



Understanding a Customer's Business Drives Satisfaction Among Small Business Commercial Customers

The inaugural *J.D. Power 2013 U.S. Small Business Commercial Insurance Study*SM provides insurance companies with an independent and objective measure of overall satisfaction levels among small business insurance customers in the United States. The study includes only small businesses with 50 or fewer employees. Furthermore, the business must have purchased either commercial property or general liability insurance in order to qualify for inclusion in the study.

In addition to quantifying the factors that most influence overall satisfaction, this study provides insurers with valuable insights on how to prioritize improvement efforts based on a deep understanding of Key Performance Indicators (KPIs).

This analysis of KPIs—or best practices that have the most influence on customer satisfaction—focuses on service practices that insurers can incorporate into their business model in order to maximize customer satisfaction. This study identifies 10 KPIs as the most impactful and, hence, vital to a satisfying experience for small business commercial insurance customers. These 10 KPIs center on three core servicing principles:

- **Understanding the customer's business:** The two most important KPIs emphasize the fact that small businesses value the peace of mind that comes from a perception that they are properly protected. Offering

helpful information and services to assess and manage risk among small businesses and having an agent who “completely” understands their specific business both contribute to ensuring customers are properly insured.

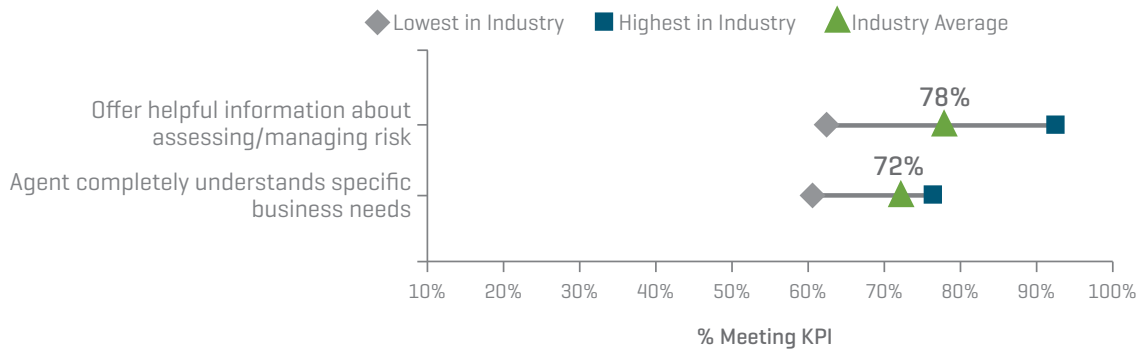
- **Effective communication:** It is vital that information be effectively shared with customers, especially regarding changes to their policy. Price increases are one area in particular where customers value communication—specifically, understanding the reason for the increase and having a discussion about their options to potentially minimize the increase. In the event of a claim, it is critical to properly manage customers' expectations as well.
- **Convenience:** Dealing with the stress of running a business, customers expect their insurer to respond promptly and provide a flexible experience tailored to their specific situation. Therefore, it is critical to avoid such problems as navigating the insurer's website or those caused by unclear billing fees.

The figure on the next page shows the industry's performance against the two most important KPIs and identifies the share of customers who say their insurer delivered on each KPI as well as the range of performance among insurers.

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TOP KEY PERFORMANCE INDICATORS



Source: J.D. Power 2013 U.S. Small Business Commercial Insurance StudySM

There is a broad range of performance (30 percentage points) among insurers in the most important KPI—Offering helpful information about assessing and managing risk. Four insurers have one-third or more of their customers indicating this information is not being offered, while more than 90% of AIG’s customers indicate they are receiving this kind of information. Clearly, there is room for the industry to improve in this critical service practice.

When comparing KPI performance by company size, there are pronounced differences in this most important KPI, which ranges from a high of 87% for businesses with 11 or more employees to a low of only 71% for businesses with fewer than five employees. This broad range of performance is reflective of the additional time and focus agents provide to larger businesses, compared with smaller businesses.

On average, larger businesses purchase more insurance policies and, given the increasingly complex needs that come with more policies, customers need to seek professional guidance through their insurer and agent to help them ensure their business is properly insured. Study findings suggest that agents are spending a substantial amount of time servicing these higher-value business customers, which may be driving the higher levels of satisfaction among those businesses with 11 or more employees. Agents are not only spending more time meeting these customers in person, but are also three times more likely to travel to their customers’ businesses as opposed to meeting in the agent’s location (24% vs. 8% for businesses with four or fewer employees). While it is logical from an agent’s perspective to work more closely with their key accounts, which are likely generating more revenue, insurance companies cannot afford to fail meeting the expectations of certain businesses.

The top KPI analysis is intended to serve as an important first step in the identification and implementation of these service practice metrics, as well as those discussed in greater length in the *2013 Small Business Commercial Insurance Study*. The full study includes more information regarding how insurers can better meet the needs and expectations of businesses based on the number of employees and the specific type of business for five of the largest industry sectors: construction; healthcare; manufacturing; professional and technical services; and retail trade.

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