

2012 Company Performance **SURVEY**

The last *Company Performance Survey* PIA conducted hinted that a change in market conditions might be upon us, but a one-year divergence was not enough for anyone to identify a trend with confidence. This year, however, signs of a hardening market are less disputable.

In 2012, as in the last survey; claims, service and underwriting (in that order) were the top-three highest scoring categories. It seems that the categories that “touch” the insured have risen in importance for agents. It’s easy to speculate that this is an indicator of a hardening market (at least in certain segments), as agents indicate being able to properly place a risk with the help of the underwriter is most important to them. Agents who complimented their carriers mentioned underwriters by name, and cited their knowledge, flexibility and overall underwriting simplicity.

With an overall average of 7.9, “underwriting knowledge” was the top scoring question in three of the states where the survey was conducted (i.e., New Hampshire, New Jersey and New York). The top question in Connecticut was “pays claims promptly,” another indicator of the

Top 10 performers—New York

Company	Rating
Kingstone Insurance Co. (115)*	175.9
Sterling (41)	167.6
Great American (18)	166.3
Preferred Mutual (40)	163.2
Chubb personal (34)	161.2
Adirondack (43)	161.0
New York Central Mutual (85)	160.3
Kemper Preferred (42)	159.8
Merchants Mutual personal (37)	158.2
Travelers personal (124)	157.7

Ratings are total of company’s average scores for all 20 performance items.

Points available for each of 20 items: 10
Total available points: 200

*Number of agents who rated the companies

Best performers on PIA *Benchmark Survey* priorities—New York

These companies scored best on the 10 performance items of highest importance to agents:

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|---|--|
| 1. Adjusts claims fairly: Chubb personal | 6. Listens, responds to agents: Kingstone Insurance Co. |
| 2. Pays promptly: Chubb personal | 7. Easy, intuitive technology: Progressive |
| 3. Clear, honest communication: Kingstone Insurance Co. | 8. Stable market: Dryden Mutual |
| 4. Resolves issues quickly: Dryden Mutual, Kingstone Insurance Co. (tie) | 9. Consistent underwriting: Dryden Mutual |
| 5. Underwriter knowledge, experience: Dryden Mutual, Kingstone Insurance Co. (tie) | 10. Flexible when warranted: Kingstone Insurance Co. |

The PIA *Company Performance Survey* is the largest and most consistently conducted survey of agent-company relations in the industry. The survey began in 2002 in Connecticut and expanded as PIA affiliate states of New Hampshire, New Jersey and New York adopted the survey as well (the youngest of the group began six years ago).

Competitive pricing[†]

Company	Average score
Kingstone Insurance Co.	8.5
Country-wide - tie	8.4
Narragansett Bay Insurance Co. - tie	8.4
Great American	8.0
Security Mutual	7.9

Superior coverage

Company	Average score
Chubb personal	9.4
Chartis (AIG) private client	9.1
Chubb commercial	9.0
ACE private risk services	8.7
Great American	8.6

Clear, honest communication

Company	Average score
Kingstone Insurance Co.	9.2
Dryden Mutual	8.8
Associated Mutual - tie	8.7
Great American - tie	8.7
Sterling	8.6

Listens, responds to agents

Company	Average score
Kingstone Insurance Co.	9.2
Sterling	8.7
Dryden Mutual	8.6
Great American	8.5
Preferred Mutual	8.4

importance of keeping insureds happy (so retention after a claim is not a challenge).

Agents' comments with regard to these sections reflect the numbers, with calls for shorter applications; less focus on certain underwriting criteria, such as credit; and faster turnaround time for quotes.

Product and pricing

Another category indicating a hardening market is the reduction of scores in the product and pricing category. The previous two chronological surveys saw the average score for "superior coverage" decline. This year again, the item "competitive pricing" is at the bottom of the charts, scoring a mere overall average 6.6 for the third survey in a row, ahead only of the marketing question "brand helps sell product."

New carrier classification. PIA asked carriers to identify themselves as "regionals," "super-regionals" or "national" carriers for the first time this year. While other states ranked seven self-identified super-regional companies in the top 10 (MiddleOak and State Auto/Patrons in Connecticut; Concord Group and NGM Insurance/Main Street America in New Hampshire; and Selective personal, Penn National personal and Harleysville in New Jersey), not one super-regional made it to the top in New York. It will be interesting to watch in the future if, and how, this segregation continues. This base-line year saw about twice as many carriers identify themselves either as regional or national companies than super-regional companies.

Overall, regionals continue to dominate the upper scores. In fact, less than 20 percent of the top scores came from national carriers in New York—namely, Chubb and Travelers. It is notable that despite regional and super-regional carriers enjoying 70 percent of the top-10 scoring companies in the survey, Chubb, a national carrier, ranked first in "adjusts claims fairly," the question that agents identified as their first priority in PIA's 2009 *Benchmark Survey*.

[†]The information in each performance item's top-five chart indicates the results of the *Company Performance Survey* in New York.

Agents seem to appreciate the close relationships and support they perceived from regionals, and their satisfaction with regionals was apparent from the qualitative perspective as well. Comments about them reflected a strong comfort level and confidence: “They are consistent with their marketing strengths,” said one agent on a regional that did well in the survey; “Steady as they go, no drastic rate fluctuations.” On a similar carrier: “They’re progressive, flexible and easy to work with”—a common sentiment among positive comments on regionals.

Higher highs and lower lows

For the first time in the survey’s 10-year history, overall scores have downgraded, albeit slightly. The average score per-question dropped from 7.5 in 2010 to 7.3 this year (Note: PIA of Connecticut, New Jersey and New York conduct the survey biannually, while PIA in New Hampshire has conducted the survey on an annual basis). This year’s results include a lower average score (7.3 compared to 7.4 in 2010), per question; and each carrier received a lower overall average total score (144 vs. 150 in 2010), where the highest score possible is 200. However, when given the opportunity to comment, agents provided more positive feedback than suggestions for improvement.

Technology

Overall, agents seem to be becoming more satisfied with their carriers’ use of technology, as scores in this category have improved. In fact, while overall scores in every other category of the survey went down this year, “enables Real Time” was the only category that improved. Technology also is the category in which agents were most specific with their criticisms, an indicator to us that while all companies and agencies are becoming more comfortable with rating technology. Standards are still an issue in the industry, as illustrated by comments like: “Technology; too many platforms and not

Competitive compensation

Company	Average score
Associated Mutual - tie	8.7
Dryden Mutual - tie	8.7
Kingstone Insurance Co. - tie	8.7
Sterling - tie	8.7
Security Mutual	8.5

Dedicated to agency system

Company	Average score
Security Mutual	9.3
Kingstone Insurance Co.	9.0
Associated Mutual - tie	8.9
Preferred Mutual - tie	8.9
Sterling	8.8

Brand helps sell product

Company	Average score
Chubb personal	9.1
Allstate (not Encompass)	8.9
Chubb commercial	8.8
Travelers personal	8.5
Progressive	8.3

Message supports agents

Company	Average score
Kingstone Insurance Co.	8.9
Vermont Mutual	8.5
New York Central Mutual	8.4
Dryden Mutual - tie	8.2
Sterling - tie	8.2

Some 849 agents participated in the survey this year, rating a total of 104 companies (84 of which were rated by agents in more than one state).

Expanded survey findings and archives of prior surveys are available at www.pia.org/GIA/cps/cpsjump.php.

Recognizing that participation is key to the success of the *Company Performance Survey*, PIA thanks everyone who took part in the survey, which has gained prestige with each year it has been conducted.

Adjusts claims fairly

Company	Average score
Chubb personal	9.4
Chubb commercial	9.1
Kingstone Insurance Co.	9.0
Dryden Mutual - tie	8.7
Sterling - tie	8.7

Pays claims promptly

Company	Average score
Chubb personal	9.3
Kingstone Insurance Co.	9.1
Chubb commercial	8.8
Dryden Mutual	8.7
Sterling	8.6

Easy, intuitive technology

Company	Average score
Progressive	8.8
Kingstone Insurance Co.	8.7
Sterling	8.5
Adirondack - tie	8.2
Kemper Preferred - tie	8.2
Travelers-personal	8.2

Download works well

Company	Average score
Adirondack	8.7
Chubb personal - tie	8.6
Kemper Preferred - tie	8.6
Merchants Mutual personal - tie	8.6
Sterling	8.4

user-friendly;” and “Terrible automation system; need to spend money (on it).”

Judging from comments, agents are now comfortable using company websites to communicate with their carriers, as indicated by comments like “Excellent website;” and “Making changes and navigating around the website is easy.” But, when companies have let their websites stagnate, agents let them know, with comments such as: “Website is horribly confusing and convoluted;” “Website is antiquated.”

Insurance is still about relationships

While the top- and bottom-scoring categories of claims and marketing (at 7.7 and 6.8 respectively) demonstrate what agents need from their company partners in a mutable economy, the qualitative input they present in the comments section of the survey proves one thing that is constant: Even if intuitively, agents recognize that human contact is a necessity in our industry. In underwriting, for example, top-10 carriers received comments such as: “One underwriter assigned to an agency is great!” and, “Underwriting, dedication to their agents, great customer service,” reflect growing appreciation for flexibility and empowered underwriters, but also an appreciation for one-on-one contact.

Conversely, marketing comments included suggestions such as, “Refer clients to make policy changes through the agent, not direct,” demonstrate a concern that carriers should focus on trust and using the independent distribution system is the best way to do that.

Enables Real Time

Company	Average score
Kemper Preferred	8.5
Progressive	8.4
Adirondack - tie	8.3
Merchants Mutual personal - tie	8.3
Travelers personal	8.1

Underwriter knowledge, experience

Company	Average score
Dryden Mutual - tie	9.3
Kingstone Insurance Co. - tie	9.3
Great American	9.2
Preferred Mutual - tie	9.0
Sterling - tie	9.0

Resolves issues quickly

Company	Average score
Dryden Mutual - tie	9.0
Kingstone Insurance Co. - tie	9.0
Sterling	8.6
Adirondack	8.5
Great American - tie	8.4
Preferred Mutual - tie	8.4

Stable market

Company	Average score
Dryden Mutual	9.5
Security Mutual	9.2
Kingstone Insurance Co.	9.1
Great American - tie	8.9
Sterling - tie	8.9

Highly accurate, few errors

Company	Average score
Kingstone Insurance Co.	9.0
Vermont Mutual	8.9
Kemper Preferred	8.7
Andover Cos. - tie	8.6
Dryden Mutual - tie	8.6
Great American - tie	8.6
Progressive - tie	8.6

Consistent underwriting

Company	Average score
Dryden Mutual	9.5
Kingstone Insurance Co.	9.2
Associated Mutual - tie	9.1
Security Mutual - tie	9.1
Andover Cos. - tie	8.9
Mid-Hudson Co-Operative Insurance - tie	8.9
Preferred Mutual - tie	8.9
Sterling - tie	8.9

Customer service oriented

Company	Average score
Dryden Mutual - tie	9.2
Kingstone Insurance Co. - tie	9.2
Great American - tie	8.8
Sterling - tie	8.8
Erie & Niagara - tie	8.7
Progressive - tie	8.7

Flexible when warranted

Company	Average score
Kingstone Insurance Co.	9.1
Sterling	8.7
Dryden Mutual	8.6
Preferred Mutual	8.5
Associated Mutual - tie	8.3
Great American - tie	8.3

Biggest gaps between agent “top 10” priorities, company performance

Performance item	2012 Company Performance Survey average score	“Importance” rank: Benchmark Survey (of 35 items tested)
Flexible when warranted	6.9 (below survey average)	10
Listens, responds to agents	7.0 (below survey average)	6
Easy, intuitive technology	7.1 (below survey average)	7
Resolves issues quickly	7.3 (survey average)	4

PIA member agents can get results for carriers they represent by contacting their PIA Industry Resource Center at (800) 424-4244 or by email at resourcecenter@pia.org. Individual PIA-member companies can receive a customized report on their performance by emailing jczupryna@pia.org.



