

Gen Y Consumers More Likely to Split Their Policies across Multiple Insurers than Any Other Generation

[Amica Mutual Ranks Highest in Homeowners Insurance Customer Satisfaction;](#)
[Erie Insurance Ranks Highest in Renters Insurance](#)

WESTLAKE VILLAGE, Calif.: 17 September 2015 — Considered the largest customer segment of home buyers in the United States, Gen Y¹ homeowner customers unbundle—or split—their product needs across multiple insurers at a higher rate than any other generational group, creating an opportunity for insurers, according to the J.D. Power 2015 U.S. Household Insurance StudySM released today.

The study examines overall customer satisfaction with two distinct personal insurance product lines: homeowners and renters. Satisfaction in the homeowners and renters insurance segments is measured by examining five factors: interaction; policy offerings; price; billing and payment; and claims. Satisfaction is calculated on a 1,000-point scale.

For more information about the 2015 U.S. Household Insurance Study, visit <http://www.jdpower.com/resource/jd-power-us-household-insurance-study>

According to the most recent data available from the U.S. Census Bureau,² it is estimated there are more than 75 million owner-occupied housing units in the United States. In 2014, more than \$83 billion³ in direct written premiums were generated from homeowners insurance policies.

The Gen Y segment will undoubtedly become highly valuable insurance customers. As they mature and their insurance needs become increasingly complex, insurers will have an opportunity to cross-sell additional products. Yet, just 65 percent of Gen Y homeowners insurance customers bundle multiple policies with their insurer, compared with an overall bundling rate of 78 percent among all generations. The trend in bundle rates among Gen Y customers is also on the decline, down 5 percentage points since 2013, while bundle rates among the other age groups have remained relatively stable during that period.

Regardless of generation, there is a strong relationship between providing a satisfying customer experience and the likelihood that customers will purchase more products from their insurer. However, Gen Y customers are less satisfied with their homeowners insurer compared to other generational cohorts (753 vs. 787 overall), influenced by lower satisfaction across all factors that comprise the customer experience.

¹ J.D. Power defines generational groups as Pre-Boomers (born before 1946); Boomers (1946 to 1964); Gen X (1965-1976); Gen Y (1977 to 1994); and Gen Z (1995-2004).

² Source: U.S. Census Bureau 2009-2013 5-Year American Community Survey
http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_13_5YR_DP04&src=pt

³ Source: A.M. Best Company 2014

In fact, while satisfaction is higher among customers who bundle compared with those that don't bundle additional policies with their homeowners insurer, Gen Y customers who bundle are still significantly less satisfied than Boomers (779 vs. 811, respectively). Gen Y satisfaction is influenced by lower satisfaction in the interaction, billing and payment, and claims factors.

"Understanding the challenges and opportunities that Gen Y customers represent is a key component to developing a bundling strategy," said **Valerie Monet, director of the insurance practice at J.D. Power**. "Gen Y customers, for instance, unbundle to receive better coverage and price more often than Boomers, underscoring the importance of straightforward communication about price, as well as the policy and what it covers."

Nearly half (48%) of Gen Y customers unbundle for price and 32 percent for better coverage, compared with 41 percent and 19 percent, respectively, of Boomers who unbundle for these reasons. However, Gen Y non-bundlers indicate a greater intent to bundle additional policies, as 17 percent say they "definitely will" combine policies in the future, compared with 7 percent of non-bundler Boomers.

Effective communication of pricing and coverage are key components to developing a bundling strategy. In addition, when evaluating what has the greatest impact on consumer bundling behavior, providing policy discounts is the largest driver of bundling. Among Gen Y customers, outbound communications and providing a problem-free experience are notably large drivers of bundling.

Focusing on the customer experience may not only support increased policy bundling, but it may also improve customer retention and advocacy among current homeowners customers. The study finds that 75 percent of highly satisfied homeowners insurance customers (overall satisfaction scores of 900 or higher) say they "definitely will" recommend their insurer; 77 percent say they "definitely will" renew; and only 5 percent say they "definitely will" shop in the next 12 months.

KEY FINDINGS

Homeowners insurance

- Overall customer satisfaction with homeowners insurers declines to 787 in 2015, down from 790 in 2014.
- The decrease in satisfaction in 2015 is driven largely by a significant 8-point decline in the billing and payment factor.
- Satisfaction among bundlers averages 810 vs. 741 among non-bundlers. Satisfaction among bundlers is higher across all age groups:
 - Gen Y bundler satisfaction averages 779 vs. 746 among Gen Y non-bundlers
 - Gen X bundler satisfaction averages 792 vs. 719 among Gen X non-bundlers
 - Boomer bundler satisfaction averages 811 vs. 741 among Boomer non-bundlers
 - Pre-Boomer bundler satisfaction averages 852 vs. 774 among Pre-Boomer non-bundlers

Renters insurance

- Overall satisfaction among renters insurance customers increases to 808 in 2015 from 802 in 2014.
- The increase in satisfaction in 2015 is driven largely by a significant 14-point improvement in the interaction factor. Price satisfaction improves by a significant 11 points from 2014.
- Satisfaction among bundlers averages 825 vs. 770 among non-bundlers. Satisfaction among bundlers is higher across all age groups:
 - Gen Y bundler satisfaction averages 808 vs. 741 among Gen Y non-bundlers
 - Gen X bundler satisfaction averages 818 vs. 782 among Gen X non-bundlers
 - Boomer bundler satisfaction averages 837 vs. 786 among Boomer non-bundlers
 - Pre-Boomer bundler satisfaction averages 858 vs. 811 among Pre-Boomer non-bundlers

Insurance Rankings

Amica Mutual ranks highest in the homeowners insurance segment with a score of 834. **Auto-Owners Insurance** ranks second (819), followed by **Erie Insurance** (813).

Erie Insurance ranks highest in the renters insurance segment with a score of 817. **American Family** ranks second (816), followed by **Nationwide** and **State Farm** (813 each) in a tie for third.

The 2015 U.S. Household Insurance Study is based on 15,775 responses from customers who have one or more of the following insurance product lines: homeowners and renters. The study was fielded in June and July 2015.

Media Relations Contacts

Jeff Perlman; Brandware Public Relations; Woodland Hills, Calif.; 818-317-3070;
jperlman@brandwarepr.com

John Tews; Troy, Mich.; 248-680-6218; media.relations@jdpa.com

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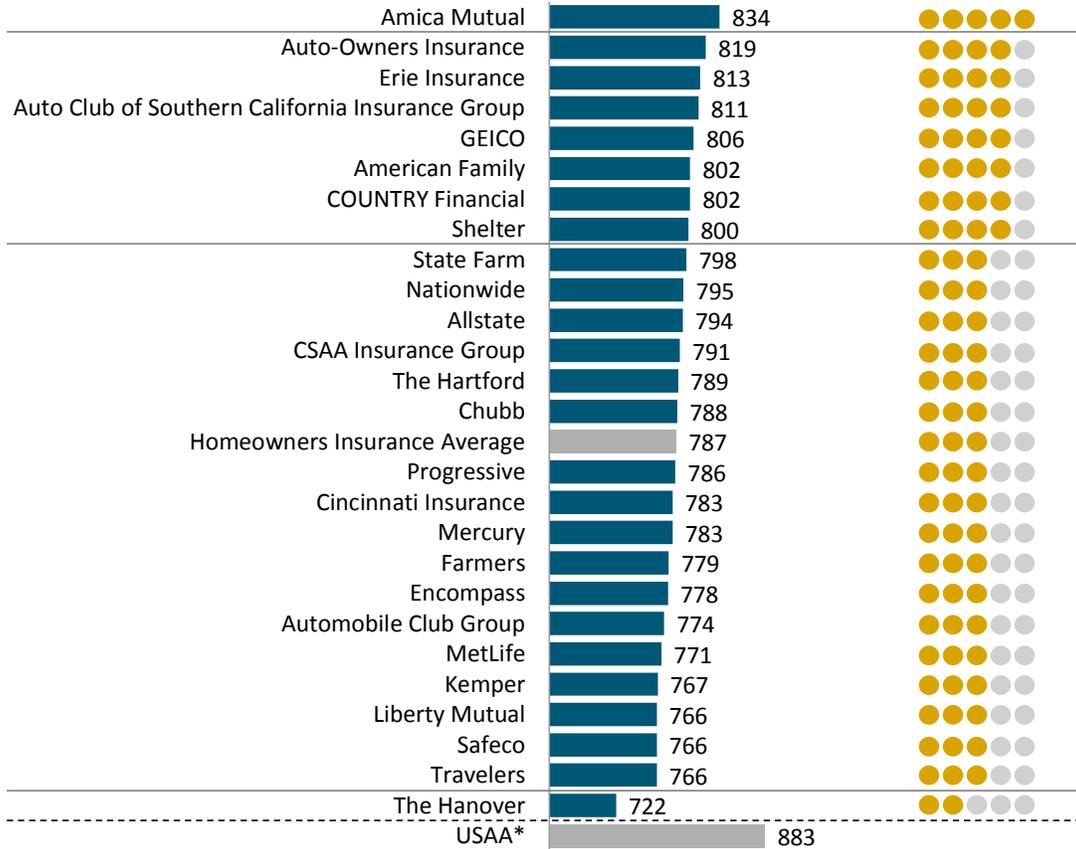
Note: Two charts follow.

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

Customer Satisfaction Index Ranking

Homeowners Insurance *(Based on a 1,000-point scale)*

JDPower.com
Power Circle RatingsTM
for consumers:



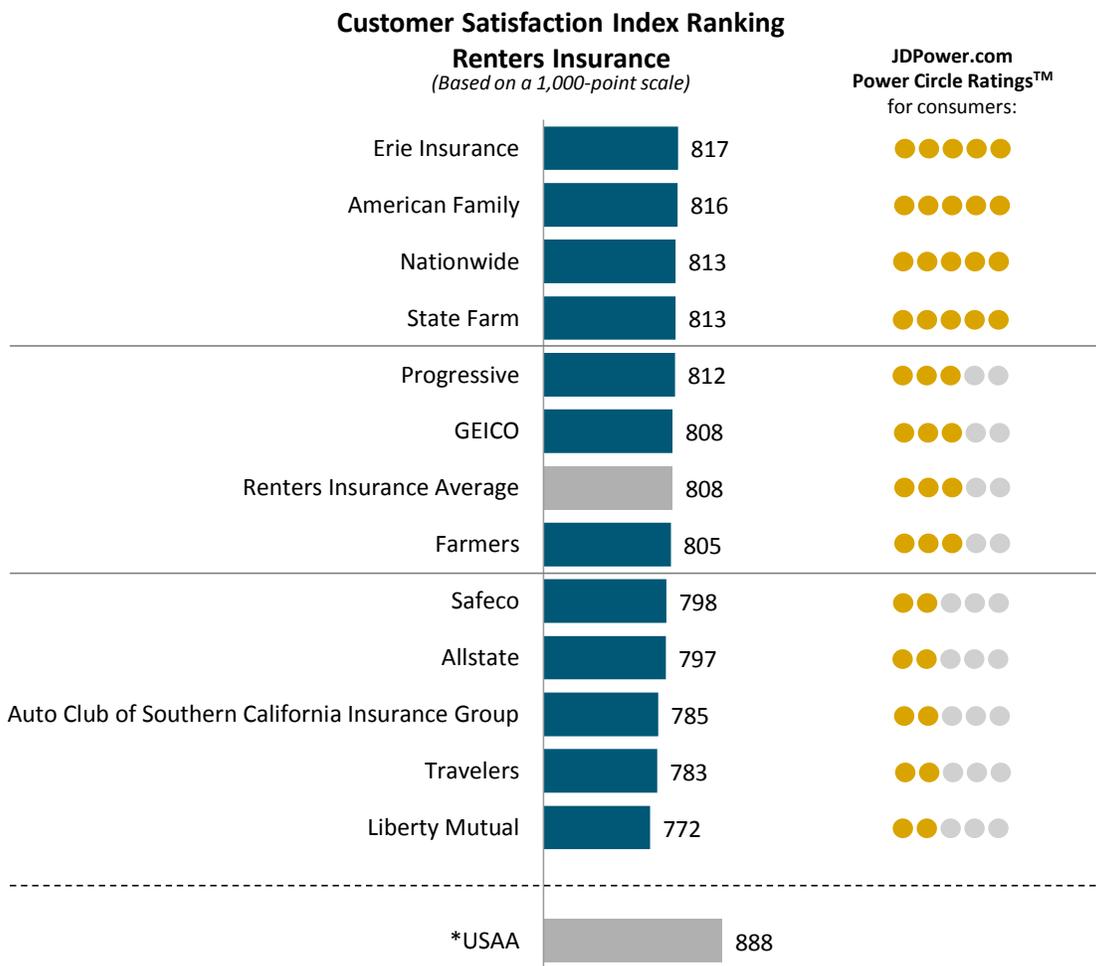
*USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. Included in the study but not award-eligible due to localized availability and/or not meeting minimum sample requirements are Fireman's Fund, Homesite, MAPFRE-Commerce Insurance, Tennessee Farm Bureau, and Universal Property and Casualty Insurance.

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



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



*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 are Amica Mutual, Automobile Club Group, CSAA Insurance Group, The Hartford, and MetLife.

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

Power Circle Ratings Legend

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

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