

**National Underwriter Web Seminar Archives**  
**Available 24/7 Click Here**

[Home](#)
[eNewsletters](#)
[Web Seminars](#)
[Subscribe](#)
[Advertisers](#)
[Store](#)
[Contact Us](#)
[About Us](#)

#### This Week

News  
Sam's Blog  
Market Report  
WC RM Award  
Buyers Report  
Technology Trends  
Events 2007  
Opinion

#### Channels

Agent/Broker  
E&S/Specialty Markets  
Insurance Companies  
Risk Management  
Technology  
Asbestos & Mold  
Auto & Homeowners  
Bermuda Market  
Claims And Fraud Services  
Environmental/Pollution Coverage  
[More Channels...](#)

#### Feedback

[Letters To The Editor](#)  
[Story Ideas](#)

#### Events

[ACE/SCLA](#)  
[Workers' Comp Conference](#)  
[Events Calendar](#)  
[Submit Event](#)  
[Edit Event](#)

#### Services

[Associations](#)  
[Industry Links](#)  
[Agent/Broker Buyers' Guide- Submit Listings](#)  
[Agent/Broker Buyers' Guide- Search Listings](#)

#### Advertisers

[Media Kit](#)  
[Electronic Opportunities](#)  
[Editorial Calendar](#)  
[Material Specs](#)

#### Special Features

[Top 10 Stories of 2006](#)  
[Underwriting Benchmarks](#)  
[Research Report](#)

#### Charter Sponsors



## Breaking News

# Price Is Everything For Insurance Customers, Report Contends

BY MARK E. RUQUET

NU Online News Service, Jan. 23, 2:25 p.m. EST

*NEW YORK* —Forget brand loyalty—for insurance customers price is everything, according to a new study unveiled here today.

That finding was among others in the inaugural “2007 World Insurance Report” produced by Capgemini, a global consulting firm.

John Mullen, vice president of insurance for Capgemini, said insurers in the United States do not understand what it takes to keep their customers loyal to their brand.

“Price sensitivity is the number one reason for the selection of an insurance product,” said Mr. Mullen.

Capgemini’s report exploring the relationship between consumers and carriers surveyed 10,000 customers, 350 carriers and 50 insurance executives throughout the world. It found there is significant disconnect between the expectations of the personal lines consumer and the carriers trying to retain their business.

Over a five-year period, 31 percent of property-casualty insurance customers will switch insurers, while the figure is only 9 percent in the life sector.

The numbers are in contrast to the United Kingdom where the turnover rate is 63 percent and products are highly commoditized.

Mr. Mullen said as insurers increasingly commoditize their product they run the risk of the turnover rate equaling the United Kingdom model, especially as a new generation of consumers finds other avenues outside of the traditional agent relationship for their insurance purchase.

While brand and trust of the insurance product are high on the list, he said, the number one concern consumers have when choosing insurance is price.

The results of the survey indicate insurers do not understand their customers and have a lot of work to do to retain customer loyalty.

Part of the problem, said Mr. Mullen, is that insurance products are not intertwined closely with one another, making it easy for the consumer to sever parts of that relationship as they shop around for the best price. However, insurers believe otherwise.

The fact that insurers do not have a constant relationship with their customers, only in contact with them during renewal and for claims, is part of the reason consumers do not develop a brand loyalty. He added that “customer satisfaction does not equal customer loyalty.”

“The answer is not to bombard the customer with mailings but to understand what is important to the consumer and to arm the producer





with information to make the connection,” he said.

To accomplish this, insurers need to figure out the rules of engagement, he pointed out, and spend the kind of money needed “to get closer to what the customer and agent need to be successful.”

One critical point, he said, was for insurers to stop spending money on their legacy systems and start developing the kind of technology that will make it easier for both agents and customers to do business with them.

Also on hand was Joseph J. Annotti, senior vice president, public affairs for the Property Casualty Insurers Association of America based in Des Plaines, Ill.

He said when it comes to insurers improving their image there will be no one single publicity campaign to achieve the desired result. The industry is too diverse and deals with too many issues for a single message to work.

“It will be up to each company to manage their reputation,” Mr. Annotti said.

Insurers, he continued, need to reject the jargon of the industry and explain their actions in terms that consumers understand and can relate to.

“It is not about us all the time,” said Mr. Annotti about the industry. “It is about the people who buy the product.”

A copy Capgemini’s report is available online at [www.capgemini.com/worldinsurancereport](http://www.capgemini.com/worldinsurancereport).

[Back to Breaking News](#)

#### Story Tools

 [Email](#)

 [Print](#)

Copyright © 2007 by The National Underwriter Company. All rights reserved.  
[Privacy Statement](#) [Terms of Use](#) [Visit NationalUnderwriter.com](#) [Contact Webmaster](#)  
The National Underwriter Company 5081 Olympic Boulevard, Erlanger, KY 41018 1-800-543-0874  
Publisher of Insurance Books, Insurance Software and Insurance Magazines