

J.D. Power Reports: More Customers Are Shopping for New Auto Insurance, but Fewer Are Switching

[Erie Insurance Ranks Highest in Customer Satisfaction with the Auto Insurance Purchase Experience for a Third Consecutive Year](#)

WESTLAKE VILLAGE, Calif.: 27 April 2015 — Auto Insurance rate increases have many customers shopping for a new insurer, but few are actually switching insurers, according to the J.D. Power 2015 U.S. Insurance Shopping StudySM released today.

Now in its ninth year, the study measures insurance shopping and purchase behavior, and purchase experience satisfaction among customers who recently purchased insurance across three factors (in order of importance): price, distribution channel and policy offerings.

Auto insurers increased rates by an average of 2.1 percent nationwide in 2014, following an increase of 2.5 percent in 2013¹. Those rate hikes are contributing to customers shopping for a better deal, and while more customers are shopping for a new insurer—39 percent in 2014 compared with 32 percent in 2013—fewer are actually switching. The 2015 study finds that among those who shopped, only 29 percent actually switched in 2014, compared with 37 percent in 2013².

“Customers are being pushed into the market due to rate increases, but unless they can find a policy that will save them money, they’re not switching providers,” said Valerie Monet, director of the insurance practice at J.D. Power. “In fact, many of those customers can’t find a better deal and ultimately don’t switch insurers.”

More than half (53%) of retained customers indicate they stayed with their incumbent insurer, up 10 percentage points from 2014, and that their insurer offered the lowest price. In comparison, just 29 percent of customers indicate they found a better deal and switched to a new insurer—down 12 percentage points from 2014.

“Customers who shop and do find a better deal will likely switch insurers, and increasing satisfaction scores among customers who recently switched suggests that those customers are pleased with the price they receive,” Monet said.

Satisfaction with the purchase experience among customers who recently switched insurers improves by 12 points year over year to 833 in 2015. A 13-point improvement in the price factor—the leading driver of customer satisfaction with the purchase experience—is the primary driver of higher overall satisfaction in 2015.

Shoppers who switched insurers indicate an average premium savings of \$388 in 2015, compared with \$340 in 2014 and \$351 in 2013. Examining satisfaction scores from no savings up to \$250 or greater, with

¹ SNL Financial

² The 2013 annualized shopping rate has been recalculated so that it is comparable with the 2014 and 2015 study-year data, which are weighted to reflect U.S. age distribution based on estimates from the U.S. Census.

each \$50 increase in savings, satisfaction with price increases by approximately 25 points, on average.

Monet notes that while price is the most tangible aspect of a policy for consumers to focus on during the shopping process, there are other factors that are critical to a positive experience.

“When looking exclusively at price, consumers may find the grass is not always greener,” Monet said. “Many customers are obtaining quotes and gathering information on insurer websites or through aggregators, but the day-to-day interactions they have with their insurer, especially if they have to file a claim, will be the ultimate moment of truth for the customer.”

Customers should look for insurers that provide clear, effective communication about policy options throughout the shopping experience—whether through interactions with staff or through tools and information on their website—including guidance in the selection of a policy that meets their needs, any discounts they may be eligible to receive and how their premium is calculated.

KEY FINDINGS

- With increasing shopping and decreasing switching among shoppers, insurer close rates—the ability to convert a prospective shopper from quoting to closing—decreases to 13 percent in 2015 from 18 percent in 2014.
- Optimizing marketing and advertising efforts to ensure strong brand awareness among prospective customers is critical for insurance providers. Despite the industry increasing its advertising spend by 6 percent in 2015, compared with 2014,³ brand awareness of insurance providers among their prospective customers declines to 60 percent in 2015 from 62 percent in 2014.

Study Rankings

Erie Insurance ranks highest among auto insurers in providing a satisfying purchase experience for a third consecutive year, with a score of 870, up from 843 in 2014. Erie Insurance performs particularly well in all three factors and improves significantly in the price and distribution channel factors. Ameriprise and The Hartford rank second in a tie (869), while CSAA Insurance Group ranks fourth (861) and Amica Mutual ranks fifth (850).

The 2015 U.S. Insurance Shopping Study is based on responses from more than 15,600 shoppers who requested an auto insurance price quote from at least one competitive insurer in the past 9 months and includes more than 50,000 unique customer evaluations of insurers. The study was fielded in May, July and October 2014, and January 2015.

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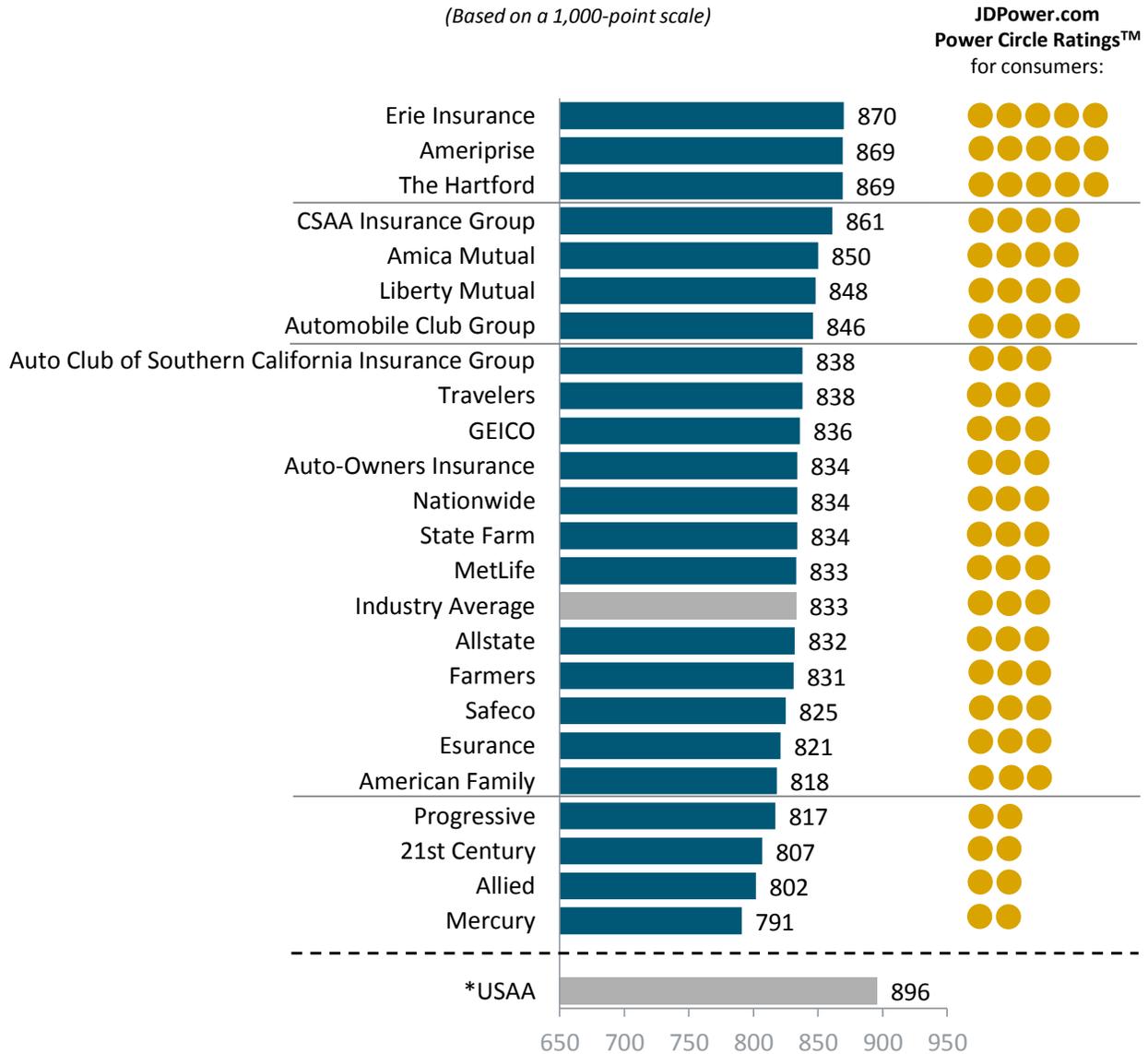
Note: One chart follows.

³ Dowling & Partners, LLC.

J.D. Power 2015 U.S. Insurance Shopping StudySM

Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



*USAA is an insurance provider open only to U.S. military personnel and their families and, therefore, is not included in the rankings. Included in the study but not award-eligible due to not meeting minimum sample requirements is National General.

Source: J.D. Power 2015 U.S. Insurance Shopping StudySM

Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

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