

J.D. POWER

INSURANCE PLAYBOOK

CUSTOMER RETENTION

2025 eBook



THE CHALLENGE

Attrition is a **\$100B+** problem for P&C Insurance

How can brands improve retention of high
Customer Lifetime Value (CLV) customers?





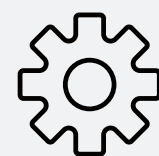
FUNDAMENTAL STRATEGIES



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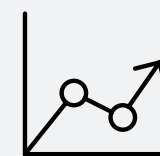
MULTI-POLICY DISCOUNTS & BUNDLING

STRATEGY: Encourage customers to purchase multiple policies (e.g., auto and home) to create stickiness



Examples of the Strategy Implementation

- Offer significant discounts for bundled policies
- Promote ease of managing all policies under one account
- Explain coverages (and potential gaps in coverage) in customer-friendly language



Why Implement this Strategy?

673 vs. 646

Customers who receive a multi-policy discount report Overall Satisfaction (OSAT) scores almost 30 points higher than the average auto insurance customer¹



Impact on Retention

Implementing this strategy:

- Improves retention by creating deeper customer relationships and increasing the perceived value of staying with one provider
- Simplifies the customer experience by consolidating policies under one provider

OPPORTUNITY

Customers value a combined bill for multiple policies so much that it is a Key Performance Indicator in the U.S. Auto Insurance Study. Despite this, **only 55% report experiencing** this with their auto insurer.¹

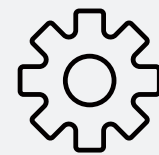




FUNDAMENTAL STRATEGIES

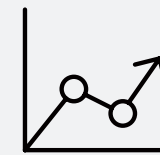
LOYALTY AND REWARD PROGRAMS

STRATEGY: Adopt loyalty initiatives to incentivize long-term relationships



Examples of the Strategy Implementation

- Offer discounts or perks for each year of uninterrupted coverage
- Partner with third-party brands to provide value-added services, such as roadside assistance or home security discounts



Why Implement this Strategy?

695 vs. 646

Customers who receive a loyalty discount report OSAT scores of 695 compared to 646 for the average auto insurance customer¹



Impact on Retention

Implementing this strategy:

- Develops trust, satisfaction, and a sense of appreciation among customers
- Provides tangible value for staying with the insurer over time, reducing the temptation to switch providers
- Makes customers feel recognized and rewarded for their loyalty

OPPORTUNITY

Did you know that customers who have roadside assistance with their auto insurer have an OSAT of 672 vs. average OSAT of 646?¹ If you don't already have roadside assistance programs in place or if you're customers don't know they have this program available, this is an opportunity to include or improve communications around their availability.

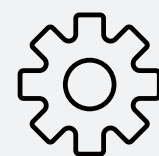




FUNDAMENTAL STRATEGIES

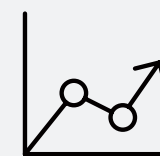
MAKE COMMUNICATIONS EASY IN THE CLAIMS EXPERIENCE

STRATEGY: Prioritize fast, empathetic, and transparent claims handling



Examples of the Strategy Implementation

- Ensure that it is easy for your customers to communicate with you
- Clearly set expectations, explain the process, and update your customers in their channel of choice



Why Implement this Strategy?

793 vs. 514

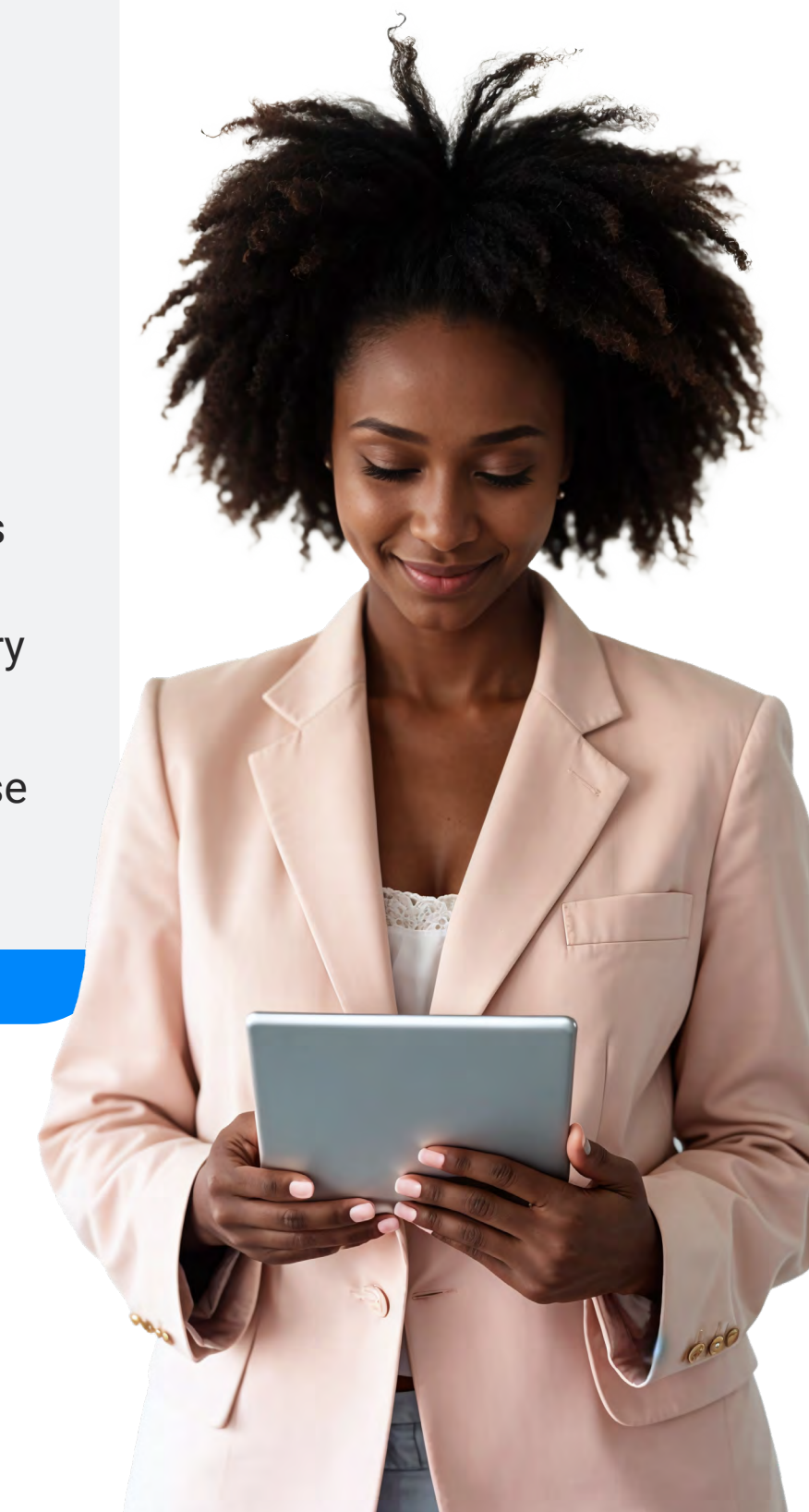
Customers who rate communications as very easy have an OSAT of 793. That drops 279 points to an OSAT of 514 when communications are not very easy¹



Impact on Retention

- Reassuring customers during the claims process strengthens their confidence in the carrier
- Providing updates in the customer's preferred channel minimizes confusion and prevents unnecessary follow-ups
- Positive claims experiences increase the likelihood of policy renewal

OPPORTUNITY "Communications with representatives is easy" is a Key Performance Indicator in J.D. Power Claims Satisfaction research. Despite this, claimants report this only happens **67% of the time.**¹

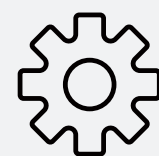




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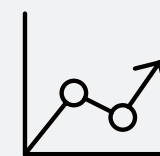
LEVERAGE COMMUNITY AND SOCIAL RESPONSIBILITY

STRATEGY: Align with customers' values by supporting social or environmental causes



Examples of the Strategy Implementation

- Support local disaster relief efforts
- Offer green insurance options, like incentives for hybrid or electric vehicles



Why Implement this Strategy?

Insurance shoppers mention **“Social responsibility/community involvement”** as a reason why they chose to obtain quotes from specific insurers¹

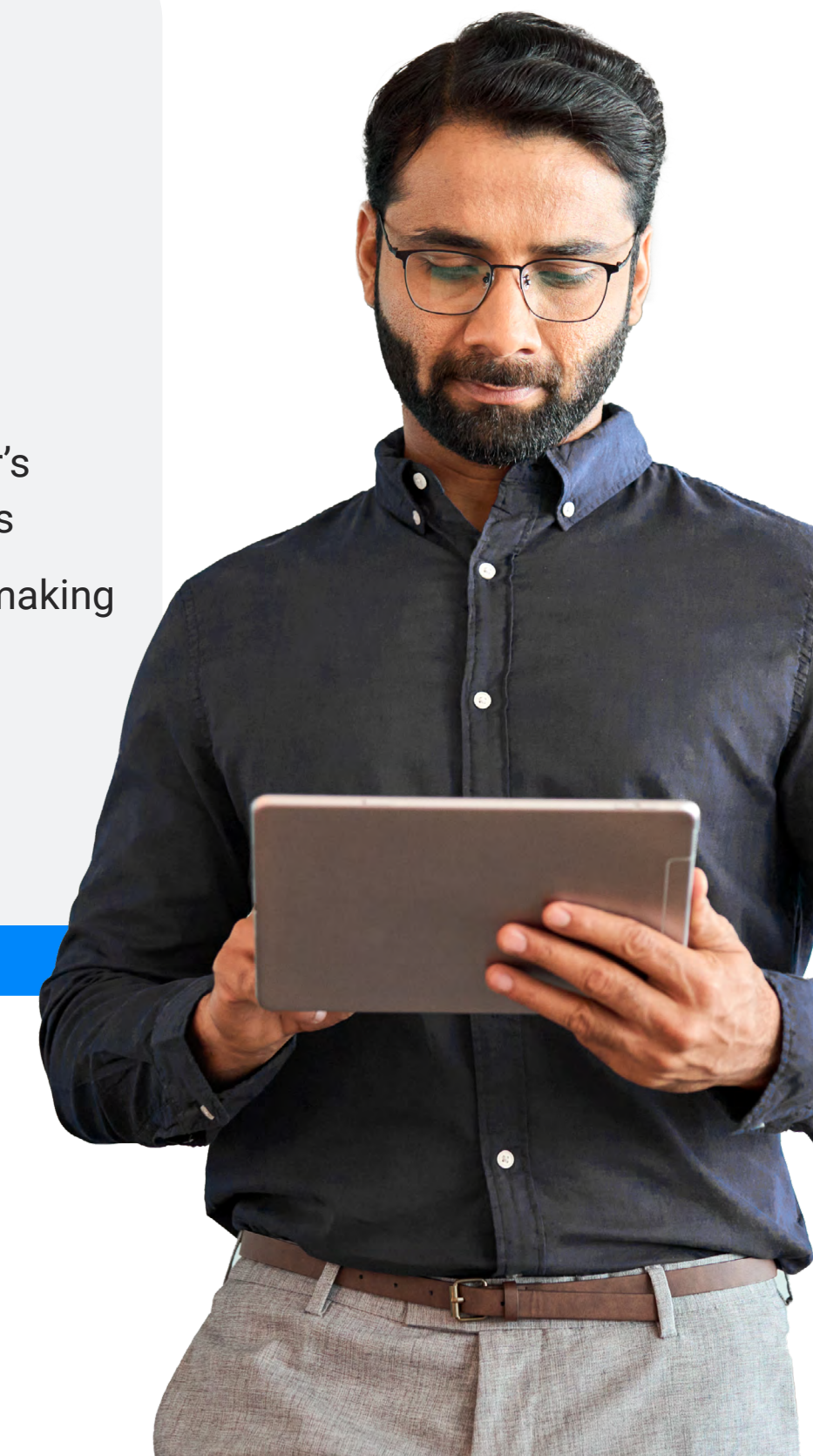


Impact on Retention

Implementing this strategy:

- Promotes a deeper emotional connection by aligning the insurer's values with those of its customers
- Demonstrates a commitment to making a positive impact beyond profits
- Builds goodwill and trust, making customers feel proud to support the company

OPPORTUNITY Despite “Social responsibility/community involvement” being a reason shoppers mention they obtain quotes from specific insurers, the industry has plenty of room to improve here with the average brand having this quoting reason mentioned by **only 4% of shoppers**.¹



A hand holds a tablet computer. Overlaid on the scene is a futuristic digital interface with glowing blue and yellow lines, arrows, and rectangular shapes, suggesting data flow or a strategic map. The background is dark and out of focus.

— INTERMEDIATE STRATEGIES



INTERMEDIATE STRATEGIES

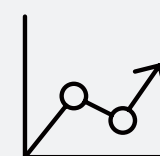
PROACTIVE ENGAGEMENT

STRATEGY: Leverage proactive communication strategies to build stronger customer relationships



Examples of the Strategy Implementation

- Send weather-related alerts to help policyholders protect their property
- Offer tips on reducing risks, like fire safety or vehicle maintenance, before claims occur
- Provide proactive updates throughout the claims experience



Why Implement this Strategy?

▼ **174 points**

A Key Performance Indicator for claimants “Avoid Customers Initiating the Majority of the Contacts”. When this happens, OSAT is 752. When customers have to initiate contact the majority of the time, OSAT drops 174 points to 578¹



Impact on Retention

Implementing this strategy:

- Strengthens customer relationships by demonstrating attentiveness and value
- Shows you care about your customers' well-being and financial security
- Creates opportunities for deeper engagement, such as cross-selling or upselling additional coverage

OPPORTUNITY Despite “Avoid Customers Initiating the Majority of the Contacts” being a Key Performance Indicator for auto insurance claimants, this currently **only happens 70% of the time.**¹





INTERMEDIATE STRATEGIES

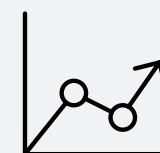
CUSTOMER EDUCATION AND TRANSPARENCY

STRATEGY: Focus on simplifying policies and educating customers about coverage options



Examples of the Strategy Implementation

- Offer clear explanations of premium increases
- Provide tools to compare coverage scenarios



Why Implement this Strategy?

TRUST SCORE 740

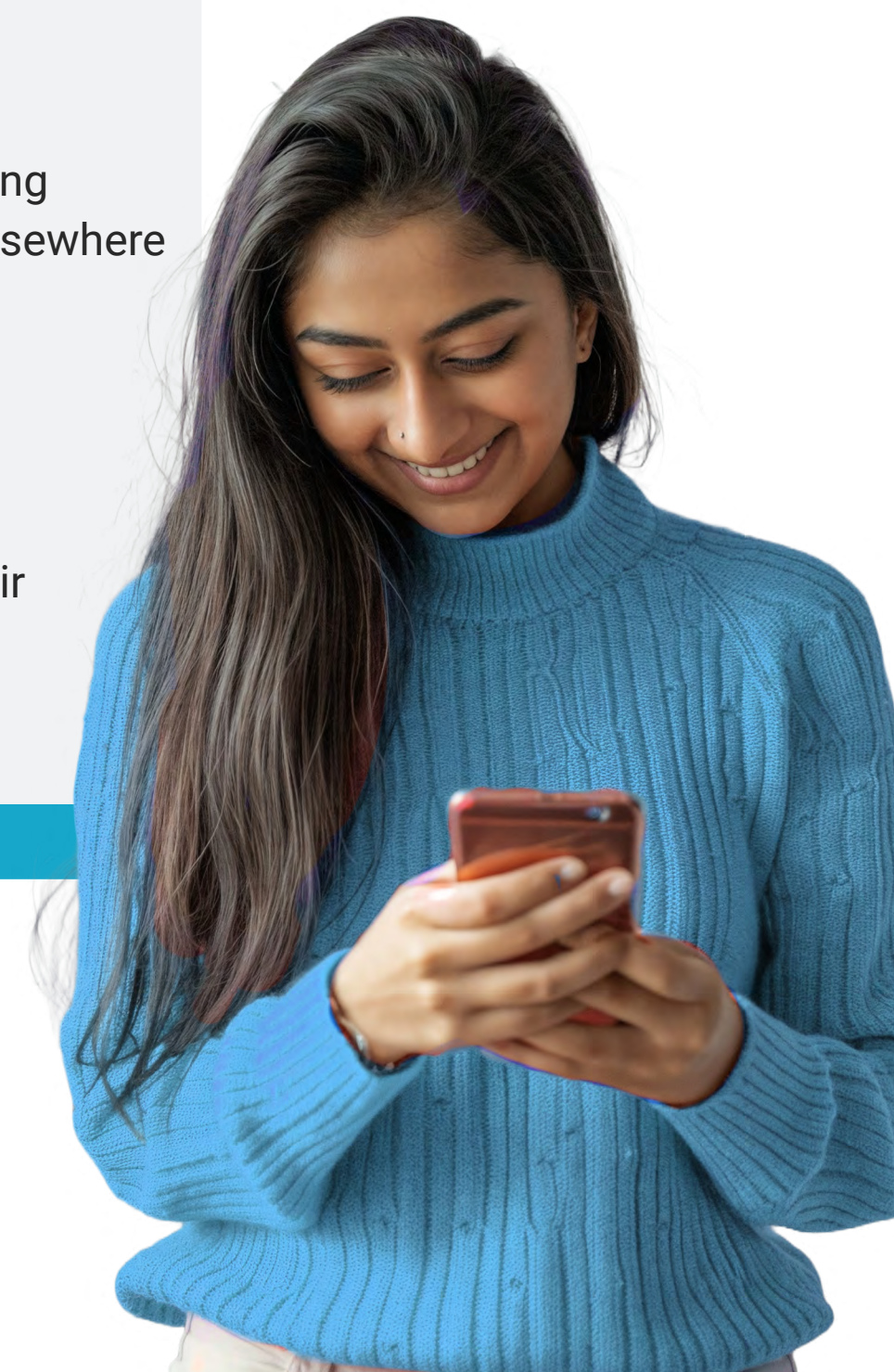
If a customer expects and understands the reason for their premium increase they report a trust score of 740 and a Price for Coverage score of 651



Impact on Retention

- Transparency builds trust, making customers less likely to shop elsewhere
- Education makes it easier for customers to understand their coverage, reducing confusion and frustration
- Educating customers about their options also helps them feel empowered to make informed decisions

OPPORTUNITY If customers don't expect and don't understand the reason for their premium increase, they report a trust score of 570 and a Price for Coverage score of 451.¹ Focusing on improving in this area can do a lot to close the trust and satisfaction gaps.

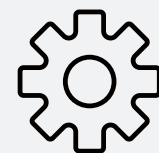




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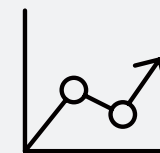
CONTINUOUS VALUE ADDITION

STRATEGY: Provide ongoing value beyond basic coverage to keep customers engaged



Examples of the Strategy Implementation

- Provide smart home discounts or free devices to monitor risks (e.g., water leak detectors)
- Offer subscription-based services like smart home devices or identity theft protection



Why Implement this Strategy?

689 vs. 646

Adding value increases satisfaction. For example, customers who bundle identity theft insurance with their auto insurer report OSAT of 689 against an average of 646 for auto insurance customers¹

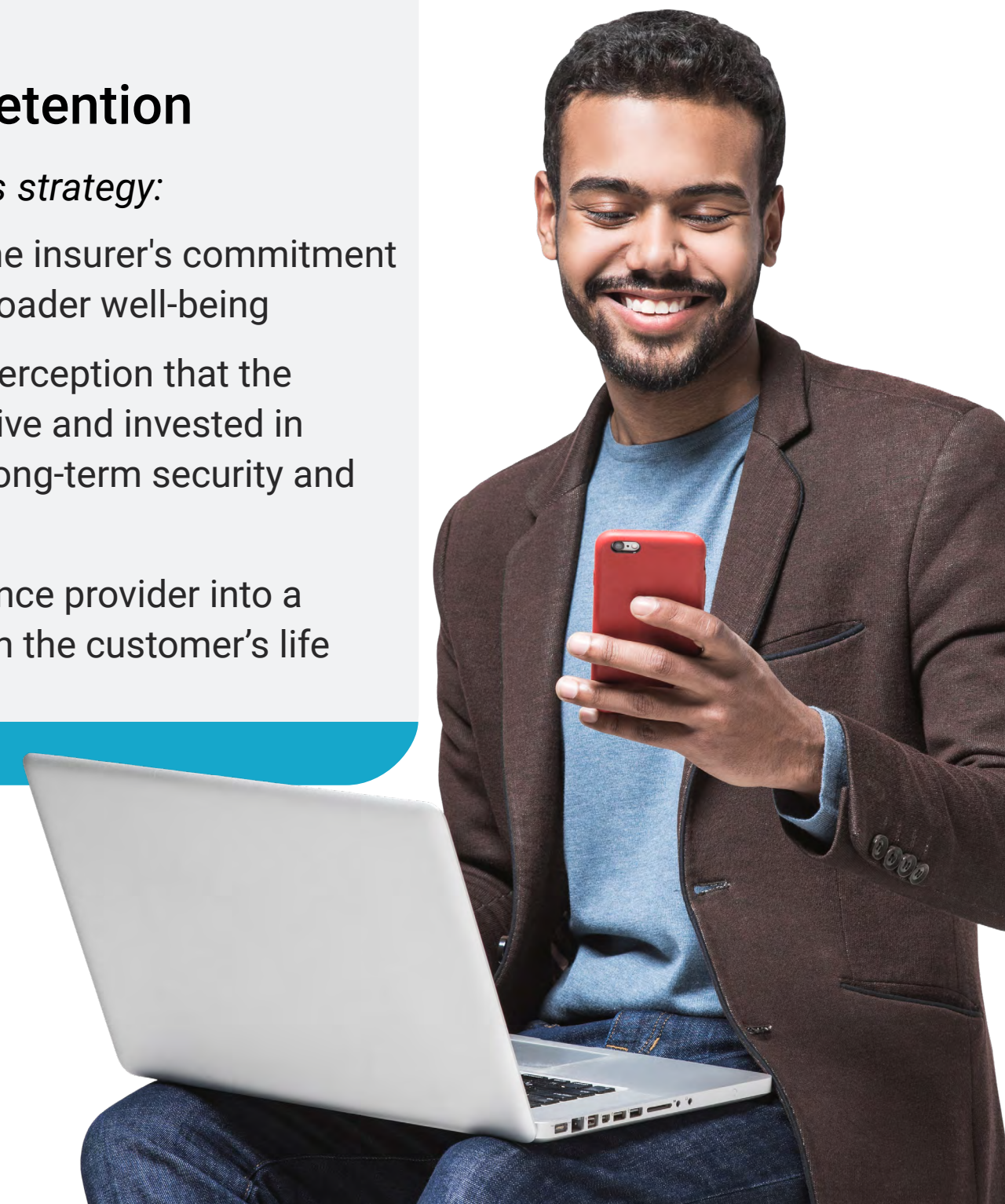


Impact on Retention

Implementing this strategy:

- Demonstrates the insurer's commitment to customer's broader well-being
- Reinforces the perception that the insurer is proactive and invested in the customer's long-term security and convenience
- Turns the insurance provider into a trusted partner in the customer's life

OPPORTUNITY Only 4% of auto insurance customers bundle identity theft insurance with their auto policy.





INTERMEDIATE STRATEGIES

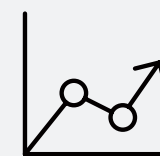
EMPHASIS ON HUMAN-CENTRIC SUPPORT

STRATEGY: Remember that human interaction remains crucial for complex needs and emotional support – despite digital innovation



Examples of the Strategy Implementation

- Retain skilled agents for high-touch services
- Offer live chat or call center support to resolve concerns



Why Implement this Strategy?

5 out 6

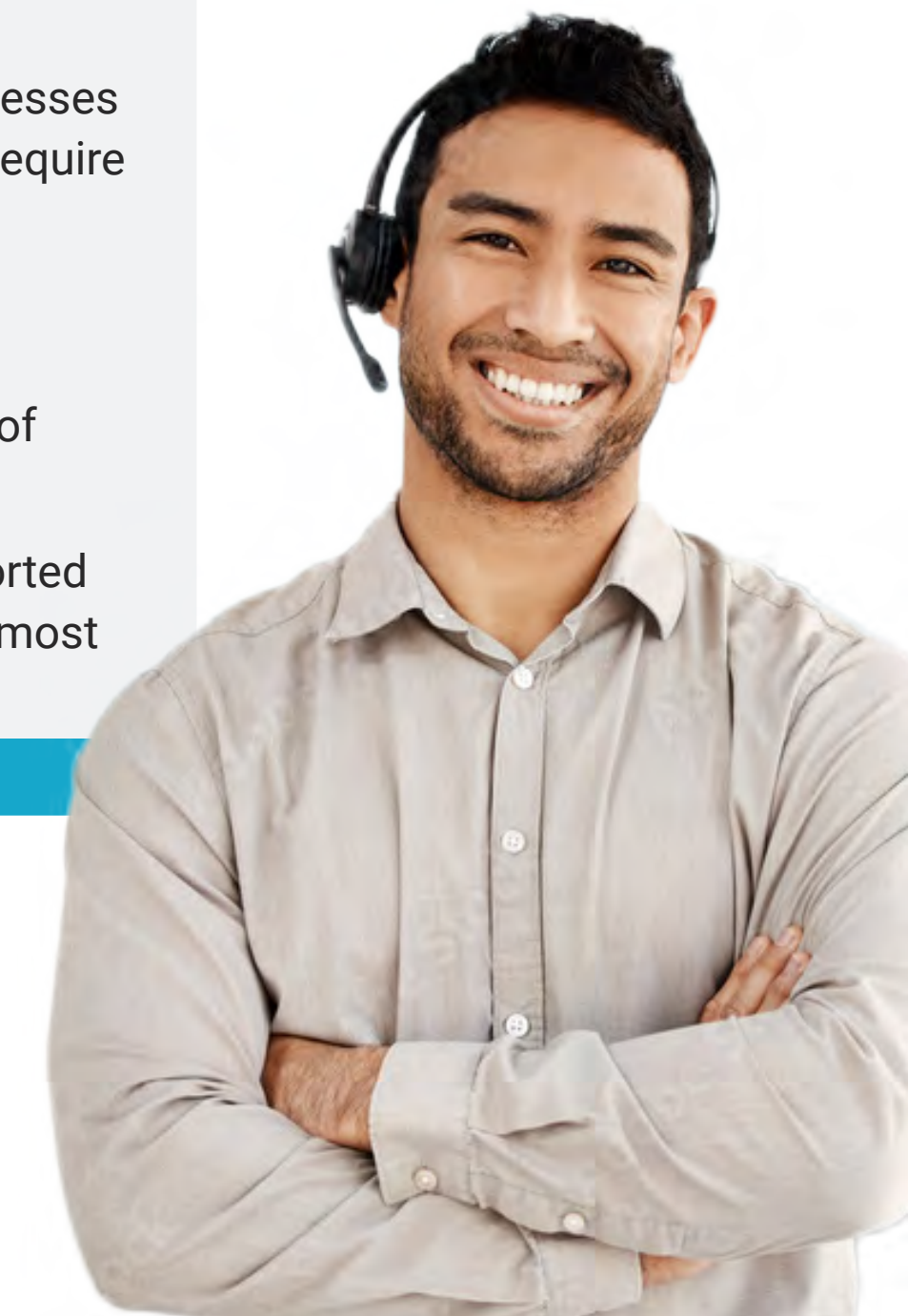
customers want a live person for more complex transactions such as policy changes, premium changes, and billing¹



Impact on Retention

- Implementing this strategy addresses the moments when customers require personalized care the most
- Empathetic human interactions during critical moments builds trust, reassurance, and a sense of partnership
- Customers feel genuinely supported by their insurer when it matters most

OPPORTUNITY When customers do speak with a live agent, ensure that agent has the customer's information ready. Ensuring that the CSR has the customer's information at hand is one of the **top 4 Key Performance Indicators** in terms of impact on trust.¹

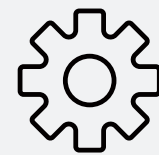




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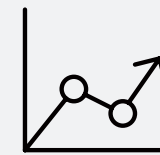
ENHANCED CUSTOMER EXPERIENCE (CX) ACROSS CHANNELS

STRATEGY: Focus on delivering seamless, frictionless experiences across digital and traditional channels



Examples of the Strategy Implementation

- Streamline digital claims processes with real-time updates
- Provide self-service portals for policy management
- Combine digital tools with agent support for hybrid experiences



Why Implement this Strategy?

Customers want to leverage digital tools for low complexity issues (e.g., 73% of customers prefer self-service or interactive digital for making a payment) but still prefer personal channels to handle their more complex needs (e.g., 60% of customers prefer speaking to a person to discuss price changes)¹



Impact on Retention

Implementing this strategy:

- Demonstrates commitment to making insurance easy and accessible
- Builds trust and engagement, reinforcing long-term relationships and reducing the likelihood of customers exploring competitors

OPPORTUNITY Streamline processes to not only capture customer channel preferences by activity, but also ensure that every channel in the customer journey has access to the same, most updated information.





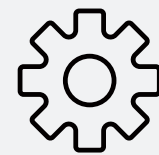
— ADVANCED STRATEGIES



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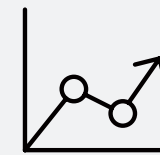
HYPER-PERSONALIZATION OF SERVICES

STRATEGY: Use AI and advanced analytics to offer tailored products, pricing, and services based on individual customer data, behavior, and preferences



Examples of the Strategy Implementation

- Send personalized renewal offers or endorsements that align with the customer's recent life changes, like adding a teenage driver or buying a home



Why Implement this Strategy?

715 vs. 558

For customers shopping for life insurance, if the onboarding information is tailored to their needs, OSAT is 715. If the onboarding information is not tailored, OSAT drops 158 points to 558.



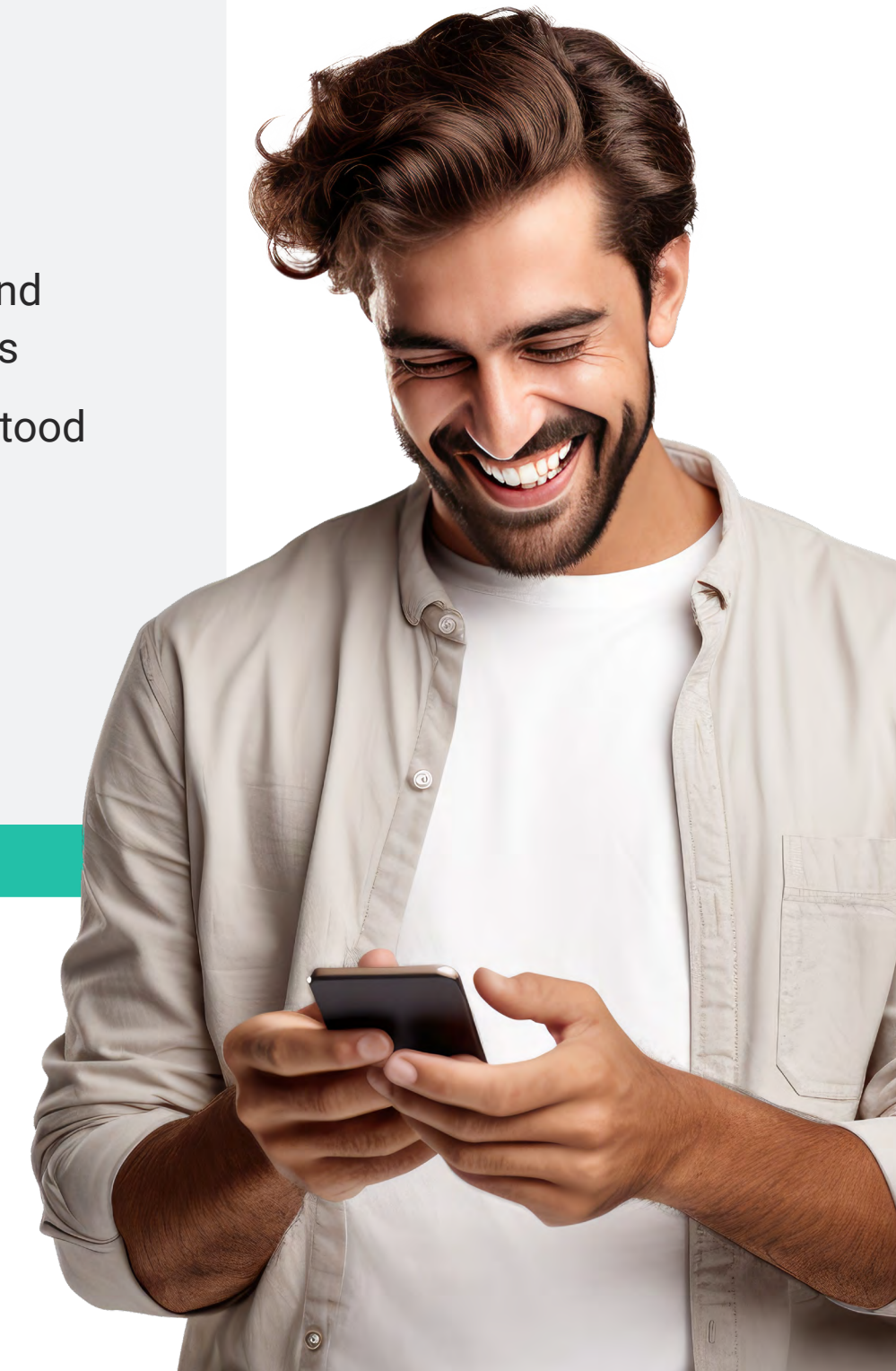
Impact on Retention

Implementing this strategy:

- Creates highly personalized and relevant customer experiences
- Makes customers feel understood and valued
- Builds deeper relationships

OPPORTUNITY

While 80% of life insurance customers say that all communications are tailored to their needs, that still leaves 20% who are not receiving any personalized communications. For this Key Performance Indicator, OSAT drops from 712 for customers with tailored information to 486 for those not receiving tailored communications.

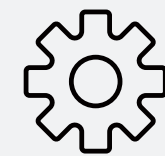




— ADVANCED STRATEGIES

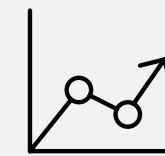
USAGE-BASED INSURANCE (UBI)

STRATEGY: Provide customers with more control over their premiums with usage-based insurance programs



Examples of the Strategy Implementation

- Offer Telematics programs that reward safe driving behavior with lower premiums



Why Implement this Strategy?

663 vs. 694

Customers who have never participated in UBI report an average Trust score with their auto insurer of 663 whereas those who are currently participating in a UBI program report trust scores of 694 on average¹



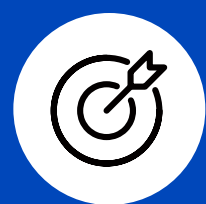
Impact on Retention

Implementing this strategy:

- Implementing this strategy aligns costs with individual behavior, creating a sense of fairness and empowerment
- Customers who feel they have control over their costs are more likely to stay with their insurer

OPPORTUNITY Only 17% of consumers report participating in a UBI program leaving ample room for penetration.¹





— ADVANCED STRATEGIES

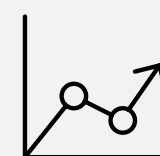
PREDICTIVE RETENTION CAMPAIGNS

STRATEGY: Leverage data to predict when customers might shop around for alternatives and launch targeted campaigns to retain them



Examples of the Strategy Implementation

- Send personalized offers before renewal
- Introducing incentives like reduced deductibles for loyal customers



Why Implement this Strategy?

5%

of your customers are responsible for 95% of your attrition¹



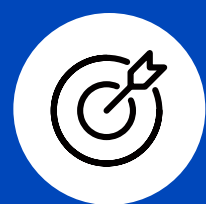
Impact on Retention

Implementing this strategy:

- Addresses potential churn proactively
- Demonstrates commitment to nurturing long-term relationships
- Makes customers feel valued and understood, strengthening their trust and loyalty

OPPORTUNITY Maximize the return on your investment in retention by identifying the customers most likely to switch and then deploy tactics to retain the most valuable of these customers.





— ADVANCED STRATEGIES

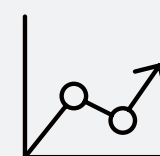
INTEGRATION OF ECOSYSTEMS

STRATEGY: Embed into broader ecosystems to create additional touchpoints



Examples of the Strategy Implementation

- Partner with auto dealers, mortgage companies, or property management platforms to provide seamless insurance solutions
- Collaborate with lifestyle apps for home security, wellness, or driving safety



Why Implement this Strategy?

2X

as many shoppers think the service experience through an automotive OEM or auto dealer will be better than an insurer (32% vs 14%)¹



Impact on Retention

Implementing this strategy:

- Integrates insurance into customers' daily lives making it more relevant and accessible
- Provides opportunities to engage customers proactively, reinforce brand presence, and demonstrate value beyond traditional interactions
- Positions the insurer as a trusted and indispensable partner

OPPORTUNITY Target the **35%** of auto insurance shoppers who are interested in buying auto insurance through an embedded channel – interest is even greater with younger shoppers.



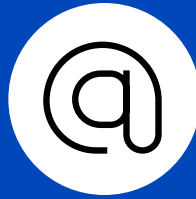


KEY TAKEAWAYS

Improving retention in P&C insurance is a combination of technology-driven insights and human-centered approaches.

By focusing on personalized engagement, value-added services, and seamless experiences, insurers can build trust and long-term loyalty in an increasingly competitive landscape.





READY TO PUT THE PLAYBOOK TO WORK:

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