Stack the Odds in Your Favor

Winning and Retaining Generation Y Customers

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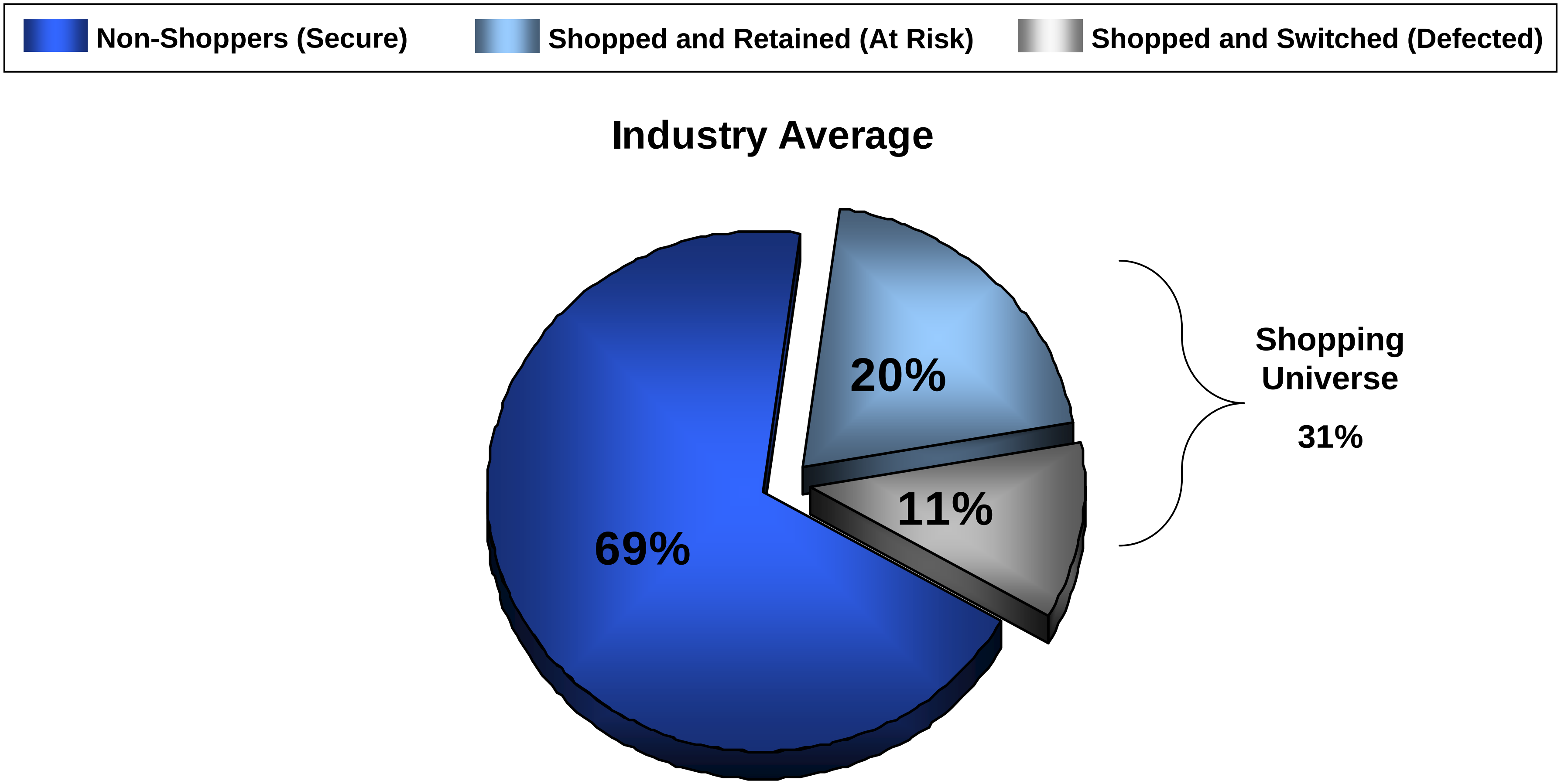
J.D. Power and Associates

Agenda

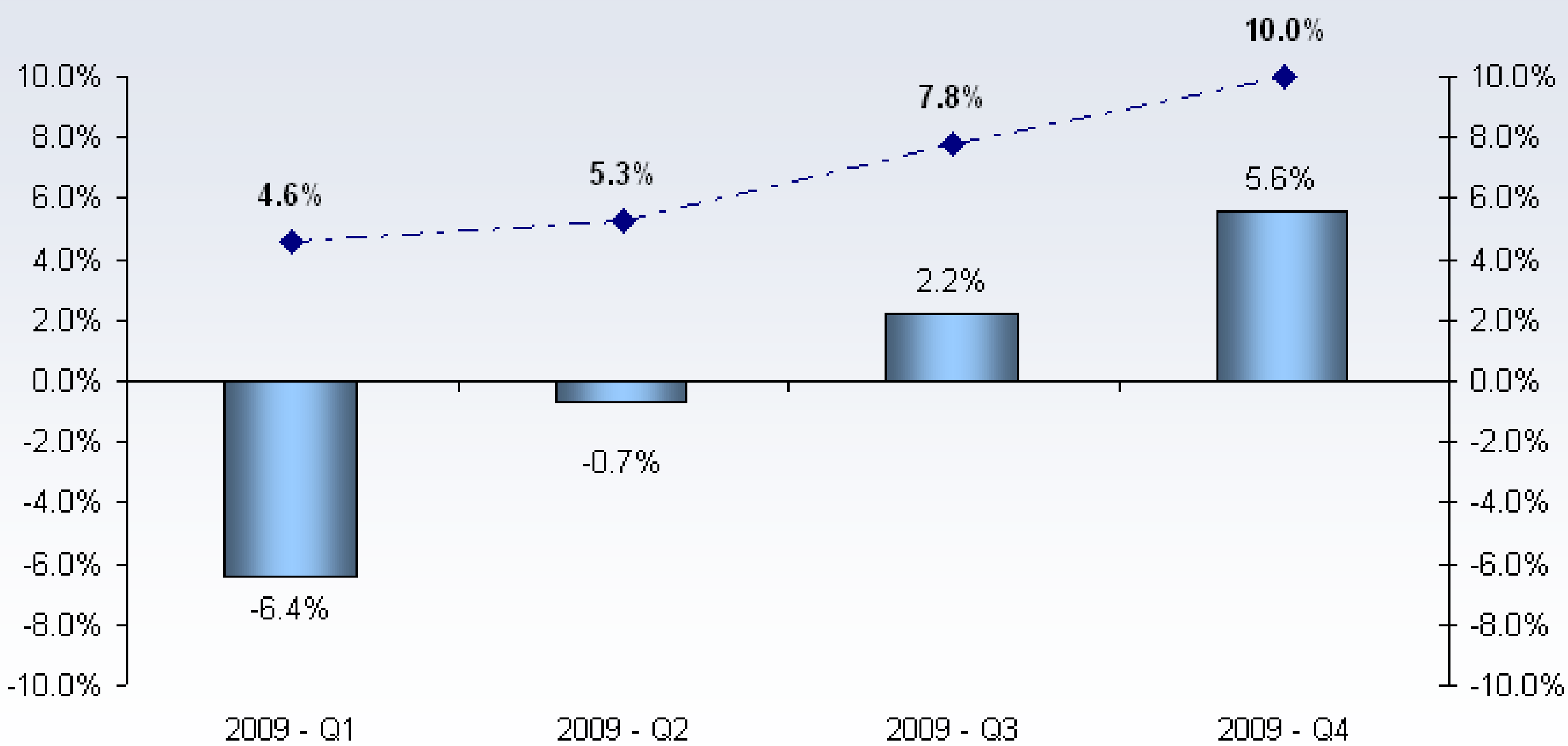
- Generation Y Auto Insurance Shoppers
- Tailoring Service to Generation Y Customers
- Customer Service Channel Behaviors
- Generation Y: Servicing the First-Time Claimant

Generation Y Auto Insurance Shoppers

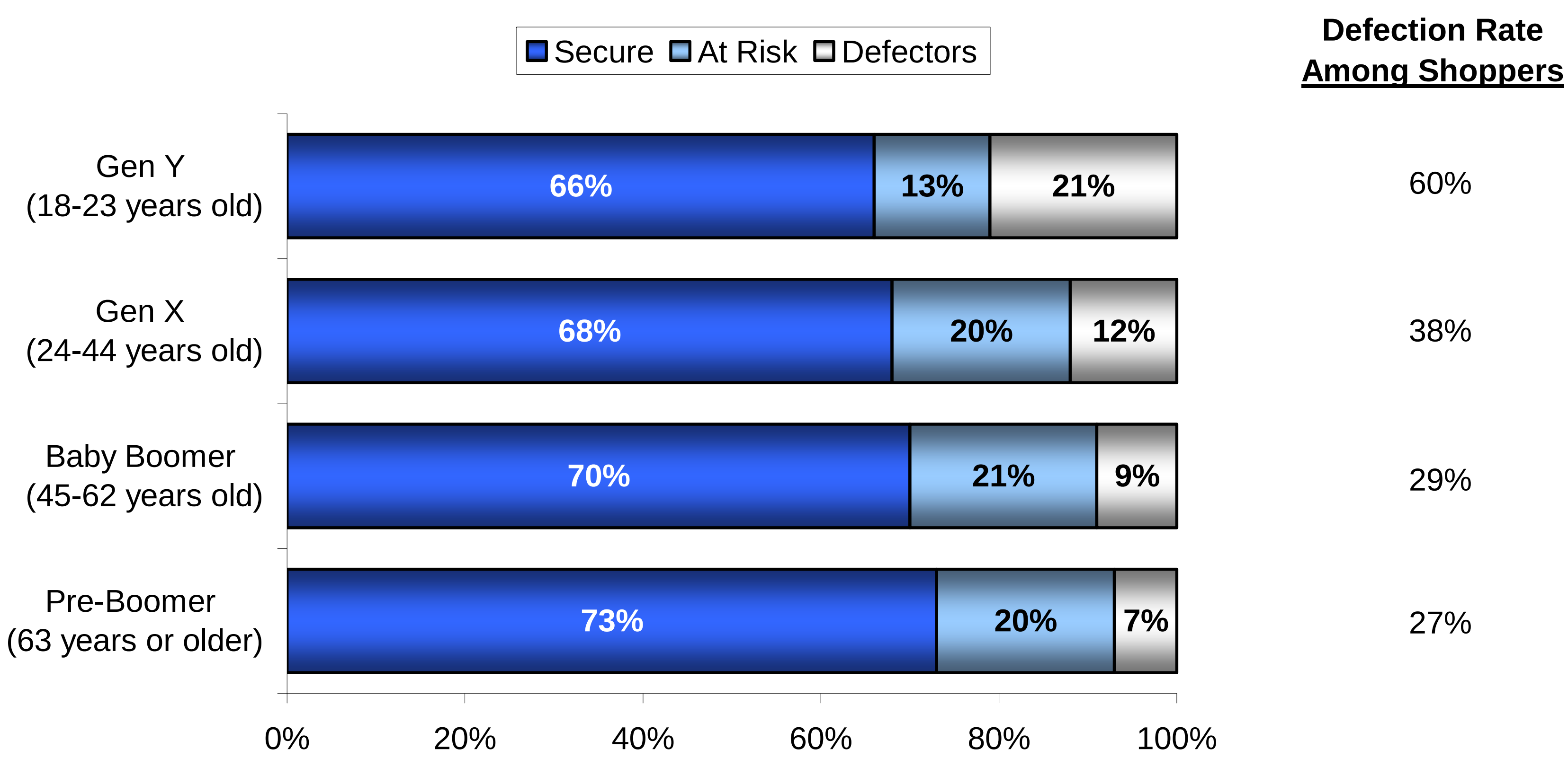
Customer Segments in Addressable Market



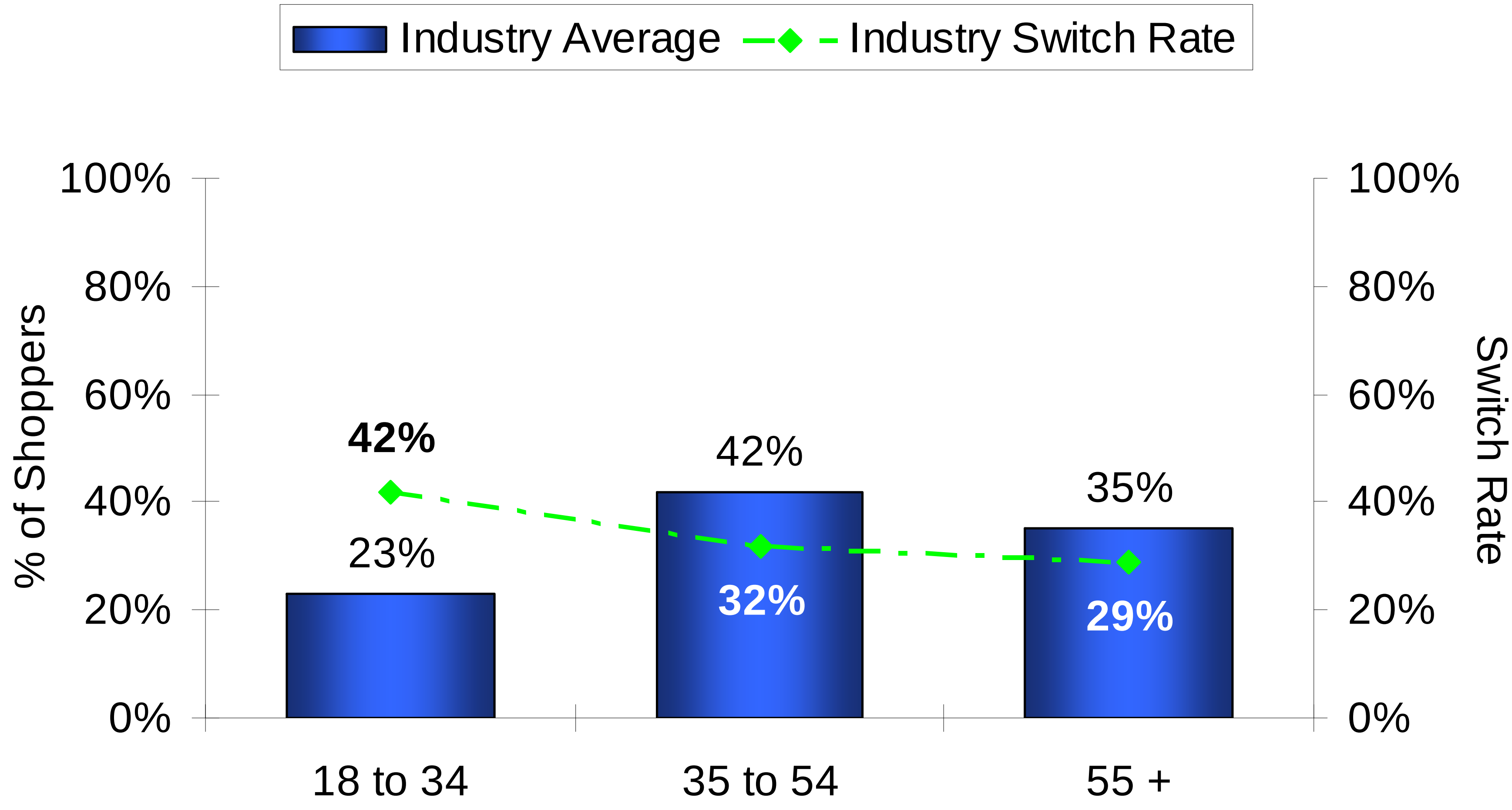
Quarterly U.S. Economic Trend (GDP) and Shopping Rates



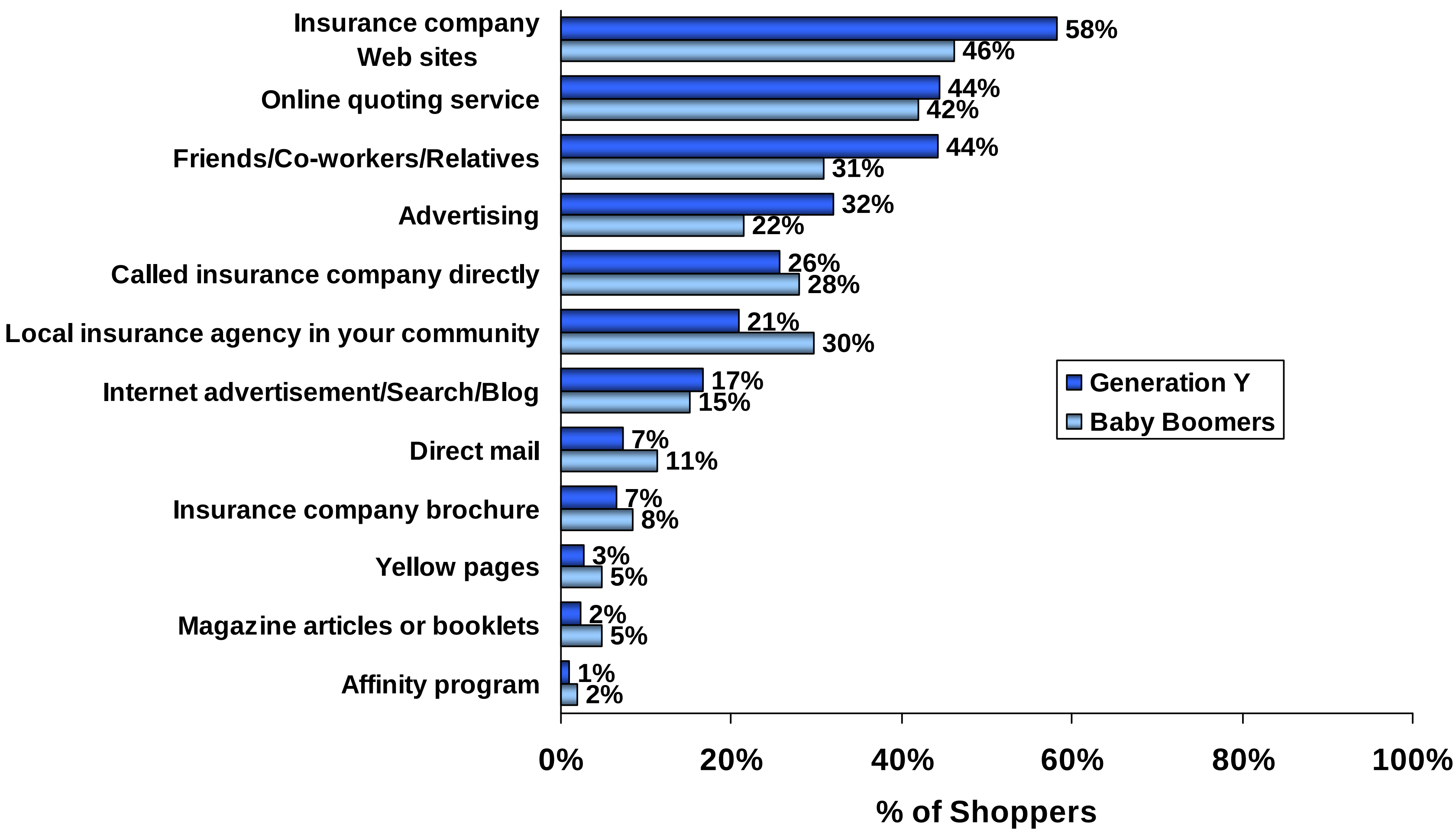
Customer Retention Segments – Generation



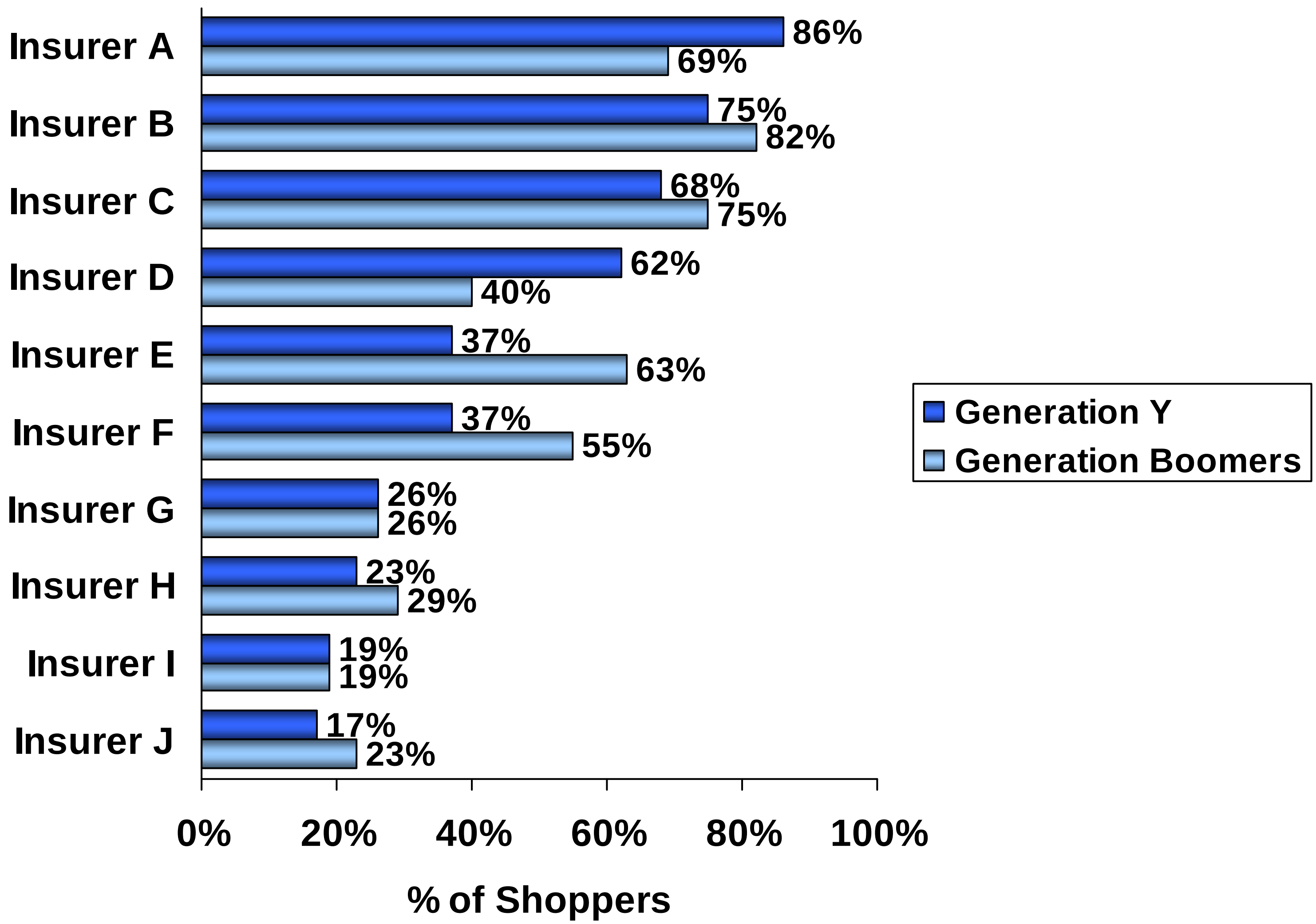
Shopping Profile – Age Cohort



Sources of Information When Shopping for Auto Insurance

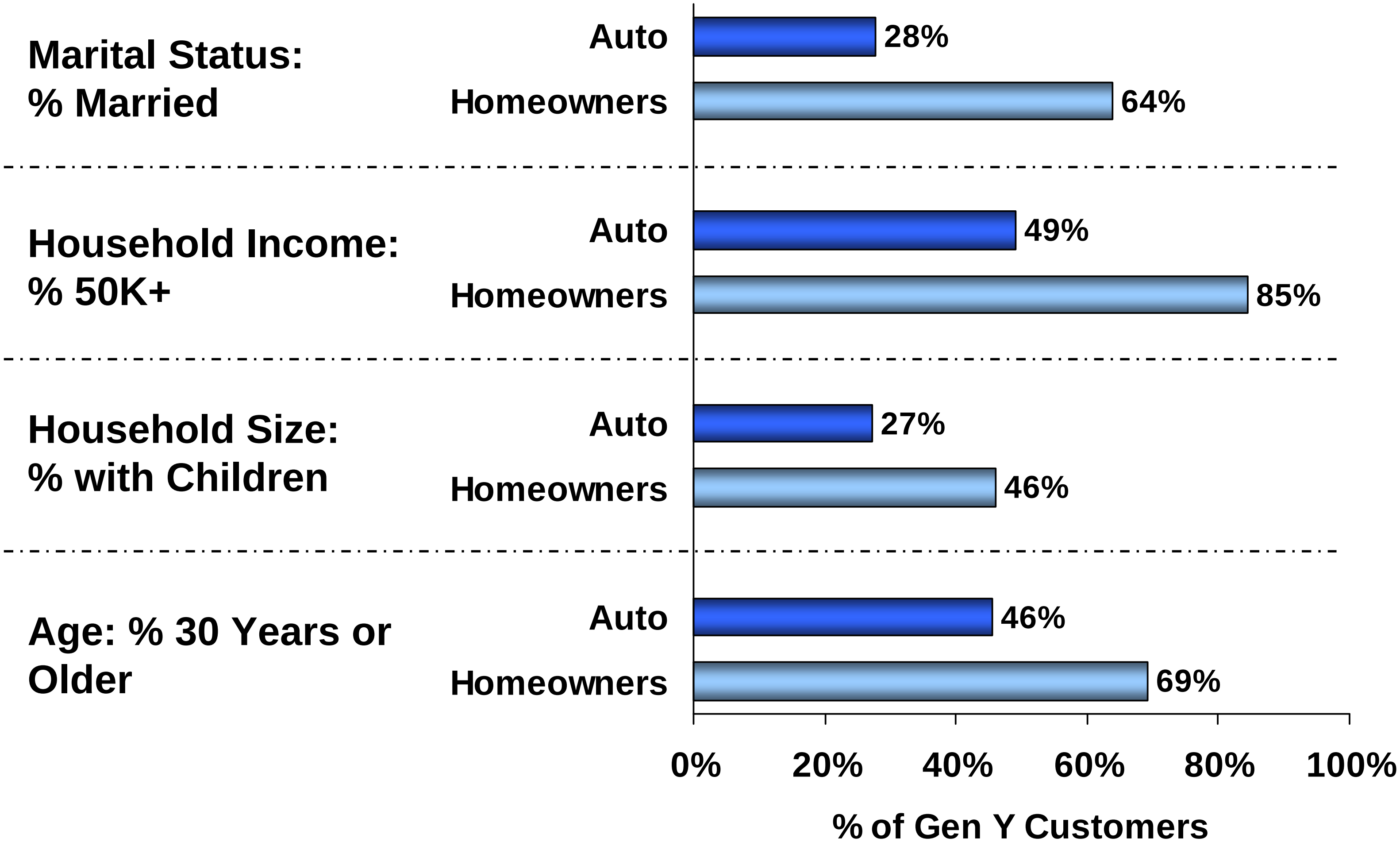


Top of Mind Insurers

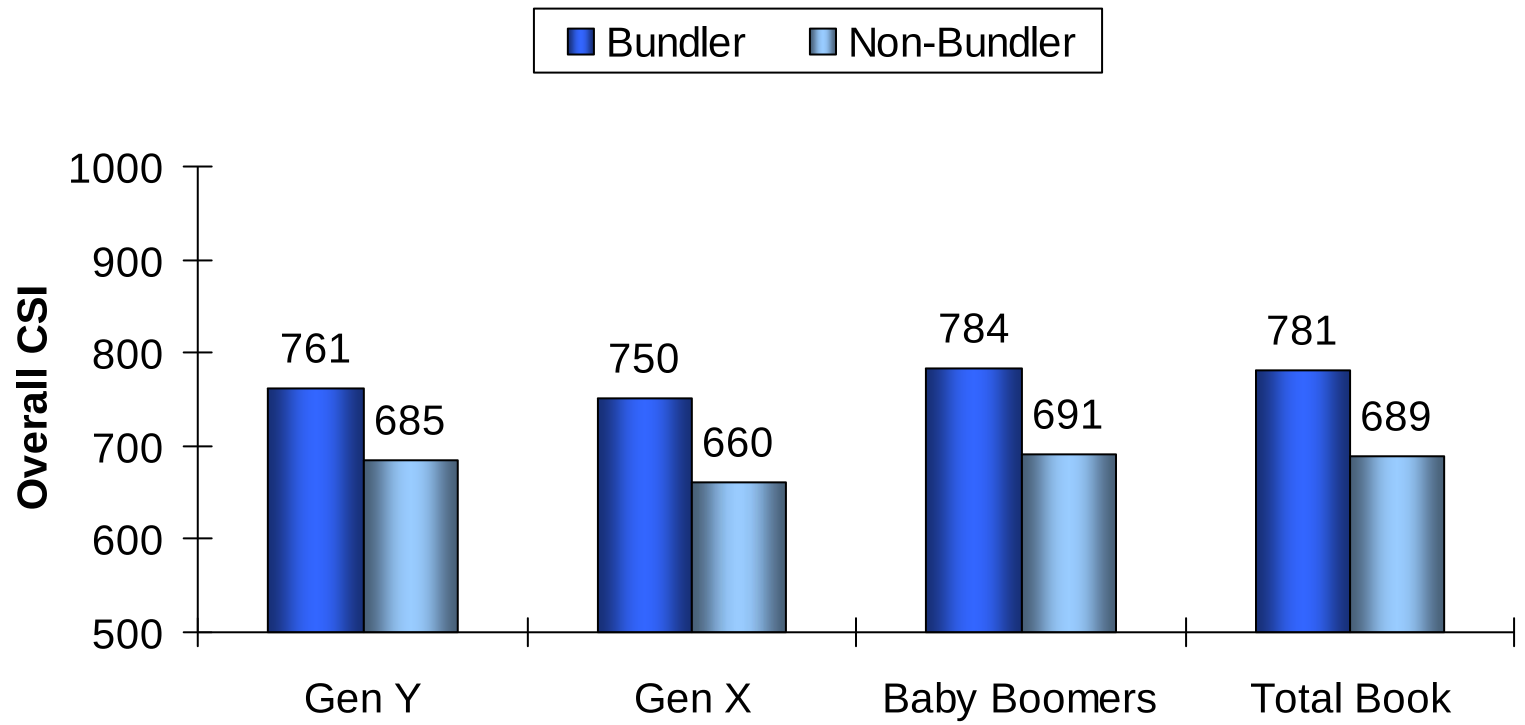


Tailoring Service to Gen Y Customers

Gen Y Profile: Auto vs. Homeowners

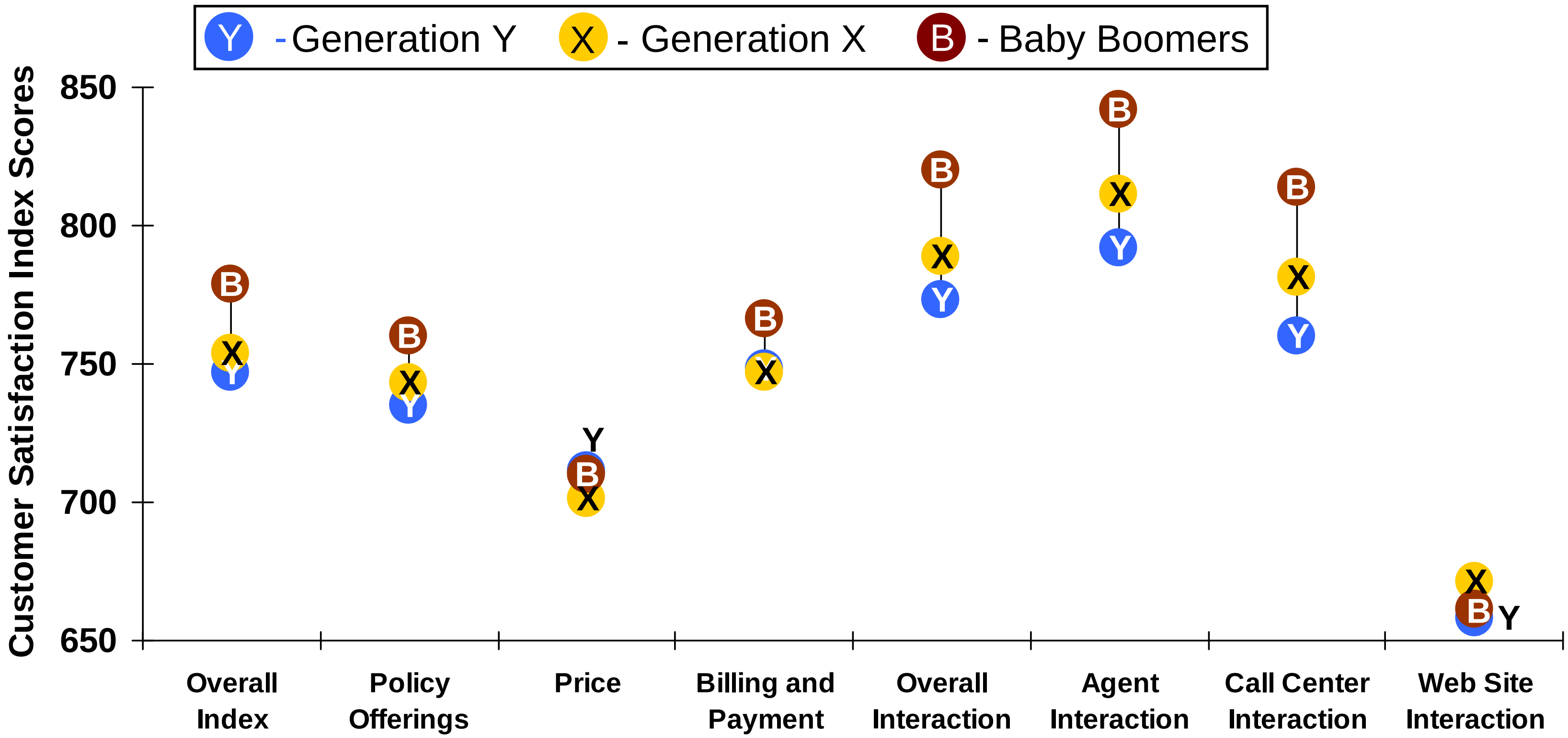


CSI by Generation by Bundling



	Gen Y	Gen X	Baby Boomers	Total Book
% Homeowners who bundle auto policy	**60%**	**69%**	**70%**	**68%**

Range of Auto Insurance Relationship Satisfaction Performance by Generation



Range of Scores:	-32	-25	-10	-19	-47	-49	-55	-13

The Link Between CSI and Financials

Financial Return by Insurer Satisfaction Tier

Insurer Satisfaction Tier	OSAT Index	Retention Related			Acquisition Cost-Related					% Will Not Switch for Any Price
		Actual Retention[4]	% Definitely will Renew	% Definitely Plan to Shop	3-Year Growth[5]	Acquisition Cost[5]	% Definitely will Recommend	Avg. No. of Positive Mentions	Avg. No. of Negative Comments	
High Satisfaction	824	94%	61%	3%	3.2%	15.2%	58%	2.4	0.1	22%
Average Satisfaction	772	87%	44%	7%	-1.9%	17.2%	40%	1.8	0.2	14%
Among the Rest	738	82%	33%	9%	-16.5%	17.1%	29%	1.3	0.2	10%

[4] Source: 150,000 households screened by J.D. Power and Associates 2010 Insurance Screener Survey.

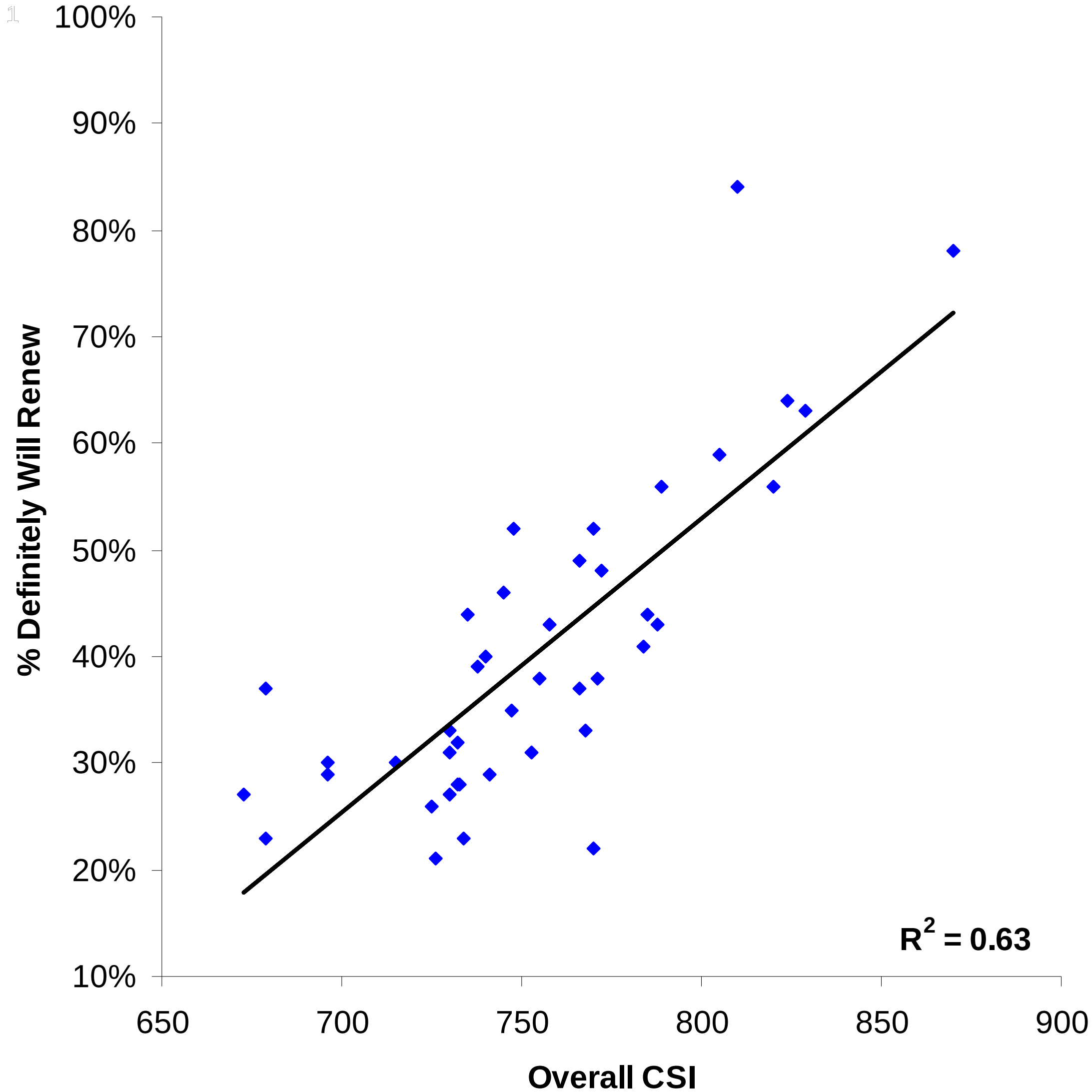
[5] Source: Standard and Poor's; Based on 2009 statutory findings - Insurance Expense Exhibit (Part III) of NAIC's Annual Statement.

Gen Y: Retention and Advocacy by Customer Satisfaction Tier

Financial Return by Insurer Satisfaction Tier
-Generation Y-

Customer Satisfaction Tier	Share of Gen Y Customers	% Definitely will Renew	% Definitely Plan to Shop	% Definitely will Recommend	Avg. No. of Positive Recommendations	Avg. No. of Negative Comments	% Will Not Switch For Any Price
High Satisfaction	18%	74%	5%	81%	4.0	0.0	21%
Medium Satisfaction	68%	31%	7%	26%	1.4	0.2	7%
Among the Rest	14%	7%	17%	6%	0.7	1.1	7%

Gen Y: Retention and Customer Satisfaction



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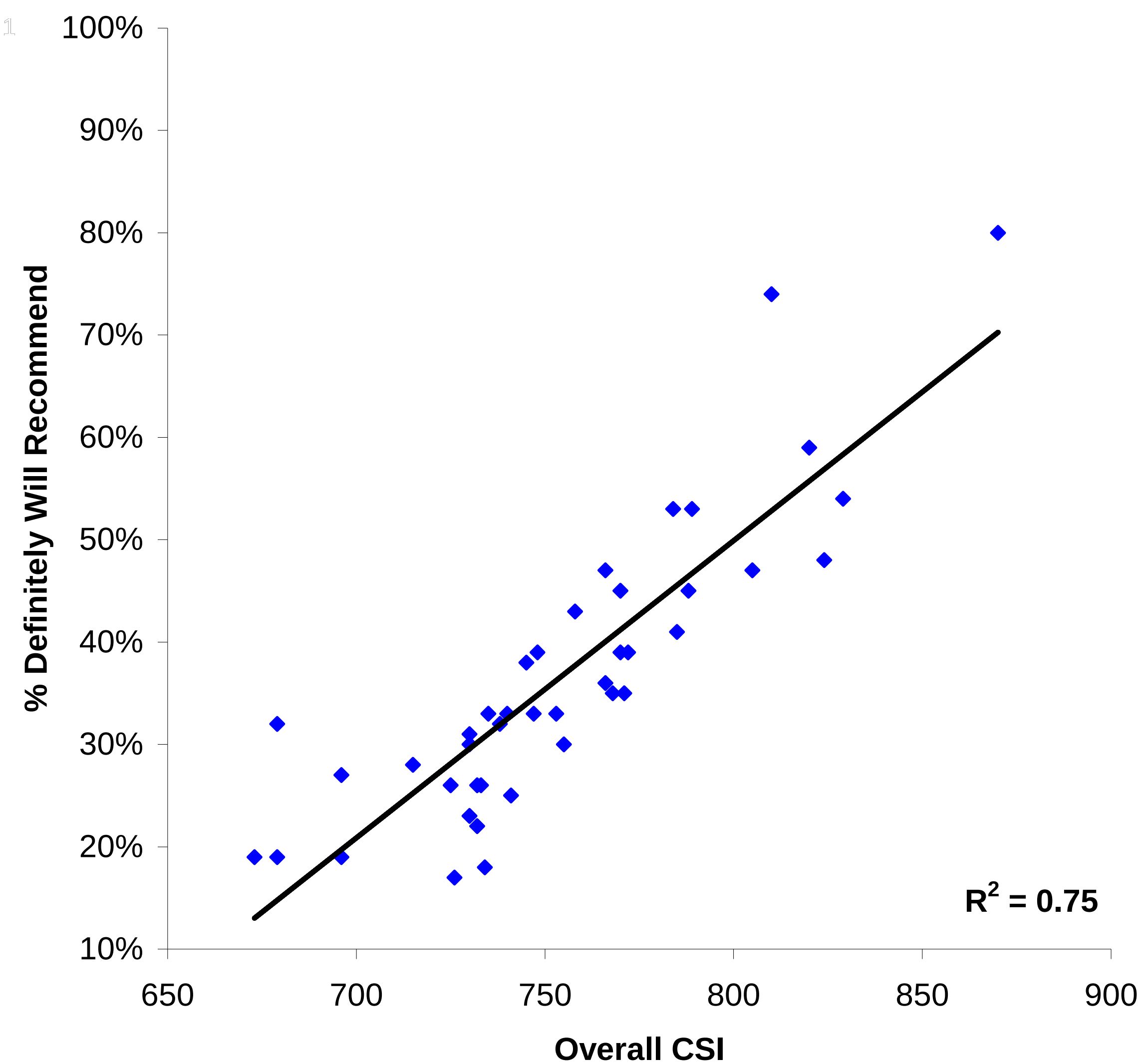
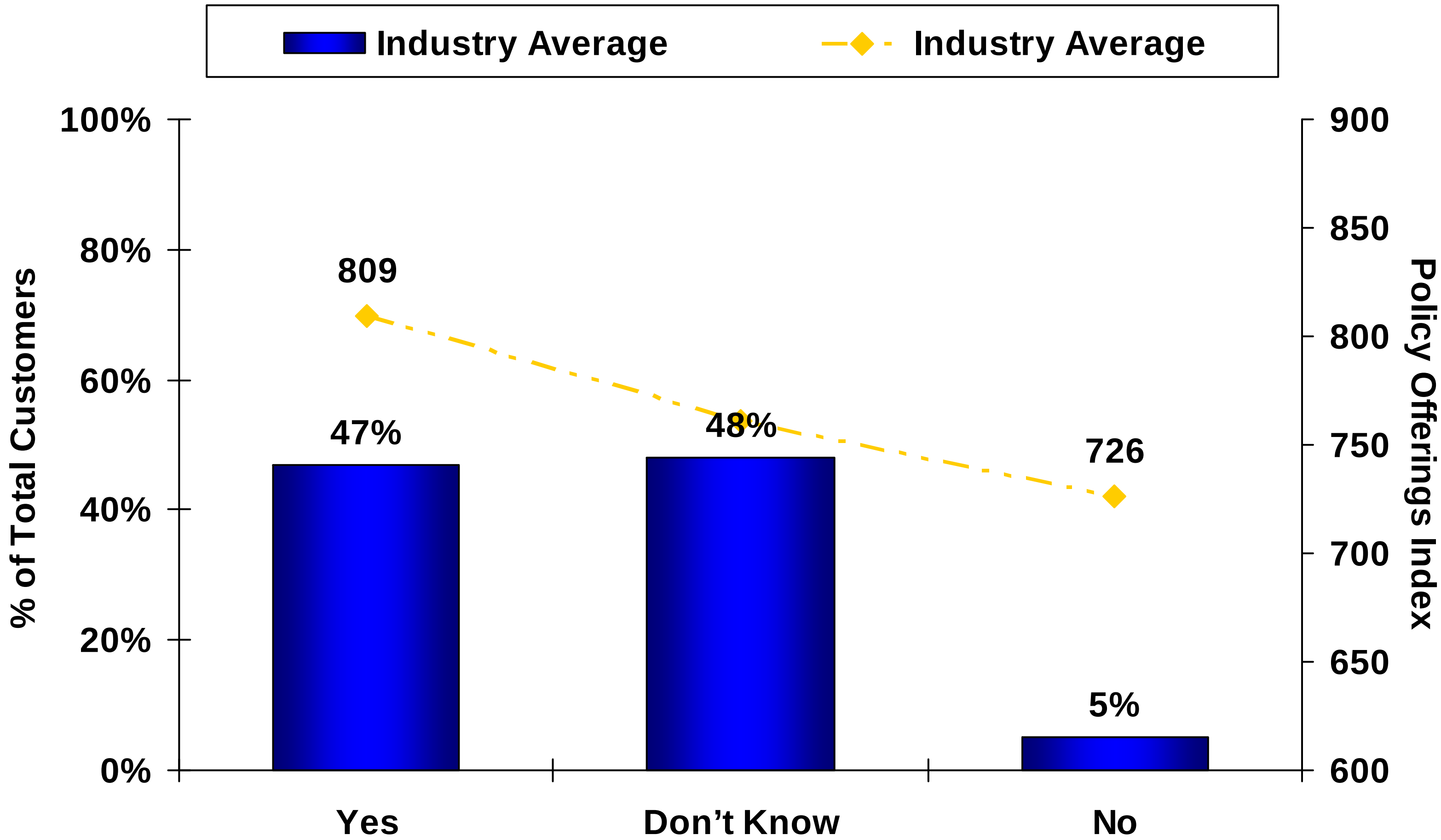
Gen Y: Advocacy and Customer Satisfaction



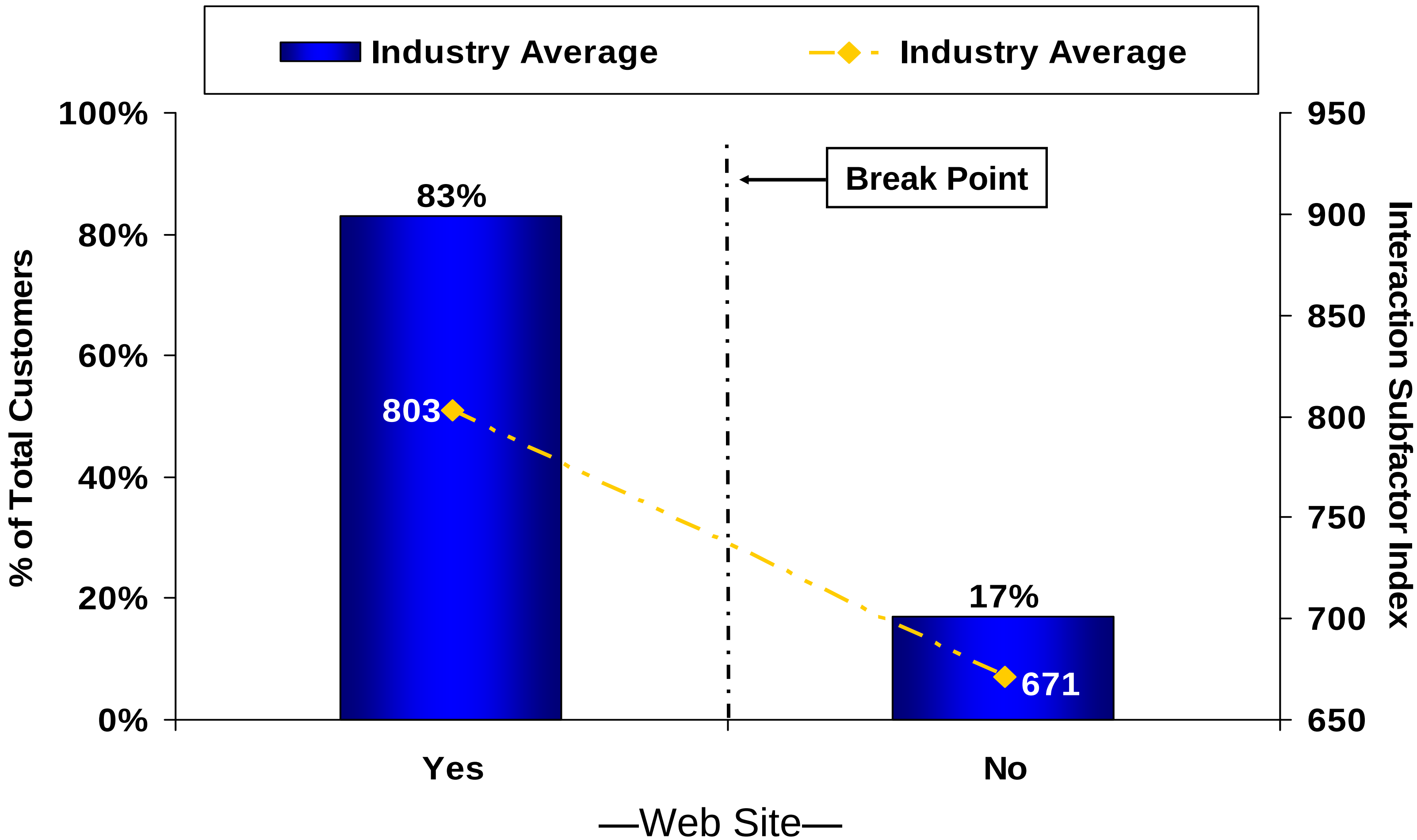
Key Service Practices to a Satisfying Customer Experience – Generation Y and Baby Boomers

Importance Rank Order	Generation Y	Baby Boomers
1	Ensure policy information is accessible online on the website	New customer welcome kit
2	Reduce number of problems experienced	Ensure representative(s) are clearly understood
3	Proactively communicate useful policy information	Provide error-free bills
4	New customer welcome kit	Proactively communicate useful policy information
5	Ensure representative(s) are clearly understood	Send newsletters and magazines
6	Offer automatic payment discounts	Offer purchase options through affinity programs

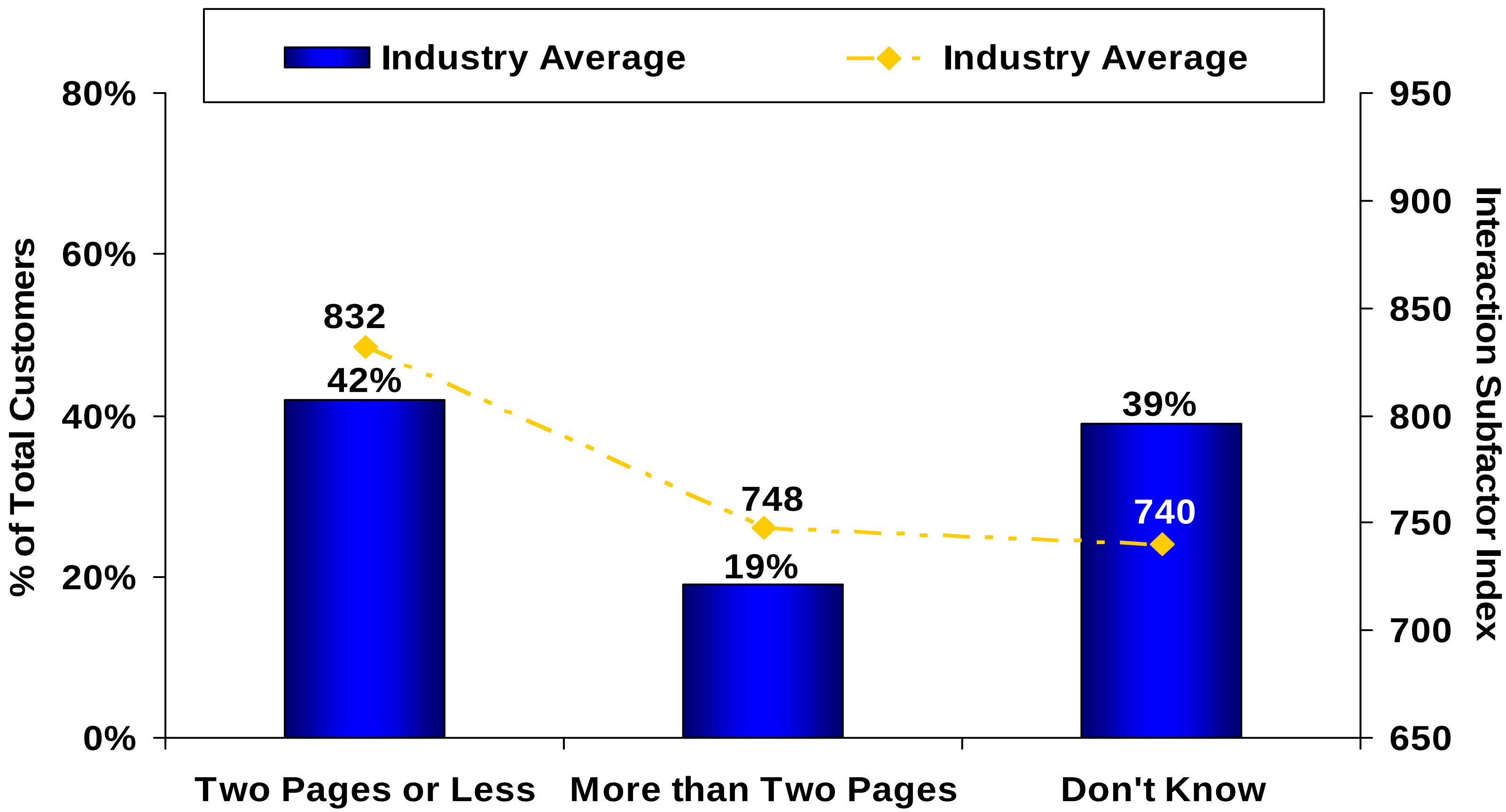
Online Access to Policy Information



Contacts Handled Entirely on the Web

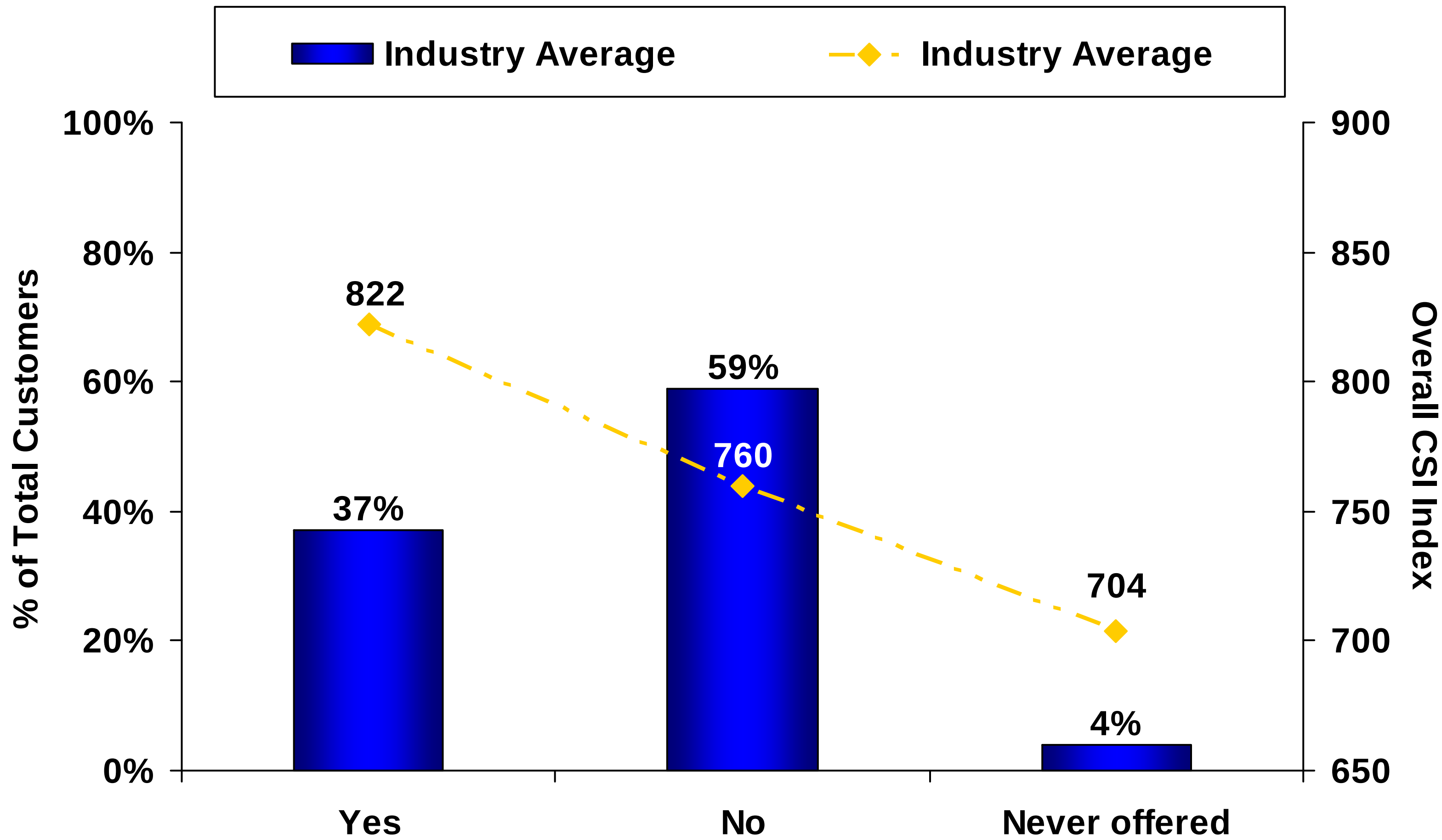


Pages Accessed to Find Desired Information



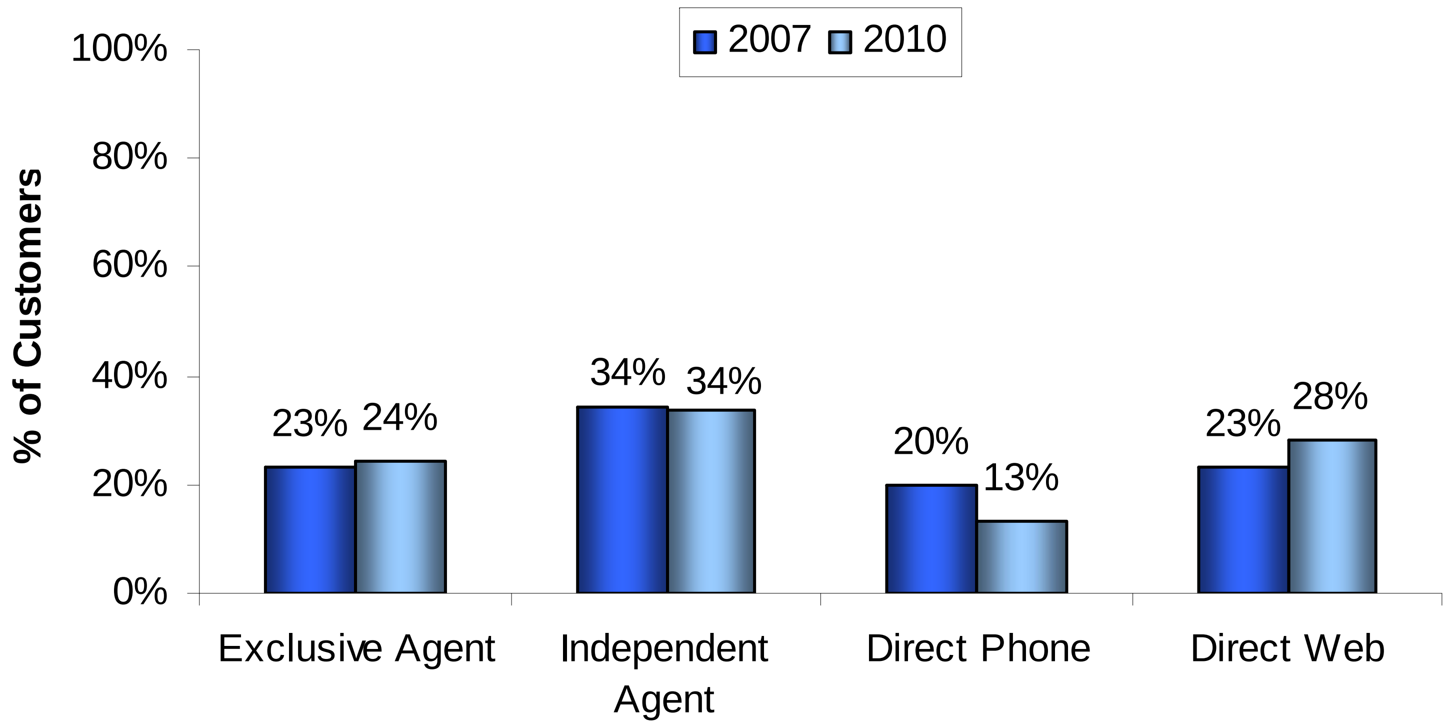
—Web Site—

Policy Review Offer – All Interaction Channels



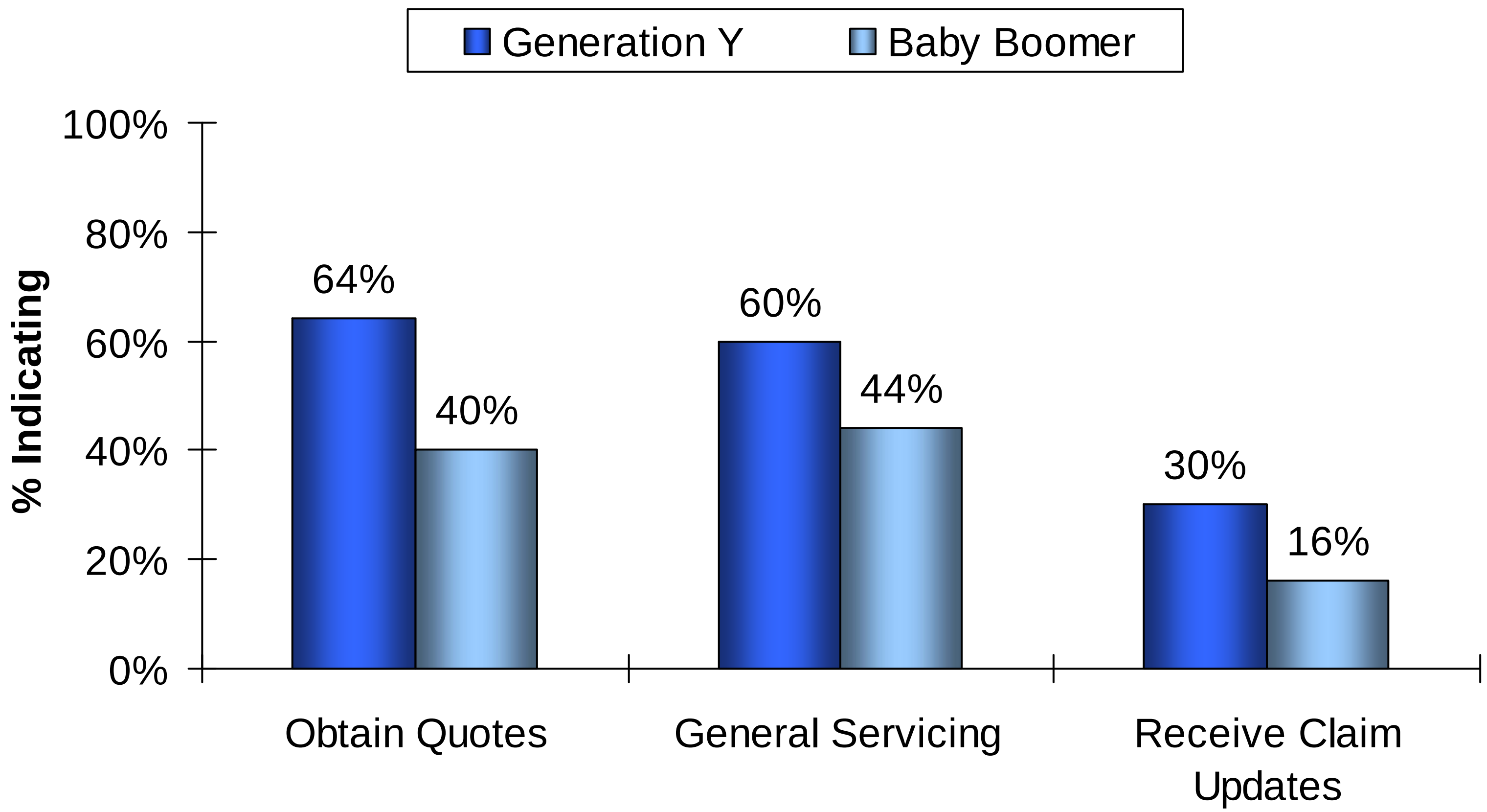
Customer Service Channel Behaviors

Distribution Channel Growth Trend – Industry Average

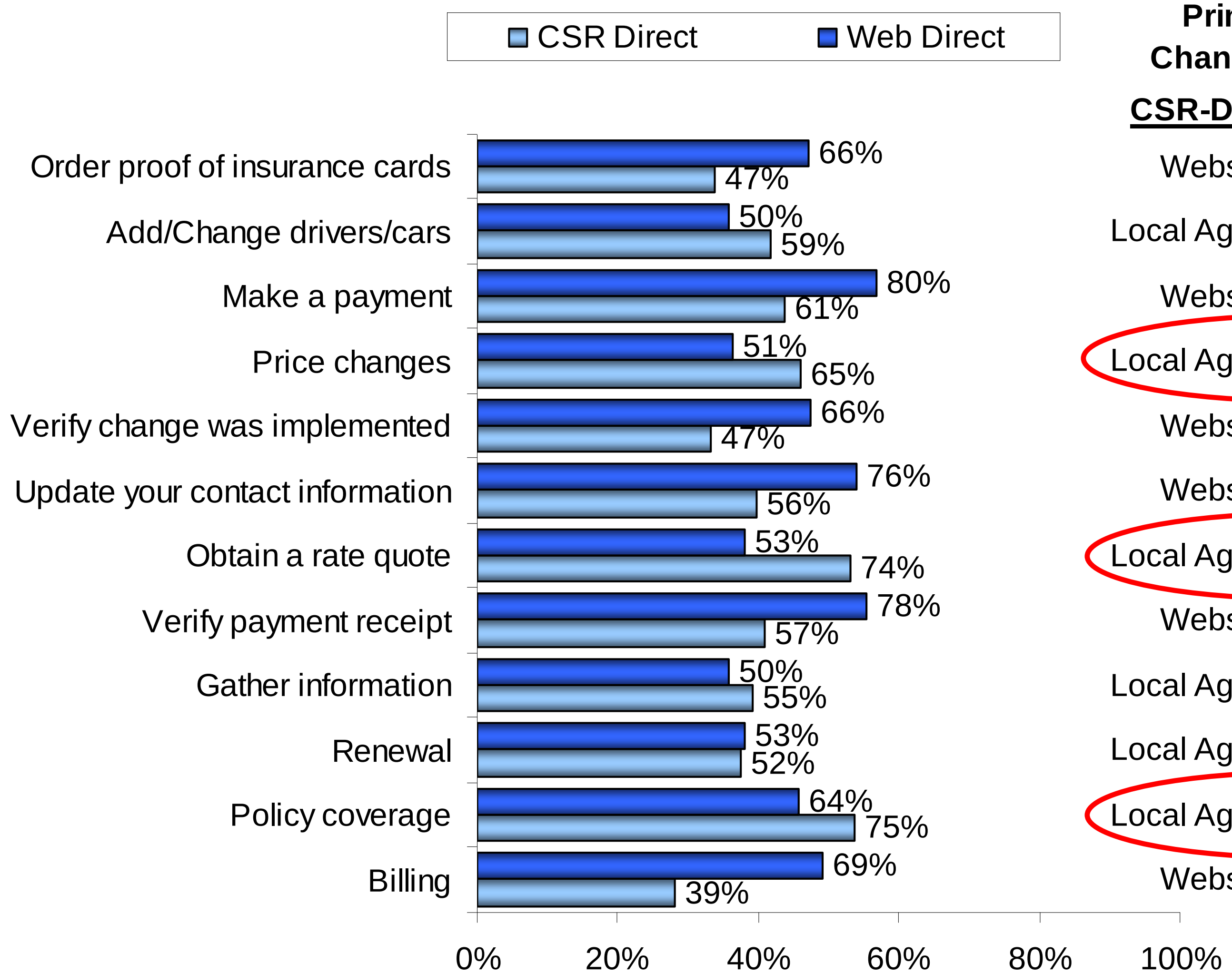


Note: Data of customers with tenure 1 year or less.
Note: Data excludes "Other" and "Agent Unknown".

Web Utilization across Customer Touch Points



Customer Service Channel Preference – Industry Average

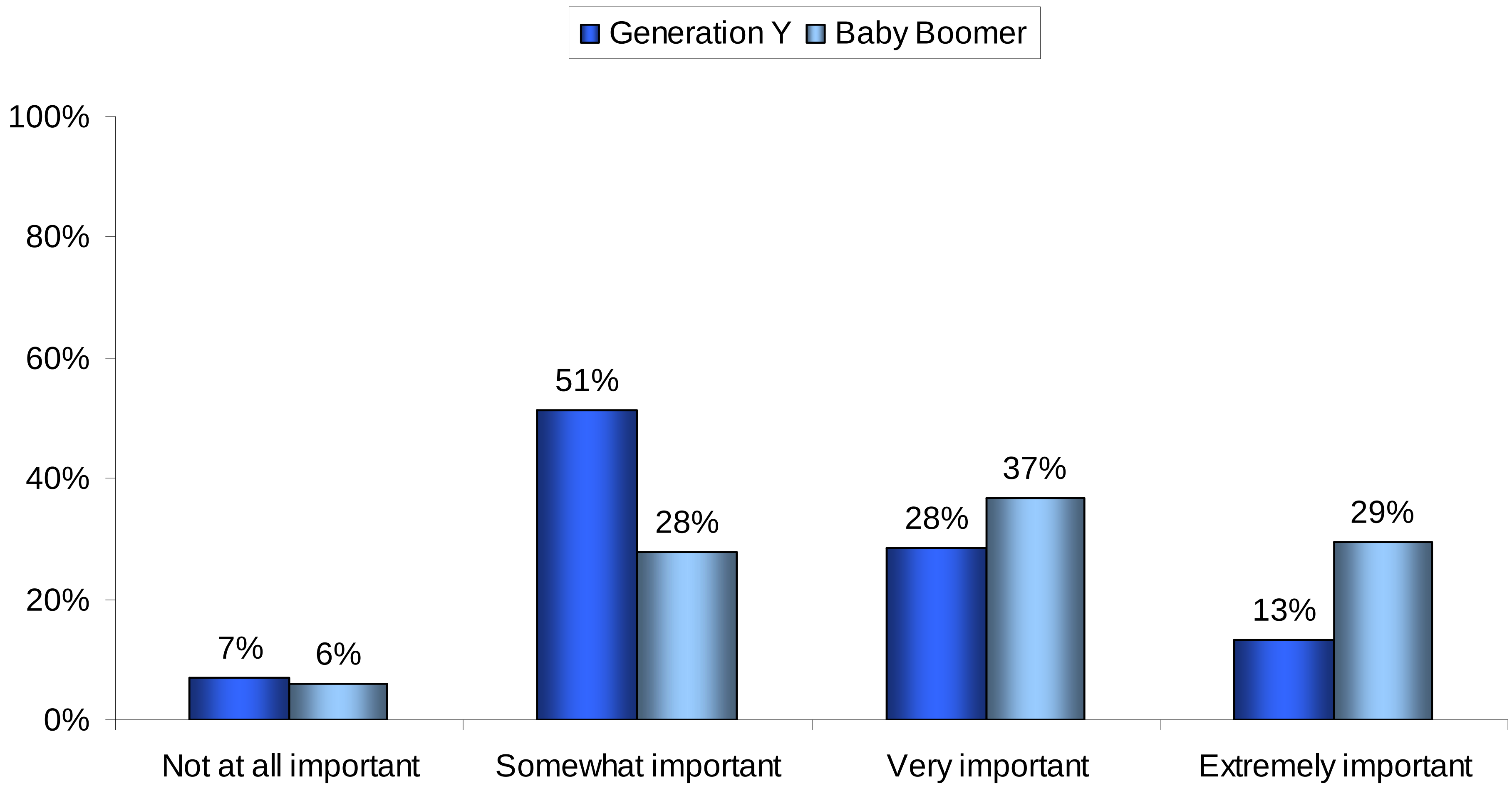


Primary Service Channel Preference

CSR-Direct	**Web-Direct**
Website	Website
Local Agent	Website
Website	Website
Local Agent	Local Agent
Website	Website
Website	Website
Local Agent	Local Agent
Website	Website
Local Agent	Website
Local Agent	Website
Local Agent	Local Agent
Website	Website

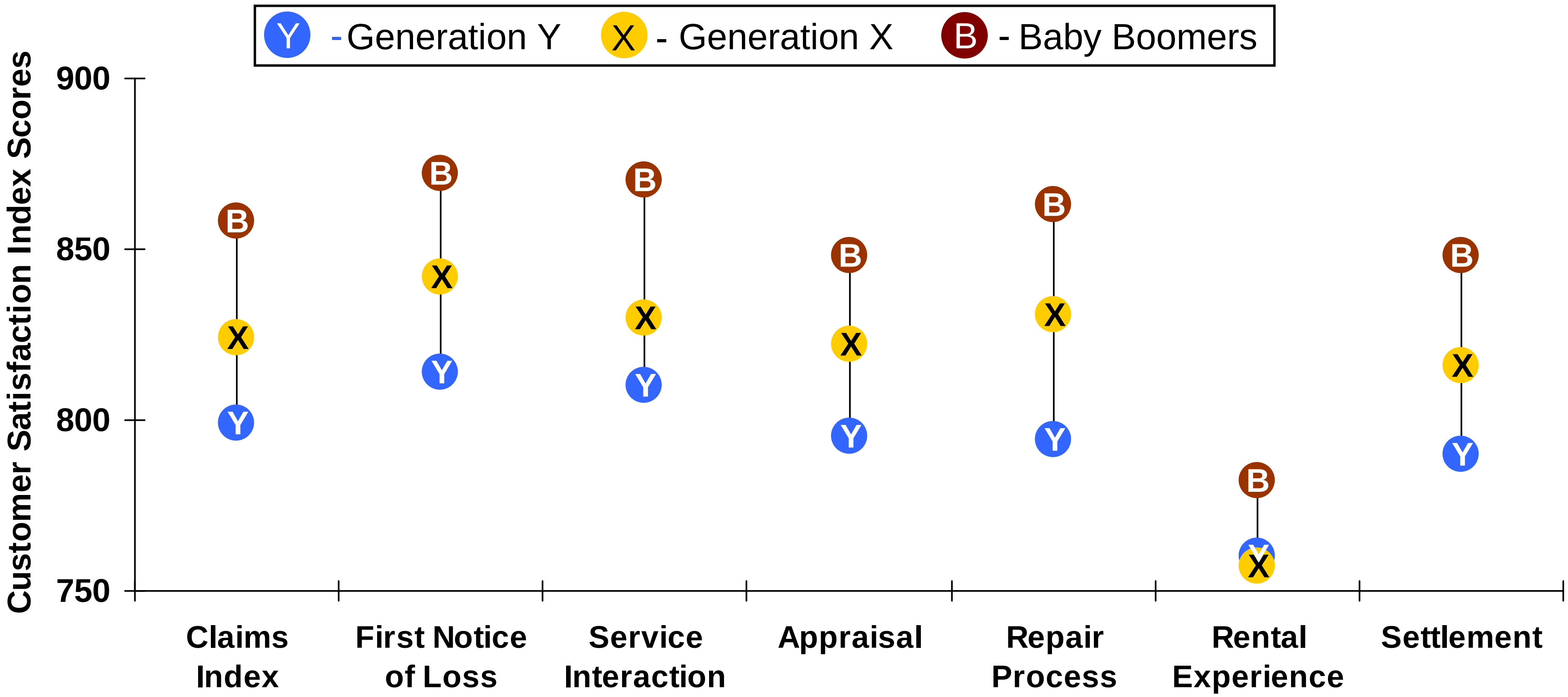
Note: Of respondents who have a choice to use each of the three primary service channels.

Importance of Being Represented by an Agent – Industry Average



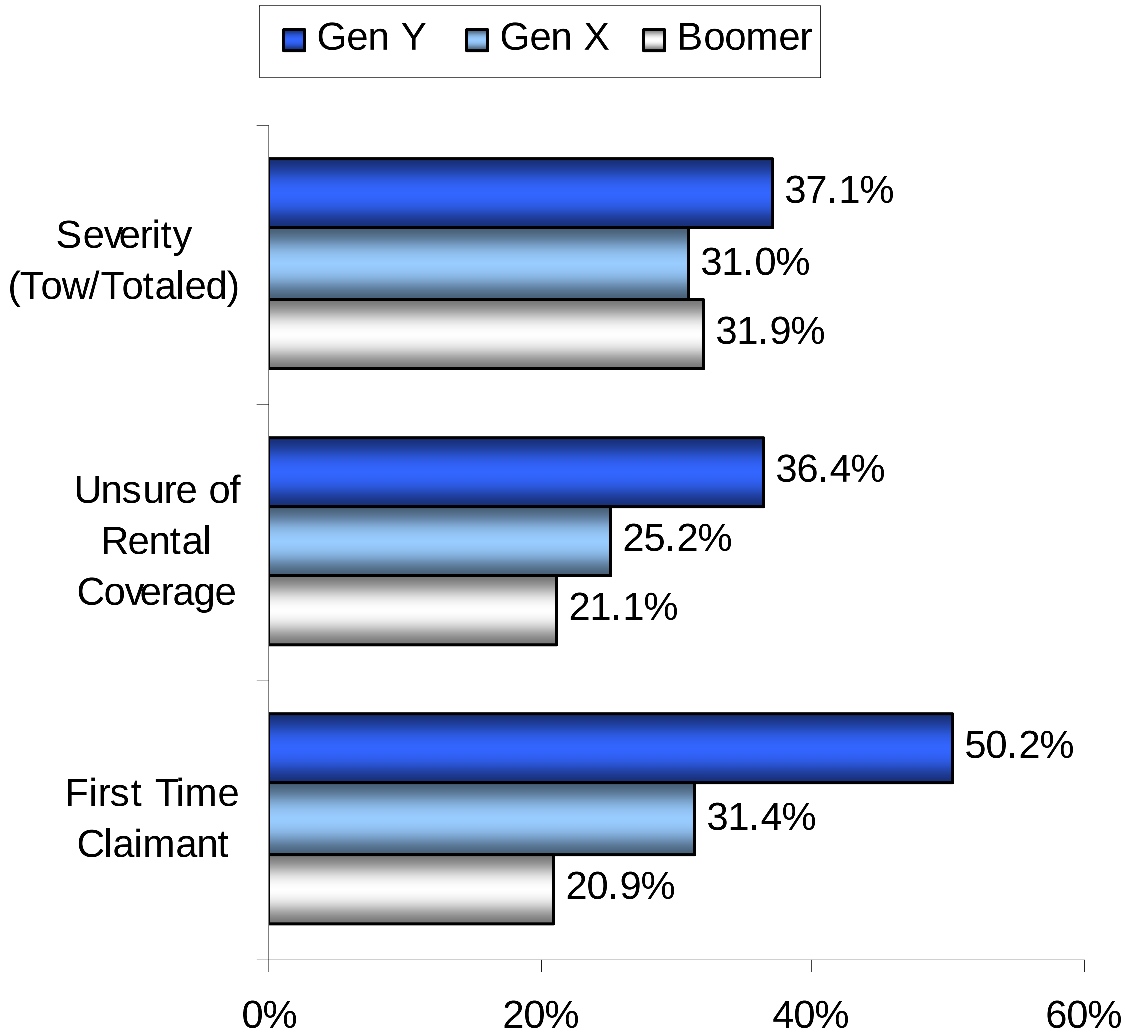
Gen Y: Servicing the First-Time Claimant

Range of Auto Claims Satisfaction Performance by Generation

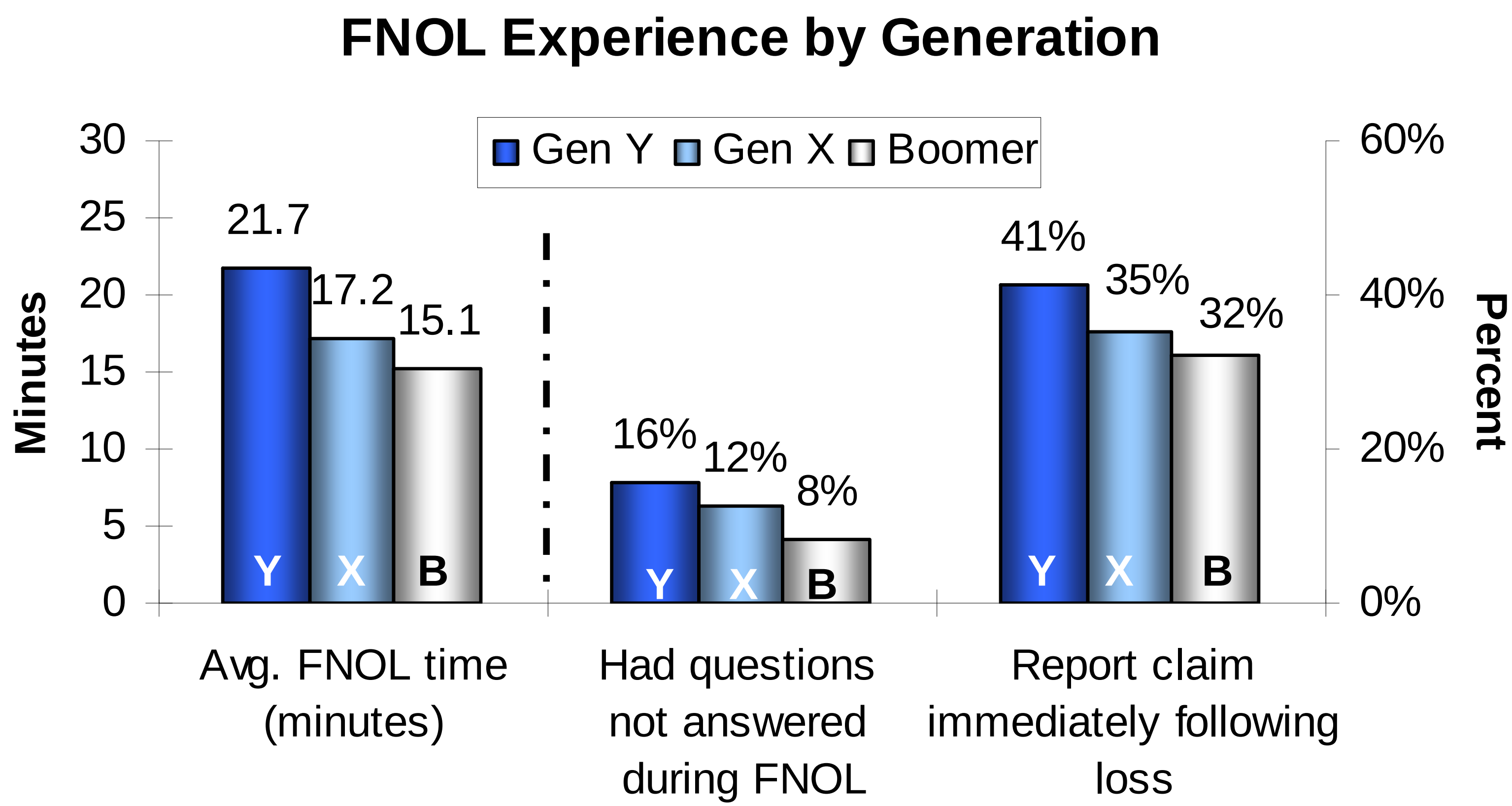


Range of Scores:	-60	-58	-60	-53	-69	-22	-58

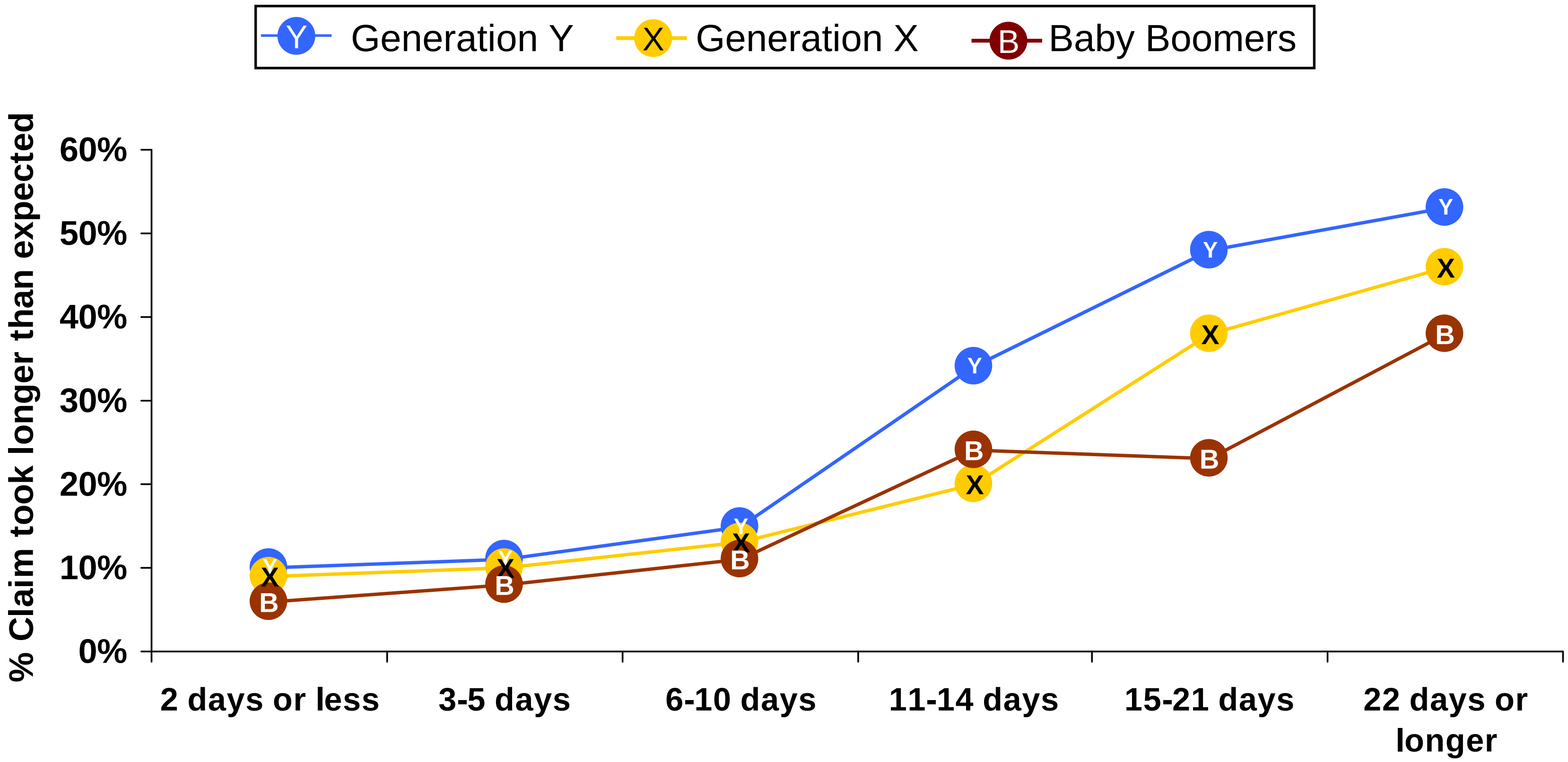
Differences in Claims Experience – Industry Average



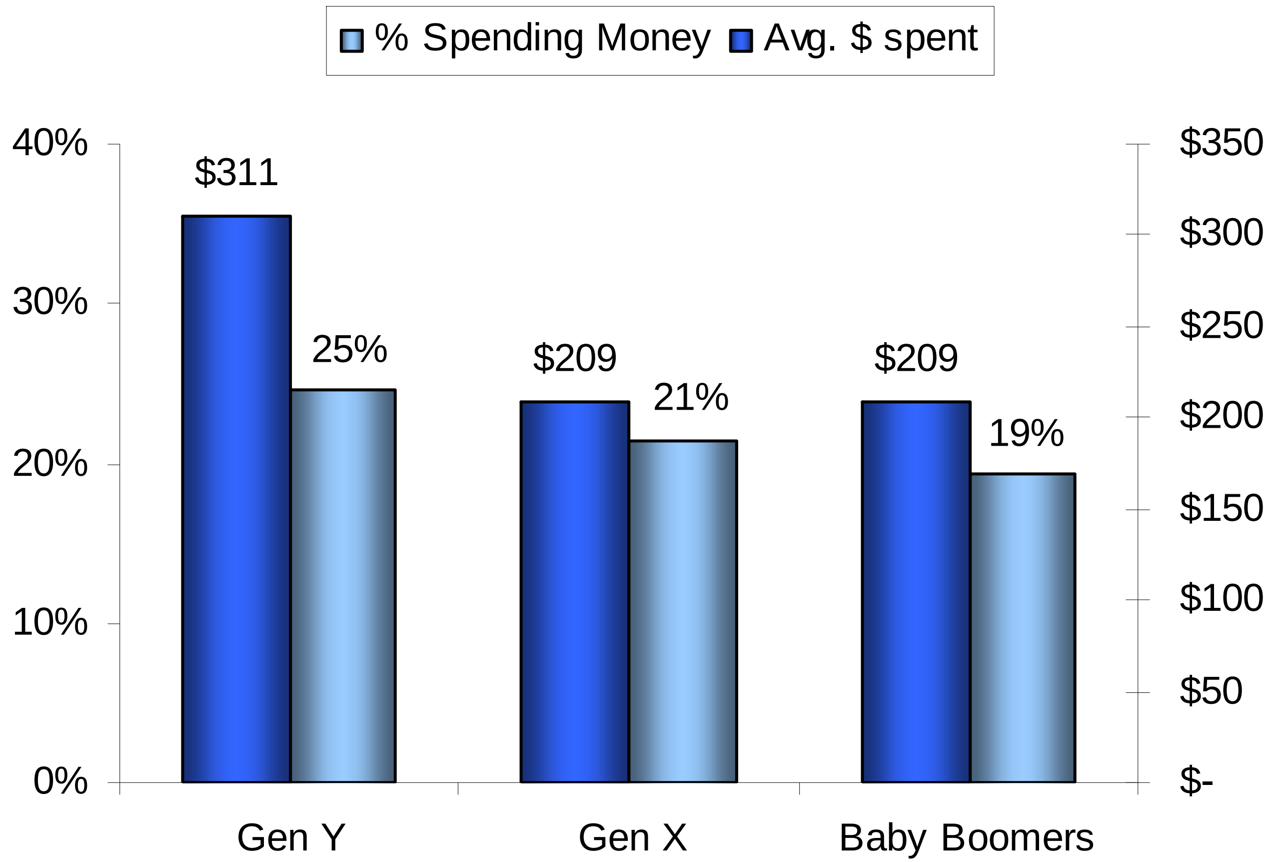
FNOL Experience by Generation – Industry Average



Repair Time by Expectations

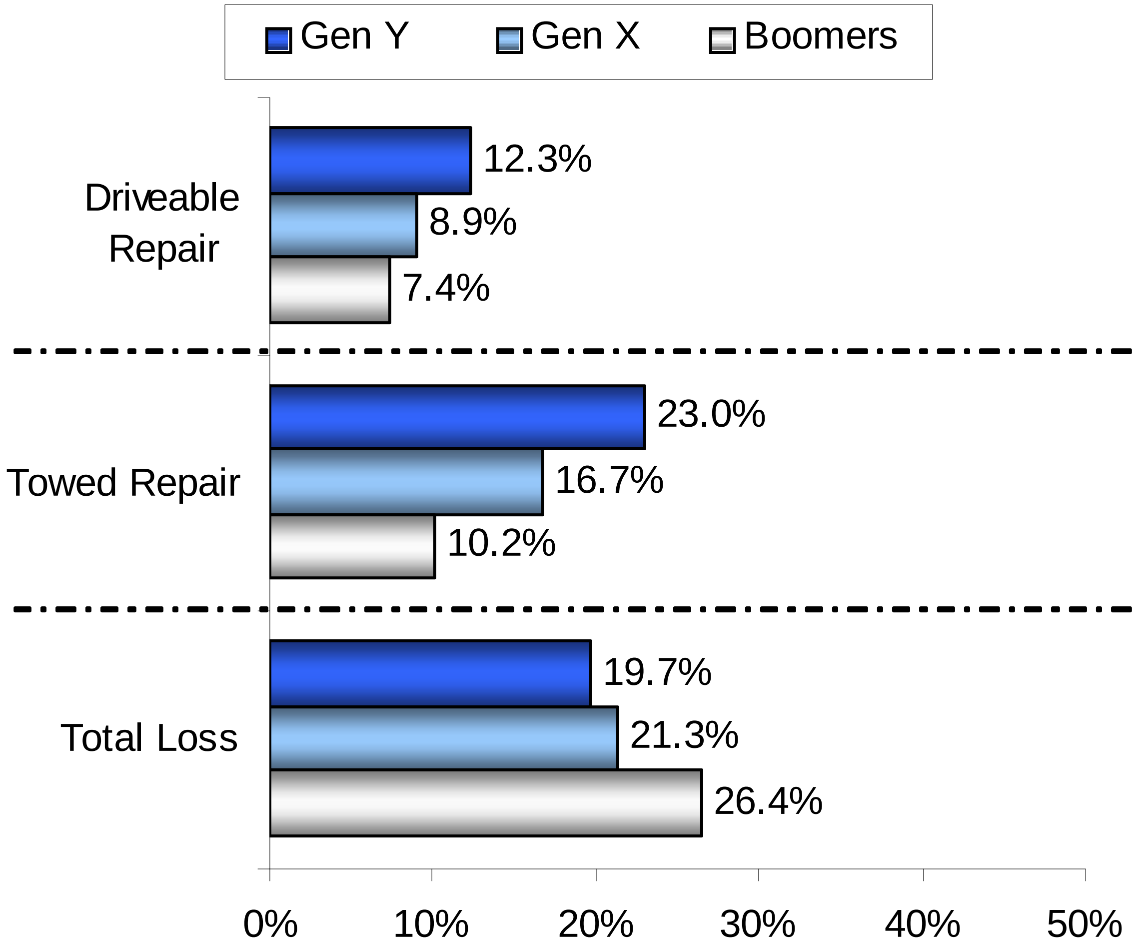


Money Spent Other than Deductible – Industry Average

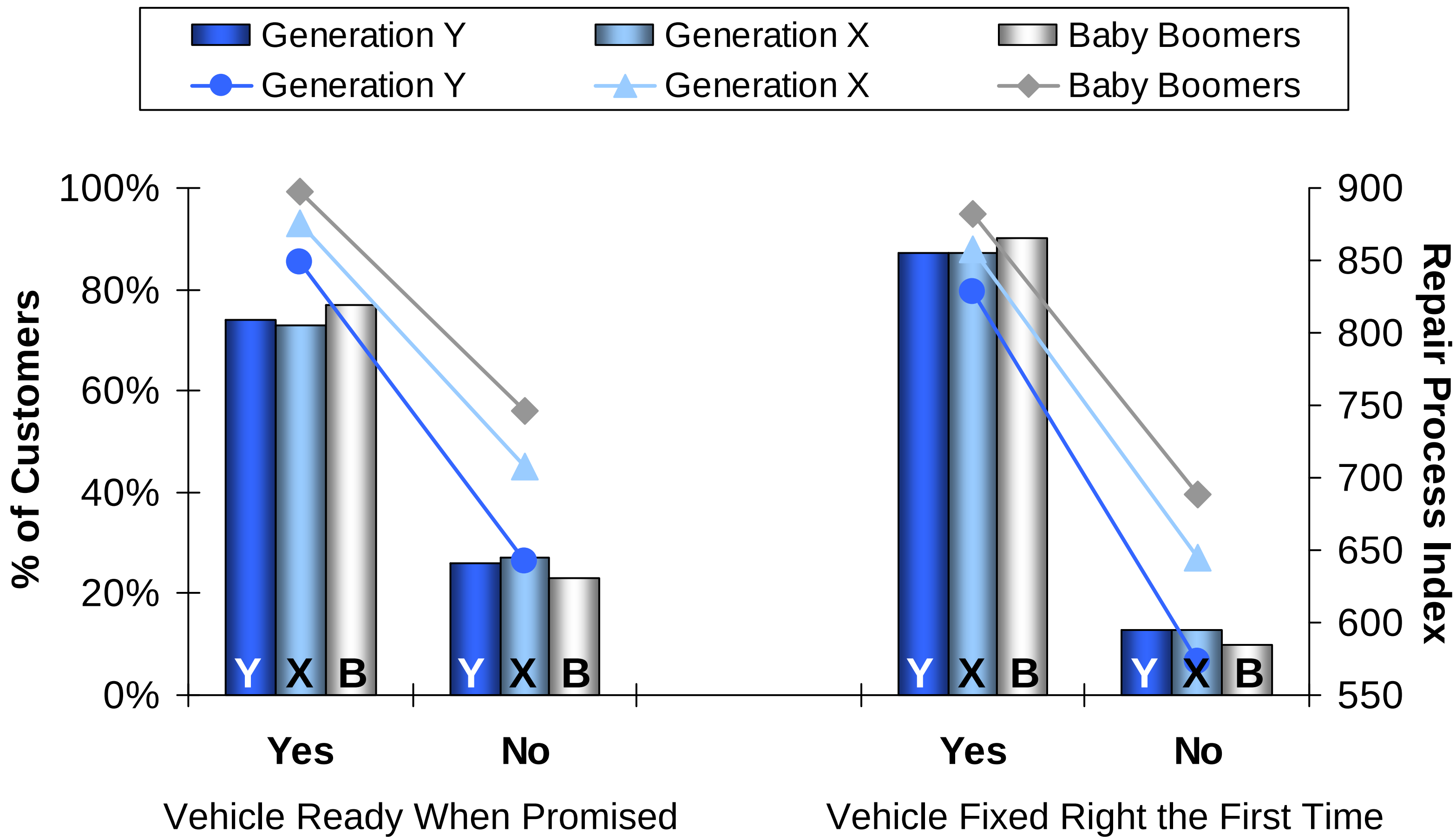


Note: Average $ spent excludes deductible.

Negotiating Settlement – Industry Average



Gen Y: More Critical of Missed Service Expectations



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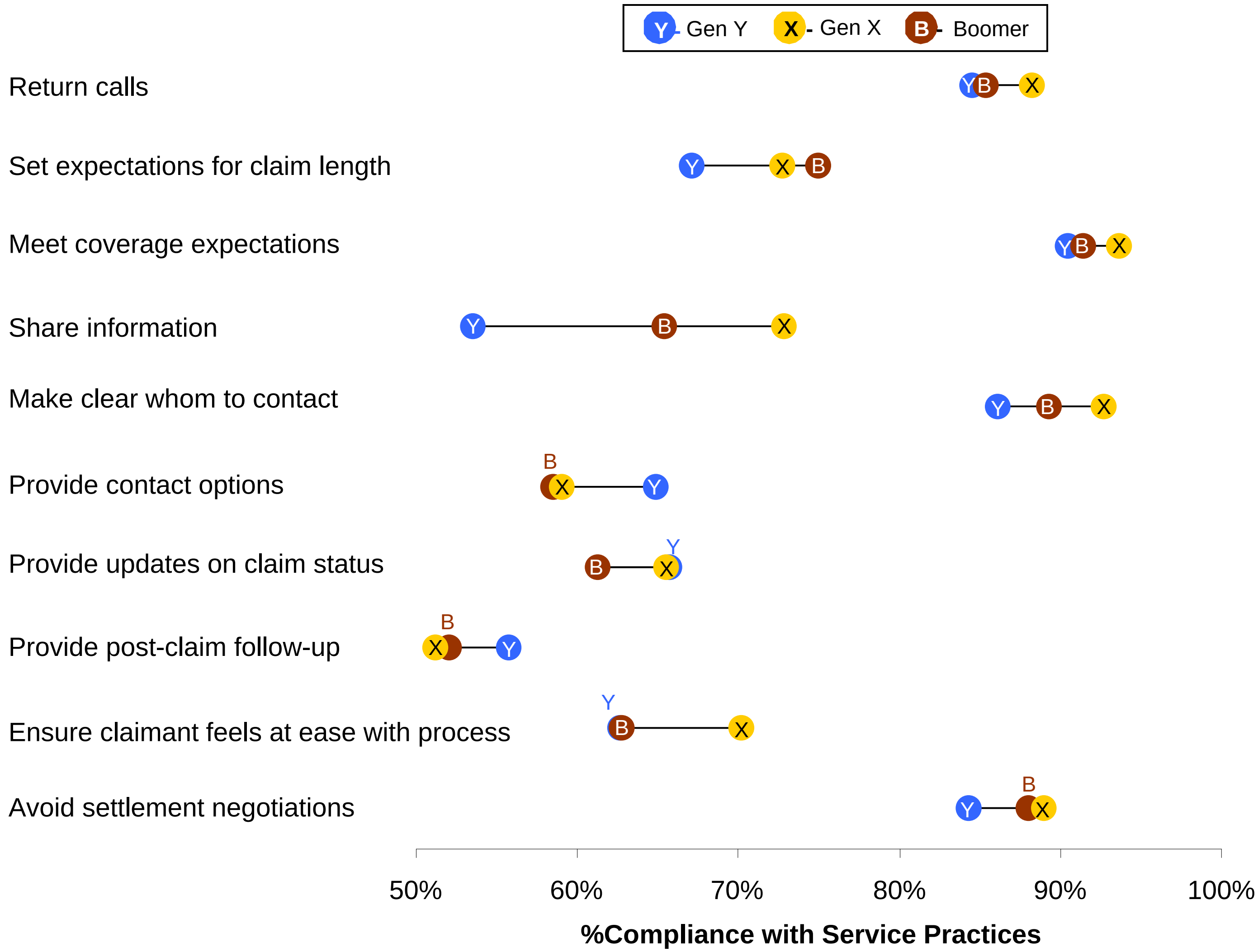
Comparison of Top Service Practices by Generation



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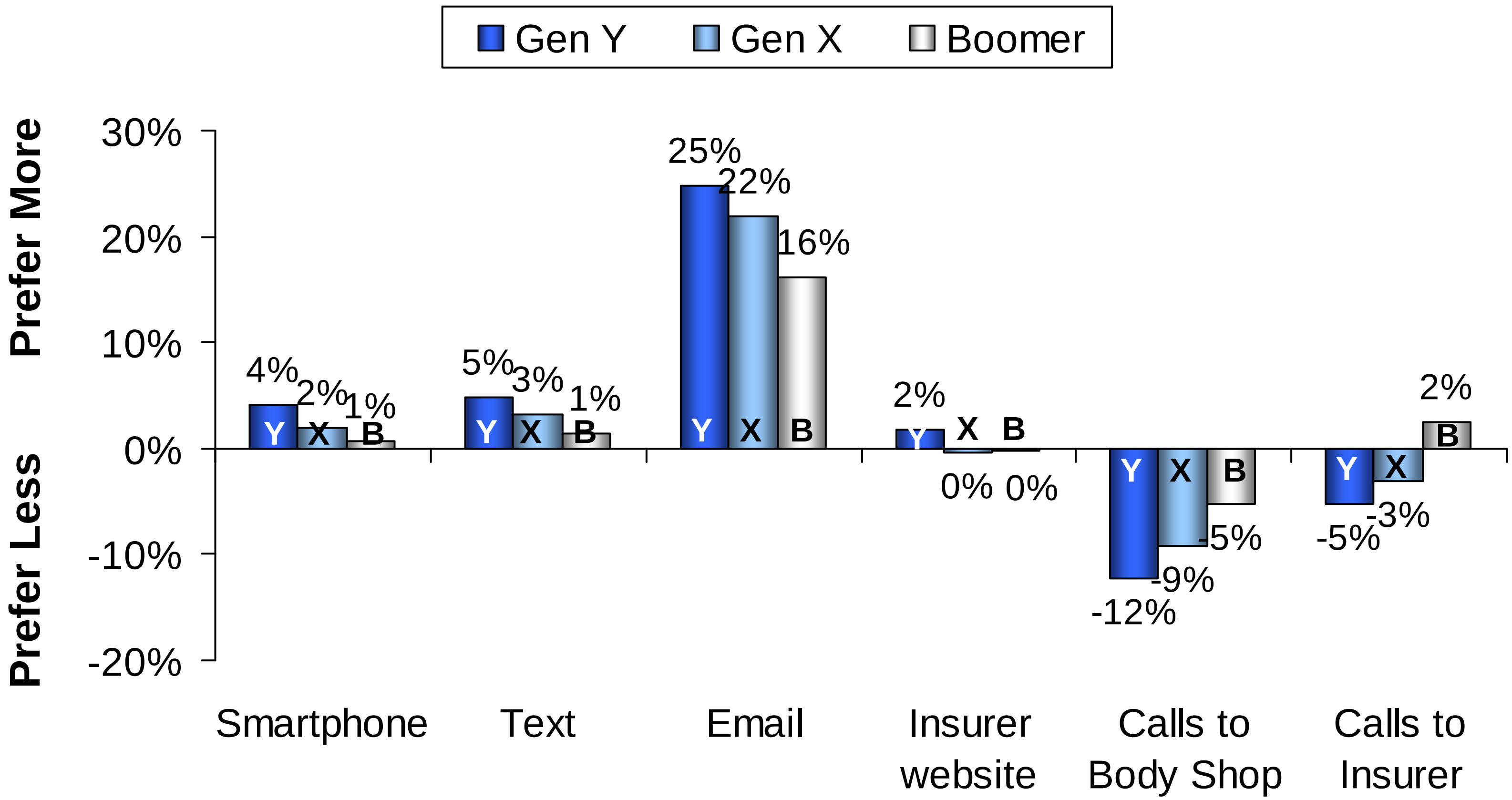
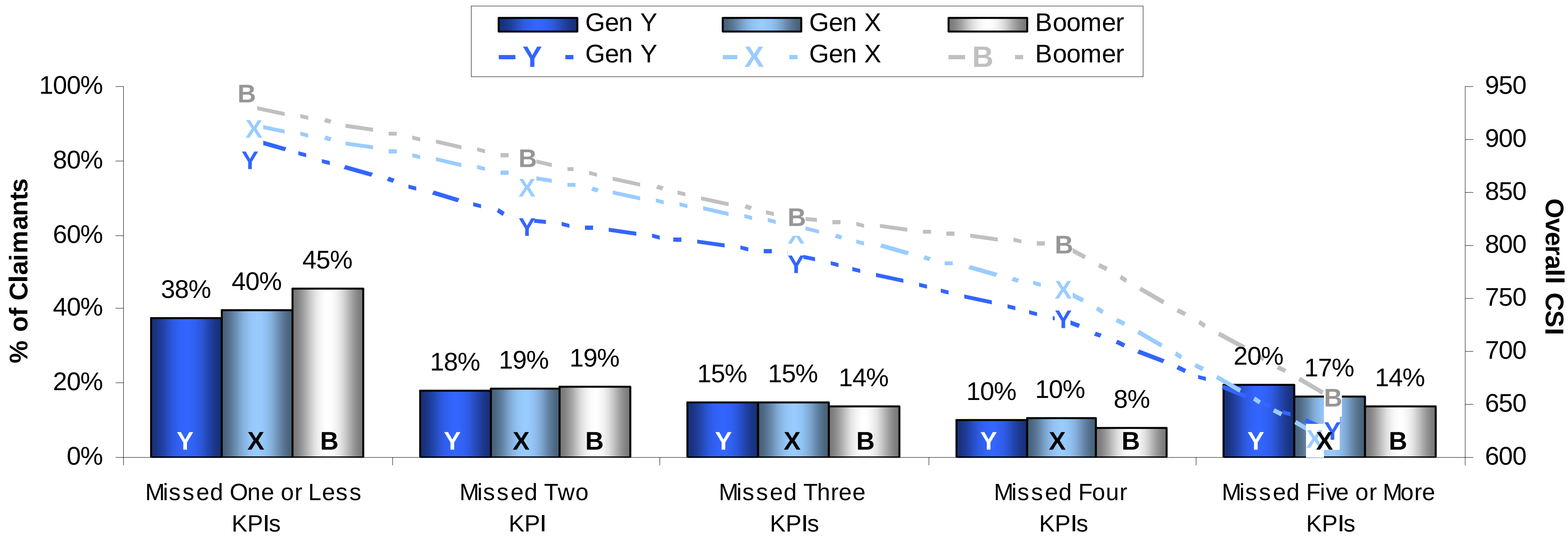
Preferences for Claim Updates



Service Practice Impact on Retention and Advocacy – Industry Average

Service Practice Performance	% of Claimants	Overall CSI	% Have Switched Insurers	% Will Shop in Next 12 Months	% Definitely Will Renew	Negative Comments	
						% Made Comment	Avg. # of Comments
Gen Y							
Missed 1 or less	38%	899	3%	19%	64%	6%	2.2
Missed 2-3 KPIs	33%	810	7%	33%	49%	17%	2.2
Missed 4+ KPIs	30%	660	13%	44%	26%	42%	5.4
Boomer							
Missed 1 or less	45%	930	4%	15%	78%	3%	3.0
Missed 2-3 KPIs	33%	858	4%	22%	62%	8%	3.1
Missed 4+ KPIs	22%	709	7%	44%	37%	30%	5.4

Impact of Missing Top Service Practices – Industry Average



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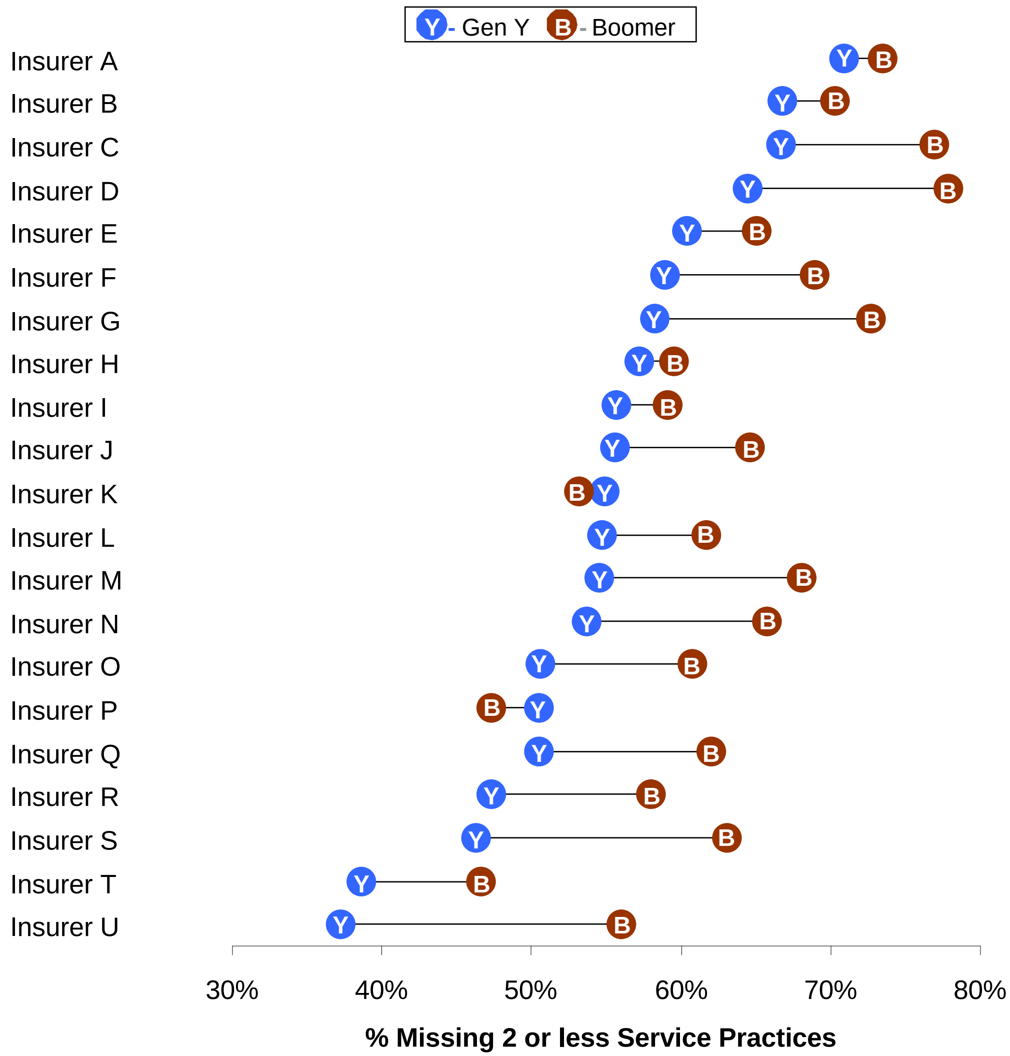
Delivering Auto Claims Service Practices by Generation



In Summary

- **Generation Y auto insurance customers are more likely to shop and more likely to switch carriers when they do shop**
- **Provide online policy access to Generation Y customers and proactively communicate with them**
- **Educate Generation Y customers about the claims process and make sure they know who to contact with questions – especially for the first time claimant**

Questions/ Comments?

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