



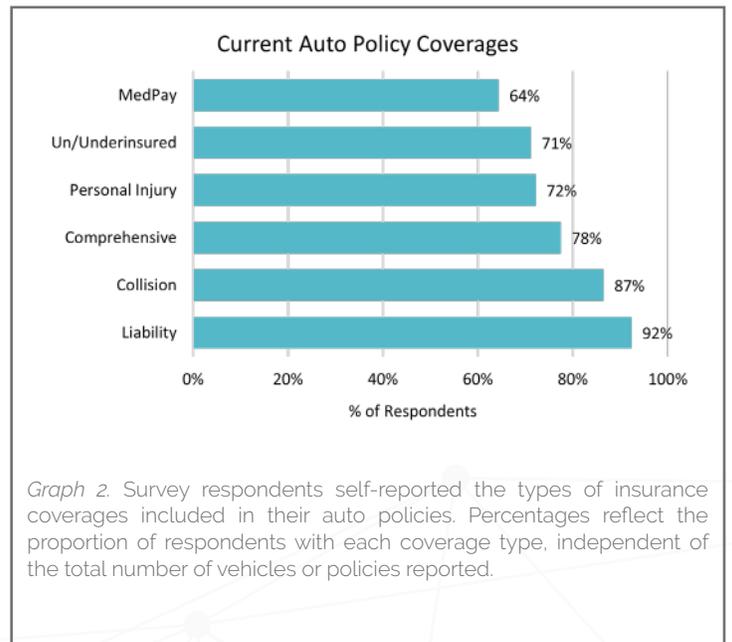
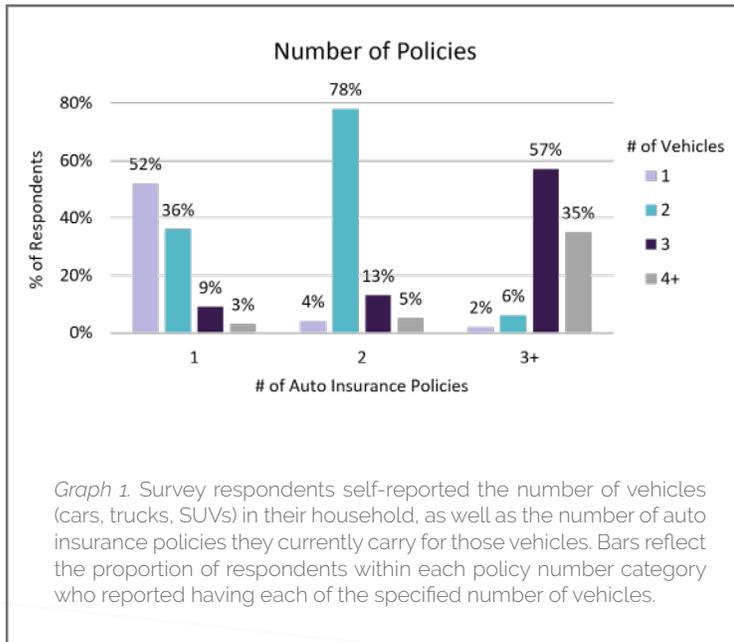
Research Report: Auto Insurance

Policies & Vehicles

In May 2022, the Cognitive Sciences Department at AnalyticsIQ conducted a large nationwide survey of U.S. adults¹ to evaluate several aspects of the consumer experience with automotive insurance. Most survey participants (~81%) reported having only one auto insurance policy regardless of the number of vehicles in their household; however, the likelihood of having multiple policies increased as the number of vehicles in household increased (see Graph 1).

Policy Coverages

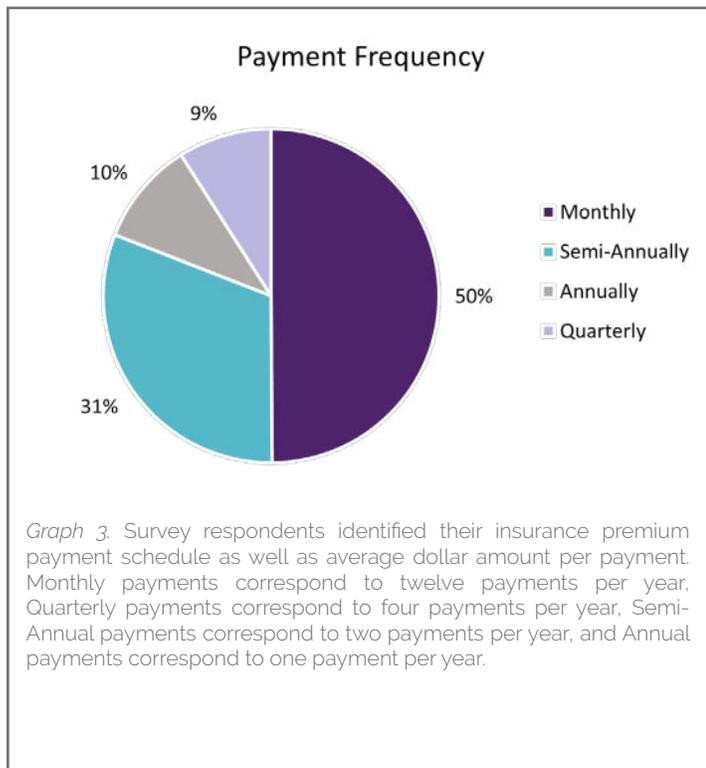
Nearly all survey respondents reported having each of the major policy coverage types, including: liability, collision, comprehensive, medical payments, personal injury, as well as uninsured / underinsured (see Graph 2). When queried as to why they did not have any of the specified coverages, the primary reasons given were that the coverage itself was too expensive (~37%) or they felt they simply did not need it (~25%).



¹ Our representative sample was comprised of 47% men and 52% women; 68% White, 10% Black, 12% Latinx, 6% Asian, and 4% Other race groups; and 4% Gen Z, 28% Millennials, 27% Gen X, and 41% Baby Boomers (age range: 19 – 94 years, median age = 52 years).

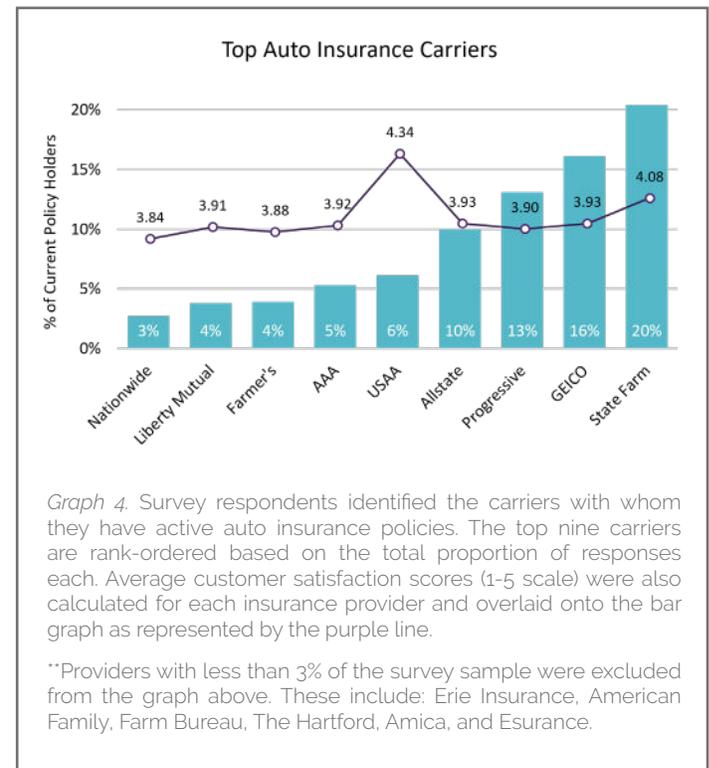
Payment Types

Half of all survey respondents reported making auto insurance payments on a monthly basis, and about a third said they make payments semi-annually (twice a year). Quarterly and annual payments were the least popular payment types overall (see Graph 3). Monthly payees indexed higher for younger, female, single, and non-college educated respondents, whereas folks with a preference for annual payments indexed higher for older, male, married, and college-educated respondents.



Current Carriers

Of the 17 auto insurance companies included on our survey, State Farm had the greatest number of current policy holders, followed closely behind by Geico, Progressive, and Allstate (see Graph 4). Furthermore, State Farm and USAA received the highest satisfaction ratings² of all the carriers listed, as well as the highest self-reported customer loyalty³.

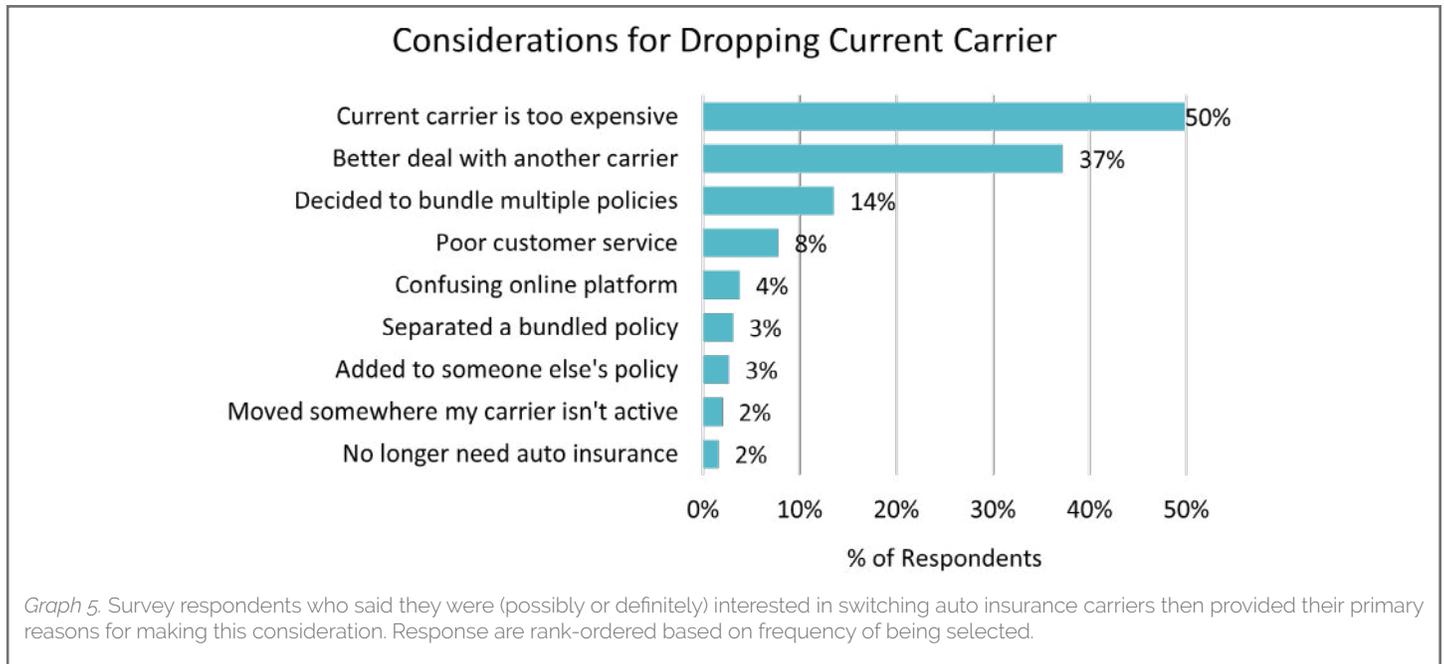


² Satisfaction was assessed on a 5-point scale, with 1 being very dissatisfied and 5 being very satisfied.

³ Loyalty was defined here as the proportion of people who said they were not considering switching from their current auto insurance carrier to another carrier.

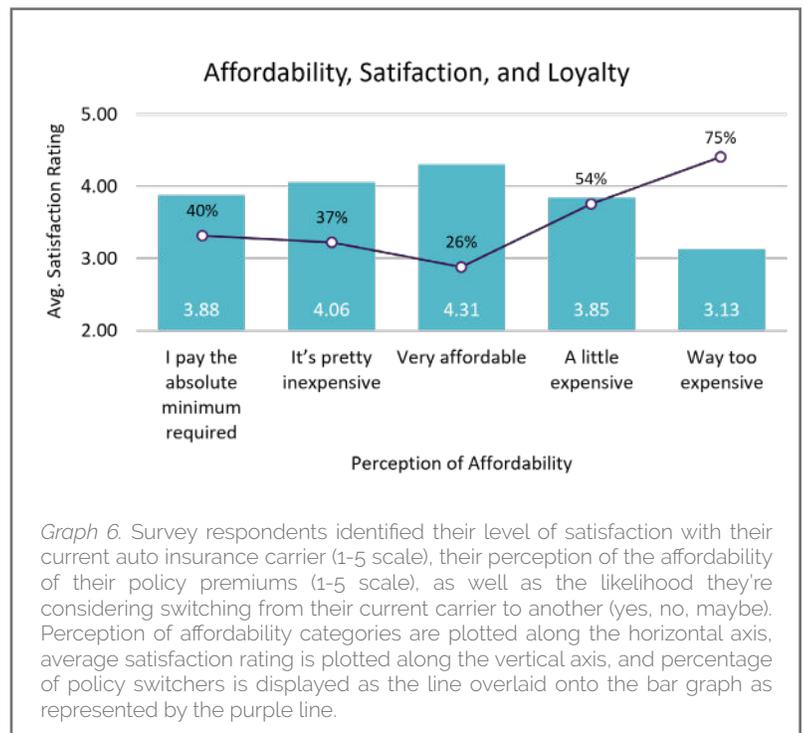
Switching Providers

Although most respondents reported overall satisfaction with their current provider (71% said they were moderately or very satisfied), just under half our sample (~42%) said they were considering dropping their current auto insurance provider. The reasons provided for this consideration were primarily related to expense: 50% said their current policy is too expensive and 37% said they would switch if they found a better deal (see Graph 5).



Affordability & Satisfaction

Perception of one's policy affordability significantly predicted their level of satisfaction with their current auto policy carrier⁴. Respondents who said their current policy was "very affordable" had significantly higher ratings of satisfaction than those who said it was "way too expensive". Moreover, level of satisfaction predicted one's projected likelihood of switching insurance carriers; as satisfaction scores decreased the likelihood of saying 'yes' or 'maybe' to switching carriers increased⁵.

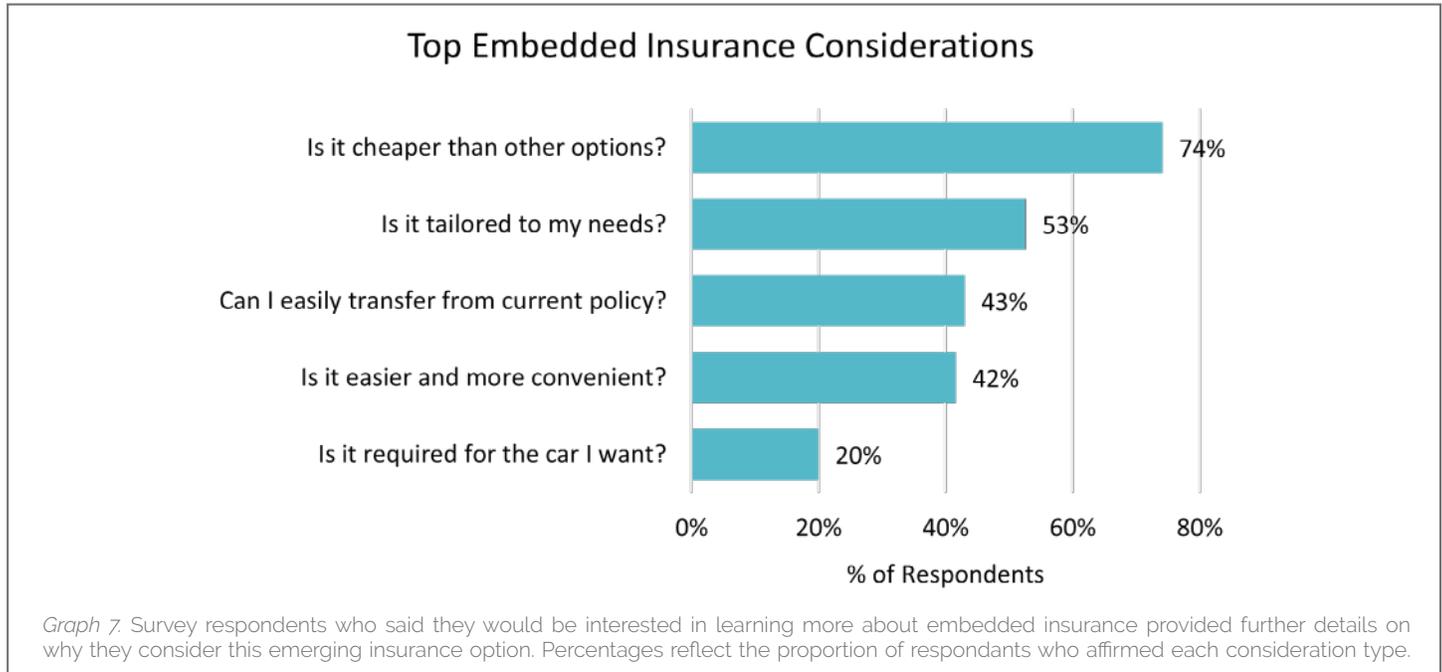


⁴ A univariate ANOVA was conducted with perception of affordability as the independent variable (IV) and level of satisfaction as the dependent variable (DV). Results were statistically significant, $F(4,7139) = 230.79, p < .001$, as were all pairwise comparisons (except "I pay the absolute minimum" and "A little expensive" which were not significantly different from one another).

⁵ A binary logistic regression was conducted, with level of satisfaction as the IV, and desire to switch (no, yes) as the DV. Results were statistically significant. The unstandardized beta for the constant was $B = (-0.31), SE = .02, Wald = 162.01, p < .01$, and the unstandardized beta for the predictor was $B = (-1.04), SE = .03, Wald = 1028.65, p < .01$.

Future of Insurance

Embedded insurance is one of the newest innovative offerings in the auto insurance marketplace, and several automotive brands (e.g., Tesla, Ford) are now offering embedded policies with new vehicle purchases. Although very few survey respondents currently reported having one of these policies (less than 1% of our total sample), upwards of 87% said they would be interested in learning more about embedded insurance offerings. The top reasons for giving this consideration were: lower overall cost, customized coverage, as well as ease and convenience of transferring from one's current policy to an embedded policy (see Graph 7).



Summary / Conclusion

Reaching the right customers at the right time is essential to meeting their current and future needs. Marketers of insurance carriers and emerging insurance products should focus their efforts on understanding the following three aspects of the customer experience:

1. their overall level of satisfaction with their current insurance provider(s),
2. the affordability of their current insurance premium(s),
3. their specific insurance needs (and thus, how your insurance offering simplifies their life or finances).

Customers want peace of mind above all else. That peace of mind comes from having confidence in knowing they are getting personalized coverage (with both breadth and depth), at a price point that works for their budget, as well as a convenient and accessible resource when the need strikes. Bottom line? Keep it simple and individually tailored and you will have a loyal customer for the long haul.

Want to know more about how AnalyticsIQ data benefit you and your understanding of auto insurance brands? Contact us today at sales@analyticsiq.com.

