



## Press Release

### **J.D. Power and Associates Reports:**

### **Lower Premiums at the Onset of the Current Recession Drive Significant Increase in Overall Satisfaction With Auto Insurance Companies, But a Hardening Market Could Eradicate 10 Years of Progress**

#### Amica Mutual Ranks Highest among Auto Insurers for a 10th Consecutive Year

**WESTLAKE VILLAGE, Calif.: 17 August 2009** — Overall customer satisfaction with auto insurance companies is up significantly in 2009, driven primarily by low premiums, according to the J.D. Power and Associates 2009 National Auto Insurance Study<sup>SM</sup> released today.

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

Overall customer satisfaction with auto insurance companies has reached a five-year high in 2009, averaging 801 on a 1,000-point scale—up by 14 points from 2008. More than one-half of the 32 companies ranked in 2009 have improved significantly year over year. While satisfaction has increased for the four most important factors contributing to overall satisfaction, the most notable increase has occurred in the area of price, which is up by 32 points from 2008. In addition, 42 percent of customers in 2009 report that their premiums decreased—without the customer switching to another insurer—which is nearly twice the rate from 2008.

Historical data from J.D. Power and Associates indicates that approximately 12 months after the start of the 2001 to 2002 recessionary period in the U.S., overall customer satisfaction with auto insurance companies declined considerably as insurance companies raised rates. As signs of market hardening and rising rates are already beginning to show in the 2009 recessionary period, a similar decline in customer satisfaction could ensue in 2010 and 2011.

“If history repeats itself, one could anticipate a notable decline in overall customer satisfaction as a result,” said Jeremy Bowler, senior director of the insurance practice at J.D. Power and Associates. “However, such upheaval in the marketplace creates opportunities for insurers to differentiate themselves and gain a competitive advantage. Most notably, companies that compete less on price and more on quality of services or through affinity relationships may be able to mitigate some of the expected decline in satisfaction.”

One key behavior that can help mitigate dissatisfaction is engaging customers in discussions about rate increases prior to policy renewal time. When customers are notified in advance of rate increases greater than \$100, and insurers or agencies offer to discuss coverage or policy options available that may mitigate the price change, customers are significantly more satisfied with their insurer overall.

Amica Mutual ranks highest in customer satisfaction with auto insurance companies for a 10th consecutive year, followed by State Farm, Shelter, Auto-Owners, Erie Insurance and COUNTRY, respectively. Although not included in the rankings due to the closed natures of their respective memberships, New Jersey Manufacturers Insurance Company (NJM) and USAA also achieve high levels of customer satisfaction.<sup>1</sup>

The study finds that important shifts have occurred in the area of non-claims interaction, which is the most important factor driving overall satisfaction. Customer satisfaction with Web sites and call centers has improved

considerably from 2008. In addition, while agency insurers perform more strongly in the interaction factor than do direct insurers, the advantage of agencies in this regard is slight—an increase of only seven index points.

“The erosion of the advantage that agency insurers have traditionally held in the interaction factor reflects both the improvements achieved by direct channels as well as the changing needs and expectations of consumers today,” said Bowler. “Insurance customers are increasingly seeking the ability to research and change coverage options at their convenience and beyond typical agency hours. While direct insurers have updated their Web sites and phone-based customer service systems accordingly, a number of agency insurers have some catching up to do.”

The 2009 National Auto Insurance Study is based on 22,930 responses from auto insurance policyholders. The study was fielded in March and April 2009. To view the management discussion based on this year’s study findings titled “Preparing for the Hard Market in Personal Auto Insurance,” please click [here](#).

For more information, read an article or view [auto insurance provider ratings](#) at [JDPower.com](#).

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<sup>1</sup>USAA is an insurance provider open only to U.S. military personnel and their families. New Jersey Manufacturers Insurance Company is open only to New Jersey Business & Industry Association members, State of New Jersey employees, New Jersey Manufacturers Insurance Company’s previously insured drivers and/or previous/current auto/homeowner policyholders.

#### **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, Web intelligence 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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NOTE: One chart follows.

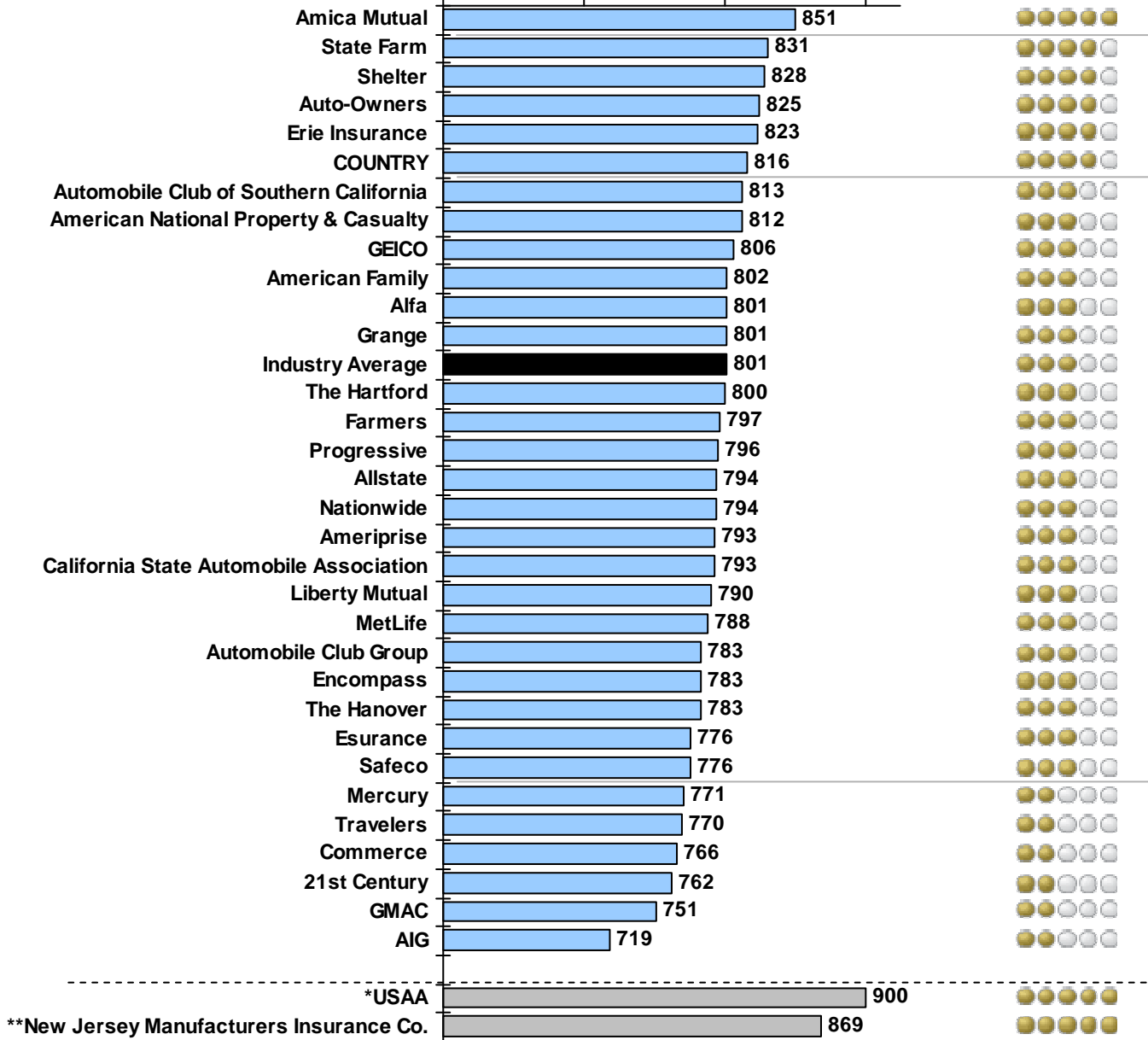
# J.D. Power and Associates 2009 National Auto Insurance Study<sup>SM</sup>

## Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

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

600      700      800      900



\*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, New Jersey Manufacturers Insurance Company's previously insured drivers and/or previous/current auto/homeowner policyholders and therefore is not included in the rankings.

Source: J.D. Power and Associates 2009 National 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 2009 National 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.