



Press Release

J.D. Power and Associates Reports: Importance of Price to Insurance Shoppers Increases, While Satisfaction with Price Decreases

Erie Insurance Ranks Highest in New-Buyer Satisfaction with the Auto Insurance Purchase Experience for a Third Consecutive Year

WESTLAKE VILLAGE, Calif.: 25 May 2010 — Price is a key motivator in the insurance shopping process and final purchase decision and gains in impact on new-buyer satisfaction, compared with one year ago, according to the J.D. Power and Associates 2010 U.S. Insurance Shopping StudySM released today.

The study finds price is the leading reason—cited by 41 percent of shoppers—that insurance shoppers consider an insurer but do not obtain a quote from that insurer. In addition, 76 percent of shoppers who obtained a quote from an insurer but did not purchase a policy from that insurer cite price as a reason. However, price accounts for only 28 percent of overall customer satisfaction with the purchase experience—less important than both policy offerings (29%) and distribution channel (43%).

“While competitive pricing is critical to closing the sale for most shoppers, insurers must perform on all elements of the purchase experience to gain and retain satisfied customers,” said Jeremy Bowler, senior director of the insurance practice at J.D. Power and Associates. “In fact, past service experiences play a considerable role in the purchase decisions of retained customers, and in some cases, may even outweigh the appeal of a lower-priced competitor.”

Ten percent of auto insurance shoppers did not select the lowest price quote they received, with some shoppers foregoing considerable savings—12 percent of shoppers who didn’t choose the lowest price insurer could have saved more than \$250 had they chosen the lowest quote.

Erie Insurance, with a score of 886 on a 1,000-point scale, ranks highest among auto insurance companies in satisfying new buyers with the purchase experience for a third consecutive year. Erie Insurance performs particularly well across all three factors driving satisfaction: distribution channel; price; and policy offerings. The Hartford ranks second overall with a score of 868, followed closely by Auto-Owners Insurance (867).

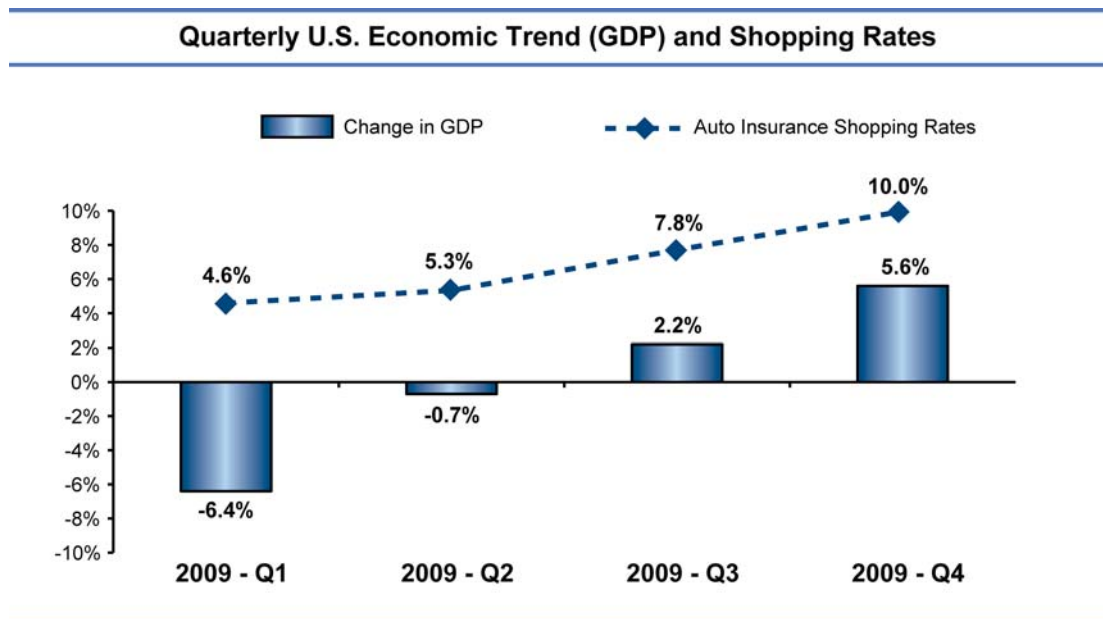
The study also finds the following key trends among Generation Y auto insurance shoppers (those born between 1977 and 1992):

- Generation Y shoppers tend to be less sensitive to price, as only 68 percent cite price as a reason for shopping for a new auto policy, compared with 83 percent of Baby Boomer shoppers (those born between 1946 to 1964).
- More than one-half (58%) of Generation Y shoppers have used insurers’ websites to gather information when shopping for auto insurance, compared with 46 percent of Baby Boomer shoppers.
- Generation Y shoppers are substantially more likely to gather quotes directly from an insurer’s website—48 percent—compared with 28 percent of Baby Boomers.

- A slight majority (51%) of Generation Y new buyers purchased their auto insurance direct from the insurer, rather than through a local agent, compared with only 36 percent of Baby Boomers.

“Generation Y is the next big wave of new homeowners and parents with more complicated insurance needs,” said Bowler. “As a result, it’s important for insurers to understand the differences between Generation Y and Baby Boomer insurance shoppers and respond to these differences accordingly. At more than 70 million strong, this group will have a dramatic impact on the insurance distribution landscape in the years ahead.”

While the 2009 study found that the onset of the recession had stifled consumer shopping in the personal auto insurance market, consumer shopping rates in the 2010 study mirror the GDP, returning to pre-recession rates prevalent in the third quarter of 2009. Ten percent of all consumers shopped for competitive quotes during the fourth quarter of 2009.



Sources: U.S. Bureau of Economic Analysis and J.D. Power and Associates 2010 U.S. Insurance Shopping StudySM

The 2010 U.S. Insurance Shopping Study examines consumer shopping and purchasing behaviors and overall satisfaction of buyers who recently purchased from an auto insurance provider. The study is based on responses from more than 14,500 shoppers who requested an auto insurance price quote from at least one competitive insurer in the past 12 months and includes 68,051 unique insurer evaluations. The study was fielded from February to March 2010.

To view the management discussion based on the study findings, titled “Courting the Millenials,” 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, 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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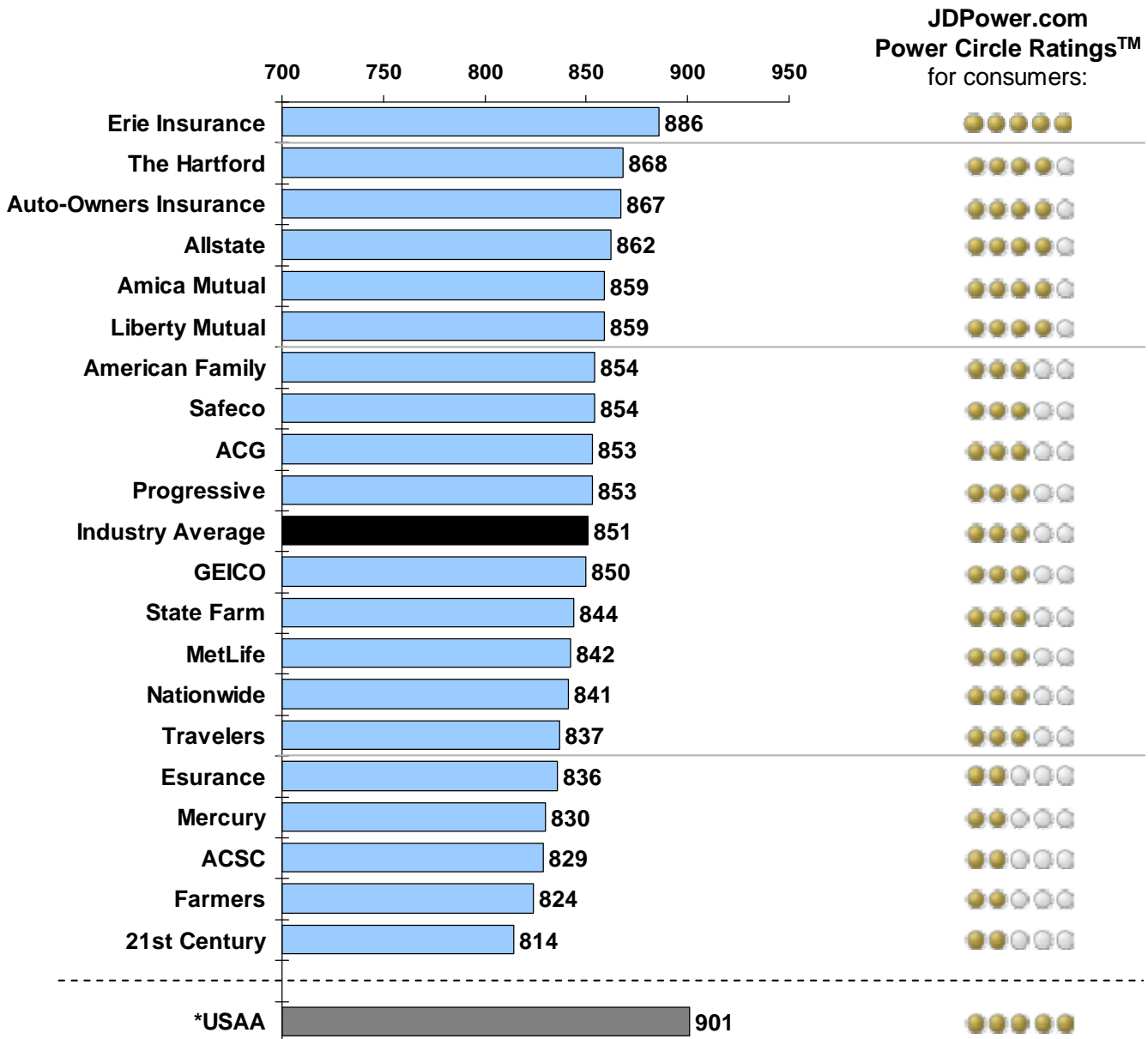
(Page 3 of 3)

NOTE: One chart follows.

J.D. Power and Associates 2010 U.S. Insurance Shopping StudySM

Customer Satisfaction Index Ranking

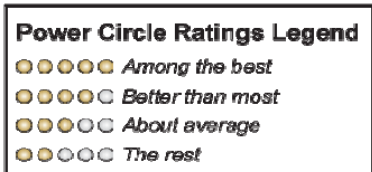
(Based on a 1,000-point scale)



*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: CSAA; COUNTRY; Encompass; and GMAC.

Source: J.D. Power 2010 U.S. Insurance Shopping StudySM



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