

**J.D. Power Reports:
Commercial Insurance-Focused Providers Missing Personal Touch That
Personal Lines Providers Are Able to Provide to Small-Business Customers**

**Erie Insurance Ranks Highest in Small Business Commercial Insurance Customer Satisfaction
For a Second Consecutive Year**

WESTLAKE VILLAGE, Calif.: 11 August 2014 — Insurers that predominantly write personal lines of insurance do a better job in satisfying their small-business customers than insurers focused more on commercial lines, according to the J.D. Power 2014 U.S. Small Business Commercial Insurance StudySM released today.

The study, now in its second year, examines overall customer satisfaction, insurance shopping and purchasing behavior among small-business commercial insurance customers with 50 or fewer employees. Overall satisfaction is comprised of five factors (in order of importance): interaction; policy offerings; price; billing and payment; and claims.

Overall satisfaction among small business customers is 783 on a 1,000-point scale in 2014, up 6 points from 2013. Companies that write the majority of their business in personal lines of insurance, such as Allstate and State Farm, have an average overall satisfaction score of 804. In contrast, satisfaction with insurers that focus more broadly on writing commercial insurance, such as CNA Insurance and Zurich, averages 766. All six insurance providers that rank above industry average in 2014 are primarily personal line providers, and personal lines providers score higher than commercial-focused providers across all five factors.

“While both groups show year-over-year improvement, insurers that predominantly write personal lines insurance benefit from the personal relationships they are better able to build with their small-business customers,” said Jeremy Bowler, senior director of the insurance practice at J.D. Power. “The relationship is typically established early because small-business owners often purchase commercial insurance from the same agent that provides their home and auto insurance. Additionally, the agent is often local, so they have more personal contact with their customers and better understand their business.”

The study finds that 41 percent of customers of predominantly personal lines insurers first had their personal insurance with the insurer and added their commercial lines later. This occurs much less frequently among customers of more commercial insurers (12%).

All insurers benefit from providing a highly satisfying customer experience with increased customer loyalty and advocacy. Among “delighted” customers (overall satisfaction scores of 900 or higher) of personal lines-focused insurers, 79 percent say they “definitely will” renew their policy with their current provider, and 81 percent say they “definitely will” recommend their provider to family and friends. Among “delighted” customers of primarily commercial providers, 70 percent indicate they intend to renew and 72 percent provide recommendations.

KEY FINDINGS

- Among the 5 percent of customers whose premiums have decreased in 2014, price satisfaction has improved by 31 points from 2013. Among the 64 percent of customers whose insurance premiums have remained the same in 2014, price satisfaction increases by 18 points. Satisfaction with price declines slightly among the 31 percent of customers who experience a premium increase. Among the 25 percent of customers who experience an insurer-initiated rate hike, price satisfaction declines by 6 points, while satisfaction drops by 3 points among the 6 percent of customers who experience a premium increase for a policy change due to something they initiated, such as adding a new store.
- Nearly two-thirds (63%) of customers of personal lines-focused insurers indicate they met with their agent in person, compared with 53 percent of those insured with a more commercial insurer. Additionally, 32 percent of customers of more commercial providers and 24 percent of customers of predominantly personal lines insurers have not had any interaction through any channel with their insurer during the last 12 months.
- Satisfying customers has an economic impact on insurers. For example, “delighted” customers of predominantly commercial insurers purchase 1.5 additional products and pay more than \$2,000 in annual premiums, compared with “dissatisfied” customers (overall satisfaction scores of 549 or lower).

Small Business Commercial Insurance Customer Satisfaction Rankings

Erie Insurance ranks highest among small-business commercial insurers for a second consecutive year, with a score of 813. Erie Insurance performs particularly well in the policy offerings and billing and payment factors. Nationwide and State Farm rank second in a tie (809 each). Nationwide performs particularly well in interaction and price, while State Farm performs well in policy offerings and billing and payment.

The 2014 U.S. Small Business Commercial Insurance Study is based on 3,525 responses from insurance decision-makers in businesses with 50 or fewer employees that purchase general liability and/or property insurance. The study was fielded from April 2014 through June 2014.

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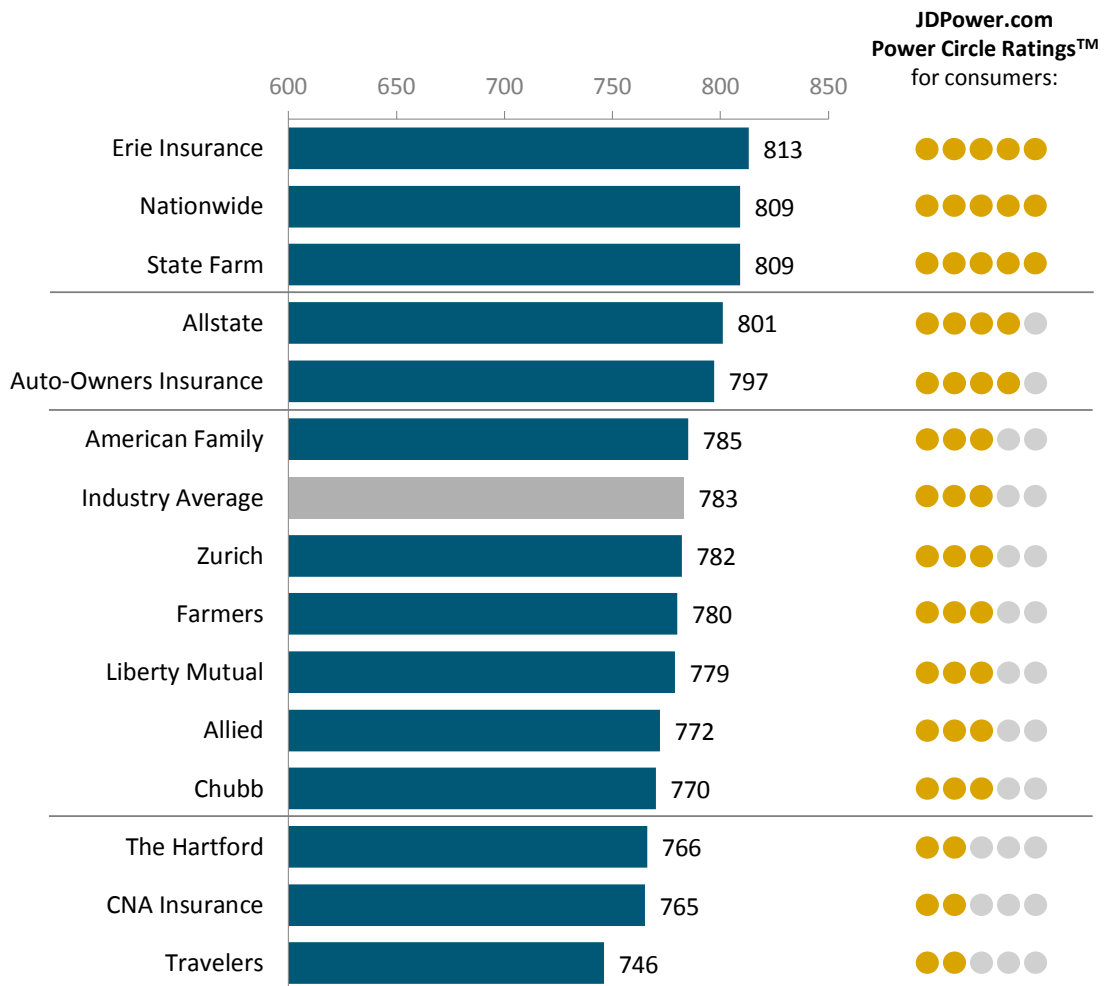
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(Page 2 of 2)

Note: One chart follows.

J.D. Power 2014 U.S. Small Business Commercial Insurance StudySM

Customer Satisfaction Index Ranking (Based on a 1,000-point scale)



Included in the study, but not ranked due to small sample sizes, are AIG, Cincinnati Insurance, Fireman's Fund and Philadelphia Insurance.

Source: J.D. Power 2014 U.S. Small Business Commercial Insurance StudySM

Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

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