



Press Release

J.D. Power and Associates Reports: Quality of Service Drives Auto Insurance Policy Renewal Rates

Amica Mutual Leads the Auto Insurance Provider Rankings for an Eighth Consecutive Year

WESTLAKE VILLAGE, Calif.: 30 August 2007 — Policy retention is critical to the financial success of auto insurance carriers, and a customer's experience with their provider is the most important element—outweighing brand image—in generating policy renewals, according to the J.D. Power and Associates 2007 National Auto Insurance StudySM released today.

The study measures [customer satisfaction with auto insurance carriers](#) across five factors. In order of importance, they are: interaction, policy offerings, billing and payment, price and claims.

For an eighth consecutive year, Amica Mutual ranks highest in customer satisfaction, followed by Erie, GEICO and State Farm, respectively. American Family and Auto-Owners rank fifth in a tie. USAA, a financial services provider open only to the U.S. military community and their families, and therefore not included in the rankings, also achieves a high level of customer satisfaction.

The study finds that satisfaction with the overall insurance experience accounts for 45 percent of the customer commitment model, which specifically measures a customer's propensity to remain loyal to their insurer. Among customers who indicate high levels of satisfaction with their carrier overall, 88 percent said they "definitely would" renew their policy with their auto insurance provider. Conversely, only 16 percent of customers who report low levels of satisfaction said they would definitely renew their policy.

"Our customer commitment model examines the degree to which brand image, inherent costs associated with switching insurers, overall experience, and propensity to be loyal drive customer commitment and, consequently, loyalty to insurers. It reveals that the overall service experience matters most to policyholders among all other elements within the model," said Jeremy Bowler, senior director of the insurance practice at J.D. Power and Associates. "Maximizing renewal rates is key to the success of every carrier, as just a 1 percent shift in market share can represent \$1.6 billion in annual premiums. Examples of auto insurance business practices that drive higher customer satisfaction include offering annual policy reviews, loyalty discounts, proactively providing customers with helpful information pertaining to their policy, and enhancing the Web service experience."

The study finds that 33 percent of customers say they use the Internet to interact with their auto insurance carrier. While only 5 percent of customers report that they are unable to access their auto insurance information online, overall satisfaction among this group of customers is considerably lower compared with customers who say they are able to access their information online.

"Even though customer satisfaction ratings for Web interactions tend to be lower than those for agency or call center experiences, the gap is closing," said Bowler. "Satisfaction is highest among the 77 percent of customers who were able to complete an entire service transaction online, such as making a bill payment. Some carriers have made substantial enhancements to their Web site functionality in recent years, which can generate benefits such as

a reduction in servicing costs and, ultimately, higher customer satisfaction. For these reasons, it is important for insurance companies to provide online policy access, a user-friendly Web site and to effectively convey the availability of these services to their customers.”

The study also finds the following key auto insurance patterns:

- The typical auto insurance policy holder has been with their carrier for more than ten years.
- Those customers who have reviewed their insurance needs with their insurer in the previous 12 months tend to be considerably more satisfied. However, one in three policy holders say they have not reviewed their policies since first selecting their current insurer; this group of consumers is particularly less satisfied, on average.
- Nine out of ten customers say they receive some kind of discount on their premium, yet those receiving dividends, accident or ticket forgiveness or credit for belonging to a professional organization tend to be the most satisfied with their insurer.

The 2007 National Auto Insurance Study is based on responses from 16,012 auto insurance policyholders who were surveyed in March and April 2007. To view the management discussion based on this year’s study findings, please click the following link: <http://www.jdpower.com//corporate/library/download/?files=9945348>

For more information on [car insurance provider ratings](#), please visit [JDPower.com](http://www.JDPower.com).

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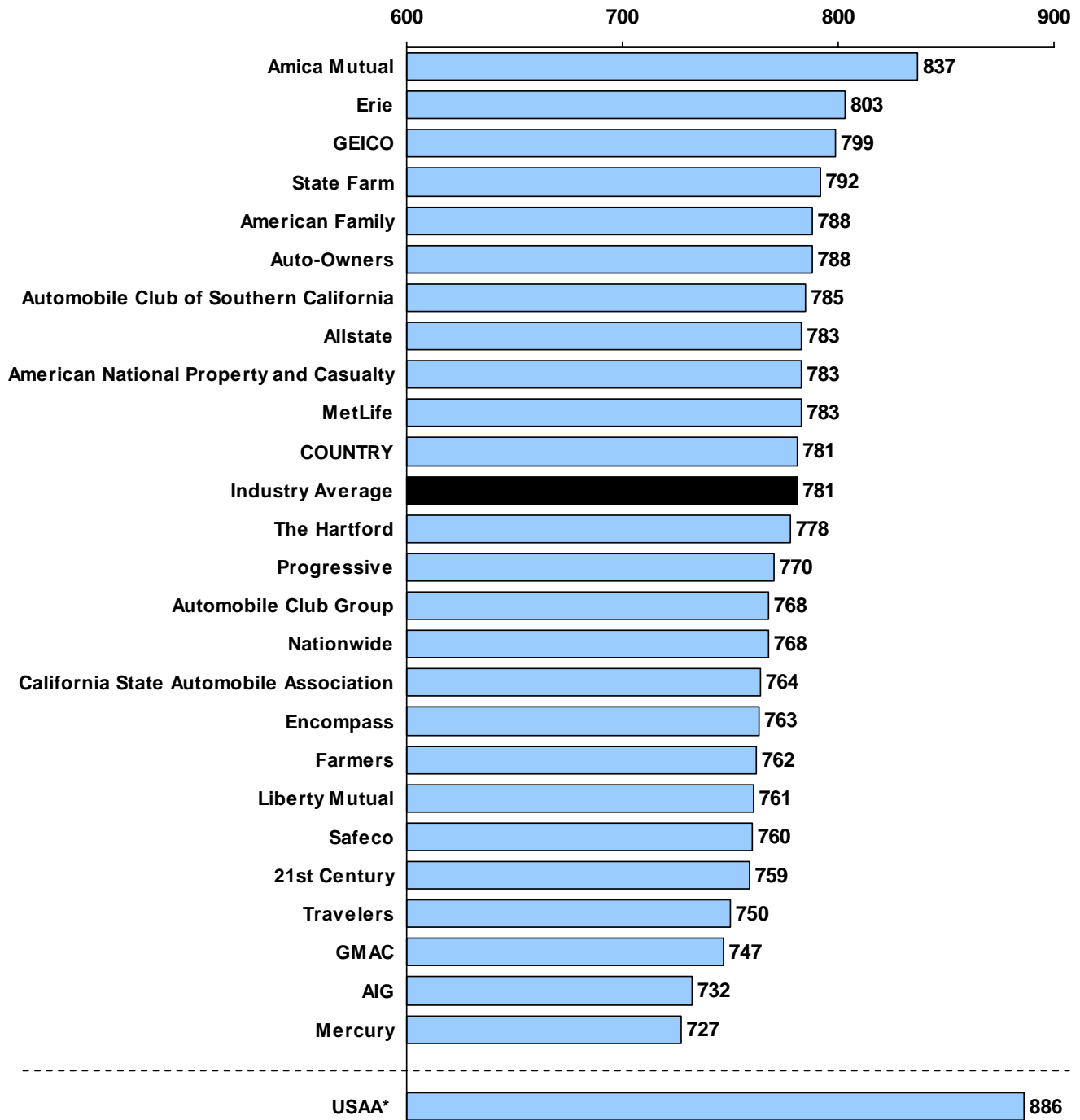
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NOTE: One chart follows.

J.D. Power and Associates 2007 National Auto Insurance StudySM

Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



*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 2007 National Auto Insurance StudySM

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