

ONLINE AUTOMOBILE INSURANCE REPORT

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Introduction to comScore, Inc.

For more than six years, comScore has served as an industry-leading provider of insight into consumer behavior and attitudes. comScore information and analyses are based on a representative panel of more than two million consumers who have provided comScore with permission to monitor their online browsing, buying and other transactional activity, using comScore's proprietary measurement technology.

comScore's unique capabilities are enabled by this measurement technology, providing insight not available through any other source. Marketers' own internal server logs and other data do not provide any visibility into visitor behavior beyond a specific site. comScore transcends these limitations by capturing actual consumer visiting, research and transaction behavior across all sites, while ensuring the complete protection of participants' privacy.

comScore panelists also participate in survey-based research, allowing comScore to provide a fully integrated understanding of offline behavior, media exposure, and the attitudinal drivers that affect consumer behavior across competitive brands and channels. Armed with this information, comScore consultants provide clients with actionable information and analysis that inform strategic decision-making across offline and online channels alike.

Introduction to comScore Insights

comScore Insights provides full service custom research using comScore panelists, which focuses on a wide range of online and offline issues, including customer satisfaction, purchase intent, attitudes towards competitive sites and services – and more. By integrating this attitudinal information with comScore's database of online behavior, comScore delivers powerful insights into the drivers of specific behaviors, helping marketers to devise more effective sales and marketing strategies. Clients gain exceptional competitive intelligence through comScore's ability to understand behavior on competitive sites and conduct surveys triggered by visits to competitive sites (including pop-up surveys delivered in real time). Targeted sampling provides access to hard-to-reach consumer segments identified by virtually limitless combinations of demographics, lifestyle attributes and behaviors.

comScore delivers the empirical data needed to understand online competition, emulate the best practices of industry leaders, and better target marketing messages, partnerships, ad placement, and member loyalty programs.



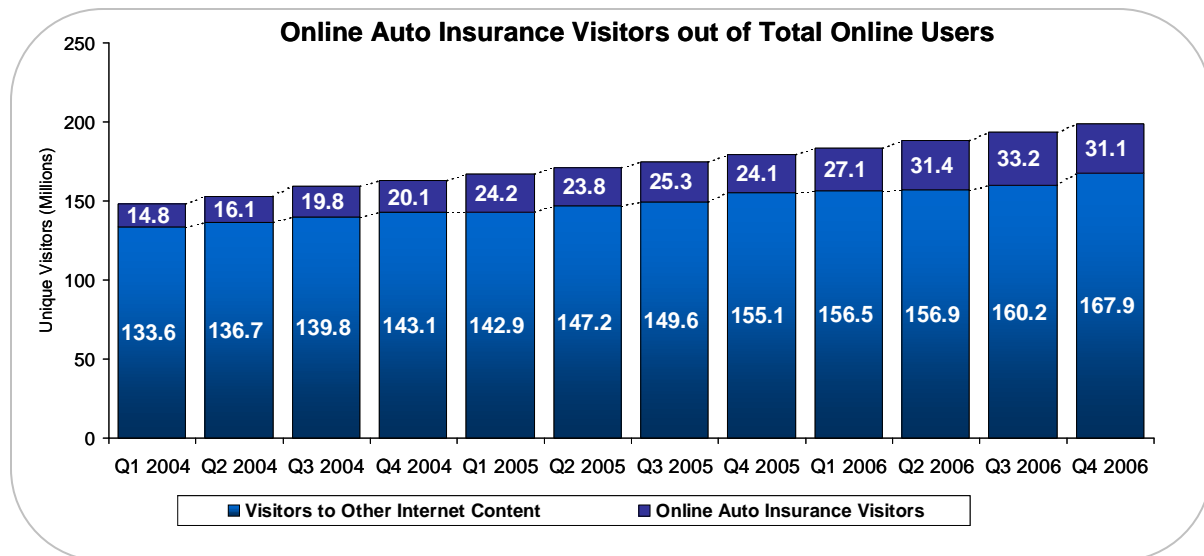
Overview of the Auto Insurance Report

This report provides an in-depth look at the auto insurance industry, including the general landscape, competition, and the factors that influence consumers' decision processes. Key areas of focus include quarterly online auto insurance visitation statistics; attitudinal insight into why customers prefer either the agent or direct channel for purchasing; channel preferences for servicing, billing, and payment; importance of features in auto insurance coverage plans; factors that impact switching across insurance carriers; and insights into why customers would not purchase online and features that would increase the likelihood of online purchase.

This analysis leverages comScore's database of passively observed online behavior and attitudinal insights gathered by comScore from a survey conducted among more than 2,000 U.S. consumers the first week of March 2007.

Auto Insurance Industry Snapshot

In Q4 2006, 31 million people – 15% of internet users – visited an auto insurance web site¹, more than double the 15 million visitors in Q1 2004.

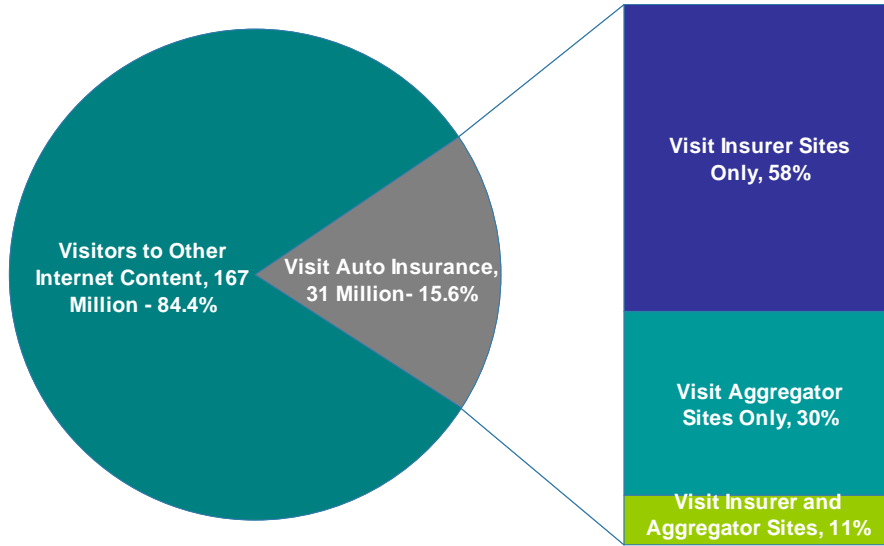


Auto insurance aggregators continue to play an important role in consumers' online shopping behavior for auto insurance. Aggregators enable consumers to enter their information on time and obtain auto insurance quotes from multiple insurers. In Q4 2006, 30% of visitors to auto insurance sites only visited Aggregators web sites, while 11% visited aggregators and insurer sites.

¹ Aigdirect.com, allstate.com, answerfinancial.com, comparisonmarket.com, driveinsurance.com, esurance.com, geico.com, insureme.com, insweb.com, nationwide.com, netquote.com, progressive.com, statefarm.com

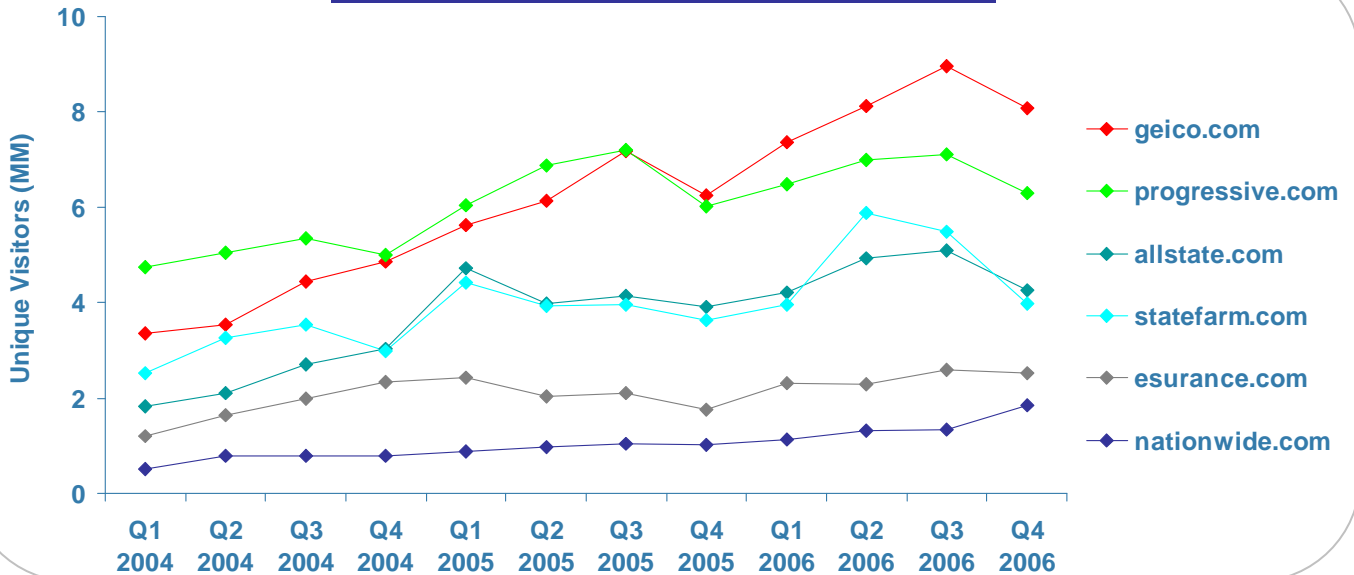


Online Auto Insurance Visitors out of Total Online Users – Q4 2006



Per the chart above, 69% of the Internet population that visits an auto insurance web site visits an insurer’s site. Looking at the data below, GEICO.com overtook Progressive.com as the largest auto insurance web site in terms of unique visitors in Q4 2005 and has maintained that lead ever since.

Online Visitation in the Auto Insurance Industry



Among the competitive set of auto insurance web sites, there is considerable overlap in audience traffic. For instance, 28% of visitors to esurance.com also visit geico.com. Understanding the cross-visitation patterns provides marketers with an understanding of the consumer’s consideration set and how to position its offering in the market place.



Cross-Visitation Among Auto Insurance Site Visitors (Q4 2006)						
	allstate.com	esurance.com	geico.com	nationwide.com	progressive.com	statefarm.com
allstate.com		12%	8%	12%	11%	15%
esurance.com	7%		9%	6%	10%	8%
geico.com	15%	28%		14%	19%	18%
nationwide.com	5%	4%	3%		3%	6%
progressive.com	16%	26%	15%	11%		14%
statefarm.com	14%	12%	9%	14%	9%	

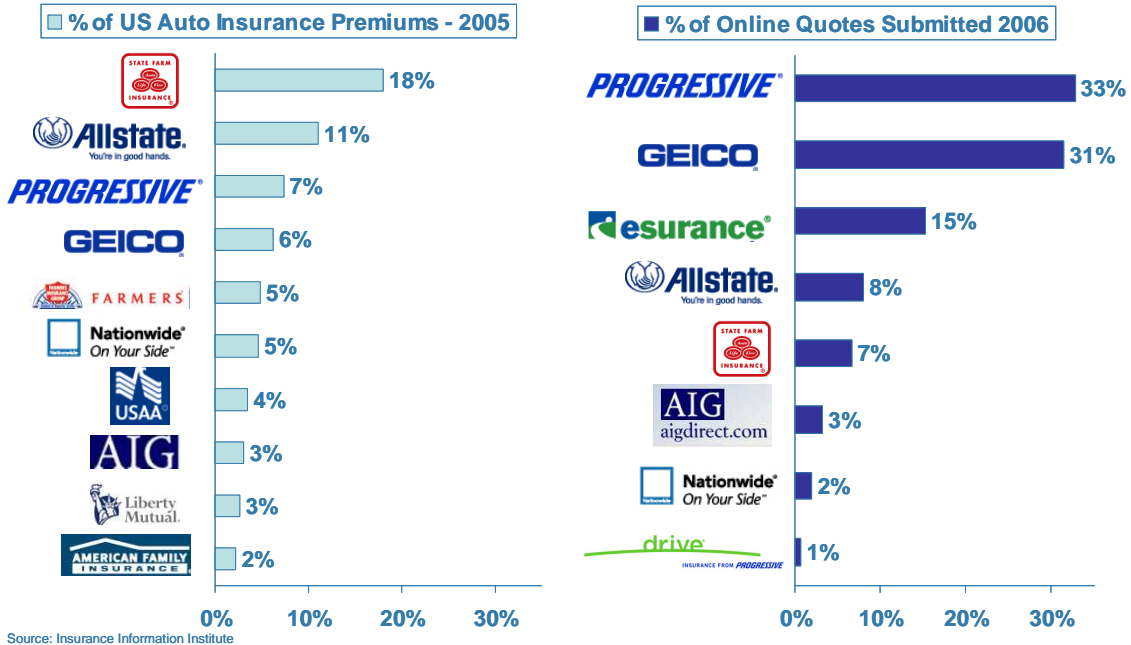
It is important to note that the competitive set for auto insurance online differs from the competitive set for auto insurance overall. Some of the large, agent-based companies, such as Farmers, Nationwide, Liberty Mutual, and American Family, do very little business online. While Esurance is a strong player in the online space, it has only a fraction of a percent of total auto insurance premiums written.

Facts At A Glance

The online auto insurance industry has seen:

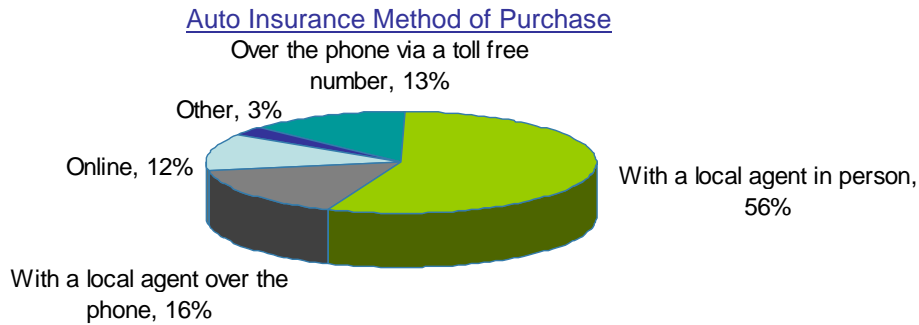
- ❖ 15% annual growth in submitted quotes online
- ❖ 29% annual growth in unique visitors
- ❖ 58% annual growth in policies purchased online
- ❖ 28.1 Million submitted quotes in 2006
- ❖ 1.6 million policies purchased online in 2006

The auto insurance industry has different leaders offline and online.

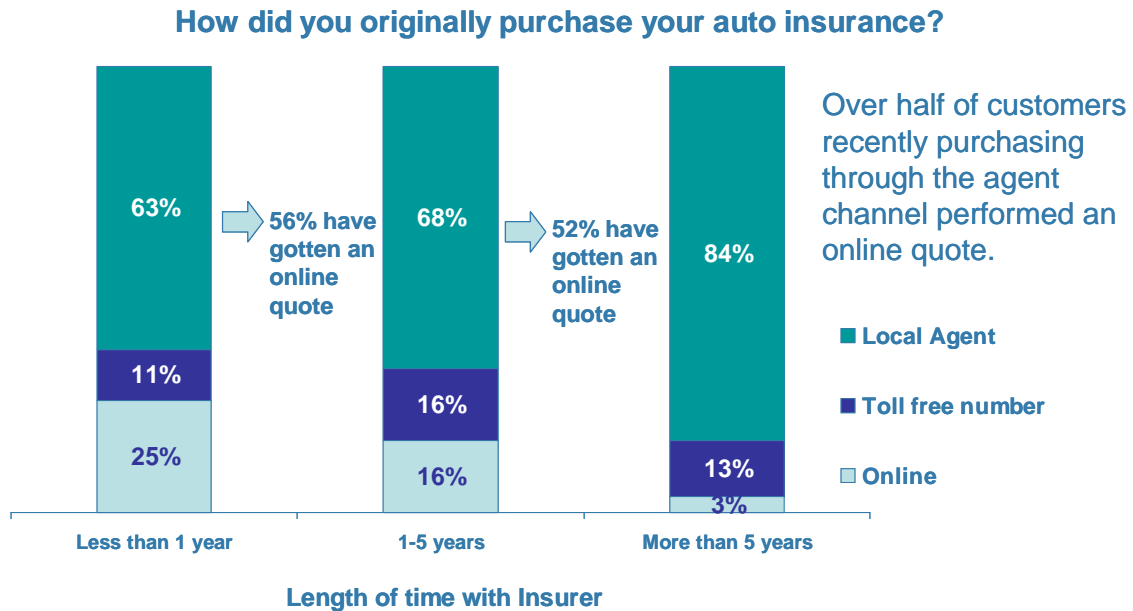


Auto Insurance Purchasing & Switching

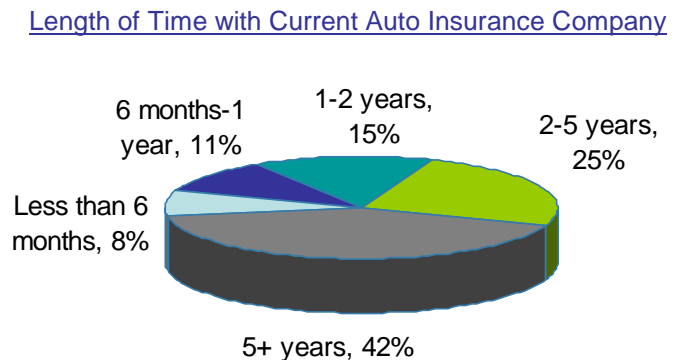
Traditionally, customers have purchased insurance through local agents. The other option was to purchase directly over the phone. Now, customers also have the option to purchase online.



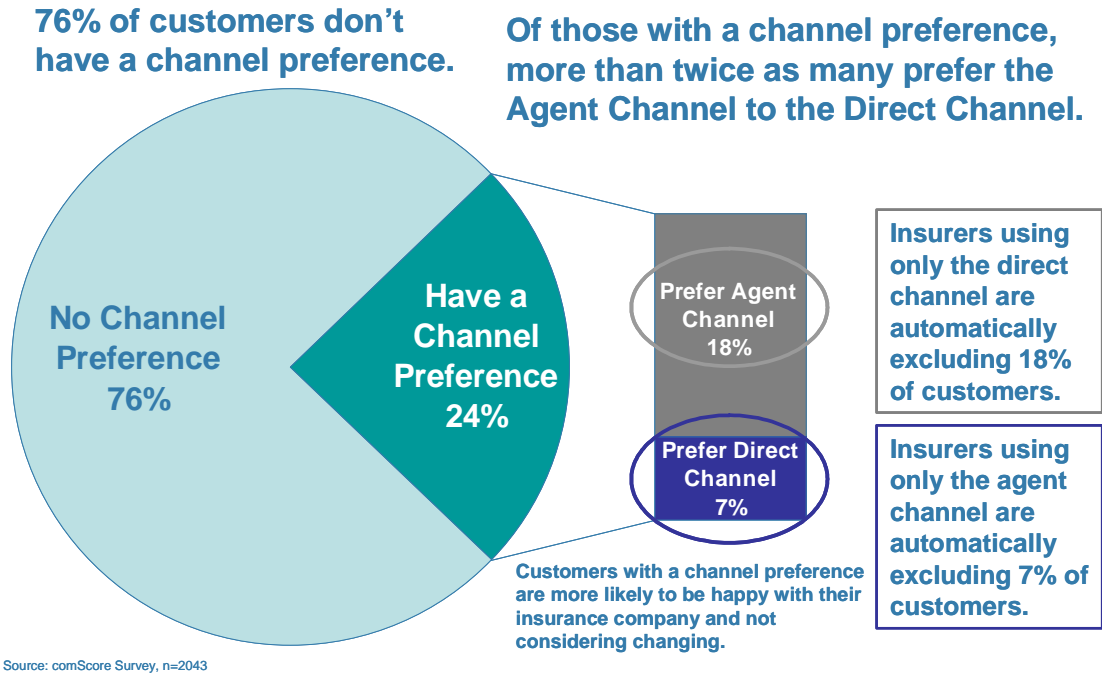
Looking at purchase method by length of time with their current insurer, we see that 25% of policies purchased within the last year were bought online.



Interestingly, a significant portion of those who did not purchase online used the internet to obtain a quote. This makes the internet critical to all auto insurance companies, even if they don't sell insurance online.

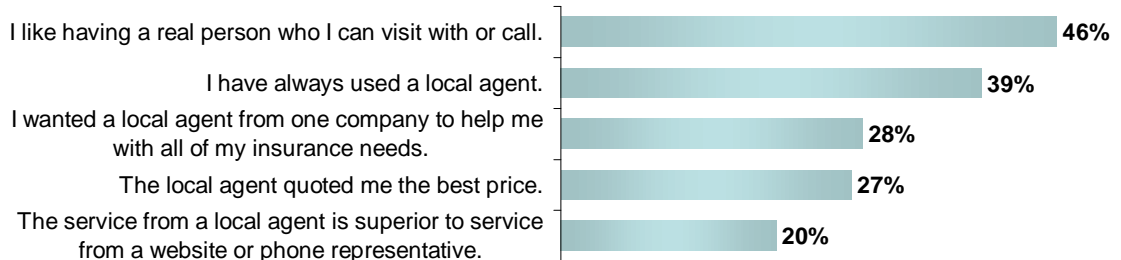


When asked about their preference for a purchasing channel, most people do not have a channel preference. Of those who do have a channel preference, ¾ prefer agents – about the same percentage who used agents to purchase.

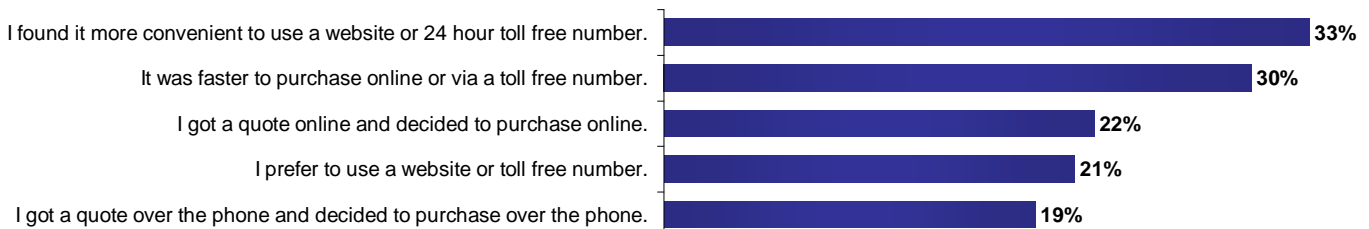


When asked why they used a local agent, consumers most frequently responded that they like having a person who they can visit with or call. For those who did not use an agent, the main reasons were convenience and speed.

Why did you use a local insurance agent to purchase your auto insurance?

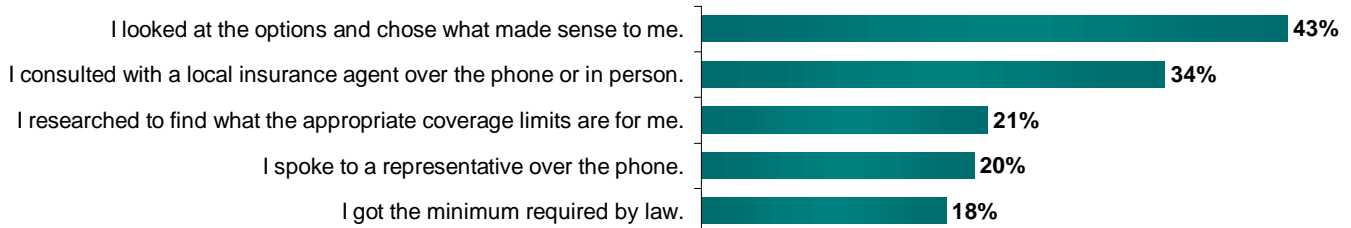


Why didn't you use a local insurance agent to purchase your auto insurance?



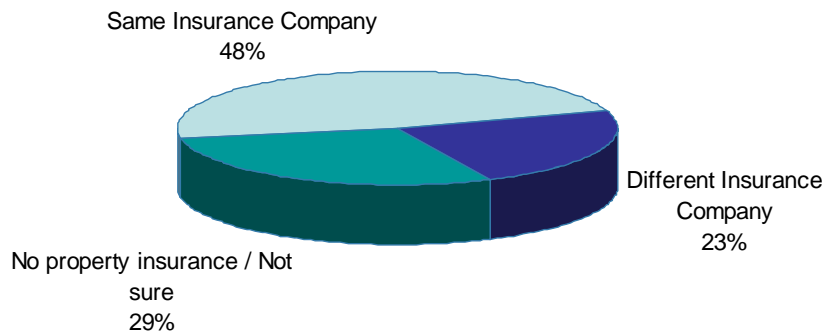
While conventional wisdom has held that agents and representatives help customers to define and meet their individual needs, most customers decide on their coverage limits themselves.

How did you decide on coverage limits when purchasing your auto insurance?

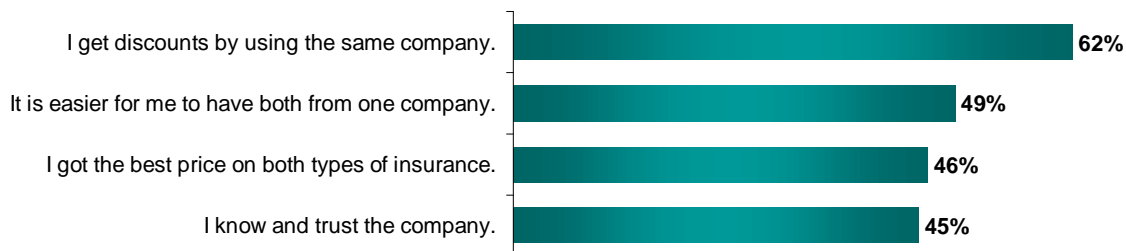


In addition to the purchase channel, another key consideration for customers is their property insurance. Over 70% of those with auto insurance also have property insurance. Of those who have both auto and property insurance, 2/3 use the same company for both. The most commonly cited reason for using the same company for both is discounts offered by using the same company.

Do you use the same or different insurance companies for your auto and property insurance?



Why do you use the same company for both your auto and primary residence insurance?

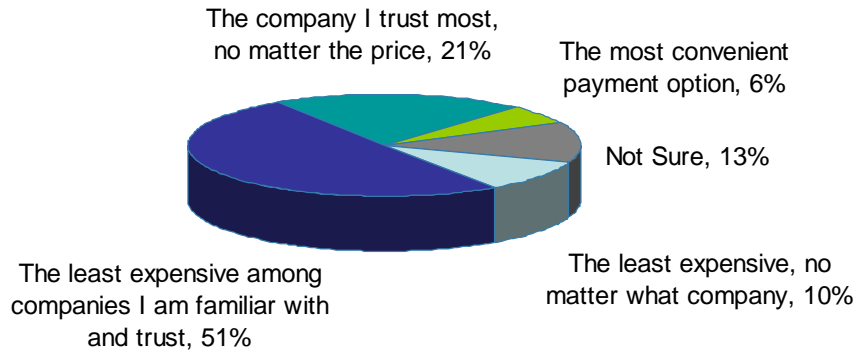


In selecting an auto insurance company, people consider not only the channels available for purchase and types of insurance available, but also the reputation of the company and the features of the insurance coverage plans.



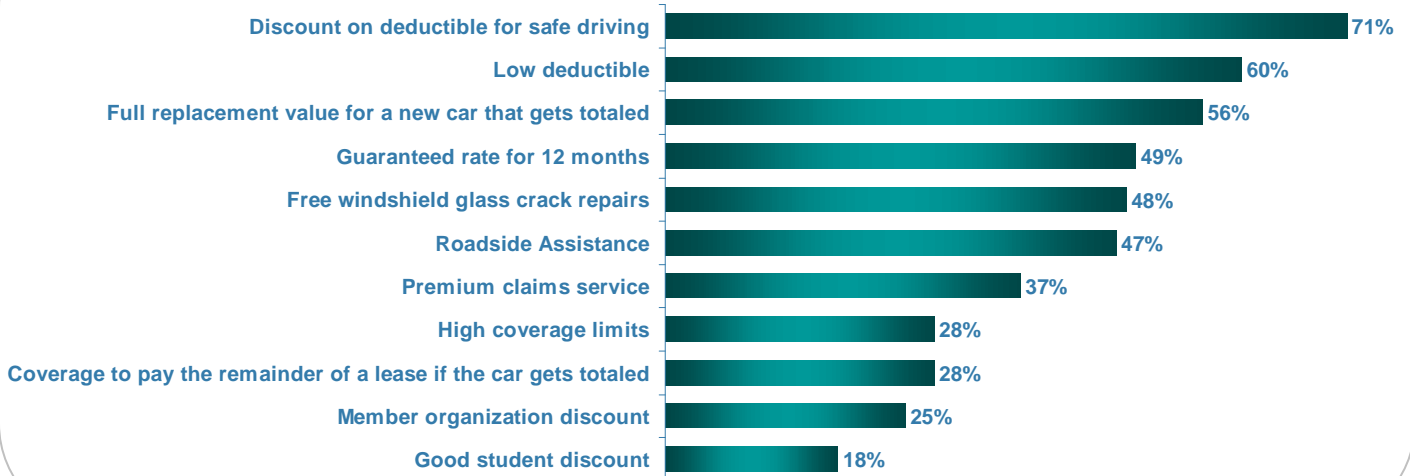
Proving that a company's reputation is critical in the auto insurance business, over 20% of those surveyed said that they would buy from the company they trust most, no matter the price. Only 10% said that they would select the least expensive, no matter what company.

If you received several auto insurance quotes for the same coverage and deductible, which of the following would you buy?



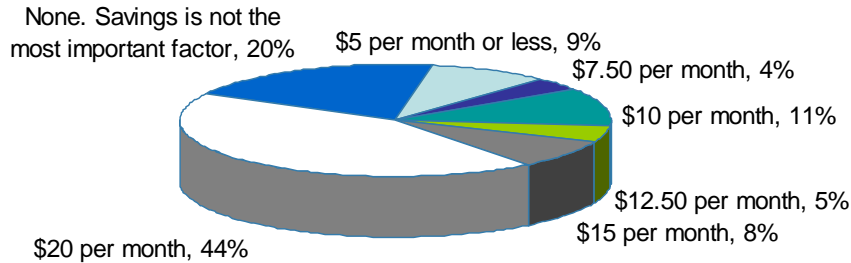
Some of the features that customers are looking for in their auto insurance policies are discounts for safe driving, low deductibles, and full replacement value for a new car that gets totaled.

What features in auto insurance coverage plans are important to you?



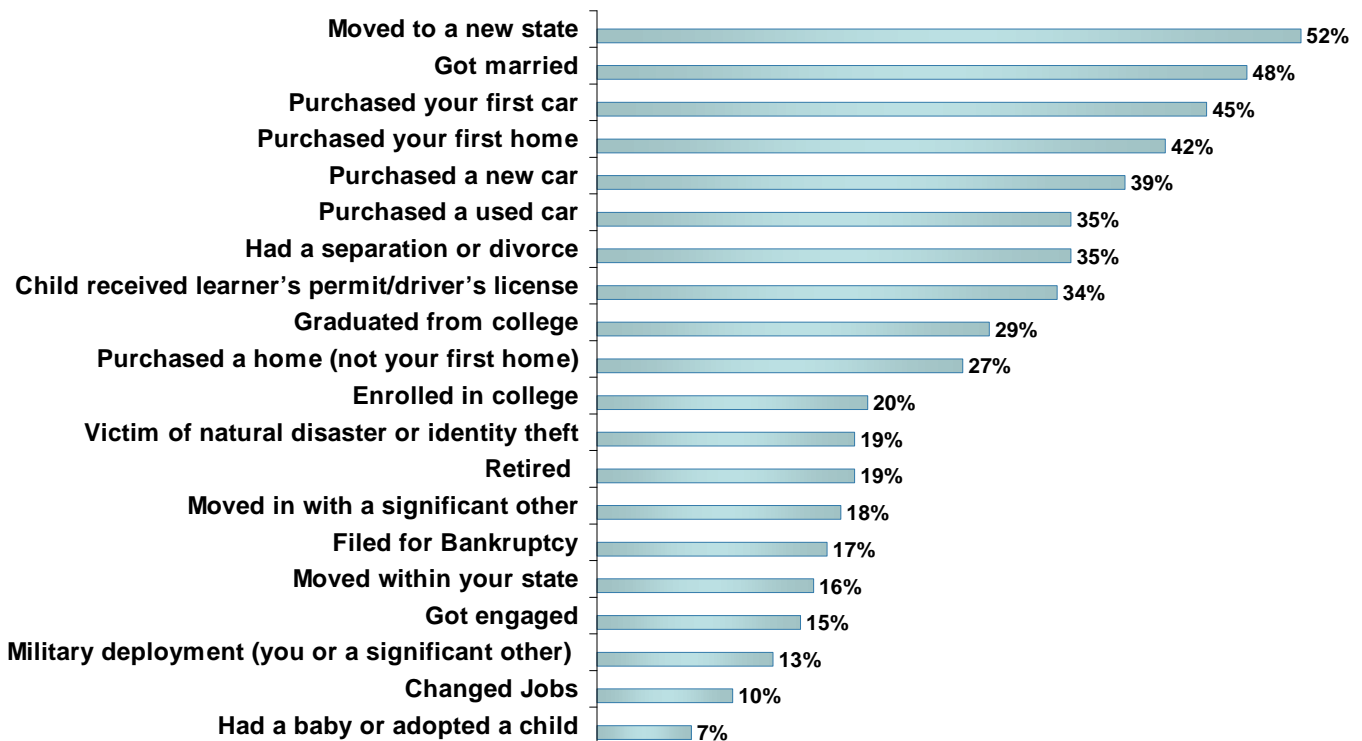
The question remains, how does an insurance company convince a person to switch? While most companies focus their advertising on price, people are not willing to switch unless the cost savings is substantial – nearly \$500 a year.

What amount of savings would entice you to switch auto insurance companies?



The main motivation and times that people consider changing their insurance are when they experience life events. Moving to a new state and getting married are the life events most likely to cause people to change or consider changing their auto insurance.

% of people who changed or considered changing auto insurance because of the life event



When a person is interested in switching their auto insurance, it is critical that they are able to obtain the information they need.

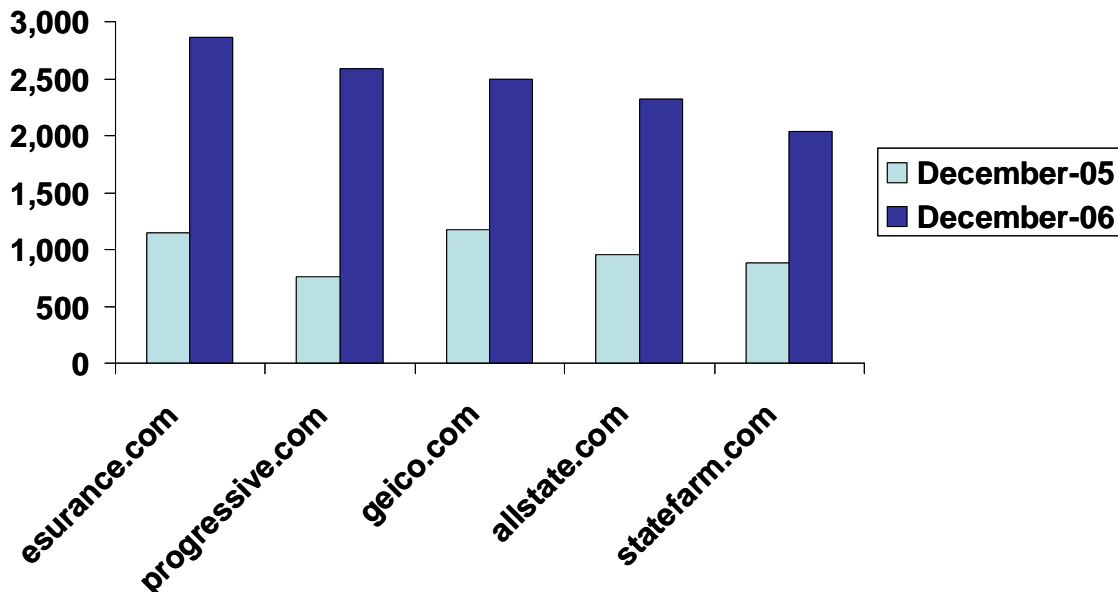
People who see an auto insurance ad are more than twice as likely to visit a website specified in the ad as they are to call a toll-free number in the ad. Slightly more people will use a search engine to find a website for a company than will call a toll-free number.

If you wanted more information after seeing an auto insurance ad, what are you most likely to do?

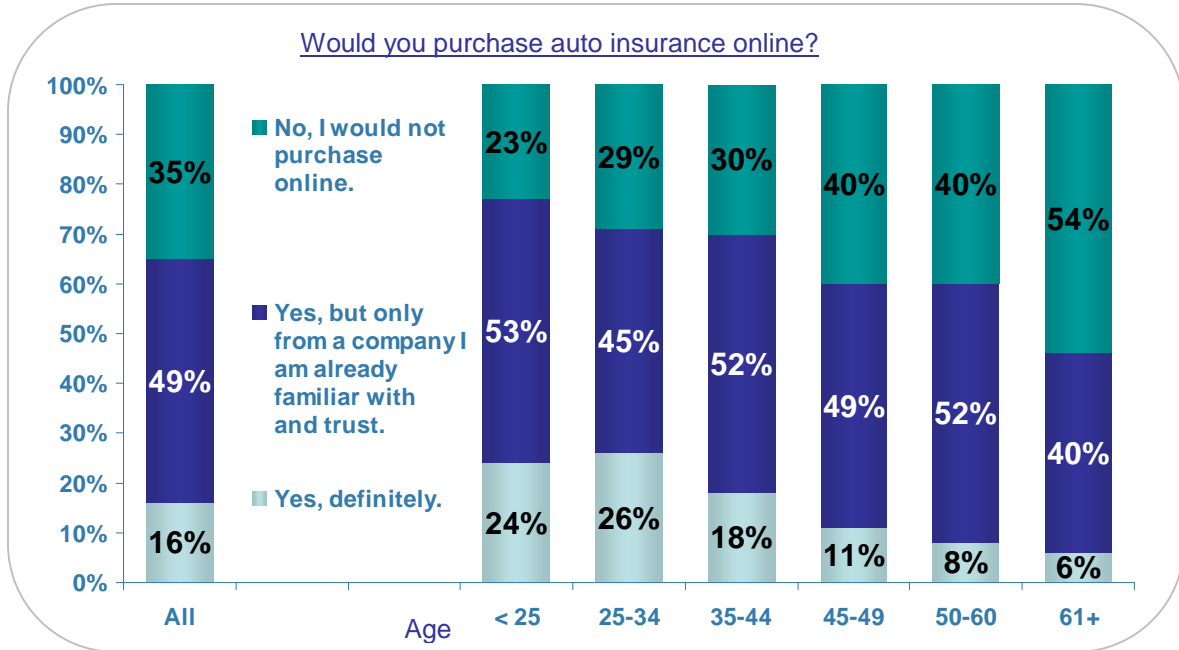


Because people are so likely to search for an insurance company, the companies spend significant amounts on search marketing. The number of sponsored link exposures delivered for the five web sites below across the major search engines has more than doubled in the past year.

Sponsored Link Exposures (5 major search engines)

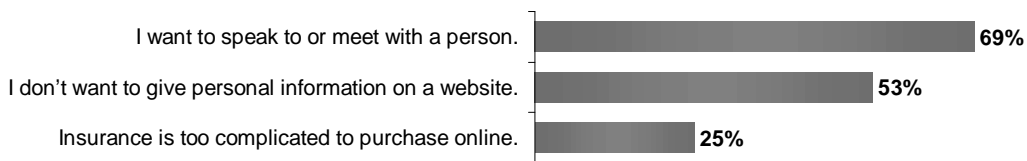


The 2/3 of people surveyed who would go online to find more information about auto insurance is the same as the number of people who would purchase auto insurance online. Younger customers are much more likely to be willing to purchase online.



The top reasons that people would not buy insurance online are wanting to speak to a person and not wanting to give personal information on a website.

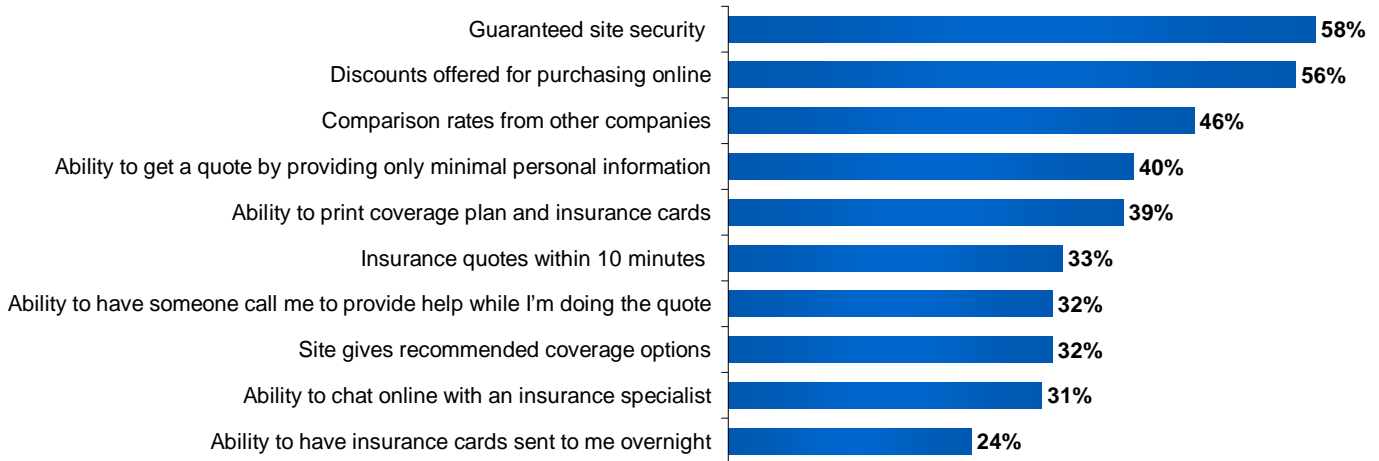
Why wouldn't you purchase auto insurance online?



While wanting to speak to a person is the top reason why people would not purchase online, adding features that allow a person to chat online or speak to a representative while submitting a quote through the web do not make the top 5. Site security and discounts for purchasing online are cited as the top features that would increase the likelihood of purchasing online.



What features would increase your likelihood of purchasing auto insurance online?



Quick Fact

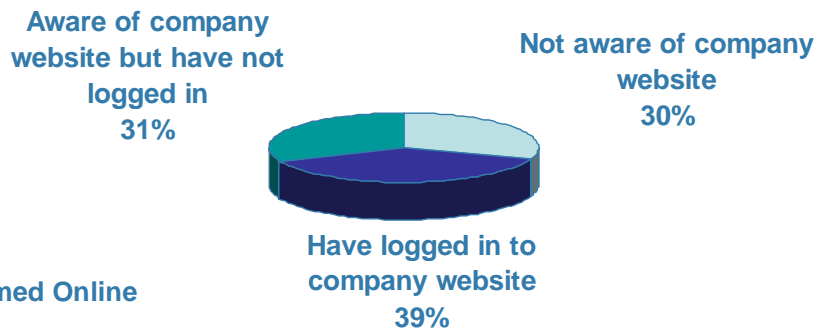
❖ **Less than 20% of quoters at insurance company sites that offer comparison quotes actually get a comparison quote.**

Servicing, Billing, & Payment

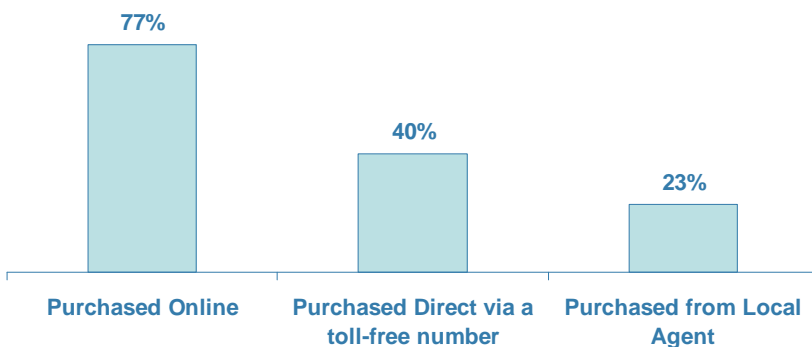
Regardless of the channel by which they were acquired, customers are aware of and use their auto insurance company's website.

More than 40% of servicing activities performed by people who purchased directly from the company are done online. Almost a quarter of servicing activity for agent-acquired customers is done online.

Are you aware of your auto insurance company website, and if so, have you logged in to the site?

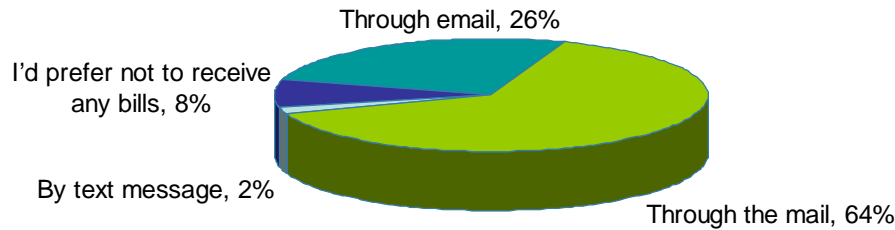


Percent of Servicing Activities Performed Online

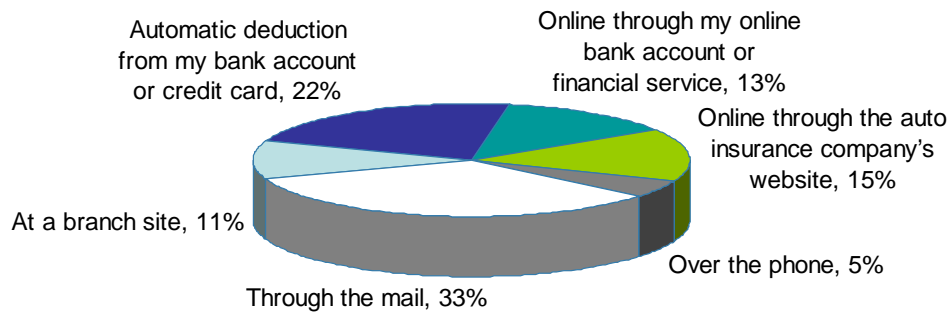


Payment and billing, not considered here to be servicing activities, are also spanning multiple channels. Less than 2/3 of customers want to receive their bill or payment reminder by mail, any only 1/3 want to pay by mail.

How would you prefer to receive your bill or payment reminder for your auto insurance?



What is your preferred method of paying for your auto insurance?



Conclusions

Consumers are shopping, purchasing, and servicing auto insurance policies online in growing numbers. Auto insurers must leverage the Internet as an acquisition and customer service channel to grow and maintain their business. Successful online strategies include communicating relevant messages to targeted consumers, efficient online quote and policy purchase processes, and easy to use online servicing functionality.

A few results worth restating:

- ❖ 31 million internet users visited an auto insurance website in Q4 2006
- ❖ Online policy purchases increased 58% year over year
- ❖ More than half of customers who purchased via the agent channel in the past five years have obtained an online quote
- ❖ Customers are not willing to switch companies for cost savings alone unless the savings is substantial
- ❖ After seeing an ad for auto insurance, 2/3 of consumers would go online for more information
- ❖ 65% of consumers would consider purchasing their next auto insurance policy online

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