



## Press Release

### **J.D. Power and Associates Reports: Auto Insurance Customer Satisfaction Reaches an All-Time High, Driven by Satisfaction with Policy Offerings**

#### Customers Tolerate Rate Hikes When Notified in Advance and Given Options

**WESTLAKE VILLAGE, Calif.: 25 June 2012** — Led primarily by increases in satisfaction with policy offerings and billing and payment, overall customer satisfaction with auto insurance companies has reached an all-time high, according to the J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup> released today.

The study measures [customer satisfaction with auto insurance companies](#) across five factors: interaction; price; policy offerings; billing and payment; and claims. Overall satisfaction with auto insurance companies is 804 (on a 1,000-point scale), up 14 points from 2011. Satisfaction levels in 2012 are the highest since the study was launched in 2000.

Satisfaction increases in all factors in 2012, with significant improvements in policy offerings (+30 points) and interaction (+19 points). Satisfaction with price is essentially unchanged from 2011.

“Although satisfaction with price remains consistent from 2011, auto insurance companies have made great strides in all other areas,” said Jeremy Bowler, senior director of the insurance practice at J.D. Power and Associates. “Specifically in the area of policy offerings, a number of insurance companies place an emphasis on product differentiation in their advertising and packaging of discounts and offerings.”

#### **The Most Satisfied Customers Are More Willing to Tolerate Rate Hikes, to a Point**

The study finds that 20 percent of customers have experienced an insurer-initiated rate increase from 2011, with 63 percent of these customers experiencing an increase of \$50 or more. Satisfaction among customers whose premiums increase by at least \$50 is 735, compared with 797 among those experiencing an increase of less than \$50.

“Among customers whose insurers meet or exceed all their service expectations, modest rate increases appear to be well tolerated, provided the rate adjustment amounts to less than \$50. However, larger rate adjustments may trigger customers to consider shopping for a new insurer, especially those customers who are less engaged with their insurance company,” said Bowler. “One method auto insurers can use to mitigate dissatisfaction with increasing rates is to proactively communicate the rate change prior to the renewal notice, and engage in discussions with customers regarding their options.”

Discussing rate increases with customers and offering options may have a positive effect on satisfaction. Of auto insurance customers receiving a rate increase, 56 percent were not notified prior to the renewal notice, among whom satisfaction is 746. Conversely, satisfaction among customers who were notified prior to a rate increase and had a discussion with their insurer is 807.

## **Social Media Insurance Rate Chatter**

Research conducted by J.D. Power's Consumer Insight and Strategy Group<sup>1</sup> finds that a significant proportion of social media comments on the topic of personal auto insurance rate hikes indicate a strong desire to switch insurers, or to begin the shopping process. Additionally, many ask peers whether they have experienced similar results with a specific insurer or whether they would recommend another insurer altogether.

“Our research shows that most customers who shop for insurance ultimately do not switch. However, among those who are driven to shop because they are dissatisfied with the service they receive, three of four will keep shopping until they find a new insurer. With many insurers filing new property and auto rates across the country, a growing proportion of customers are starting to receive rate increase notifications, often a catalyst for shopping behavior,” Bowler said. “Proactively notifying customers and discussing options may help mitigate disappointment and shopping for insurance.”

The study measures satisfaction with auto insurance companies in seven regions. Study results by region are:

**California Region:** Wawanesa ranks highest among award-eligible insurers in the California region with a score of 823, followed by Automobile Club of Southern California (AAA) (807) and State Farm (806).

**West Region:** State Farm (837) ranks highest among award-eligible insurers in the West region, and is the only award-eligible insurer to perform above regional average.

**Central Region:** Texas Farm Bureau (857) ranks highest among award-eligible insurers in the Central region, followed by State Farm (832) and GEICO (830).

**Southeast Region:** Farm Bureau Insurance - Tennessee (828) ranks highest among award-eligible insurers in the Southeast region, followed by North Carolina Farm Bureau (823) and State Farm (821).

**North Central Region:** Auto-Owners Insurance and State Farm (in a tie at 828 each) rank highest among award-eligible insurers in the North Central region, followed by Erie Insurance (823).

**Northeast Region:** Amica Mutual (867) ranks highest among award-eligible insurers in the Northeast region, followed by New York Central Mutual (811) and GEICO (793).

**Mid-Atlantic Region:** Erie Insurance (834) ranks highest among award-eligible insurers in the Mid-Atlantic region, followed by State Farm (813).

Customer satisfaction varies from an average high of 814 in the Southeast region to a low of 784 in the Northeast region. While the Southeast region achieves the highest scores in interaction, billing and payment, policy offerings and claims, the West region performs particularly well in price.

To view the management discussion, which examines the shifting service channel behaviors in the auto insurance marketplace, as well as the impact they have on customer satisfaction, please click [here](#).

The 2012 U.S. Auto Insurance Study is based on nearly 35,000 responses from auto insurance customers. The study was fielded between March and May 2012.

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<sup>1</sup> Research conducted by J.D. Power's Consumer Insight and Strategy Group to track social media activity includes information gathered online from June 2011 through June 2012.

**About J.D. Power and Associates**

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company providing performance improvement, social media and customer satisfaction insights and solutions. The company's quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on [car reviews and ratings](#), [car insurance](#), [health insurance](#), [cell phone ratings](#), and more, please visit [JDPower.com](http://JDPower.com). J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

**About The McGraw-Hill Companies**

McGraw-Hill announced on September 12, 2011, its intention to separate into two public companies: McGraw-Hill Financial, a leading provider of content and analytics to global financial markets, and McGraw-Hill Education, a leading education company focused on digital learning and education services worldwide. McGraw-Hill Financial's leading brands include Standard & Poor's Ratings Services, S&P Capital IQ, S&P Indices, Platts energy information services and J.D. Power and Associates. With sales of \$6.2 billion in 2011, the Corporation has approximately 23,000 employees across more than 280 offices in 40 countries. Additional information is available at <http://www.mcgraw-hill.com/>.

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NOTE: Seven charts follow.

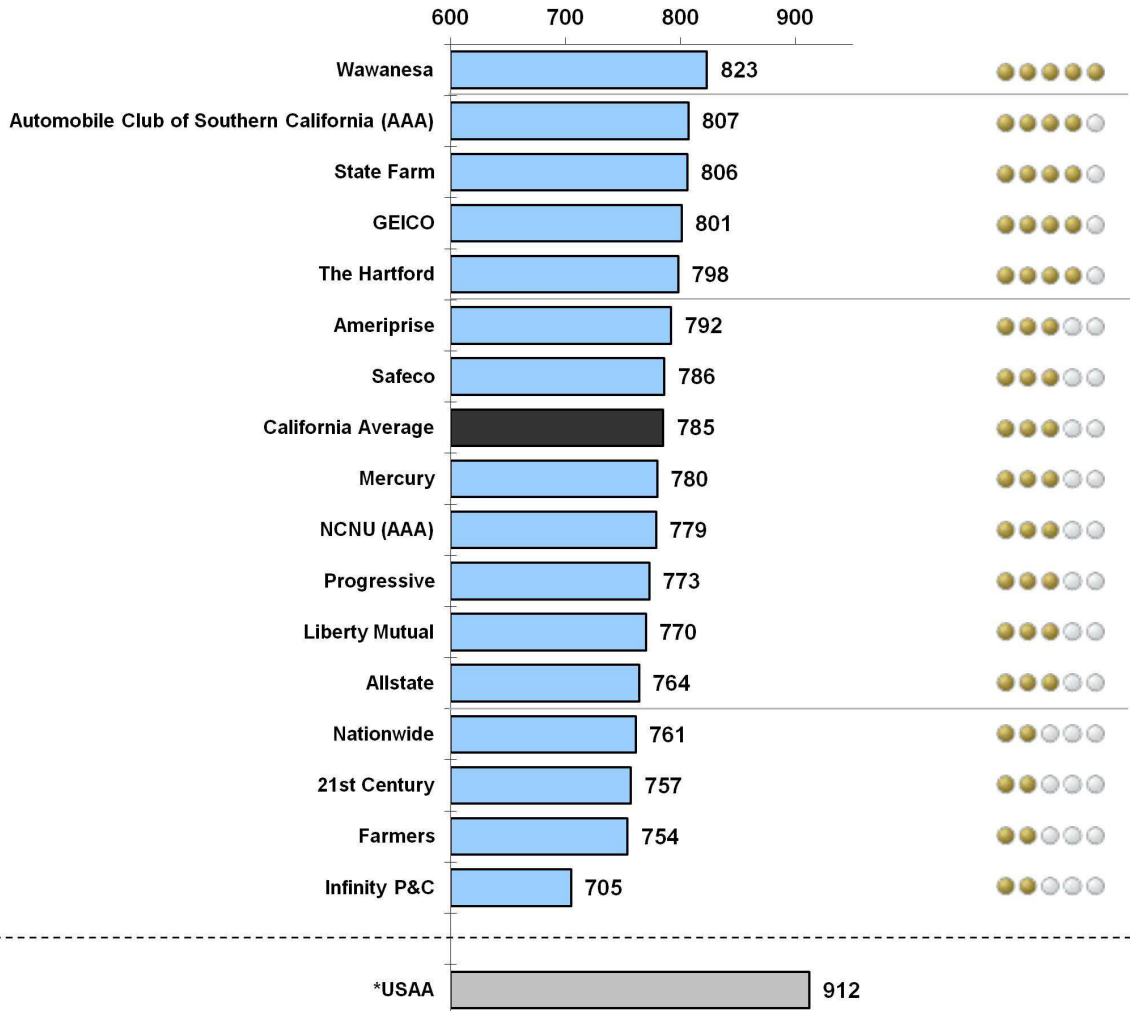
# J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

## Customer Satisfaction Index Ranking

### California Region

(Based on a 1,000-point scale)

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



\*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 and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

#### Power Circle Ratings Legend

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

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power and Associates as the publisher and the J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup> as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. JDPower.com Power Circle Ratings<sup>TM</sup> are derived from consumer ratings in J.D. Power studies. For more information on Power Circle Ratings, visit [jdpower.com/faqs](http://jdpower.com/faqs). No advertising or other promotional use can be made of the information in this release or J.D. Power and Associates survey results without the express prior written consent of J.D. Power and Associates.

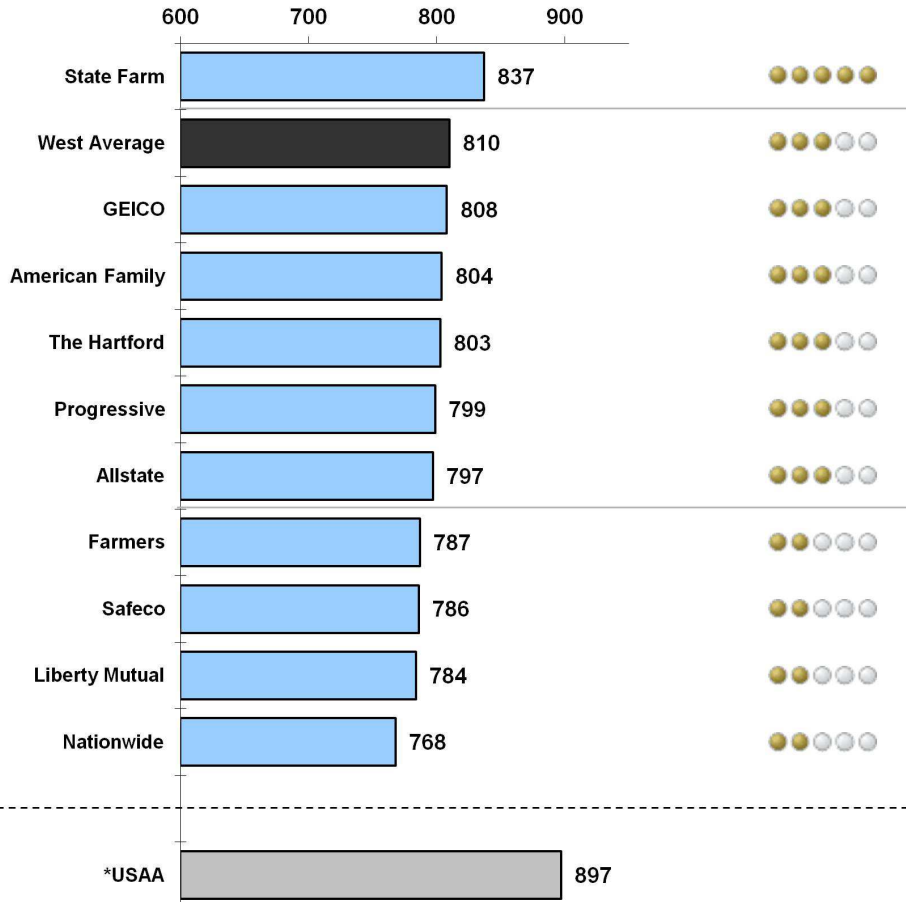
# J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

## Customer Satisfaction Index Ranking

### West Region

(Based on a 1,000-point scale)

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



\*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 West Region are: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming

Source: J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

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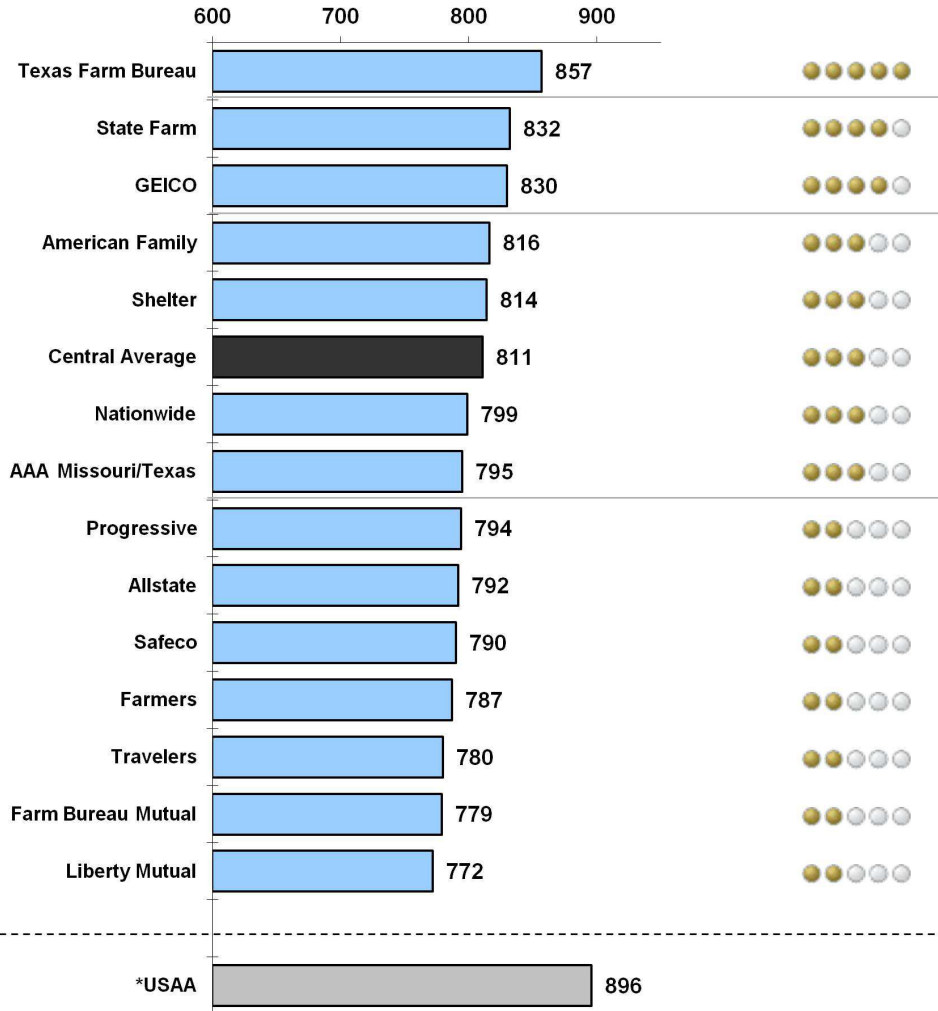
# J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

## Customer Satisfaction Index Ranking

### Central Region

(Based on a 1,000-point scale)

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



\*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 Central Region are: Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota and Texas

Source: J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

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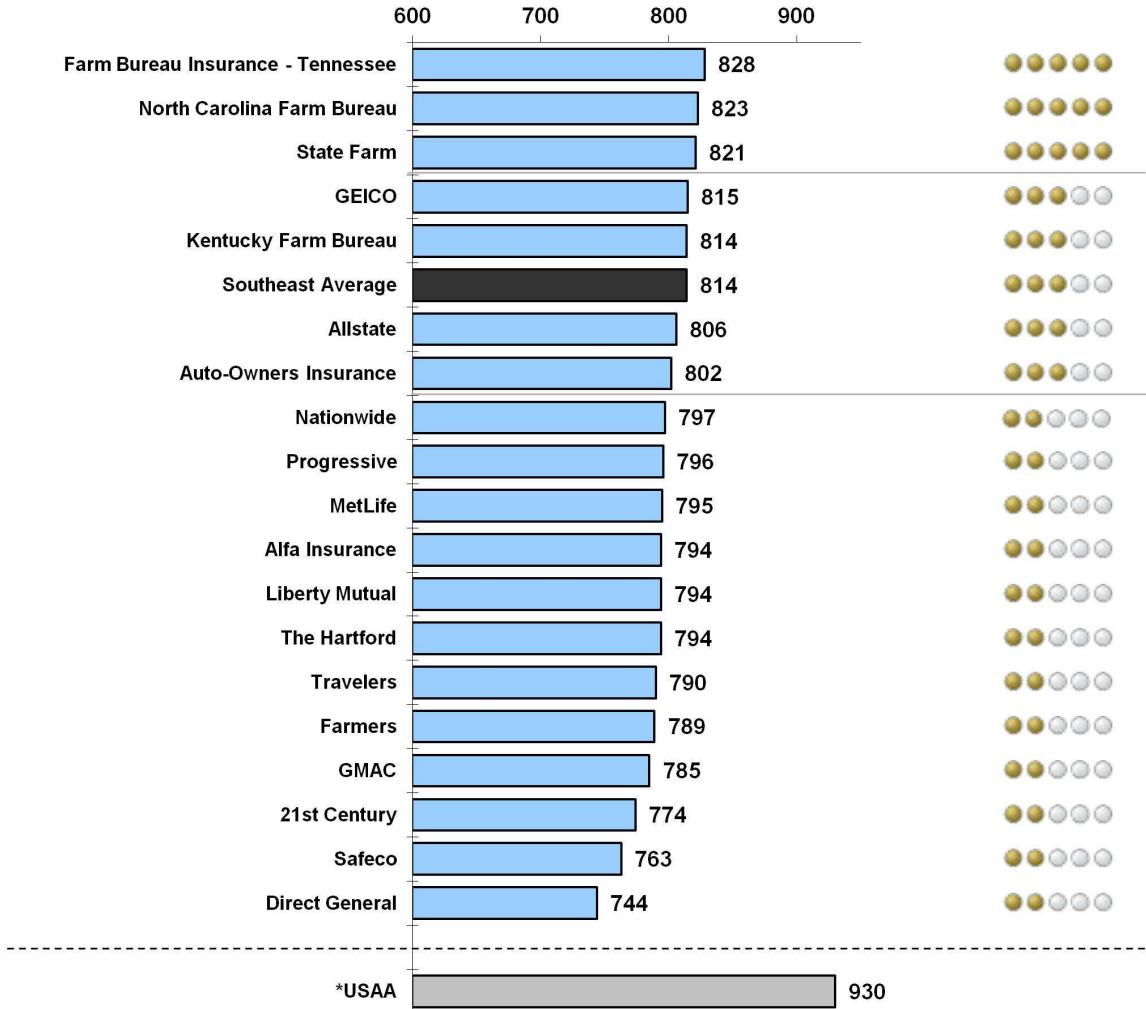
# J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

## Customer Satisfaction Index Ranking

### Southeast Region

(Based on a 1,000-point scale)

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



\*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 Southeast Region are: Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee

Source: J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

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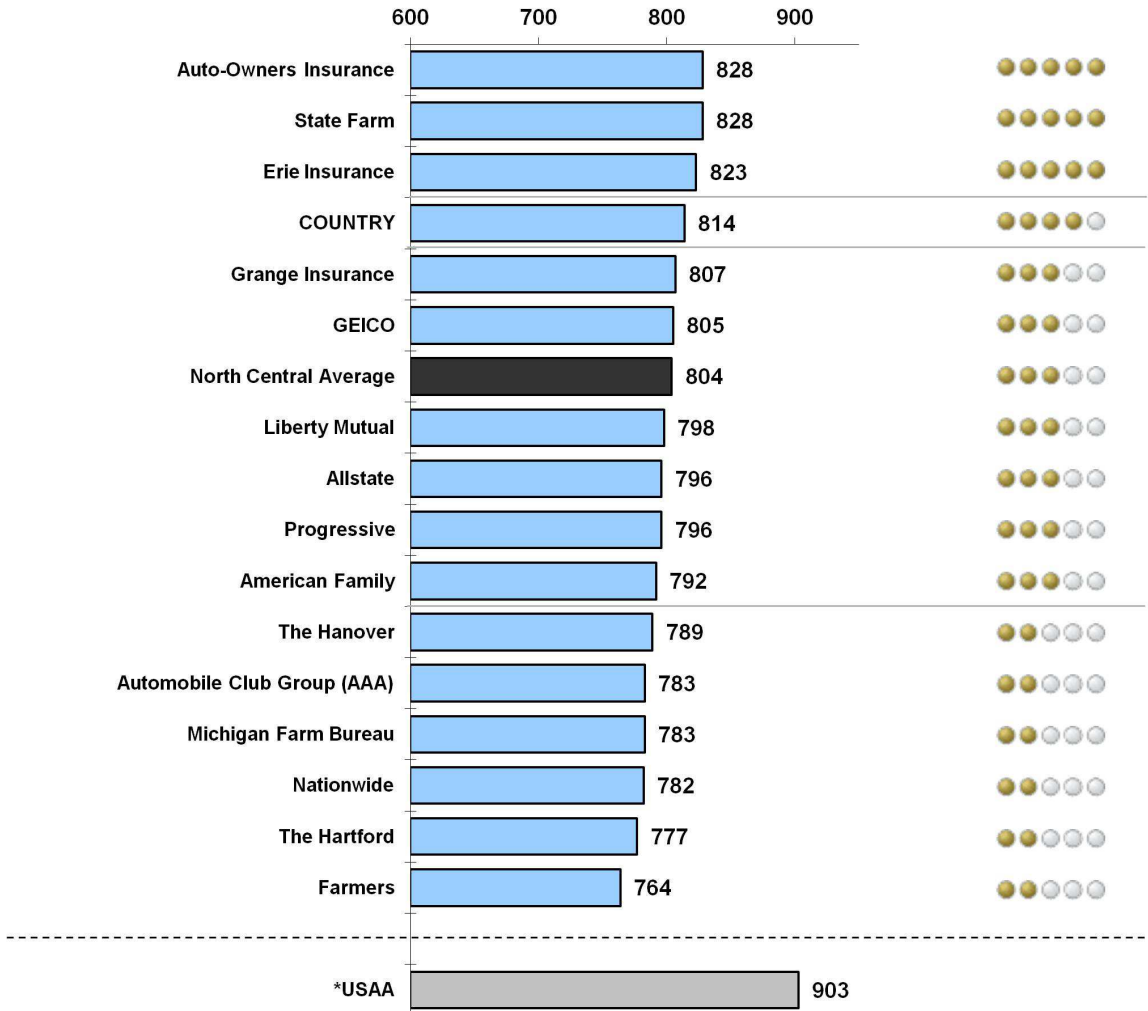
# J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

## Customer Satisfaction Index Ranking

### North Central Region

(Based on a 1,000-point scale)

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



\*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 North Central Region are: Illinois, Indiana, Michigan, Ohio and Wisconsin

Source: J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

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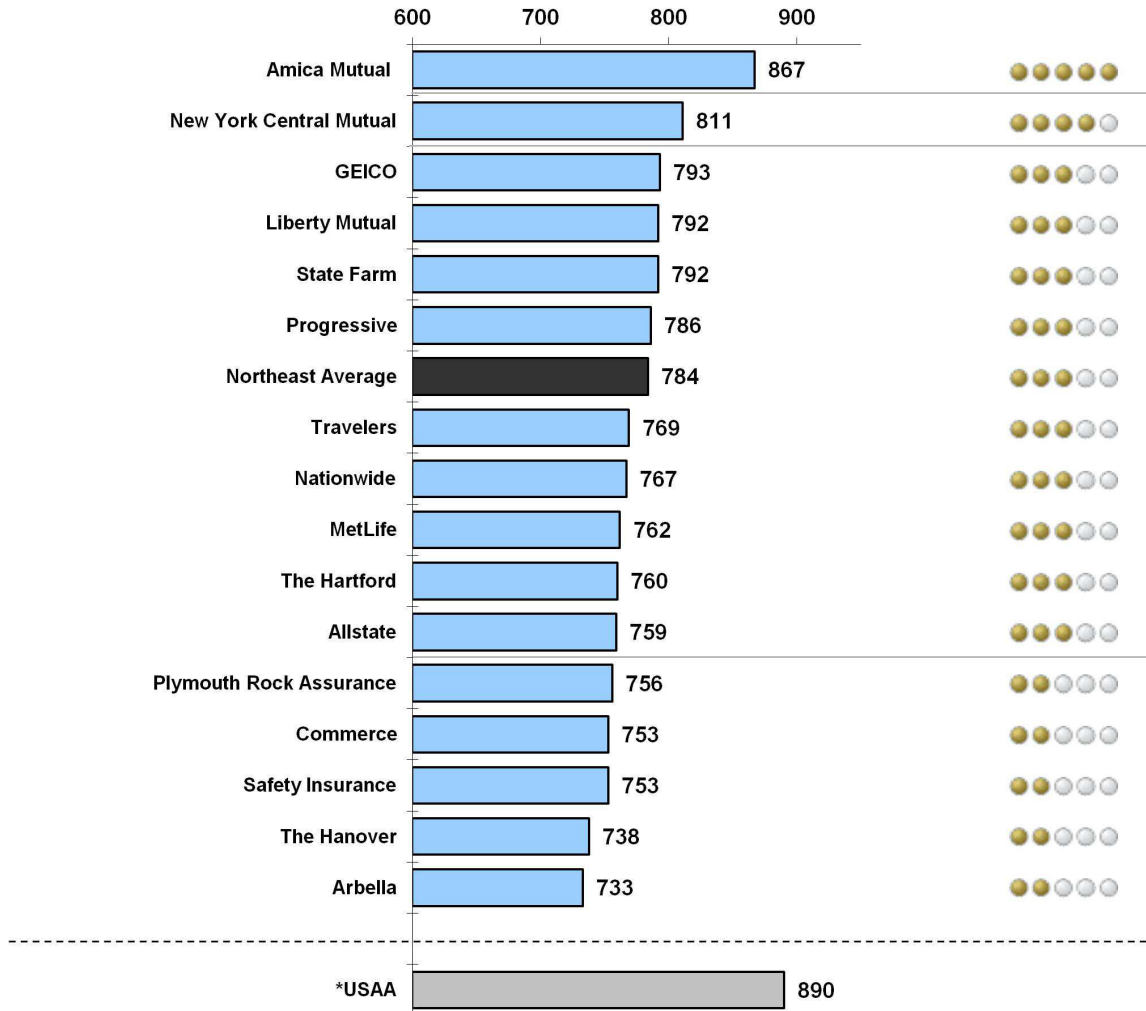
# J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

## Customer Satisfaction Index Ranking

### Northeast Region

(Based on a 1,000-point scale)

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



\*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 Northeast Region are: Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont

Source: J.D. Power and Associates 2012 U.S. Auto Insurance Study<sup>SM</sup>

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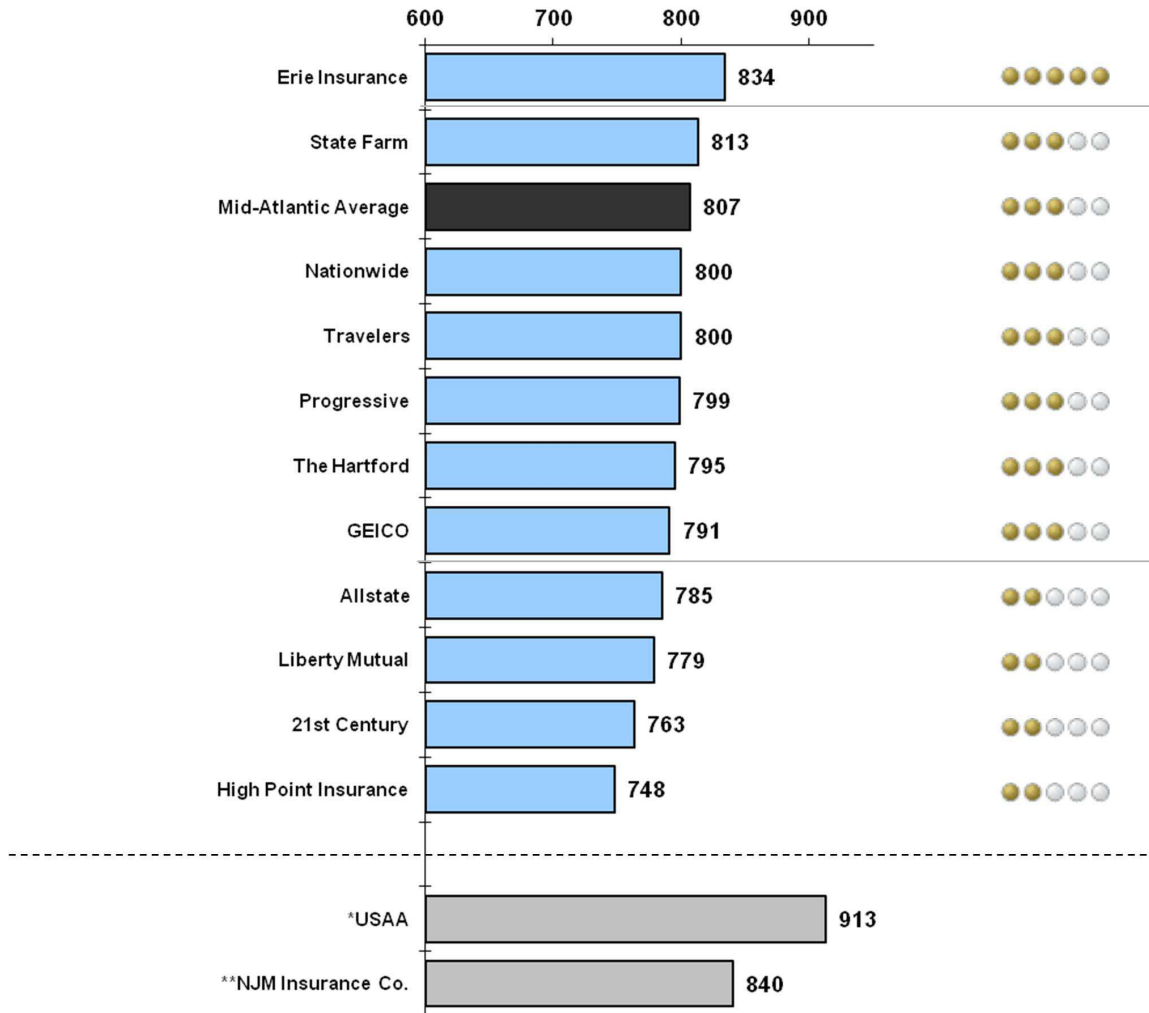
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## Customer Satisfaction Index Ranking

### Mid-Atlantic Region

(Based on a 1,000-point scale)

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



\*USAA is an insurance provider open only to U.S. military personnel and their families and therefore is not included in the rankings.

\*\*New Jersey Manufacturers Insurance Co. is an insurance provider open only to New Jersey Business & Industry Association members, State of New Jersey employees, NJM's previously insured drivers, and/or previous/current auto/homeowner policyholders and therefore is not included in the rankings.

Included in the Mid-Atlantic Region are: Delaware, Maryland, New Jersey, Pennsylvania, Virginia, Washington, D.C. and West Virginia

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