

What does it take to keep customers satisfied with auto insurance claims?

Overall satisfaction with the car insurance claims process has risen over the past year, despite the fact that claims are costing consumers more, according to a new study from market research giant J.D. Power and Associates.

Using a 1,000-point scale, overall satisfaction by claim filers has risen to 852 index points, a six-point gain from 2011. Satisfaction increased in five of six areas. Settlement – the final disposition of a claim – is the single biggest factor that contributes to customer satisfaction, researchers say.

“Settlement” can mean car repairs and how timely they were completed, or the size of a cash payment. The survey found that the satisfaction rating for settlements this year improved by nine points to 846. Amy Bach, executive director of the United Policyholders consumer group, says car insurers are doing a better job of keeping people informed about the status of claims.

“I do think that they are managing claims and expectations more effectively and making the overall claims experience a little more convenient,” she says. “That may be why people don’t mind spending a little bit more out of pocket to have an easier experience. The communication factor definitely is helping.”

Managing expectations is important because insurance customers feel mistreated if they don’t get what they think they’re entitled to, says economist Eric Tyson, author of “Personal Finance for Dummies.” “It all starts with understanding or setting realistic expectations for the customer,” he says. “GEICO does a good job of not promising the sun and the moon. They promise a fair shake and they deliver on that promise.”

Top 10 auto insurance companies for claims satisfaction
(Based on a 1,000-point scale)

Company Score
Auto-Owners Insurance 887
Amica Mutual 876
Erie Insurance 876

Automobile Club of Southern California AAA) 874

Country 874

American Family 869

The Hartford 868

State Farm 868

Allstate 863

Travelers 857

Higher out-of-pocket costs

The 2012 study showed that satisfaction with the car insurance claims process rose, even though average out-of-pocket costs have increased by \$26 to \$403 per claim. Those costs include deductibles and additional expenses, such as rental car costs. Many people have raised their deductibles to keep their premiums low during the economic downturn, says Jeremy Bowler, senior director of J.D. Power's insurance practice.

For the fifth straight year, Auto-Owners Insurance ranked No. 1 in satisfaction. It earned a score of 887. Next were Amica Mutual and Erie Insurance, tied at 876 points, and the Automobile Club of Southern California AAA) and Country, also tied at 874 points.

The 2012 car insurance claims satisfaction study is based on responses from more than 12,500 car insurance customers. The survey was conducted from November 2011 to September 2012.

Settlement satisfaction relies heavily on perceptions of fairness, Bowler says. Compared with 2011, settlement satisfaction has climbed by 16 points among consumers who claimed a total vehicle loss. The average settlement for a totaled car jumped by almost \$690.

In addition to "settlement," satisfaction factors measured in the study include:

The experience of reporting a loss.

Customer service experience with claims professionals.

The appraisal.

The repair process.

The rental of a replacement vehicle for your damaged car.

Bach notes that car insurance companies are offering many more ways to keep consumers informed about the progress of their claims. In the study, 64 percent of claim filers said they'd been offered options for communicating, such as by email or text message.

Pete Moraga, a spokesman for the Insurance Information Network of California, says insurers are using the Internet and smartphone apps to better stay in touch with customers.

"You can make connections with the body shop to find out when the claims process will be completed,"

Moraga says. “It is a lot different than it used to be. There are some smartphone) applications that even will walk you through what to do if you have been in an accident. Insurers have started to adopt those as part of their business models.”

For instance, the Auto Accident Help app from Travelers provides step-by-step directions for gathering information to create an accident report to send to the insurance company. You can begin the claims process on the phone. The app automatically detects the accident date, time and location.

The WreckCheckmobile app from the National Association of Insurance Commissioners is similar. In addition to walking you through the creation of an accident report, it offers tips for staying calm and safe at the accident scene. The free app is available to iPhone and Android smartphone users.

Getting it right

In the age of the Internet, there are few secrets, Moraga says. People can communicate their dissatisfaction with businesses instantly on Facebook and Twitter. This has made insurance companies cautious about provoking criticism.

“Companies no longer can afford not to deliver,” he says. “Unhappy comments are on the Web for a long time.”

Tyson agrees that car insurers are under mounting pressure to perform well. “In this day of Internet users and social media,” he says, “insurance companies want to get it right the first time.”