

### Premium Increases Become Sticking Point for U.S. Auto Insurance Customers, J.D. Power Finds

**COSTA MESA, Calif.: 19 June 2017** — A combination of record numbers of miles driven, increased frequency and severity of collisions, and extreme weather has crimped U.S. auto insurer profitability, resulting in rate increases for 26% of customers and a strain on customer satisfaction. According to the J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup> released today, price satisfaction declined this year, even as other areas of the overall customer experience have improved.

The study finds that the number of customers receiving an annual rate increase of more than \$200 per vehicle has more than doubled during the past four years, and that's having a profound effect on customer satisfaction. Price satisfaction scores among customers who receive a price increase of \$200 or more are, on average, 188 points lower than among those who experience price increases of just \$25 or less. This shows that auto insurers need to do a better job of increasing the perception of value in the services they provide.

"Differentiating on service and demonstrating the value of the policy for premiums paid is going to be the key to improving customer satisfaction," said **Greg Hoeg, vice president of U.S. insurance operations at J.D. Power**. "As the amount of losses continues to increase for a myriad of reasons, premiums must go up for carriers to remain profitable. However, carriers that are successful in getting beyond price by clearly communicating and demonstrating value through smooth claims processing, exceptional customer service and a great selection of offerings will emerge as leaders. Initiatives such as usage-based insurance programs and other proactive communications that show customers what they are getting for their money will help that value perception."

#### Key Findings

- **Overall satisfaction improves while price satisfaction declines:** Overall customer satisfaction with U.S. auto insurers improves in 2017 and is now at a historically high level (819 on a 1,000-point scale). Despite this improvement, satisfaction scores in the price factor have declined for a second consecutive year.
- **Size of premium increase correlates with satisfaction:** Satisfaction scores average 726 among customers who experience premium increases of \$25 or less. Among those with an increase of \$200 or more, satisfaction declines by 188 points to an average of 538.
- **All hail, Texas:** While price satisfaction at the national level declines just 1 point in 2017, there are wide variations in price satisfaction at the regional level. Texas experiences the sharpest decline (-13 points) amid a rash of catastrophic losses—on top of collision losses—stemming primarily from hail storms. Texas is followed by New York (-10 points), the Northwest region (-9 points) and the Southwest region (-5 points) among those regions experiencing the largest year-over-year declines in price satisfaction.
- **Telematics increase customer perception of value:** Usage-based insurance programs, which leverage telematics technology to set insurance premiums based on how far and how safely a

customer drives, may be the great equalizer when it comes to customer perception of price. Price satisfaction scores are between 54 and 72 points higher among customers who are usage-based insurance participants, even when those participants have experienced premium increases.

- **Communication clarifies value:** Carriers can minimize the negative impact of insurer-initiated price increases by providing clarity and transparency in policy coverage. Satisfaction among customers who received a price increase averages 645 compared with 768 among customers without an increase; however, when carriers notify customers of a price increase in advance of the change, provide helpful information on customers' bills, and when customers say they completely understand their policy, price satisfaction averages 755.

## Study Rankings

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

**California:** Esurance

**Central:** Auto-Owners Insurance

**Florida:** Auto-Owners Insurance

**Mid-Atlantic:** The Hartford

**New England:** Amica Mutual

**New York:** The Hartford

**North Central:** Auto-Owners Insurance

**Northwest:** PEMCO Insurance

**Southeast:** Farm Bureau Insurance – Tennessee

**Southwest:** The Hartford

**Texas:** Texas Farm Bureau

The 2017 U.S. Auto Insurance Study examines customer satisfaction in five factors (in order of importance): interaction; policy offerings; price; billing process and policy information; and claims. The study is based on responses from 45,624 auto insurance customers, and was fielded in February-April 2017.

For more information about the 2017 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/pr-id/2017083>.

**J.D. Power** is a global leader in consumer insights, advisory services and data and analytics. These capabilities enable J.D. Power to help its clients drive customer satisfaction, growth and profitability. Established in 1968, J.D. Power is headquartered in Costa Mesa, Calif., and has offices serving North/South America, Asia Pacific and Europe.

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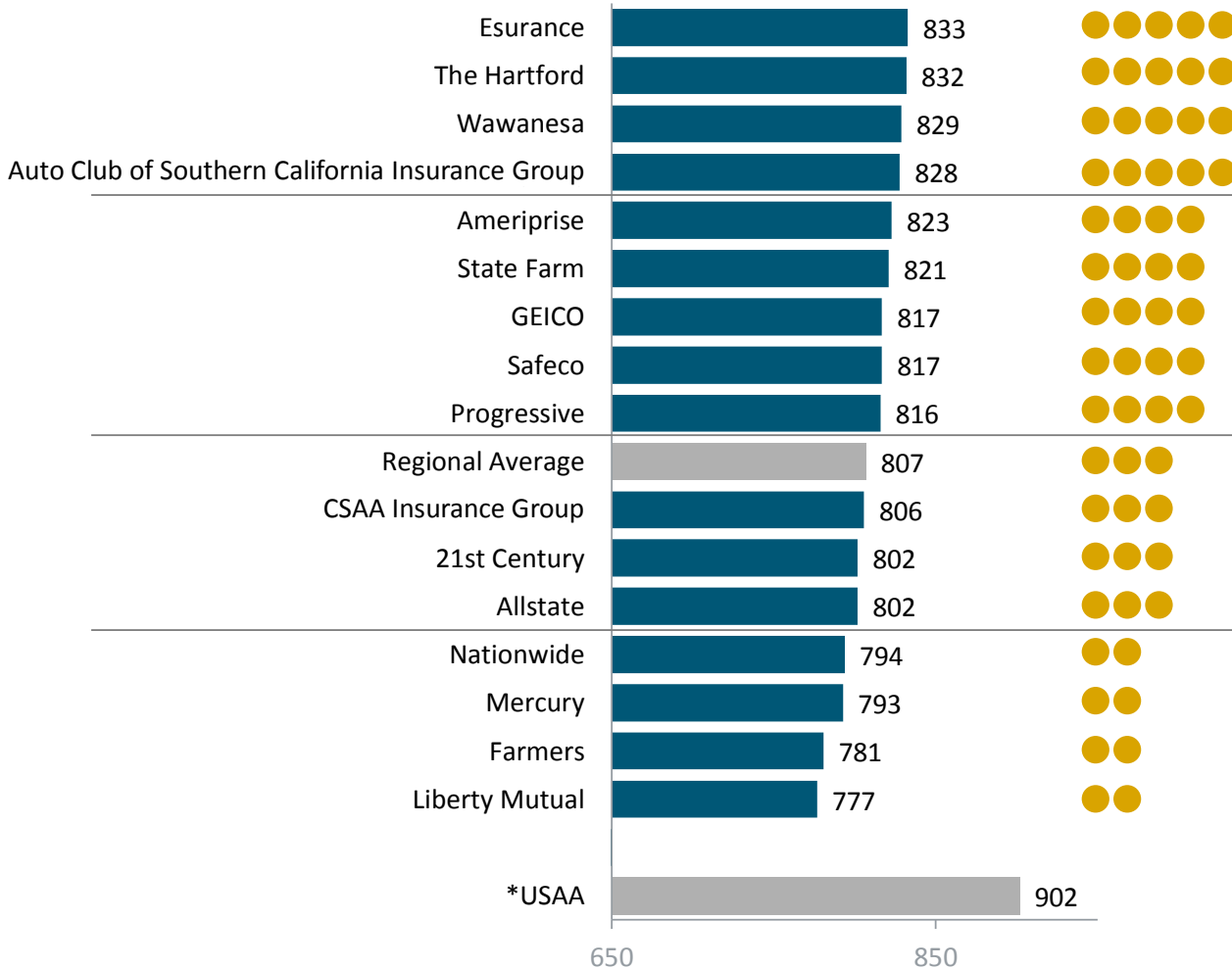
NOTE: 13 charts to follow.

# J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking California Region

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings<sup>TM</sup>  
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, Fred Loya Insurance, Infinity P&C, Kemper, MAPFRE Insurance, MetLife, and National General. State included in region is California.

Source: J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

**Power Circle Ratings Legend**

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

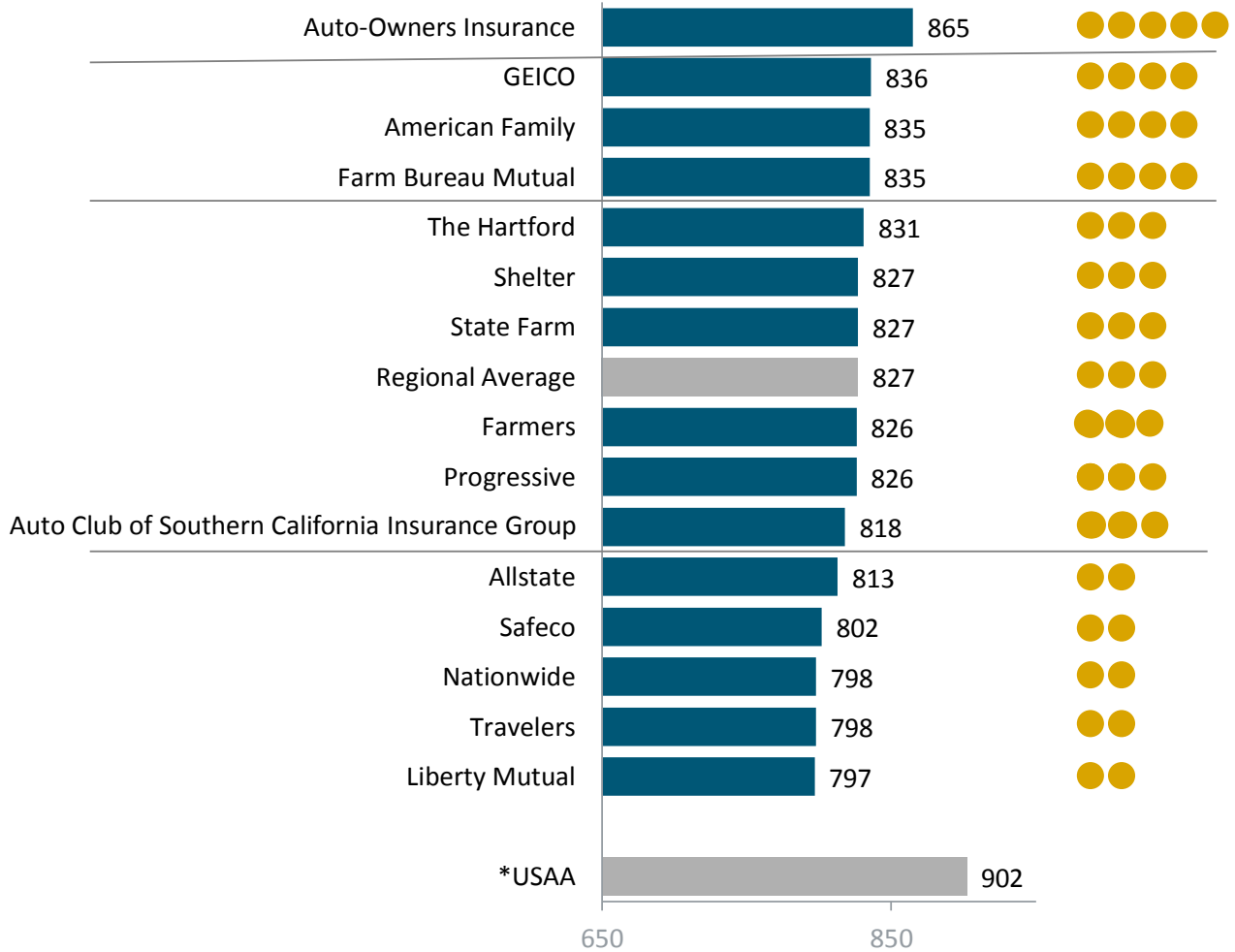
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# J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking Central Region

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings<sup>TM</sup>  
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 21<sup>st</sup> Century, Ameriprise, Cincinnati Insurance, COUNTRY Financial, and CSAA Insurance Group. States included in region are Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota.*

Source: J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

**Power Circle Ratings Legend**

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

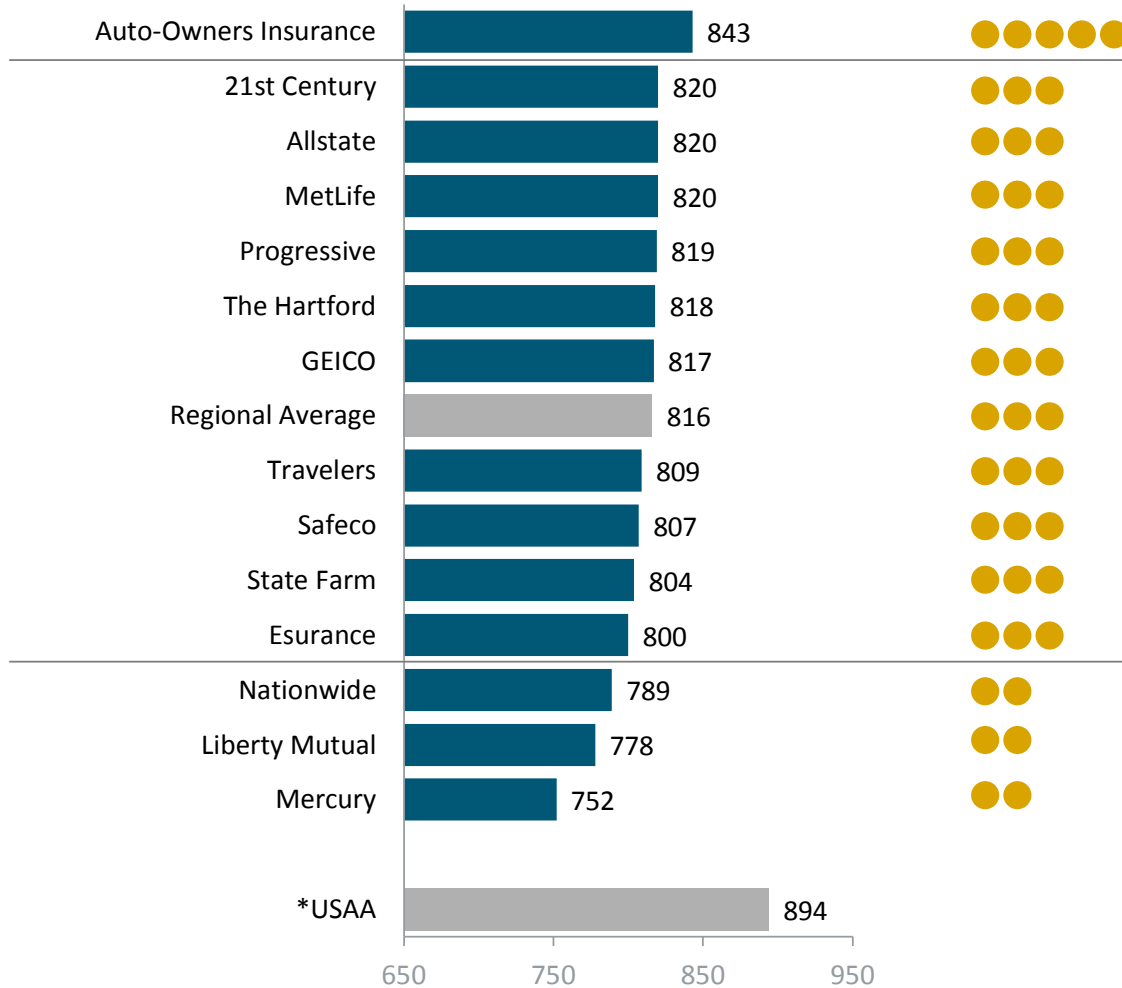
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# J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking Florida Region

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings<sup>TM</sup>  
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 National General. State included in region is Florida.

Source: J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

**Power Circle Ratings Legend**

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

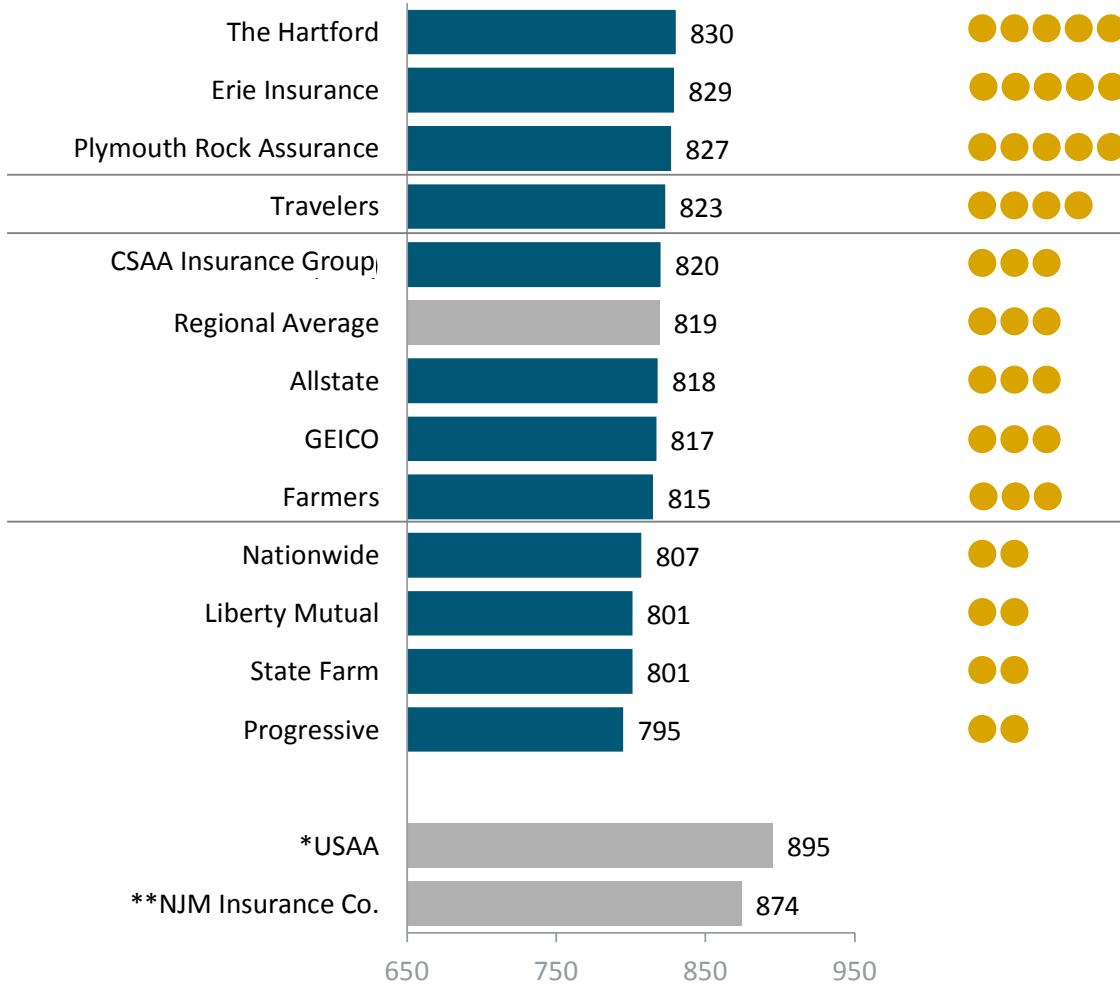
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# J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking Mid-Atlantic Region

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings<sup>TM</sup>  
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 21<sup>st</sup> Century, Alfa Insurance, Ameriprise, Amica Mutual, Cincinnati Insurance, Esurance, The Hanover, MetLife, and National General. States included in region are Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia.*

Source: J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

**Power Circle Ratings Legend**

●●●●● Among the best

●●●● Better than most

●●● About average

●● The rest

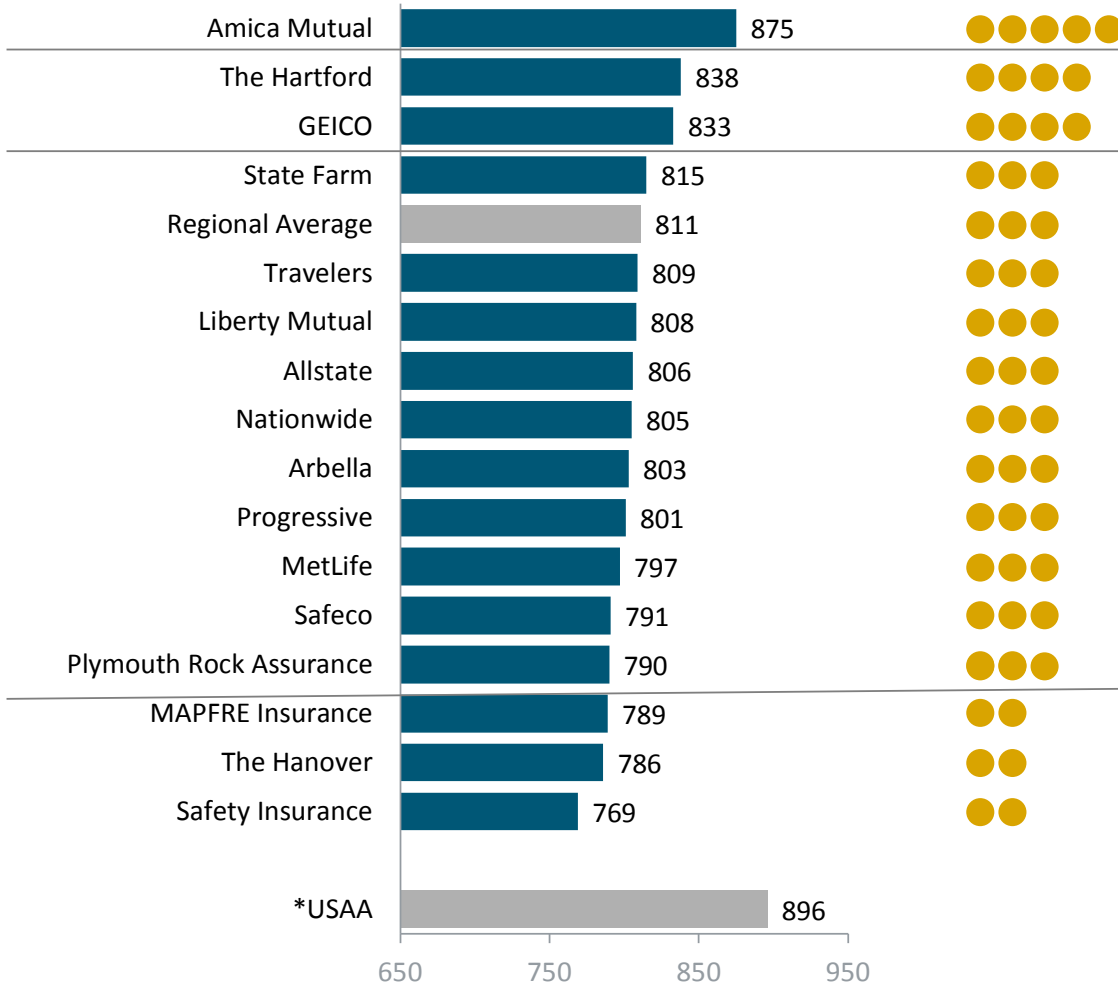
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# J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking New England Region

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings™  
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. Included in the study but not ranked due to sample size are 21st Century and Esurance. States included in region are Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

Source: J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

**Power Circle Ratings Legend**

- 5 yellow circles: Among the best
- 4 yellow circles: Better than most
- 3 yellow circles: About average
- 2 yellow circles: The rest

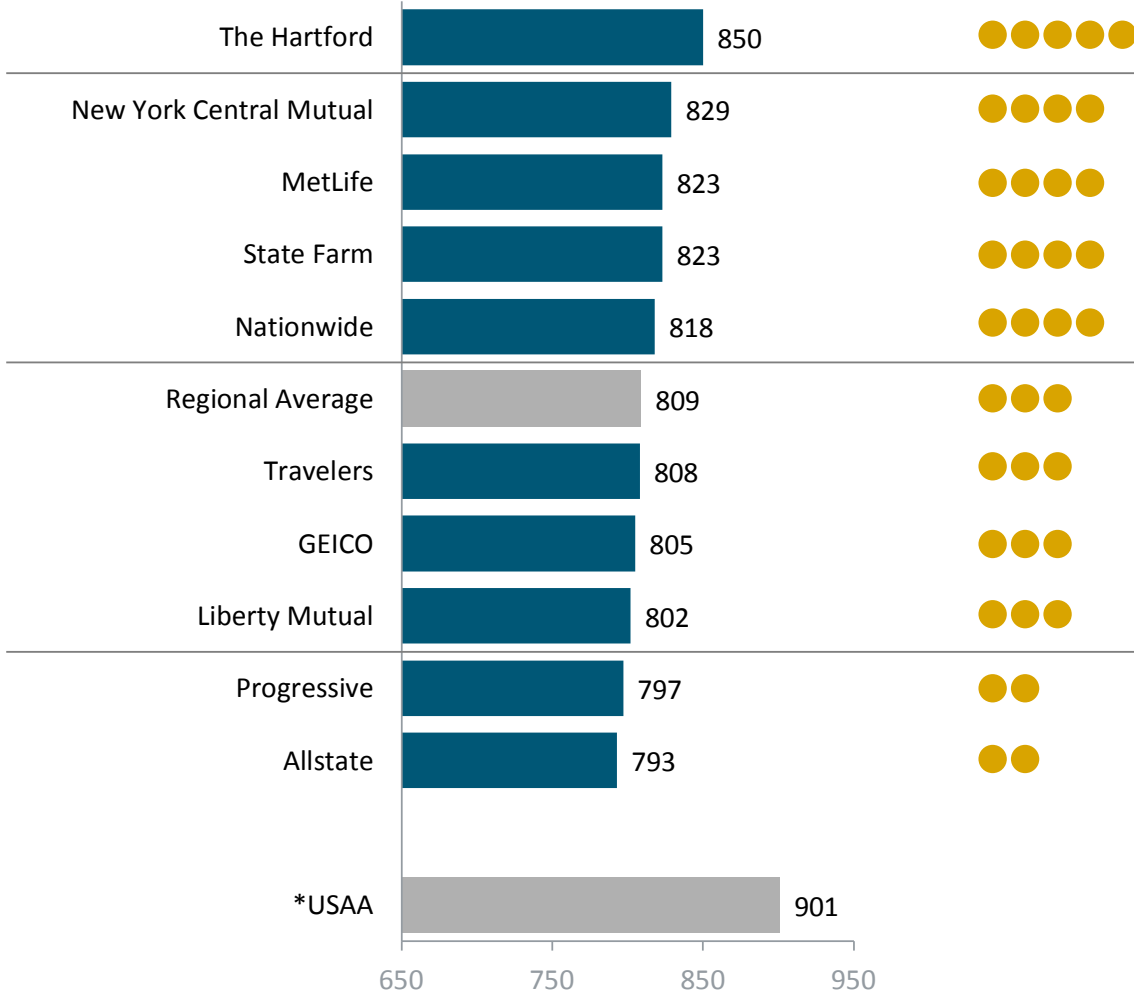
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# J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking New York Region

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings<sup>TM</sup>  
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 21<sup>st</sup> Century, Ameriprise, Amica Mutual, Esurance, The Hanover, Kemper, MAPFRE Insurance, and National General. State included in region is New York.*

*Source: J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>*

**Power Circle Ratings Legend**

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

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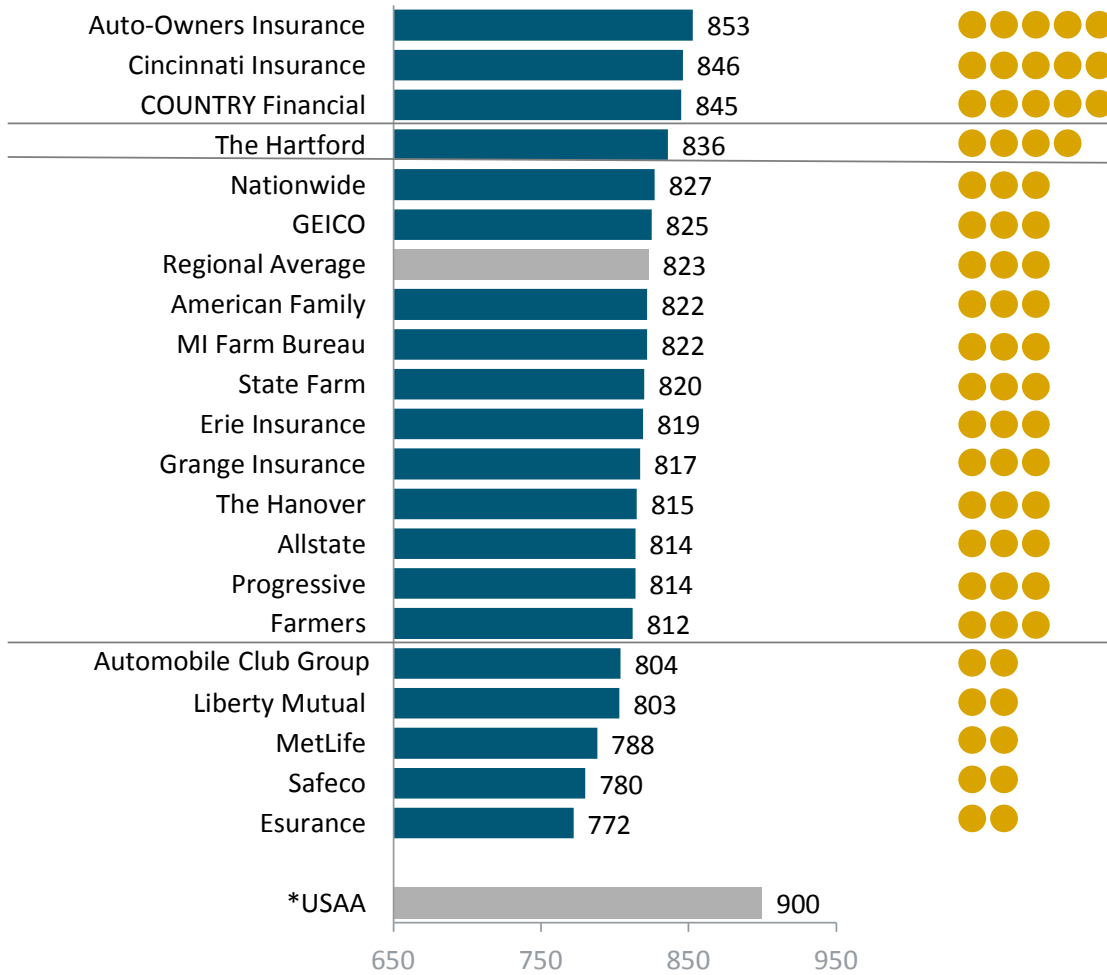


# J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking North Central Region

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings™  
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 21<sup>st</sup> Century, Alfa Insurance, Ameriprise, Amica Mutual, Kemper, National General, and Travelers. States included in region are Illinois, Indiana, Michigan, Ohio, Wisconsin.

Source: J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

### Power Circle Ratings Legend

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

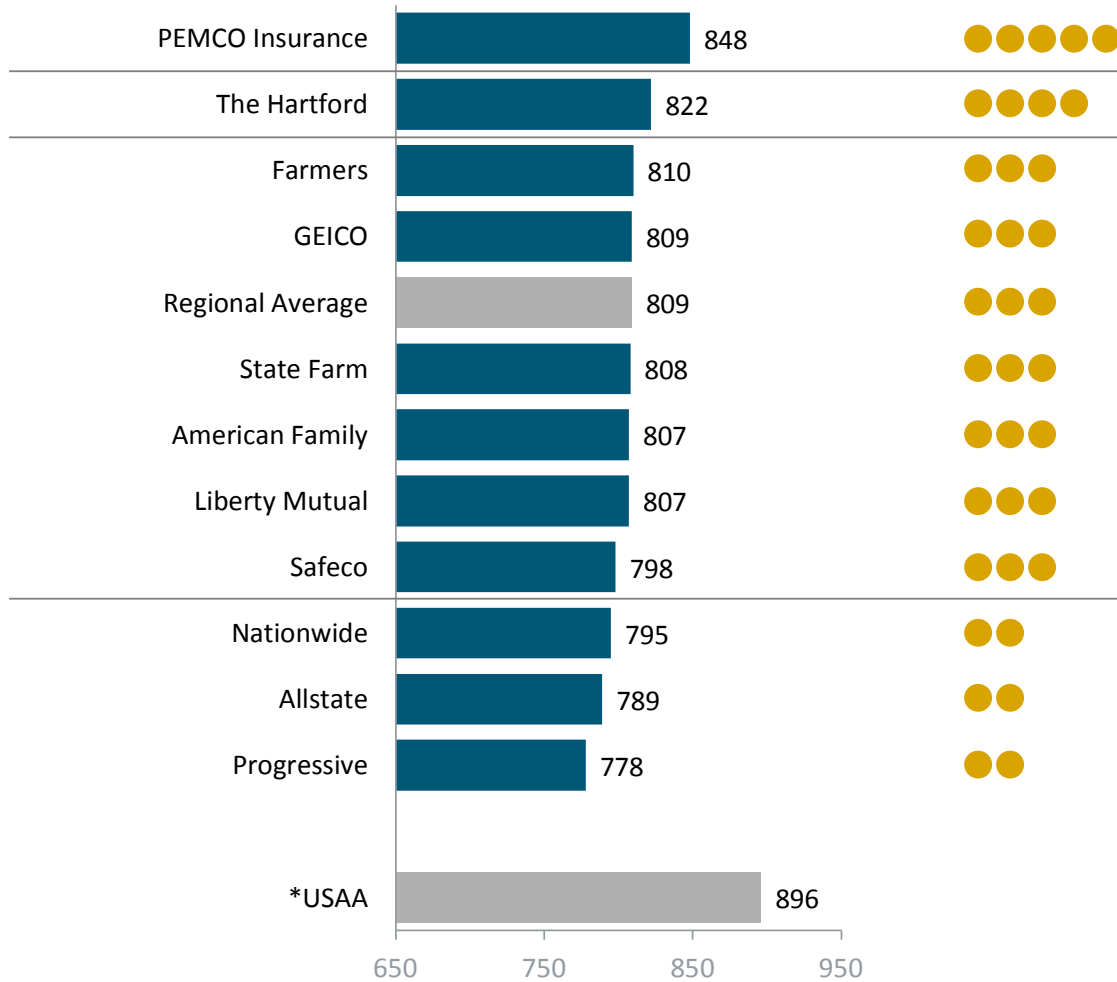
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# J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking Northwest Region

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings<sup>TM</sup>  
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 Ameriprise, COUNTRY Financial, Esurance, Grange Insurance, Kemper, MAPFRE Insurance, MetLife, and National General. States included in region are Idaho, Montana, Oregon, Washington, Wyoming.

Source: J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

**Power Circle Ratings Legend**

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

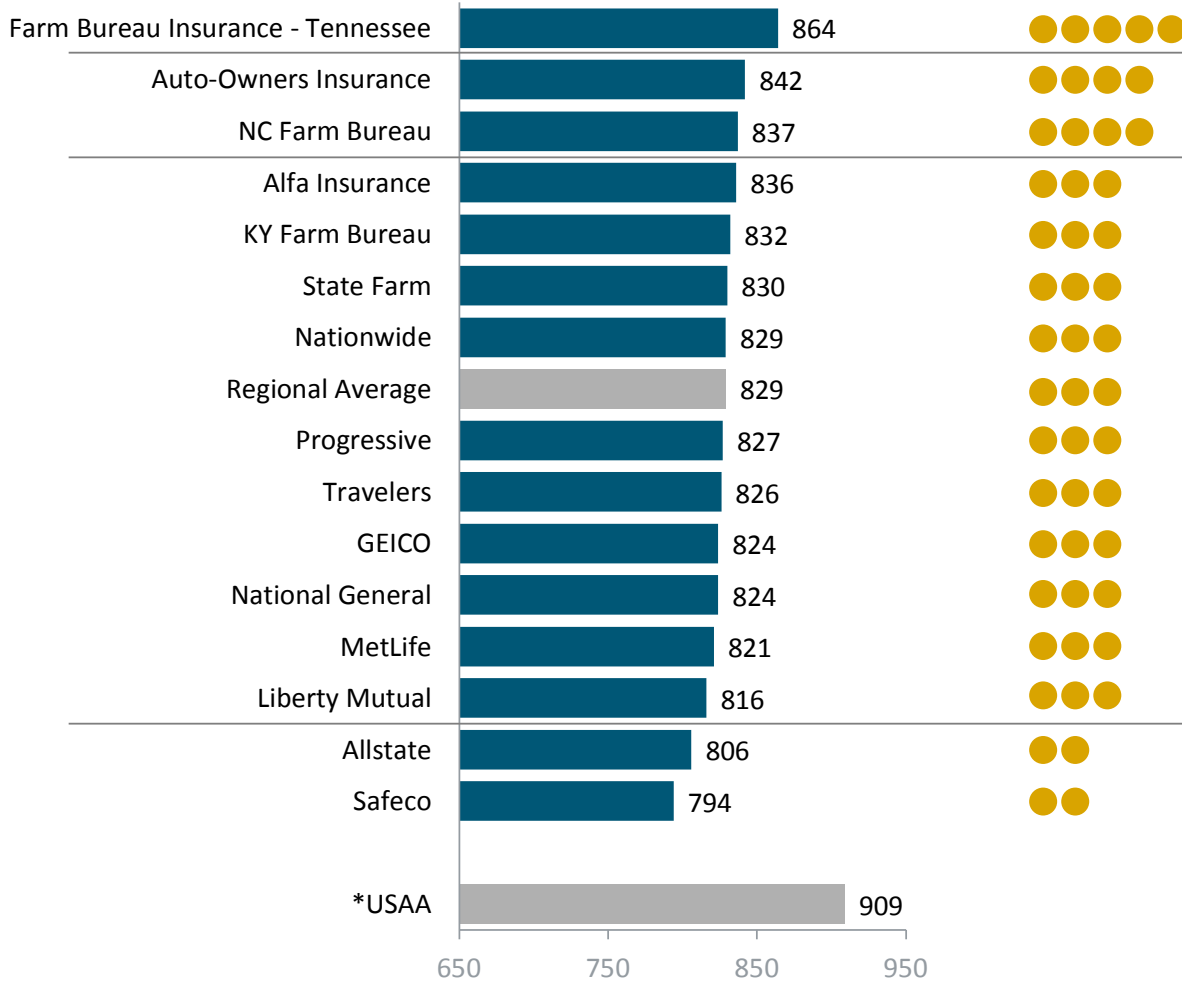
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# J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking Southeast Region

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings<sup>TM</sup>  
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 21<sup>st</sup> Century, Ameriprise, Amica Mutual, Cincinnati Insurance, COUNTRY Financial, Direct General, Erie Insurance, Esurance, Grange Insurance, The Hartford, Kemper, and Shelter. States included in region are Alabama, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee.*

Source: J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

**Power Circle Ratings Legend**

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

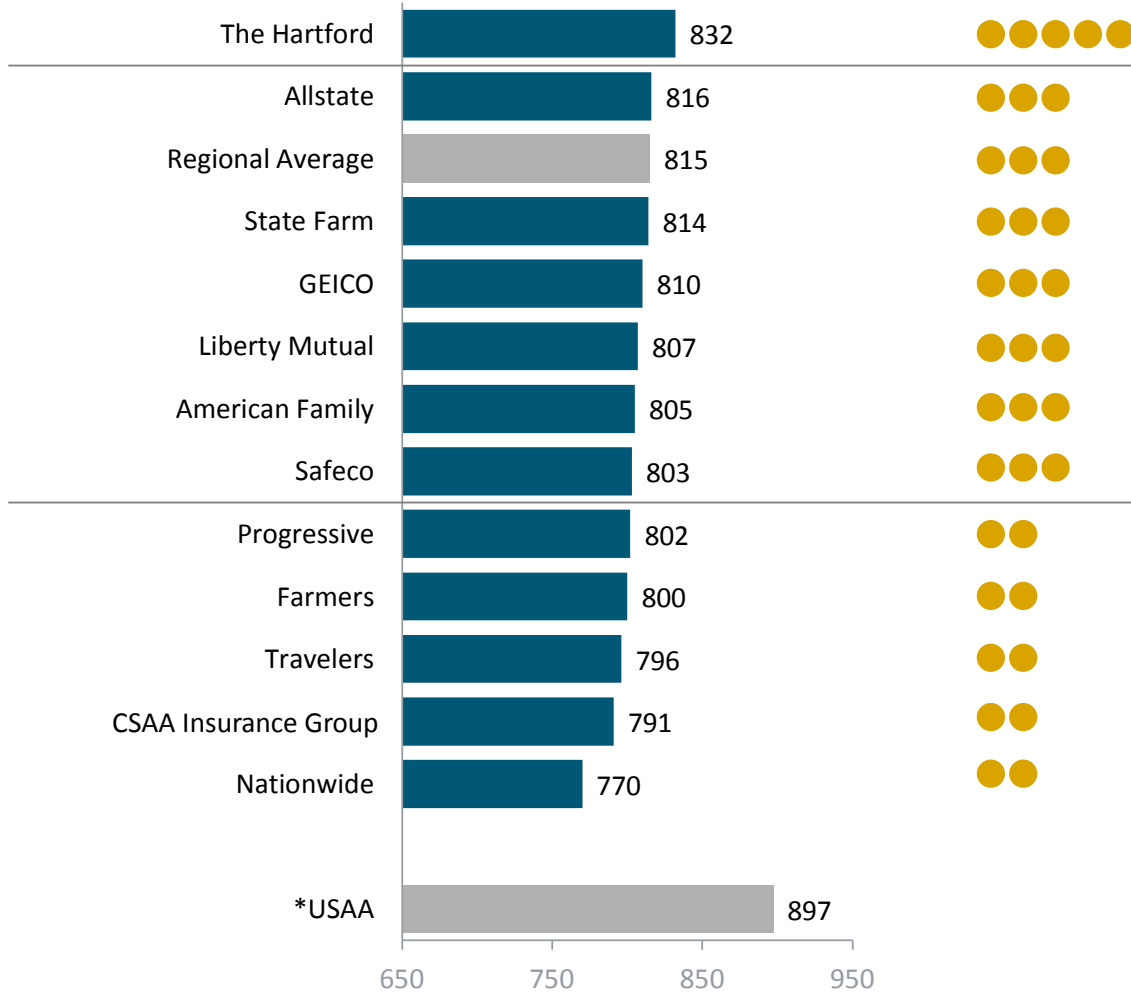
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# J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking Southwest Region

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings<sup>TM</sup>  
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 21<sup>st</sup> Century, Ameriprise, Amica Mutual, COUNTRY Financial, Esurance, Farm Bureau Mutual, Fred Loya Insurance, Kemper, and MetLife. States included in region are Arizona, Colorado, Nevada, New Mexico, Utah.*

*Source: J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>*

**Power Circle Ratings Legend**

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

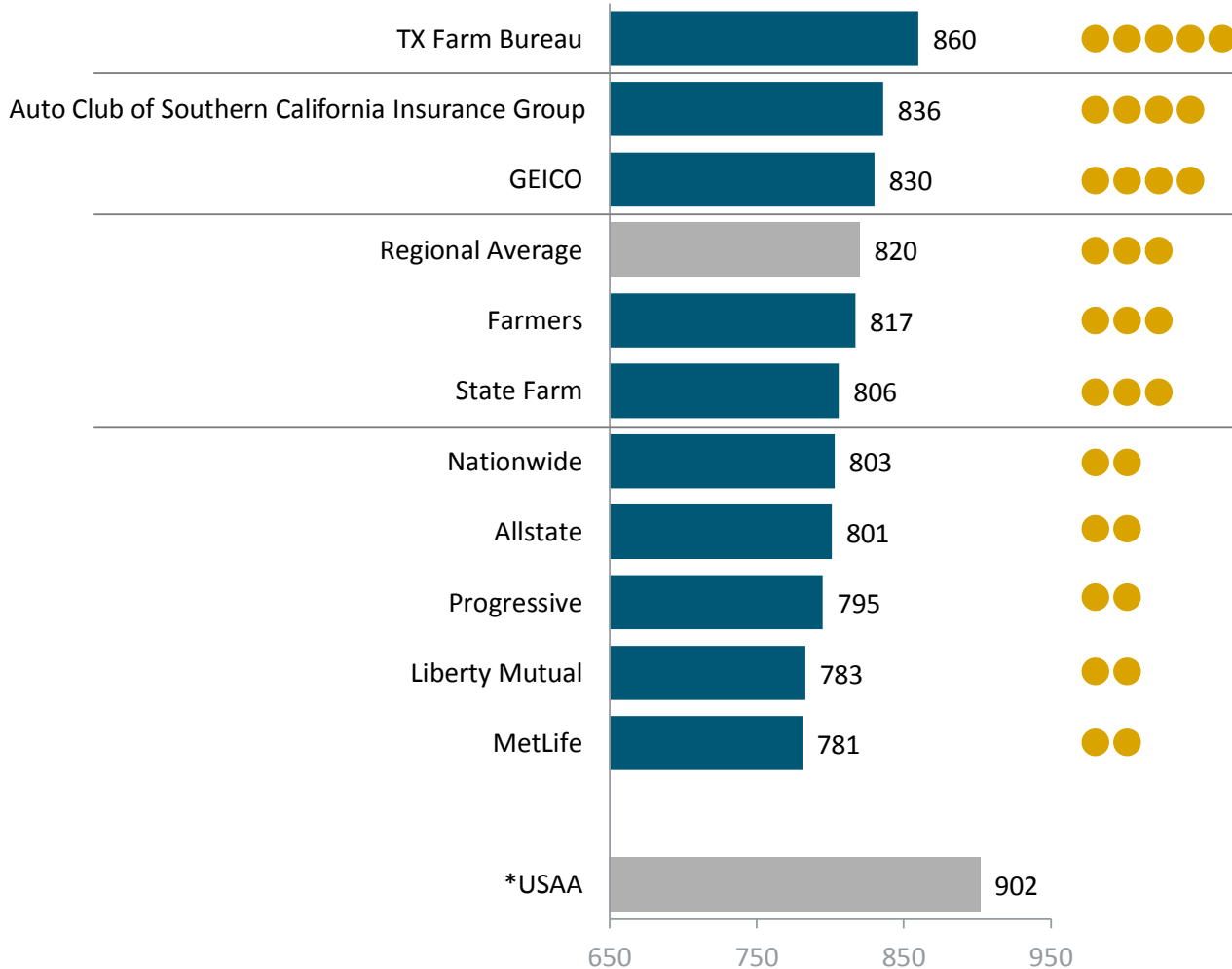
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# J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking Texas Region

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings<sup>TM</sup>  
for consumers:



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Source: J.D. Power 2017 U.S. Auto Insurance Study<sup>SM</sup>

### Power Circle Ratings Legend

- Among the best
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# J.D. Power

## 2017 U.S. Auto Insurance Satisfaction Study<sup>SM</sup>

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### Award-Eligible Insurance Companies Included in the Study

<u>Company</u>	<u>CEO</u>	<u>Company Location</u>
21st Century	Jeffrey Dailey	Woodland Hills, Calif.
Automobile Club Group	Joseph J. Richardson, Jr.	Dearborn, Mich.
Auto Club of Southern California Insurance Group	Robert T. Bouttier	Los Angeles, Calif.
Alfa Insurance	Jimmy Parnell	Montgomery, Ala.
Allstate	Thomas Wilson	Northbrook, Ill.
American Family	Jack Salzwedel	Madison, Wis.
Ameriprise	Tom Ealy	Des Pere, Wis
Amica Mutual	Robert DiMuccio	Lincoln, R.I.
Arbella	John Donohue	Quincy, Mass.
Auto-Owners Insurance	Jeffrey Harrold	Lansing, Mich.
COUNTRY Financial	Kurt Bock	Bloomington, Ill.
CSAA Insurance Group	Paula Downey	Walnut Creek, Calif.
Cincinnati Insurance	Steven J. Johnston	Fairfield, Ohio
Direct General	Barry Karfunkel	New York, N.Y.
Erie Insurance	Timothy NeCastro	Erie, Penn.
Esurance	Jonathan Adkisson	San Francisco
Farm Bureau Insurance-Tennessee	Jeff Pannell	Columbia, Tenn.
Farm Bureau Mutual	James Hohmann	West Des Moines, Iowa
Farmers	Jeffrey Dailey	Woodland Hills, Calif.
GEICO	Tony Nicely	Washington, D.C.
Grange Insurance	John Ammendola	Columbus, Ohio
Infinity P&C	James Gober	Birmingham, Ala.
KY Farm Bureau	John Sparrow	Louisville, Ky.
Kemper	Joseph Lacher, Jr.	Chicago, Ill.
Liberty Mutual	David Long	Boston, Mass.

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# J.D. Power

## 2017 U.S. Auto Insurance Satisfaction Study<sup>SM</sup>

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### Award-Eligible Insurance Companies Included in the Study

<u>Company</u>	<u>CEO</u>	<u>Company Location</u>
MAPFRE Insurance	Alfredo Castelo	Webster, Mass.
Mercury	Gabriel Tirador	Los Angeles, Calif.
MetLife	Steven Kandarian	New York, N.Y.
MI Farm Bureau	Carl Bednarski	Lansing, Mich.
NC Farm Bureau	Larry Wooten	Raleigh, N.C.
National General	Barry Karfunkel	Winston-Salem, N.C.
Nationwide	Stephen Rasmussen	Columbus, Ohio
New York Central Mutual	V. Daniel Robinson	Edmeston, N.Y.
PEMCO Insurance	Stan W. McNaughton	Seattle, Wash
Plymouth Rock Assurance	Gerry Wilson	Red Bank, N.J.
Progressive	S. Patricia Griffith	Mayfield Village, Ohio
Safeco	David Long	Boston, Mass.
Safety Insurance	George Murphy	Boston, Mass.
Shelter	Rick Means	Columbia, Mo.
State Farm	Michael Tipsord	Bloomington, Ill.
The Hanover	Joseph M. Zubretsky	Worcester, Mass.
The Hartford	Christopher Swift	Hartford, Conn.
Travelers	Allan Schnitzer	New York, N.Y.
TX Farm Bureau	Mike Gerik*	Waco, Texas
Wawanesa	Jeff Goy	San Diego, Calif.

\*Executive Vice President

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