

Insurance Times: J.D. Power & Associates Erie Tops Home Insurers' Ranking
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Homeowners Report 50% Fewer Claims
Than Auto Insurance Policy Holders

Erie Insurance Group ranks highest in overall satisfaction for homeowners insurance, according to the inaugural J.D. Power and Associates 2001 Homeowners Insurance Study.

Liberty Mutual and The Hartford Financial Services Group closely follow Erie Insurance Group in the rankings. The study found that consumers place the most importance on the actual coverage their policy provides if they need to file a claim. Customer service, especially among those who have filed a claim, is also of paramount importance with respect to customer satisfaction and loyalty.

First Measurement

The study marks the first time J.D. Power and Associates has measured consumer usage and shopping behavior as well as customer satisfaction with regard to homeowners insurance. The results of the study are based on more than 11,200 responses from homeowners across the country.

Erie Insurance Group, which is headquartered in Erie, Penn., performs especially well on several service attributes: ease of contacting the insurance company; the courtesy and friendliness of the insurance representative; and the ability of the insurance representative to answer questions. Consumers are least pleased with the billing practices and the price they pay for their policy; however, they also indicate that pricing is relatively unimportant in determining their overall satisfaction with their provider.

Downplays Price

"Price doesn't appear to be as important because the annual premium consumers pay for their homeowners insurance policy remains relatively stable year-to-year, and they do not review their policy very frequently," said Frank Forkin, partner at J.D. Power and Associates.

Aside from sending a bill or account statement to policy holders, the claims process is one of the few touch points a homeowners insurance company has with its insureds. Only 18 percent of consumers report that they filed a claim against their homeowners insurance policy in the last three years, compared to nearly 35 percent of those who filed a claim against their auto insurance policy during the same period.

The study identifies that those who have filed a homeowners insurance claim are just as satisfied with their insurance company as those who haven't filed a claim. When policyholders do file a claim, they place the most importance on the fairness of the claim settlement and the length of time to settle it.

"While these are important areas to consumers, insurance companies are only doing an average job at satisfying them; therefore, these areas, along with keeping policyholders informed during the claims process, provide the greatest opportunity for improvement," Forkin said.

Homeowners show great loyalty to their insurance providers, with 87 percent remaining loyal to their insurance company for at least three years. More than one-half of all consumers have maintained a relationship with only one company for their entire homeowners insurance experience.

"Loyal homeowners are generally far more satisfied with every aspect of their current insurance experience, with the only exception being premium prices," Forkin said. "Loyal policyholders share similar satisfaction levels, in terms of premium prices, with those who have recently switched to a new insurance company. Consumers become content with their insurance company because they typically have multiple policies with their homeowners insurance company, making it more cumbersome to change carriers."

USAA and Amica Mutual also receive high ratings but are not included in the official rankings. USAA has a closed enrollment policy and is open only to the military community and their immediate families. Amica Mutual is not included in the rankings because it did not meet the sample size criteria established by J.D. Power and Associates prior to conducting the study. However, Amica's sample size is large enough that the data is statistically sound.

"Erie Insurance Group, USAA and Amica Mutual are the benchmarks for the industry in terms of customer satisfaction," Forkin said.

For more on the survey, visit www.jdpower.com/homes/insuranceratings.