

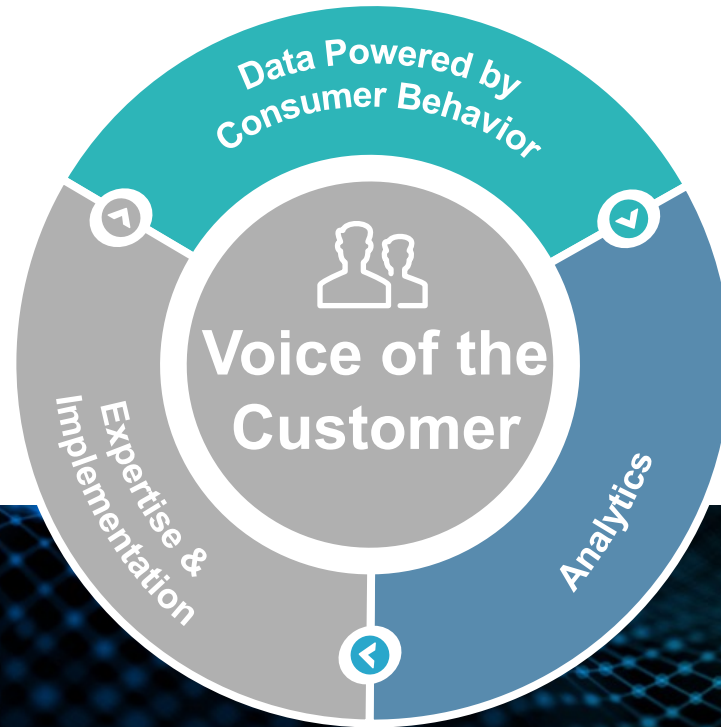
2021

U.S. Independent Agent Performance & Satisfaction Study

EXECUTIVE BRIEFING



J.D. POWER INSURANCE INTELLIGENCE: OUR APPROACH



Leverage the Voice of the Customer to Transform Your Business

In the last 20 years, the % DWP attributable to the IA channel of Personal Lines Auto has...?

- (1) Increased**
- (2) Decreased**
- (3) Stayed the same**

https://www.polleverywhere.com/multiple_choice_polls/7gesRZOqd8GqnT8XPYe tb?preview=true&controls=none

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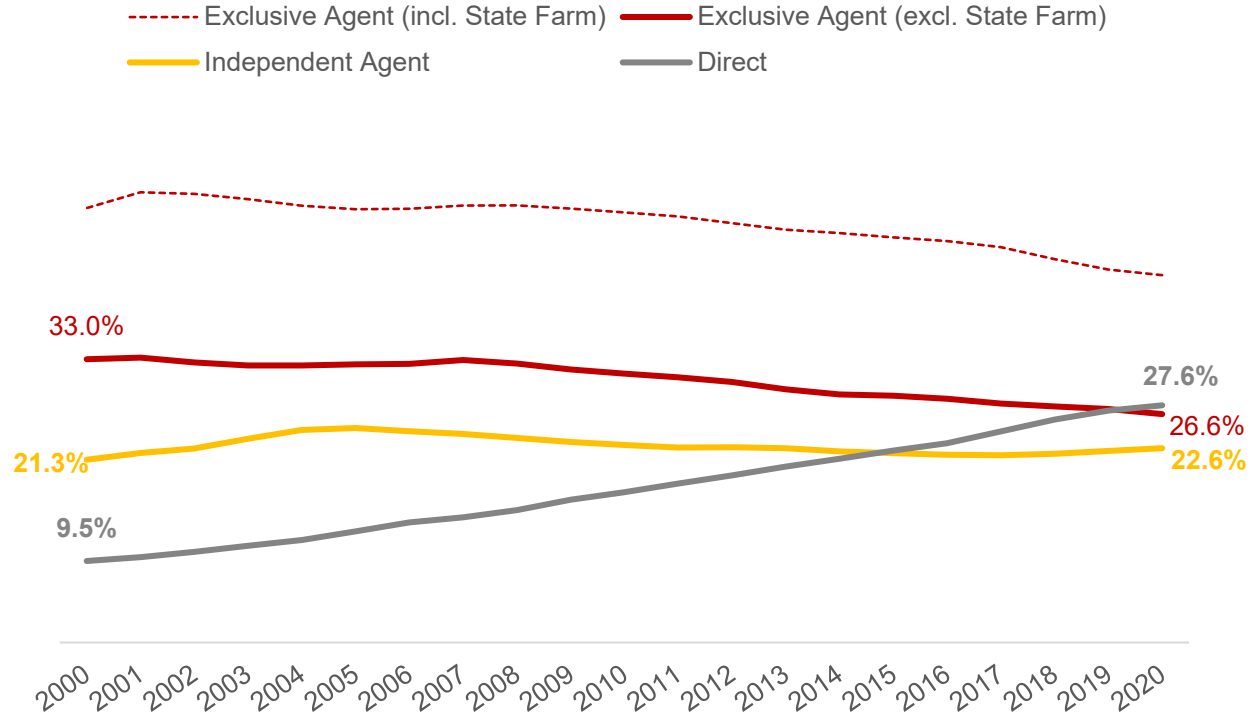
Study Answer is “Stayed the same”

Key Industry Trends

Consumer participation trends continue...

- Consumers are choosing those carriers that are best able to address modern insurance needs; competitive rates and convenient onboarding are prerequisites. Service is expected.

Auto Insurance market share by channel Top 40 carriers only (93% share)



Source: S&P Global, NAIC
NOTES: Allstate includes NatGen. Liberty Mutual includes State Auto.

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MARKET TRENDS

A consumer-centric view of behaviors that influence market behavior

The modern insurance consumer: behavioral trends

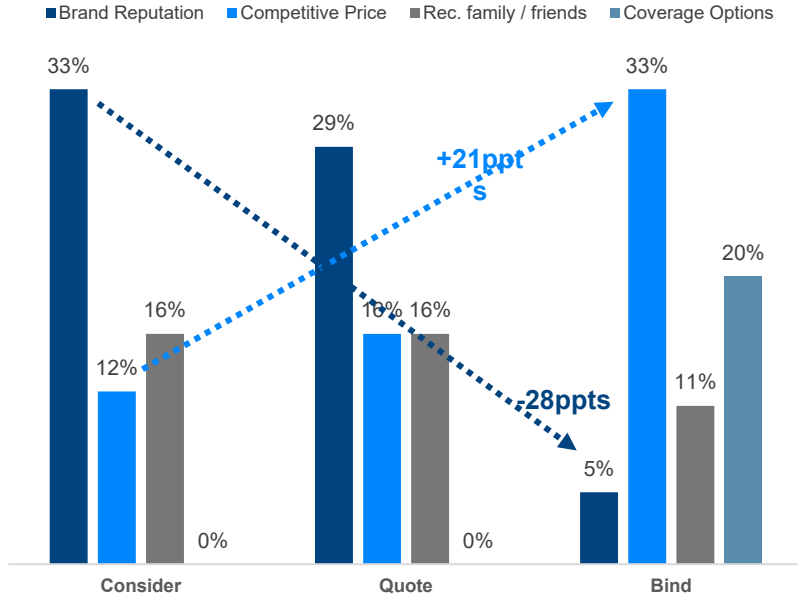
The modern auto insurance consumer increasingly views the product as a 'consumer good' which they manage based upon perceptions, price and delivery; however, they are demanding...



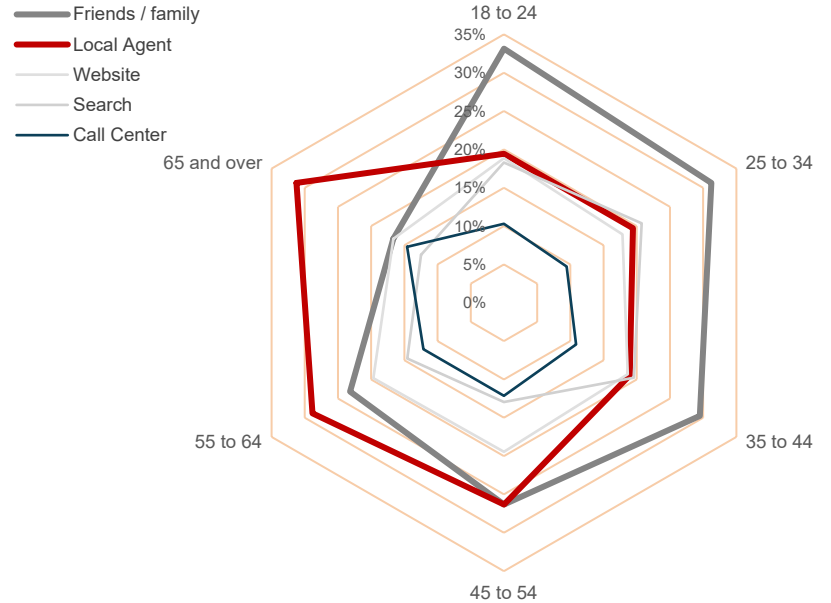
VALIDATION: being relevant at the point of sale

Most consumers are only aware of a few brands and seek validation in deciding whom to quote

Brand gets consumers into the funnel. Options and competitive pricing are required to bind



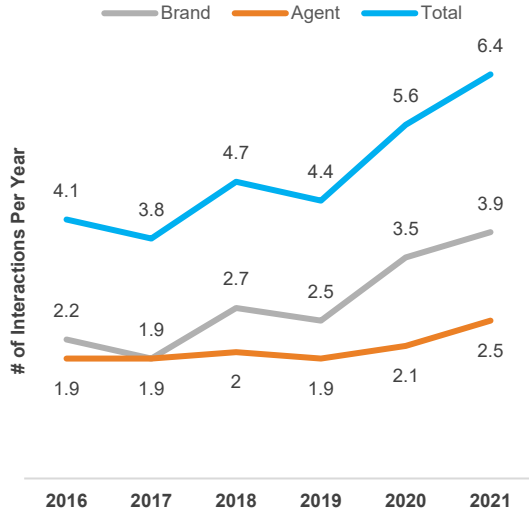
Younger consumers seek VALIDATION from those they know and trust



EXECUTION: no unforced errors...

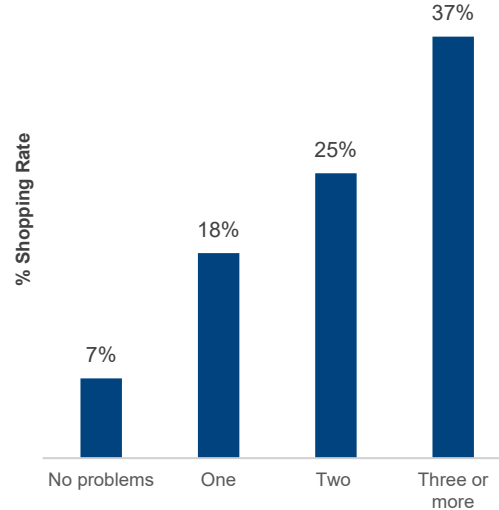
A likely distant future service promise combined with low interaction frequency demands flawless execution at each interaction to maximize retention

Consumer interactions per year with carrier (driven by digital)



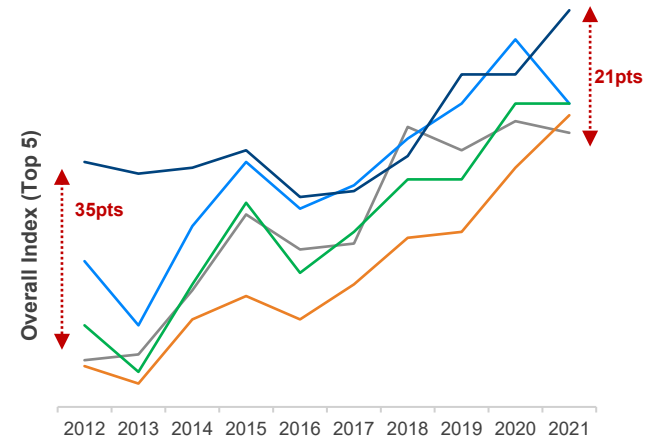
Source: J.D. Power Auto Insurance Satisfaction Study
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Insurance consumers are not forgiving of service problems



Source: J.D. Power Insurance Shopping Study

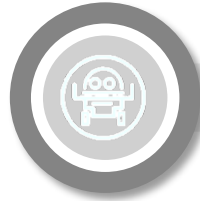
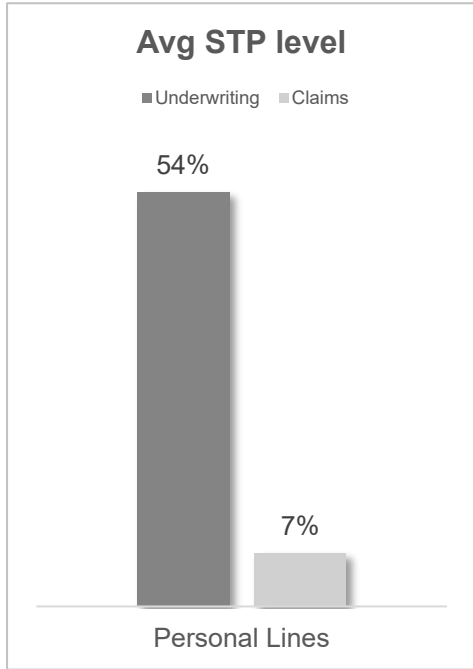
Satisfaction is converging among major carriers—consumers see less difference



Source: J.D. Power Auto Insurance Satisfaction Study
2021 U.S. Independent Agent Performance and Satisfaction Study

Consumer-centric automation considerations

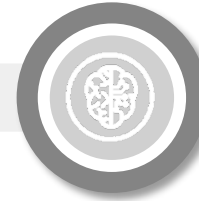
Automated processes create exciting efficiency opportunities; however, consumer-centric design is more than personalization—consumers expect certain insurance product traits that may not be obvious



Increase Automation
Process design
Rules-based
Straight Through
Infrastructure



Alternative Data
Source
Permission
Relevance
Regulatory



Artificial Intelligence
Analysis
Automation
Output
Frequency

Source: Novarica Research Council, Q1 2021, Deloitte, JD Power

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2021 U.S. Independent Agent Performance & Satisfaction Study

INDEPENDENT AGENT SATISFACTION



Study Overview

What you need to know about the 2021 Independent Insurance Agent Satisfaction Study:

| | | | | | |
|---|--|--|---|--|--|
| <p>Award Segments & Criteria</p> <p>Based on Direct Premiums Written (DPW)</p> | <p>Personal</p>  <p>Insurers writing DPW of \$1.5B+ 7 award-eligible insurers</p> | <p>Commercial</p>  <p>Insurers writing DPW of \$3.5B+ 9 award-eligible insurers</p> |  | | |
| <p>Fielding</p> |  <p>Wave 1: April '21 – May '21 Wave 2: May '21 – July '21</p> | | | | |
| <p>Agent Population</p> | <p>Independent Agents Only</p> | <p>Evaluated insurers written policies for in past 12 mos.</p> | <p>Conducted in alliance with the Independent Insurance Agents & Brokers of America (IIABA)</p> | <p>Completed online survey</p> | <p>Sample composed of Big I agents and agents from online panels</p> |
| <p>Additional Info.</p> | <p>3,102 completed evaluations</p> | <p>1,437 PL 1,665 CL</p> | <p>Minimum 100 completes for award eligibility</p> | <p>*Small sample size (29<n<100)</p> | <p>#Insufficient sample size (n<30)</p> |

2021 Overall Performance

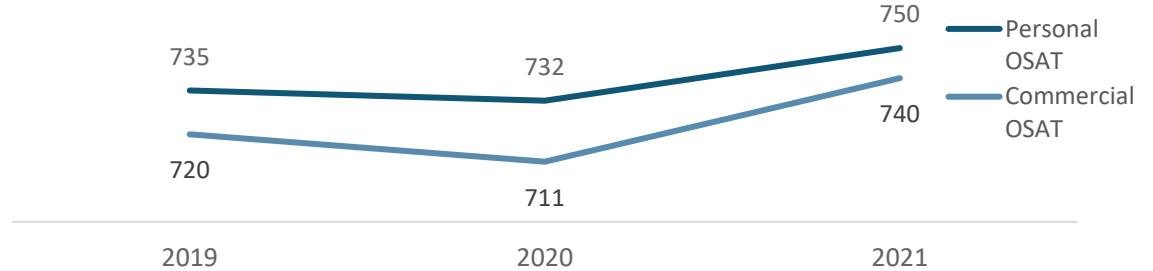
After declining last year, IA Satisfaction rebounds to new highs

Overall IA Satisfaction (OSAT) with Personal Lines insurers improves to 750 (on a 1,000-point scale) and Satisfaction with Commercial Lines insurers improves to 740 in 2021.

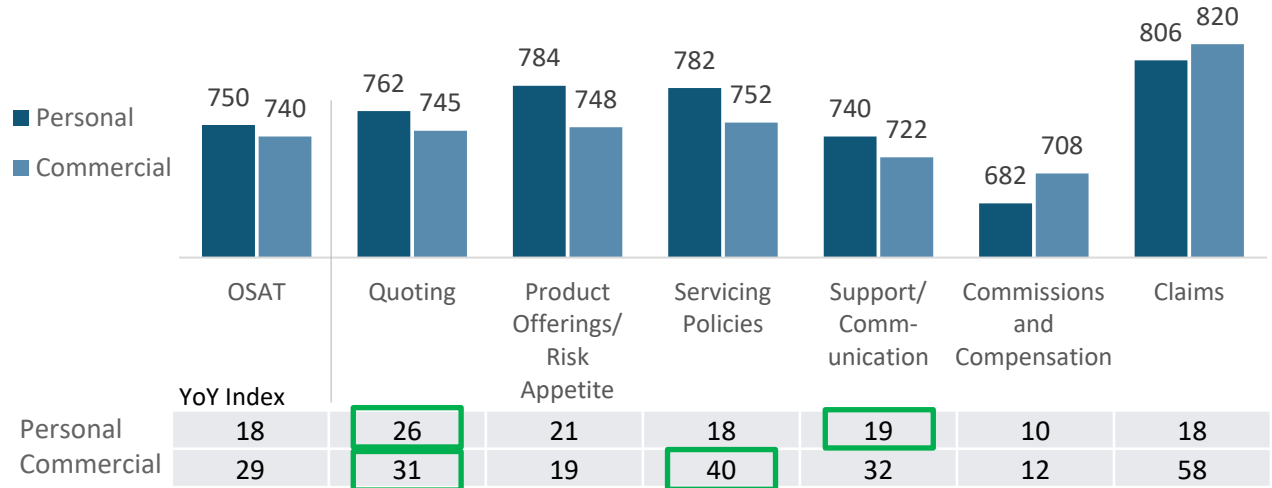
The **Quoting factor** is influential in driving the year-over-year improvement for both agent types. Additionally:

- The **Support and Communication factor** is a leading driver for improvement in **Personal Lines**
- **Servicing Policies** is a leading driver among **Commercial Lines**
- The **Claims factor** has the largest YoY improvement at 58 index points for Commercial lines

IA Satisfaction Trend: Personal and Commercial Lines



Overall Index and Factor Performance



2021 Insurer Performance

Erie Insurance is highest ranked in Personal lines while Auto-Owners receives top marks in Commercial lines

Erie insurance improves a significant 49 pts. to finish first ahead of Auto-Owners Insurance, which had won the award the last 2 years in Personal lines.

- Erie leads the industry in all 6 factors, after improving across the board, and improving significantly in 4 of 6 factors

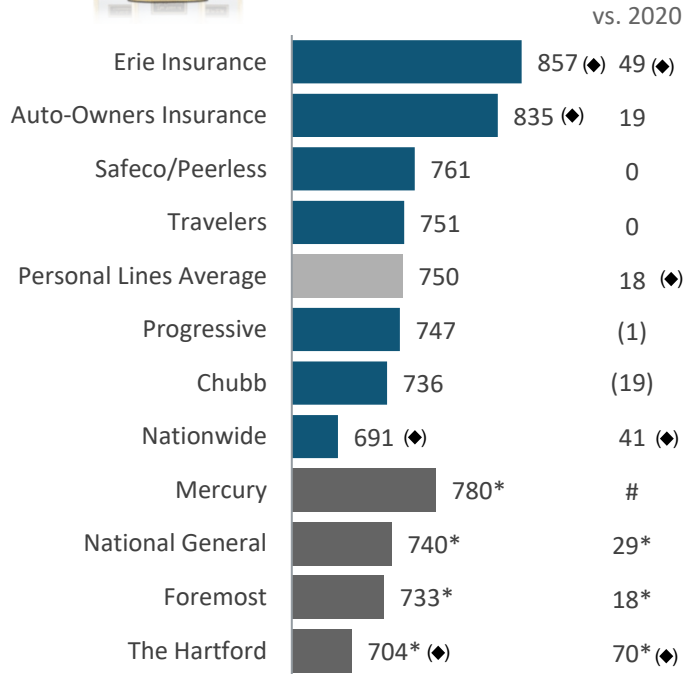
Auto-Owners Insurance maintains the highest score in Commercial lines after improving to 838.

- Auto-Owners leads the industry across all factors

2021 Overall Independent Agent Satisfaction Index

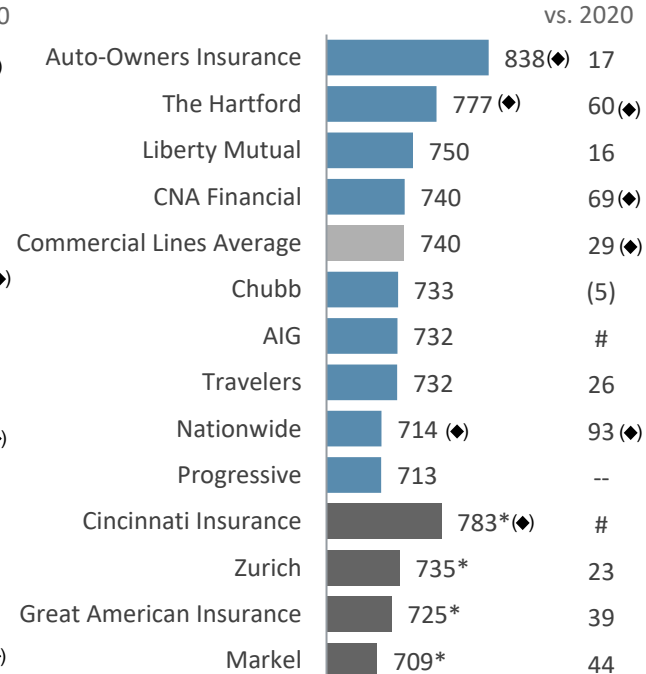


Personal Lines



Overall Index (on a 1,000-point scale)

Commercial Lines



Overall Index (on a 1,000-point scale)

Notes: (◆) Denotes a significant difference; *Small sample size (n=30-99); # Insufficient sample (n<30) data not shown

What are the 3 most important factors for Personal Lines Agents in their Carrier Relationship?

- (1) Commissions**
- (2) Support & Communications (marketing/training)**
- (3) Servicing (tech/dashboard)**
- (4) Product Offerings**
- (5) Claims**
- (6) Quoting**

https://www.polleverywhere.com/multiple_choice_polls/sfoR5s1OSWNXoxlh1o1Yk?preview=true&controls=none

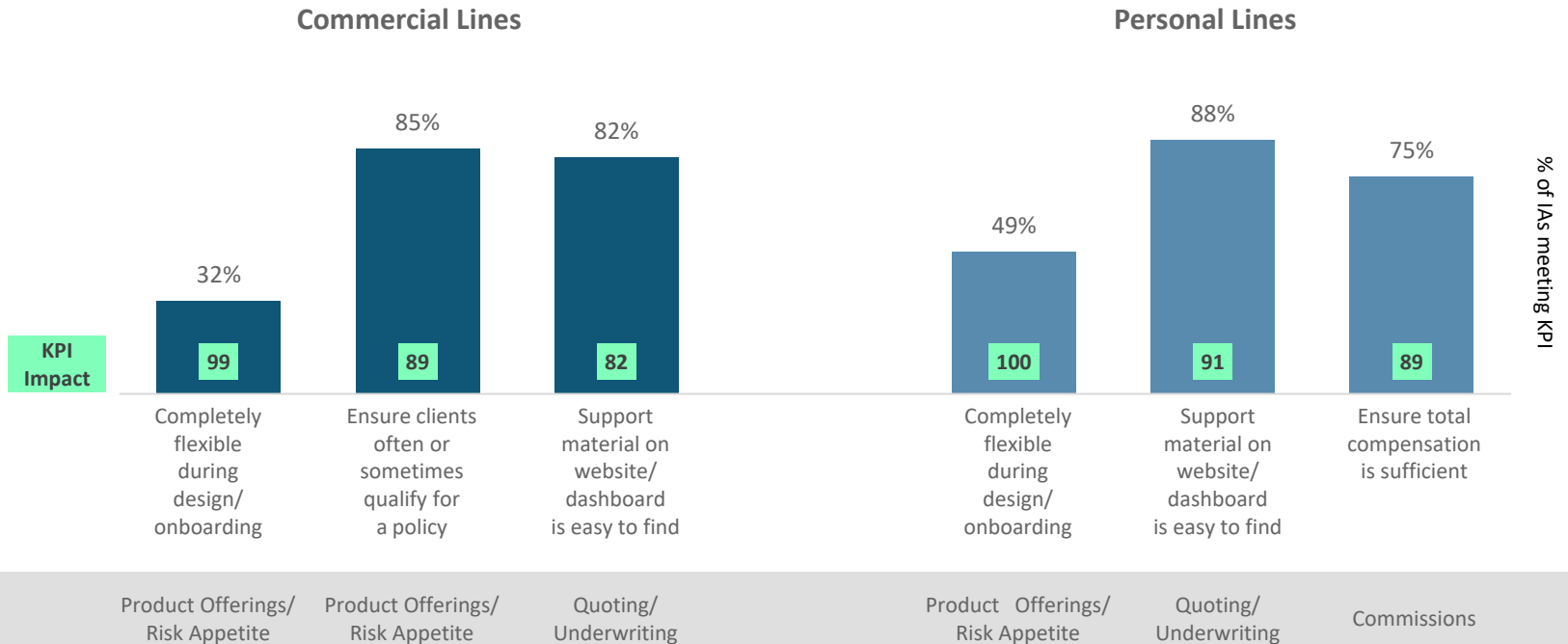
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- (6) Quoting

**Study Answer is Support/Communications,
Commissions & Product Offerings**

Two of the top 3 KPIs are the same between lines of business, with Flexibility during onboarding/design the #1 issue

Top Key Performance Indicators (KPIs) Comparison



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2021 U.S. Independent Agent Performance & Satisfaction Study

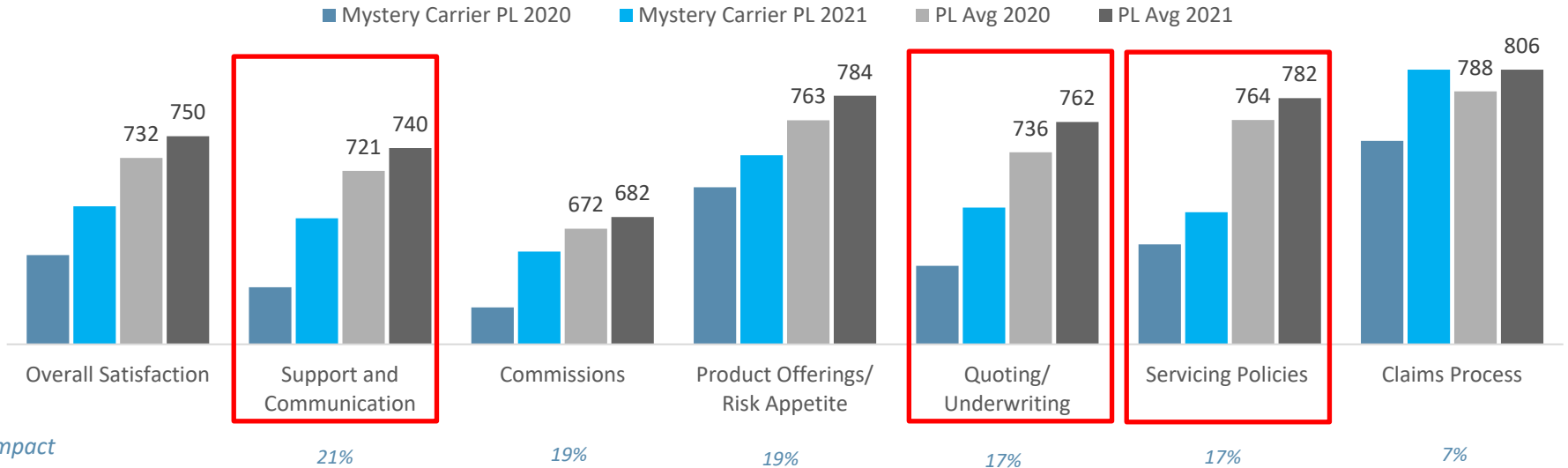
PERSONAL LINES PERFORMANCE



Mystery Carrier's Personal Lines improves across the board, led by Claims and Support/Communication

Claims Process is now on-par with industry average; Servicing Policies has the largest deficit.

Range of Performance by Index Factor



 Biggest opportunity for improvement compared to Industry

Personal Lines: Performance Analysis
The Power of Benchmarking

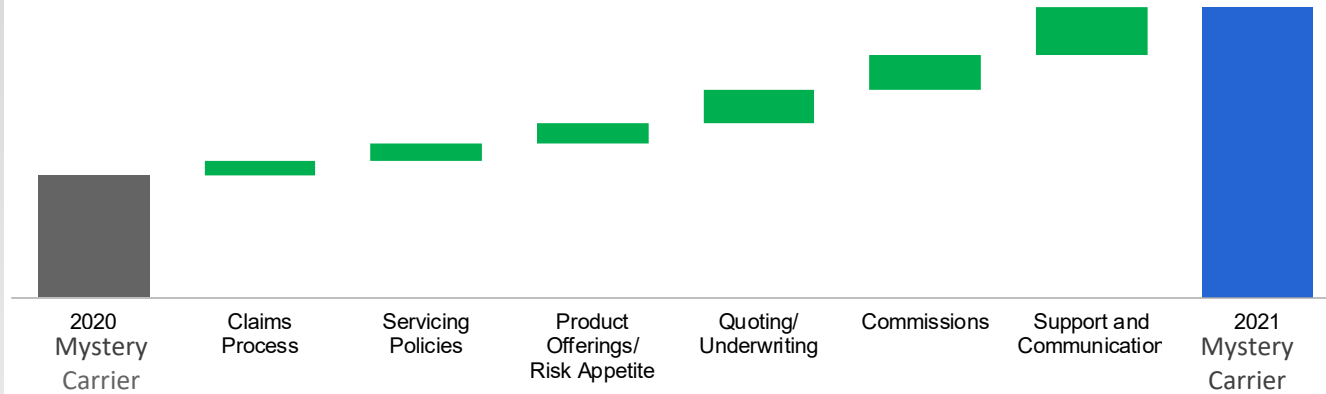
Servicing Policies, Support/Communication, and Quoting are Mystery Carrier's greatest pain points in Personal Lines

- Support/Communication contributed most to YoY improvement, driven by:
 - Usefulness of training/educational materials
 - Helpfulness of marketing reps.

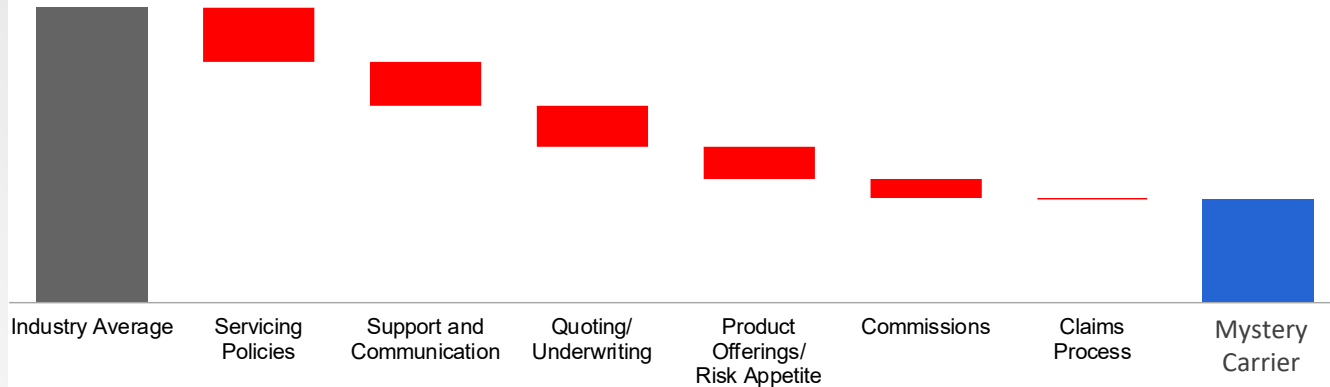
Mystery Carrier vs. Industry

- Key areas of opportunity vs. industry are in:
 - Helpfulness**—biggest gaps are both servicing and marketing reps.
 - Servicing**—Ease of making changes and Quality of dashboard

Weighted Gap Analysis: Mystery Carrier YOY



Weighted Gap Analysis: Mystery Carrier vs. Average (2021)



What do Personal Lines agents view as the Top 2 most important Critical to Quality KPI metrics for Carriers?

- (1) Attending training sessions**
- (2) Easy to find support materials**
- (3) Sufficient compensation**
- (4) Flexibility during onboarding**
- (5) Easy access to dashboard**

https://www.polleverywhere.com/multiple_choice_polls/2RGV7M1UmCo2chjmn0PEp?preview=true&controls=none

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- (2) Easy to find support materials**
- (3) Sufficient compensation**
- (4) Flexibility during onboarding**
- (5) Easy access to dashboard**

Study Answer is “Flexibility during onboarding & Easy to find support...”

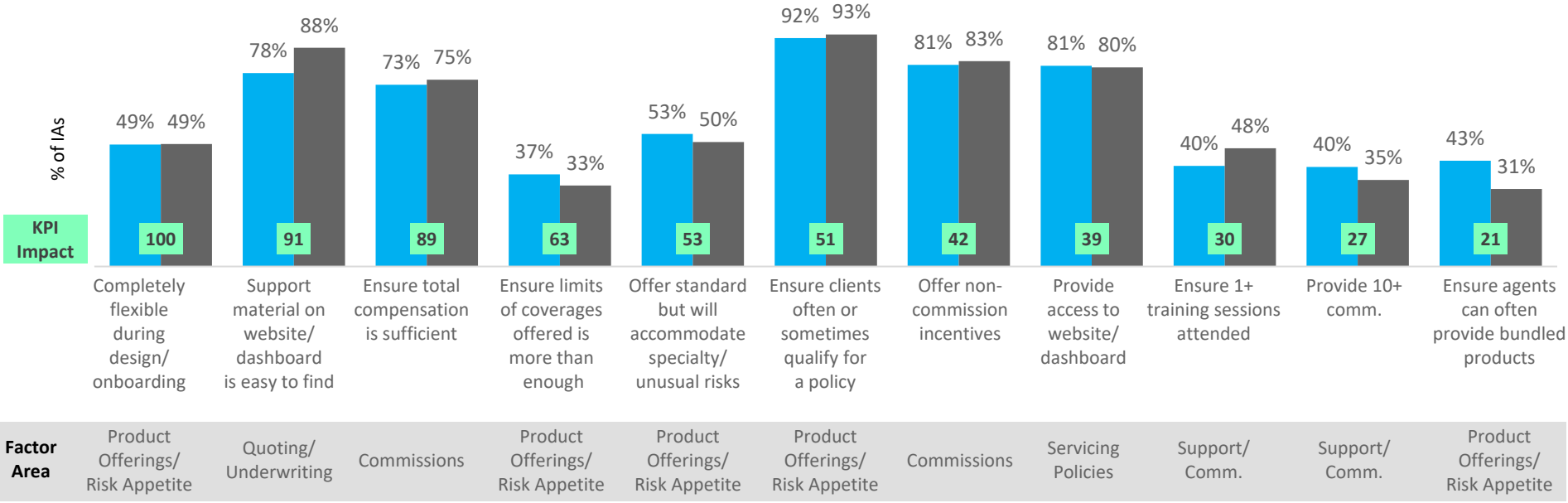
Less than 50% of Personal Lines agents state carriers are meeting the most important KPI

Personal Lines Top Key Performance Indicators (KPIs)

Highest Performers

| | | |
|-------------|-----------------|-------------|
| Erie | Erie | Erie |
| Auto-Owners | Safeco/Peerless | Auto-Owners |
| Progressive | Progressive | Chubb |

■ Personal Lines Avg 2020 ■ Personal Lines Avg 2021



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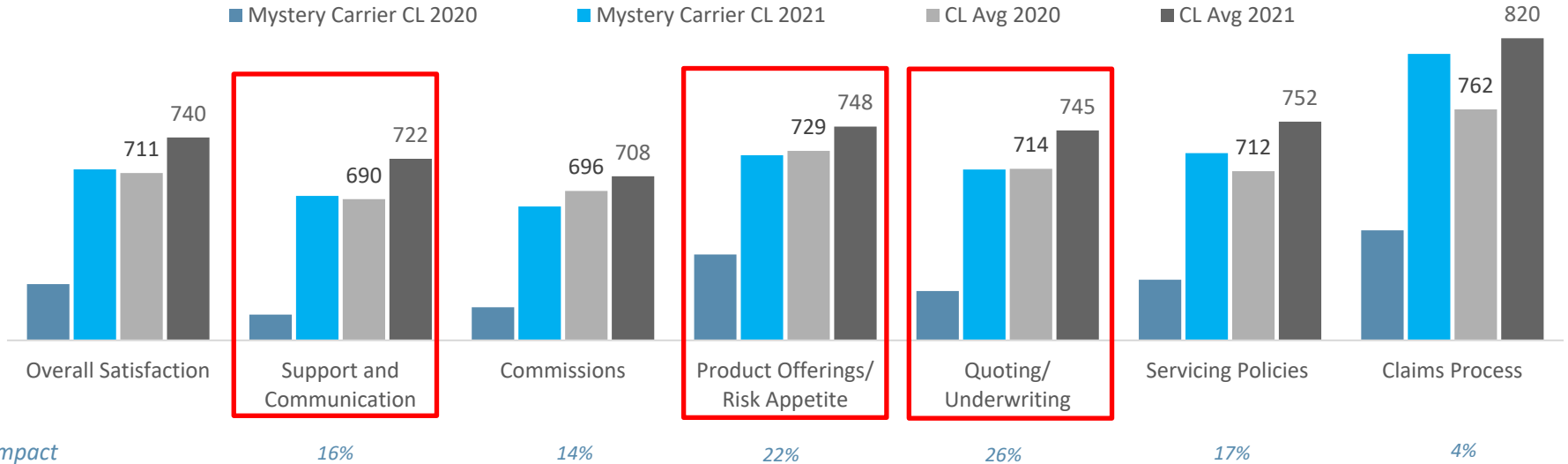
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COMMERCIAL LINES PERFORMANCE



Mystery Carrier's Commercial Lines improves significantly in every factor, led by Claims and Servicing

Range of Performance by Index Factor



 Biggest opportunity for improvement compared to Industry

Commercial Lines: Performance Analysis
The Power of Benchmarking

While driving YoY increase, Quoting/Underwriting is Mystery Carrier's greatest pain point in Commercial Lines

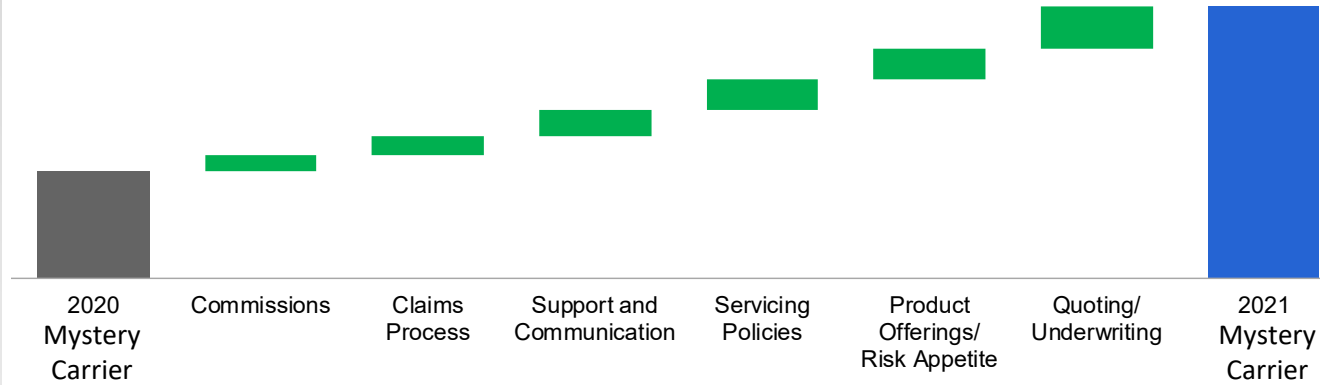
Quoting/Underwriting weaknesses:

- Strength of relationship w/ underwriters
- Accuracy of initial quote

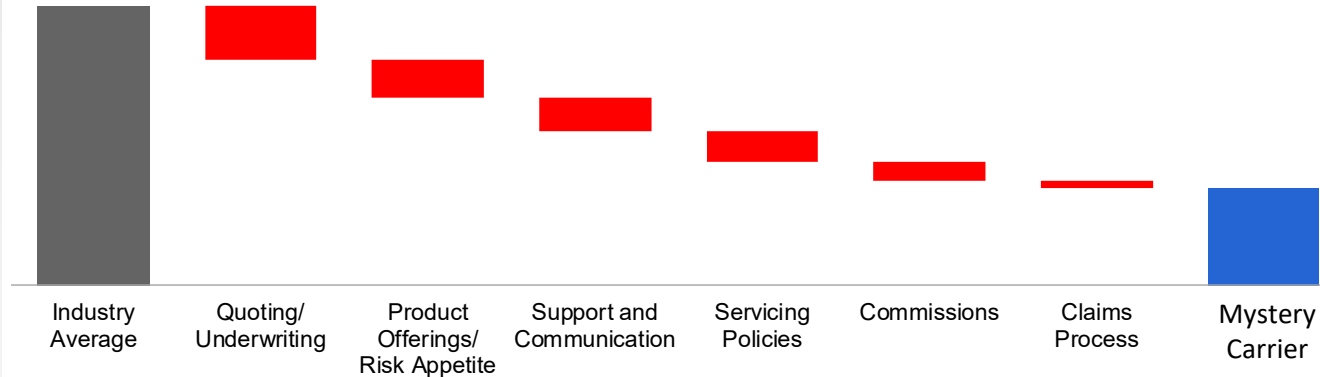
Mystery Carrier vs. Average (2021):

- Other key areas of opportunity vs. industry are in:
 - Product Offerings/Risk Appetite: Broadness of risk appetite
 - Support: Helpfulness of marketing reps
 - Servicing: Quality of online dashboard

Weighted Gap Analysis: Mystery Carrier YOY



Weighted Gap Analysis: Mystery Carrier vs. Average (2021)



Where do Commercial Lines agents see the biggest room for improvement from their Carrier Relationship?

- (1) Flexibility during design/onboarding**
- (2) Online support materials are easy to find**
- (3) Receive a quote in <2 hrs.**
- (4) Support for targeted industries**

https://www.polleverywhere.com/multiple_choice_polls/7hHsk0huXcTWCDEjK4vOZ?preview=true&controls=none

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- (4) Support for targeted industries**

Study Answer is “Receive a quote in <2 hrs.”

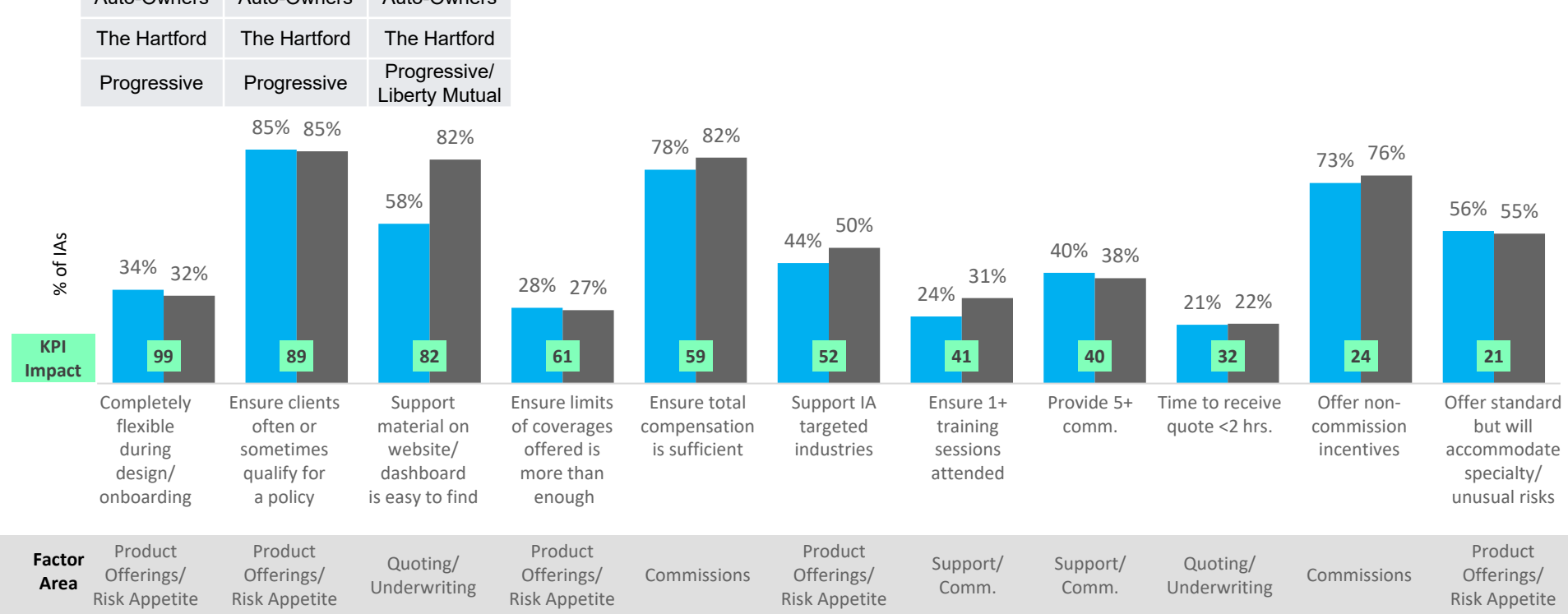
Carriers notably improve in making support materials easy to find on dashboards

Commercial Lines Top Key Performance Indicators (KPIs)

Highest Performers

| | | |
|--------------|--------------|--------------------------------|
| Auto-Owners | Auto-Owners | Auto-Owners |
| The Hartford | The Hartford | The Hartford |
| Progressive | Progressive | Progressive/ Liberty Mutual |

■ Commercial Lines Avg 2020 ■ Commercial Lines Avg 2021



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2021 U.S. Independent Agent Performance & Satisfaction Study

SUCCESS FACTORS:
CARRIER PERFORMANCE



Key Success Factors

Alignment, execution and efficiency are the key success components of a modern IA carrier

Alignment

How well is your agency model aligned to your business objectives?

- Industry & Market Support
- Underwriting and Product Placement
- Commitment to Agent

Execution

How well are you performing against alignment objectives?

- Delivering on IA Expectations
- Providing Support to IAs
- Delivering Quality Digital Platforms

Efficiency

How cost competitive are your operations?

- Automation everywhere
- More robots please, resilient and available
- Marketing support growth initiatives

Execution: Providing Channel Options

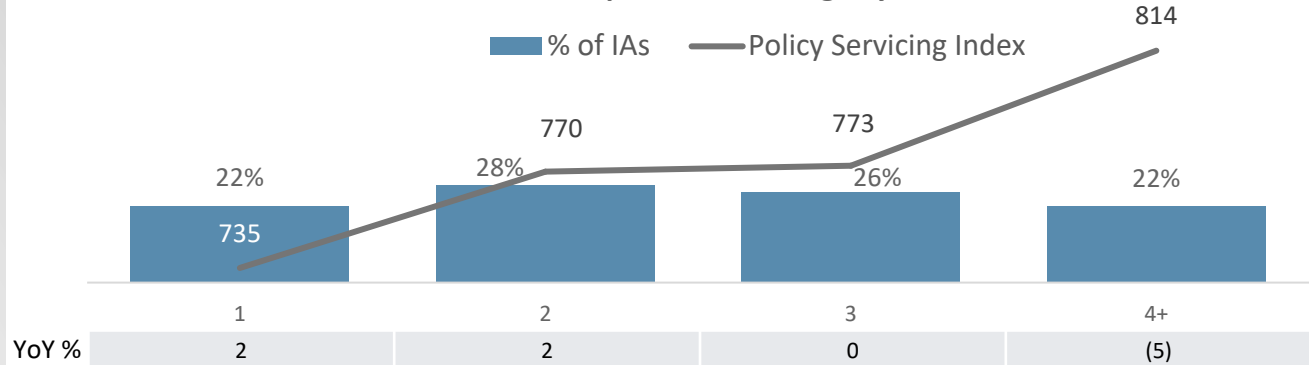
IAs value using multiple channels for communication

While multiple-channel usage is lower this year, IAs who have used 4 or more channels are much more satisfied than those only using 1 channel.

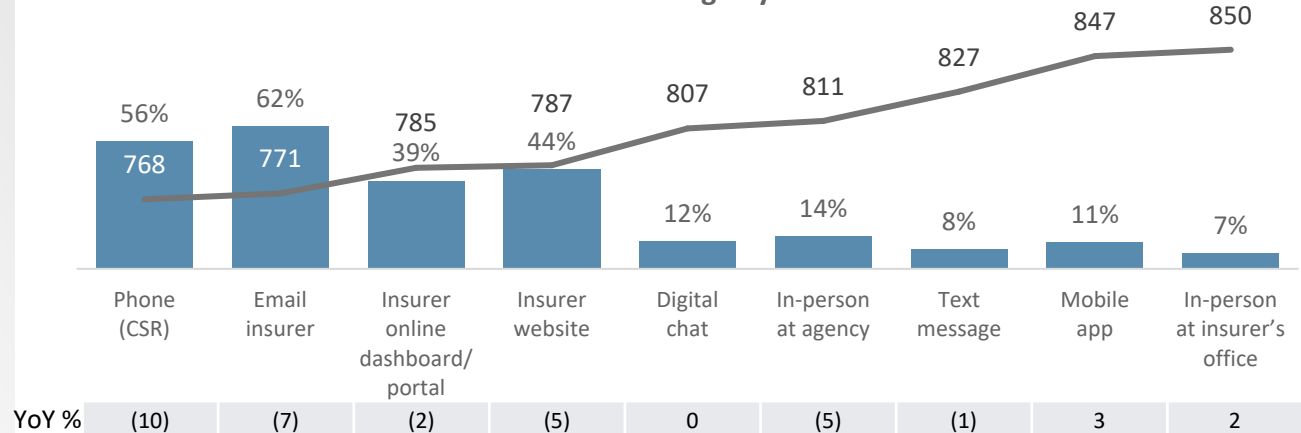
In fact, IAs who are most engaged with different channels are also more likely to use digital channels—such as digital chat and mobile app—which yield notably higher satisfaction than the most used channels of phone and email.

However, usage of chat and mobile apps are much lower than the traditional servicing channels, indicating insurers need to better promote these digital tools or ensure that capabilities are similar to traditional channels to meet IAs needs.

Service Channels: Multiple Channel Usage by Satisfaction



Service Channel Usage by Satisfaction



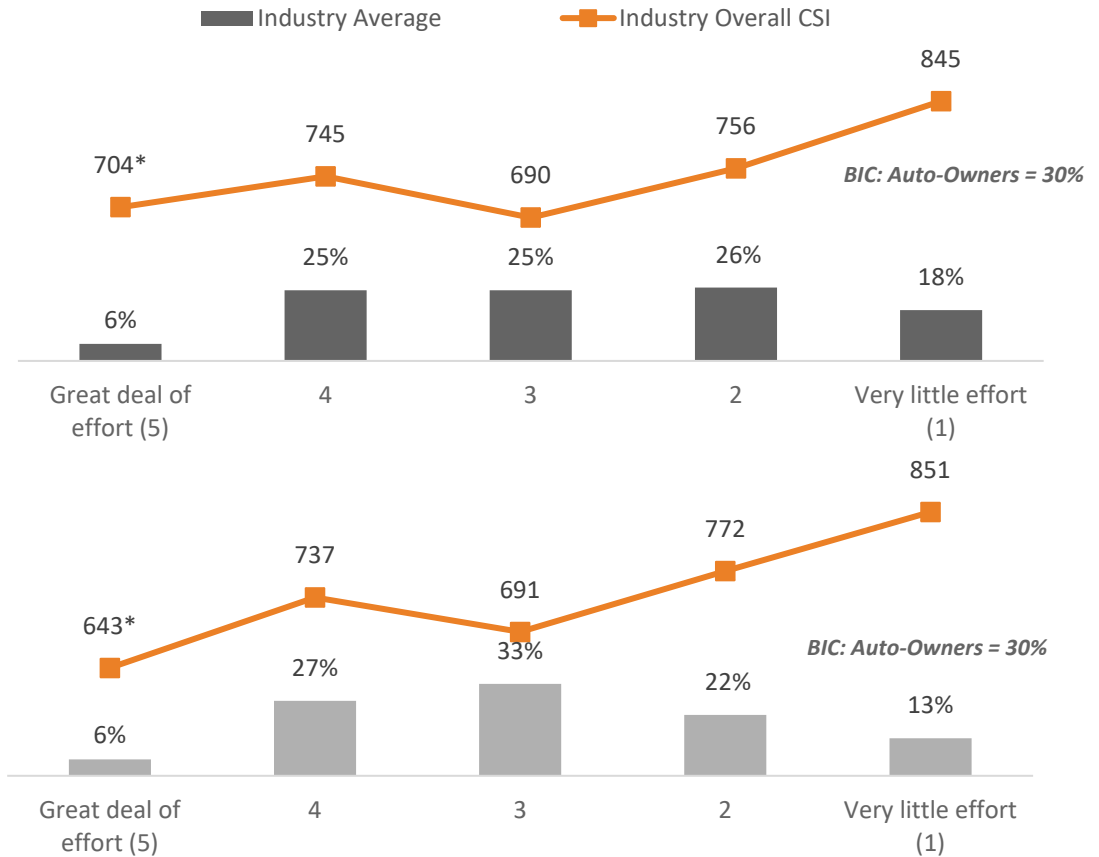
Low-effort experiences yield greater satisfaction

- IAs are most satisfied when they have a low-effort experience with an insurer, yet less than one-half of IAs fall into this category.
- Low effort is much less common among Commercial Lines (35%) compared to Personal Lines (44%)

Personal Lines

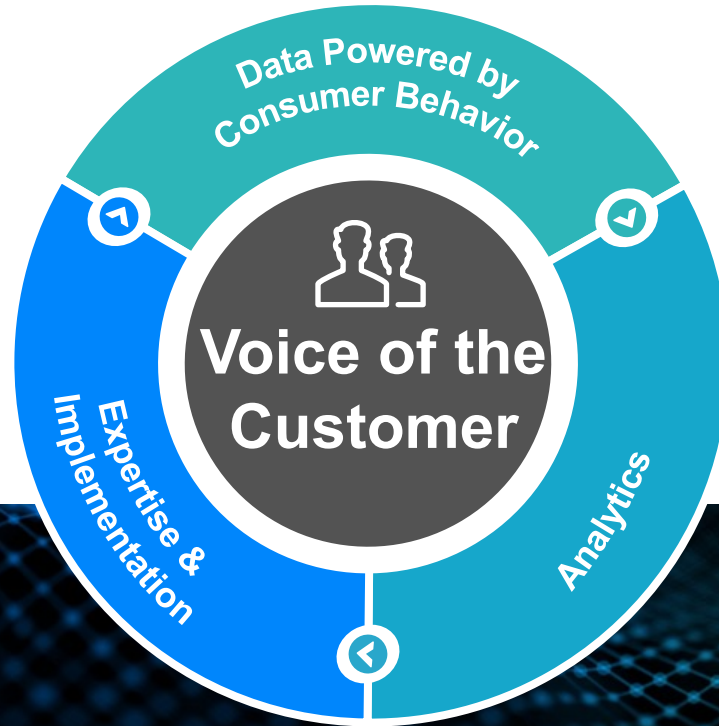
Commercial Lines

Effort Working with Insurer and Overall Satisfaction



Note: Effort is measured on a 5-point scale, where 1=Very little effort, 5=Great deal of effort (lower score is better); *Small sample size (n=30-99).

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Questions?
