

Home Insurance Customer Satisfaction Declines, Opening Door for Insurtech Disruptors, J.D. Power Finds

Amica Mutual Ranks Highest in Homeowners Insurance Customer Satisfaction for 18th Consecutive Year; American Family Ranks Highest in Renters Insurance Customer Satisfaction

COSTA MESA, Calif.: 12 Sept. 2019 — Nearly three-fourths (74%) of homeowners insurance customers believe the industry needs improvement, with 13% of customers indicating that “radical improvement is needed,” according to the J.D. Power 2019 U.S. Home Insurance Study.SM The study, released today, also finds that overall customer satisfaction with home insurance has declined for the first time since 2015, creating an opportunity for insurtech providers to gain market share through alternate approaches to coverage or incumbents to implement some of the unique experiences insurtechs offer customers.

“Home insurance seems to be approaching an inflection point as customers expect more value for their premiums—and have demonstrated they are willing to switch insurance companies for it,” said **Robert M. Lajdziak, Senior Consultant, J.D. Power Insurance Intelligence**. “Customers are more likely to use digital channels when interacting with their home insurance companies and are now shopping to find the most convenient experience that meets their expectations—which are often set by other companies with which they do business. Customer expectations are being reset and create a serious need for improvement among traditional carriers in areas like products and coverage, underwriting and claims.”

Following are some key findings of the 2019 study:

- **Home insurance business model primed for change:** Overall homeowners insurance customer satisfaction has declined for the first time since 2015, driven primarily by year-over-year declines in interaction experience and claims experience with the carrier. A total of 74% of homeowners insurance customers believe that the home insurance industry needs improvement.
- **Weak points in the customer experience create opportunity for start-ups:** The areas of the home insurance relationship with the greatest perceived need for improvement are products and coverage; underwriting; and claims. Insurtech start-ups have become increasingly active in creating alternatives to the traditional offerings in these areas.
- **Benefits of bundling:** Homeowners who bundle auto and home insurance with a single insurer have higher satisfaction and are one and a half times as likely as non-bundlers to experience most key performance indicators (KPIs) that are consistent with higher levels of customer satisfaction. Bundlers are particularly more likely to experience policy discounts, online access to policy information and proactive contacts at least once a year. The benefit of bundling to homeowners is more pronounced than that experienced among auto insurance customers, who have indicated a declining benefit over the past five years, partly due to premium increases.
- **ASI Progressive cracks code for web-based bundling:** Homeowners insurance customers purchasing a policy through an agent are significantly more likely to bundle their insurance coverage than those purchasing via a call center or website. An outlier to this trend is ASI Progressive, which has achieved a bundling rate of 83% among customers purchasing via their website. ASI Progressive customers are three times more likely than the industry average to purchase a policy via the web.

Study Rankings

Amica Mutual ranks highest in the homeowners insurance segment for an 18th consecutive year, with a score of 845. **Erie Insurance** ranks second with a score of 838 and **Auto Club of Southern California Insurance Group** ranks third with a score of 833.

American Family ranks highest in the renters insurance segment with a score of 853. **State Farm** ranks second with a score of 850. **Auto Club of Southern California Insurance Group** ranks third with a score of 846.

The U.S. Home Insurance Study examines overall customer satisfaction with two distinct personal insurance product lines: homeowners and renters. Satisfaction in the homeowners and renters insurance segments is measured by examining five factors: interaction; policy offerings; price; billing process and policy information; and claims.

The study is based on responses from 13,323 homeowners and renters via online interviews conducted in June-July 2019.

For more information about the 2019 U.S. Home Insurance Study, visit <https://www.jdpower.com/business/resource/jd-power-us-household-insurance-study>.

See the online press release at <http://www.jdpower.com/pr-id/2019160>.

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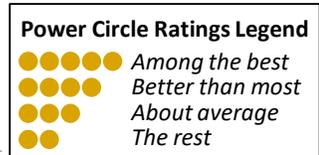
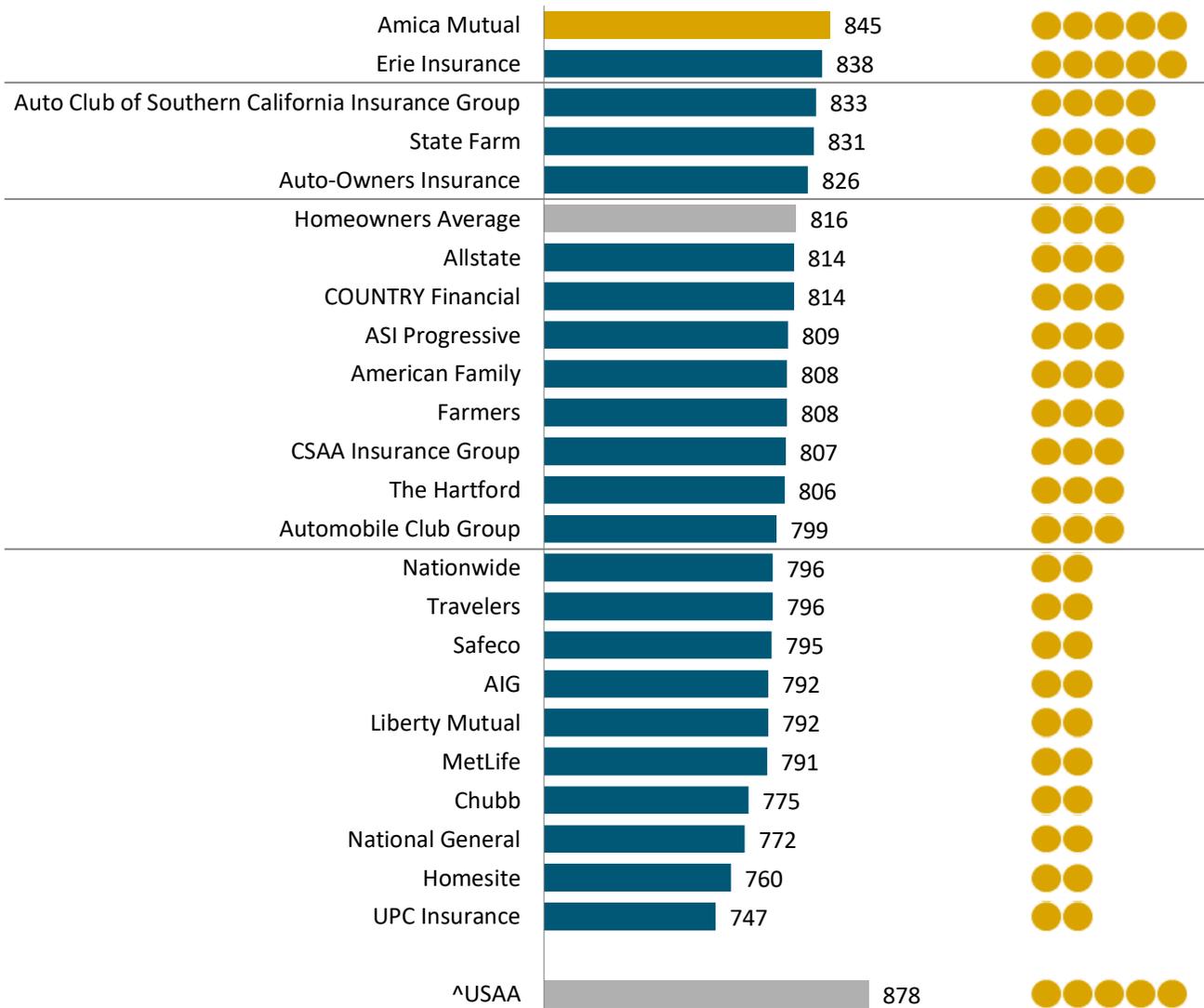
NOTE: Two charts follow.

J.D. Power 2019 U.S. Home Insurance StudySM

Overall Customer Satisfaction Index Ranking Homeowners Insurance

(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.

Source: J.D. Power 2019 U.S. Home Insurance StudySM

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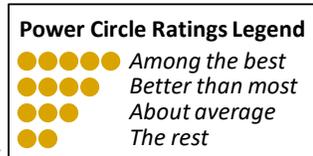
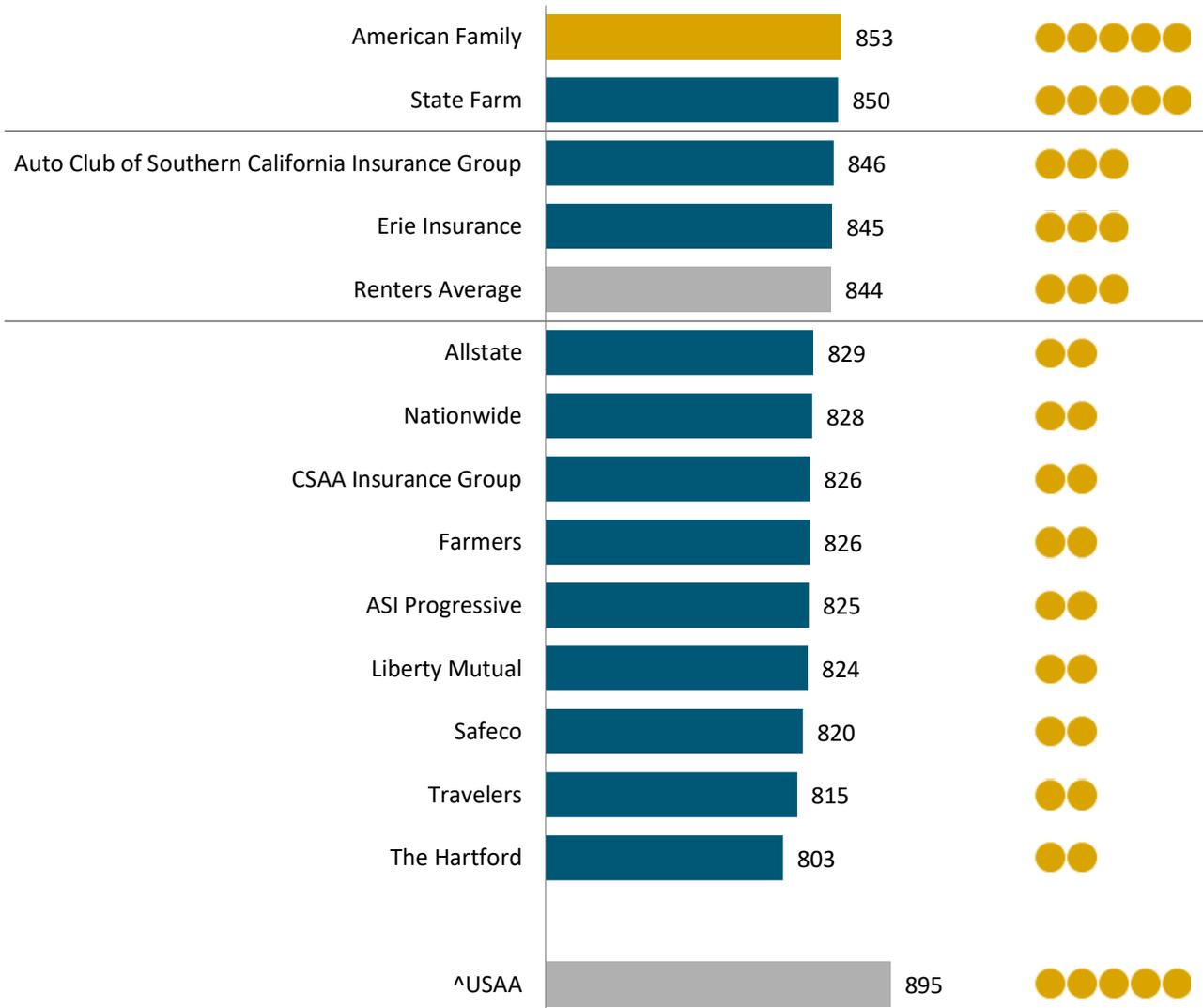
J.D. Power 2019 U.S. Home Insurance StudySM

Overall Customer Satisfaction Index Ranking

Renters Insurance

(Based on a 1,000-point scale)

JDPower.com
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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 Amica Mutual.

Source: J.D. Power 2019 U.S. Home Insurance StudySM

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