



## Press Release

### **J.D. Power and Associates Reports: Customer Satisfaction with Homeowners Insurance Companies Declines to a Five-Year Low**

#### Amica Mutual Ranks Highest in Customer Satisfaction with Homeowners Insurance For a Ninth Consecutive Year

**WESTLAKE VILLAGE, Calif.: 5 October 2010** — Overall customer satisfaction with homeowners insurance companies has declined to the lowest level in five years, primarily due to considerable decreases in satisfaction with policy offerings and service interactions, according to the J.D. Power and Associates 2010 U.S. National Homeowners Insurance Study<sup>SM</sup> released today.

Now in its 10th year, the study measures [customer satisfaction with homeowners insurance companies](#) by examining five key factors: policy offerings; price; billing and payment; interaction; and claims.

Overall satisfaction with homeowners insurance companies averages 750 on a 1,000-point scale in 2010—decreasing by 23 points from 2009. While satisfaction has declined in four of the five factors from 2009 (all except claims), the greatest declines are in the policy offerings and interaction factors.

Negative perceptions of homeowners insurance policy offerings may stem from two issues in particular: an abundance of advertising from insurers promoting discounts on auto insurance and policyholders' general lack of understanding of their homeowners insurance policies and how home premiums are determined.

“Homeowners insurance policyholders are already price sensitive due to the economy,” said Jeremy Bowler, senior director of the insurance practice at J.D. Power and Associates. “Approximately 50 percent of customers don't have a clear understanding of how much coverage or what type of coverage they have on their home, and may have erroneously expected their premiums to decrease just as home values have declined since 2008. As a result, many customers believe their policies are not aligned with their property values and express dissatisfaction.”

Nearly one-third of policyholders indicate they recently contacted their homeowners insurer regarding their policy coverage or renewals during the past 12 months. However, satisfaction with these interactions has declined from 2009, due to deteriorating perceptions of the insurer's timeliness in resolving customer issues.

Amica Mutual ranks highest for a ninth consecutive year among homeowners insurance companies and performs particularly well in all five factors that contribute to overall customer satisfaction. Following Amica in the rankings are Auto-Owners Insurance, Erie Insurance and Cincinnati Insurance, respectively. USAA, an insurance provider open only to U.S. military personnel and their families and therefore not included in the rankings, also achieves a high level of customer satisfaction.

The study finds that, across all generational age groups, customers who bundle auto and homeowners insurance policies are notably more satisfied and likely to renew with their insurer, compared with customers who do not bundle their policies. However, bundling has the most notable positive effect on retention among customers in the

Gen Y demographic group (those born between 1977 and 1994), compared with other generational groups. Retention rates among Gen Y auto insurance customers who do not bundle average 72 percent, while retention among Gen Y customers who bundle their auto and homeowners policies averages 92 percent—a 20-percentage-point gain. For customers in the Gen X (those born between 1965 and 1976) and Baby Boomer (those born between 1946 and 1964) generational groups, the gains average 11 percentage points and nine percentage points, respectively.

“Currently, nearly 40 percent of Gen Y consumers own a home,” said Bowler. “Insurers that can successfully convince Gen Y home insurance policyholders to bundle their home and auto policies may be positioning themselves for the financial benefits of retaining this growing generation.”

The study also finds that bundling rates among Gen Y customers vary widely among insurers, with the highest rate averaging 86 percent, compared with a low of only 38 percent. Insurers that perform particularly well in this regard include American Family, CSAA, Erie Insurance, State Farm and USAA.

In addition, there is wide variation among insurers in the proportion of Gen Y customers they capture, relative to their market share. Insurers that perform particularly well in capturing high proportions of Gen Y customers include American Family, COUNTRY and USAA.

For an in-depth examination of Gen Y homeowners insurance customer expectations and how individual insurers are competing for this growing segment of the market, read “[Gen Y Homeowners: Servicing a Maturing Consumer Segment](#),” by clicking [here](#).

The 2010 U.S. National Homeowners Insurance Study is based on responses from more than 12,900 homeowners insurance customers. The study was fielded between April and June 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. For more information on [insurance company ratings](#), please visit [JDPower.com](#). Also available are [car reviews and ratings](#), [car insurance](#), [health insurance](#), [cell phone ratings](#), and more. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

#### **About The McGraw-Hill Companies**

Founded in 1888, The McGraw-Hill Companies (NYSE: MHP) is a global information and education company providing knowledge, insights and analysis in the financial, education and business information sectors through leading brands including Standard & Poor’s, McGraw-Hill Education, Platts, and J.D. Power and Associates. The Corporation has more than 280 offices in 40 countries. Sales in 2009 were \$5.95 billion. Additional information is available at <http://www.mcgraw-hill.com/>.

#### **Media Relations Contacts:**

Jeff Perlman; Brandware Public Relations; Malibu, Calif.; (818) 317-3070; [jperlman@brandwaregroup.com](mailto:jperlman@brandwaregroup.com)  
Syvetril Perryman; J.D. Power and Associates; Westlake Village, Calif.; (805) 418-8103;  
[media.relations@jdpa.com](mailto:media.relations@jdpa.com)

No advertising or other promotional use can be made of the information in this release without the express prior written consent of J.D. Power and Associates. [www.jdpower.com/corporate](http://www.jdpower.com/corporate)

# # #

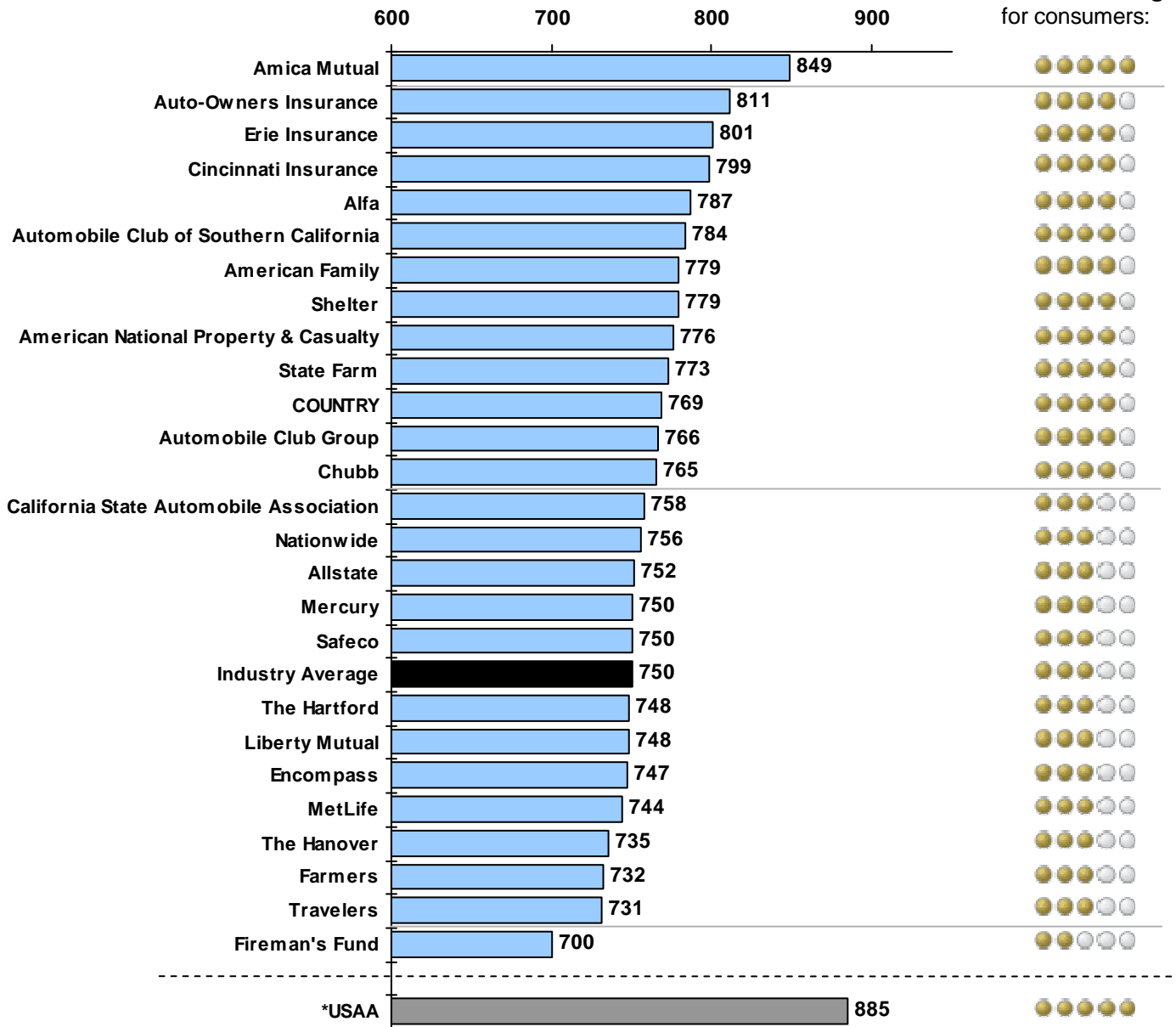
(Page 2 of 2)

NOTE: One chart follows.

# J.D. Power and Associates 2010 U.S. National Homeowners 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:



\*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 award-eligible due to market share criteria and/or localized availability are: North Carolina Farm Bureau and Tennessee Farm Bureau.

Source: J.D. Power and Associates 2010 U.S. National Homeowners 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 2010 U.S. National Homeowners 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.