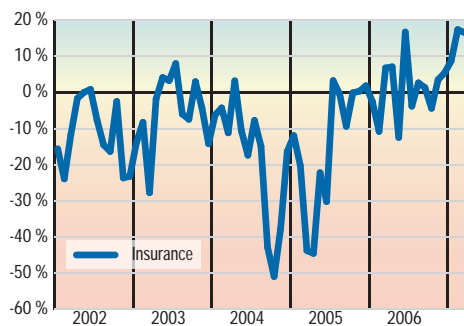


After Hurricane Spitzer: Back in the comfort zone?

Media image of the insurance industry in the first quarter of 2007 in opinion-leading U.S. media

1) Media rating of the insurance industry



Basis: 191,719 passages on companies 25/14 US media
Time period: 01/2002 - 03/2007

From 2001 until his emergence as a political heavyweight, former New York Attorney General Eliot Spitzer has proven to be a perfect storm for the financial industry. In the first quarter 2007, however, the media image of the insurance industry was positive once again. Is the industry finally in the comfort zone again after hurricane Spitzer? An analysis of insurance companies in 25 opinion-leading U.S. media outlets shows that the image improvement is not the result of continuous communication performance.

An earlier analysis by MEDIA TENOR has shown that Spitzer's campaign was especially damaging to the reputation of the insurance and funds industry because – apart from banks – even the top players in the

industry did not maintain a continuous media presence above an awareness threshold necessary for a broader public and based on the core value drivers of a company's performance. Thus, the excess of negative versus positive ratings for the industry reached an all-time high of 50.9 percent in October 2004.

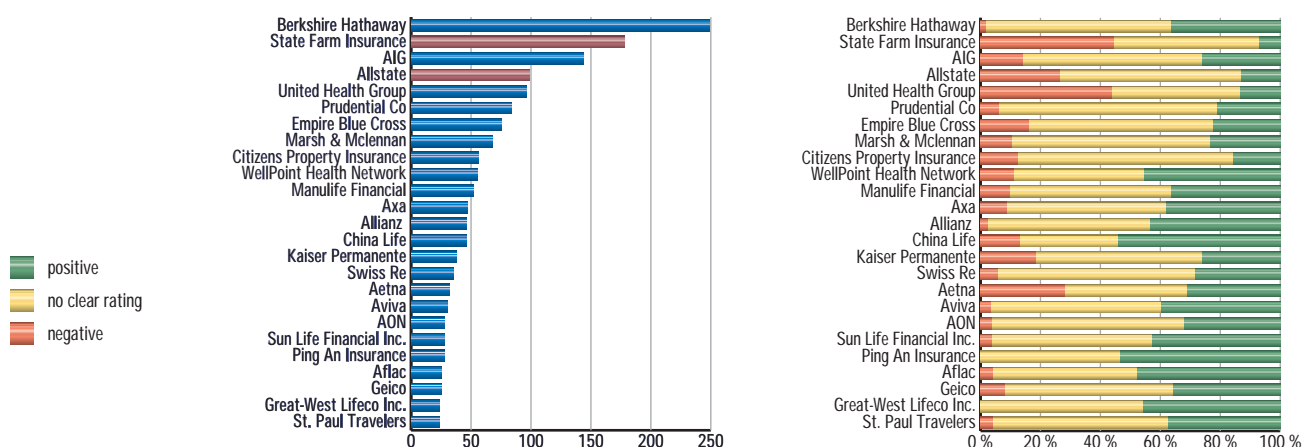
As a result, even traditional and regulatory approved industry practices were effectively criminalized. Such allegations were not proven in court but were rather heard in the courtroom of public opinion. The impact was strong enough to force Maurice Greenberg to resign from the helm of AIG.

A trend line analysis shows that the insurance industry's media image has improved since mid-2005, achieving a balanced rating in summer 2006 and returning to positive in early 2007. Does this mean, however, that the nightmare is over and it's back to business as usual? Such an assumption would be premature, as a thorough analysis of the coverage in the first quarter displays.

Image turnaround based on special effects

Analysis by company shows that the vast majority of positive reports on the insurance industry in the first quarter of 2007 focused on rising stock prices, rising profitability, accolades for Warren Buffet, and M&A. There was, however, hardly any reporting about customer relations (0.3 percent of coverage), and when those issues were addressed, the rating was predominantly negative. Customer relations were at the centre of the Spitzer investigations and little has been communicated to show that the industry is more

2) Volume of coverage and +/- rating of Insurance Companies



Basis: 2,636 passages (min. 5 lines/secs.) on insurance companies in 25 U.S. media
Time period: 01 - 03/2007

trustable today. As the hurricane season begins, it is unlikely that companies will be able to keep earnings at 2006 levels, given that scientists expect an increase in claims that result from natural disasters.

Insurance coverage a political issue

The fallout from hurricane Katrina highlighted insurers like Allstate and State Farm. Together with pessimistic forecasts about climate change, and the limited ability to raise premiums for coverage to market levels, the provision of insurance coverage to high-risk areas like Florida has become a political issue. The **New York Times** reports of Allstate, one of the insurers who has factored climate change into their risk assessments, that “some like Allstate are already refusing to renew homeowner’s policies in the eight downstate countries” (3/11).

Furthermore, the flood of claims linked to damage caused by Katrina is still far from being settled. Only recently, the **New York Times** reported that Mississippi Attorney General Jim Hood “sued State Farm and Casualty, saying that the company failed to honor its agreement for a mass settlement of claims over Hurricane Katrina damage” (6/12).

TV news strongly critical

Another indicator of insurance companies’ position vis-a-vis reputational risk is news coverage in both TV and regional papers like the **Miami Herald**. However, as the diagram shows, the infrequent reporting in TV news has been rather mixed. In the southern part of the U.S., the local print press fea-

tured more negative statements than were to be found in opinion-leading national media. Apart from the **Financial Times** and the **Wall Street Journal** lauding recent gains in profitability, the general tone of coverage on the insurance industry is not positive.

There is, therefore, no reason to think that the storm is already over—that insurers can duck away and wait for the end of the next crisis, or indeed for an end to crises. Active communication of product- and strategy-related coverage is required if a more comprehensive picture of the industry is to make its way into the media. (vb)

Basis

Media Set: ABC World News Tonight, Atlanta Journal Constitution, Barron’s, Boston Globe, Business Week, CBS Evening News, Chicago Tribune, Financial Times, Forbes, Fortune, FOX: Special Report, Informationweek (US), Institutional Investor, Los Angeles Times, Miami Herald, NBC Nightly News, New York Times, Newsweek, San Francisco Chronicle, Time, Toronto Globe & Mail, USA Today, US News & World Report, Wall Street Journal, Washington Post

Time period: 01 - 03/2007

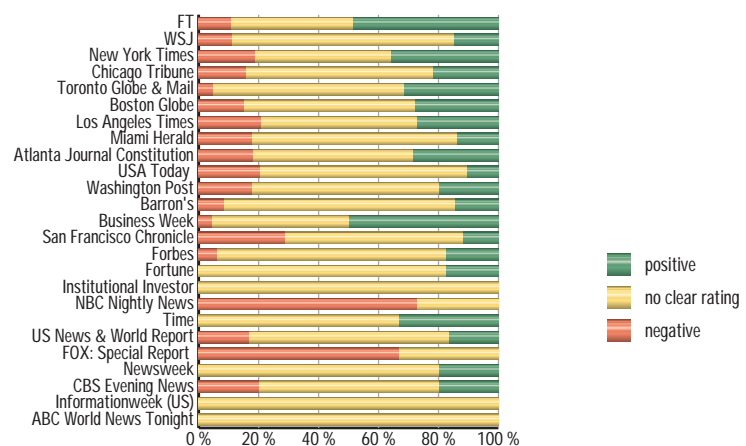
Analysis: 2,636 passages (min. 5 lines/secs.) on insurance companies in 25 U.S. media

Bibliographical notes:

Media Reputation of the Insurance Industry: An Urgent Call for Strategic Communication Management
Robert G. Eccles and Matthias Vollbracht
The Geneva Papers (2006) 31, 395–408. doi:10.1057/palgrave.gpp.2510086



3) Volume of coverage and +/- rating of Insurance Companies



Basis: 2,636 passages (min. 5 lines/secs.) on insurance companies in 25 U.S. media
Time period: 01 - 03/2007