

**J.D. Power Asia Pacific Reports:  
Providing Customers with Sufficient Explanations of Auto Insurance Premium Increases May  
Have a Positive Effect on Loyalty**

[AIU and Saison Automobile & Fire Insurance Rank Highest in Their Respective Segments in Both the Insurance Shopping Satisfaction Study and the Auto Insurance Satisfaction Study](#)

**TOKYO: 19 August 2013** — As auto insurance companies implement newly introduced rate schemes, providing customers with explanations of new premiums may play a key role in future customer loyalty, according to the J.D. Power Asia Pacific 2013 Japan Auto Insurance Shopping Satisfaction Study<sup>SM</sup> and the 2013 Japan Auto Insurance Satisfaction Study,<sup>SM</sup> both released today.

In both studies, satisfaction with insurance companies is measured in two segments based on the main selling method: agency-type insurers and direct-type insurers. Agency-type insurers primarily sell policies and interact with customers through insurance agencies, such as specialized agencies or automobile dealerships. Direct insurers sell policies and interact with customers directly, principally via the Internet or phone. Satisfaction is calculated on a 1,000-point scale.

An auto insurance rate scheme was introduced in April 2013 and approved by the government, and nonlife insurance companies are in the process of informing customers of future premium increases. The Japan Auto Insurance Satisfaction Study, which surveys current policyholders, finds that 42 percent of customers overall received an explanation at the time of their most recent renewal that their premiums will increase if they file an insurance claim for an accident. Additionally, 51 percent of customers of agency-type insurers received explanations, with more than one-half having received face-to-face explanations through their insurance agency. Only 26 percent of customers of direct-type insurers received an explanation, obtaining information by mail. Face-to-face explanations through an agency increase customer understanding of the new rate scheme.

The study finds that renewal intention is high among customers who received an explanation of the auto insurance rate revision. Notably, 8 percent of customers of direct-type insurers who did not receive an explanation say they “definitely will” renew, compared with 15 percent of customers who received an explanation who say they “definitely will” renew.

“As insurers fully implement the new insurance rate scheme, explanations provided to customers via agencies, websites, mail and other means are likely to contribute to customer retention,” said Chie Numanami, manager, J.D. Power Asia Pacific.

In the past year, 21 percent of customers who switched auto insurers changed from an agency-type insurer to a direct-type insurer, an increase of 4 percentage points from 2012. Approximately 30 percent of these customers indicate that an increase in premium was their reason for switching. Furthermore, the study finds that agency-type insurer premiums have increased by approximately ¥3,000, and the percentage of customers who intend to review their insurance and consider switching has increased slightly year over year. Agency-type insurers are at risk of further customer defection to direct-type insurers.

“Direct-type insurer premiums have increased by approximately ¥2,300 from 2012, which represents a substantial rate increase considering they are lower than agency-type insurer premiums to begin with,” said Numanami. “As a result, overall satisfaction with direct-type insurers has declined by 9 points, and satisfaction with the price factor has sharply declined by 13 points. However, although premium

increases have resulted in a decline in satisfaction with direct-type insurers, the increases do not appear to have led to a decline in loyalty at the present time.”

### **2013 Japan Auto Insurance Shopping Satisfaction Study**

The study, in its second year, measures satisfaction among customers who recently purchased auto insurance for the first time or switched insurance companies. Overall satisfaction is measured in three factors: policy offering; price; and distribution channel, which measures satisfaction with the contact person or channel at the time of the policy purchase.

In the agency-type insurers segment, AIU ranks highest in customer satisfaction for a second consecutive year, performing particularly well across all three factors and achieving a particularly high score in distribution channel (agency or insurance company representative). Nipponkoa Insurance ranks second and Nisshin Fire and Marine Insurance ranks third, both performing well across all three factors.

In the direct-type insurers segment, Saison Automobile and Fire Insurance ranks highest in customer satisfaction, improving from 2012 and performing particularly well in the policy offering factor. SBI Insurance ranks second and performs particularly well in the price factor. E.design Insurance ranks third, performing well across all three factors.

The study is based on responses from 7,607 auto insurance (voluntary insurance) customers who recently purchased auto insurance (including customers who switched from another insurance company). The online study was fielded in May 2013.

### **2013 Japan Auto Insurance Satisfaction Study**

The study, in its 10<sup>th</sup> year, measures overall satisfaction among current auto insurance (voluntary insurance) customers during the term of their auto insurance policy. Overall satisfaction is measured in five factors: policy offering; price; policy statement; interaction; and claims.

In the agency-type insurers segment, AIU ranks highest in customer satisfaction and performs particularly well in the policy statement, interaction and claims factors. Tokio Marine & Nichido Fire Insurance ranks second and performs particularly well in the policy offering factor. Nipponkoa Insurance ranks third, rising substantially in the rankings and performing well in the price factor.

In the direct-type insurers segment, Saison Automobile & Fire Insurance ranks highest in customer satisfaction and performs particularly well in the policy offering factor. Sony Assurance ranks second and performs particularly well in the policy statement and interaction factors. SBI Insurance ranks third and performs particularly well in the price factor.

The online survey, based on responses from 9,176 auto insurance (voluntary insurance) customers, was fielded in May 2013.

### **About J.D. Power Asia Pacific**

J.D. Power Asia Pacific has offices in Tokyo, Singapore, Beijing, Shanghai and Bangkok that conduct customer satisfaction research and provide consulting services in the automotive, information technology and finance industries. Together, the five offices bring the language of customer satisfaction to consumers and businesses in China, India, Indonesia, Japan, Malaysia, Philippines, Taiwan and Thailand. Information regarding J.D. Power Asia Pacific and its products can be accessed through the Internet at [japan.jdpower.com](http://japan.jdpower.com). Media email contact: [cc-group@jdpower.co.jp](mailto:cc-group@jdpower.co.jp)

### **About J.D. Power**

J.D. Power 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. Headquartered in

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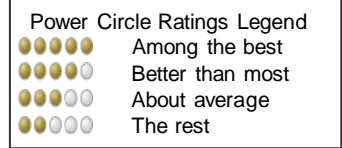
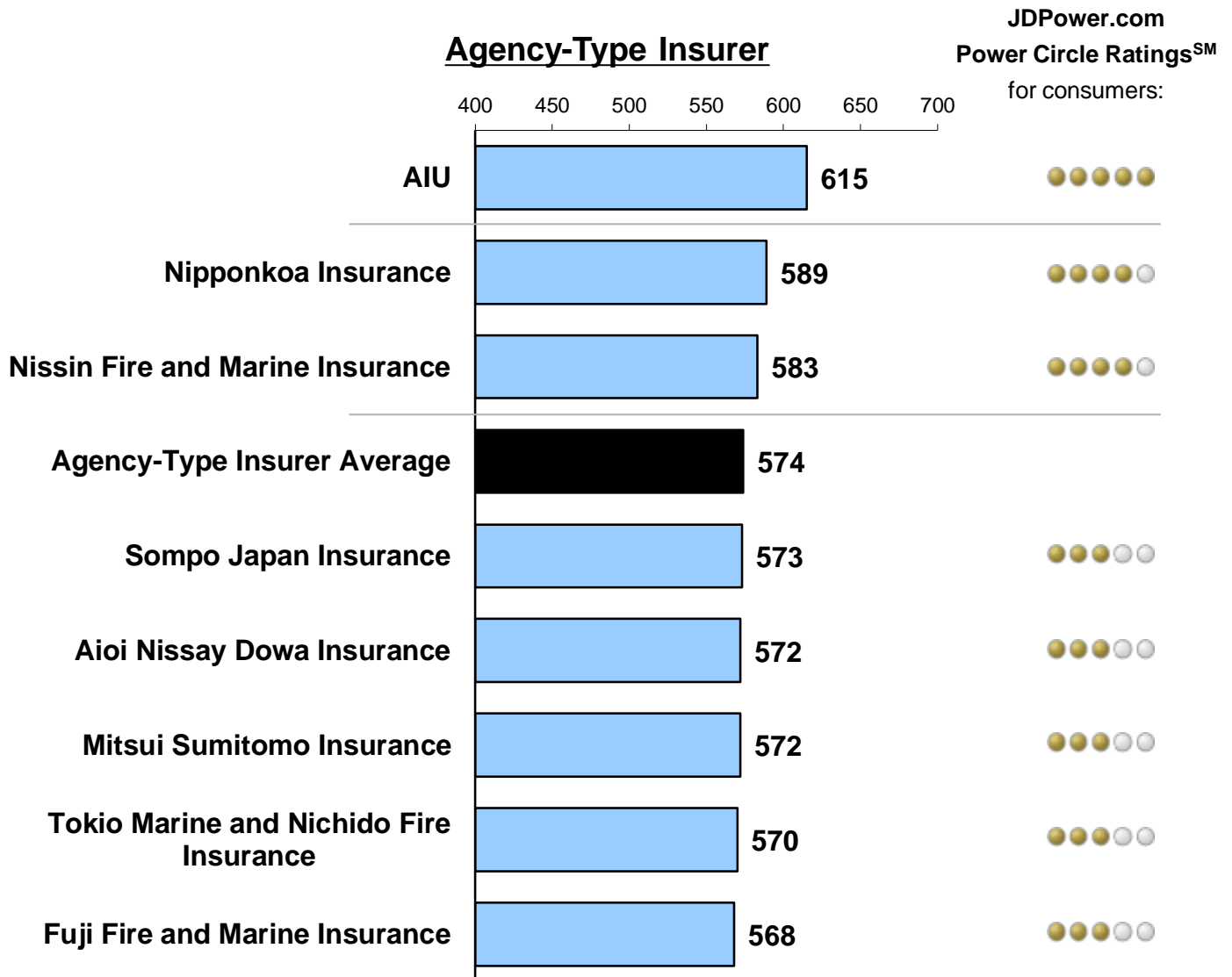
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NOTE: Six charts follow.

# J.D. Power Asia Pacific 2013 Japan Auto Insurance Shopping Satisfaction Study<sup>SM</sup>

## Overall Satisfaction Rankings (Based on a 1,000-Point Scale)



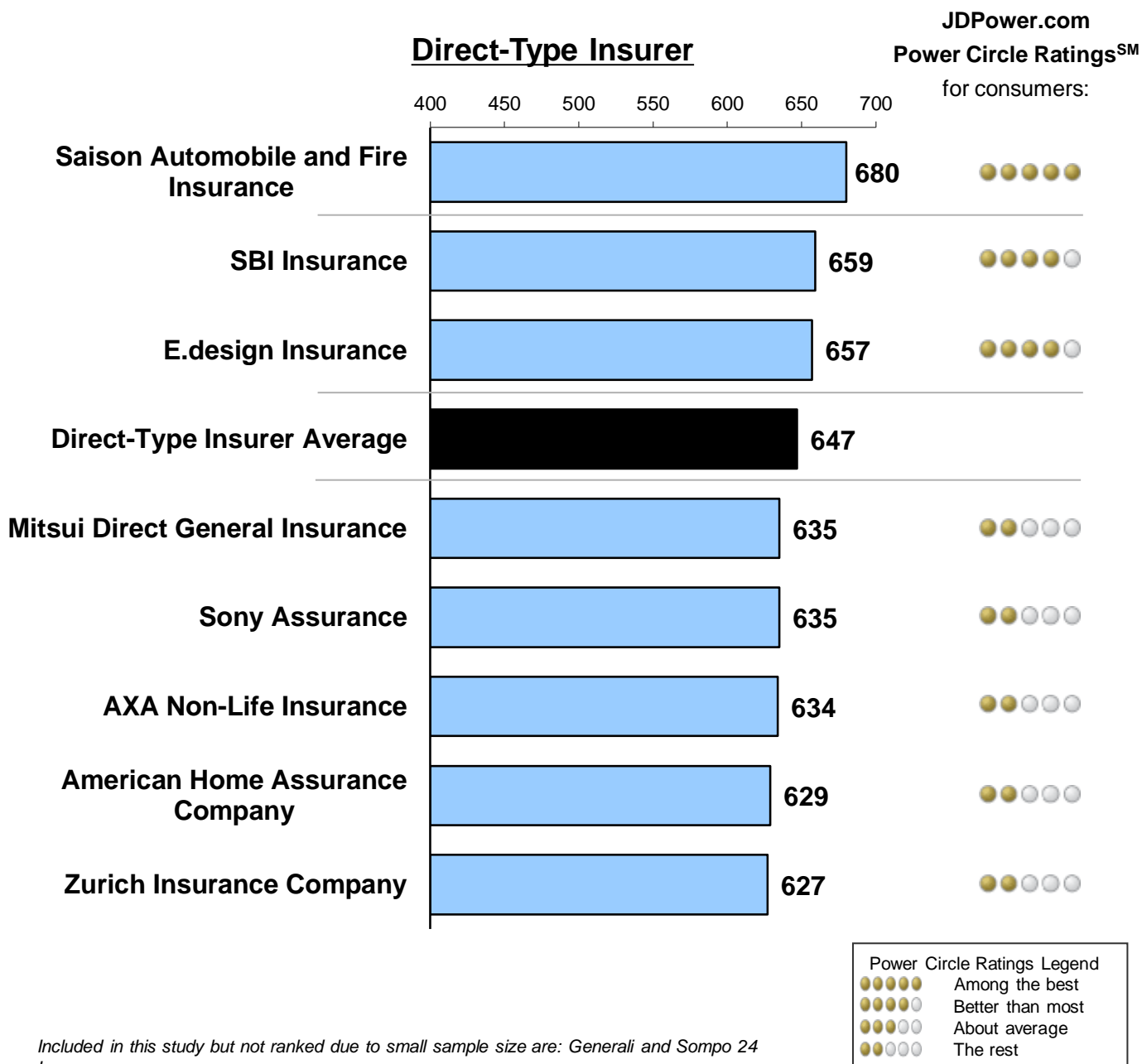
*Included in the study but not ranked due to small sample size are: ACE Insurance, Asahi Fire & Marine Insurance, Kyoei Fire & Marine Insurance, and Secom General Insurance.*

Source: J.D. Power Asia Pacific 2013 Japan Auto Insurance Shopping Satisfaction Study<sup>SM</sup>

*Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power Asia Pacific as the publisher and the J.D. Power Asia Pacific 2013 Japan Auto Insurance Shopping Satisfaction Study<sup>SM</sup> as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power Asia Pacific study results without the express prior written consent of J.D. Power Asia Pacific.*

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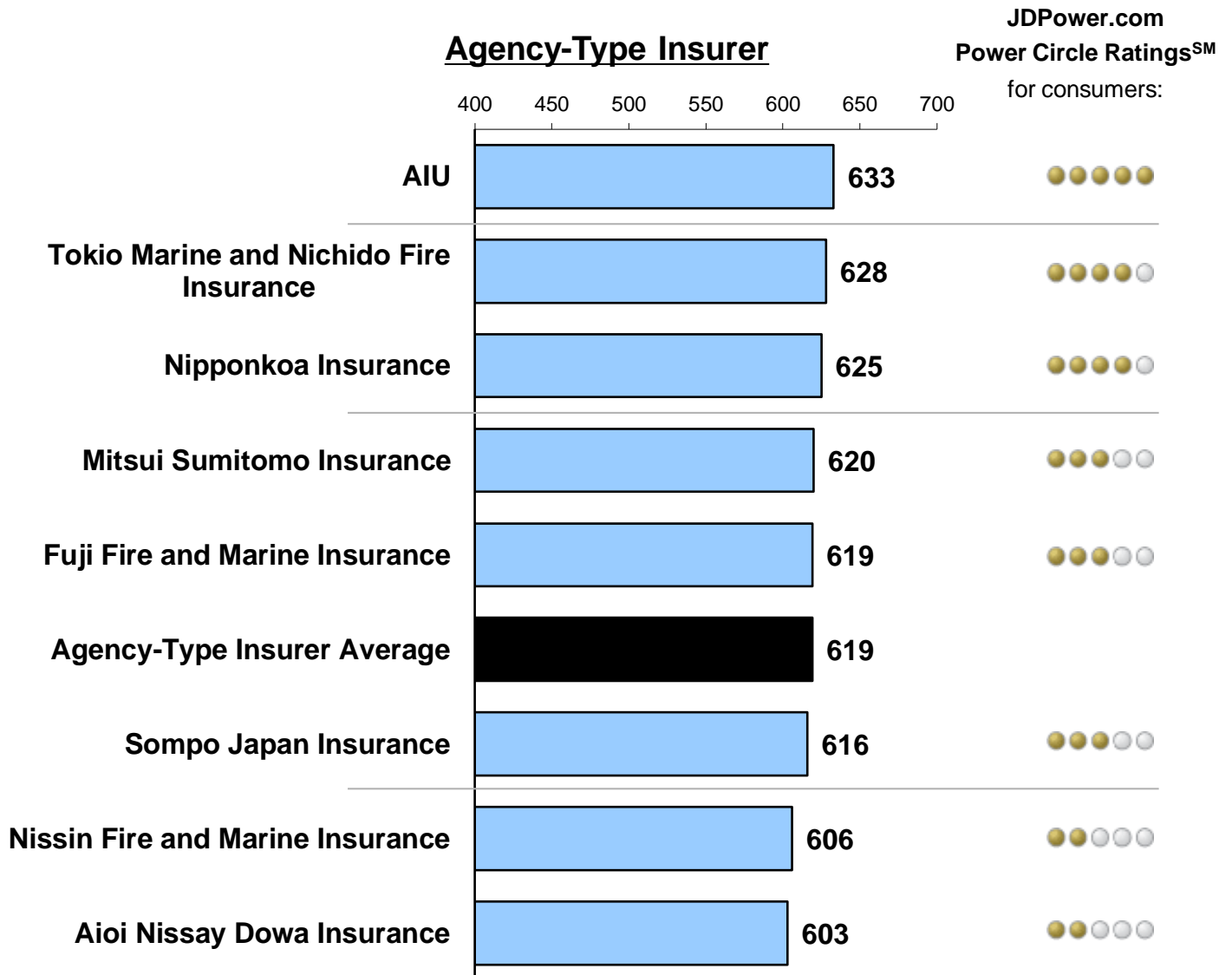


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## Overall Satisfaction Rankings (Based on a 1,000-Point Scale)



**Power Circle Ratings Legend**

- 5 Gold Circles: Among the best
- 4 Gold, 1 Silver Circle: Better than most
- 3 Gold, 2 Silver Circles: About average
- 2 Gold, 3 Silver Circles: The rest

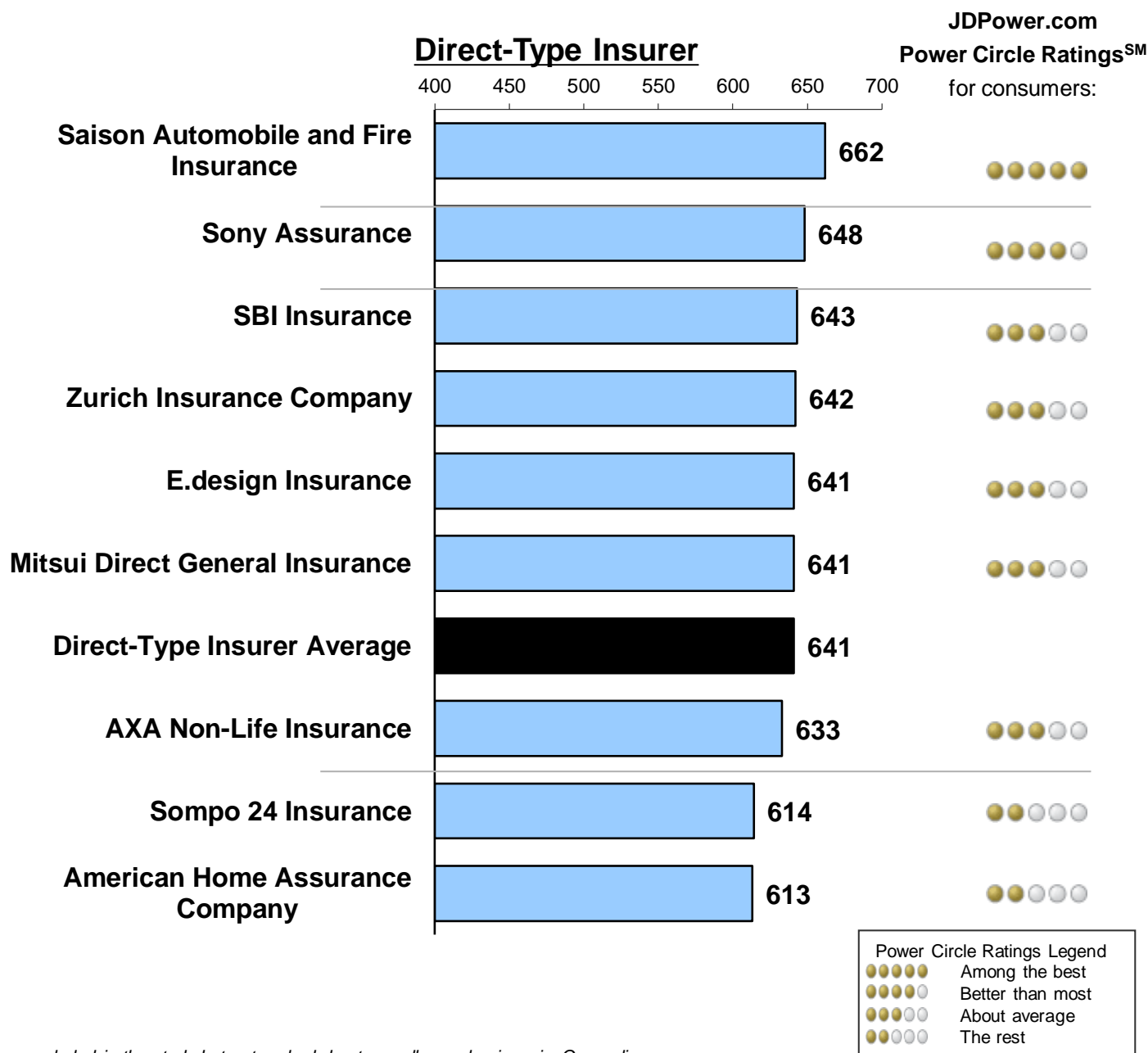
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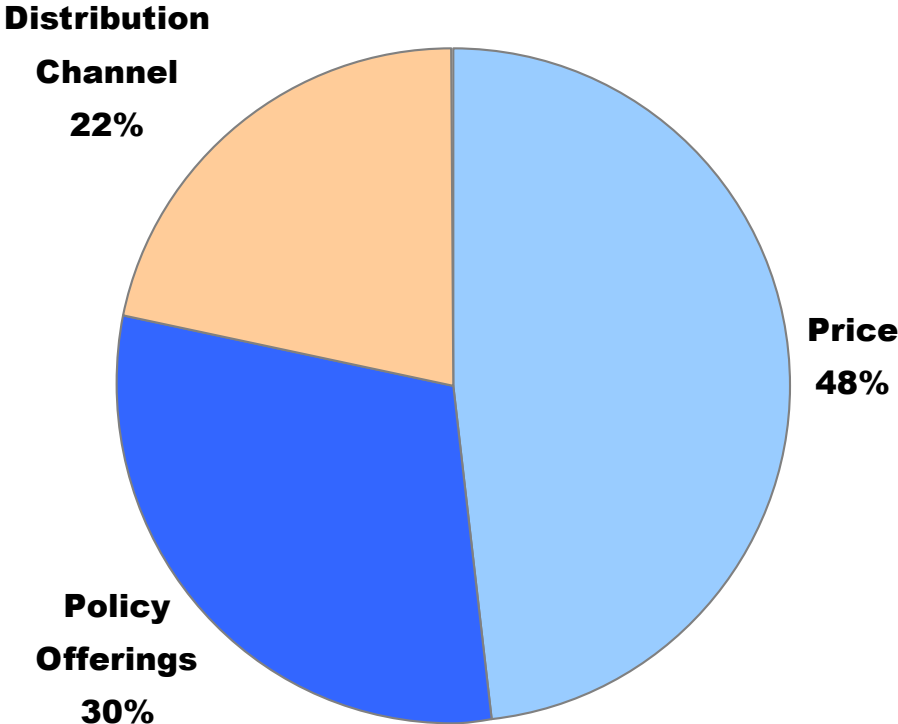
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# J.D. Power Asia Pacific 2013 Japan Auto Insurance Shopping Satisfaction Study<sup>SM</sup>

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## Factors Contributing to Overall Satisfaction



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Source: J.D. Power Asia Pacific 2013 Japan Auto Insurance Shopping Satisfaction Study<sup>SM</sup>

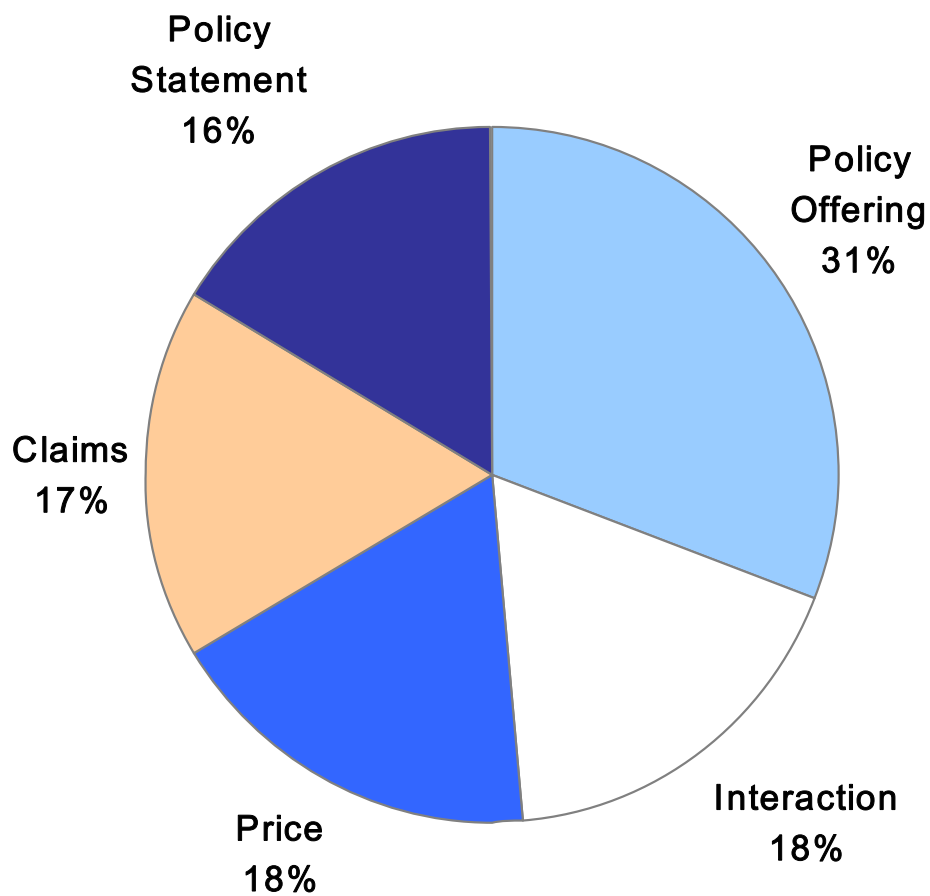
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