



Press Release

J.D. Power and Associates Reports: Online Insurance Quote Applications Now Initiate A Majority of New Policy Sales

American Family Insurance Ranks Highest in Customer Satisfaction with the Auto Insurance Purchase Experience

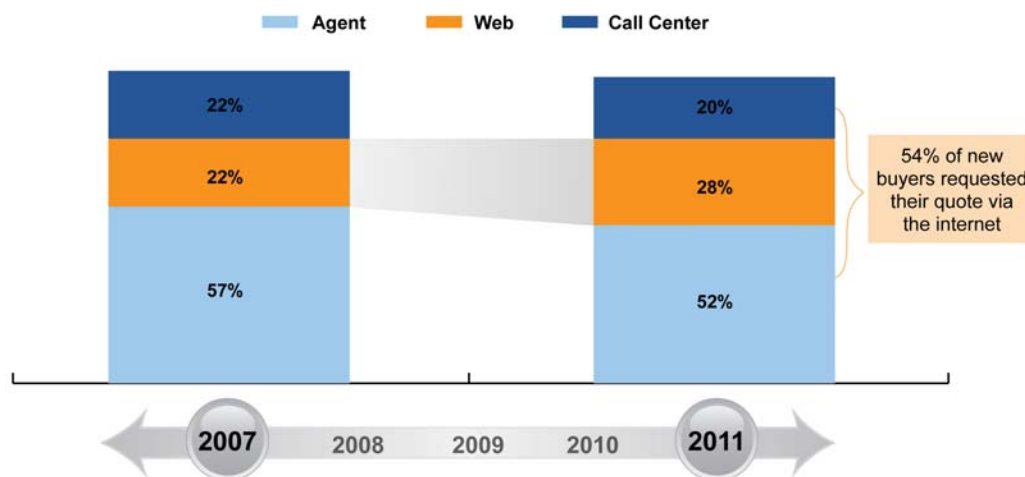
WESTLAKE VILLAGE, Calif.: 2 June 2011 — For the first time, a majority of new buyers of auto insurance initiated their policy purchase by applying for a rate quote online, according to the J.D. Power and Associates 2011 U.S. Insurance Shopping StudySM released today. The importance of an insurer's website in generating new business among new buyers has been steadily increasing for the past five years, at the expense of more traditional local agency or call center sales channels.

The study, now in its fifth year, examines consumer shopping and purchasing behaviors and [overall satisfaction among buyers](#) who recently purchased from an auto insurance provider across three factors (in order of importance): distribution channel; policy offerings; and price.

Within the distribution channel factor, the website now accounts for more than one-fourth of the importance weight, second to the local agent. In addition, more than one-half (54%) of insurance shoppers report getting their quote online.

“This transition to websites as the dominant lead-generation channel is an important shift for insurers to recognize and address in their marketing and sales strategies,” said Jeremy Bowler, senior director of the global insurance practice at J.D. Power and Associates. “While nearly one-half of all accepted Web quotes are closed by either an agent or call center representative, customers are clearly more often looking to insurers' sites or third-party sites in the early stages of the shopping process, and this behavior is blurring the lines of how we traditionally think about the discrete sales channels.”

Trend in Distribution Mix Among New Buyers



Source: J.D. Power and Associates 2011 Insurance Shopping StudySM

The study also finds that the rate of policy churn in the U.S. market has increased during the past two years, returning to levels not experienced since 2008. This is driven both by an increase in the rate of shopping among insurance customers, which averages 33 percent in 2011 (compared with 27% in 2009 and 30% in 2010), as well as a significant increase in the rate of switching companies among shoppers. Among insurance customers who indicate shopping for insurance in 2011, 40 percent switched to a new insurer—up from 33 percent in 2010.

“In 2010, the insurance industry spent \$5 billion on marketing and advertising, with the top four companies alone spending more than \$2.6 billion,” said Bowler. “As a result, the rate of shopping has increased significantly year over year, as has the policy defection rate. A majority of the customers shopping for a new insurer are doing so either because of a life event that has changed their insurance needs, or because they are looking for a better deal. However, no group is more interested in switching than customers who are displeased with the service provided by their incumbent insurance company.”

With a score of 864 on a 1,000-point scale, American Family Insurance ranks highest among auto insurance companies in satisfying new buyers with the purchase experience. American Family performs particularly well in the policy offerings and distribution channel factors, primarily driven by the performance of their exclusive agents. Rounding out the top three are Auto-Owners Insurance with an overall average satisfaction score of 860, and Erie Insurance with 857.

The study also includes a management discussion that takes a closer look at the recent use of humor by Allstate and its key competitors—State Farm, GEICO and Progressive—to try to differentiate themselves and appeal to younger consumers. While comedic advertising such as Allstate’s “Mayhem” campaign have generated tremendous buzz in the marketplace and have led to higher unaided awareness and consideration rates, quote rates for Allstate have increased by only 2 percentage points.

“Allstate is the only brand among these four that has achieved growth in its quote rate among the two younger age cohorts,” said Bowler. “In contrast, other insurers are quoting an average of 3 percentage points fewer Millennials and Gen X shoppers, compared with one year ago.”

To view the management discussion based on the study findings, titled “When Did Personal Auto Insurance Become A Laughing Matter?”, please click [here](#).

The 2011 U.S. Insurance Shopping Study is based on responses from more than 15,500 shoppers who requested an auto insurance price quote from at least one competitive insurer in the past 12 months and includes more than 75,500 unique insurer evaluations. The study was fielded from March to April 2011.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company providing forecasting, performance improvement, social media and customer satisfaction insights and solutions. The company’s quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on [car reviews and ratings](#), [car insurance](#), [health insurance](#), [cell phone ratings](#), and more, please visit [JDPower.com](#). J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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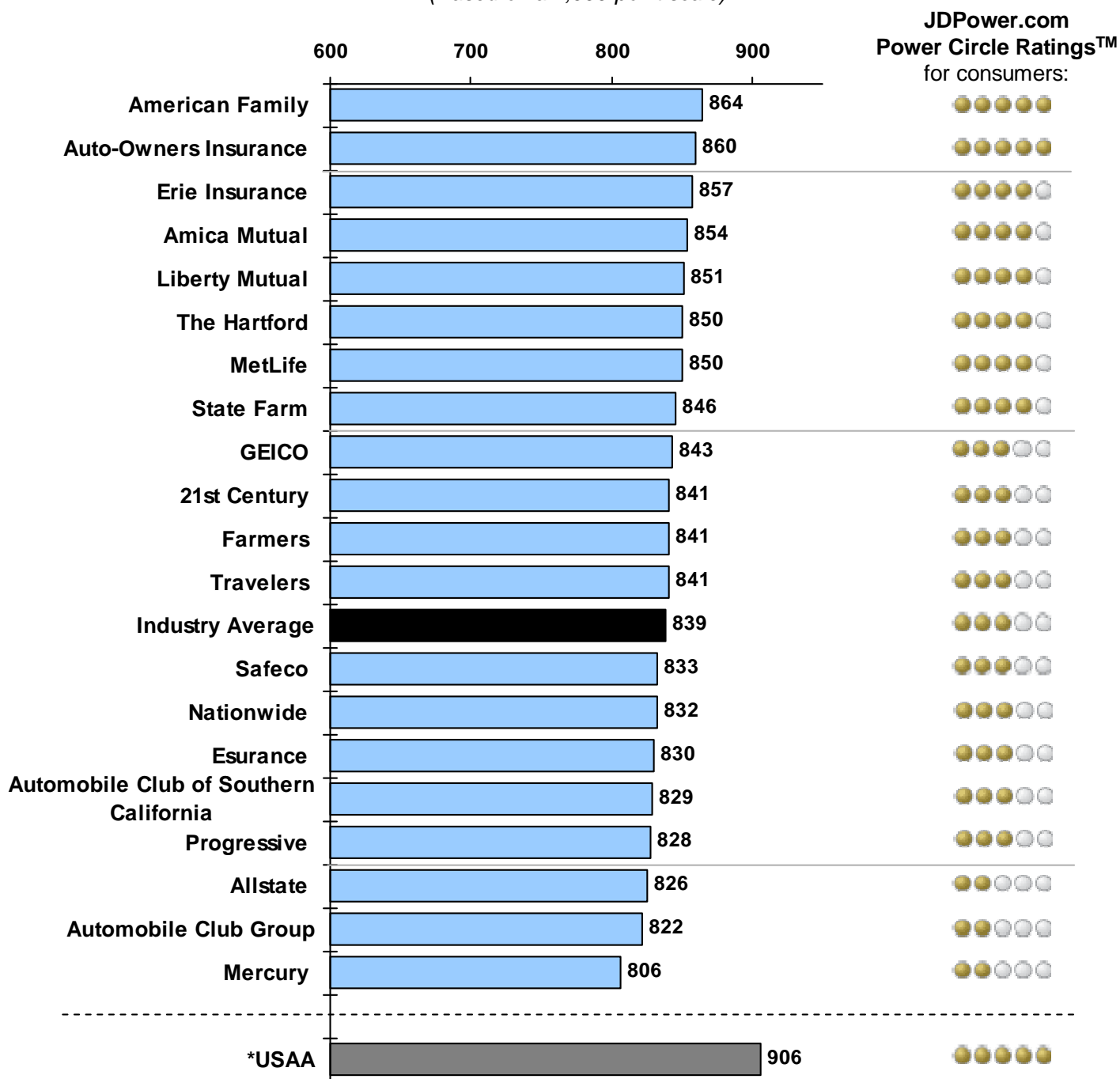
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(Page 3 of 3)

NOTE: One chart follows.

J.D. Power and Associates 2011 U.S. Insurance Shopping StudySM

Customer 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.

Included in the study but not ranked due to small sample size are COUNTRY, Commerce, California State Automobile Association, Encompass, GMAC, Infinity P&C and The Hanover.

Source: J.D. Power and Associates 2011 U.S. Insurance Shopping StudySM

Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power and Associates as the publisher and the J.D. Power and Associates 2011 U.S. Insurance Shopping StudySM as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. JDPower.com Power Circle RatingsTM are derived from consumer ratings in J.D. Power studies. For more information on Power Circle Ratings, visit jdpower.com/faqs. No advertising or other promotional use can be made of the information in this release or J.D. Power and Associates survey results without the express prior written consent of J.D. Power and Associates.