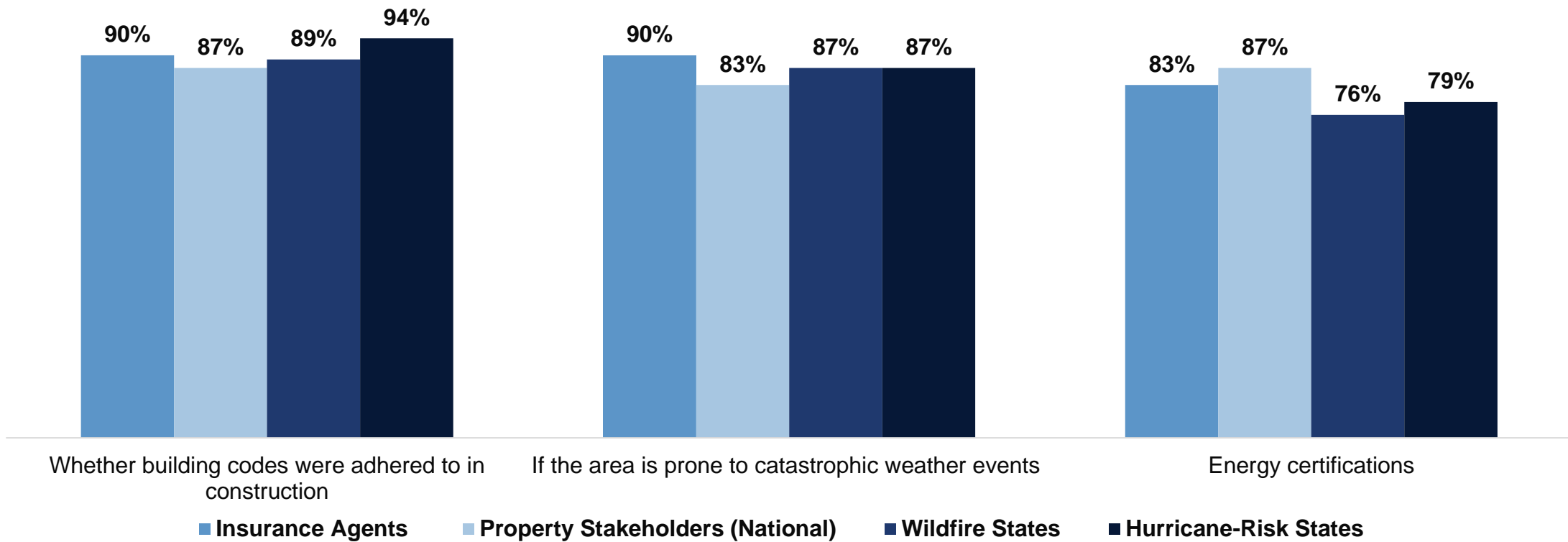
(Shown: Percent selected (T2B) – Among Agents)



Q20. Do you agree or disagree with each of the following statements? Base: Commercial Lines Independent Insurance Agents (n=400)

# Building code adherence, CAT event likelihood and energy certifications are top of mind when considering a new property

Considerations when Purchasing/Leasing/Building a New Space  
(Shown % Selected)



Q25. Which of the following do you consider when purchasing, leasing, or building a new space? Base: Property Stakeholders (n=300), Wildfire States Property Stakeholders (n=100), Hurricane States Property Stakeholders (n=100), Commercial Lines Independent Insurance Agents (n=400)