

**Auto Insurance Customer Satisfaction Plummets as Rates Continue to Surge, J.D. Power Finds**Participation in Usage-Based Insurance Programs Reaches Record High as Customers Seek Lower-Cost Policies

**TROY, Mich.: 13 June 2023** — Nearly one-third (31%) of U.S. auto insurance customers say they experienced a rate increase during the past year as the industry raises rates an average of 15.5%<sup>1</sup> and insurers continue to fight the forces of record high loss ratios. Auto insurers lost an average of 12 cents on every dollar of premium they collected in 2022—the worst performance in more than 20 years—leaving them few alternatives but to raise rates at the expense of customer satisfaction. According to the J.D. Power 2023 U.S. Auto Insurance Study,<sup>SM</sup> released today, satisfaction with auto insurance has dropped 12 points (on a 1,000-point scale) year over year, the largest decline in the past 20 years. The decline is largely driven by lower satisfaction with the price customers pay for insurance, a factor that has declined 25 points this year.

This phenomenon is driving an increase in adoption of usage-based insurance (UBI) programs, which base the cost of a policy on a driver's behaviors using telematics data. Customers new to an insurer have a high UBI participation rate of 26%.

"Overall customer satisfaction with auto insurers has plummeted this year, as insurers and drivers come face to face with the realities of the economy," said **Mark Garrett, director of insurance intelligence at J.D. Power**. "While insurers are caught between a rock and a hard place when it comes to balancing profitability with customer experience, there are several ways they can blunt the negative effects of rising costs, such as proactively offering customers UBI alternatives, clearly signaling and explaining necessary rate increases and consistently delivering on brand promises to instill trust."

Following are some key findings of the 2023 study:

- **Surging rates topple customer satisfaction:** Auto insurance price increases are three times higher than other categories tracked by the Consumer Price Index (15.5% vs. an average of 4.9%). Overall customer satisfaction with auto insurance providers is 822, down from 834 a year ago. The decline is driven by a 25-point decrease in customer satisfaction with the price of their policies.
- **Price increases were likely more prevalent:** More customers likely experienced increases but awareness is affected by the method and frequency of billing and payments. Among those customers who received a bill in the mail and paid in full via credit card, nearly half (45%) said they had a price increase, compared with more than one-fourth (28%) of those who received a digital bill and made automatic recurring installment payments.
- **Not all customers react the same:** Some groups of customers had a more negative reaction to price increases, including those who either rent their residence or do not bundle their home and auto insurance; are single car/single driver households; are open to switching insurers; or those who have a lower perception of their insurer being trustworthy.

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<sup>1</sup> U.S. Bureau of Labor Statistics: CPI April 2023

- **UBI sees record adoption:** Participation in usage-based insurance programs has more than doubled since 2016, with 17% 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 non-participants.
- **As UBI adoption gains, growing pains emerge:** While more customers than ever have adopted UBI, the programs are still relatively new. One-third (33%) of customers currently using UBI have been on the program for less than one year. Concerns over accuracy of data collected by UBI technologies has become a pain point, with just 38% of customers indicating that the information collected is “always accurate.”
- **Softening the blow of a price increase:** While price increases are never good for customer satisfaction, notifying customers in advance through their preferred channel (e.g., phone call from their agent) and making the reason for the increase clear as well as discussing any options that may be available, such as UBI, can make a big difference in how they are perceived by customers. The amount of the price increase also affects customer satisfaction, with a 137-point difference in price satisfaction between those experiencing an increase of more than \$300 vs. those experiencing an increase of \$50 or less.

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** (843) (for a fourth consecutive year)  
 Central: **Shelter** (851) (for a third consecutive year)  
 Florida: **State Farm** (833)  
 Mid-Atlantic: **Erie Insurance** (863) (for a second consecutive year)  
 New England: **GEICO** (836)  
 New York: **New York Central Mutual** (842) (for a second consecutive year)  
 North Central: **Erie Insurance** (844) (for a third consecutive year)  
 Northwest: **The Hartford** (836) (for a second consecutive year)  
 Southeast: **Farm Bureau Insurance - Tennessee** (866) (for a 12<sup>th</sup> consecutive year)  
 Southwest: **State Farm** (835) (for a second consecutive year)  
 Texas: **Auto Club of Southern California (AAA)** (839)  
 Usage Based Insurance (UBI): **GEICO** (824), **Progressive** (824) and **State Farm** (824) in a tie

The 2023 U.S. Auto Insurance Study, now in its 24<sup>th</sup> 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 41,437 auto insurance customers and was fielded from January through April 2023. New this year, the study has introduced a national award category for UBI, along with diagnostics that influence UBI participants’ experience with insurers’ usage-based auto products.

For more information about the U.S. Auto Insurance Study, visit <https://www.jdpower.com/business/insurance/auto-insurance-study>.

See the online press release at <http://www.jdpower.com/pr-id/2023007>.

#### **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](http://JDPower.com/business). The J.D. Power auto shopping tool can be found at [JDPower.com](http://JDPower.com).

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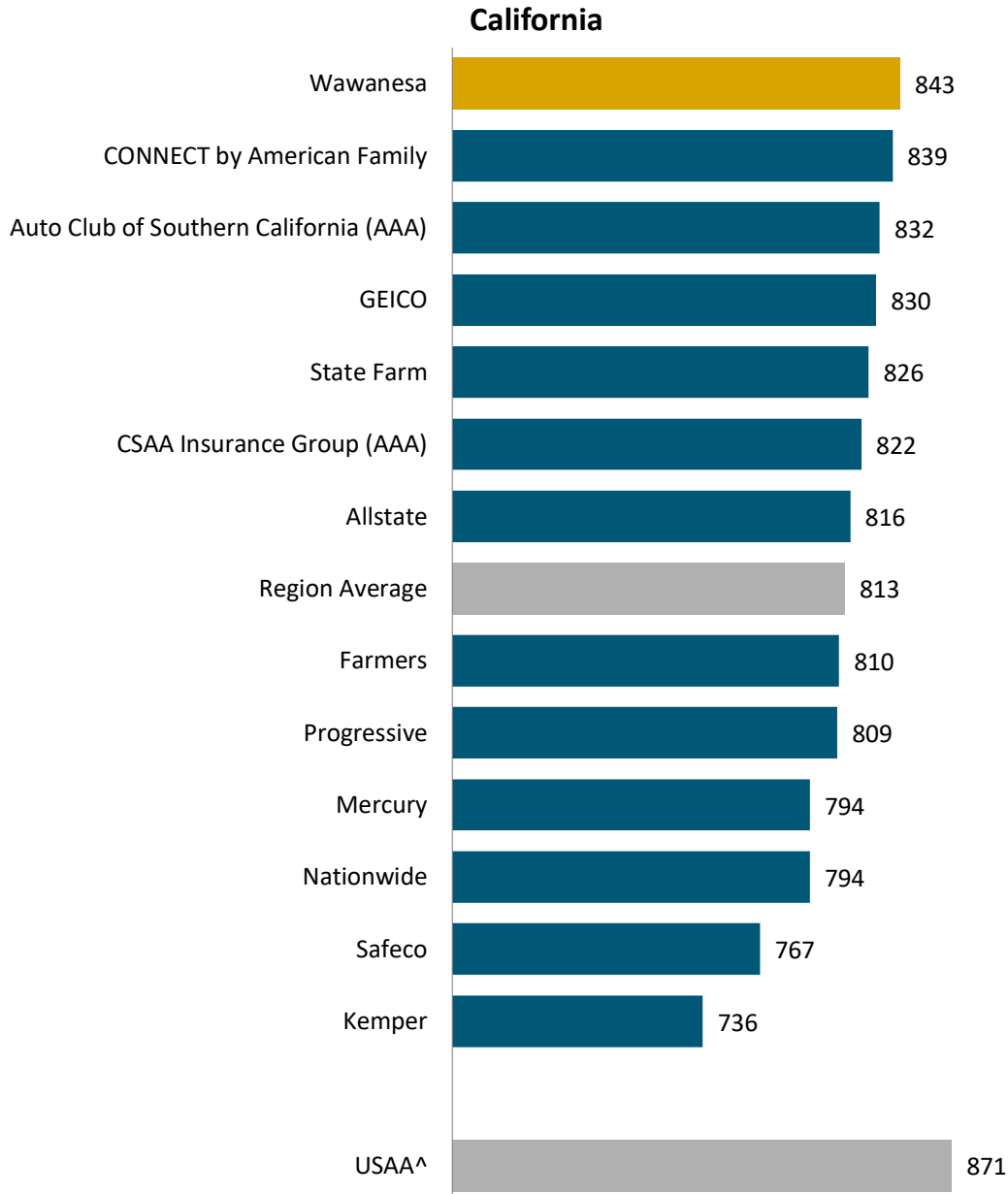
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NOTE: 12 charts follow.

# J.D. Power 2023 U.S. Auto Insurance 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.

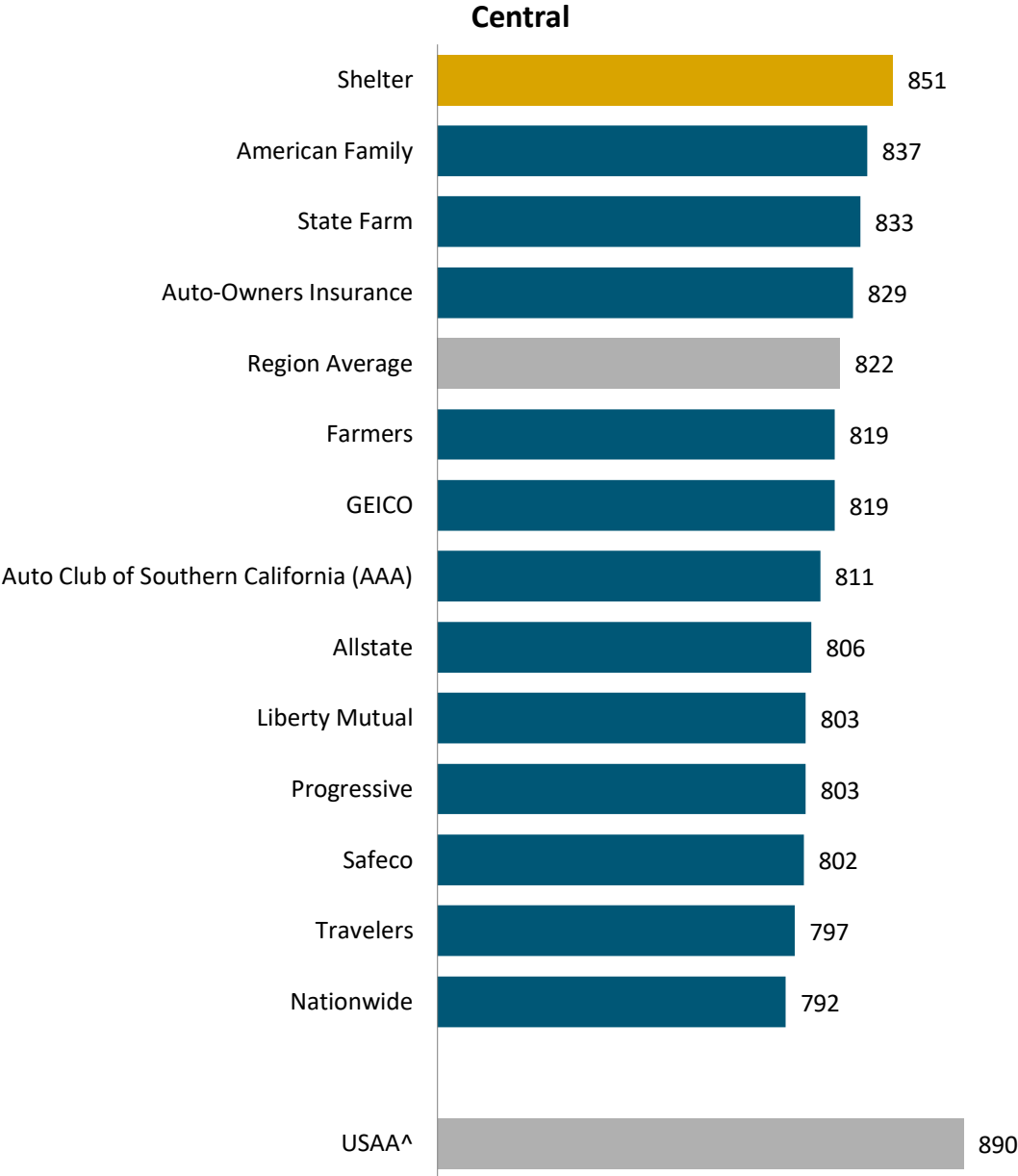
Source: J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

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# J.D. Power 2023 U.S. Auto Insurance 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;  
Central includes Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota.

Source: J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

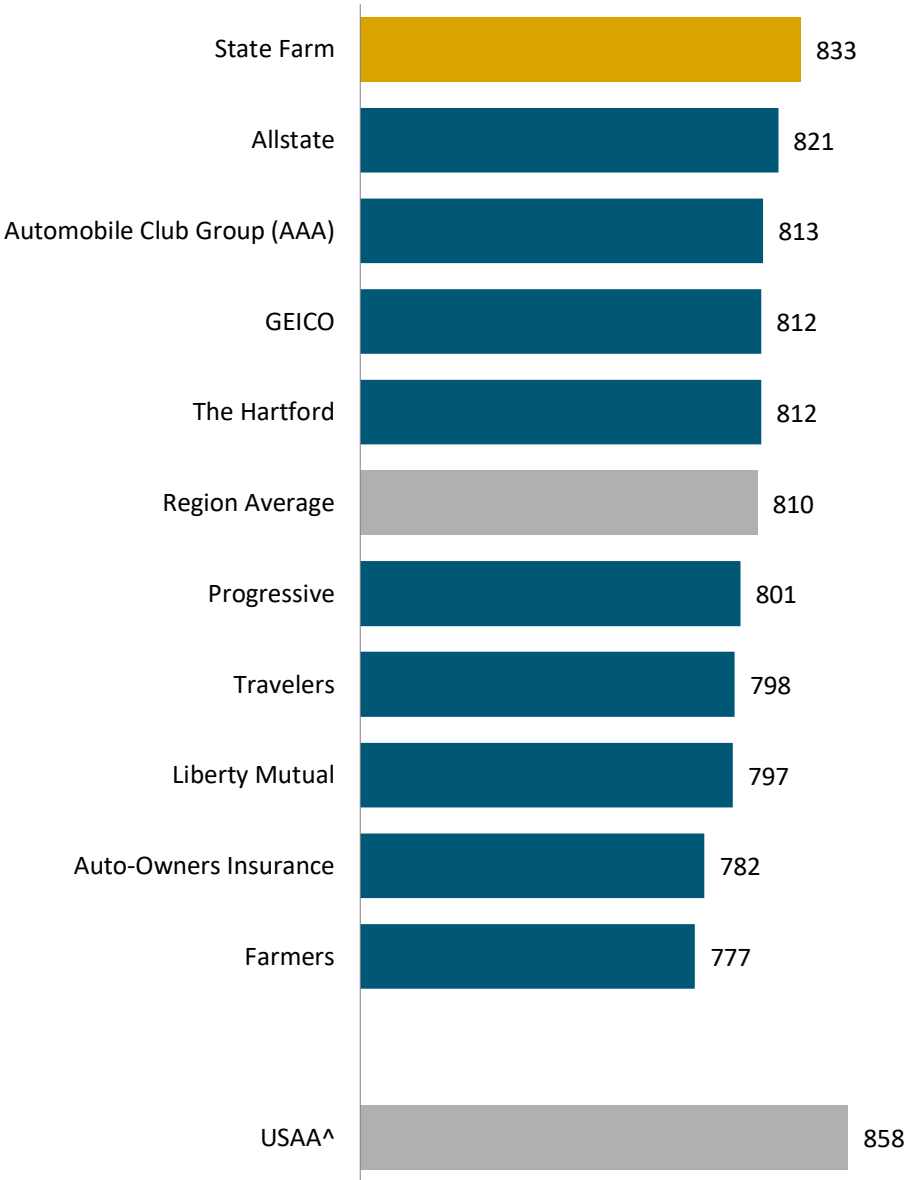
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## Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

### Florida



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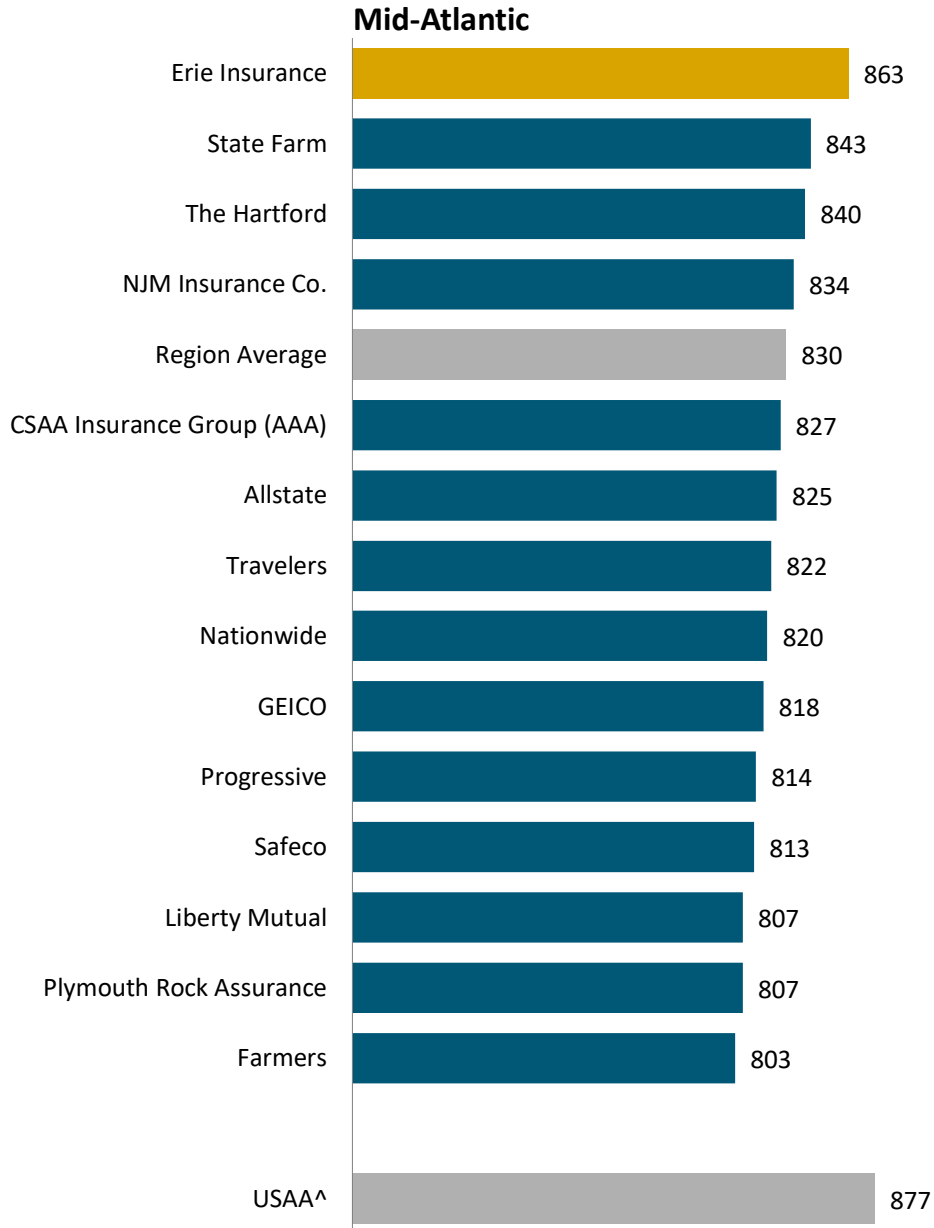
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## Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



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

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

Source: J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

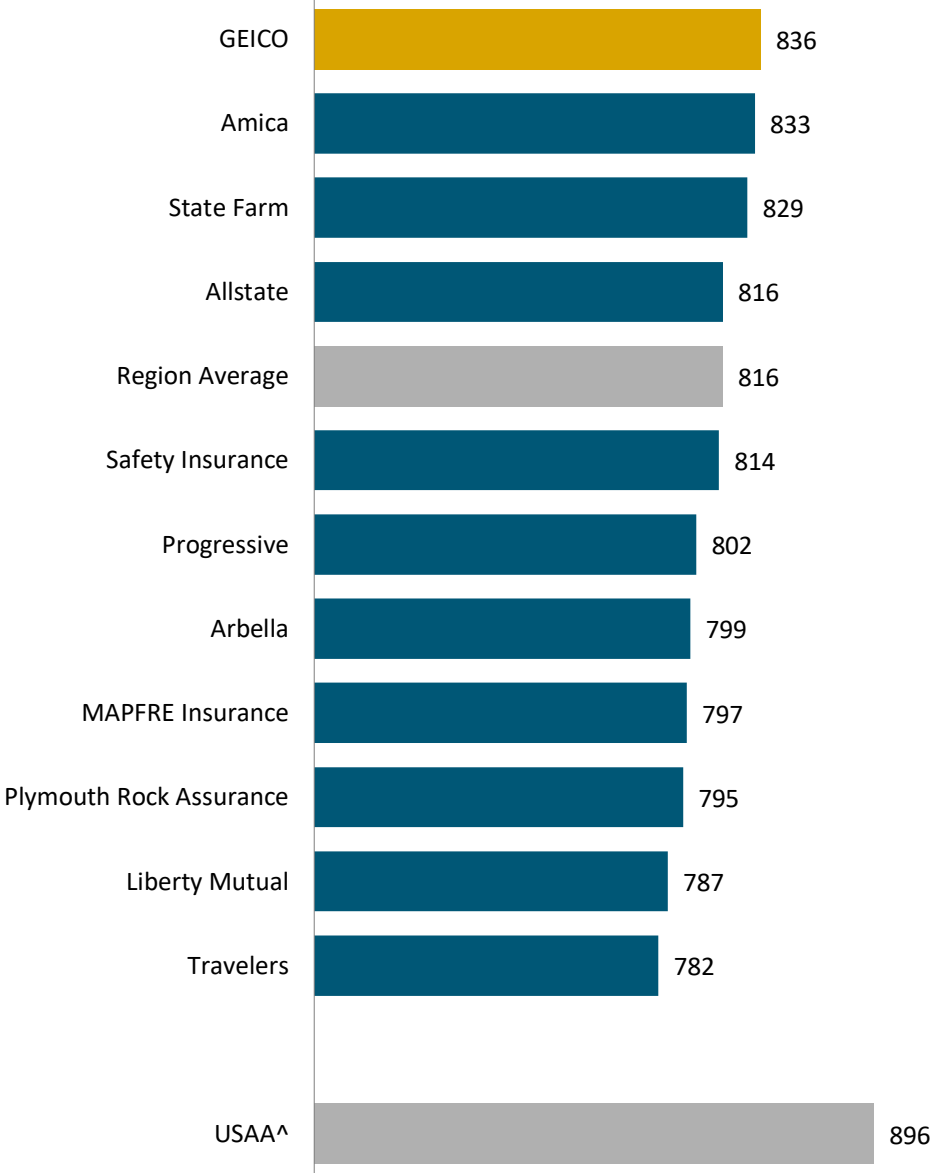
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# J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

### New England



Note: ^Brand is not rank eligible because it does not meet study award criteria;  
New England includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

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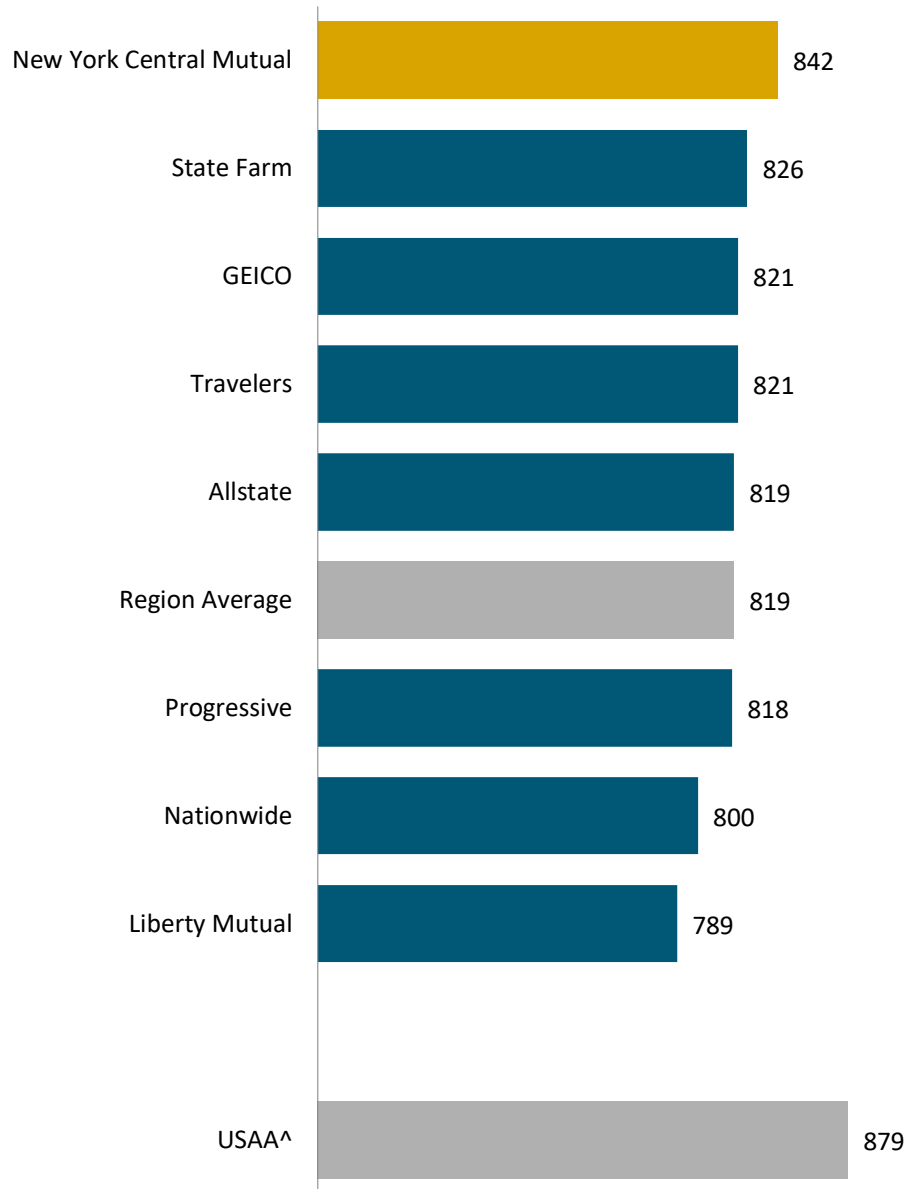


# J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

### New York



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Source: J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

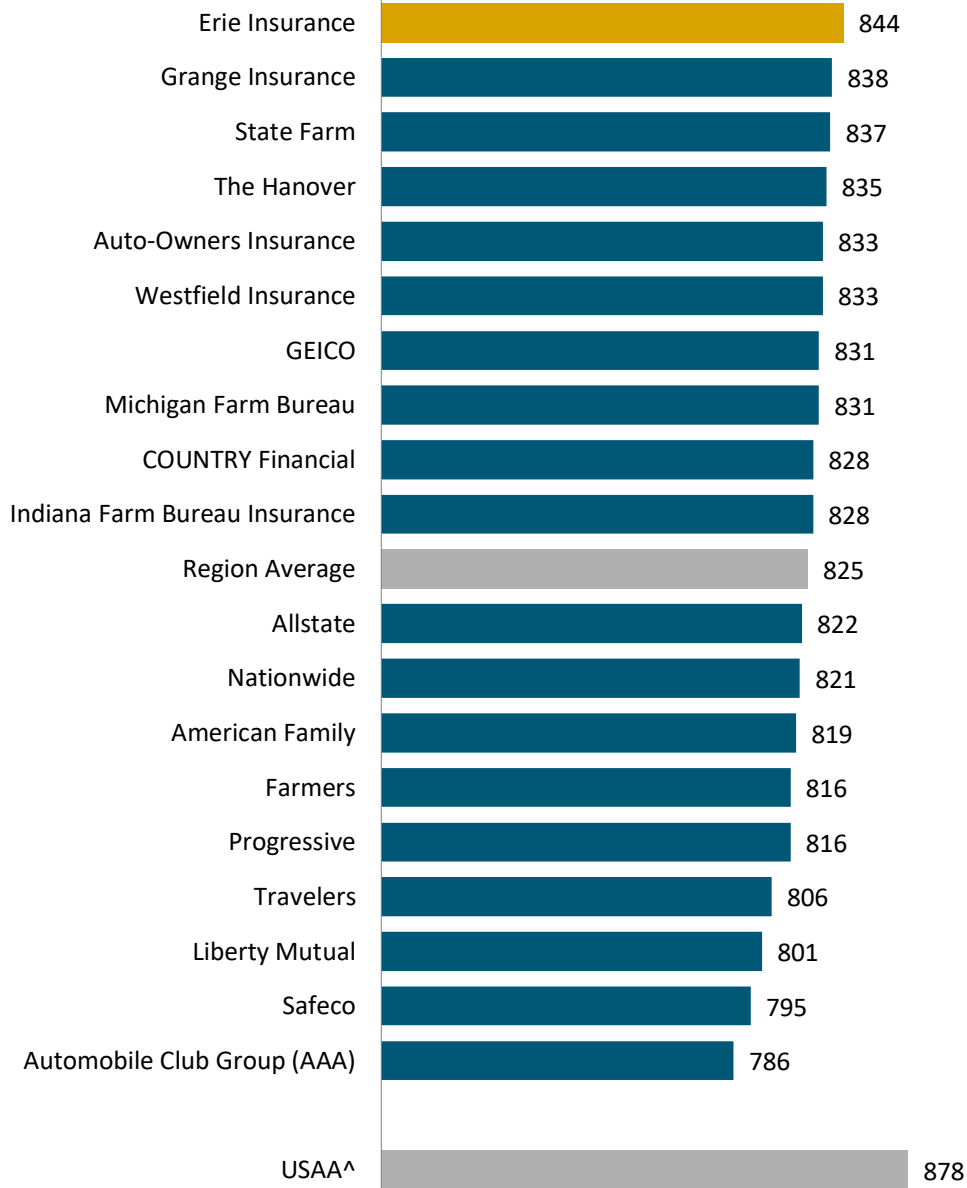
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# J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

### North Central



Note: ^Brand is not rank eligible because it does not meet study award criteria;  
North Central includes Illinois, Indiana, Michigan, Ohio and Wisconsin.

Source: J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

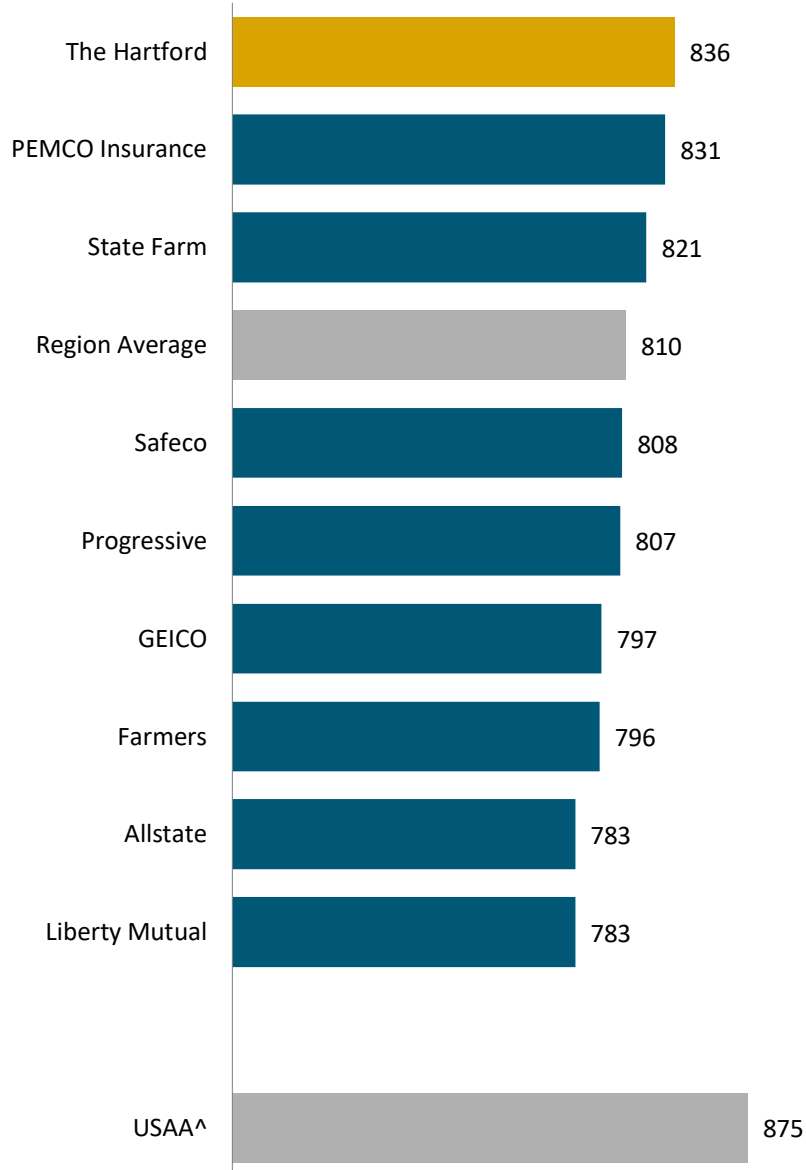
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# J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

### Northwest



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

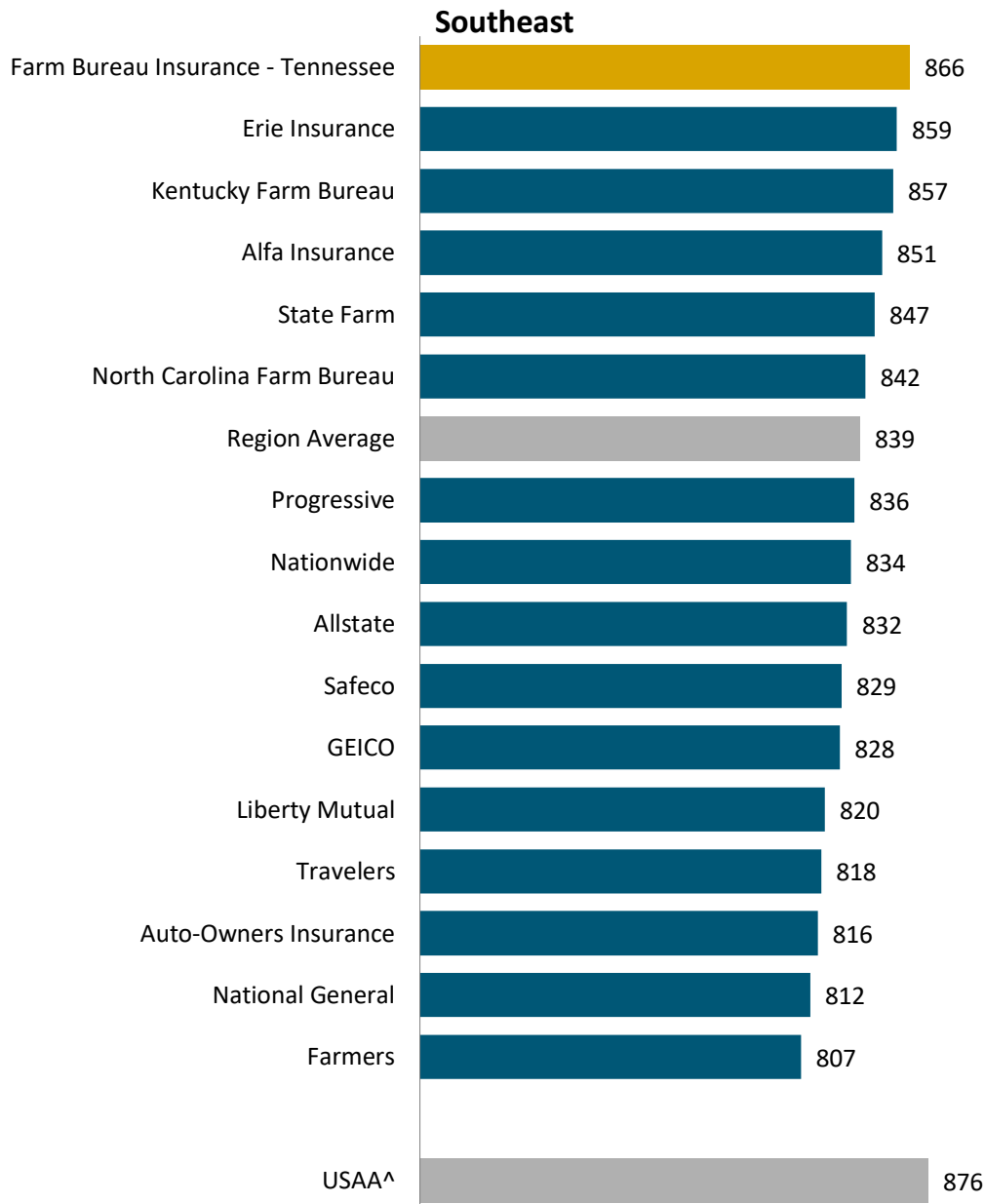
Source: J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

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# J.D. Power 2023 U.S. Auto Insurance 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;  
Southeast includes Alabama, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

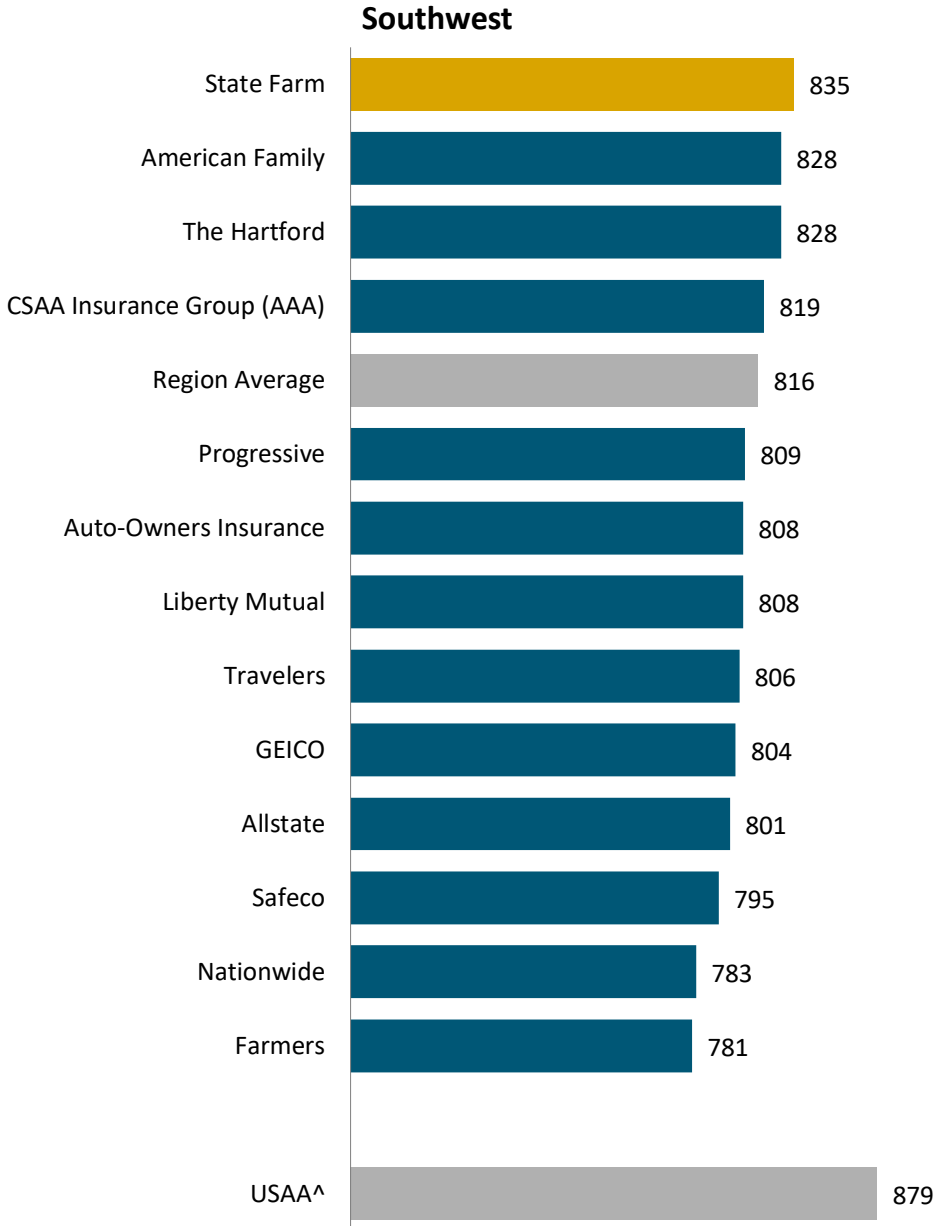
Source: J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

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# J.D. Power 2023 U.S. Auto Insurance 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; Southwest includes Arizona, Colorado, Nevada, New Mexico and Utah.

Source: J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

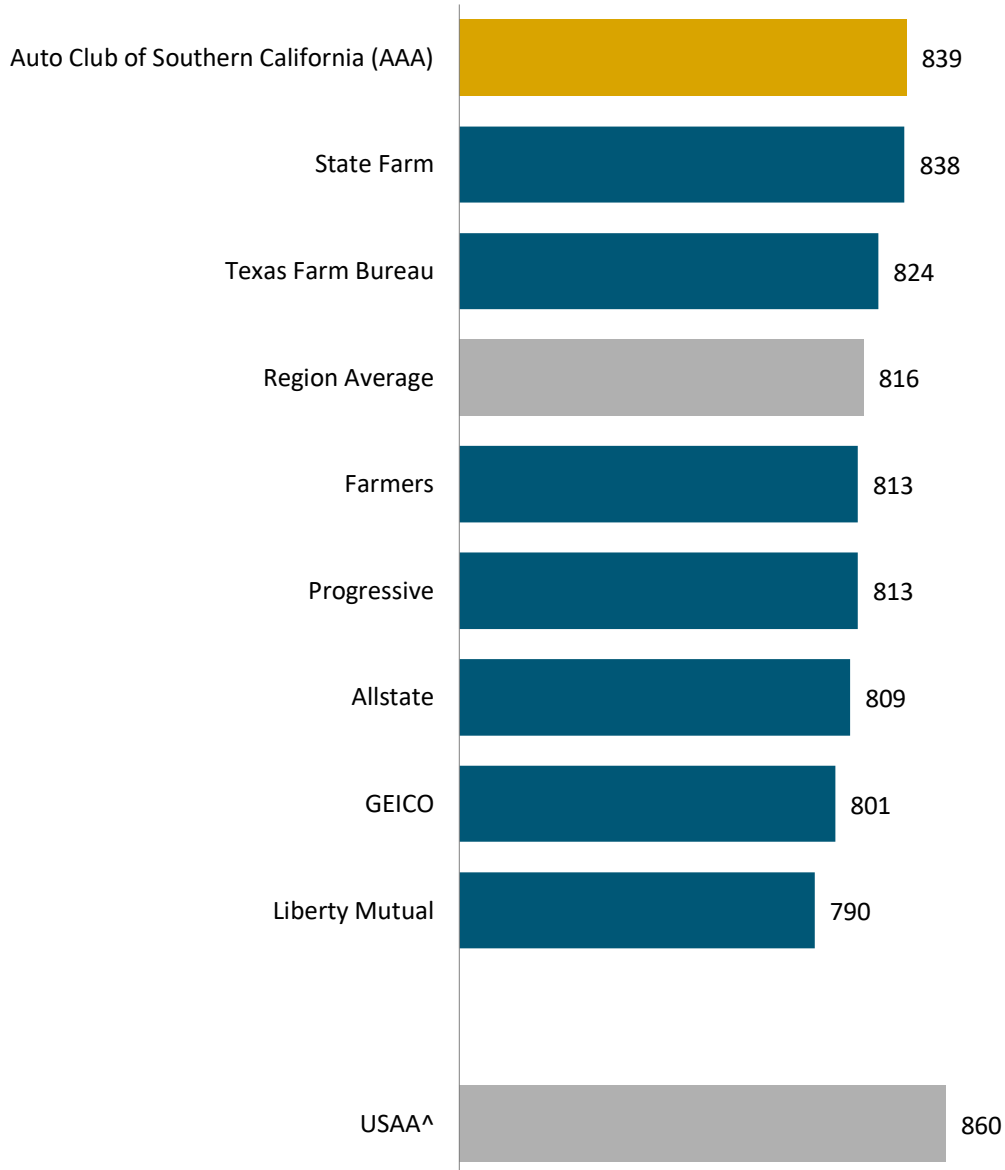
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# J.D. Power 2023 U.S. Auto Insurance Study<sup>SM</sup>

## Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

### Texas



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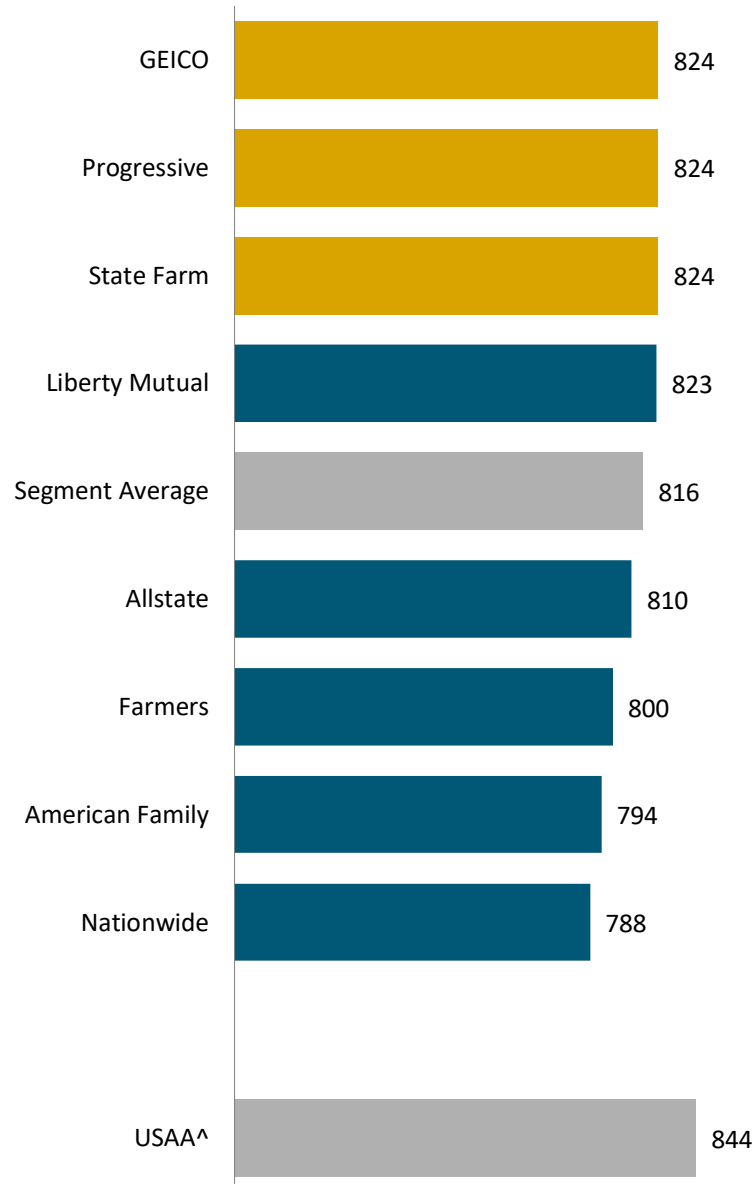
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## Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

### Usage Based Insurance (UBI)



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