



## Press Release

### **J.D. Power and Associates Reports: Overall Customer Satisfaction with the Home Claims Experience is Notably Lower than Satisfaction with Auto Claims**

**WESTLAKE VILLAGE, Calif.: 22 December 2009** — Satisfaction among homeowners insurance customers who file a property claim is significantly lower than that of auto claimants, according to the J.D. Power and Associates 2009 Home Claims Satisfaction Study<sup>SM</sup> released today.

The study finds that customer satisfaction with the home claims experience averages 828 on a 1,000-point scale. In comparison, satisfaction with the auto claims experience averages 842, according to the J.D. Power and Associates 2009 Auto Claims Satisfaction Study<sup>SM</sup> released in November.

“Home claims are typically far more complex than auto claims, and homeowners insurance claimants tend to have less knowledge of the specifics of their policy coverage than do auto claimants,” said Jeremy Bowler, senior director of the insurance practice at J.D. Power and Associates. “Although satisfying home claimants is particularly challenging, it’s still crucial for insurance providers to meet the needs of these customers, given the significant impact the experience has on long-term policy retention.”

The study also finds that higher levels of satisfaction with the home claims experience have a positive impact on customer loyalty and advocacy. Among customers of insurers that achieve high satisfaction scores (averaging 837 or higher), two-thirds say they “definitely will” renew their policy, while 64 percent say they “definitely will” recommend the insurer. In contrast, among customers of insurers with lower levels of satisfaction (scores averaging 816 or below), only 49 percent say they “definitely will” renew and 42 percent say they “definitely will” recommend the insurer.

“While only about 6 percent of homeowners insurance customers per year file a home claim, for those who do, no other aspect of the experience with their insurer is more meaningful,” said Bowler. “An experience that meets or exceeds customer expectations may foster long-term loyalty, just as a negative experience may drive a customer to shop other insurance companies.”

In particular, insurers have the opportunity to improve customer satisfaction during the first notice of loss and settlement portions of the claims process. During the first notice of loss process, fewer than three-fourths of home claimants indicate that the insurer provided an explanation of their policy coverage, compared with 81 percent of auto claimants.

During the settlement process, claimants’ lack of understanding regarding their policy coverage often leads to negotiated settlements. Twenty-two percent of home claimants report negotiating the settlement amount, while just 11 percent of auto claimants say the same.

“The negotiation process tends to be difficult and stressful and often leads most customers to become dissatisfied with their claims experience,” said Bowler. “On average, satisfaction among home claimants who negotiate their settlement is 117 points lower than among those who didn’t negotiate. By thoroughly explaining the limitations of

the policy coverage and fully managing customer expectations, insurance companies may be able to lower the number of negotiations and improve claimant satisfaction considerably.”

The 2009 Home Claims Satisfaction Study measures insurance customer satisfaction with the property claims experience by examining five factors: settlement; first notice of loss; appraisal; service interaction; and repair process. The study is based on surveys from 2,500 insurance customers nationally who filed a property claim between January 2008 and July 2009 and evaluates 11 insurance companies across the industry, including: Allstate; American Family; Amica Mutual; Farmers; Liberty Mutual; Nationwide; Safeco; State Farm; The Hartford; Travelers; and USAA. The study was fielded in July and August 2009.

For more information on either claim studies, please view the following links:

Auto Claims Study: <http://www.jdpower.com/corporate/library/download/?files=9998989>

Home Claims Study: <http://www.jdpower.com/corporate/library/download/?files=9998990>

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