

## Motorists Scale Back Shopping for Auto Insurance, Survey Shows

by Bloomberg.com

June 23 (Bloomberg) -- Fewer motorists sought to change their insurance company for their vehicles as the U.S. recession spurred a "hunker-down mentality," according to a J.D. Power and Associates survey. The proportion of customers seeking a new insurer fell to 28 percent in the 12 months ended in March from 36 percent in the year-earlier period, the marketing company said today in a statement. The study showed a slump in shopping in the fourth quarter and January, and some companies reported a rebound in recent months, Jeremy Bowler, J.D. Power's senior director of insurance, said in an interview.

"Many customers are employing a hunker-down mentality," Bowler said in a statement. "Most customers would prefer to hold tight to their current provider, which they already know, rather than risk trying a new provider."

Auto insurers' premiums have declined as drivers reduced coverage in response to the recession and profits dropped on investment writedowns. Consumers most often cited price as a reason for their shopping, and more than a third said price was the reason for switching carriers. Ninety percent of customers stay with their current provider, J.D. Power said.

Berkshire Hathaway Inc.'s Geico Corp. and Progressive Corp. have reported gains in shopping volume this year. Progressive added 242,200 auto customers in the first four months of the year, while Buffett told shareholders May 2 that Geico added 505,000 customers.

"Geico is shooting the lights out," Berkshire Hathaway Chief Executive Officer Warren Buffett said in a Bloomberg Television interview in March. "It's something in the American psyche, where the guy who didn't care about saving \$100 on his auto insurance policy or some number a year ago, and preferred to not make the change, they're coming to us now."

Switching Behavior

Shopping behavior was up fairly dramatically in the first quarter, Progressive CEO Glenn Renwick told analysts and investors at a June 11 meeting. "We're still seeing a fair amount of switching behavior."

Erie Insurance in Pennsylvania ranked highest in J.D. Power's customer satisfaction survey of auto insurers for a second consecutive year, scoring 893 points out of 1,000 for its distribution methods, prices and policy offerings. American Family Mutual Insurance Co., based in Madison, Wisconsin, ranked second, followed by Hartford Financial Services Group Inc. and Geico.

American International Group Inc. ranked lowest among 22 companies with a score of 813 and Safeco Corp. was second to last with a score of 825.

Erie and American Family won top scores for local agent distribution. Hartford won a top score for its call center and Geico for its call center and Web site, according to the study.

Shopping rates are based on a survey of 300,000 households, Bowler said. Customer satisfaction is based on responses from more than 13,500 consumers who asked for an auto insurance price quote from at least one competitive insurer from February to March, J.D. Power said.

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