



Press Release

J.D. Power and Associates Reports: Providing High Levels of Customer Satisfaction Has Clear Financial Implications for Auto Insurers

Amica Mutual Ranks Highest in Auto Insurance Customer Satisfaction for a Seventh Consecutive Year

WESTLAKE VILLAGE, Calif.: 29 August 2006 — Auto insurance companies that record high levels of customer satisfaction benefit from customer behaviors that have positive financial implications, according to the J.D. Power and Associates 2006 National Auto Insurance StudySM released today.

The study identifies and tracks performance on numerous specific, measurable behaviors on the part of the insurer where there are clear breakpoints in customer satisfaction levels. For example, auto insurance customers are more satisfied when they only have to contact their insurer once to resolve an issue, and satisfaction declines significantly with each additional contact. Customers who had their call resolved on the same day record average satisfaction scores of 862 on a 1,000-point scale. That drops to 816 among those who had to wait one to three days for their issue to be resolved and to 727 for those who had to wait four or more days. When a call back is required, those who receive a call back when promised rate their insurer 135 points higher than those who do not.

“There are certainly financial performance rewards associated with satisfying customers, principally increased renewals and recommendations,” said Jeremy Bowler, senior director of the insurance practice at J.D. Power and Associates. “Carriers achieving high levels of satisfaction retain 90 percent of their customers compared to those carriers with the lowest satisfaction levels who retain an average of only 78 percent of customers. Every customer lost to a competitor has a real impact on an insurer’s bottom line. However, in many cases, it takes little to no investment to improve customer satisfaction. It’s important to invest in the areas that truly resonate with customers. Often this means investing in developing the skills and empathy of the front-line employees and agents who serve customers day to day.”

Other behaviors that directly impact customer satisfaction and loyalty include:

- **Bundling:** Auto insurance customers who bundle other policies with the same insurer, such as homeowners insurance, are more likely than non-bundlers to be satisfied with their auto insurer’s policy offerings and renew their policies at an 11 percent higher rate. Customers who understand the discounts they receive are also more likely to be satisfied with policy offerings overall.
- **Claims:** For customers who file a physical damage claim with their auto insurer, time is critical. Same-day response to the first notice of the accident, followed by a settlement within a week and repairs completed within two weeks, represent the best practice. Satisfaction with claim handling drives 44 percent of the overall impression of their insurer for customers who filed a recent auto claim.
- **Annual policy reviews:** On average, customers who have their policy needs reviewed each year report satisfaction scores that are nearly 80 index points higher than those who did not. Currently, only one-half of auto insurance customers report being offered an annual policy review. Unless a customer files a claim, offering to review a policy holder’s insurance needs is one of only a few

opportunities an insurer has to build trust with the customer, who otherwise would only interact with their carrier by paying their bill and periodically changing their policy to update drivers, vehicles or address.

“One of the clearest indicators of the value insurers gain by delivering good service is that satisfied customers are much less likely to shop for a new provider,” said Bowler. “Customers who shop because of poor service are twice as likely to switch than those who switch for lower prices. The 2006 study also finds that auto insurers can limit shopping behavior triggered by price increases by proactively engaging the customer in discussion concerning the options available to them.”

The study finds that overall customer satisfaction with auto insurers improves for a fourth consecutive year, although the rate of improvement has slowed. Overall satisfaction is measured based on performance in five factors. They are (in order of importance): interaction, billing and payment, policy offerings, price, and claims.

Amica ranks highest in customer satisfaction for a seventh consecutive year. Amica is followed in the rankings by Erie, State Farm and GEICO, respectively. American Family and the Automobile Club of Southern California rank fifth in a tie. USAA receives a higher overall score than Amica, but is not included in the rankings because it is only open to U.S. military personnel and their families.

The 2006 National Auto Insurance Study is based on responses from 14,066 auto insurance policy holders who were surveyed between April and May 2006.

For more information on auto insurance provider ratings, please visit the J.D. Power and Associates Consumer Center at www.jdpower.com.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is an ISO 9001-registered global marketing information services firm operating in key business sectors including market research, forecasting, consulting, training and customer satisfaction. The firm’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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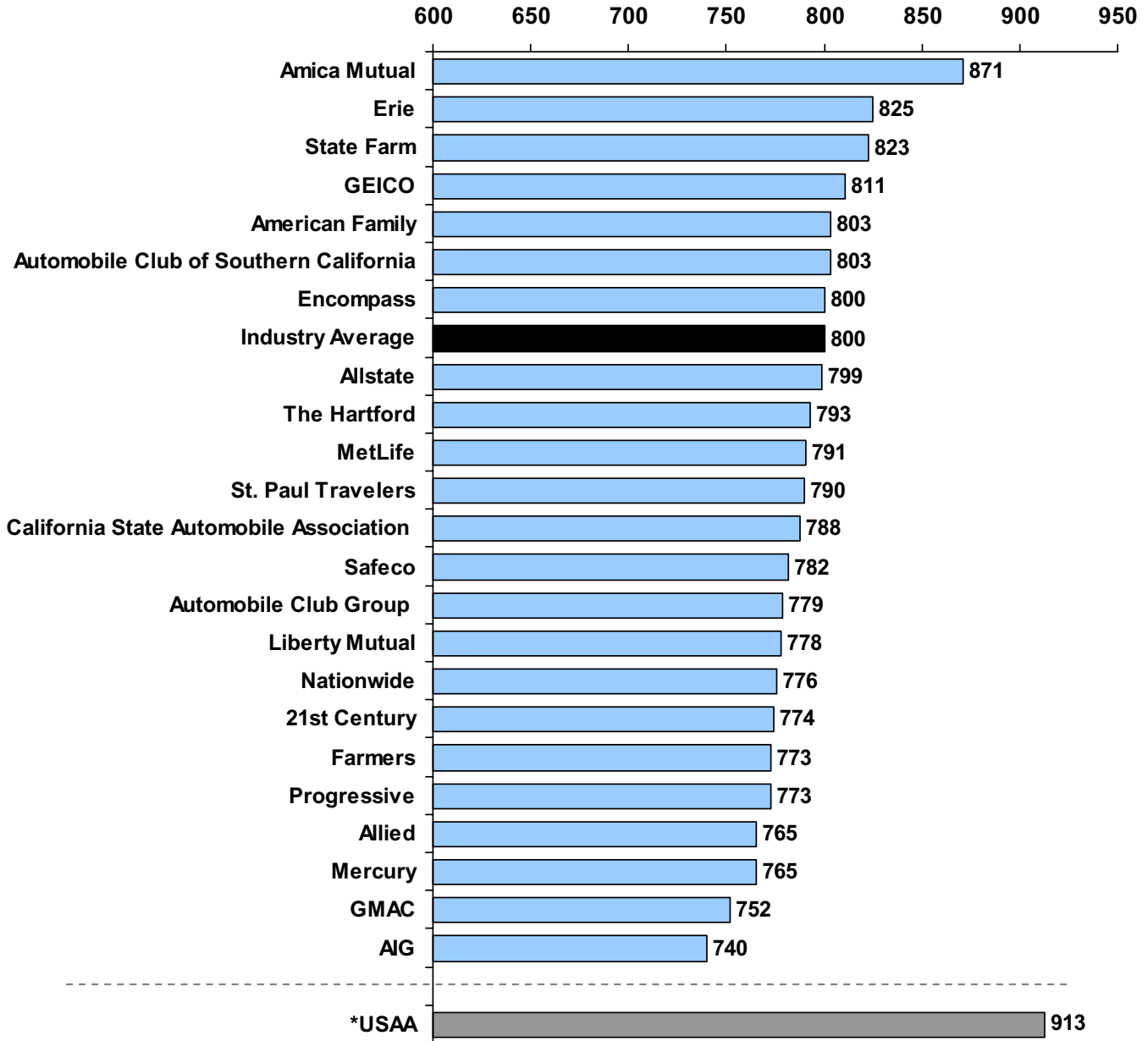
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NOTE: One chart follows.

J.D. Power and Associates 2006 National Auto Insurance StudySM

Overall Satisfaction Index Ranking

(Based on a 1,000-point scale)



* USAA is an insurance provider open only to U.S. military personnel and their families and therefore is not included in the rankings.

Source: J.D. Power and Associates 2006 National Auto Insurance StudySM

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