



## Press Release

### **J.D. Power Asia Pacific Reports: Providing Explanations of Premium Increases Is Key to Retaining Auto Insurance Customers**

AIU Ranks Highest in Customer Satisfaction for A Third Consecutive Year among Agency-Based Auto Insurers, Zurich Insurance Ranks Highest among Direct Insurers

**TOKYO: 23 August 2011** — When auto insurance premiums are increased, providing customers with explanations of why rates have gone up is key to keeping them from switching insurance companies, according to the J.D. Power Asia Pacific 2011 Japan Auto Insurance Customer Satisfaction Study.<sup>SM</sup>

The study, in its eighth year, measures customer satisfaction with auto insurance, including products, service, and experiences with signing insurance contracts, in two segments: agency-based insurers and direct insurance companies. Agency-based insurers primarily sell policies and interact with customers through networks of agents at insurance agency offices or automobile dealerships. Direct insurance companies interact with customers directly via the Internet or phone.

Five factors are examined to determine customer satisfaction with auto insurance: products and services; price; access to information, contract procedures, and service quality of contact (including the quality and responsiveness of contact from the brokerage or insurer.) Overall satisfaction is reported as an index score based on a 1,000-point scale, with a higher score indicating higher satisfaction.

The study finds that, compared with 2010, an increasing percentage of policyholders in 2011 indicate that their insurance premiums increased at the most recent policy renewal. In addition, customer satisfaction with price has declined from 2010.

Among customers whose premiums increased, satisfaction and policy renewal intent rates remain relatively high if they received an explanation for why their premium rose. Among customers who did not receive an explanation of why the premium increased, satisfaction levels were particularly low. These customers also were more likely to switch to another company, compared with customers who received an explanation for the premium increase.

“To prevent an outflow of customers to other companies and direct insurers, it is key is for agency staff and representatives to fully explain rate changes and ensure that customers understand the reasons behind premium increases,” said Chie Numanami, manager at J.D. Power Asia Pacific, Tokyo.

The study also finds that, in 2011, more customers of direct insurers switched to another direct insurer, compared with 2010. In addition, a higher proportion of customers in 2011 said they switched insurers because the premium was high at the former insurer.

“Competition to acquire customers is increasing among direct insurers,” said Numanami. “Customers of direct insurers indicate they are particularly satisfied when they are provided with an easily understandable explanation of compensation during the online signing process. These customers are also more likely to renew their policy with the same insurer. If premiums continue to increase in the future, the outflow of customers to companies with cheaper premiums may accelerate. In order to retain customers, it is important to provide full explanations of

product information, in addition to price appeal.”

In the agency-based segment, AIU ranks highest in customer satisfaction for a third consecutive year with an overall satisfaction score of 625. AIU performs particularly well in four factors: products and services; access to information, contract procedures, and service quality of contact. Following AIU in the rankings is Nissin Fire & Marine Insurance (608), which performs particularly well in the service quality of contact factor. Fuji Fire & Marine Insurance (597) ranks third in the segment.

In the direct insurance company segment, Zurich Insurance ranks highest in overall satisfaction with a score of 629, performing particularly well in four factors: products and services; access to information, contract procedures, and service quality of contact. Following Zurich Insurance in the segment are Sony Assurance (622), which performs well in access to information, contract procedures and service quality of contact factors. E.design Insurance and Mitsui Direct General Insurance rank third in the segment, in a tie (615 each).

The 2011 Japan Auto Insurance Customer Satisfaction Study is based on responses from 15,074 auto insurance policyholders who have submitted an accident claim within the past two years. The study was fielded in May 2011.

#### **About J.D. Power Asia Pacific**

J.D. Power Asia Pacific has offices in Tokyo, Singapore, Beijing, Shanghai and Bangkok that conduct customer satisfaction research and provide performance analytics services in the automotive, information technology and finance industries. Together, the five offices bring the language of customer satisfaction to consumers and businesses in Australia, China, India, Indonesia, Japan, Malaysia, Philippines, Taiwan and Thailand. Information regarding J.D. Power Asia Pacific and its products can be accessed through the Internet at [www.jdpower.com](http://www.jdpower.com). Media e-mail contact: [cc-group@jdpower.co.jp](mailto:cc-group@jdpower.co.jp).

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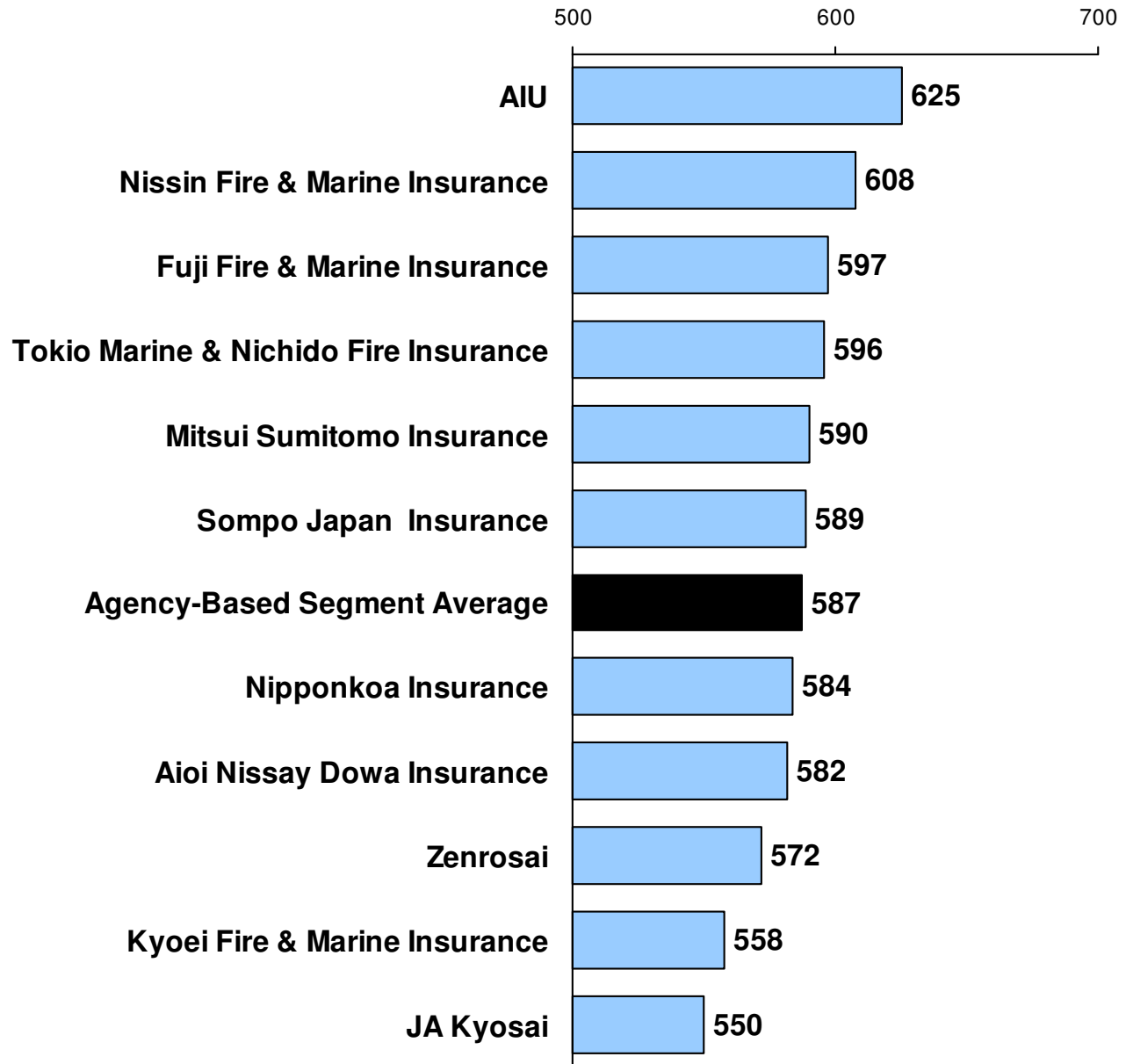
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NOTE: Three charts follow.

# J.D. Power Asia Pacific 2011 Japan Auto Insurance Customer Satisfaction Study<sup>SM</sup>

## Customer Satisfaction Rankings Agency-Based Insurers Segment (Based on a 1,000-point scale)



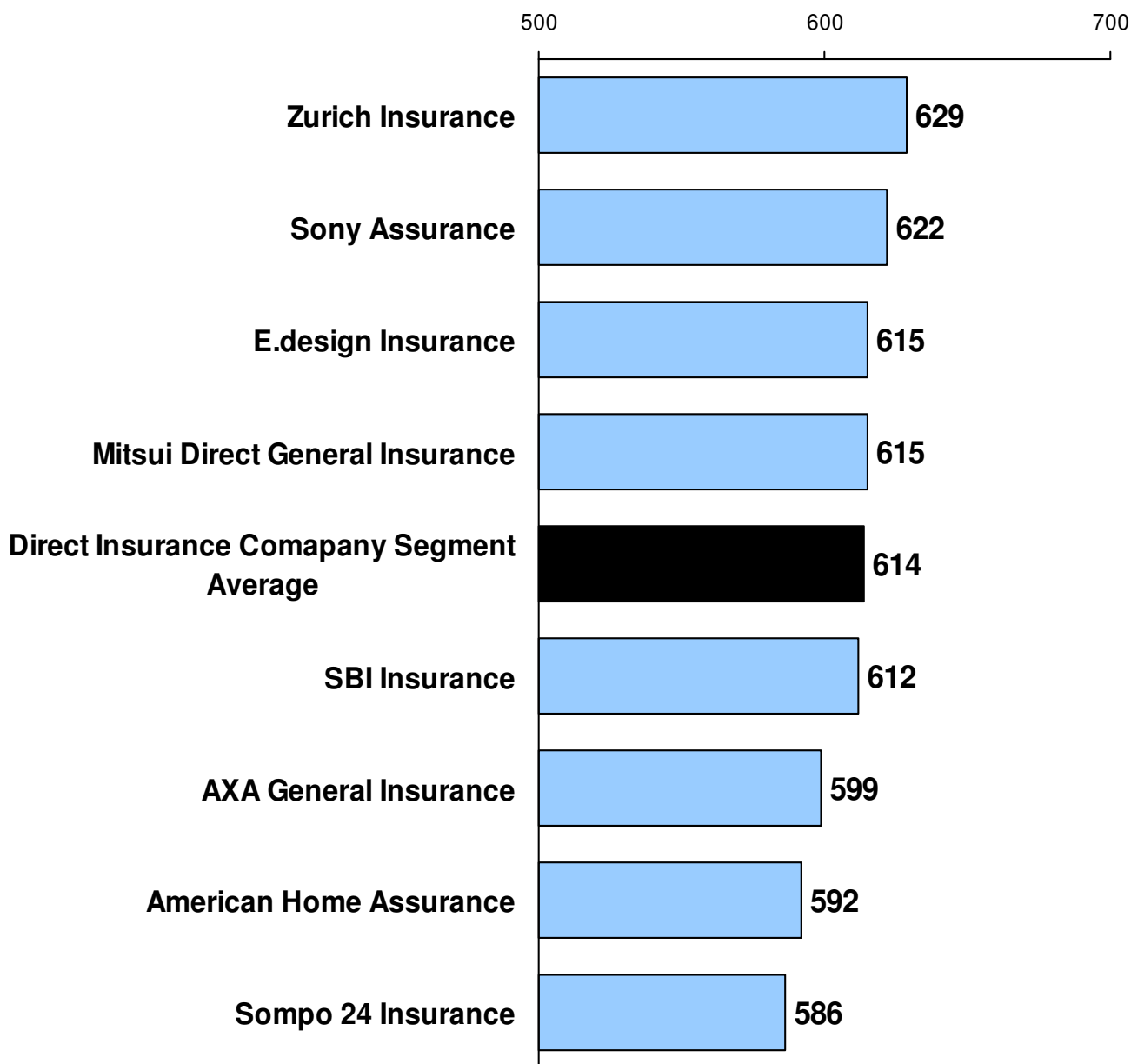
Included in the study but not ranked due to small sample size are: Ace Insurance, Asahi Fire & Marine Insurance, Saison Automobile & Fire Insurance and Secom General Insurance.

Source: J.D. Power Asia Pacific 2011 Japan Auto Insurance Customer Satisfaction Study<sup>SM</sup>

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## Customer Satisfaction Rankings Direct Insurance Company Segment (Based on a 1,000-point scale)



Note: Generali is included in the study, but not ranked due to small sample size.

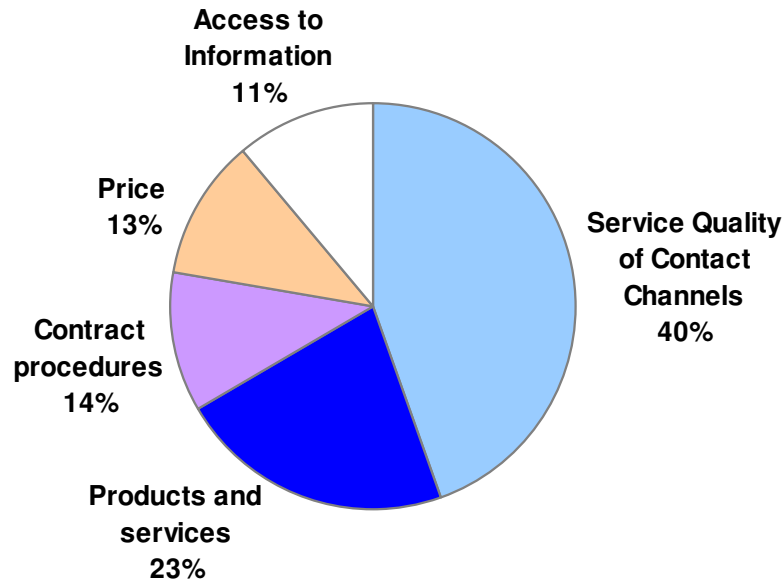
Source: J.D. Power Asia Pacific 2011 Japan Auto Insurance Customer Satisfaction Study<sup>SM</sup>

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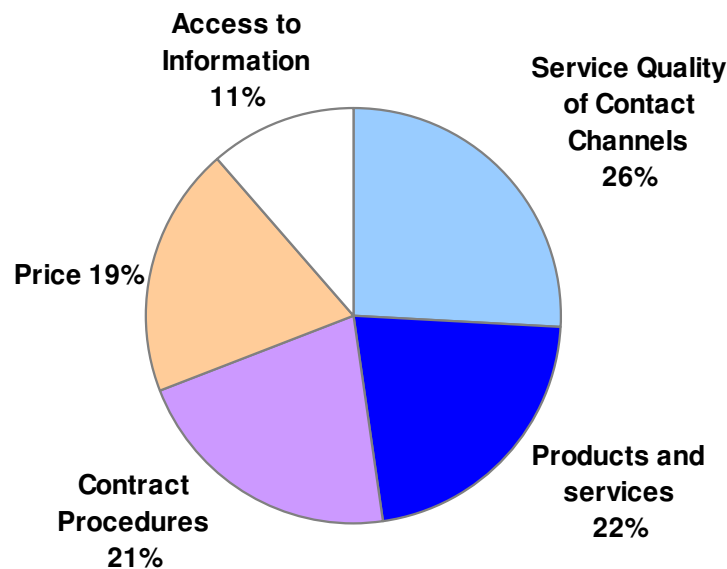
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## Factors Contributing to Overall Satisfaction Agency-Based Insurers Segment



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## Direct Insurance Company Segment



Note: Percentages may not equal 100 due to rounding.

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