



## Press Release

### **J.D. Power and Associates Reports: Despite Widespread Premium Increases, Customer Satisfaction with Auto Insurance Providers in Canada Improves from 2009**

#### Grey Power and Intact Insurance Each Rank Highest in Customer Satisfaction In Their Respective Segments

**TORONTO: 26 August 2010** — Customer satisfaction with auto insurance providers has improved notably from 2009, despite a considerable increase in the proportion of customers whose premiums were raised, according to the J.D. Power and Associates 2010 Canadian Auto Insurance Customer Satisfaction Study<sup>SM</sup> released today.

The study, now in its third year, measures auto policyholder experiences with their primary insurer. Customer satisfaction is measured across five factors: interaction; price/premium; policy offerings; billing and payment; and claims. Three segments are examined in the study: private full coverage auto insurers,<sup>1</sup> Quebec private auto insurers and government-run auto insurers.<sup>2</sup>

Overall satisfaction averages 727 on a 1,000-point scale in 2010—26 points higher than in 2009. In each of the three segments, customer satisfaction improves notably from 2009.

#### ***Customer Satisfaction with Insurance Providers by Segment, 2010 vs. 2009*** *(based on a 1,000-point scale)*

Segment	Overall Satisfaction in 2010	Overall Satisfaction in 2009	Difference
Private Full Coverage Segment	718	703	+15
Quebec Private Segment	823	773	+50
Government-Run Segment	642	615	+27

In all three segments, overall improvement is driven in large part by increased satisfaction in the price factor, despite the fact that a sizable proportion of policyholders indicate experiencing an increase in premiums from 2009. Overall, nearly four in 10 policyholders say their premiums increased in 2010. This proportion is even higher among customers of private full coverage providers—nearly one-half of these policyholders indicate experiencing a premium increase.

“Although premium increases have a negative impact on customer satisfaction, this can be mitigated through proactive communication in which customers are notified of changes in advance and are contacted by insurers to discuss coverage or discount options to help them reduce costs,” said Lubo Li, senior director and practice leader of Canadian financial services and insurance at J.D. Power and Associates. “These actions demonstrate that insurers have regard for the best interests of policyholders and help to foster trust.”

<sup>1</sup> This segment includes private auto insurance providers only and excludes mandated government insurers and study data from British Columbia, Saskatchewan, Manitoba and Quebec.

<sup>2</sup> No rankings are issued for the government-run providers segment due to an insufficient number of award-eligible brands.

Among the 61 percent of policyholders who were notified of a rate increase in advance in 2010, satisfaction averages 721. In contrast, satisfaction averages only 628 among policyholders who didn't receive any advance notification of a rate increase.

“Auto insurance providers may be able to take lessons learned about rate increase communication and apply them to their advantage when new options under the Ontario insurance reforms take effect on September 1,” said Li. “Although the new mandates will likely lower premium amounts for many policyholders, any changes in rates—whether positive or negative—should be communicated to customers well in advance to avoid any confusion or surprise. Additionally, communicating with policyholders through phone calls or personalized e-mails is more satisfying than the traditional method of sending information by mail.”

Grey Power ranks highest in customer satisfaction among private full-coverage auto insurers with a score of 756 and performs particularly well in three of the five factors: price/premium, billing and claims. RBC Insurance (744) and Johnson Insurance (738) follow in the rankings. RBC Insurance performs particularly well in the product offerings factor.

Within the Quebec private auto insurers segment, Intact Insurance ranks highest with a score of 842, improving by 97 index points from 2009. Intact Insurance performs particularly well in three of five factors: customer service, price/premium and claims. Promutuel (839) and The Personal (835) follow in the rankings.

The study also finds that providing high levels of customer satisfaction has a particular strong positive effect on customer recommendation rates. Customers who indicate they are “delighted” (providing a rating of 10 on a 10-point scale) with their auto insurance provider gave five positive recommendations during the past year, on average. In contrast, customers who are dissatisfied (ratings of four or lower) gave approximately eight negative recommendations, on average.

The study findings also include the following key trends:

- Although overall satisfaction has improved from 2009 among all customer age groups, it has improved least among customers between the ages of 35 and 44. While policyholders between the ages of 35 and 44 are the least satisfied, on average, policyholders who are 65 years of age and older have the highest levels of satisfaction.
- Policyholders between the ages of 18 and 34 are considerably more likely to rely on recommendations from family and friends and online searches when seeking information about insurance companies, compared with any other age group.

The 2010 Canadian Auto Insurance Customer Satisfaction Study is based on responses from 9,551 auto insurance policyholders. The study was fielded in July 2010.

#### **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. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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**Media Relations Contacts:**

Andrea Herman; Cohn & Wolfe; Toronto, Canada; (647) 259-3301; [andrea.herman@cohnwolfe.ca](mailto:andrea.herman@cohnwolfe.ca)  
John Tews; J.D. Power and Associates; Troy, Mich.; (248) 312-4119; [john.tews@jdpa.com](mailto:john.tews@jdpa.com)

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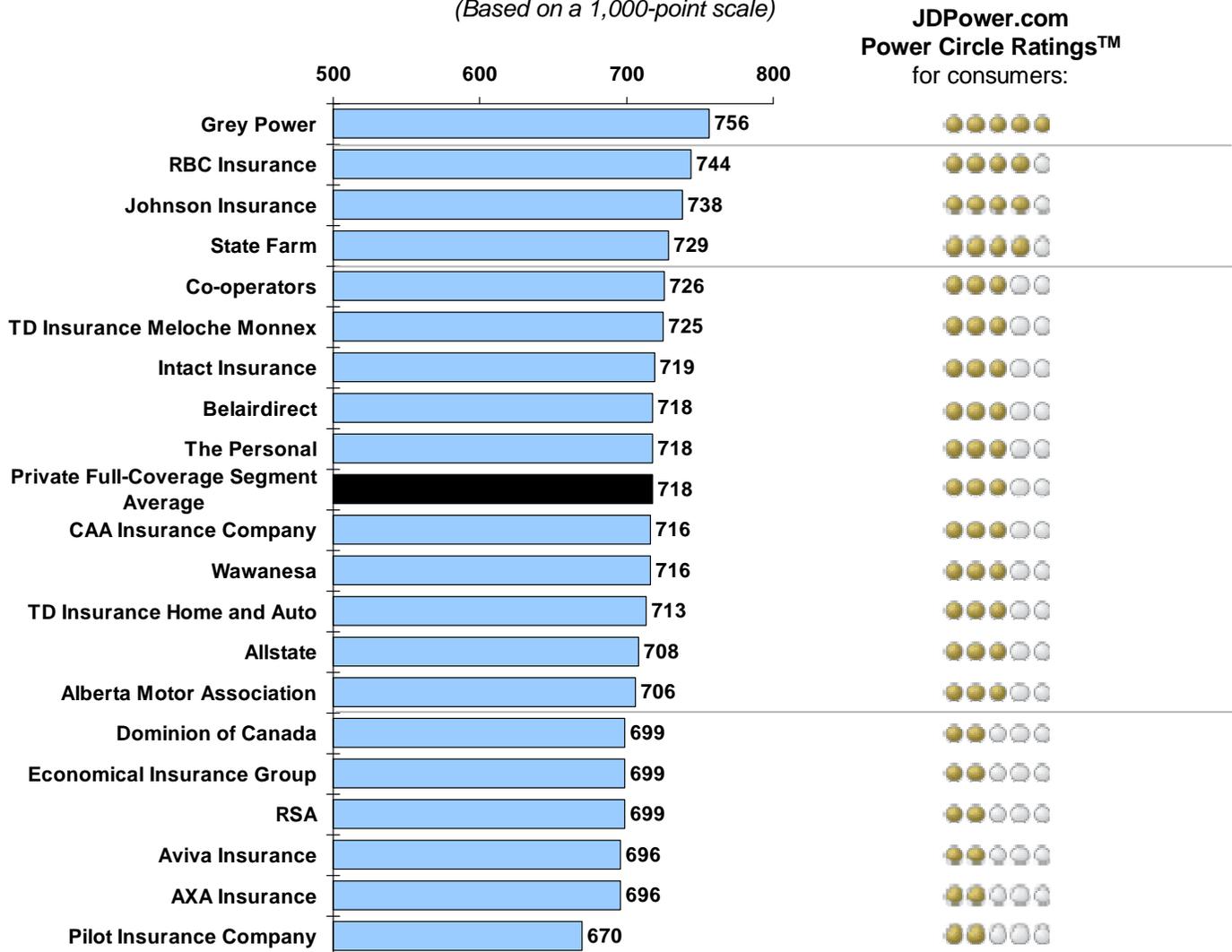
NOTE: Two charts follow.

# J.D. Power and Associates 2010 Canadian Auto Insurance Customer Satisfaction Study<sup>SM</sup>

## Customer Satisfaction Index Ranking

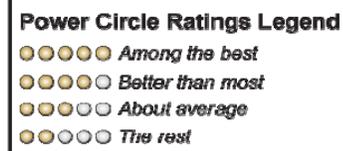
### Private Full-Coverage Segment

(Based on a 1,000-point scale)



Included in the study but not ranked due to small sample size are: Canadian Direct, Desjardins General Insurance, Gore Mutual, PC Insurance, Portage Mutual Insurance, Primum, Traders General Insurance and Zenith Insurance.

Source: J.D. Power and Associates 2010 Canadian Auto Insurance Customer Satisfaction Study<sup>SM</sup>



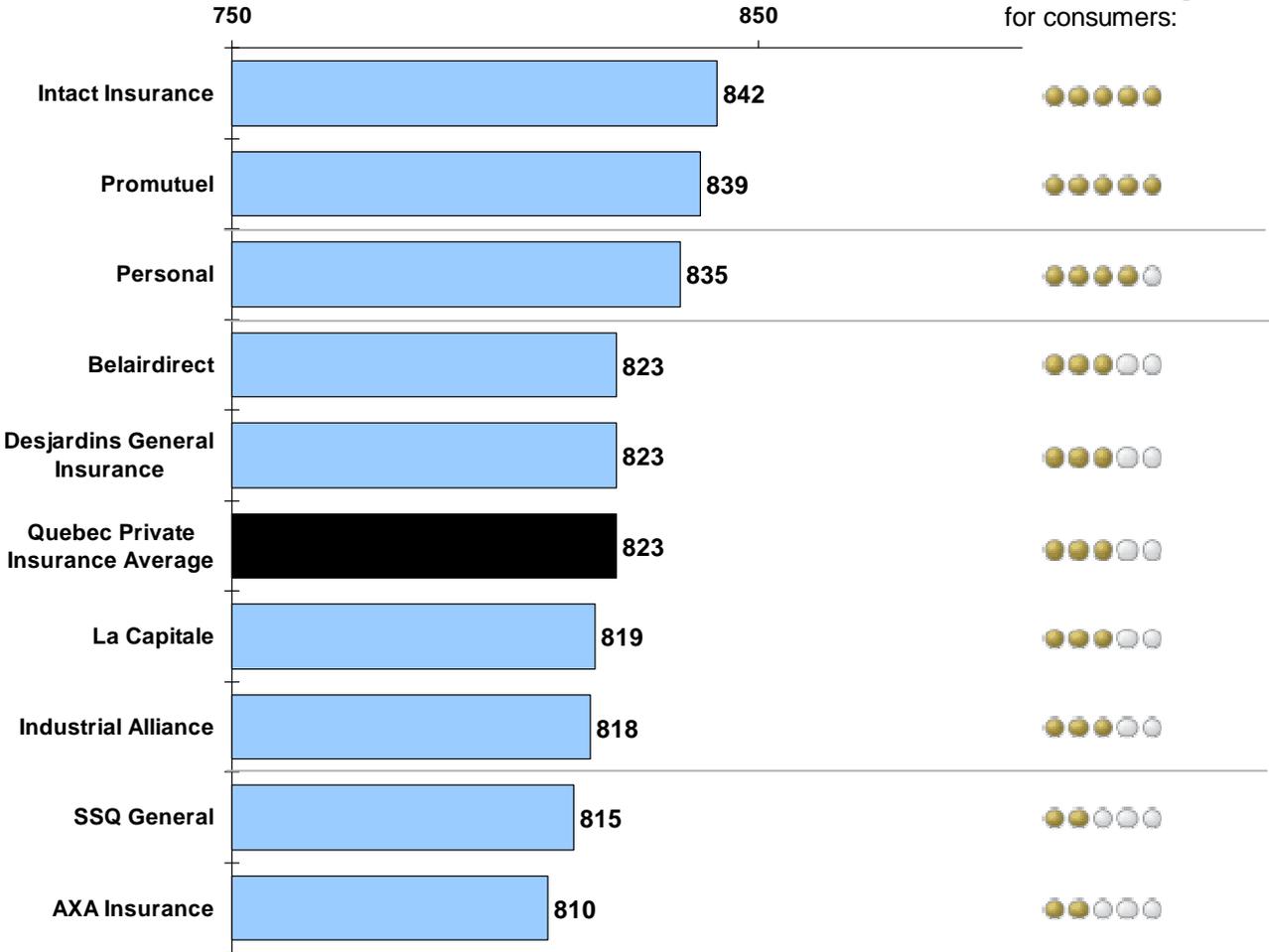
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# J.D. Power and Associates 2010 Canadian Auto Insurance Customer Satisfaction Study<sup>SM</sup>

## Customer Satisfaction Index Ranking Quebec Private Insurance Segment

(Based on a 1,000-point scale)

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Power Circle Ratings<sup>TM</sup>  
for consumers:**



*Included in the study but not ranked due to small sample size are: Aviva Insurance, L'Union Canadienne, National Bank Insurance, TD Insurance Meloche Monnex and Wawanesa.*

*Source: J.D. Power and Associates 2010 Canadian Home and Auto Insurance Customer Satisfaction Study<sup>SM</sup>*

**Power Circle Ratings Legend**

- Among the best
- Better than most
- About average
- The rest

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