

Northwestern Jumps to No. 1 for Customer Satisfaction, J.D. Power Says

By Cyril Tuohy November 1, 2019

Northwestern Mutual has topped State Farm in a widely followed customer satisfaction index for life insurers.

J.D. Power ranked the insurer No. 1 for the first time, said Robert Lajdziak, senior consultant of insurance intelligence at the firm, which does market research and consumer surveys. State Farm had held the top spot in the life insurance category each of the previous years.

RiverSource, a unit of Ameriprise Financial, topped the customer satisfaction annuity tables, the J.D. Power 2019 Life Insurance Study found. The annuity category is new this year, said Lajdziak.

Life insurers tend to view agents and financial advisors as the “customer,” while the consumer has traditionally been treated as “a bit of an afterthought,” he said.



Robert Lajdziak, senior consultant, J.D. Power

Insurers don't tend to experiment as much as other financial services companies to figure out what consumers want, he noted. Simple things like researching how the policy might adjust to a consumer's needs, or where to find basic information about their own policy is sometimes difficult to navigate for consumers.

Still, recently the focus has been shifting to end-user customers in the form of better and more frequent interactions and the availability of online access to policy information, according to Lajdziak.

Lori Brissette, vice president of risk and investment client services at Northwestern Mutual, said the company used to conduct surveys of customers after they called in. That has been replaced by speech analytics.

Call “sentiment measures” are tracked in real-time, she said. This allows the company to use tone and language to assess whether the interaction was “positive or negative for the client or advisor.”

The company also eliminated about 45 different forms across all products. In almost 250,000 transactions annually, clients no longer have to fill out, sign and return a form, either physically or electronically, and wait for it to be processed, she said.

Instead, consent is given over the phone with evidence gathered via the phone or a screen recording, she said.

Top Finishers

The J.D. Power data are based on responses from 6,249 individual life insurance customers and 3,586 annuity customers, and was fielded from June through August.

In the life segment, the other top finishers were State Farm, Mutual of Omaha and Principal Financial. The bottom three included Brighthouse Financial, Midland National Life and AIG.

The average score for life insurance satisfaction was 761 on a 1,000-point scale.

Six categories affecting customer satisfaction were measured: the application and orientation process, communications, customer interaction, product offerings, and price and policy statements.

Application and orientation process and ongoing communications were new this year, so satisfaction results don't offer an apples-to-apples comparisons with the 2018 survey, Lajdziak said.

Still, the life rankings were more or less consistent with last year's results and mutual insurers dominated the top spots. Publicly traded companies appeared with more frequency at the top of the annuity satisfaction list, the survey found.

In the annuity segment, the other top finishers were New York Life, TIAA and American Equity. Those who finished last included Athene, Transamerica and Brighthouse.

The average score for annuity satisfaction was 776.

"We recently implemented e-signature for our insurance and annuity applications, which greatly simplifies the application process for many clients," John Woerner, president of insurance and annuities and chief strategy officer at Ameriprise, said in an email.

Customer service teams are trained to simplify the language used to explain product features to clients, and interactive tools help advisors create customized brochures for clients.

"There's no question in our mind that this contributes to our high satisfaction scores," he said.

The Takeaway

Life insurers still don't score well compared with other financial services companies, J.D. Power said.



*John Woerner, president,
insurance and annuities,
Ameriprise*

The average for retail banks was 807, and for auto insurance providers 831.

One problem is life insurers don't have as many reasons to "touch" the consumer, Lajdziak said.

People interact with their retail bank or credit card company almost every day, so those companies have more opportunity to track what consumers want. Features like mobile check deposit are now common in the banking world.

Many life and annuity products come with longer time scales.

"There's no reason for people to go in and check account balances like you would with a bank," Lajdziak said.

Interacting more frequently with consumers raises an insurer's brand value in consumers' minds, he said.

State Farm has done well in the past because it sells property and casualty, life insurance and retirement products to the same person, and offers different products to them as needs and their lives change, he added.

Annuities

J.D. Power customer satisfaction ranking

Company	Score
RiverSource	814
New York Life	808
TIAA	804
American Equity	787
AXA Financial	786
Prudential	784
AIG	783
Annuity avg.	776
Pacific Life	775
Lincoln Financial	771
Great American	766
Jackson	764
Allianz	754
Athene	744
Transamerica	742
Brighthouse Financial	716

Source: J.D. Power 2019 U.S. Life Insurance Study

Individual Life Insurance

J.D. Power customer satisfaction ranking

Company	Score
Northwestern Mutual	810
State Farm	808
Mutual of Omaha	795
Principal Financial	789
Liberty Mutual	788
Nationwide	783
Guardian Life	770
New York Life	770
Pacific Life	765
Life insurance avg.	761
Protective Life	754
Prudential	754
MassMutual	751
Lincoln Financial	750
MetLife	744
Voya Financial	744
Primerica	741
John Hancock	739
Securian	739
Penn Mutual	733
Transamerica	732
AXA Financial	730
Brighthouse Financial	729
Midland National	723
AIG	722

Source: J.D. Power 2019 U.S. Life Insurance Study

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