



Transforming personal lines through a predict-and-prevent mindset

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As we head into 2026, many may feel like we're on a trajectory of uncertainty, and it's no different for those of us in the personal lines business.

Carriers continue to navigate unprecedented change and volatility: from economic pressures to increased weather intensity and frequency. Combined with shifting consumer behavior and expectations, these factors point to an important truth: our industry is ripe for transformation.

Agents who focus on shifting to a more sustainable and profitable predict-and-prevent mindset for both their customers and themselves will be best positioned to compete and thrive in this environment.

Macro trends lay the foundation

Macro trend #1

Economic pressures

Economic uncertainty weighs on consumers.

Inflation, labor market and interest rates remain top of mind for many households. These pressures have driven up the cost of essentials like vehicles and homebuilding supplies. In fact, homeowners' insurance jumped 55% in cumulative replacement costs between 2020 and 2022,¹ indicating the increasing expense of rebuilding after damage.



Americans are pulling back on spending.

Rising prices rank among Americans' top economic concerns.² Many are cutting back on non-essential spending and purchasing fewer items. Further, surveys show that consumers are cautious about the road ahead.



Affording a home or car is getting more difficult.

Home values are about 1.5 times higher than they were five years ago and nearly double what they were 10 years ago, creating major challenges for first-time buyers.³ Government data shows the cost of new automobiles is up roughly 60% over the past decade.⁴ Additionally, mortgage interest rates are well above 6%, impacting purchase power for many prospective buyers.⁵



Insurance costs are rising. On the automotive front, nearly two-thirds of U.S. drivers said that they find auto insurance unaffordable.⁶

Key takeaway:

Americans are feeling the squeeze across the economic spectrum. With this pressure comes consumer anxiety around prices, borrowing costs, and essential expenses.

Macro trend #2

Weather severity and volatility

The U.S. has experienced an increase in frequency and severity of intense weather events, from more frequent hurricanes and wildfires to clusters of severe convective storms, which bring hail, flooding and high winds.

Even communities considered outside the typical high-risk zones are now at risk. Historic flooding from 2024 and 2025 devastated non-coastal areas across Tennessee, North Carolina, Virginia, and Texas.⁷ Weather catastrophes once considered "100-year events" now occur with greater frequency,⁸ stress-testing consumers as well as our industry.

115

Number of U.S. volatile weather events **from 2020 to 2024**⁹



The annual average of billion-dollar **weather events has more than doubled in the last 20 years**¹⁰

Key takeaway:

Costs and anxieties continue to mount as weather events become more intense, frequent, and unpredictable.



Macro trend #3

Consumer behavior shifts

Current consumer behavior reflects Americans' economic uncertainty. Homeowners are delaying home maintenance decisions, indicating a "spend-later" mindset. 20% of consumers reported delaying necessary home renovations or repairs in 2024.¹¹

Driving has become more dangerous, according to consumers¹²

92% report an increase in aggressive and distracted driving

88% report more instances of reckless driving

As more people return to the road, concern about distracted and reckless driving has increased. Parents of teen drivers often express uncertainty about their children's ability to drive safely, citing concerns about phone use, distraction, and handling inclement weather.



The big picture

Our industry has helped shape consumer behavior over the last few decades. Consumers don't see how economic and weather changes increase the total cost to insure their property, and as insurance leaders, we haven't explained this clearly enough. The lack of communication about this cause-and-effect has left many consumers understandably confused and uncertain.

Advertising campaigns and online shopping for insurance—first for auto, now for home as well—have trained consumers to price-shop, "switch and save," and bundle policies for lower rates. This has reinforced the idea that price, rather than value or level of protection, should be the main factor in choosing coverage. Over time, that mindset has eroded the perceived value of insurance and weakened the relationship among insurers, agents, and consumers.

Despite access to more choices, information, and data than ever before, many consumers struggle to see the real benefits of their coverage. Confusion about how insurance works, combined with experiences that feel transactional rather than supportive, has chipped away at trust in our industry.

Consumers' view of insurance

- ✗ Insurance is only useful to me when something bad happens
- ✗ I will be covered regardless of cost or where I live
- ✗ Premiums go up when I use insurance, and that's also bad

Key takeaway:

Current consumer behavior has been shaped by uncertainty as well as a lack of trust and understanding in how insurance works and its true value.

Opportunities for change amid uncertainty

Economic uncertainty, volatile weather, and evolving consumer behavior have led to a claims and confidence crisis in America. Many customers delay maintenance and act only when something breaks. This repair-and-replace approach has fueled the crisis at a time when:

- Claims are rising in both **frequency and severity**
- Everyday events like auto collisions or house fires are more expensive due to **inflation and economic pressures**
- **Premiums are rising** as insurers respond to higher payouts
- **Repair costs and material prices** are climbing
- **Overall financial stress** adds to consumer anxiety

Insurers have historically paid more in claims and have increased premiums to keep pace.¹³

The result?

Agents, insurers, and consumers alike feel the strain of a model that's no longer sustainable.



Homeowners insurance disruptions in high-risk states

In states where repeated disasters strike, homeowner insurance availability and rates are volatile. Both customers and agents face the whiplash of sudden policy changes and limited options, even as state regulators intervene to find solutions.¹⁴ Customers, unsure of how to prepare, are seeking more guidance.

Agents report increased consumer demand for¹⁵:



Fire insurance



Windstorm protection



Flood coverage



Identity theft coverage

Despite the uncertainty,

86%

of first-time home buyers say owning a home **improves their sense of control** even though that future brings unexpected repairs and sacrifices.

Disruptions to auto coverage

Auto premium increases are hitting double digits in many regions, testing customers' will and ability to carry adequate coverage. Inflation and behavioral risk have both contributed to this steep rise.

Cell phone use and distracted driving remain critical issues given their direct links to increased accidents and claims. State legislatures are passing more laws related to distracted driving and in those states, there is a lower incidence of distracted driving.

Opportunity:

Help customers think about the role insurance can play in providing a sense of control and keeping their families and belongings safe.

The big picture

Trust is the bedrock of insurance. It's a promise that agents and carriers will be there in our customers' time of need. But consumer trust is waning as they face rising costs, coverage confusion, and concerns about how carriers use data collected through smart technology and telematics.

81%

of homeowners **consider switching carriers** according to agents¹⁵

The broken cycle of trust

Lack of transparency in the industry

Predictive models of predicting future losses are becoming challenging
Weather events becoming more frequent and severe
Costs of repairs increasing

Insurers pull back from markets or tighten underwriting

Customers lose trust in insurers and agents
Customers reevaluate their coverage

Insurers see lower customer retention

Insurers spend more to acquire new customers and less on service

As industry leaders, we must address this broken cycle of lower trust and decreased loyalty. It diminishes our overall value to a passive safety net versus a proactive partner in managing their risk and peace of mind.

Opportunity:

Shift consumers' mindset from reactive to proactive, helping them avoid or reduce costly damage before it happens rather than paying claims after the fact.

The significance of this predict-and-prevent shift cannot be overstated. We all benefit when consumers feel more confident and in control of their futures. Other industries like tax preparation, travel, and day trading have innovated with the times and put more control in their customers' hands. Now is our chance to give customers what they value most: trust, confidence, and control. By building these elements into the personal lines insurance experience, we can help them avoid costly issues before they occur.

Personal lines customers deserve:

Trust in their insurer, agent, and our industry

Confidence that their insurance will protect them should losses occur

Control in actions they can take to influence their price, protection, and peace of mind

A better path forward: the predict-and-prevent movement

Let's all facilitate this mindset shift, where carriers and trusted sales partners move from insurance providers to *assurance* providers.

From payers after the fact to partners who help protect and prevent loss while offering some control over their experience.

First things first

Our industry must understand customers more deeply than ever. That starts with recognizing one truth:

**Insurance is a
human business.**

This perspective keeps us focused on what customers truly value from us: safeguarding their families, their belongings, and their peace of mind.

With that in mind, there are deeper questions to explore.

- How does what customers value compare to what we're giving them today?
- What are the biggest pain points with their current insurance experience?
- Where can agents and insurers build trust and provide guidance during uncertain times?

Path forward #1:

Demonstrate and communicate value

We demonstrate value by showing that **personal lines insurance offers protection beyond loss events**. Consumers with a repair-and-replace mentality tend to value insurance only after a loss. Our role is to help them view coverage as an asset before a loss occurs. That means highlighting potential risks and sharing innovative solutions, such as smart technology and telematics, which give them control and help prevent damage.

As experts in managing risk, insurers have a responsibility and larger obligation to **support customers and communities in building resilience**. That includes acting as proactive partners, promoting and advocating for safer roads, homes, and neighborhoods through advocacy and education.

Path forward #2:

Shift consumers into predict-and-prevent mode

By helping customers adopt a predict-and-prevent mindset, we can encourage them to expect more value and better communication from their insurance. This shift opens the door for agents to guide customers in minimizing or avoiding loss altogether.

There's also a deeper payoff: consumers gain a stronger sense of control over random events, which benefits everyone in the insurance ecosystem. When we reward proactive protection and prevention, we build a stronger, more sustainable model for the future. **Prevention reduces losses, which lowers costs for insurers, agents, and consumers.**

Path forward #3:

Build long-term resilience within our communities and industry

Every part of the insurance ecosystem must work together to promote predict-and-prevent thinking across our communities and the industry as a whole. Our collective knowledge can help:

- **Building manufacturers and advocacy groups** develop stronger building codes and innovations, such as developing more weather-resilient structures
- **Local government and regulatory groups** reinforce distracted driving laws, strengthen homebuilding codes, and foster community engagement in prevention measures
- **Technology innovations like telematics, smart technology, and usage-based insurance** continue to gain momentum and increase transparency and consumer control while also preventing losses, promoting safer choices, and helping save money



Good news: Consumer mindsets are shifting

Some consumers have already embraced a protection-oriented mindset.¹⁵ They value peace of mind and seek the confidence that they're doing everything they can to safeguard their homes, cars, possessions, and by extension, their families' wellbeing. **We call them "protectors."**

Protectors will shape our industry for the better



They think ahead to prevent loss

These customers focus on addressing issues before they start, preventing versus reacting.



While price matters, peace of mind matters more

While price-sensitive, they're motivated by the peace of mind provided by maintenance and preparedness.



They harness smart technology

Smart home devices, telematics, and usage-based insurance give consumers more personalization and control over their risks and their premiums.



They stick with trusted partners

These consumers value guidance from agents and tend to stay loyal to insurers who support their protection-oriented mindset.

Shifts can start today

Moving toward predict-and-prevent starts now

Adopting a predict-and-prevent approach is essential for the long-term sustainability of our industry. It begins by showing up for our customers not only after a loss, but well before it happens. Today, they need more than reimbursement—they need reassurance. The kind that comes from proactive steps taken long before a claim to help reduce risk.

Building more resilient customers and communities

As industry leaders, we must leverage our collective expertise and claims knowledge to advocate for smarter planning, stronger building standards, and greater focus on customer and community resilience. Here are a few examples:



Wildfires: Support stronger building codes, tougher construction standards, and land management practices to reduce risk, protect property, and promote long-term recovery in fire-prone areas.



Weather alerts: Offer text alerts ahead of severe weather events so customers can move or protect their belongings, reducing losses and claims.

Advocating for stronger regulations

Encouraging a predict-and-prevent approach means improving safety on the roads as well. That requires collaboration across insurers, governments, regulators, and industry partners. Thoughtful legislation can make a real impact.



Distracted driving laws: Ohio's "Hands-Free" law has significantly reduced fatal accidents. Local support from insurers and agents has been key to its success. Thirty-one other states have passed similar laws.¹⁶



Building standards: Reinforcing the use of FORTIFIED roof standards from the Insurance Institute for Business & Home Safety (IBHS) helps homes better withstand severe weather. By guiding homeowners to seal roof decks and schedule regular roof inspections, agents can help reduce the risk of water intrusion and wind damage.

Smart technology for homeowners

Today's smart home tools encourage a predict-and-prevent mindset by giving homeowners time to act before problems escalate. Agents who guide customers to these innovations, and promote their ongoing use, help reduce risk and claims.

Smart home sensors: Help prevent water and electrical fire damage by catching issues early:



Homeowners receive alerts via smart phone, allowing them to act quickly



Leak and electrical sensors identify potential hazards in real time, often before they become visible or severe



Some tools offer direct access to repair services, reducing hassle and speeding recovery

Smart technology for drivers

Combined with usage-based insurance programs, smart technology can give drivers more control and insight into their driving habits, which can reduce the risk of accidents on the road.



Safe and focused driving programs:

These programs provide real-time data about driving trends or distractions, giving customers greater visibility into their habits and how those influence their choices

When drivers use these tools consistently, they gain more than a potential premium benefit and insight into their driving behavior. They also **build long-term habits that lead to safer driving, safer roads, and safer communities.**

Our call to action: let's shift mindsets together

It will take everyone in the insurance industry to guide the shift toward a predict-and-prevent way of thinking. Here's how we can lead the charge:

A shared shift to predict and prevent

Personal lines carriers

- Compete on prioritizing prevention** over low rates to keep customers the safest
- Invest in partnerships and innovations** that reduce loss
- Share data and best practices** across the industry to raise awareness and resilience

Agents and brokers

- Shift from price-focused conversations** to prevention-focused consultations
- Guide customers** toward safer choices and preventive innovations
- Advocate locally** for building, traffic, and safety reforms in your communities

Technology and service providers

- Collaborate with insurers** to test and scale innovations
- Design for usability** to ensure consumers will adopt new technology
- Keep the door open** for pilots and feedback loops

Regulators and policymakers

- Support regulation** that enables new pricing models and technologies
- Promote safety legislation** that reduces risk (e.g., distracted driving laws)
- Engage in ongoing dialogue** with insurers for shared progress

Customers

- Embrace insurance to protect** the people and things that mean the most to you
- Adopt smart technology** that reduces your risk and may even reward you
- Partner with your agent** to take proactive steps to prevent costly claims and damage

It's time to flip the script

Our industry is at a turning point. Rising costs, unpredictable weather, and shaken consumer confidence have exposed the limits of an unsustainable, reactive model. The cycle simply cannot hold.

We have the opportunity to chart a new path—one grounded in foresight and resilience. A predict-and-prevent approach can shift customer focus from payouts to protection, from viewing insurance as a passive financial burden to embracing it as an active tool for prevention, protection, and peace of mind.

Like every pivotal moment in history, it will take all of us to make it happen. Together, let's embrace the predict-and-prevent strategy and deliver extraordinary care to our customers and communities.

The time to act is *now*.

About Casey Kempton

As the president of Personal Lines at Nationwide, Casey Kempton is responsible for all aspects of the business including product, underwriting, sales and distribution, claims, and services. Her organization focuses on delivering effortless, personal, and reassuring experiences for distribution professionals and customers who value protection and service.



Casey previously served as the executive vice president, digital business officer at Chubb where she was responsible for small business revenue generation, agency experience and the build of digital acquisition channels via direct-to-consumer affinity partnerships, eBrokers and agent-carrier connectivity.

Prior to Chubb, she led the personal lines agency channel at The Hartford including oversight of field sales performance, distribution strategy, marketing, and product portfolio management. She also spent time with the ACE Group accountable for global personal and commercial lines as well as leading the operations and information technology for the Latin America region. Casey's early career included working on P&C strategic initiatives across the insurance value chain at The Hartford.

A graduate of the University of Connecticut, Casey holds Bachelor of Arts degrees in Cognitive Anthropology and English. She also has two patents in her name relating to homeowners' insurance rating.

About Nationwide

Nationwide, a Fortune 100 company based in Columbus, Ohio, is one of the largest and strongest diversified financial services and insurance organizations in the United States. Nationwide is rated A+ by Standard & Poor's. An industry leader in driving customer-focused innovation, Nationwide provides a full range of insurance and financial services products including auto, business, homeowners, farm, and life insurance; public and private sector retirement plans, annuities, and mutual funds; excess & surplus, specialty and surety; and pet, motorcycle, and boat insurance.

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