

VIEW



STUDY GUIDE

2020 U.S. AUTO INSURANCE STUDY



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2020 U.S. AUTO INSURANCE STUDY

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The **J.D. Power 2020 U.S. Auto Insurance StudySM** provides national and regional analyses of customers' perceptions of their auto insurer's ability to meet their expectations and explores the correlation between customer satisfaction and financial performance, particularly retention levels. The study also identifies the Key Performance Indicators and best practices that are directly linked to auto insurance satisfaction.

BUSINESS IMPACT

While expanding market share is essential to business growth, much of that growth can be built through customer retention. There is a strong relationship between higher levels of customer satisfaction and loyalty and advocacy.

Impact of Satisfaction on Customer Loyalty

SATISFACTION TIER	 NPS	 % would not switch for price alone	 % "definitely will not" shop	 % "definitely will" renew	 % "definitely will recommend"	 # positive comments	 # negative comments
Delighted (900 or higher)	84	33%	43%	76%	76%	2.4	0.0
Pleased (750-899)	35	15%	20%	42%	34%	1.3	0.1
Indifferent (550-749)	-21	9%	13%	19%	10%	0.6	0.4
Displeased (549 or less)	-63	6%	11%	10%	4%	0.2	1.5

Financial Impact of Movement on NPS Scale

Small movements in NPS can translate into large losses of potential premium even without taking defection risk into consideration

 # of customers (variable)	 NPS rating	 % talk	 # of mentions	 % act	 Average annual policy premium (variable)	 Increase in premium via advocacy
1,000	8	43%	2.7	19%	\$900	\$198,531
	9	59%	3.1	22%		\$362,142
						+\$163,611
1,000	5	12%	3.0	15%	\$900	\$48,600
	3	42%	7.1	28%		\$751,464
						(\$702,864)

The stronger the customers feelings are about the brand the more likely they are to talk (positive or negative) but more importantly, the more likely others will take action on their positive or negative recommendation.

This study evaluates the overall customer experience with their auto insurer across five factors: interaction; policy offerings; price; billing process and policy information; and claims, and helps insurers answer the following questions:

- What are the key drivers of satisfaction for auto insurance customers?
- What creates the most satisfying experience for the customer?
- What are the key trends insurers must act on to better satisfy their customers?
- What impact are digital channels and changing demographics having on insurers and their current processes with their customers?
- Which insurers are providing the best experiences for their customers and what are they doing to achieve that?

WHAT'S NEW FOR 2020

The 2020 study has been redesigned to enhance the insights available to subscribers. Updates include enhancements around the following:

Engagement Metrics & Methods:

- Detailed information about involvement in decision making, critical insurance activities, and overall engagement with the insurer to determine how informed customers are with their policy/brand
- Additional methods in which customers can engage in use-based insurance (Device type)
- Customer opinion on the use of virtual hold for inbound calls

Brand Image:

- Customer familiarity with other insurers; Brand image of current insurer as well as other insurers customers are familiar with
- Trust Quotient has been added which measures the overall level of trust in the customer's auto insurer based on four trust attributes

Retention/Defection

- Reasons for defection – situations across the value chain that prompted customers to leave. Verbatim details on why customers intend not to renew their current policy
- Quantify reasons customers are likely to shop for insurance and which brands they are most likely to shop

Billing & Payment

- Revised detail on payment types, method of payment, recurring payments, fees, and statement delivery

Problem Resolution

- A deeper exploration into mitigating unforced errors through analysis into problems/errors/pain points across the value chain and the insurer's ability to resolve the issue

Claims

- A look at the outcome of past auto claims experiences and the customer's understanding of their policy prior to claim

Emerging Technology

- New vehicle technology, safety features, automated features, and how often customers use them

CUSTOMER EXPERIENCES EXPLORED

This study provides actionable information and intelligence about customers' experiences with their insurer including:

- Interaction (Agent, Web, Contact Center, Assisted Online)
- Policy Offerings
- Price
- Billing Process and Policy Information
- Claims

SUBSCRIPTION DELIVERABLES

- Customized executive presentation and strategy session that gives you data-driven, actionable recommendations for achieving your strategic business goals
 - You'll meet with our industry experts who will offer tailored guidance and empower you to use the intelligence to improve your profitability, performance, and capacity for business transformation.
- Executive briefing document highlighting key trends and insights across the industry
 - J.D. Power is constantly immersed in understanding what is happening in your marketplace—and with your competition. We track the competition so you don't have to. Get independent, objective recommendations that keep you ahead of the pack.
- Scorecard benchmarking your company's performance compared with the industry across key drivers of satisfaction, loyalty and advocacy metrics
 - Scorecards help you understand how you compare to your competition and cross-industry. We help you understand where efforts should be focused and the specific actions needed for greatest positive impact on customer experience and business results.
- Competitive survey data and industry reports including information on customer segments
 - We help you understand where you stand on key customer satisfaction measures relative to your competitors—so you can target key focus areas and drive improvements more effectively.

- Data and analytical tools for performance insights and competitive comparisons with your peers
 - Data is only as powerful as the analysis and insights tied to it—and we are putting that power in your hands. Achieve a complete view of your performance when and where you need it. The data, analytics, insights, best practices, and action plans you need are available whenever and wherever you need them, to help you make data-driven decisions that will improve your customer experience and drive positive financial results.
- The complete study data file with consumer survey responses
 - We source current data from real customers so you can understand dynamic customer expectations and be at the forefront of trends.
- J.D. Power Certified NPS® is an independent measurement of NPS which includes the brand level Net Promoter Score® and verbatims, a NPS rank chart and verbatim text analytics
 - For many companies, NPS is a popular and effective internal measurement of customer loyalty, but companies wanting to compare their performance against competitors need reliable, objective benchmark data. J.D. Power offers an independent, objective, certified NPS industry benchmark that companies can use with confidence to support competitive benchmarking, investor communications and even executive incentives.

MORE WAYS WE HELP OUR CLIENTS

In addition to this study, J.D. Power provides additional services to help our clients drive growth and improve agent and customer experiences.

- J.D. Power offers a range of brand licensing and ancillary marketing opportunities to leverage the independence, trust and credibility of the J.D. Power brand in your marketing activities. These client-commissioned custom research services can highlight a firm's performance in a particular aspect of our Satisfaction Studies and may include: Special Power Reports, Power Circle Ratings and Microsites.
- J.D. Power provides proprietary research services (e.g., customer relationship studies, post-interaction customer experience tracking programs and proprietary research). Clients have the opportunity to field our Satisfaction Study questionnaires to their customers in order to gain larger n-sizes and deeper insights into their customers and performance improvement opportunities. Clients may append internal/operational metrics to the survey data file in order to more effectively link the survey

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results to business operations and desired business outcomes. These surveys are deployed on an annual basis or are integrated into ongoing VOC tracking programs. J.D. Power provides services ranging from design and consulting through full blown execution.

- J.D. Power conducts Service Quality Certification programs across an organization's sales and service touchpoints (stores/branches, contact center, website, mobile app). J.D. Power conducts a best practices assessment of an organization's service quality and benchmarks a firm's performance against cross-industry top performers. If a firm passes the assessment, it receives a J.D. Power Certification of high performance in customer service delivery and may use the J.D. Power brand to promote their certification at point of sale or service.
- J.D. Power offers Cultural Engagement Assessments and Improvement Planning that utilize voice of the customer, voice of the employee and voice of the organization (leaders & culture) data to drive greater alignment in organizational values, beliefs and goals. The objective is to help companies identify meaningful actions to drive customer-centric culture in order close performance gaps and positively impact business outcomes.

ABOUT J.D. POWER

J.D. Power is a global leader in consumer insights, advisory services, and data and analytics to help clients measure and improve the key performance metrics that drive growth and profitability. J.D. Power's industry benchmarks, robust proprietary data, advanced analytics capabilities, and reputation for independence and integrity has established the company as one of the world's most well-known and trusted providers of consumer and market insights for more than a dozen industries. Established in 1968, J.D. Power is headquartered in Troy, Michigan.