Usage-Based Auto Insurance Takes Center Stage as Satisfaction Flatlines, J.D. Power Finds

Industry-Wide Rate Increases Force New Approaches to Customer Retention

TROY, Mich.: 13 June 2022 — A record high number of serious collisions, skyrocketing used-vehicle prices and surging repair costs have created an unenviable scenario for auto insurers: raise rates or go out of business. It should come as little surprise that the J.D. Power 2022 U.S. Auto Insurance Study,[SM] released today, finds that customer satisfaction with the price of auto insurance has declined sharply, but notable industry efforts to improve customer engagement has kept overall customer satisfaction at a level similar to a year ago.

"The current situation is a tough one for auto insurers, but it is not impossible in the current inflationary environment to build customer satisfaction and retention," said **Robert Lajdziak, director of insurance intelligence at J.D. Power**. "J.D. Power finds two bright spots in the data for insurers. First, those insurers that are transparent and notify customers in advance of price increases can blunt the negative effects of a price increase. Second, usage-based insurance is growing quickly, with an all-time high number of customers adopting these programs and due to their experience using them, overall customer satisfaction levels have significantly risen."

Following are some of the key findings of the 2022 study:

- **Rising prices stifle customer satisfaction:** Overall customer satisfaction with auto insurance providers is 834 (on a 1,000-point scale), down from 835 a year ago. However, customer satisfaction with the price of their policies is 769, down a significant 5 points from 2021.

- **Usage-based insurance sees record adoption:** Participation in usage-based insurance programs, which use telematics technology to monitor driving habits and assign risk and pricing accordingly, has doubled since 2016, with 16% of auto insurance customers now participating in such programs. Price satisfaction among customers participating in these programs is 59 points higher, on average, than among customers overall.

- **It pays to get out in front of bad news:** Premium increases do not bode well for customer satisfaction, but insurers that are proactive about such increases and notify customers in advance are able to mitigate the negative effects they generate. In the past year, 59% of customers experiencing a price increase were notified in advance by their insurer—up from 44% in 2016—and overall satisfaction scores are 37 points higher, on average, among those pre-notified customers. The phone is the most effective channel for this type of notification.

- **Agents benefit when customers use online self-service tools:** When customers engage with their insurer via both digital channels and live channels—such as agents or customer service representatives (CSRs)—satisfaction with the live channel increases. The reason is efficiency, as customers can handle transactions quickly while spending more valuable time with an agent or CSR. A multi-channel strategy is a successful approach, and the same is true when live channels are added for customers who primarily take a digital-first approach.

The study measures customer satisfaction with auto insurance in 11 geographic regions. Highest-ranking auto insurers and scores, by region, are as follows:

California: **Wawanesa** (879) (for a third consecutive year)
Central: **Shelter** (866) (for a second consecutive year)
Florida: **The Hartford** (860)
Mid-Atlantic: **Erie Insurance** (867)
New England: **Amica Mutual** (862) (for a 10th consecutive year)
New York: **New York Central Mutual** (834)
North Central: **Erie Insurance** (876) (for a second consecutive year)
Northwest: **The Hartford** (842)
Southeast: **Farm Bureau Insurance - Tennessee** (876) (for an 11th consecutive year)
Southwest: **State Farm** (848)
Texas: **Texas Farm Bureau** (873) (for an 11th consecutive year)

The 2022 U.S. Auto Insurance Study, now in its 23rd year, examines customer satisfaction in five factors (in alphabetical order): billing process and policy information; claims; interaction; policy offerings; and price. The study is based on responses from 36,935 auto insurance customers and was fielded from January through April 2022.

For more information about the U.S. Auto Insurance Study, visit
https://www.jdpower.com/business/resource/jd-power-us-auto-insurance-satisfaction-study.

See the online press release at http://www.jdpower.com/pr-id/2022065.

About J.D. Power
J.D. Power is a global leader in consumer insights, advisory services and data and analytics. A pioneer in the use of big data, artificial intelligence (AI) and algorithmic modeling capabilities to understand consumer behavior, J.D. Power has been delivering incisive industry intelligence on customer interactions with brands and products for more than 50 years. The world's leading businesses across major industries rely on J.D. Power to guide their customer-facing strategies.

J.D. Power has offices in North America, Europe and Asia Pacific. To learn more about the company's business offerings, visit JDPower.com/business. The J.D. Power auto shopping tool can be found at JDPower.com.

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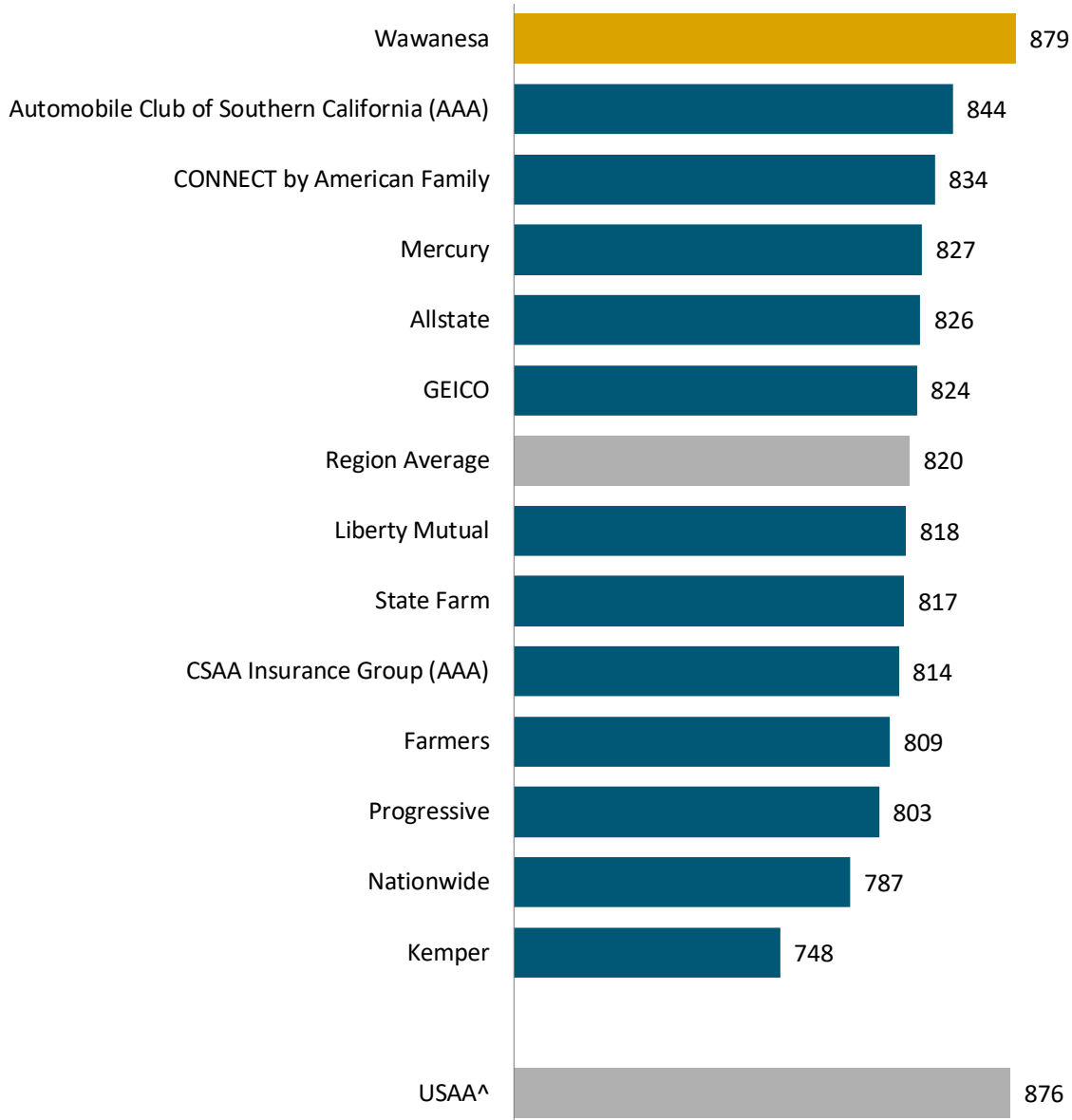
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NOTE: 11 charts follow.

J.D. Power
2022 U.S. Auto Insurance Study^SM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

California

Company	Score
Wawanesa	879
Automobile Club of Southern California (AAA)	844
CONNECT by American Family	834
Mercury	827
Allstate	826
GEICO	824
Region Average	820
Liberty Mutual	818
State Farm	817
CSAA Insurance Group (AAA)	814
Farmers	809
Progressive	803
Nationwide	787
Kemper	748
USAA^	876

Note: ^Brand is not rank eligible because it does not meet study award criteria.
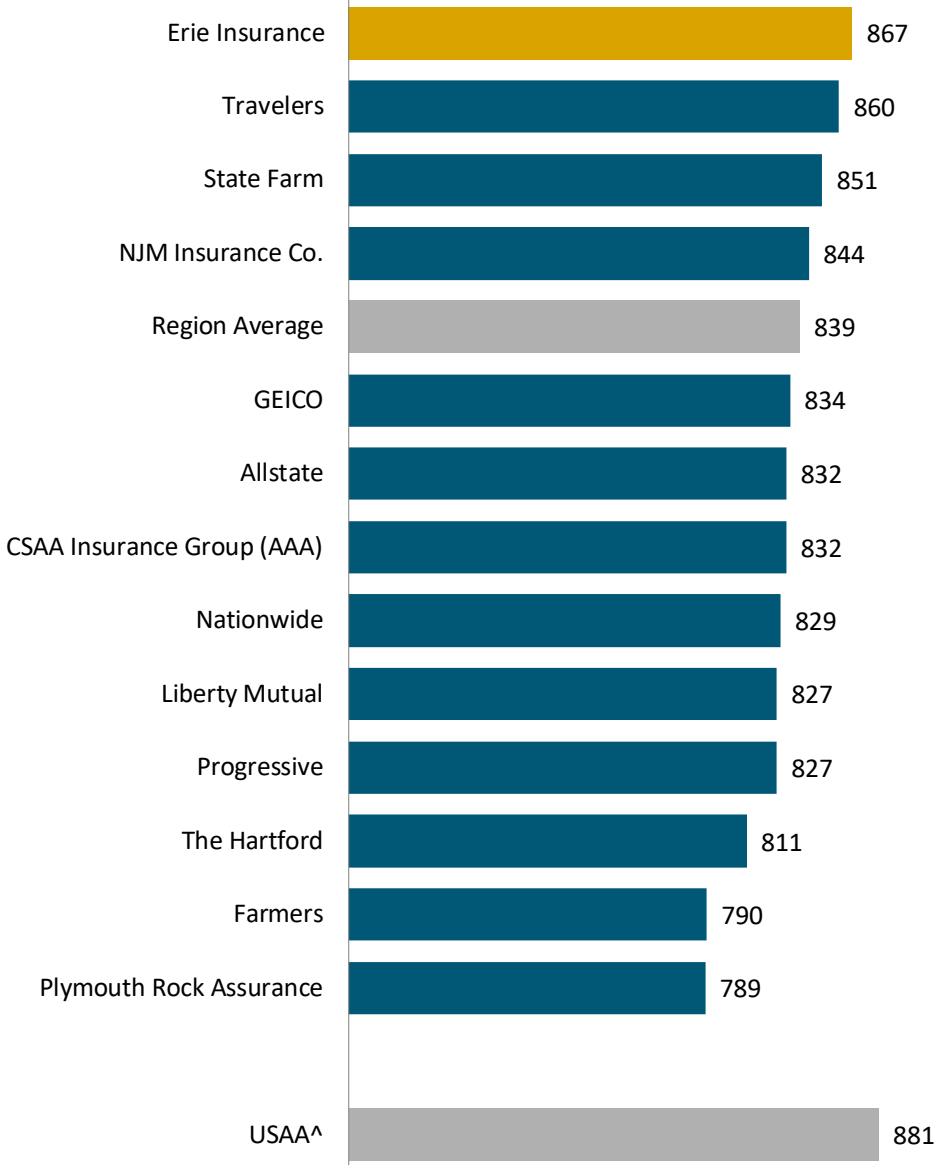
J.D. Power
2022 U.S. Auto Insurance Study^{SM}

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Central

Company	Score
Shelter	866
American Family	848
GEICO	847
State Farm	843
Liberty Mutual	840
Automobile Club of Southern California (AAA)	838
Region Average	835
Travelers	832
Farmers	828
Auto-Owners Insurance	821
Progressive	820
Allstate	816
Safeco	808
Nationwide	800
USAA^	879

Note: ^Brand is not rank eligible because it does not meet study award criteria;
Central includes Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota.

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Overall Customer Satisfaction Index Ranking
(Based on a 1,000-point scale)

Florida

Company	Score
The Hartford	860
Allstate	849
Automobile Club Group (AAA)	849
State Farm	840
GEICO	833
Region Average	832
Liberty Mutual	831
Auto-Owners Insurance	822
Travelers	818
Progressive	810
USAA^	884

Note: ^Brand is not rank eligible because it does not meet study award criteria.

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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Mid-Atlantic

Company	Score
Erie Insurance	867
Travelers	860
State Farm	851
NJM Insurance Co.	844
Region Average	839
GEICO	834
Allstate	832
CSAA Insurance Group (AAA)	832
Nationwide	829
Liberty Mutual	827
Progressive	827
The Hartford	811
Farmers	790
Plymouth Rock Assurance	789
USAA^	881

Note: ^Brand is not rank eligible because it does not meet study award criteria;
Mid-Atlantic includes Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia and West Virginia.

Source: J.D. Power 2022 U.S. Auto Insurance Study^{SM}

J.D. Power
2022 U.S. Auto Insurance Study^{SM}

Overall Customer Satisfaction Index Ranking
(Based on a 1,000-point scale)

New England

Company	Score
Amica Mutual	862
State Farm	838
Plymouth Rock Assurance	834
GEICO	827
Region Average	823
Arbella	819
Progressive	818
Travelers	816
Safety Insurance	809
Liberty Mutual	806
MAPFRE Insurance	804
Allstate	787
USAA^	884
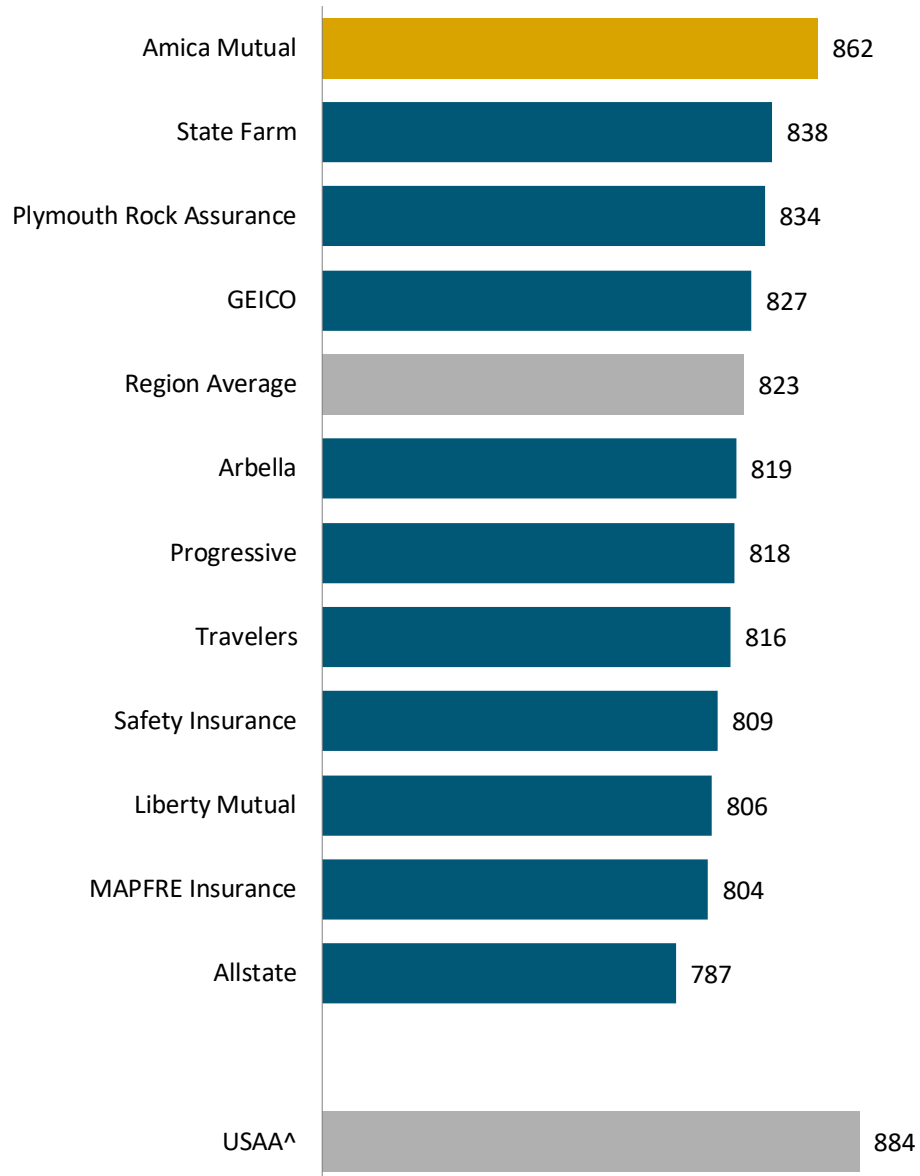
Note: ^Brand is not rank eligible because it does not meet study award criteria;
New England includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

Source: J.D. Power 2022 U.S. Auto Insurance Study^{SM}

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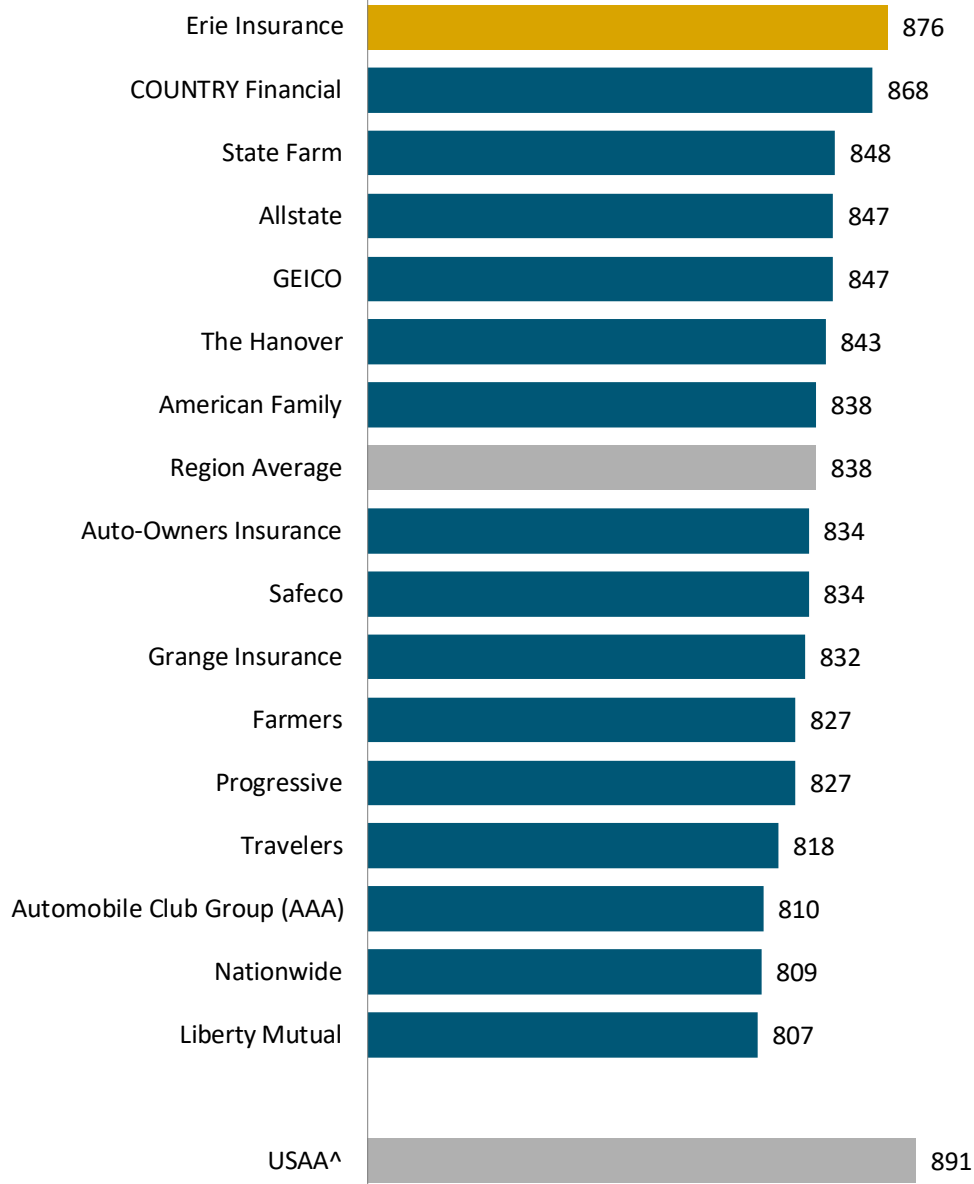
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2022 U.S. Auto Insurance Study^{SM}

Overall Customer Satisfaction Index Ranking
(Based on a 1,000-point scale)

New York

Company	Score
New York Central Mutual	834
State Farm	831
GEICO	829
Travelers	822
Region Average	822
Progressive	811
Allstate	810
Liberty Mutual	798
USAA^	891

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Overall Customer Satisfaction Index Ranking
(Based on a 1,000-point scale)

North Central

Company	Score
Erie Insurance	876
COUNTRY Financial	868
State Farm	848
Allstate	847
GEICO	847
The Hanover	843
American Family	838
Region Average	838
Auto-Owners Insurance	834
Safeco	834
Grange Insurance	832
Farmers	827
Progressive	827
Travelers	818
Automobile Club Group (AAA)	810
Nationwide	809
Liberty Mutual	807
USAA^	891

Note: ^Brand is not rank eligible because it does not meet study award criteria;
North Central includes Illinois, Indiana, Michigan, Ohio and Wisconsin.

Source: J.D. Power 2022 U.S. Auto Insurance Study^{SM}

J.D. Power
2022 U.S. Auto Insurance Study^{SM}

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Northwest

Brand	Score
The Hartford	842
State Farm	839
GEICO	832
Region Average	829
PEMCO Insurance	823
Progressive	819
Safeco	816
Allstate	811
Farmers	802
USAA^	883

Note: ^Brand is not rank eligible because it does not meet study award criteria;
Northwest includes Idaho, Montana, Oregon, Washington and Wyoming.

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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Southeast

Company	Score
Farm Bureau Insurance - Tennessee	876
Auto-Owners Insurance	871
Erie Insurance	868
Alfa Insurance	862
Kentucky Farm Bureau	860
State Farm	855
Nationwide	850
Region Average	849
Safeco	847
North Carolina Farm Bureau	844
GEICO	843
Progressive	842
Travelers	839
Allstate	833
Liberty Mutual	831
National General	829
Farmers	828
USAA^	886

Note: ^Brand is not rank eligible because it does not meet study award criteria;
Southeast includes Alabama, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.
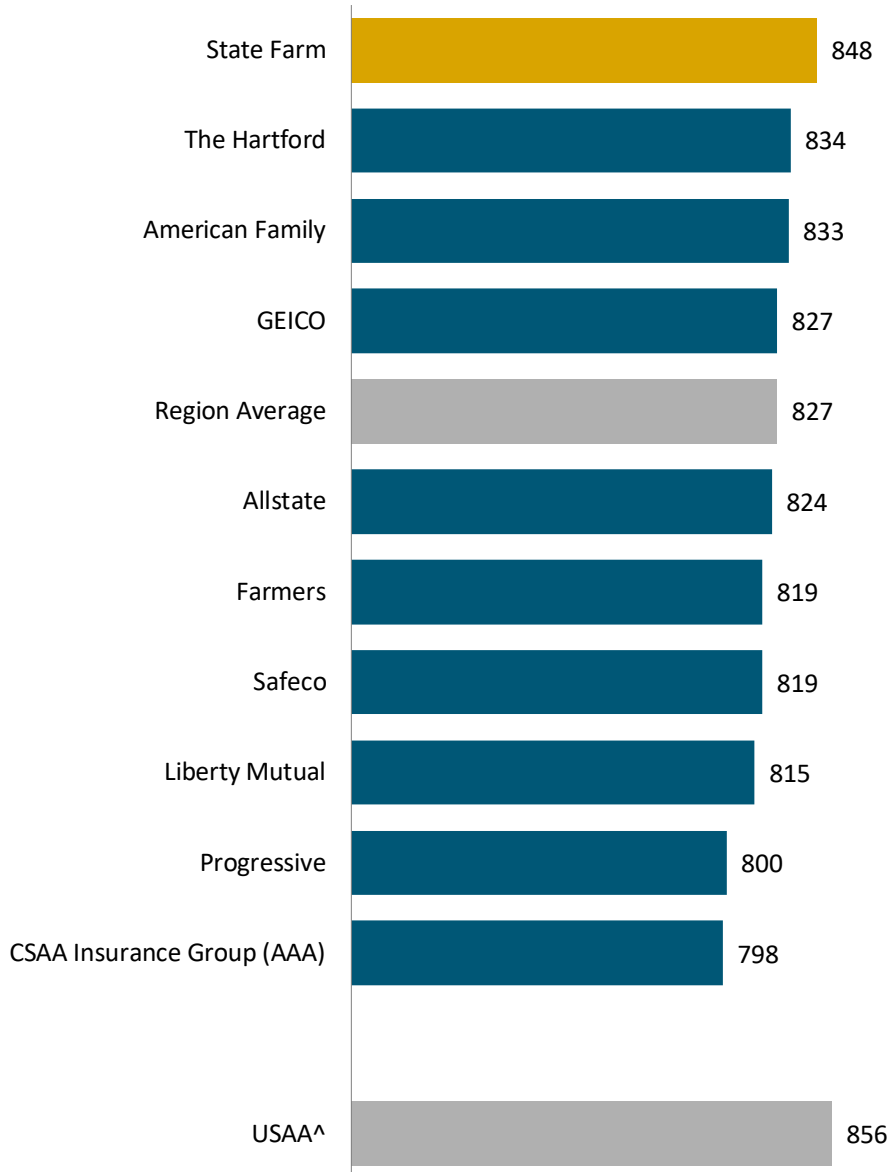
Source: J.D. Power 2022 U.S. Auto Insurance Study^{SM}

J.D. Power
2022 U.S. Auto Insurance Study^{SM}

Overall Customer Satisfaction Index Ranking
(Based on a 1,000-point scale)

Southwest

Company	Score
State Farm	848
The Hartford	834
American Family	833
GEICO	827
Region Average	827
Allstate	824
Farmers	819
Safeco	819
Liberty Mutual	815
Progressive	800
CSAA Insurance Group (AAA)	798
USAA^	856

Note: ^Brand is not rank eligible because it does not meet study award criteria;
Southwest includes Arizona, Colorado, Nevada, New Mexico and Utah.

Source: J.D. Power 2022 U.S. Auto Insurance Study^{SM}

J.D. Power
2022 U.S. Auto Insurance Study^{SM}

Overall Customer Satisfaction Index Ranking
(Based on a 1,000-point scale)

Texas

Brand	Score
Texas Farm Bureau	873
State Farm	851
Region Average	844
GEICO	843
Automobile Club of Southern California (AAA)	835
Allstate	832
Progressive	831
Farmers	819
USAA^	885