J.D. POWER

Press Release

More Small Businesses Consider Dropping Their Insurers, J.D. Power Finds

As Premiums Rise, Insurers Struggle to Hold onto High-Value Customers

TROY, Mich.: 19 Aug. 2025 — Amid rising premiums, customers of small commercial insurance agencies are more likely than they have been in years to defect to another insurer. According to the J.D. Power 2025 U.S. Small Commercial Insurance Study,[SM] released today, just 55% of customers say they "definitely will" renew with their current insurer, down 6 percentage points from a year ago.

"As premiums have risen to cover the cost of claims, it stands to reason that more customers would be willing to shop their policies. Interestingly, however, the drop in retention is not solely attributable to higher premiums," said **Stephen Crewdson, managing director of global insurance intelligence at J.D. Power**. "In fact, insurers that communicate well and provide a higher level of service can make huge inroads toward keeping customers. Remarkably, satisfaction is at an identical level among customers who understand why their premium is increasing as among those whose premiums are not increasing at all, which puts a huge onus on insurers to bolster their outreach around rate increases."

Following are some key findings of the 2025 study:

- **Retention declines across the board**: After several years of improvement and stability, intended retention has dropped significantly among customers across virtually all demographic groups. The largest dip is among Millennials[1] (-12 percentage points).

- **Service sets tone for retention:** Competitive pricing is a key reason customers select and stay with an insurer, but service is just as important in retaining them. Overall, 16% of customers say good service experience is the most common driver of retention, beating out price, coverage options and reputation.

- **Communication about rate increases is vital to satisfaction**: Overall satisfaction, which is 722 (on a 1,000-point scale) among customers who say they completely understand why their premiums increased, is identical to that among customers who have no increase at all. The number of customers who say they completely understand the reason for their rate increase has dropped by 5 percentage points since 2024.

- **Institutional knowledge, website resolution are key retention drivers:** Insurers' ability to demonstrate that they fully understand a customer's business or industry drives a 37-percentage-point improvement year over year in customer intent to renew, followed by customers' understanding of their policy (+33 points); understanding the reason for a premium increase (+26); and the ability to resolve a problem entirely on an insurer's website (+23).

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[1]J.D. Power defines generational groups as Pre-Boomers (born before 1946); Boomers (1946-1964); Gen X (1965-1976); Gen Y (1977-1994); and Gen Z (1995-2006). Millennials (1982-1994) are a subset of Gen Y.

Study Ranking

Erie Insurance ranks highest in overall customer satisfaction with a score of 723. **Cincinnati Insurance** (714) and **Philadelphia Insurance** (714) each rank second in a tie.

The U.S. Small Commercial Insurance Study, now in its 13th year, examines overall customer satisfaction among small commercial insurance customers with 50 or fewer employees. Overall satisfaction is measured across seven core dimensions on a poor-to-perfect rating scale. Individual dimensions measured are (in order of importance): trust; price for coverage; product/coverage offerings; ease of doing business; people; problem resolution; and digital channels. The 2025 study is based on responses from 2,848 small commercial insurance customers and was fielded from March through May 2025.

For more information about the U.S. Small Commercial Insurance Study, visit https://www.jdpower.com/business/insurance/us-small-commercial-insurance-satisfaction-study.

To view the online press release, please visit http://www.jdpower.com/pr-id/2025092.

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 55 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. The J.D. Power auto-shopping tool can be found at JDPower.com.

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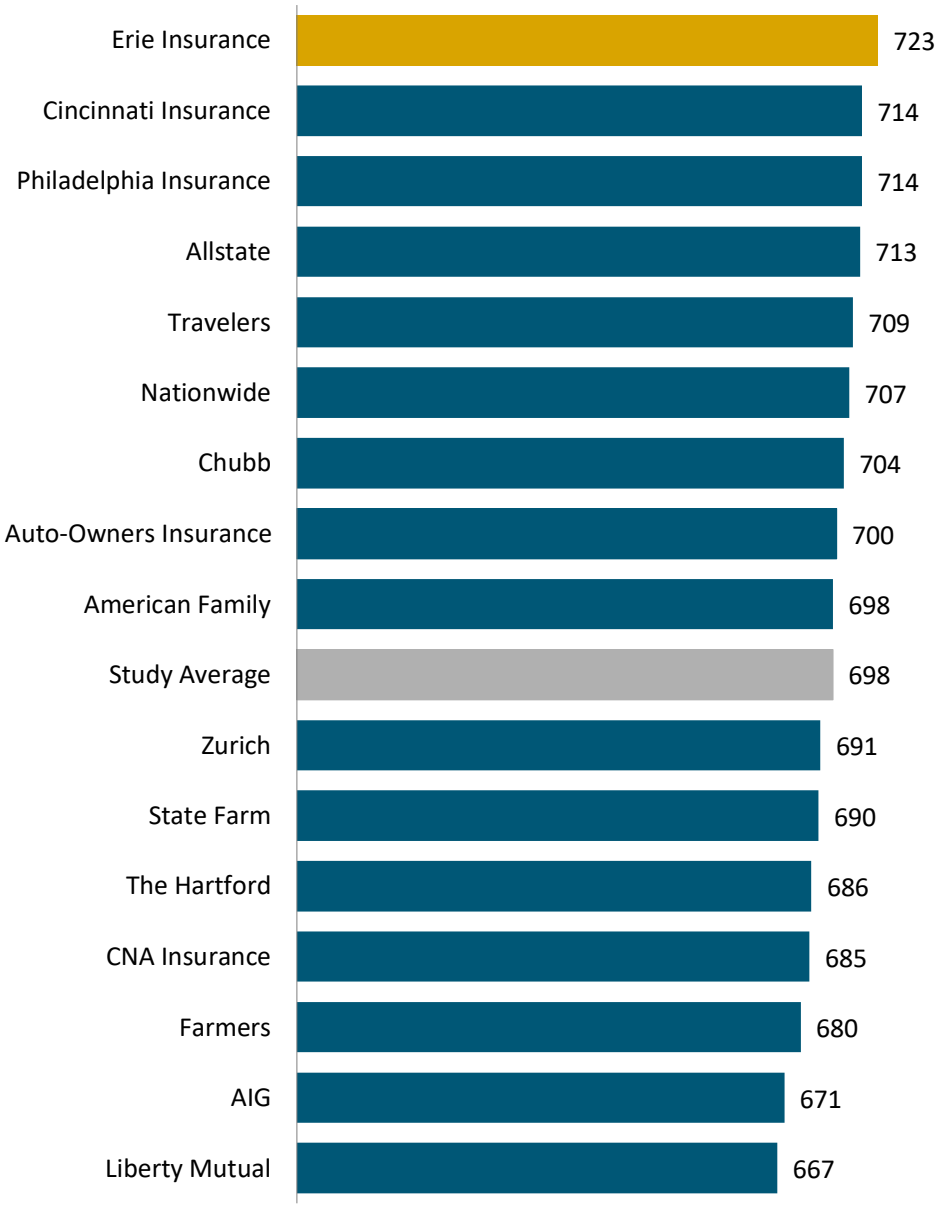
NOTE: One chart follows.

J.D. Power
2025 U.S. Small Commercial Insurance Study[SM]

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



Source: J.D. Power 2025 U.S. Small Commercial Insurance Study[SM]