

Press Release

Advice and Reasonable Pricing Drive Customer Satisfaction with Brokers in J.D. Power 2015 Large Commercial Insurance Study

Arthur J. Gallagher & Co. Ranks Highest among Large Commercial Insurance Brokers

WESTLAKE VILLAGE, Calif.: 9 December 2015 — According to the J.D. Power 2015 Large Commercial Insurance Study,SM conducted in association with RIMS *the risk management society*,TM brokers that outperform their peers in overall satisfaction emphasize quality advice and guidance and reasonable fees. The highest-performing broker in this year's study is **Arthur J. Gallagher & Co.**

The study measures customer satisfaction with commercial insurance brokers based on eight attributes: quality of advice and guidance provided; reasonableness of fees; ease of the renewal process; effectiveness of risk control services; variety of program offerings; effectiveness of program review; billing and payment process; and claims process.

According to the study, smaller¹ firms not only score above the industry average of 808 (on a 1,000-point scale) in overall satisfaction, but they also outperform their larger counterparts by 24 points (819 vs. 795, respectively). This is primarily due to smaller brokers receiving significantly higher satisfaction ratings than larger brokers in two primary drivers of customer satisfaction: quality of advice and guidance provided (8.46 vs. 8.27, respectively, on a 10-point scale) and reasonableness of fees (8.27 vs. 7.69). That finding underscores the importance of establishing a consultative relationship with customers and going beyond simply understanding their business by providing value-added recommendations based on specialty services and trends in the industry, as well as demonstrating the value of the services provided to customers in order to overcome price sensitivity headwinds associated with fees.

“Reinforcing the concept that bigger is not always better, smaller brokers are meeting the needs of customers more effectively than their larger counterparts,” said **Greg Hoeg, vice president of the U.S. insurance practice at J.D. Power**. “The ability to perform well across the various aspects of the customer experience—especially imparting quality advice and guidance and charging reasonable fees—leads to higher satisfaction. Focusing on providing a quality experience by investing time to listen to customers and understand their needs when advising and guiding them positively impacts satisfaction with smaller firms that deliver on quality rather than quantity.”

The study also measures commercial property insurers and workers' compensation insurers based on five factors: interaction; program offerings; price; billing and payment; and claims. For property insurance, interaction (845) is the highest-scoring factor and billing and payment (761) is the lowest. Interaction (819) is also the highest-scoring factor for worker's compensation insurance, offsetting lower scores in claims (762), price (760) and billing and payment (748). “In commercial property, activities that occur at the front end of the business—service interactions and program offerings—tend to be more satisfying than the back-end processes—billing and payment and claims,” said Hoeg.

¹ Smaller brokerage firms are defined as those with \$2.1 billion or less in annual revenue. Larger brokerage firms are defined as those with \$5 billion or more in annual revenue.

“In order for any risk professional to succeed, that individual must have strong, reliable relationships with both internal and external stakeholders, as well as the solution providers that can help them achieve their goals,” said **RIMS Executive Director Mary Roth**. “Our collaboration with J.D. Power reinforces the power of those relationships while highlighting opportunities for brokers to better understand and serve their customers.”

Key Finding among Brokers

- **Demonstrating Understanding of Business Increases Satisfaction:** A majority (85%) of customers say their broker “completely” understands their business needs, resulting in an overall satisfaction score of 851.

Key Findings among Property Insurers

- **Satisfaction Leads to Loyalty and Advocacy:** There is a strong relationship between satisfaction levels and loyalty and advocacy. Among property insurance customers who are delighted (overall satisfaction scores of 900 or higher), 88% say they “definitely will” recommend their insurance provider and 69% say they “definitely will” renew their policy with their insurer. In contrast, only 28% of customers who are indifferent/displeased (scores below 750) say they “definitely will” recommend and 27% say they “definitely will” renew with their insurer.
- **Limiting Billing Errors Is Crucial to Satisfaction:** Among property insurance customers who experience no billing errors, overall satisfaction averages 811 compared with 773 among those who experience one or more billing errors—a difference of 38 points.

Key Finding among Workers’ Compensation Insurers

- **Demonstrating Flexibility Increases Satisfaction:** Satisfaction is 124 points higher among customers who indicate their workers’ compensation insurer is completely flexible in the design and implementation of programs than among those who indicate their insurer is not flexible.

Large Commercial Insurance Broker Rankings²

- Arthur J. Gallagher & Co. ranks highest with a score of 833
- Willis (822) ranks second
- Lockton (818) ranks third

The 2015 Large Commercial Insurance Study provides an independent and objective measure of overall satisfaction among large commercial insurance risk professionals in the United States and Canada. The study is based on responses from nearly 1,300 risk professionals or employees who provide oversight for their organization or are members of their organization’s risk management team. Organizations included in the study have at least \$100 million in annual revenue or operating budget, and have purchased commercial property or workers’ compensation insurance from one of the profiled insurers or brokers.

² Brokers that have \$500 million in annual revenue or greater and receive 100 or more usable surveys are eligible to be included in the rankings. The broker that meets the criteria and attains the highest overall satisfaction index score receives an award. No award is presented in the commercial worker’s compensation and property insurance segments due to insufficient market representation in the 2015 study.

Media Relations Contacts

J.D. Power—John Tews; (248) 680-6218; john.tews@jdpa.com

RIMS—Josh Salter; (212) 655-6059; jsalter@RIMS.org

About J.D. Power <http://www.idpower.com/about/index.htm>

About McGraw Hill Financial www.mhfi.com

About RIMS RIMS is a global not-for-profit organization with a membership of more than 11,000 risk management professionals located in more than 60 countries. www.rims.org

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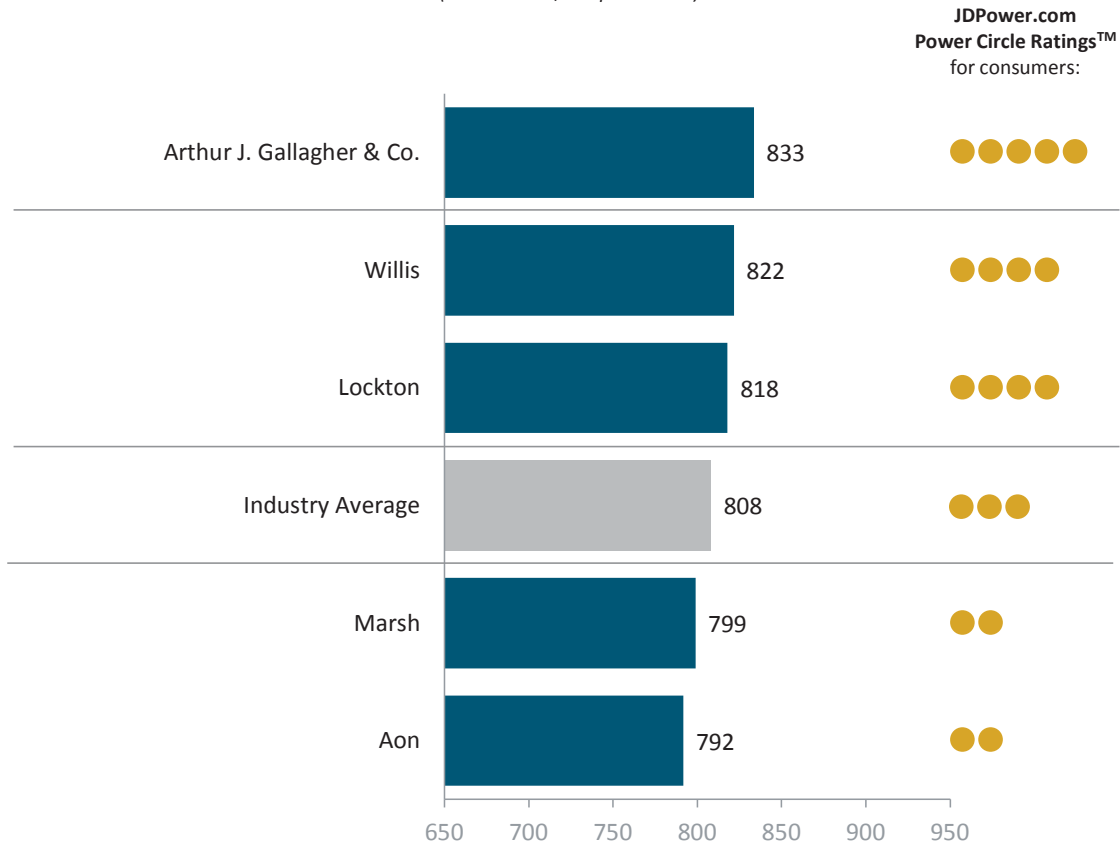
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Note: Three charts follow.

J.D. Power 2015 Large Commercial Insurance StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



Included in the study but not award-eligible due to not meeting minimum sample requirements are Hays; McGriff, Seibels, and Williams Inc.; and Wells Fargo.

Due to sampling methodologies, the "industry average" represents the average of all combined valid responses for each item measured rather than the average of the entire large commercial insurance industry.

Source: J.D. Power 2015 Large Commercial Insurance StudySM

Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

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Companies Included in the Study

Property

ACE Limited
AEGIS
American International Group (AIG)
Allianz AG
Chubb
FM Global
Liberty Mutual
Lloyd's of London
Swiss Re
Travelers
XL Group
Zurich Insurance Group

Workers' Compensation

ACE Limited
American International Group (AIG)
AmTrust North America
Berkshire Hathaway Group
Chubb
CNA Insurance
Fairfax Financial Group
The Hartford
Liberty Mutual
Old Republic International
Safety National
Travelers
W.R. Berkley Corporation
Zurich Insurance Group

Brokers

Alliant Insurance Service
Aon
Arthur J. Gallagher & Co.
BB&T Insurance Services
Brown & Brown
Hays Companies
HUB International
Lockton
Marsh
McGriff, Seibels, and Williams
National Financial Partners
USI Holdings Corp.
Wells Fargo Insurance Services
Willis

Source: J.D. Power 2015 Large Commercial Insurance StudySM

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Award-Eligible Companies Included in the Broker Segment

<u>Company Name</u>	<u>CEO Name</u>	<u>Company Address</u>
Aon	Gregory C. Case	London, UK
Arthur J. Gallagher & Co.	J. Patrick Gallagher Jr.	Itasca, Ill.
Lockton	John L. Lumelleau	Kansas City, Mo.
Marsh	Daniel S. Glaser	New York, N.Y.
Willis	Dominic Casserley	London, UK

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