

**Both Life Insurance and Annuity Customer Satisfaction Decline as Pandemic Fears Wane, J.D. Power Finds**

State Farm Ranks Highest in Individual Life Insurance Satisfaction; American Equity Investment Life Insurance Ranks Highest in Individual Annuity Satisfaction

**TROY, Mich.: 13 Oct. 2022** — Individual life insurance and annuity products—with the longest term lengths of long-term investment and insurance products—have created a customer engagement problem. According to the J.D. Power 2022 U.S. Individual Life Insurance Study<sup>SM</sup> and the J.D. Power 2022 U.S. Individual Annuity Study,<sup>SM</sup> both released today, customer satisfaction with these products starts declining relatively soon after they are purchased, resulting not only in low likelihood of consideration to purchase other insurance and financial services products but also a general lack of understanding of the products these customers already own.

While the industry declines, it is notable that award winners in both studies, State Farm and American Equity Investment Life Insurance, buck the trend and exhibit some of the largest year-over-year increases in customer satisfaction.

“After a brief surge during the height of the pandemic, overall customer satisfaction with individual life insurance and annuity plans have now reverted to their previous long-term trends in which customer satisfaction declines as tenure with the product increases,” said **Robert M. Lajdziak, director, global insurance intelligence at J.D. Power**. “It’s clear from our data that insurers are struggling to maintain regular contact with customers and to reinforce a unique value proposition during the length of the relationship. That not only limits potential future sales opportunities, but also exposes incumbents to competitive threat from insurtech start-ups that are leveraging digital to deliver a more multi-channel approach to client engagement that is resonating with customers.”

Following are some key findings of the 2022 study:

- **Customer satisfaction sinks:** After the largest one-year increase in customer satisfaction in 2021, overall satisfaction with individual life insurance decreases two points to 774 (on a 1,000-point scale) this year, led by declines in interaction with agents/advisors; call center; and website. Likewise, customer satisfaction with individual annuities decreases 13 points to 789, led by steep declines in price satisfaction; product offerings; and communications.
- **Life insurance’s long tail of waning satisfaction:** The longer a customer lives with a life insurance policy, the more their overall satisfaction deteriorates. The overall satisfaction score for customers with a tenure of five years or less is 821. That falls to 785 after six years, to 759 after 11 years and to 756 after 20 years. Longer-tenured customers also are significantly less likely to experience their agent or advisor meeting the key performance indicator of making recommendations in the customer’s best interests.
- **Digital now preferred means of interaction but agent/advisor contact still matters:** More than half (51%) of customers have used at least one digital channel in the past three years to interact with their insurer. These customers have higher satisfaction levels than those customers who have not used a digital channel.

- **Annuity providers under-utilizing digital:** Despite the high incidence of digital customer interaction, annuity providers are increasingly sending communications to customer via mail. Although mail is the most common form of client communication—received by 74% of annuity customers this year—it is the channel with the lowest level of overall satisfaction. Mobile apps, by contrast, are used just 8% of the time, but drive the highest levels of customer satisfaction.
- **Lack of brand differentiation opens door for insurtechs:** More than half (55%) of life insurance customers rate the brand reputation of their own insurer equally with other insurers in the marketplace. When it comes to insurtech brands, however, customers are more likely to view these companies as unique, innovative and affordable.

## Study Rankings

**State Farm** ranks highest among individual life insurance providers for a third consecutive year, with a score of 839. **Globe Life** (812) ranks second and **Mutual of Omaha** (801) ranks third.

**American Equity Investment Life Insurance** ranks highest among individual annuity providers with a score of 838. **Fidelity & Guarantee Life** (829) ranks second and **Nationwide** (822) ranks third.

The 2022 U.S. Individual Life Insurance Study measures the experiences of customers of the largest individual life insurance companies in the United States. The study measures overall customer satisfaction based on performance in five factors (in alphabetical order): communication; interaction; price; product offerings; and statements. The 2022 study is based on responses from 5,583 individual life insurance customers and was fielded from June through August 2022.

The 2022 U.S. Individual Annuity Study measures the experiences of customers of the largest annuity companies in the United States. Overall customer satisfaction is based on performance in five factors (in alphabetical order): communication; interaction; price; product offerings; and statements. The study is based on responses from 3,152 individual annuity customers and was fielded from June through August 2022.

For more information about the U.S. Individual Life Insurance Study, visit <https://www.jdpower.com/business/healthcare/us-individual-life-insurance-study>.

For more information about the U.S. Individual Annuity Study, visit <https://www.jdpower.com/business/insurance/us-annuity-study>.

See the online press release at <http://www.jdpower.com/pr-id/2022142>.

## 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).

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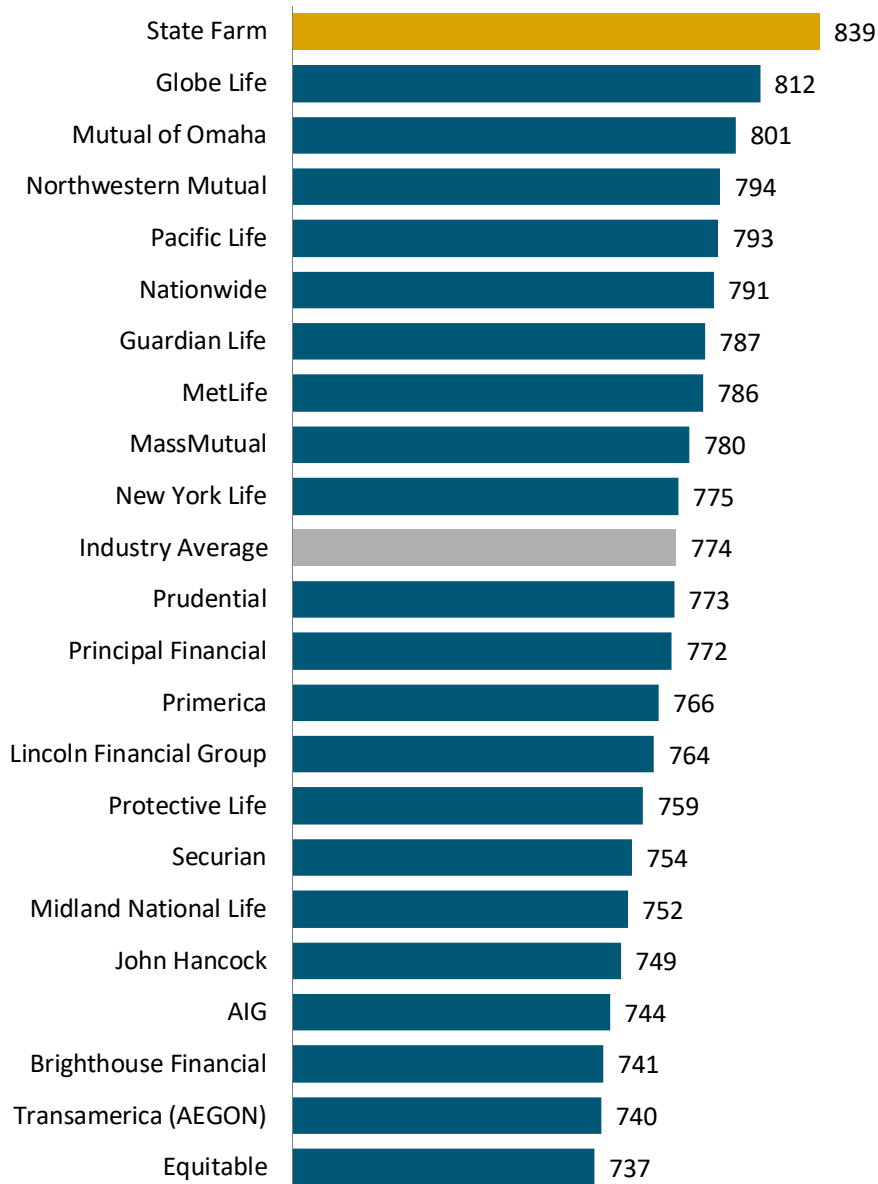
NOTE: Two charts follow.

# J.D. Power 2022 U.S. Individual Life Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

### Individual Life Insurance



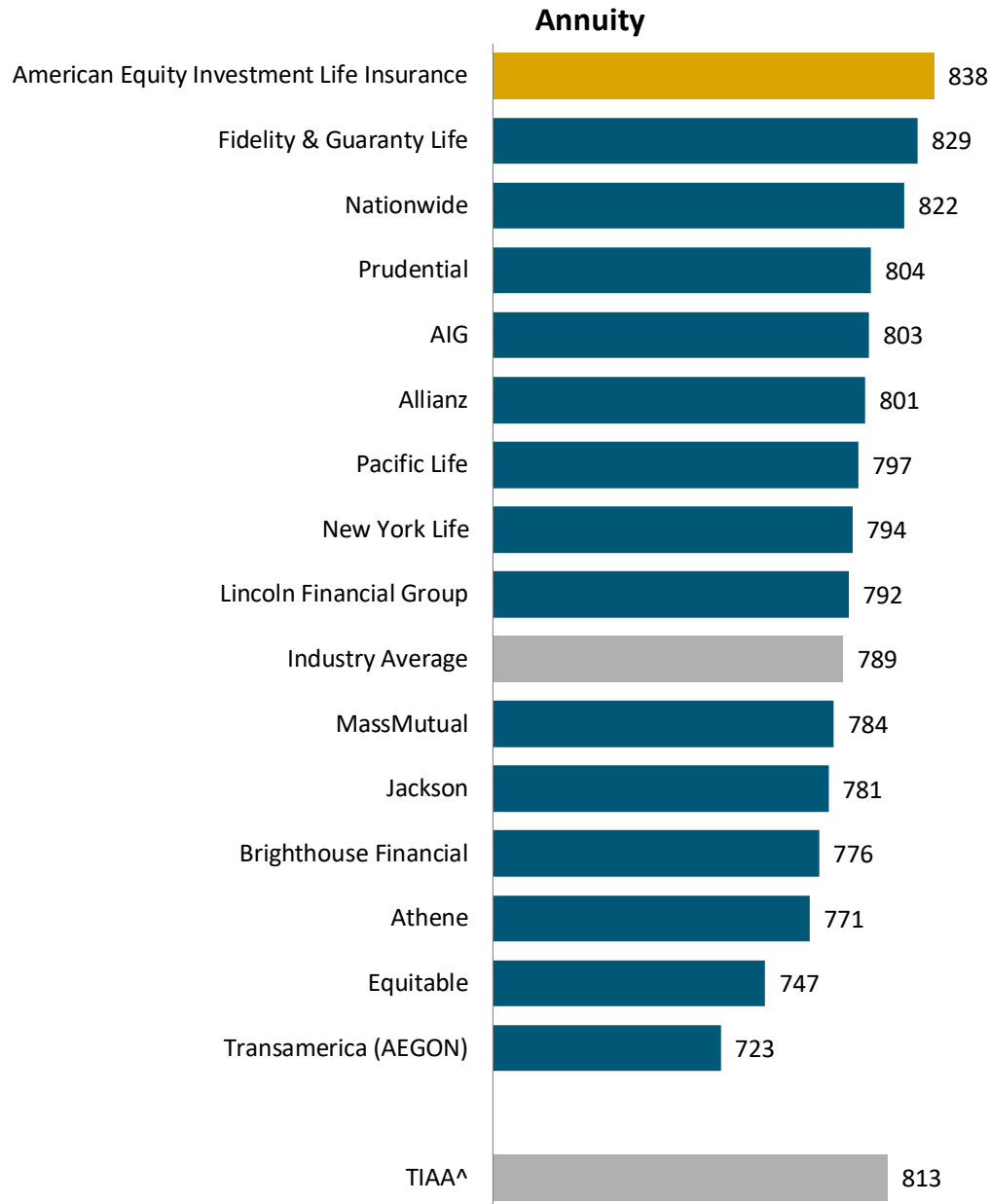
Source: J.D. Power 2022 U.S. Individual Life Insurance Study<sup>SM</sup>

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# J.D. Power 2022 U.S. Individual Annuity Study<sup>SM</sup>

## 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.

Source: J.D. Power 2022 U.S. Individual Annuity Study<sup>SM</sup>

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