

**J.D. Power Reports:  
Customers Switch Auto Insurers Because of Poor Service;  
However, Savings with New Carrier Often Isn't Enough to Fully Satisfy**

[Erie Insurance Ranks Highest in Customer Satisfaction with the Auto Insurance Purchase Experience for a Second Consecutive Year](#)

**WESTLAKE VILLAGE, Calif.: 24 April 2014** — While a poor experience with their insurer is the leading reason customers shop for, and ultimately switch to a new auto insurance company, declining new price satisfaction is the primary reason customers are less satisfied when they do switch insurers, according to the J.D. Power 2014 U.S. Insurance Shopping Study<sup>SM</sup> released today.

The study finds that 30 percent of auto customers shopped for a new insurance provider in 2013, among whom 36 percent ultimately switched insurers. Increases in premiums do not drive shopping as much as poor experience. Customers who experience a premium increase shop at a rate of 13 percent—less than half the rate of shopping among those who have a poor experience (28%).

Price, however, is still important in the selection process—eight in 10 customers continue to select the lowest-priced insurer—and an increasingly important driver of new-buyer purchase experience satisfaction once customers have selected a new insurer. Overall new-buyer satisfaction with the auto insurance purchase experience averages 821 (on a 1,000-point scale), down significantly from 828 in 2013. The decline in satisfaction is driven by a 17-point drop in the price factor, which has the greatest impact on satisfaction.

“The insurance industry spends billions of dollars each year on advertising, and over the last seven years many of those ads have tried to entice customers with big savings,” said Jeremy Bowler, senior director of the insurance practice at J.D. Power. “While switching to a new insurer usually results in savings, the ads make promises of savings that a growing number of new customers don’t believe they’ve received.”

## **KEY FINDINGS**

- On average, customers saved \$300 when switching insurers in the past 12 months. The longer customers had been with their previous insurer, the greater the savings when they switched carriers, likely because they had been experiencing rate increases. Customers who were with their prior insurer for 11 years or longer before switching save an average of \$426 per year on their premiums, compared with \$291 among those who had been with their previous insurer less than two years before switching. Moreover, satisfaction among customers who had been with their insurer 11 years or longer prior to switching is higher than among those who were with their insurer fewer than two years (855 vs. 820, respectively).
- Insurers that achieve high satisfaction scores by providing an outstanding onboarding experience also retain a higher percentage of those customers and have fewer new customers shopping. Among customers who are highly satisfied in their first year with their insurer (overall satisfaction scores of 850 or higher), 81 percent remain with that insurer and only 41 percent shop other insurers. Among customers with lower satisfaction in the first year (809 or lower), only 61 percent remain with that insurer and 61 percent shop.

- Rate increases do not drive customers to shop as much as poor service does, as customers are tolerant of a certain level of rate increases. However, rate hikes of more than \$200 can triple the rate of customers who switch insurers.

The study, now in its eighth year, examines insurance shopping and purchase behavior and overall satisfaction among customers who recently purchased insurance across three factors (in order of importance): price, distribution channel and policy offerings.

### **Study Rankings**

Erie Insurance ranks highest among auto insurers in providing a satisfying purchase experience for the second consecutive year, with a score of 843. Erie Insurance performs particularly well in all three factors. MetLife and State Farm rank second in a tie at 839, while American Family and Ameriprise rank fourth in a tie at 835.

The 2014 U.S. Insurance Shopping Study is based on responses from more than 16,900 shoppers who requested an auto insurance price quote from at least one competitive insurer in the past 9 months and includes more than 50,000 unique customer evaluations of insurers. The study was fielded in July 2013, October 2013 and January 2014.

### **Media Relations Contacts**

Jeff Perlman; Brandware Public Relations; Woodland Hills, Calif.; 818-317-3070;

[jperlman@brandwarepr.com](mailto:jperlman@brandwarepr.com)

John Tews; J.D. Power; Troy, Mich.; 248-680-6218; [media.relations@jdpa.com](mailto:media.relations@jdpa.com)

**About J.D. Power and Advertising/Promotional Rules** <http://www.jdpower.com/about-us/press-release-info>

**About McGraw Hill Financial** [www.mhfi.com](http://www.mhfi.com)

###

(Page 2 of 2)

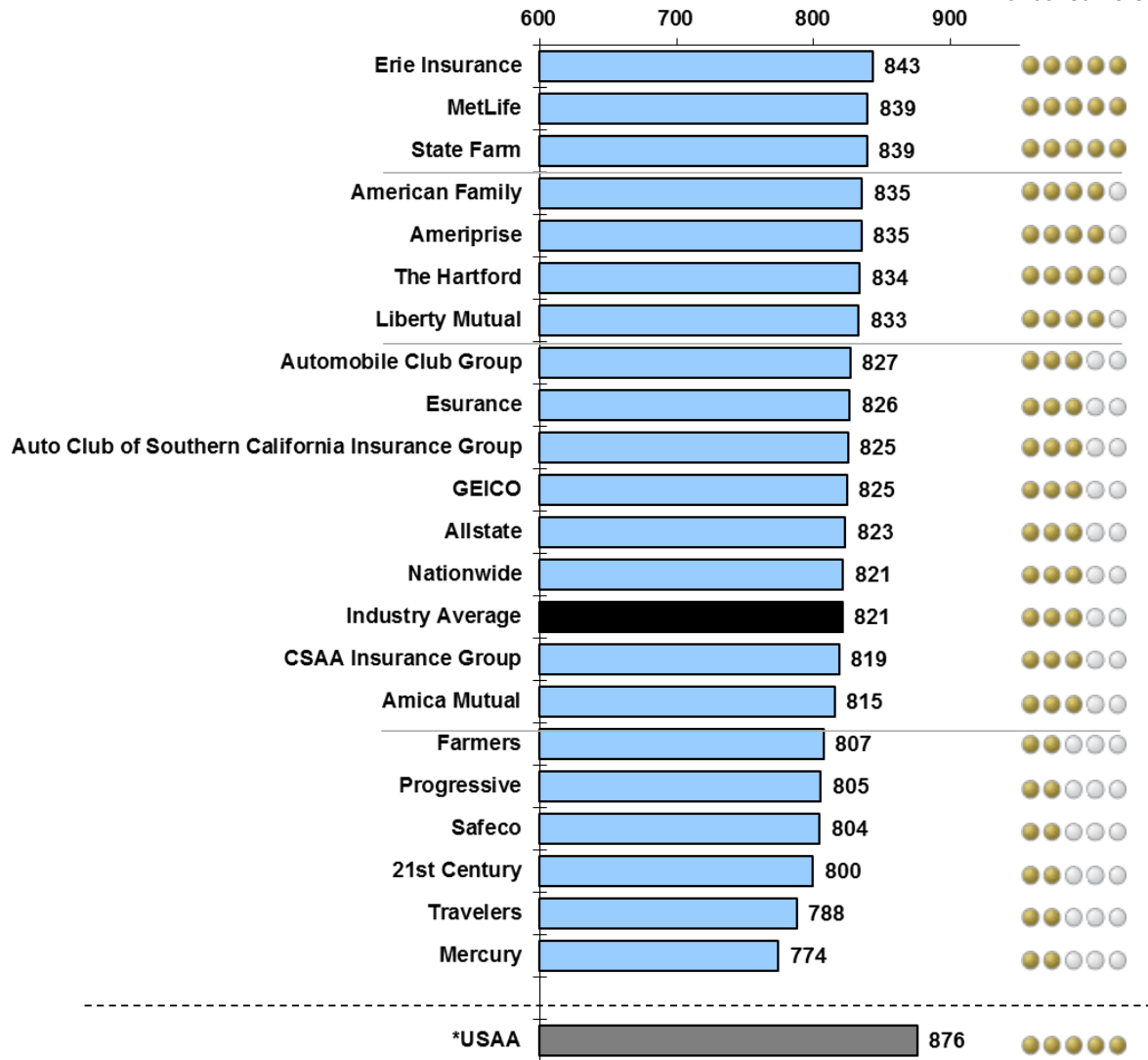
Note: One rank charts follows.

# J.D. Power 2014 U.S. Insurance Shopping 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.

Note: Included in the study but not ranked due to sample size are National General, Allied and Auto-Owners Insurance.

### Power Circle Ratings Legend

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

Source: J.D. Power 2014 U.S. Insurance Shopping Study<sup>SM</sup>

Charts and graphs extracted from this press release for use by the media must be accompanied by a statement identifying J.D. Power as the publisher and the study from which it originated as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power survey results without the express prior written consent of J.D. Power.