



Press Release

J.D. Power and Associates Reports:

Erie Insurance Ranks Highest in New Buyer Satisfaction with the Auto Insurance Purchase Experience

Although Satisfaction is Higher When a Local Agent is Involved,
More Buyers are Purchasing New Policies via Direct Channels

WESTLAKE VILLAGE, Calif.: 10 July 2008 — Erie Insurance ranks highest among 18 major auto insurance companies in satisfying new buyers with the purchase experience, according to the J.D. Power and Associates 2008 Insurance New Buyer StudySM released today.

The study examines the purchase behaviors and overall satisfaction of buyers who shop for a new auto insurance company. Three key factors are measured to determine overall satisfaction. In order of importance, they are: distribution channel (50%), price (29%) and policy offerings (21%).

Erie Insurance ranks highest in the study with a score of 896 on a 1,000-point scale, performing particularly well in the price factor. The Hartford closely follows Erie Insurance in the rankings (894), while State Farm ranks third overall (893). State Farm performs particularly well in both the distribution channel and policy offerings factors. 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 shopping experience is the first opportunity that an insurer has to meet or exceed the expectations of prospective buyers,” said Jeremy Bowler, senior director of the insurance practice at J.D. Power and Associates. “The growing convenience of obtaining quotes, particularly online, makes shopping and switching increasingly simple. As a result, insurers who disappoint buyers during the shopping and sales process run the risk of losing sales from potential new customers and of losing renewals from existing customers.”

The study finds that while 55 percent of all new auto insurance sales are handled by local agents, the percentage of buyers shopping and closing via direct channels—which includes insurer Web sites and call centers—has increased from the 2007 study. In 2008, 44 percent of buyers who bought auto insurance from a new insurer purchased directly from the insurer, rather than through an agent—an increase of 3 percentage points from 2007. Additionally, among buyers who changed their shopping channel, more buyers changed to direct purchasing methods (22%) compared with those who switched to using an agent (15%).

“The study results indicate that a growing number of insurance shoppers are buying auto insurance online,” said Bowler. “In 2008, sales transactions processed entirely on the Web now account for 21 percent of all new-customer insurance sales.”

However, the study finds that buyers who purchase their auto insurance policies through local agents give significantly higher average satisfaction scores compared with those who purchase policies from call center representatives or via Internet channels.

“Buyers who use insurance agents are also more likely to purchase bundled auto and homeowner insurance policies,” said Bowler. “Despite this trend, insurance providers are steadily enhancing their Web sites capabilities, and shopping through a direct channel certainly has its benefits for prospective buyers, as most cite the ease of conducting business as a primary reason for shopping and purchasing direct. As direct channels are steadily enhanced, the challenge for insurers is to accommodate buyers seeking more complex insurance bundles in order to potentially increase close rates via the Web.”

The study also finds the following insurance buying trends:

- The rate of switching insurers has increased—up from 33 percent in 2007 to 39 percent in 2008.
- Fourteen percent of customers initiated the shopping process because of a poor customer service experience. Among them, 73 percent switched insurers, which emphasizes the importance of delivering good customer service.
- In the past 12 months, 36 percent of customers requested an insurance quote, marking a 5 percent increase from 2007.
- Serial shoppers, defined as those customers who have shopped three or more times for auto insurance in the past three years, represent slightly less than one-third of all auto policy shoppers.
- While the average insurer will close 18 percent of their quotes, close rates range from 9 percent to 38 percent among insurers profiled in the study.

The 2008 Insurance New Buyer Study is based on responses from 8,452 consumers who requested an auto insurance price quote from at least one competitive insurer in the past 12 months and includes evaluations of 17,677 unique carrier quotes. The study was fielded in April 2008. To download a copy of the 2008 Insurance New Buyer Study Management Discussion, [please click here](#). To view a video on the 2008 Insurance New Buyer Study, [please click here](#).

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company operating in key business sectors including market research, forecasting, performance improvement, training and customer satisfaction. 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](#). J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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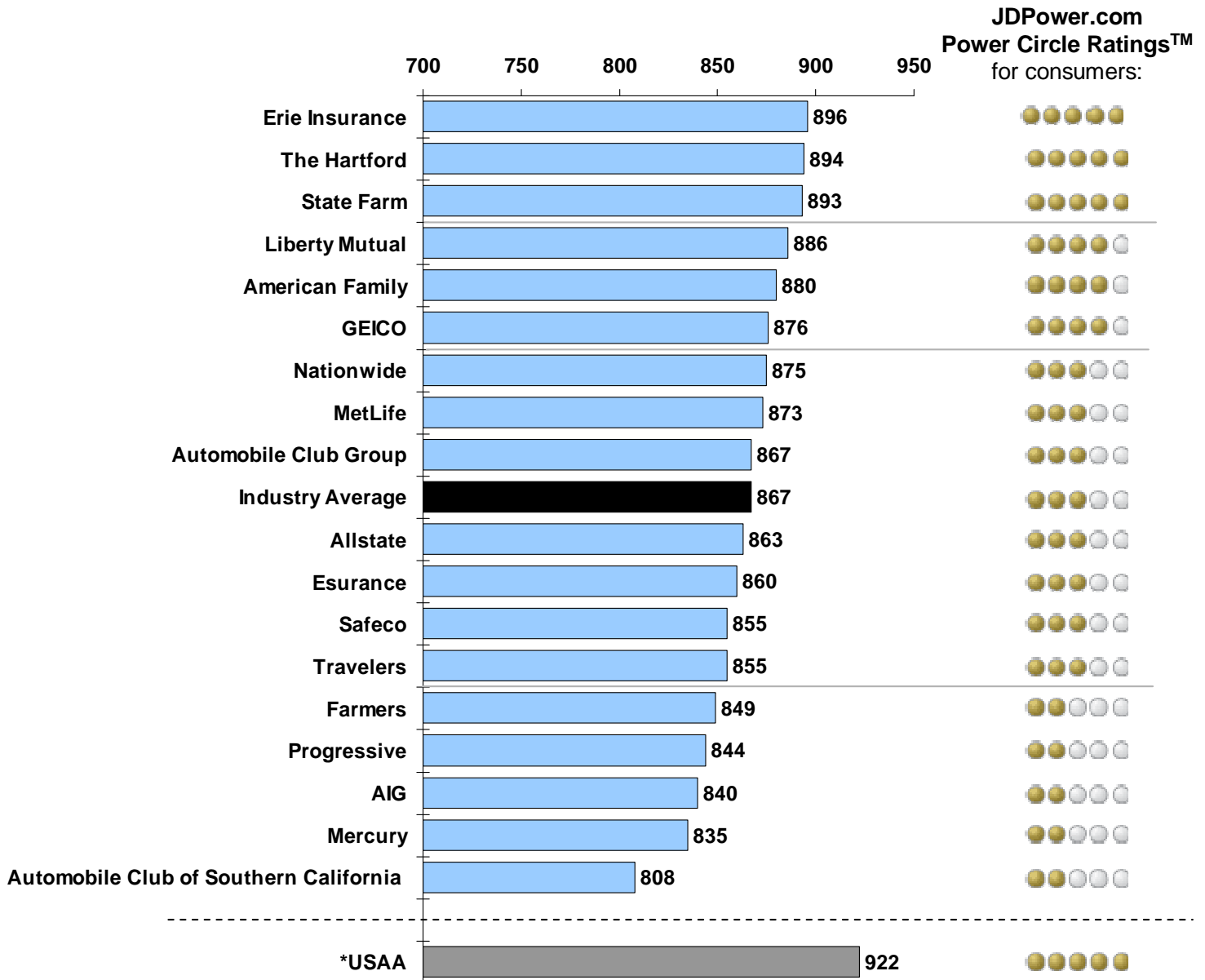
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NOTE: One chart follows.

J.D. Power and Associates 2008 Insurance New Buyer 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.

Included in the study but not ranked due to small sample size are: Amica Mutual, Auto-Owners, California State Automobile Association, COUNTRY, Encompass and GMAC.

Source: J.D. Power and Associates 2008 Insurance New Buyer StudySM

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 2008 Insurance New Buyer StudySM as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. JDPower.com Power Circle RatingsTM are derived from consumer ratings in J.D. Power studies. For more information on Power Circle Ratings, visit 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.