

Usage-Based Auto Insurance Takes Center Stage as Satisfaction Flatlines, J.D. Power FindsIndustry-Wide Rate Increases Force New Approaches to Customer Retention

TROY, Mich.: 14 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](https://www.jdpower.com/business). The J.D. Power auto shopping tool can be found at [JDPower.com](https://www.jdpower.com).

Media Relations Contacts

Geno Effler, J.D. Power; West Coast; 714-621-6224; media.relations@jdpa.com
John Roderick; East Coast; 631-584-2200; john@jroderick.com

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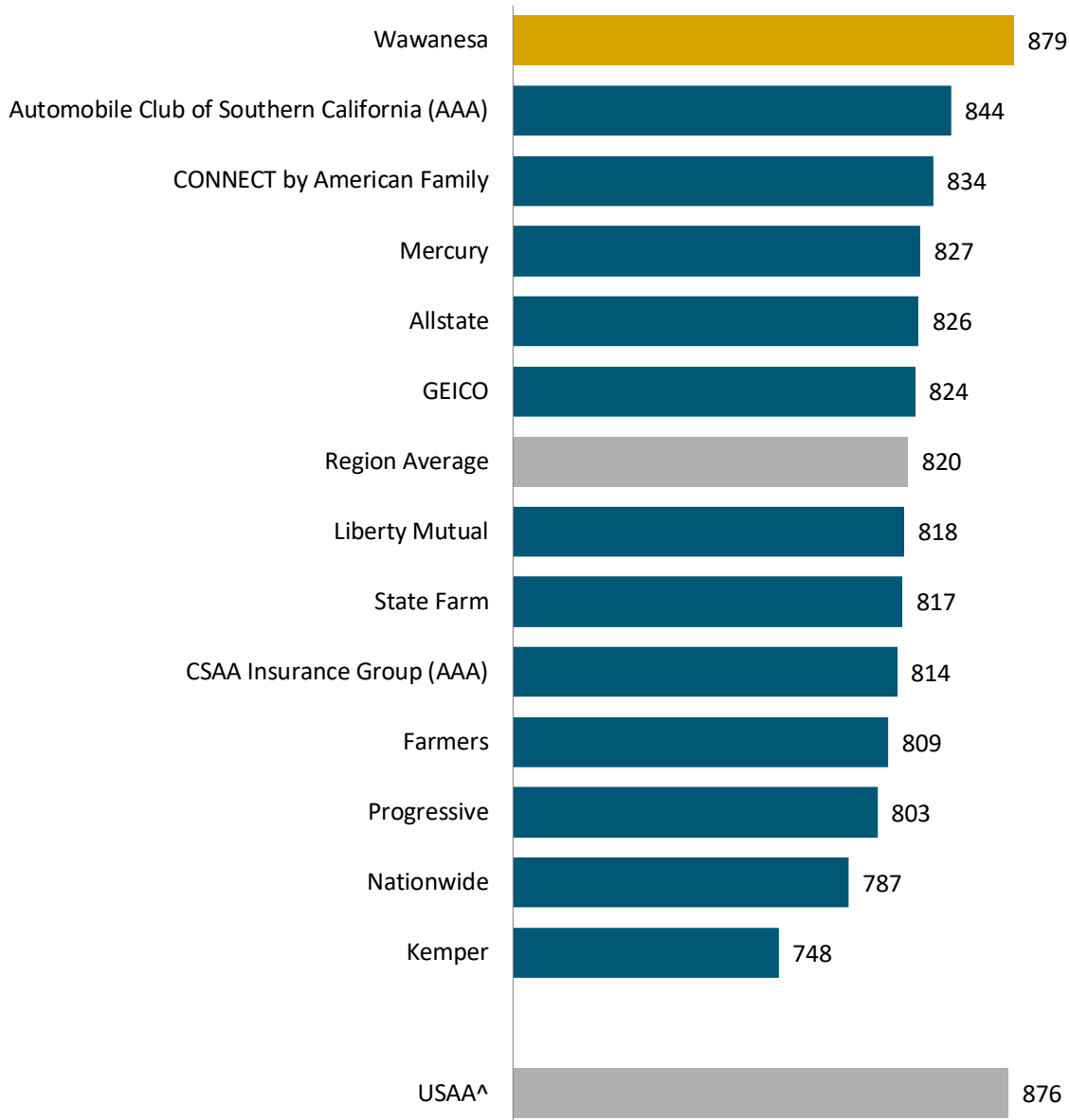
NOTE: 11 charts follow.

J.D. Power 2022 U.S. Auto Insurance StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

California



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

Source: J.D. Power 2022 U.S. Auto Insurance StudySM

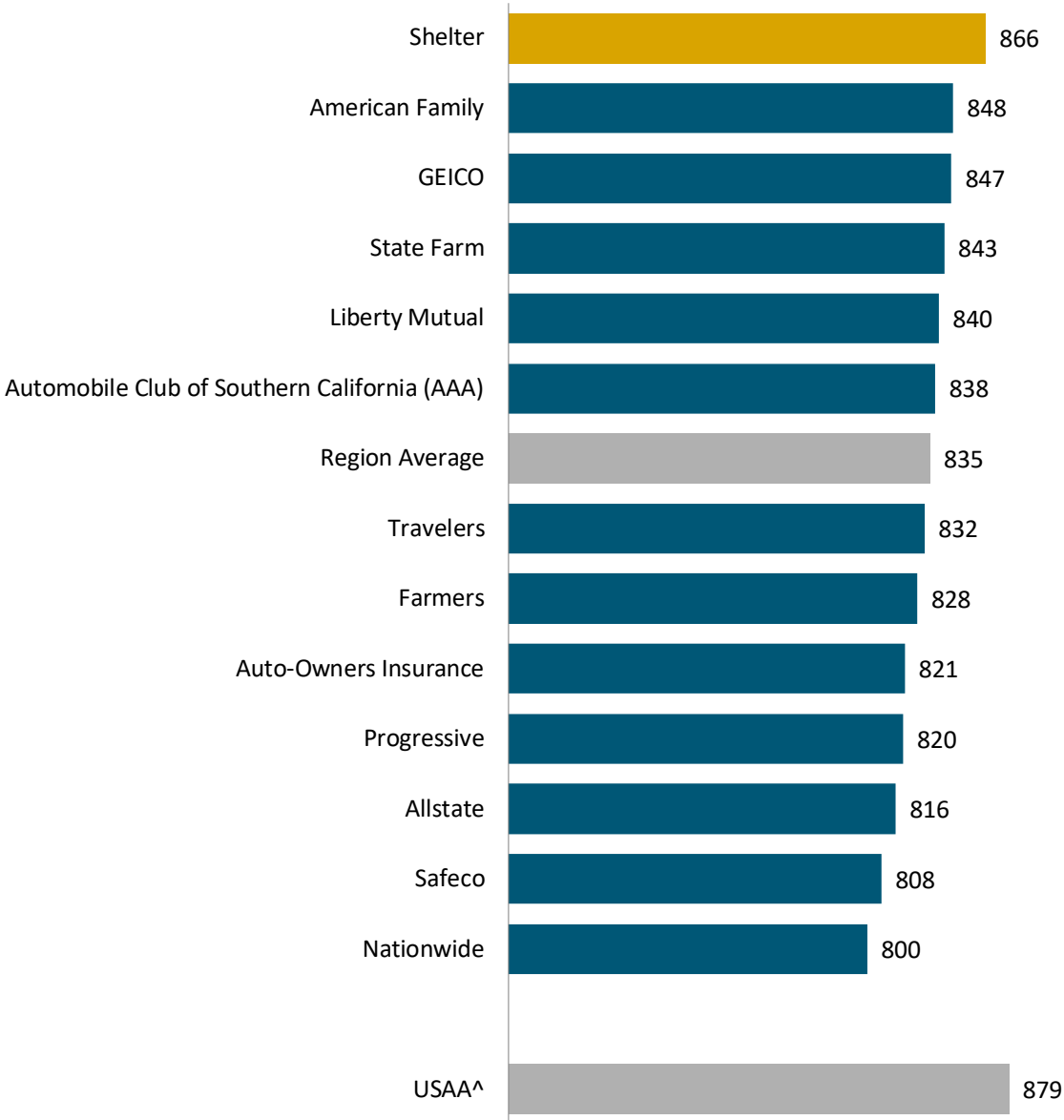
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Central



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.

Source: J.D. Power 2022 U.S. Auto Insurance StudySM

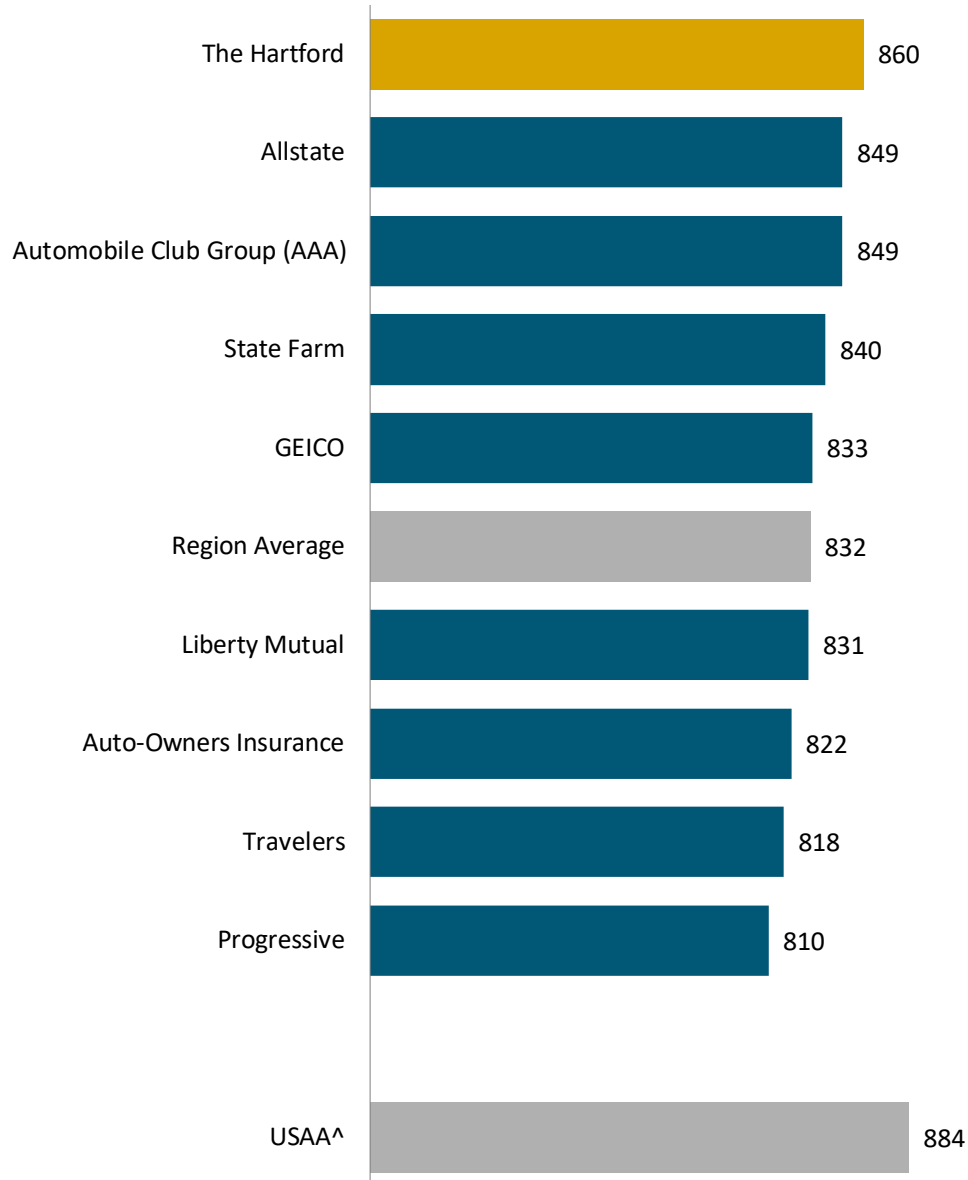
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Florida



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Source: J.D. Power 2022 U.S. Auto Insurance StudySM

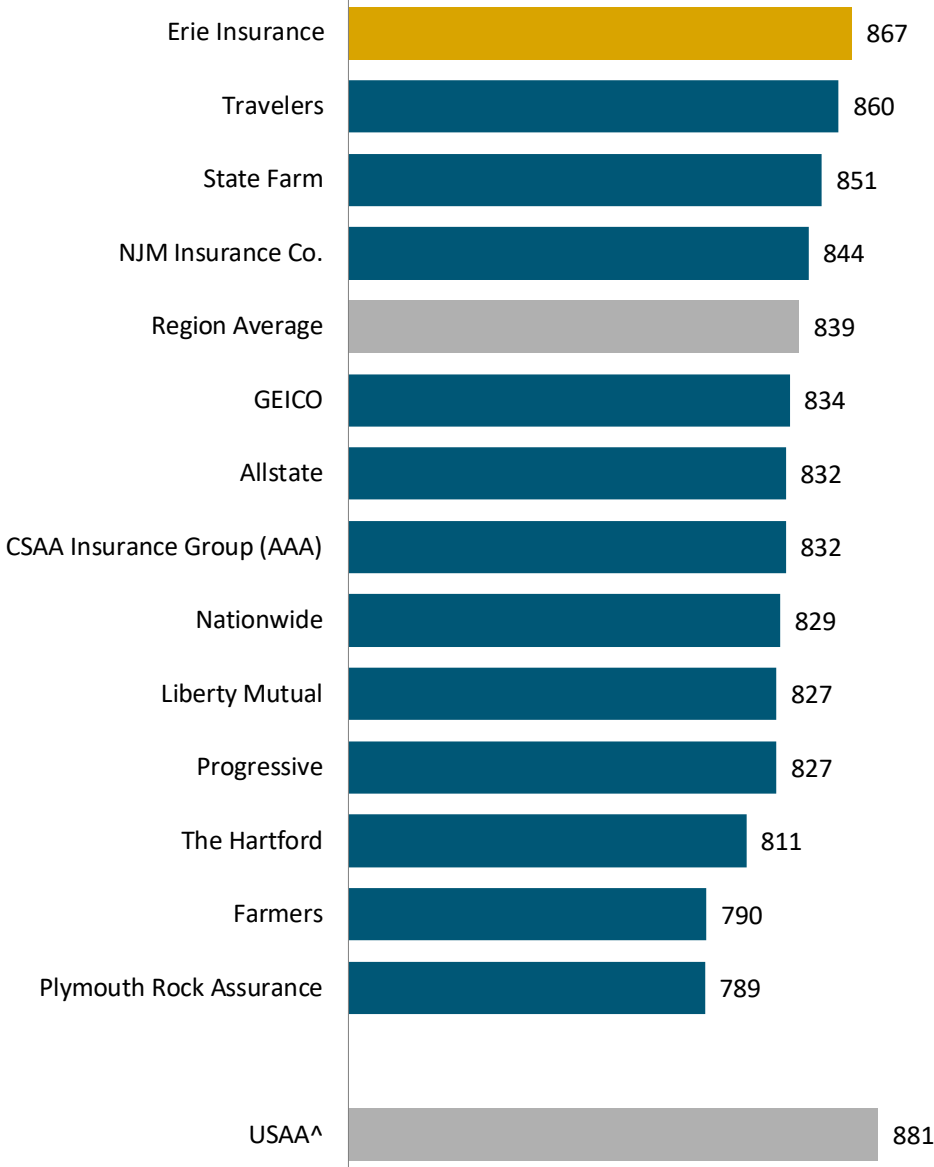
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Mid-Atlantic



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Mid-Atlantic includes Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia and West Virginia.

Source: J.D. Power 2022 U.S. Auto Insurance StudySM

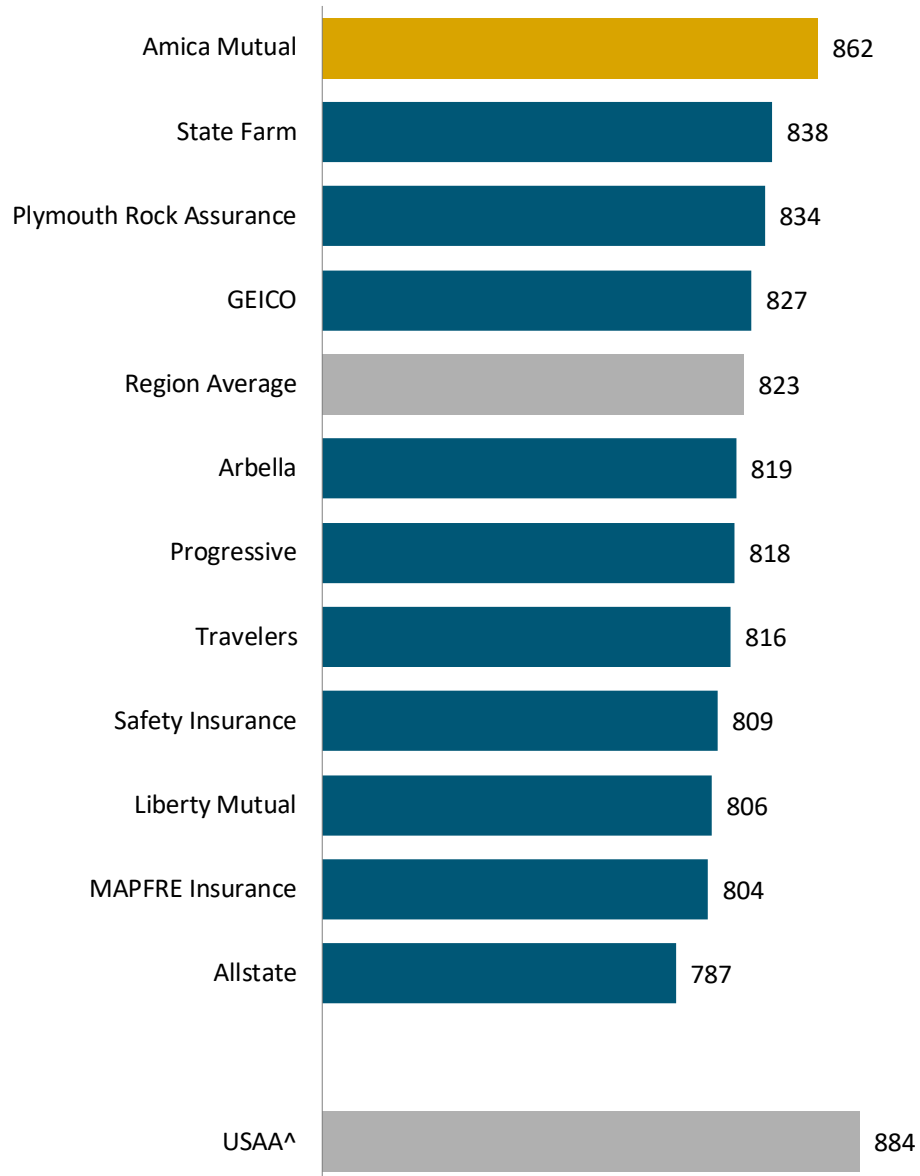
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

New England



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New England includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

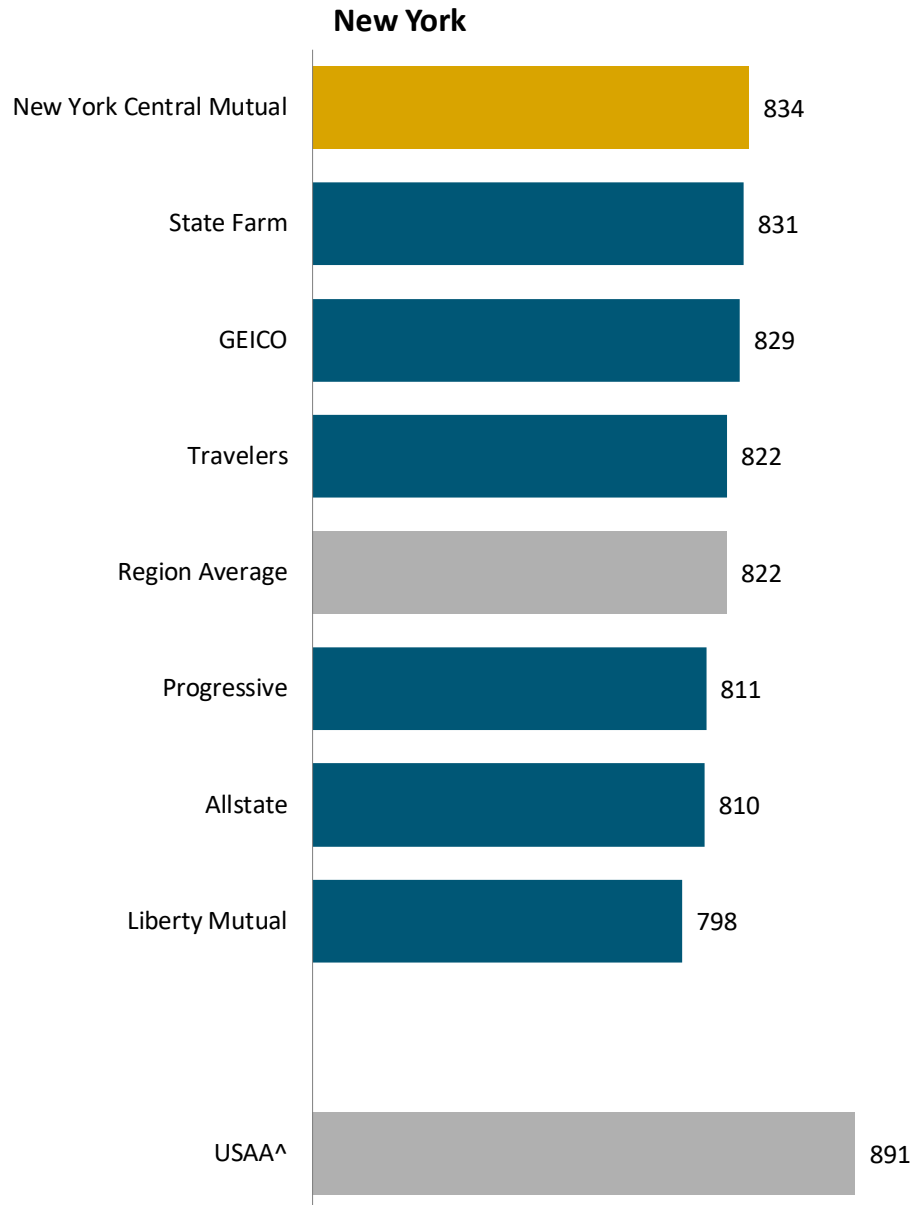
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J.D. Power 2022 U.S. Auto Insurance StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



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Source: J.D. Power 2022 U.S. Auto Insurance StudySM

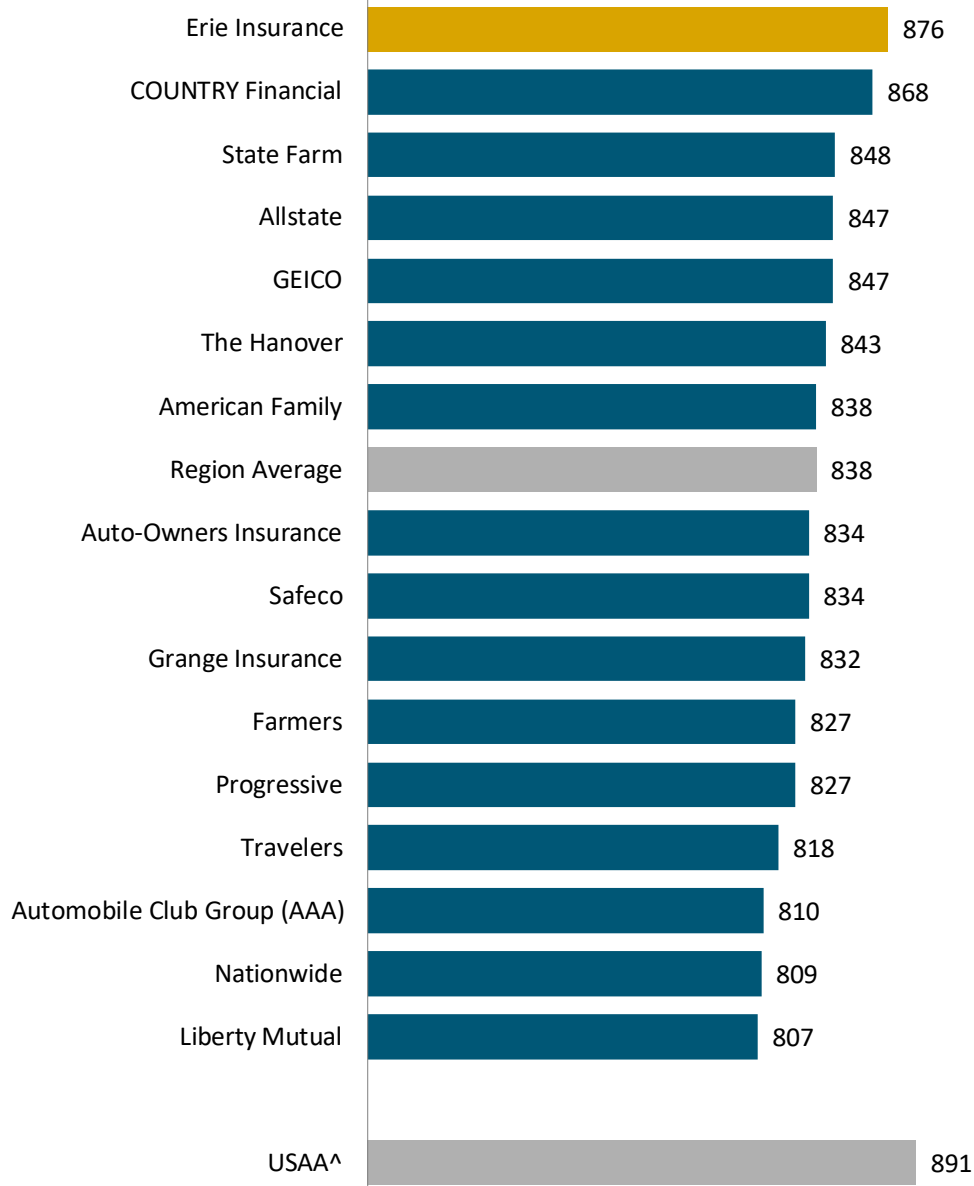
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

North Central



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North Central includes Illinois, Indiana, Michigan, Ohio and Wisconsin.

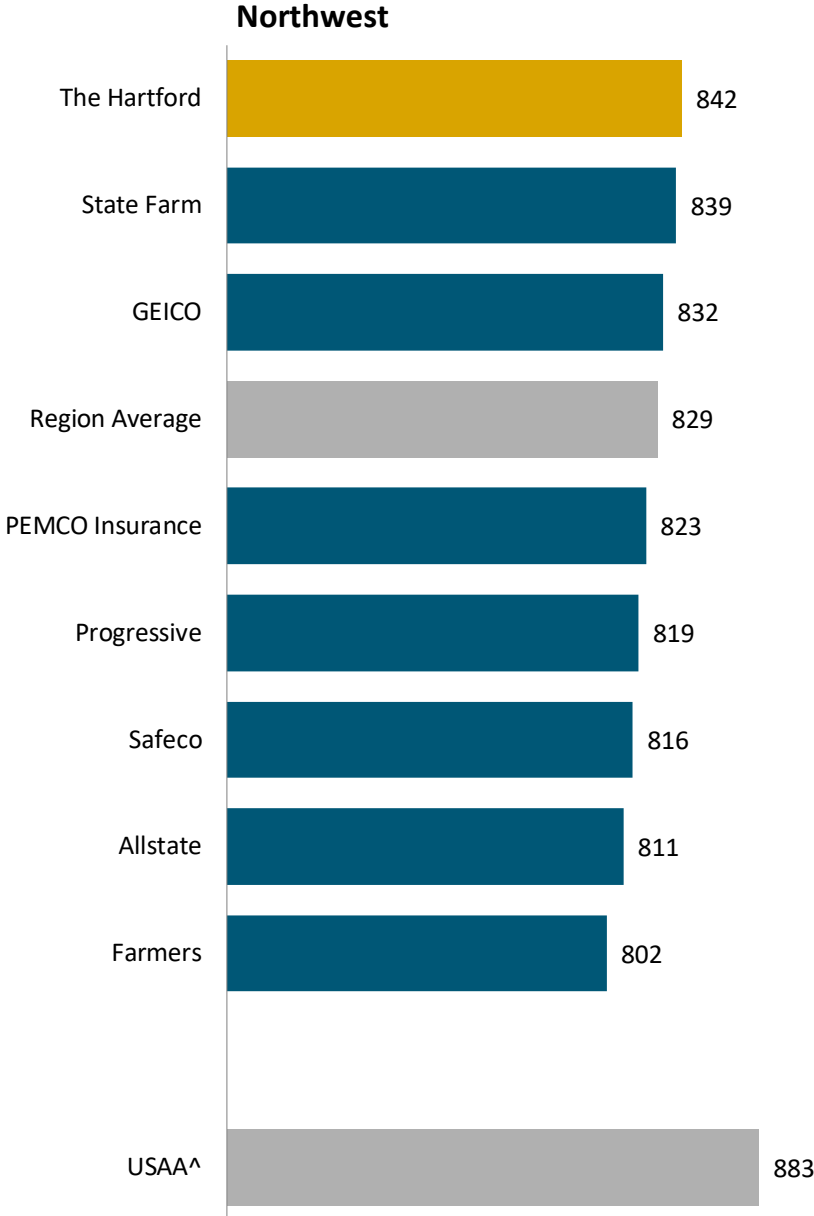
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J.D. Power 2022 U.S. Auto Insurance StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



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

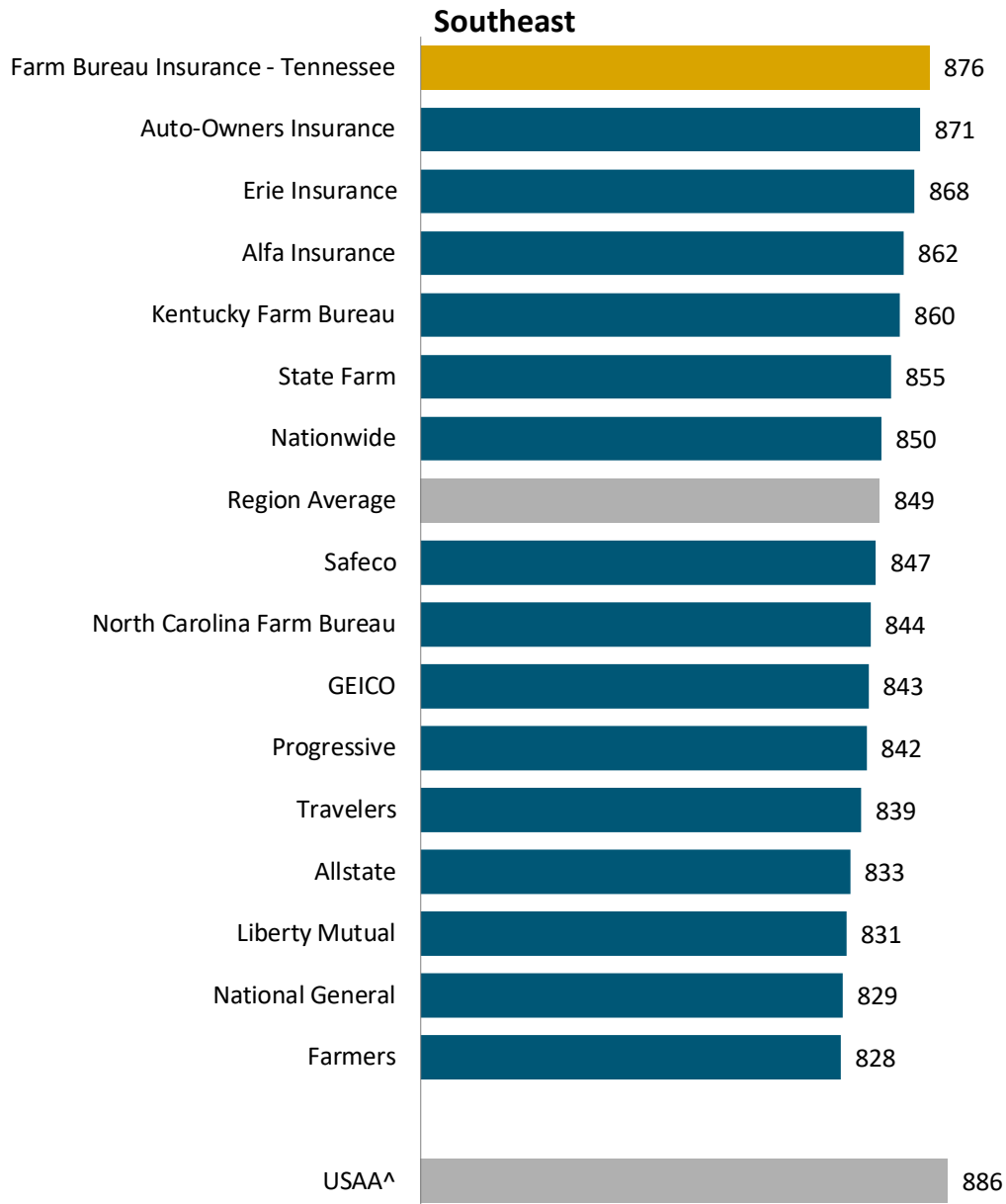
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J.D. Power 2022 U.S. Auto Insurance StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



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 StudySM

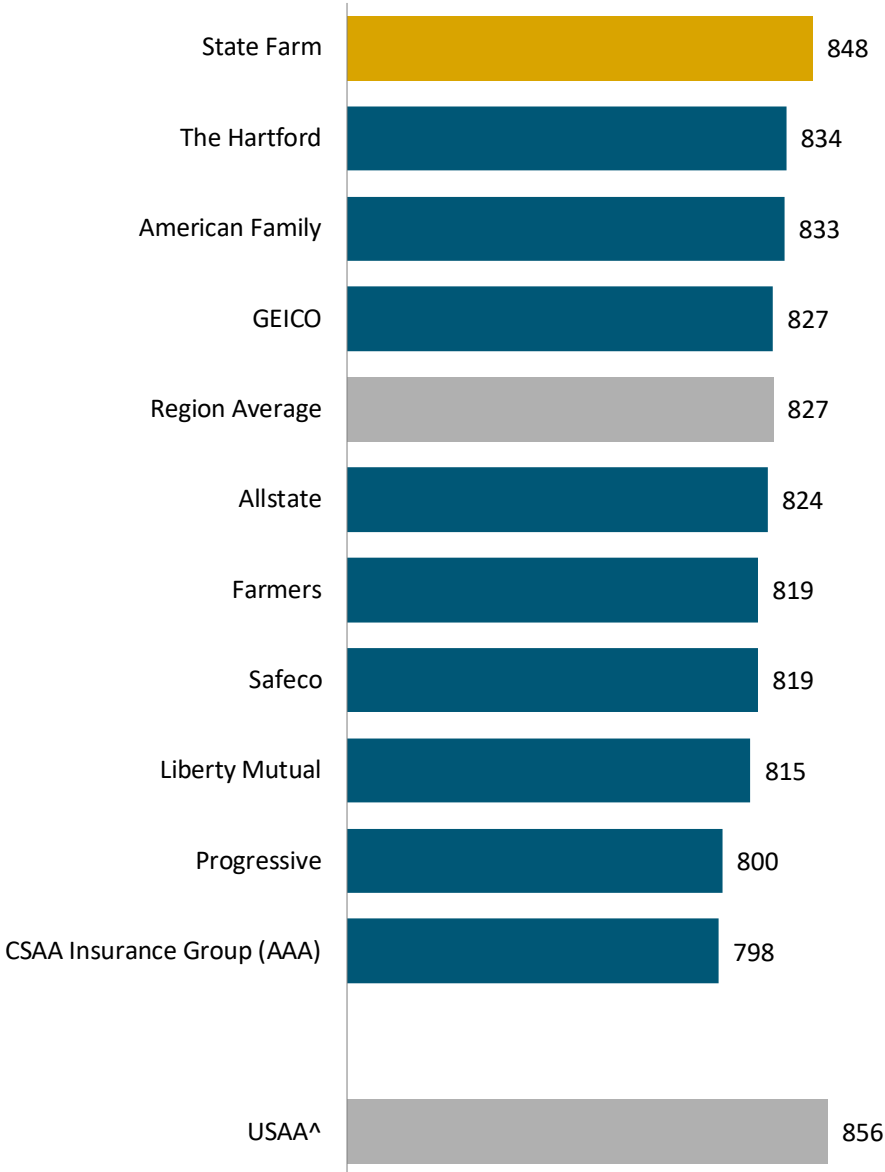
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Southwest



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

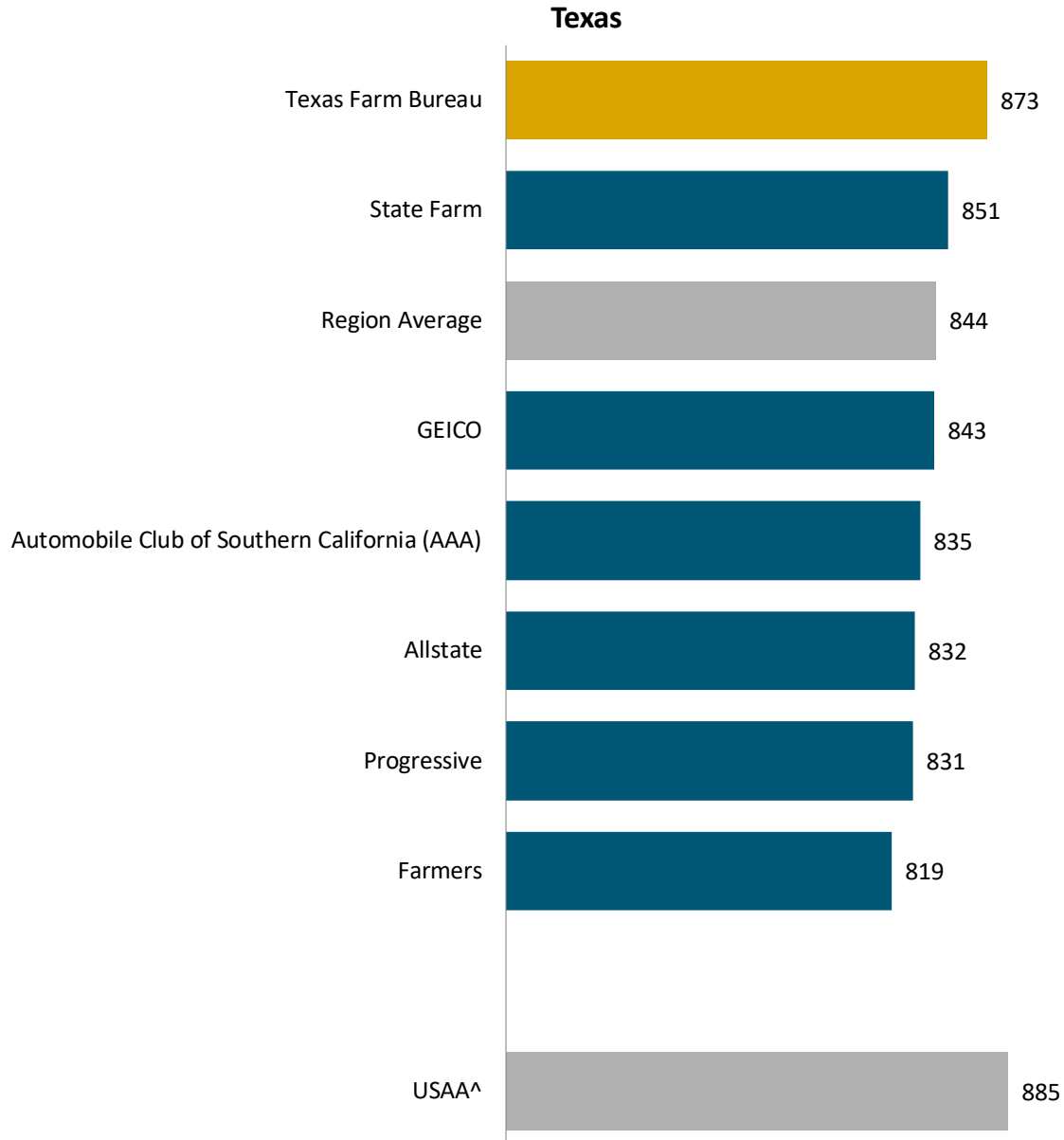
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Overall Customer Satisfaction Index Ranking

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