

**J.D. Power & Associates Reports:  
Multi-Channel Service Interaction Gains Ground; Price Sensitivity Rises  
Among Automotive Insurance Customers in Canada**

Canadian Direct Insurance, Grey Power and The Personal  
Each Rank Highest in Customer Satisfaction in Their Respective Region

**TORONTO: 2 May 2013** — Mainstream adoption of technology is having a major impact on the way auto insurance customers in Canada interact with their insurance provider, according to the J.D. Power & Associates 2013 Canadian Auto Insurance Satisfaction Study<sup>SM</sup> released today.

In 2013, the percentage of customers using non-traditional channels, such as a provider's website, has increased by as much as 7 percentage points from 2012, now accounting for as much as one-third of all customer interactions, depending on the particular region.

Nearly one-half (49%) of all insurance customers—including those of agent/broker-based insurers (43%) and direct insurers (57%)—use multiple channels to contact their provider.

“An increasing number of consumers are going to the Web for their first point of contact to gather information,” said Jeremy Bowler, senior director of the insurance practice at J.D. Power & Associates. “Auto insurers in Canada are aware of this major shift and need to continue to enhance their digital presence.”

Bowler urges auto insurers to enhance their digital capabilities and promote these options, not only so that consumers can research and buy insurance when and where they want, but also so that customers can do the same when self-servicing a policy.

The study, now in its sixth year, [measures insurance customer experiences](#) with their primary auto insurer in Canada. Customer satisfaction is measured across five factors (in order of importance): interaction; price; policy offerings; billing and payment; and claims. Insurers are ranked in three regions: Ontario/Atlantic; Western (British Columbia; Alberta; Saskatchewan; and Manitoba); and Quebec.

Auto insurance customers in all three regions are more price sensitive in 2013 than they were in 2012, based on the 2013 study results.

“Although overall satisfaction has increased in the Ontario/Atlantic region, the uptick in insurer-initiated premium increases in the Western and Quebec regions has taken a toll on overall satisfaction,” said Lubo Li, senior director of the services and emerging industries division at J.D. Power & Associates.

**Regional Rankings:**

Customer satisfaction in the Ontario/Atlantic region has increased by 5 points (on a 1,000-point scale) from 2012, primarily due to flat or stable premiums. Bundling also is up in this region, which means that discounts appear to be bolstering customer satisfaction. Although customers in the Ontario/Atlantic region are the most price sensitive, possibly because there is no crown insurer presence, fewer customers reported premium price increases in 2013. However, rates rose more in 2010-2011 during the Ontario Auto Insurance Reform, according to J.D. Power research.

Grey Power ranks highest for a second consecutive year in the Ontario/Atlantic region with a score of 794, followed by Belairdirect (782) and The Personal (780).

Customer satisfaction has declined by nine points in the Western region from 2012, primarily due to a higher number of insurer-initiated premium increases. Some 27 percent of customers in this region indicated an insurer-initiated increase in 2013, compared with 25 percent in 2012.

Canadian Direct Insurance ranks highest in customer satisfaction in the Western region for a third consecutive year with a score of 800. BCAA (794) ranks second, and is followed by Co-operators (776).

The Quebec region, which achieved the highest customer satisfaction score among all regions in 2012, experiences the largest year-over-year decline in 2013 (-25 points). Satisfaction with price (-45 points) and policy offerings (-27 points) significantly decreases from 2012. Among the three regions, a larger percentage of customers in the Quebec region in 2013 also indicate that their insurer initiated a price increase, compared with 2012 (14% vs. 11%, respectively).

The Personal ranks highest in the Quebec region with a score of 835. Following in the rankings are La Capitale (830) and Promutuel (829).

### **What Can Canada’s Auto Insurers Do to Enhance Customer Satisfaction?**

In each region, product offerings need to be competitive within the marketplace, which is where bundling can be very effective. “We see from analysis and our research that continued investment in websites should be a focal point for insurers since it offers an opportunity to provide convenience and efficiency to customers, which can lift satisfaction and hence loyalty,” Bowler said.

The study finds that Canada’s auto insurer websites have lower satisfaction [746], in comparison to any other interaction channel—such as agents [818] or call centre representatives [795].

“Insurers that are able to meet the current level of customer expectations related to website usability may be able to trim costs with their call centres—through a reduction in calls volume—and provide efficient service, which can help them realize a return on investment,” said Bowler.

### **Customer Satisfaction with Insurance Companies by Region, 2013 vs. 2012**

*(based on a 1,000-point scale)*

<b>Region</b>	<b>Overall Satisfaction in 2013</b>	<b>Overall Satisfaction in 2012</b>	<b>Difference</b>
Ontario/Atlantic	760	755	+5
Western	705	714	-9
Quebec	802	827	-25

### **Generational Differences across Channels Should Be a Focus**

While younger customers, those in the Gen Y cohort<sup>1</sup>, are currently the most frequent users of websites (34% usage rate), it is notable that online usage is also expected to grow among older customers, such as those in the Pre-Boomer generational groups (10% usage rate).

<sup>1</sup> J.D. Power & Associates defines generational groups as: Pre-Boomer (born prior to 1946); Boomer (1946-1964); Gen X (1965-1976); and Gen Y (1977-1994).

“Pre-Boomers, who comprise about 13 percent of customers, are definitely more apt to want to deal directly with a person, as opposed to conducting activities online. However, there is a desire to transact some activities online,” said Li. “Gathering information is the most frequently reported reason customers visit their insurer’s website.”

The study finds that Gen Y customers are more apt to purchase a policy directly through an insurer, rather than to purchase a policy through an agent/broker. These customers also tend to be more conscious or sensitive to price when they shop, according to study results. However, similar to older customers, Gen Y customers prefer to speak with a person at a call centre or an agent/broker if they have a more complex issue to consider, such as discussing pricing options.

The 2013 Canadian Auto Insurance Study is based on responses from 11,257 auto insurance policyholders. The study was fielded from February 20, 2013 to March 25, 2013.

**About J.D. Power & Associates**

Headquartered in Westlake Village, Calif., J.D. Power & 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 and ratings for cars, retail banking, credit cards, health insurance, cell phones, and more, please visit [JDPower.com](http://JDPower.com). J.D. Power & Associates is a business unit of McGraw Hill Financial.

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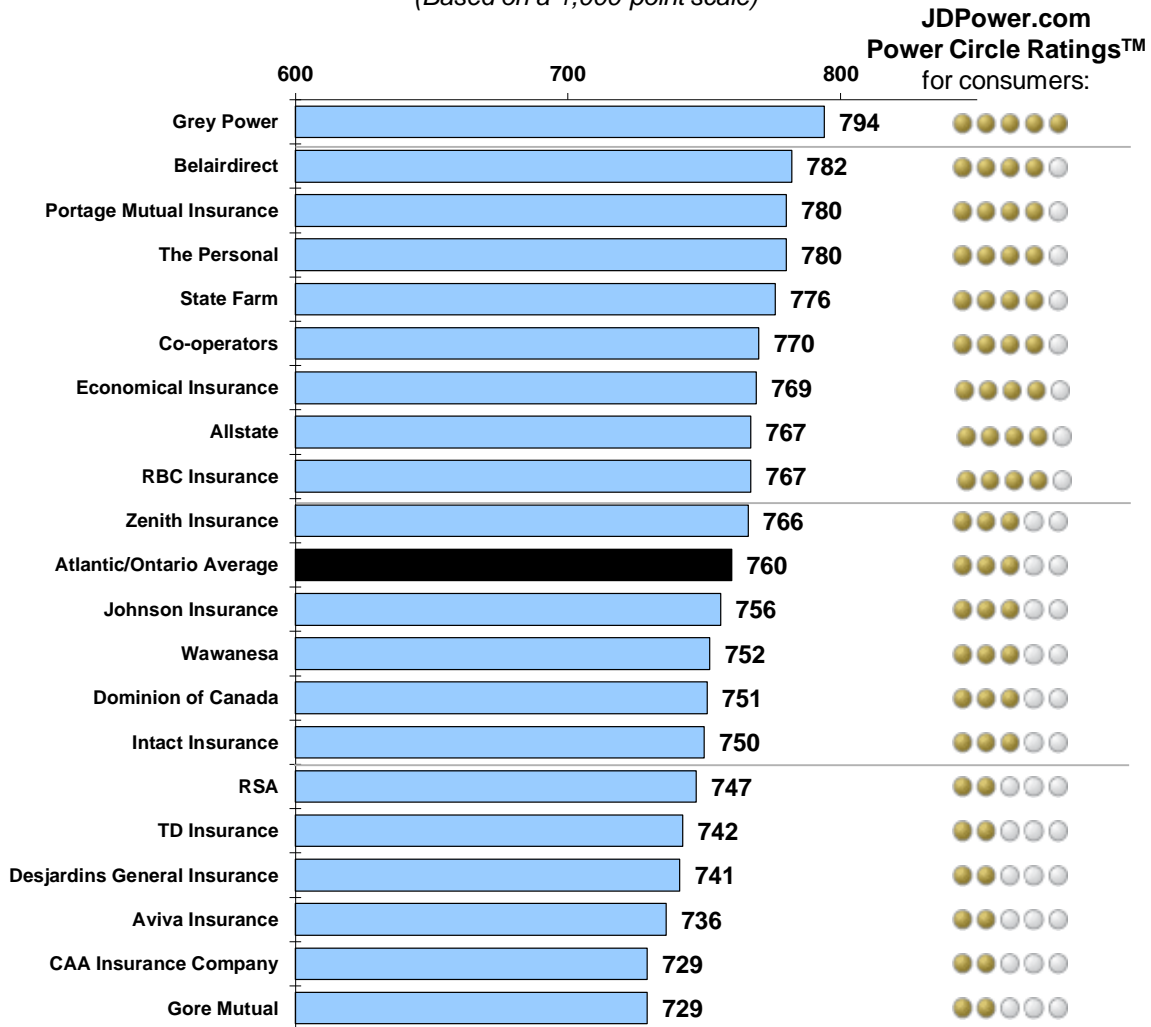
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NOTE: Three charts follow.

# J.D. Power & Associates 2013 Canadian Auto Insurance Satisfaction Study<sup>SM</sup>

## Customer Satisfaction Index Ranking

### Atlantic/Ontario Region (Based on a 1,000-point scale)



#### Power Circle Ratings Legend

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

Source: J.D. Power & Associates 2013 Canadian Auto Insurance Satisfaction Study<sup>SM</sup>

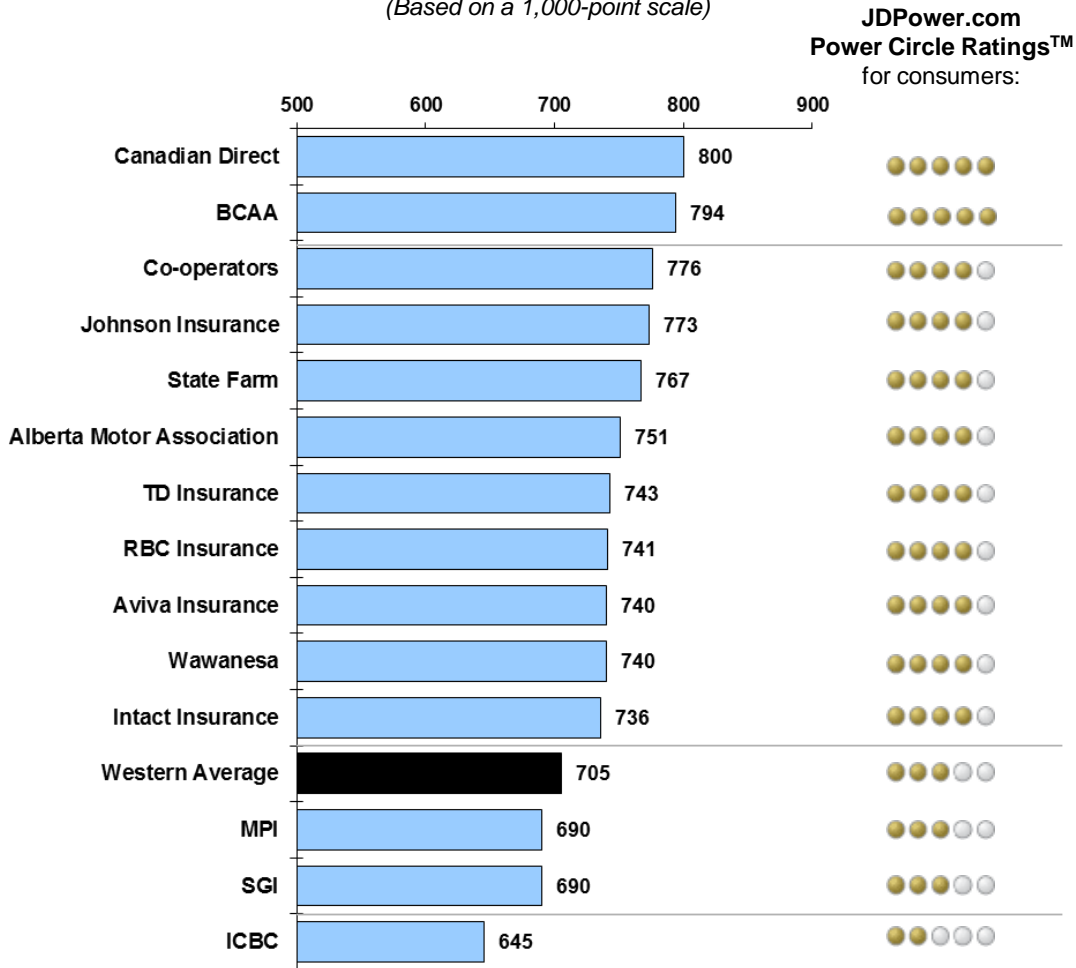
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# J.D. Power & Associates 2013 Canadian Auto Insurance Satisfaction Study<sup>SM</sup>

## Customer Satisfaction Index Ranking

### Western Region

(Based on a 1,000-point scale)



#### Power Circle Ratings Legend

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

Source: J.D. Power & Associates 2013 Canadian Auto Insurance Satisfaction Study<sup>SM</sup>

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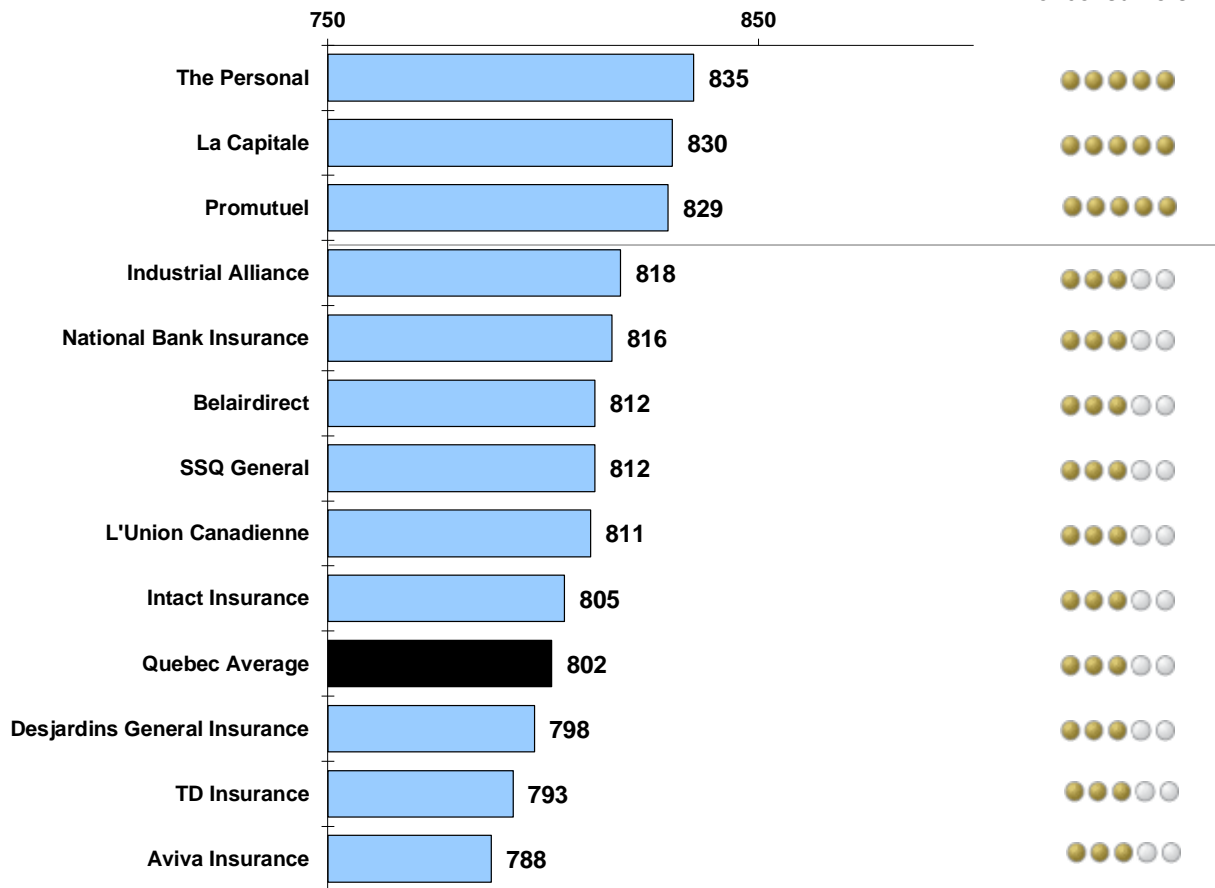
# J.D. Power & Associates 2013 Canadian Auto Insurance Satisfaction Study<sup>SM</sup>

## Customer Satisfaction Index Ranking

### Quebec

(Based on a 1,000-point scale)

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



**Power Circle Ratings Legend**

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

Source: J.D. Power & Associates 2013 Canadian Auto Insurance Satisfaction Study<sup>SM</sup>

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