

Large U.S. Auto Insurers Drag Industrywide Customer Satisfaction Down Due to Price Perception, Says J.D. Power

DETROIT: 20 June 2016 — After improving in each of the past two years, a decline in satisfaction among the nation's largest auto insurers is driving overall industry satisfaction downward as customers react negatively to the perception of price increases, according to the J.D. Power 2016 U.S. Auto Insurance Study,SM released today.

The study examines customer satisfaction in five factors (in order of importance): interaction; policy offerings; price; billing process and policy information (formerly billing and payment); and claims. Satisfaction is measured on a 1,000-point scale.

Price Perception Drives Satisfaction Downward

Overall satisfaction declines by a significant 7 points to 811 from 818 in 2015. The 17 largest insurers,¹ among whom satisfaction drops by 7 index points from 2015, are the primary drivers of the overall decline. Comparatively, satisfaction among the smaller insurers increases 1 point from 2015. The overall decline is largely influenced by a 3-point decrease in price satisfaction, which is attributable to a year-over-year 2-percentage-point decline in the percentage of customers who say they have not experienced a premium increase in the past 12 months. However, the perception among some customers is that they have had an insurer-initiated increase, even though they have not experienced a specific incident or life change that could account for the price hike.

Small Insurers Pull Ahead of Large Insurers

According to the study, this year marks the first time in the past 6 years that small insurers achieve a higher satisfaction score than large insurers (815 vs. 814, respectively). More positive perceptions of price have helped drive the differing performances between the two groups, as the price factor is the largest advantage small insurers have over large insurers. In contrast, large insurers perform higher in digital interactions—website and assisted online—as they have greater resources to continuously invest in improving their websites and staffing for assisted online.

“Price perception among customers of smaller insurers is likely influenced by the fact that they frequently select their insurer with the help of an independent agent,” said **Greg Hoeg, vice president of the U.S. insurance operations at J.D. Power**. “Smaller insurers benefit from the personal interactions provided by their agency force, including their ability to educate customers about the value their policy provides.”

¹ Note: Large insurers are those with more than \$2 billion in direct written premium (DWP) and small insurers are those with less than \$800 million in DWP.

Interaction Still Problematic

Among the five factors measured in the study, interaction and policy offerings are the primary drivers of the overall decline in customer satisfaction. Lower levels of satisfaction with the call center representative (down 6 points to 839) and the local agent (down 7 points to 864) drive the decline in satisfaction in the interaction factor. The decline in satisfaction with policy offerings (down by 8 points to 809) is due in part to insurers' failure to make it easy for customers to work with them.

Customers also provide lower ratings year over year for service elements, including the ease of making changes to an existing policy and ease of obtaining a new policy, suggesting that insurers haven't been able to move the needle when it comes to making changes more convenient for their customers.

Assisted Online Interaction Improves

Notably, satisfaction with assisted online interactions improves across all elements of the customer experience, including the promptness in communicating with a representative and timely resolution of problems, questions or requests. Additionally, the courtesy, knowledge, and overall concern for customer needs on the part of the representative assisting them also contribute to the improvement. Assisted online interactions consist of experiences in which a customer may have first visited their insurer's website to resolve an issue or question and was later further assisted by a representative via a chat feature.

"Insurance customers want their billing problems, policy questions or claims resolved efficiently," said Hoeg. "Today, more and more customers are interested in communicating via digital channels. Insurers should take note that the traditional call center representative may no longer be the most efficient and satisfying way to resolve an issue, even a complex one."

Satisfaction Drives Loyalty

Among delighted auto insurance customers (overall satisfaction scores of 900 and above), 75% say they "definitely will" renew their policy, compared with just 12% of displeased customers (scores of 549 and lower).

Regional Overview

Satisfaction varies regionally, from a high of 825 in the Southeast region to a low of 795 in the New England region. Seven of the 11 study regions post significant decreases in overall satisfaction year over year, with the greatest declines occurring in the Southwest (-20 points) and Texas (-17) regions.

Following are the highest-ranked auto insurance brands by region:

California: Ameriprise (846)

Central: Shelter Insurance (819)

Florida: The Hartford (834)

Mid-Atlantic: Erie Insurance (829)

New England: Amica Mutual (855)

New York: GEICO (828)

North Central: Auto-Owners Insurance (842)

Northwest: PEMCO Insurance (847)

Southeast: Farm Bureau Insurance – Tennessee (870)

Southwest: The Hartford (829)

Texas: Texas Farm Bureau Insurance (836)

New Jersey Manufacturers Insurance Company (NJM) and USAA also achieve high levels of customer satisfaction in the study, although they are not included in the rankings due to the closed nature of their respective memberships.

The 2016 U.S. Auto Insurance Study is based on responses from 44,681 auto insurance customers. The survey data was collected from January 29, 2016 to March 25, 2016.

For more information about the 2016 U.S. Auto Insurance Study, visit <http://www.jdpower.com/resource/jd-power-us-auto-insurance-satisfaction-study>

See the online press release at <http://www.jdpower.com/press-releases/2016-us-auto-insurance-study>

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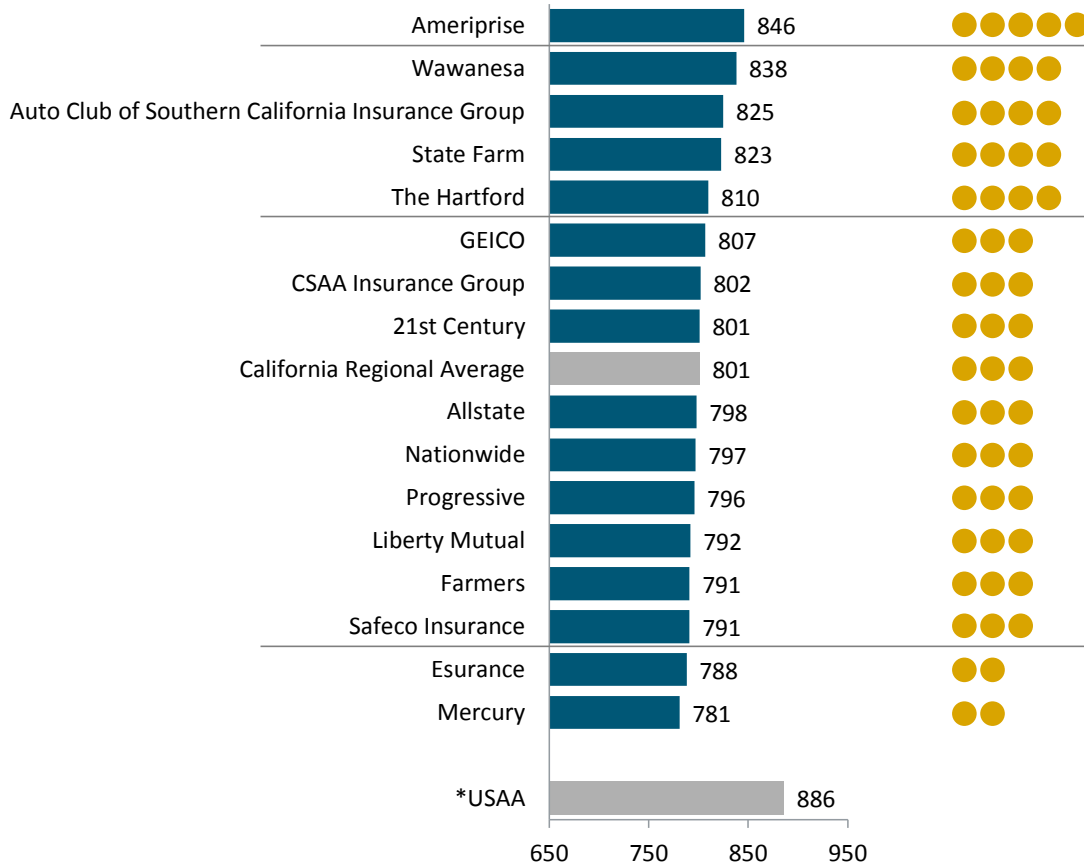
Note: Thirteen charts follow.

J.D. Power 2016 U.S. Auto Insurance StudySM

Overall Customer Satisfaction Index Ranking California Region

(Based on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



Notes: *USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. Included in the study but not ranked due to sample size are Infinity P&C, MAPFRE Insurance, National General, and Travelers. State included in region is California.

Source: J.D. Power 2016 U.S. Auto Insurance StudySM

Power Circle Ratings Legend

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

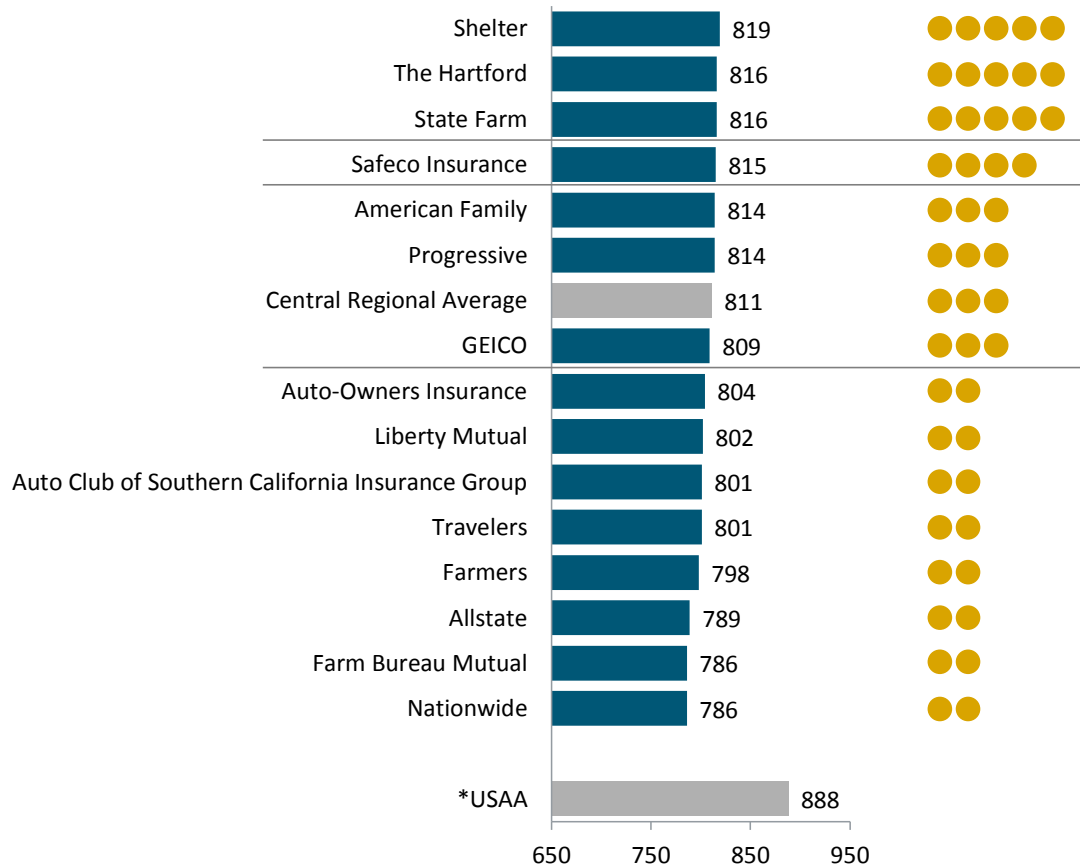
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Overall Customer Satisfaction Index Ranking Central Region

(Based on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



Notes: *USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. Included in the study but not ranked due to sample size is Automobile Club Group. States included in region are Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, and South Dakota.

Source: J.D. Power 2016 U.S. Auto Insurance StudySM

Power Circle Ratings Legend

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

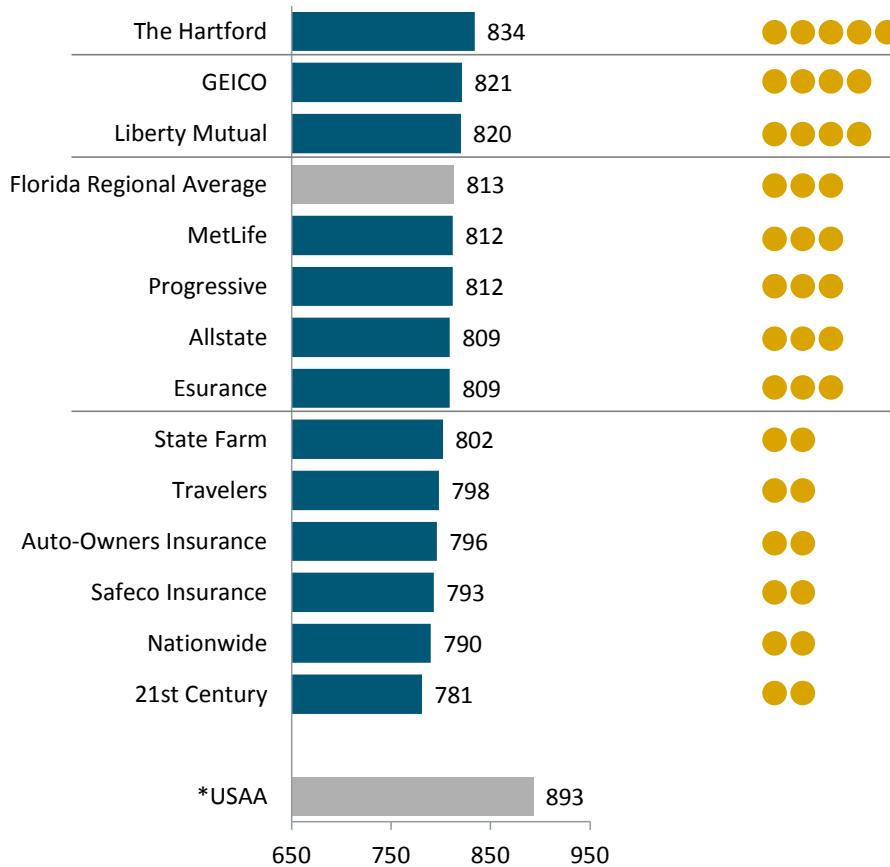
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Overall Customer Satisfaction Index Ranking Florida Region

(Based on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



Notes: *USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. Included in the study but not ranked due to sample size are Amica Mutual, Direct General, Farmers, Infinity P&C, and Mercury. State included in region is Florida.

Source: J.D. Power 2016 U.S. Auto Insurance StudySM

Power Circle Ratings Legend

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

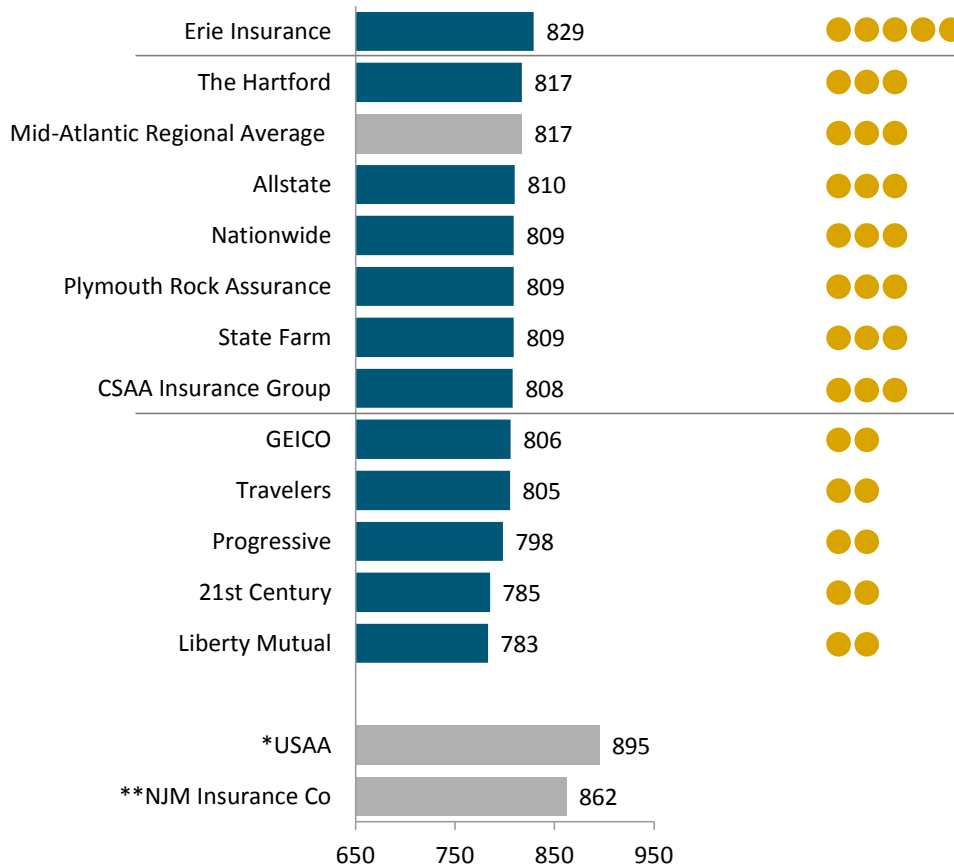
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Overall Customer Satisfaction Index Ranking Mid-Atlantic Region

(Based on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



Notes: *USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. **NJM Insurance Co. is an insurance provider open only to New Jersey Business & Industry Association Members; employees of the state of New Jersey; employees of a New Jersey county, municipality or township; employees of a New Jersey public school; NJM's previously insured drivers; and/or previous/current auto/homeowner policyholders, and therefore is not included in the rankings. Included in the study but not ranked due to sample size are Amica Mutual, Esurance, MetLife, and Safeco Insurance. States included in region are Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, and West Virginia.

Source: J.D. Power 2016 U.S. Auto Insurance StudySM

Power Circle Ratings Legend

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

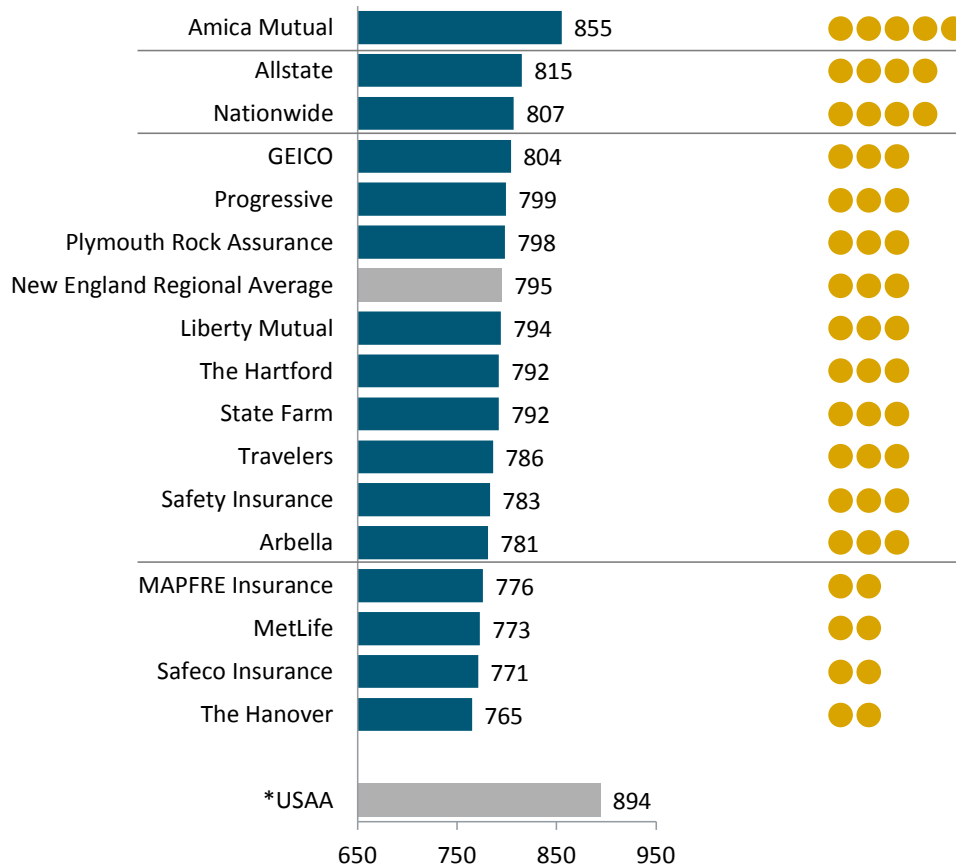
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Overall Customer Satisfaction Index Ranking New England Region

(Based on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



Note: *USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. States included in region are Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

Source: J.D. Power 2016 U.S. Auto Insurance StudySM

Power Circle Ratings Legend

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

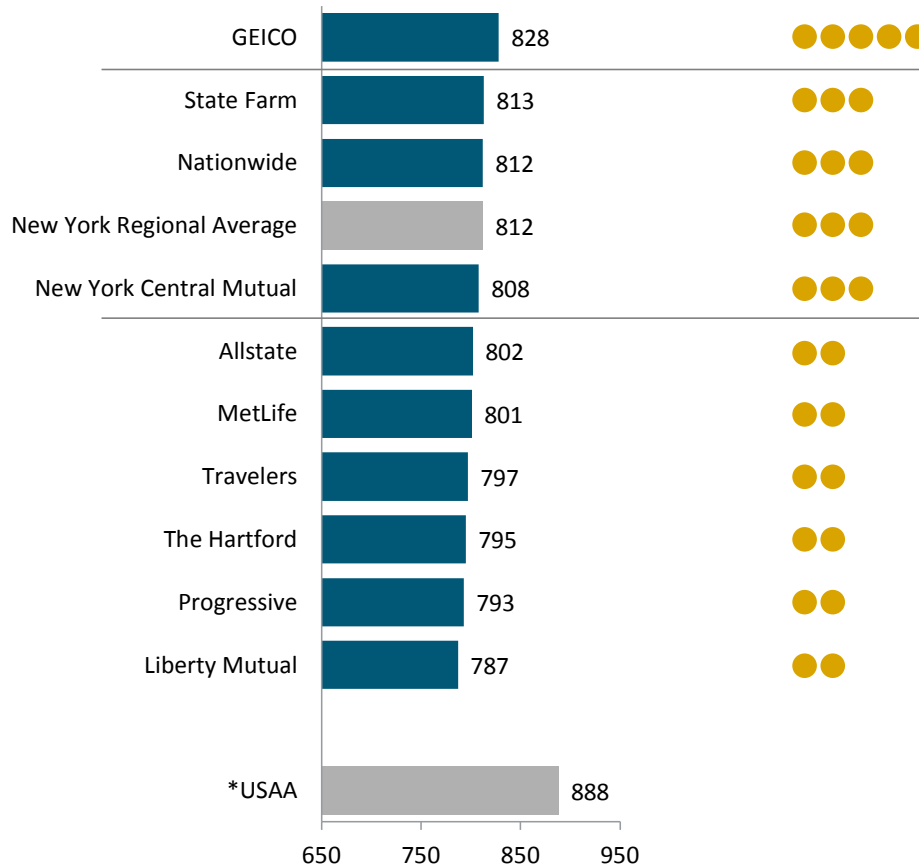
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Overall Customer Satisfaction Index Ranking New York Region

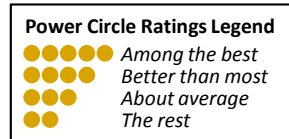
(Based on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



Notes: *USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. Included in the study but not ranked due to sample size are Amica Mutual, and Erie Insurance. State included in region is New York.

Source: J.D. Power 2016 U.S. Auto Insurance StudySM



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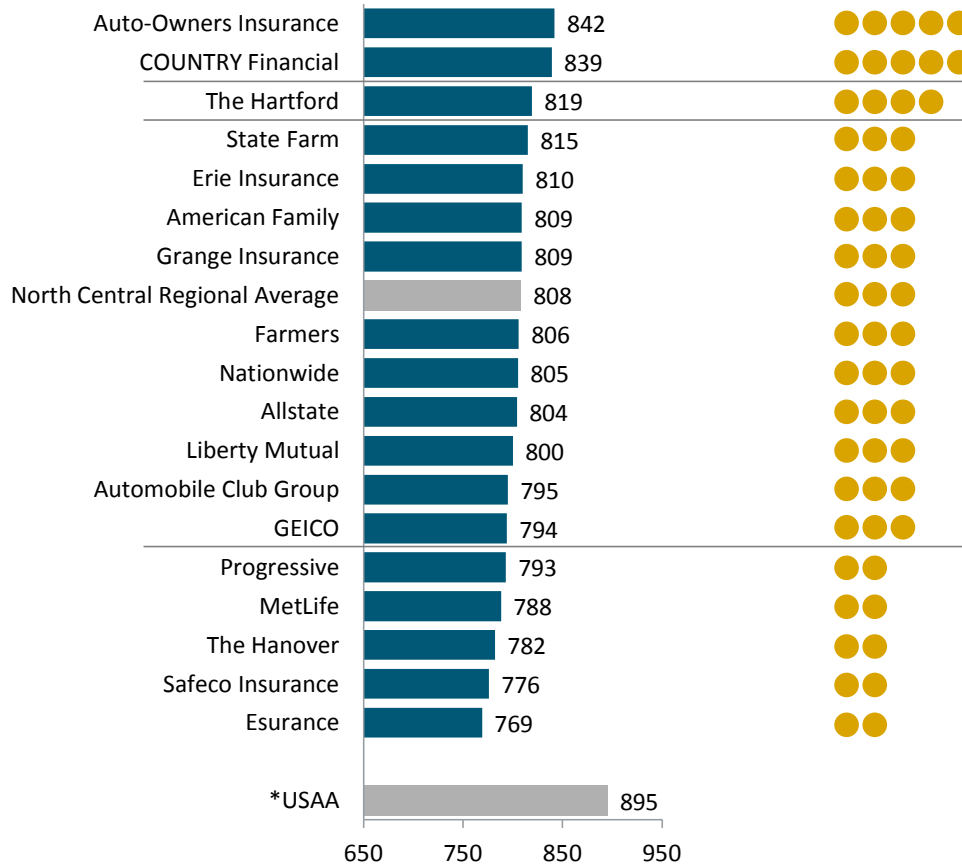
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Overall Customer Satisfaction Index Ranking

North Central Region

(Based on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



Notes: *USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. Included in the study but not ranked due to sample size is Michigan Farm Bureau. States included in region are Illinois, Indiana, Michigan, Ohio, and Wisconsin.

Source: J.D. Power 2016 U.S. Auto Insurance StudySM

Power Circle Ratings Legend

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

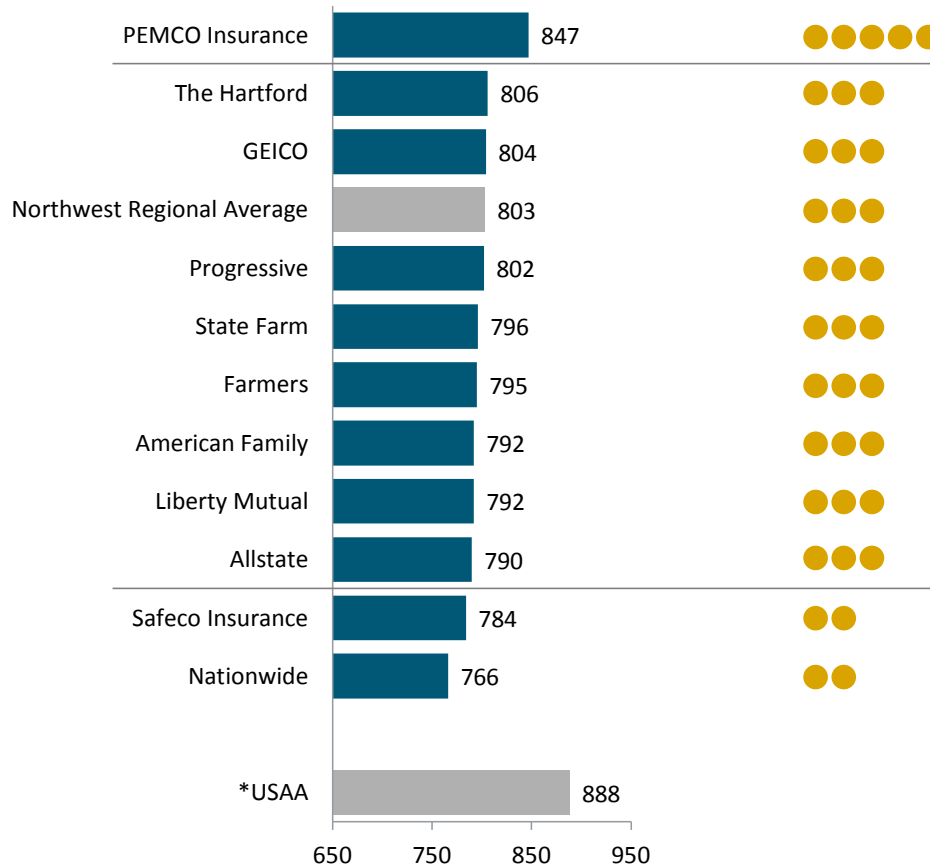
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Overall Customer Satisfaction Index Ranking Northwest Region

(Based on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



Notes: *USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. Included in the study but not ranked due to sample size is COUNTRY Financial. States included in region are Idaho, Montana, Oregon, Washington, and Wyoming.

Source: J.D. Power 2016 U.S. Auto Insurance StudySM

Power Circle Ratings Legend

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

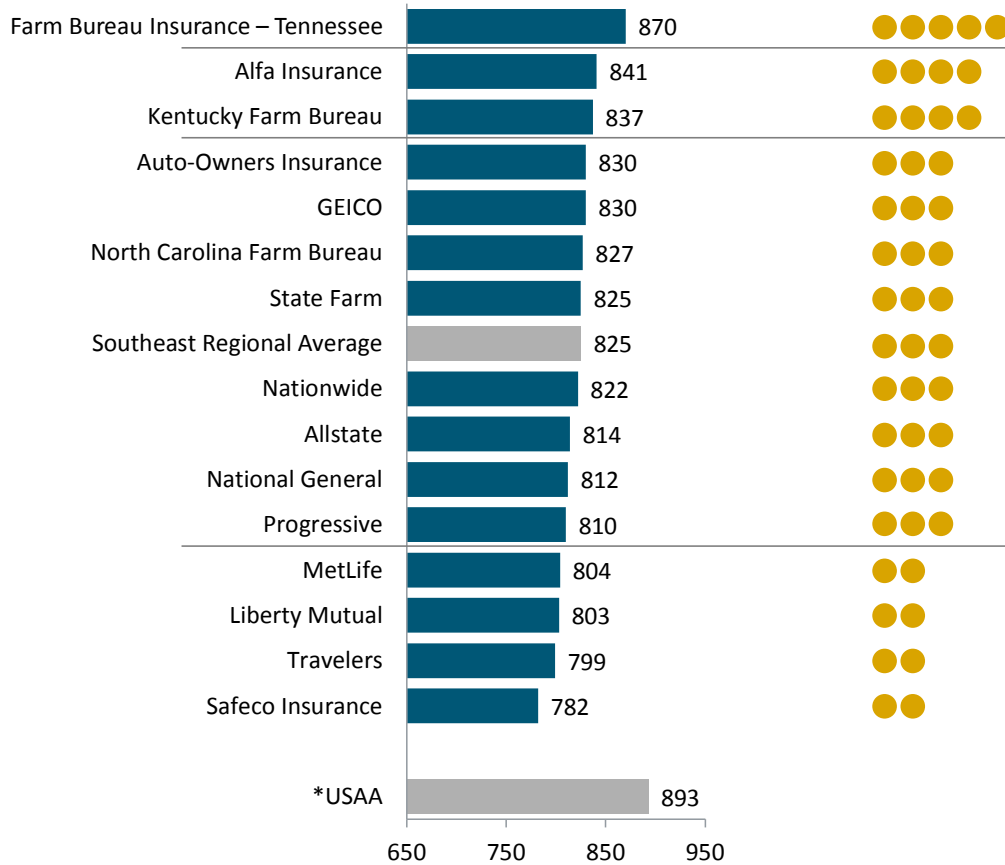
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Overall Customer Satisfaction Index Ranking Southeast Region

(Based on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



*Notes: *USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. Included in the study but not ranked due to sample size are COUNTRY Financial, Erie Insurance, Esurance, Grange Insurance, The Hartford, and Shelter. States included in region are Alabama, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.*

Source: J.D. Power 2016 U.S. Auto Insurance StudySM

Power Circle Ratings Legend

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

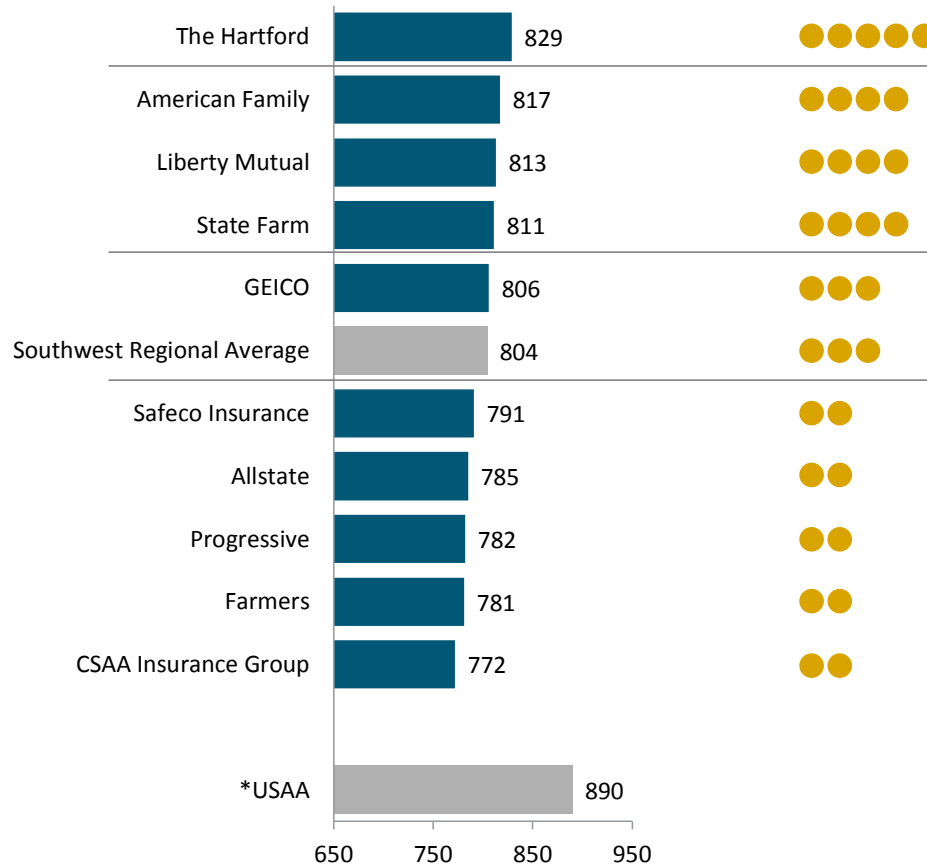
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Overall Customer Satisfaction Index Ranking Southwest Region

(Based on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



Notes: *USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. Included in the study but not ranked due to sample size are Auto-Owners Insurance, Farm Bureau Mutual, and Nationwide. States included in region are Arizona, Colorado, Nevada, New Mexico, and Utah.

Source: J.D. Power 2016 U.S. Auto Insurance StudySM

Power Circle Ratings Legend

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

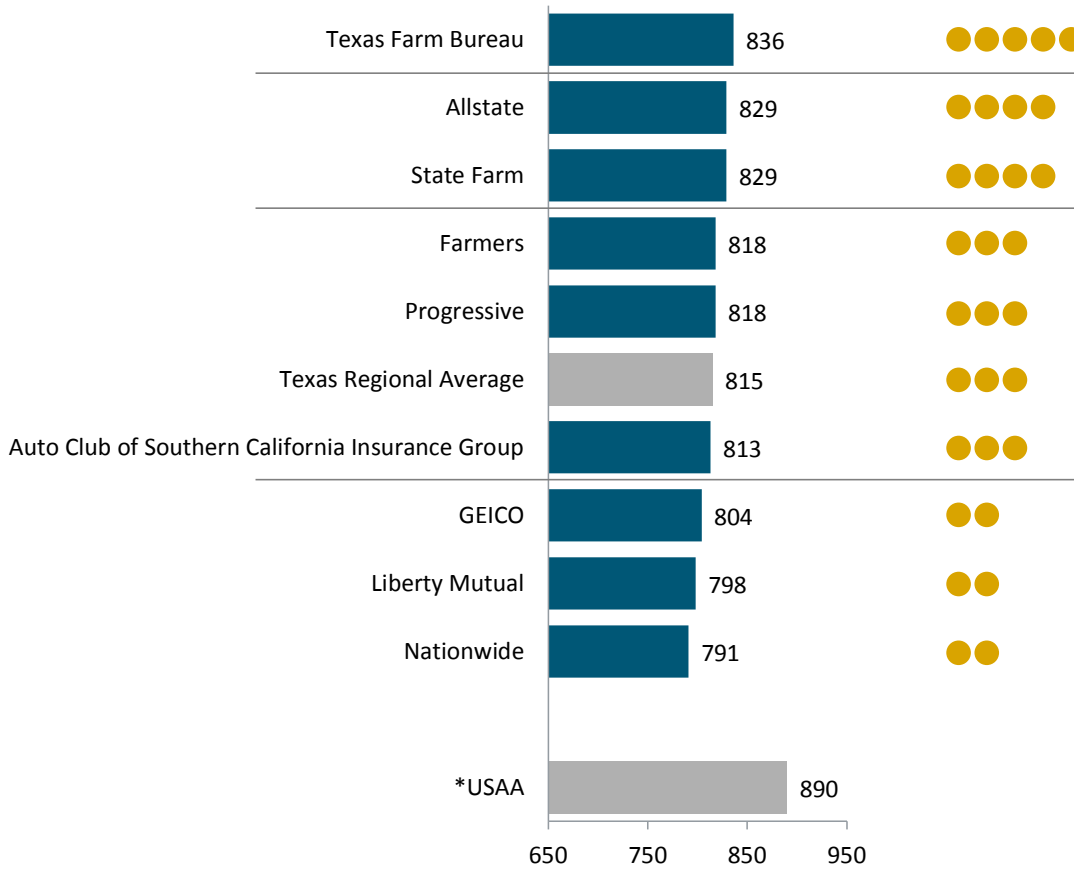
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Overall Customer Satisfaction Index Ranking Texas Region

(Based on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



Notes: *USAA is an insurance provider open only to U.S. military personnel and their families, and therefore is not included in the rankings. Included in the study but not ranked due to sample size are Amica Mutual, and MetLife. State included in region is Texas.

Source: J.D. Power 2016 U.S. Auto Insurance StudySM

Power Circle Ratings Legend

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J.D. Power 2016 U.S. Auto Insurance StudySM

Award-Eligible Auto Insurance Companies Included in the Study

<u>Company Name</u>	<u>CEO Name</u>	<u>Company Address</u>
21 st Century	Jeffrey Dailey	Woodland Hills, Calif.
Alfa Insurance	Jimmy Parnell	Montgomery, Ala.
Allstate	Thomas Wilson	Northbrook, Ill.
American Family	Jack Salzwedel	Madison, Wis.
Ameriprise	Ken Ciak	De Pere, Wis.
Amica Mutual	Robert DiMuccio	Lincoln, R.I.
Arbella	John F. Donohue	Quincy, Mass.
Auto Club of Southern California Insurance Group	Robert Bouttier	Los Angeles, Calif.
Automobile Club Group	Joseph Richardson, Jr.	Dearborn, Mich.
Auto-Owners Insurance	Jeffrey Harrold	Lansing, Mich.
COUNTRY Financial	Kurt Bock	Bloomington, Ill.
CSAA IG (AAA)	Paula Downey	Walnut Creek, Calif.
Encompass	Mark Green	Northbrook, Ill.
Erie Insurance	Terrence Cavanaugh	Erie, Pa.
Esurance	Jonathan Adkisson	San Francisco, Calif.
Farm Bureau Insurance – Tennessee	Matthew M. Scoggins, Jr.	Columbia, Tenn.
Farm Bureau Mutual	James P. Brannen	West Des Moines, Iowa
Farmers	Jeffrey Dailey	Woodland Hills, Calif.
GEICO	Tony Nicely	Chevy Chase, Md.
Grange Insurance	John Ammendola	Columbus, Ohio
The Hanover	Frederick Eppinger	Worcester, Mass.
The Hartford	Christopher Swift	Hartford, Conn.
Kentucky Farm Bureau	Mark Haney	Louisville, Ky.
Liberty Mutual	David Long	Boston, Mass.
MAPFRE Insurance	Jaime Tamayo	Webster, Mass.
Mercury	Gabriel Tirador	Los Angeles, Calif.
MetLife	Steven Kandarian	New York, N.Y.
National General	Barry Karfunkel	Winston-Salem, N.C.

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J.D. Power 2016 U.S. Auto Insurance StudySM

Award-Eligible Auto Insurance Companies Included in the Study

<u>Company Name</u>	<u>CEO Name</u>	<u>Company Address</u>
Nationwide	Stephen Rasmussen	Columbus, Ohio
New York Central Mutual	V. Daniel Robinson II	Edmeston, N.Y.
North Carolina Farm Bureau	Larry Wooten	Raleigh, N.C.
PEMCO Insurance	Stan McNaughton	Seattle, Wash.
Plymouth Rock Assurance	James M. Stone	Boston, Mass.
Progressive	Glenn Renwick	Mayfield Village, Ohio
Safeco	Matthew Nickerson	Seattle, Wash.
Safety Insurance	George M. Murphy	Boston, Mass.
Shelter	Rick Means	Columbia, Mo.
State Farm	Michael Tipsord	Bloomington, Ill.
Texas Farm Bureau	Russell Boening	Waco, Texas
Travelers	Jay Fishman	New York, N.Y.
Wawanesa	Jeff Goy	San Diego, Calif.

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