



**J.D. POWER**  
McGRAW HILL FINANCIAL



## 2015 U.S. Auto Insurance Study

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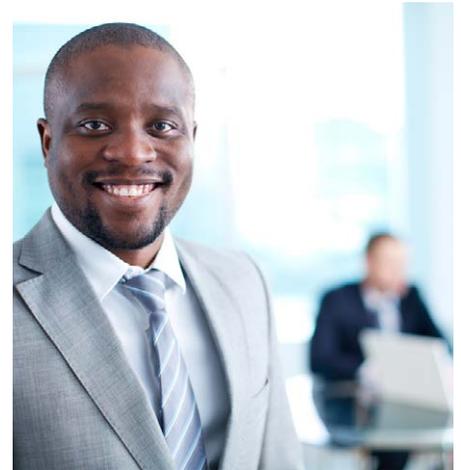
Improving economic conditions and skyrocketing advertising expenditures have created an increasingly competitive marketplace, generating enormous pressure on auto insurers to retain existing customers while continuing to grow their share of business. Therefore, it is imperative that insurers understand how effective they are at meeting customer needs and expectations and how their performance compares with competitors. Knowing what drives customer satisfaction and identifying operational strengths and weaknesses enable insurers to make informed decisions regarding where to invest resources and where to cut them in order to build loyalty among current customers and foster company growth.

### The Solution

Now in its 16th year, the *J.D. Power U.S. Auto Insurance Study<sup>SM</sup>* describes how customer satisfaction impacts the profitability of an insurance company; examines how each service event in the relationship between a customer and their insurer impacts their overall perception of the company; and identifies critical service standards that drive higher satisfaction. The study examines customer satisfaction among auto insurance customers of the largest insurers in the United States across a number of metrics:

- Competitive benchmarking of brand value, customer experience, and customer commitment and their impact on retention and advocacy
- Critical service dimensions, such as time, frequency, and channel preferences
- Critical metrics for each customer touch point and the service levels for each measure that represent best practice performance targets for satisfying customers
- Impact of customers' changing expectations and behaviors on policy retention and brand loyalty

The 2015 study, which surveys more than 45,000 auto insurance customers, provides critical national and regional benchmarking information on insurers across 11 regions throughout the United States and identifies the factors that drive satisfaction.



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## How It Works

### Sampling

For an auto insurer to be eligible for study inclusion within a given region, they must first meet the minimum market share criteria. Insurers that are included in the study are given a sample size quota to meet surveying requirements, after which an online survey is deployed via multiple panels. Results are then cleaned and calculated using a regional methodology in order to address insurers' needs for market-specific insights, all while establishing a national competitive benchmark in the process. Market share of each insurer is based on direct written premiums noted in public filings issued by A.M. Best.<sup>1</sup>

### Weighting

To provide a more accurate picture of the auto insurance industry, responses are weighted by each insurer's national market share, based on total auto premiums written. For year-over-year trendability, data is weighted to normalize each insurer's mix of returns by online panel provider.

### J.D. Power Index

The J.D. Power index methodology provides a means of identifying the elements that drive competitive differences in customer satisfaction. This identification is essential in providing feedback to the operational units that deliver and maintain a product or service. The index is a yardstick designed to summarize ratings on many facets of satisfaction into one combined measure that provides actionable information. Identifying any weakness that exists in a particular area is the first step toward taking direct action to strengthen competitive position. Determining the degree to which that weakness influences customer satisfaction aids in establishing improvement priorities.

The J.D. Power index models are mathematically derived formulations that predict overall satisfaction with a set of independent attributes describing customers' experiences with a product or service. All index formulations use factor analyses and multiple regressions to develop the weighting process defining the index. Once this index scoring procedure is developed, individual index scores are computed for each survey response.

### Award Criteria

For an auto insurer to be award eligible, they must meet a minimum of 100 completed surveys in a given region. The highest-ranked insurer in each region will be provided an award for their accomplishment. Those awardees who are current with their subscription to the study will have the opportunity to leverage this award publicly through J.D. Power's award licensing program.<sup>2</sup>

<sup>1</sup>A.M. Best does not endorse any analysis or calculation based on the use of these data.

<sup>2</sup>USAA is excluded from eligibility for this award because the insurer is open only to U.S. military personnel and their families and therefore is not included in the rankings. NJM Insurance Co. is also excluded for this award because the insurer accepts applications only from members of the New Jersey Business & Industry Association, state of New Jersey employees, NJM's previously insured drivers, and previous or current homeowners policyholders.



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## Leveraging J.D. Power Data to Better Understand Competitive Position

### Satisfaction Drivers

The Auto Insurance Customer Satisfaction Index segments the customer experience into five factors:

- **Interaction:** Focuses on each channel a customer may use to interact with their insurer—agency, call center (phone system and service representatives), and Internet/assisted online interactions (e.g., direct email and online chat)
- **Policy Offerings:** Explores customer perceptions of their policy—from the variety of options and discounts to how well the policy meets their individual needs
- **Price:** Details customers' perceptions of their policy premium relative to the value received
- **Billing and Payment:** Examines what may be the most frequent touch point many customers have with their insurer
- **Claims:** Focuses on the relative importance of claims in the total customer experience

The factors collectively predict the overall Customer Satisfaction Index, which, in turn, predicts customer loyalty and advocacy with respect to their insurer.

### Industry Best Practices

Key Performance Indicators (KPIs)—or best practices—and diagnostics provide in-depth analyses of customer needs and desires at each service “moment of truth” by detailing the top service practices. This information has proven to be invaluable in helping companies prioritize strategies targeting the areas most important to customers.

KPIs are individual diagnostic items that have the most significant relationship with a customer's overall experience with their insurer. The KPI break point is the specific point at which satisfaction significantly improves, and indicates a best practice. KPIs provide a direct understanding of how customer sentiment affects renewals and referrals and, ultimately, profitability, which are vital in today's marketplace, as customers have greater access to competitive choices through the Internet.

### Oversampling

J.D. Power offers a proprietary oversample opportunity providing insurance companies that are not currently profiled in the syndicated study with an opportunity to obtain competitive data sets in order to benchmark their performance against competitors that are profiled in the study. This opportunity is also available for profiled companies that would like to dive deeper into a specific topic covered in the study. The same questionnaire used for the syndicated study is used in the proprietary oversample study.

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## Subscription Details

A study subscription provides access to the insights and tools needed to gain a comprehensive, in-depth understanding of how your company is performing and to identify key areas needing improvement. Study deliverables include:

- An analyst briefing that provides insights into key industry trends and study findings, allowing your company to maximize performance and create a highly satisfying customer experience
- New online dashboard analytic tool
  - Active dashboard: Data elements in the dashboard can include anything from key charts and tables that highlight KPIs, rankings, verbatim reports, text analytics, broadcast messages that have been shared, presentations, or other user-uploaded documents of interest; dashboards can be customized and contain only the information that is critical for each user; expandable toolbar allows users to easily conduct ad hoc analyses and develop custom alerts and reports
  - Performance analysis: Custom cross-tabulation capability allows key metrics to be easily viewed against multiple points of reference and puts the power in the user's hands when performing root-cause analyses
  - Verbatim comments: Full search functionality allows rapid access to verbatims of interest
- Industry detailed findings: Competitive performance overview by factor; also includes comprehensive data on channel usage and satisfaction to help drive investment decisions
- Access to a personalized competitive data set allowing you to see how your company stacks up against competitors, the industry, and the highest performers across five factors and 37 service attributes at both a national and regional level
  - SPSS File
  - Access to mTABWeb®—which is a complete, turnkey software solution for data analysis
- Simulator: Based on syndicated customer satisfaction data, J.D. Power has developed a financial model comprising both satisfaction index data and KPIs developed using the syndicated *U.S. Auto Insurance Study*. This approach will be used to model potential acquisition/defection outcomes for achieving targeted improvements in one or more of the KPIs identified in the syndicated research
- An on-site executive presentation that summarizes your company's results, compared with those of key competitors, and presents recommendations for improvement

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## About J.D. Power

J.D. Power is a global marketing information services company providing performance improvement, social media, and customer satisfaction insights and solutions. The company's mission is to be the premier leader representing the Voice of the Customer to drive improvement of our products and services, and ultimately business results, for companies globally.

## Our Experience

J.D. Power has been capturing and analyzing the Voice of the Customer across more than a dozen industries globally for more than 45 years. Through the company's proprietary index model, the many drivers of customer experience are identified, accurately measured, and linked to business results. Based on those findings, J.D. Power provides clients with insights that can lead to an increase in their financial performance.



For more information, please contact:

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