

**Increasing Severity and Longer Repair Times for Property Claims Test Limits of Insurers' Digital Tools, J.D. Power Finds**Erie Insurance Ranks Highest in Property Claims Satisfaction

**TROY, Mich.: 23 Feb. 2023** —A combination of severe catastrophic losses, supply chain-related delays and inflation conspired to make 2022 the worst year financially for homeowners insurance providers in the past decade. According to the J.D. Power 2023 U.S. Property Claims Satisfaction Study,<sup>SM</sup> released today, the combination of more severe events, rising costs and longer cycle times has strained customer satisfaction and tested the limits of the digital tools that were designed to help the industry respond more quickly and efficiently.

“The P&C industry playbook for the past few years has been to invest heavily in digital solutions that streamline the claims process for customers, while reducing costs and improving efficiency for carriers,” said **Mark Garrett, director, insurance intelligence at J.D. Power**. “However, the longer cycle times have made it increasingly difficult to keep customers informed via digital channels and limit their need to contact their insurer with questions. J.D. Power has seen a sharp rise in the number of customers contacting their insurer for information, particularly tied to these longer-tailed claims. Satisfaction among customers who need to primarily call their insurer for updates includes some of the lowest scores compared with other update methods. Also noted this year is that the increase in severity has driven down digital claim reporting as lower-severity claims are more likely to be reported digitally. In fact, this is the first year J.D. Power has ever seen declining use of digital claims reporting, digital used as a primary channel for status updates and for submitting photos that were used for the estimate. This is a worrying sign for the industry, as digital tools are apparently not meeting customer needs.”

Following are some key findings of the 2023 study:

- **Repairs taking longer than previously to complete:** The average claims cycle time—the amount of time from reporting the claim to finished repairs—is now 22 days, which is more than four days longer than a year ago and a week longer than what was reported in the 2021 study. The delays are even longer for those with multiple payments, as customers say they received final payment at 31.5 days on average, which is nearly a week longer than a year ago. The increases have been driven by a combination of severity of damage and continued delays getting the materials needed to complete repairs.
- **Insurance company results are mixed:** While the overall industry improves 3 points (on a 1,000-point scale), eight ranked insurers show declines in satisfaction while nine improve year over year. Notably, the insurers that have the largest increases in satisfaction were able to limit their customers needing to contact them for information, a key difference between brands that have improved in score and those that have declined. Companies that have improved the most also were able to keep the interactions with their customers streamlined with only one or two representatives involved at a much higher rate.
- **Proactive management of customer expectations necessary:** While average repair cycle times of three weeks or more create a significant drag on customer satisfaction, there are steps insurers can take to improve customer satisfaction for longer, more complex repairs. Offering options for receiving status updates; providing accurate claim length expectations; limiting customer-initiated

requests for information; and making representatives immediately available are among the top drivers of customer satisfaction in a protracted repair cycle.

- **Forcing digital on customers who prefer a phone call strains customer satisfaction:** Among customers who have indicated a preference for interacting with their insurer via phone/in-person channels, satisfaction is notably lower when they primarily must use digital channels for key touch points in the claim. Nearly 20% say they either received only a digital copy of their repair estimate or primarily received status updates through digital channels. Not surprisingly, overall satisfaction is significantly lower among these customers, approximately 60-70 points lower than among customers who receive a phone call for either of these interactions.

## Study Ranking

**Erie Insurance** ranks highest in property insurance claims experience with a score of 912. **Amica** (903) ranks second and **Nationwide** (884) ranks third.

The U.S. Property Claims Satisfaction Study measures satisfaction with the property claims experience among insurance customers who have filed a claim for property damages by examining five factors (listed in order of importance): settlement; claim servicing; FNOL; estimation process; and repair process. The study is based on responses from 5,343 homeowner insurance customers who filed a claim within the previous nine months. The study was fielded from December 2021 through December 2022.

For more information about the U.S. Property Claims Satisfaction Study, visit <https://www.jdpower.com/business/resource/us-property-claims-satisfaction-study>.

See the online press release at <http://www.jdpower.com/pr-id/2023017>.

## About J.D. Power

**J.D. Power** is a global leader in consumer insights, advisory services and data and analytics. A pioneer in the use of big data, artificial intelligence (AI) and algorithmic modeling capabilities to understand consumer behavior, J.D. Power has been delivering incisive industry intelligence on customer interactions with brands and products for more than 50 years. The world's leading businesses across major industries rely on J.D. Power to guide their customer-facing strategies.

J.D. Power has offices in North America, Europe and Asia Pacific. To learn more about the company's business offerings, visit [JDPower.com/business](https://www.jdpower.com/business). The J.D. Power auto shopping tool can be found at [JDPower.com](https://www.jdpower.com).

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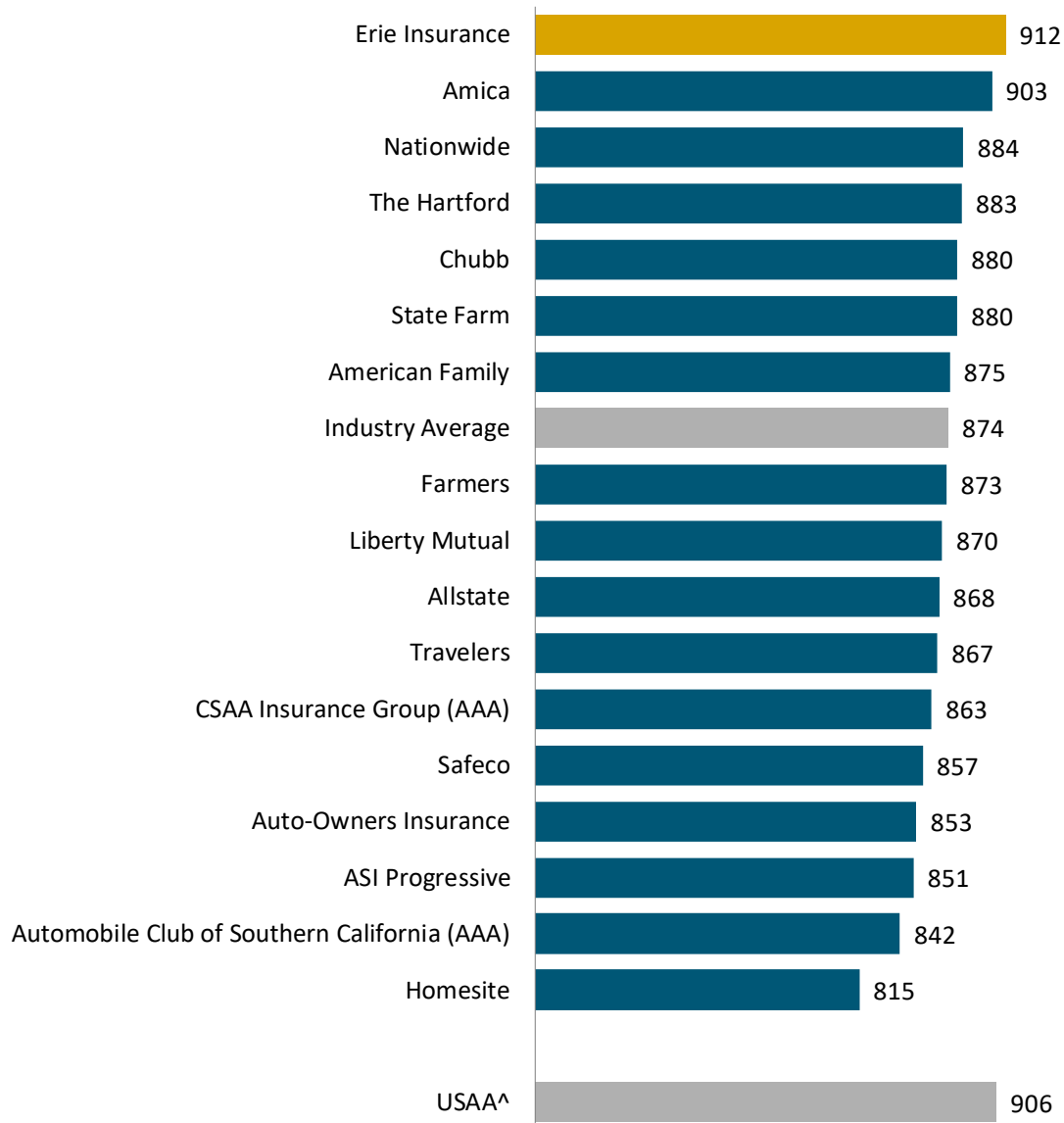
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NOTE: One chart follows.

# J.D. Power 2023 U.S. Property Claims Satisfaction Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



Note: ^Brand is not rank eligible because it does not meet study award criteria.

Source: J.D. Power 2023 U.S. Property Claims Satisfaction Study<sup>SM</sup>

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