

ABSTRACT

Utilizing a Web-Survey to Examine Retention within an Insurance Company

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A national insurance company wanted to examine retention, and decided that a survey was the best course of action to take. Due to cost restrictions, a web survey was the most logical approach; unlike studies of a general population, the nature of this study's population enabled a web-based survey to be used very effectively. This particular data collection effort targeted individuals who cancelled some of the company's most common forms of coverage within the last year: motorcycle, flood, and watercraft insurance.

Questions were asked in regards to why individuals cancelled their coverage, if they ever intend to renew coverage, and what the company could improve upon in the future. Data gathered from this survey was combined with existing demographic data. A total of 4,482 respondents completed this survey within a period of two weeks, with one reminder email sent at the end of the first week.

The majority of the watercraft and motorcycle respondents indicated they had not switched providers or had problems with the company, but rather cancelled because they

no longer owned the product and had no further use for coverage. Most flood respondents reported having sold their home, or have been moved out of the flood plain. The greatest area of opportunity for the company could be the individuals who continue to own a motorcycle or watercraft and not carry insurance on it. Several of these respondents have their vehicles in storage, and the company could potentially offer some type of improved storage insurance to meet the needs of their consumers. The insurance company was pleased with the results, and may incorporate techniques utilized here within future studies.

Utilizing a Web Survey to Examine Retention Within an Insurance Company

by

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A Dissertation

Approved by the Department of Sociology

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Submitted to the Graduate Faculty of
Baylor University in Partial Fulfillment of the
Requirements for the Degree
of
Doctor of Philosophy

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TABLE OF CONTENTS

List of Tables	v
Acknowledgments	viii
Dedication	ix
Chapter One - Introduction	1
Chapter Two - Methodology.....	13
Section One.....	22
Section Two	29
Section Three	31
Chapter Three - Analysis	35
Motorcycle NPC and Watercraft NPC.....	37
Motorcycle and Watercraft	50
Flood	60
Chapter Four – Conclusion	71
Appendix.....	80
Bibliography	99

LIST OF TABLES

Table 3.1 N1 – Which best describes the status of this policy?.....	37
Table 3.2 Q5 – What motivated you to look outside of [TIC]?.....	38
Table 3.3 Q6 – What company did you switch to?.....	39
Table 3.4 Q7 – Why are you no longer going through [TIC].....	40
Table 3.5 Questions 10 and 11 (Motorcycle NPC and Watercraft NPC).....	41
Table 3.6 Questions 2 and 3 Motorcycle NPC and Watercraft NPC).....	42
Table 3.7 Questions 21 and 22 (Motorcycle NPC and Watercraft NPC).....	43
Table 3.8 Q23 – What are the additional policies?.....	44
Table 3.9 Q24 – Any insurance not provided you would like available?.....	45
Table 3.10 Questions 25 and 26 (Motorcycle NPC and Watercraft NPC).....	46
Table 3.11 Demographics (Motorcycle NPC and Watercraft NPC).....	47
Table 3.12 Questions 27 and 28 (Motorcycle NPC and Watercraft NPC).....	48
Table 3.13 Q1 – Which best describes the status of this policy?.....	50
Table 3.14 Questions 1A, 1B, and 1C for Motorcycle and Watercraft.....	51
Table 3.15 Q5 – What motivated you to look outside of [TIC] (Motorcycle and Watercraft)?.....	52
Table 3.16 Q6 – What company did you switch to (Motorcycle and Watercraft)?.....	53
Table 3.17 Q7 – Why are you no longer going through [TIC] (Motorcycle and Watercraft)?.....	54
Table 3.18 Questions 27 and 28 (Motorcycle and Watercraft).....	55
Table 3.19 Q23 – What are the additional policies from the provider you switched to (Motorcycle and Watercraft)?.....	56

Table 3.20 Q24 – Are there any policies not available from [TIC] that you would like to have available (Motorcycle and Watercraft)?.....	56
Table 3.21 Questions 25 and 26 (Motorcycle and Watercraft).....	57
Table 3.22 Q27 – Within the last year, have you or your spouse... (Motorcycle and Watercraft)?.....	58
Table 3.23 Demographics (Motorcycle and Watercraft)	59
Table 3.24 Q16 – Which best describes the status of this policy (Flood)?.....	60
Table 3.25 Questions 16A, 16B, and 16C	61
Table 3.26 Q17 – Which company did you switch to (Flood)?.....	62
Table 3.27 Q18 – Why did you choose this company instead of [TIC] (Flood)?	63
Table 3.28 Q19 – What could have been done to prevent you from switching (Flood)?	64
Table 3.29 Q20 – What can we do to get you back (Flood)?	65
Table 3.30 Questions 21 and 22 (Flood)?.....	65
Table 3.31 Q23 – What are the additional policies from the provider you switched to?	66
Table 3.32 Q24 – Are there any polices not available from [TIC] that you would like to have available (Flood)?.....	67
Table 3.33 Questions 25 and 26 (Flood).....	68
Table 3.34 Q27 – Within the last year, have you or your spouse...(Flood)?	69
Table 3.35 Demographics (Flood).....	70

ACKNOWLEDGMENTS

I would like to thank Charles Tolbert II, Carson Mencken, Martha Sherman, Larry Lyon, and Michael Parrish for their willingness to participate in this dissertation. Their guidance was not only helpful, but much appreciated as well. Also deserving of thanks are the many individuals I worked with at The Insurance Company. They allowed me to take charge on this project while simultaneously giving me all the support I needed to complete it. Finally, thank you to my family and friends for giving me continuous support throughout this dissertation.

DEDICATION

To my wife D'Leesa, whose encouragement made this possible

CHAPTER ONE

Introduction

Over the past two years (2012-2014), I have served as an intern for a large insurance provider (which will henceforth be referred to as “The Insurance Company”) that caters to a specific market across the nation. My primary responsibilities have included activities such as leading research efforts via data mining, and conducting demographic clustering analysis. From these experiences, I have discovered first-hand how techniques used to gather and interpret data are useful within the private sector.

The success of The Insurance Company is due in part to its popularity within a niche market. Specifically, they cater to the military community, and are operated at the highest level by former military officers. However, coverage is not limited strictly to the military; those who have family in the military (up to grandparents) are eligible for coverage as well. As The Insurance Company is managed by former military personnel for military personnel and their families, there is a high degree of customer loyalty that is not often found within other corporations. This has helped The Insurance Company become a highly successful national insurance provider.

Although The Insurance Company has greatly expanded in size since its inception, it is still not large enough to offer every possible type of coverage that its members could have a need for. This is especially the case with niche products that are primarily insured by specialty providers (privately-owned aircraft, for example). While it

would not be profitable to create coverage options in-house for these products, it remains important for The Insurance Company to provide desired insurance to its members. In an attempt to solve this dilemma, the Agency was created.

The Agency is a division of The Insurance Company that handles specialty coverage for approximately one million members. Unlike other policies within The Insurance Company, coverage is not provided by the company itself. Instead, The Agency has established partnerships with other insurance providers that offer coverage on niche products not found within The Insurance Company; members with these needs are referred to these outside providers (known colloquially as “alliance companies” within The Insurance Company), and The Insurance Company receives compensation. In the event of a claim, The Insurance Company deals with the alliance company directly on behalf of the member.

For example, if an individual called The Insurance Company with the purpose of insuring a privately-owned aircraft, they would be referred to the Agency. After this initial step, the Agency chooses an alliance company that will best fit the individual’s needs (pricing, amount of coverage, etc.), and has the alliance company write the policy. In the event that a claim is filed on the aircraft, the individual would contact The Insurance Company which then settles the claim through the alliance company.

Some examples of products handled by the Agency are motorcycle, watercraft, flood, aircraft, collector cars, collectibles, and professional liability insurance. Due to the nature of these products, members of The Insurance Company that hold Agency policies are demographically quite different than non-Agency members. They are generally older and wealthier, and when they have a military background they tend to be retired officers on their second careers.

Although The Agency is a relatively new division within The Insurance Company, it has grown rapidly in terms of customers. This has gained the attention of the company's executives, and more resources have recently been allocated to the Agency in order to maintain these levels of growth. A large portion of these resources are being utilized for research in member behavior. This term refers to the creation and cancelation of insurance policies, and what causes these events to occur.

While adding new policies is undoubtedly the most obvious way to maintain growth, it means little if policies are being lost at an equal rate. The Agency realized this, and decided that some of the research efforts into member behavior should focus on the retention rate. This term refers to the percentage of insurance policies that are renewed. The Agency's current retention rate hovers around 74%, and has remained at this level for the last few years. This figure indicates that 74% of insurance policies are being renewed instead of canceled or allowed to expire.

The Insurance Company believes that a 74% retention rate is likely to be higher than other competing insurance providers. Despite this, the Agency's retention rate is still lower than other divisions within The Insurance Company. While no research has been done to confirm this, the Agency suspects the recreational nature of the products

gives them a comparatively low retention rate. While other products in The Insurance Company (such as homeowner's or auto insurance) are viewed by members as necessities, coverage on products like collector cars and watercraft are likely not considered as essential to a person's livelihood. Additionally, if a member of the Agency goes through financial strain, they are likely to discontinue their coverage on recreational products before others.

Although the Agency had some speculation in regards to what drove their retention rate, they surmised the best way to study retention would be to contact members who had canceled or elected to not renew an Agency product. As I had interned for the Agency during a previous summer and had knowledge of data collection practices, they contacted me and requested I create a survey to study retention within their product line.

As with most projects within the private sector, the Insurance Agency wanted to keep the cost of data collection as small as possible without compromising quality. I originally thought of utilizing the Member Service Representatives (phone representatives that handle most communications with members) to collect data. These callers were already of professional quality, and could feasibly be trained to field a survey. Unfortunately, I was told that there were not enough Member Service Representatives to spare for this project. In addition to this, I also learned that there were a large number of individuals within the motorcycle population that were cell-only. While this may not pose much of a problem within an academic environment, the for-profit nature of the insurance company may create legal concerns over dialing cell phones.

The insurance agency ultimately decided that the lack of available in-house employees meant that any data would have to be gathered by an outside company. However, outsourcing data collection is commonplace in this type of industry. As I could no longer gather the data at The Insurance Company using in-house employees, a phone survey would likely be too expensive for the Agency when outsourcing it elsewhere. Because of this, I decided to seek another avenue for collecting data. After considering various different methods, I ultimately decided that a web survey would be the ideal method of data collection for this project.

A web survey can have several advantages over other methods of data collection, provided the researcher is aware of the proper ways it must be handled. The first is that the turn-around time is relatively short when compared to other methods of data collection. Much like a mail survey, a web survey invite can be sent to every potential respondent simultaneously. However, the web survey does not have to wait for physical transit, which can drastically reduce the turnaround time (Dillman 2000, Fricker et al 2005).

Dillman (2009) notes that the customizability of the web design is also advantageous. Researchers are able to enhance the questionnaire by using design templates, adding images, and utilizing functions such as drop down menus. The visual element is of particular importance to research conducted by the private sector, as respondents will expect a professional appearance. An unappealing design could cause a respondent to question the legitimacy of the survey. Web surveys can also be coded with more complex skip patterns than traditional mail surveys, as questions can be automatically generated based on previous responses. This is very advantageous, as it

removes the chance for respondent error that skip patterns in traditional mail surveys can suffer from; however the complicated skip patterns normally found in telephone interviews can be retained.

Because this survey attempts to understand retention through the reasoning of customers, this survey was designed with a large number of open-ended questions. The web design serves very well in this respect as well. As with traditional mail surveys, the lack of an interviewer provides the respondent with ample time to consider their answers, as well as write them down in a coherent manner. These open-ended questions also provide the researcher with the ability to identify possible responses that may not have been considered when initially writing the survey (Cole 2005, Dillman 2000).

Another benefit of web surveys is that there is no additional error introduced by the interviewer. Although the presence of an interviewer does have its benefits (particularly in studies with complex questions), it introduces the risk of bias on behalf of the interviewer, as well as an additional source of human error. Of great concern to this study is the potential of social desirability bias. When an interviewer is present, a respondent may feel pressured to give an answer that is socially acceptable. While this retention study lacks any controversial questions, a respondent might downplay their reasons for cancelling a product in order to be kind to the interviewer; collecting the data via web removes this possibility (Dillman 2009).

While the above benefits are certainly useful, perhaps the greatest advantage of a web survey is that it is relatively inexpensive to conduct (Dillman 2000, 2009; Cole 2005, Fricker et al 2005). Unlike mail surveys, there is no charge for postage. As my survey will be conducted with a large national sample, the cost to send physical copies of the

survey would accumulate greatly. In addition to the survey itself, advance surveys, reminder notices, and return postage would also contribute to the overall cost. There is also additional analysis cost, as mail surveys must be manually coded into a dataset for analysis purposes.

Telephone surveys are comparatively more expensive as well. Although there is no cost in physically contacting the respondents, interviewers must be paid and trained if necessary. While this cost may be negligible in smaller studies, the number of completed interviews required for my study would have resulted in significant interviewer costs. For this reason, the company that collected our data would have charged more for this method. Even if I had utilized callers in the employ of the insurance company, there still would have been expense in the form of lost productivity.

While using web surveys to collect data has several benefits, the method is not without its disadvantages. Specifically, coverage may be an issue when using a web survey. When discussing potential sources of error with sampling, Groves (1989) refers to “nonobservation” errors. Such problems occur when observations are disproportionately taken from the population. There are three main sources of this error, which are identified as coverage, sampling, and nonresponse error (Fricker et al 2005).

Coverage refers to the percentage of the population that can be reached through the chosen medium. While internet access has rapidly expanded within the last decade, there is still greater coverage through traditional mail and phone surveys (although cell-only households have complicated phone coverage as well). The US Census Bureau (2013) reports that approximately 71.7% of American households had internet access as of 2011. However, Fricker et al (2005) note that there is disparity between individuals

who have internet access and those who do not. Racial minorities, the elderly, and individuals with low income and educational levels are all less likely to have internet access (NTIA 2000).

In addition to this, the lack of a comprehensive list of valid email addresses can provide difficulty as well. The lack of a complete database of email addresses provides no sufficiently random method by which to pull samples. Because of this, web surveys may not be adequate as a standalone method to collect data on a general population. However, Fricker notes that some researchers have overcome this problem by contacting respondents through random-digit-dialing, and then instructing them to complete the survey via email.

Nonresponse is the third and final component of nonobservation. In web studies of a general population, it is virtually impossible to create a response rate due to the unknown number of sample members that could serve as a base (Wiebe, Eyerman, and Loft 2001). However, in special populations it is possible to calculate a response rate. While such a measure may not be as easy to discern when compared to other data collection methods, the potential for non-response bias still remains for web surveys.

Unfortunately, there is no clear agreement as to what constitutes an acceptable response rate for a web survey. Manfreda et al (2008) note that “a common perception exists that response rates for web surveys are lower than in traditional modes.” However, they also state that such a viewpoint is usually theoretical or based on limited evidence. In truth, the findings appear to be contradictory. Researchers such as Fricker et al (2005) have found that response rates for web surveys are generally lower than other modes. While this appears to support the common perception, others have found significantly

higher response rates for web surveys than other mediums (Wygant & Lindorf 1999, Cobanoglu et al 2001).

In an attempt to reach a consensus, Manfreda et al (2008) performed a meta-analysis of 45 experimental comparisons between web and other survey modes. They found that web surveys, on average, yield an 11% lower response rate than other traditional methods. However, there are a couple of factors that have significant impacts. The authors suggest that email invitations for a web survey tend to attract more respondents than traditional mail invites. They believe this is explained by the required transition from traditional mail to a computer of some type; it is simply easier for respondents receiving the email invite to take the survey as they are already using such a device. Surprisingly, Manfreda et al also discovered that repeated reminder email notices actually decrease response rates in web surveys. They speculate that this is due to the perception of multiple emails as “junk.” Although the authors conclude the differences in response rates could possibly be mitigated by awareness of these factors, they also remind the reader that lower response rates do not necessarily reflect a higher risk of non-response bias.

For reasons related to non-coverage, Dillman (2000) suggests it is possible that web surveys are not adequate enough to serve as a stand-alone form of data collection. Despite this, he does believe that web surveys can be very effective when deployed as part of a mixed modal design. This is particularly true, Dillman argues, when it comes to supplementing traditional mail surveys. Because web and mail surveys are similar, a researcher is able to utilize the same types of questions while keeping the risk of response differences low. For example, a traditional mail survey may contain a large number of

open-ended questions. While this would translate poorly to a phone survey, a web survey is able to provide the same general design as the traditional mail survey. In addition to this, web surveys can be utilized when traditional mail has a lower chance reaching its target population. For example, if young adults were the target population of a study, web surveys may have a higher chance of reaching a respondent than a traditional mail survey. Dillman argues that web and mail coverage can complement each other, leading to higher response rates. Converse et al (2008) concur, finding that a combined web and traditional mail survey can result in high response rates, particularly among younger populations.

Problems related to non-observation make web surveys difficult to use when some type of general population is the target audience. Fortunately, my population is specific enough that I will be able to overcome the majority of concerns listed above. In regards to coverage, a vast majority of my sample has a valid email address; this is important, as it means I am less likely to exclude a specific type of respondent. An oft-noted concern about web surveys is that they tend to bias towards younger responders. Although my population is generally middle-aged or older, they are also wealthier than normal due to the types of products the insurance agency covers; this additional wealth means they are more likely to use online services more frequently than others.

As noted above, the lack of randomness can be problematic within a web survey. Fortunately, the large percentage of respondents with internet access means I will be able to randomly select participants for this study. This is a rare luxury for this method of data collection. The greatest concern for randomness comes from members who have

multiple products, as their email address would show up more than once in selection lists. Fortunately, this is very easy to screen for and rectify.

The most challenging part of this survey will be determining what a “good” response rate is. While Manfreda et al (2008) report that a web survey response rate is 11% lower than other modes on average, the response rate itself is known to fluctuate greatly across different surveys. Because of this, an ideal response rate is difficult to determine. Further complicating this issue is the fact that this is not a survey of the general population, nor is it sponsored by a neutral party.

Because this is a survey administered by a for-profit corporation to its customer base, there is much less predictability when it comes to response rates. For example, the response rate could depend on the reputation of the company, the dedication to the brand by the customers, and recent experiences of customers with that company. There are also no benchmarks on such surveys either, as for-profit companies would not experience any benefit by publicly releasing their methods and results. For these reasons, there are very few sources of literature on conducting a survey within a corporate environment.

Although it will be difficult to glean from the literature what an acceptable response rate would be, there are ways to ensure the data are of high quality. The first is to simply examine The Insurance Company’s previous attempts at collecting member data. Because this company has an entire division dedicated to this, I inquired about previous surveys. I was told that surveys via web normally had a 3-5% response rate, depending on the length and sensitivity of the content (as would be expected, shorter surveys and less sensitive content led to a higher number of completed interviews).

While this is a low number, it is understandable when considering the nature of collecting data as a for-profit company.

Another simple way to ensure data quality is to utilize existing data on the survey population. The insurance company has demographic data available for the vast majority of their members, meaning I have the advantage of comparing non-respondents to respondents. This is of extreme value, as I will be able to easily determine if these two groups differ in any meaningful way. Should any differences exist, I will be able to correct them by weighting the survey data.

CHAPTER TWO

Methodology

After reviewing the literature, it became apparent that a web survey would be the most appropriate for data collection. The way in which the data itself are collected lead to minimal costs, which would allow me to address any budgetary concerns. Additionally, such a design allows for a larger amount of open-ended questions. This is of particular importance, considering that this survey attempts to understand the behaviors related to cancelling a product.

While the benefits of a web survey in this study are apparent, the specialized characteristics of the population negate several of the perceived drawbacks of such a design. For example, coverage problems will not be an issue due to the higher than normal percentage of those with valid email addresses. Also, the existing demographic data for the population will allow me to determine if nonresponse problems are occurring, and lessen the impact through weighting if they are.

As Dillman (2011) suggests, coverage is the main reason why researchers choose to use other modes in addition to web surveys. While a mixed modal approach might have other benefits, the lack of coverage issues with this design reduces the need to incorporate another method. However, should the response rate fall below the norm for a survey (3-5%), other avenues of data collection may become necessary to explore.

While I do not anticipate that it will be necessary, I informed the insurance company that another form of data collection might be needed in the event of a lower

than normal response rate. Using Dillman's (2000, 2002, 2011) recommendations, I suggested that a traditional mail survey be utilized for individuals who did not respond to the email invitation. While it may seem like a more logical idea to simply mail out invitations for the web survey, Manfreda et al (2008) suggest that respondents generally do not prefer to switch from one form of communication to the other; this would not be ideal when trying to contact those who already did not respond to the initial wave of communication. Although the insurance company expressed concern at the added cost of another collection method, they acknowledge that it might be necessary. Fortunately, other individuals involved with survey administration reassured the agency that this event was unlikely.

In order to measure retention within a private company, it is necessary to first understand what retention is known to be influenced by. Although the insurance agency specializes in a wide variety of coverage plans for niche products, some products have a much greater number of policy holders than others. For example, while coverage is offered for aircraft, collector cars, and antiques, there are far more policy holders for watercraft than those three products combined. Within the insurance agency, flood, motorcycle, and watercraft products make up for 57% (as of March 2014) of all policies. Because this constitutes the majority, a significant portion of the agency's overall retention is guided by the behavior of these three products.

While these products are certainly the driving force behind the overall retention rate, the other products within the insurance agency undoubtedly have an effect. Unfortunately, their very small populations would make it very difficult, if not impossible, to take a sample. The problem is not due to the population size itself, but

rather the 3-5% average response rate; in the majority of products, collecting a representative sample would require sending more surveys than there are individuals who cancelled. Because of this, it is not cost effective to try and examine the individuals with these products.

I discussed this with the insurance agency, telling them that an attempt to gather data on these products may not produce useable results. They expressed that they were not willing to risk the cost of data collection if I couldn't guarantee meaningful data. However, they also agreed with my opinion that flood, watercraft, and motorcycle policies were driving the overall retention rate, and studying them closely would provide the greatest benefit. Therefore, this survey will focus solely on these three products. With flood, watercraft, and motorcycle having such a large impact, the key to understanding retention is to understand why members cancel these main products. Other survey researchers within the insurance company agreed with this assessment as well.

When reviewing the data for former motorcycle and watercraft policy holders, it became evident that one single alliance company held 96% of the policies (henceforth referred to as "The Alliance Company"). Because it would have been virtually impossible to generalize to the other 4%, it was decided that only members who had coverage through The Alliance Company would be focused upon. Former flood policy holders, however, had a much more diverse listing of third-party providers; therefore this restriction on former motorcycle and watercraft members does not apply to them.

As this was a retention survey, an important element to consider was how recently a customer could cancel and still partake in the survey. This was a difficult issue, as both

memory recall and sample size had to be considered. If I examined the individuals who cancelled a product a short time ago, their ability to recall reasons for cancelling would be improved; however, the shorter time frame might reduce the population to the extent where it is more difficult to obtain a representative sample. For longer time frames, the opposite is true. I initially attempted to create a sample out of customers who cancelled a product within the last six months (from September 2013 to February 2014), but after factoring in the 3-5% average response rate I was concerned I would have to send out more surveys than there were individuals in the population. Eventually, I decided on a one year period (those who cancelled between March 2013 and February 2014), as this seemed to provide a low risk of recall difficulties while assuring there would be enough completed surveys to attain representativeness.

In addition to time frame and product population, there was another factor that influenced the number of people selected for this sample. The insurance company has a policy stating individuals can only complete one survey per year. This is to avoid the perception that the company harasses its members, and ensures the same individuals aren't contributing to the data each time. Because this study was one of many others intended for the calendar year, the Agency requested I try and keep the number of completed interviews as low as possible while still getting useable results. I originally told them I was comfortable with limiting the sample size, but I still wanted to gather enough respondents to meet a 95% confidence level and a 3.5% margin of error. This would result in approximately 700 completed interviews for each of the three major products (flood, watercraft, and motorcycle). However, I was informed by other survey

researchers that this was too many respondents to remove from future data collection efforts, and was told to recalculate with a 5.0% margin of error instead.

Initially, I examined the data by compiling all the individuals who had either cancelled or elected not to renew a flood, motorcycle, or watercraft policy within the past year. However, a further review of these individuals revealed that slightly over half (52%) of former motorcycle and watercraft policy holders cancelled their policy via non-payment (this was not a problem with the former flood policy holders). This greatly changed the planned content of the survey itself, as I was working under the assumption that these individuals had made the decision to either cancel their policy or allow it to expire. Sending the original survey may have resulted in the insurance company asking the respondents their reasons for cancelling, when in fact they were the ones who cancelled the respondent.

Although their presence changed the design of the survey considerably, non-payment cancellations still impact the retention rate of the insurance agency. Therefore, it is important to understand the respondents' circumstances and attitudes regarding such cancellations. While an obvious reason for a non-payment cancellation would be a lack of finances, the insurance company suspects that several policy holders simply choose to stop paying for a policy instead of calling to cancel or to decline a renewal. Investigating this matter could reveal the extent to which this is occurring.

Ultimately, my sample was divided into five groups: motorcycle, motorcycle non-payment cancellations, watercraft, watercraft non-payment cancellations, and flood. All of these cancellations occurred between March 2013 and February 2014. Using existing company data, I discovered there were 18,817 motorcycle cancellations, 16,772

motorcycle non-payment cancellations, 5,574 watercraft cancellations, 4,891 watercraft non-payment cancellations, and 11,258 flood cancellations. If an individual cancelled more than one type of product, they were placed in the sampling pool of the smaller product. For example, if a member cancelled both a motorcycle and a watercraft, they would only be found in the watercraft sampling pool as that is the group with the smaller population.

The invites for the survey were sent in the form of a personalized email. Several researchers (Dillman 2000, Heerwegh et al 2005) have noted that sending a personalized invitation produces significantly higher response rates when compared to a generic letter. In addition to this email, a single reminder notice was sent one week after the initial launch date. In other modes of data collection, both advance notices and multiple reminder notices are often recommended (Bickman and Rog 1998, Dillman 2000, Hembroff and Rusz 2005, Link and Mokdad 2005, Groves 2006). These are useful, as they increase the probability that harder-to-reach individuals will complete the survey. In theory, this helps to reduce non-response bias (Curtin et al 2000, Keeter et al 2000, Groves et al 2004, Singer 2006).

While these techniques have been shown to help in telephone and traditional mail surveys, there is some evidence that the same does not apply for email invitations. In a meta-analysis of web surveys, Manfreda et al (2008) found that multiple contacts via email can often be interpreted as spam. In other words, there is some evidence suggesting that advance notices and multiple reminders are not as effective in web surveys as they might be in some other forms of data collection. The Insurance Company was also hesitant to send multiple reminder emails out of fear for disturbing their

customers. Because of these circumstances, I felt the best course of action was to send a single reminder email one week after the initial launch date.

As mandated by the insurance company, data have to be collected by an outside vendor. For this project, it was decided that Bellomy Research would manage the data collection. After being provided the final version of the survey (including skip patterns), Bellomy translated the content into a format useable for a web survey. These were then emailed to the members of the sampling pool with a personalized greeting. Once the survey period was complete, they sent Excel and SAS files with the collected data.

All invitations follow a standard format The Insurance Company for all forms of member contact. The message begins with a personalized greeting using the first and last name of the respondent, followed by a brief introductory statement. This personalized response is normally not present, but was included due to my belief that it would raise response rates. In this statement, the insurance company acknowledges the time taken by the respondent to complete the survey as well as the role of data collection in maintaining excellent customer service. The respondent is then notified that this survey will take “only a few minutes” to complete (5-10 minutes was the estimated completion time). Finally, the respondent is assured that their responses are used in aggregate with responses from other members, and at no time would they be offered anything for purchase. Additionally, the respondent would not be contacted as a result of their participation or answers. As Bellomy was responsible for creating the page for the web survey, their contact information was included in the event that a respondent had questions or comments.

The survey itself was broken up into three sections. The first section asked questions of former motorcycle and watercraft policy holders, and attempted to discover their reasoning behind dropping their product. This was further divided into members who cancelled their policy voluntarily, and those who were cancelled by the insurance company due to non-payment. The second section was designed for individuals who cancelled flood policies. Flood policies had to be given their own section in this survey, as they were too distinct from other types of policies to share the same line of questioning. Unlike watercraft and motorcycle policies, flood policies are attached to the home of the respondent; depending on the location of the home, flood coverage may be legally required as well. Therefore, I needed to have additional response categories and unique questions that only apply to former flood policy holders.

The third and final section of the survey contains general questions that will be asked of all respondents. Many of these questions are not directly related to retention itself, but were requested by various members of the insurance agency. These questions involve determining the method by which an individual originally acquired their insurance agency policy, whether or not the respondent has additional policies with the 3rd party company that handles the agency policy, and if there are any products not offered by the insurance company that the respondent would like to have available. Finally, some demographic questions are asked, including questions regarding place of residence and major life events. The survey concludes with a page thanking the respondent for their time and assistance with this project.

It should be noted that common demographic questions have been intentionally left out of this survey. The insurance company has already gathered information relating

to gender, age, race, education, and number of children. This data was combined with my own during the analysis section of the project. While exact income is not available, the insurance company does have access to outside vendor data that estimates the member's income level based on zip code and other residential information. However, most of the analysts I spoke with felt that this information was not reliable enough to include in predictive models, and it would be necessary to collect my own data if I felt that information was required. I consulted the insurance company in regards to the inclusion of an income measure, but they were understandably hesitant to incorporate such a question on this survey. They ultimately decided the risk of upsetting members was greater than the benefit of obtaining such information.

Fortunately, the knowledge of what type of policy an individual had enabled us to email links to different versions of the survey. This was utilized to send a respondent a survey with text that had been specially designed for their sample group. For example, a person that once held motorcycle insurance might see a sentence like "Our records show you had a motorcycle policy through..." whereas a person with watercraft coverage would see "Our records show you had a watercraft policy through..." In a similar manner, the name of the 3rd party that handled the policy also changes based on available member information (although in the majority of cases this will be The Alliance Company). The text of a question may contain a phrase similar to "you had coverage with [insurance company X] through [The Insurance Company]," and the name of the 3rd party company would appear in the place of insurance company X. The differences between survey versions are limited to the type of product and the 3rd party that provided

the actual coverage; therefore, there are no differences in the way the question itself could be interpreted.

The following questions were evaluated through the Question Understanding Aid (QUAID). This program was created to assist survey methodologists with question design and interpretation, and is free to all users of the internet. Question text is entered into a field, and the program searches for potential problems with the text. QUAID is able to identify potential problems such as unfamiliar technical terms, imprecise terms, complex syntax, and working memory overload. If a question was identified as problematic, the question was revised until QUAID found no apparent problems with the text.

This questionnaire is comprised of 32 items. However, due to skip patterns this is not the maximum number of questions a respondent will answer. There are three types of questions on this survey: multiple-choice questions for which only one answer could be selected (single radio button selection), multiple-choice questions for which many answers could be selected (multiple check box selection), and open-ended questions. Respondents have the ability to refuse to answer during all questions.

Section One

The survey begins with Question N1, which was intended for individuals who were classified as non-payment cancellations (NPCs) for either motorcycle or watercraft products. The question asks “did you stop making payments on your [motorcycle/watercraft] because you changed insurance companies, or did an unplanned financial situation or other circumstance prevent you from making your payment?” This

question serves as a starting point so the members can be funneled into different skip patterns (for information on the skip patterns themselves, please consult the copy of the survey in the appendix). The first response option was “I did not make payment because I changed or switched companies used for [Motorcycle/Watercraft] coverage.” This is an important option, as the agency suspects that many individuals who stop paying on a policy do so because they have switched coverage to another provider. This response will take individuals through further questions regarding their reasoning for switching over.

The second option was “Financial situation or other circumstances prevented me from making payment.” If the respondent simply could not afford to pay, they will not be able to provide us with any more useful information regarding the cancellation of their policy. These respondents are then skipped ahead to the third section of the survey.

“Decided not to carry insurance, but still own a [motorcycle/watercraft]” is the third response category, and leads to further questions about why the individual has decided to forego coverage on their product. The fourth option, “I no longer need insurance because I no longer own a [motorcycle/watercraft],” is asked because several of these products are often owned for recreational purposes, and are often sold or traded for newer products. These individuals are then asked about their intent to purchase other products in the future, and if they will consider coverage with the insurance company.

The fifth option stated “didn’t know policy had been cancelled at that time,” as some individuals have reported being cancelled without their knowledge. The sixth and final main response option was “don’t know why I didn’t pay.” An additional category is offered for individuals who report “other,” although I was confident the provided

responses would be sufficient for the vast majority of respondents. The three answer choices just discussed all skip respondents to the third section of the survey, as there are no further questions in the first two sections that could be asked of these individuals.

Question 1 was asked of individuals who cancelled their watercraft or motorcycle policy themselves (i.e. members who cancelled but not through non-payment). Similar to question N1, this serves as a branching question to different portions of the survey. The text simply asks the respondent to select the response that best describes the cancelled policy. The first response is “I no longer own the [motorcycle/watercraft] covered by this policy.” The insurance company suspects that several individuals cancel their policy after they have sold the product it covers. While commonly-insured items such as houses and cars are often replaced and reinsured, many of the products insured by the agency are used for recreational purposes; therefore it may be more common that individuals are selling products covered by a policy without the intent of replacing them. Individuals who respond using this option are asked further questions about the product and future plans to purchase a replacement.

The second response option for Question 1 is “I have [motorcycle/watercraft] insurance with another company and I am not going through [the insurance company].” This purpose of this response is to determine the number of individuals who continue to own the product, but have elected to switch to another insurance provider. Selecting this response led to further questions about the member’s decision to change over. It is a possibility that some individuals may still own a product and are electing to not cover it with a policy. Therefore, response number 3 stated “I still own a [motorcycle/watercraft], but I am not carrying insurance at this time.” Choosing this answer leads to additional

questions regarding their decision to forego coverage of any type. While these three options (no longer own the product, own the product but changed insurance provider, own the product but no longer have any coverage) seem like the only possible choices, a 4th response category of “other” was included along with an open-ended question asking for clarification. It should be noted that individuals who refuse to answer N1 or Q1 are skipped ahead to the terminate text, and are deleted from the final sample count.

Questions 1A and 1B are asked of individuals who reported selling the product that was covered (Question 2). 1A asks if they have purchased a replacement product since selling the original. If the respondent indicates that they have purchased a new product, Question 1B asks if they are carrying coverage on this product. If this is the case, they are skipped ahead to Question 5. However, if the respondent is not carrying any coverage on this replacement product, then they are sent to Question 1C.

If an individual reports that they are not currently carrying any type of coverage (whether on an original product or a replacement product), they are asked Question 1C. This item asks respondents why they are not currently carrying coverage on their watercraft or motorcycle. Because I felt there would be a variety of reasons, I left this as an open-ended response.

Question 2 is asked of respondents who indicated they have sold the product covered by the cancelled policy, and have not purchased a replacement. The question itself asks how likely the person is to purchase a replacement motorcycle/watercraft within the next year. Responses to this question are organized in a Likert manner, ranging from “definitely will purchase” to “definitely will not purchase.” A neutral option of “not sure” is offered as well. If an individual selected a choice ranging from

“not sure” through “definitely will purchase,” they were then asked Question 3. This asked the respondent how likely they were to consider the insurance company for coverage if a new motorcycle/watercraft was purchased. As with Question 2, responses were arranged in a Likert scale, ranging from “definitely will not consider [the insurance company]” to “[definitely will consider the insurance company].”

Individuals who reported that they would either “probably” or “definitely” not consider the insurance company for coverage were then asked Question 4. This goal of this question was to ascertain the respondent’s reasoning for not considering coverage with the insurance company. On this particular question, the respondent had the option to select more than one reason. The options were “coverage was too expensive,” “reputation of another company,” “previous experience with another company,” “friends/family recommended another company,” “[the insurance company] could not provide desired amount of coverage,” “poor customer service with [the insurance company],” and an “other” option that was accompanied by an open-ended request for clarification. The order of responses was randomized, meaning they did not always appear in the same order. I was concerned some respondents may select the first answer seen, and randomizing the responses minimizes the effects this might have on the data. All respondents to this question were then skipped to the third section of the survey.

During Questions N1 and 1, the individual had the option of indicating they had switched coverage of their motorcycle/watercraft to another provider. These individuals are branched to a series of questions that attempt to understand their reasoning for doing so. The first of these questions, Question 5, asks what motivated the individual to look outside of The Insurance Company for [motorcycle/watercraft] coverage. I left this

question open-ended, as I feared that some individuals might check options out of anger at the insurance company rather than their actual reasons for looking elsewhere. Every individual who was asked Question 5 was also asked Question 6, which requested the respondent to name the company they switched to. These options were different depending on whether or not the respondent had a motorcycle or a watercraft, as these two products do not share the most common insurance providers. However, The Insurance Company requested I not mention them by name, so they are referred to by different numbers instead (ex: Competitor 1, Competitor 2, etc.)

All respondents who answered Question 6 were also asked Question 7. This question asks individuals why they are no longer going through the insurance company for watercraft or motorcycle coverage. Similar to Question 4, the options were “coverage was too expensive,” “reputation of another company,” “previous experience with another company,” “friends/family recommended another company,” “[the insurance company] could not provide desired amount of coverage,” “poor customer service with [the insurance company],” “claims experience with [the insurance company]” and an “other” option that was accompanied by an open-ended request for clarification. At first glance this question seems unnecessary due to the existence of Question 5. However, the open-ended nature of Question 5 allows for a much more specific response, such as certain individual events that may have led to a member switching their coverage. Contrarily, Question 7 asks for general reasons why the left the company. All responses to this inquiry were advanced to Question 9.

Question 9 attempts to discover what the insurance company might do to win back the members business. I was concerned that allowing for multiple responses would

motivate individuals to select answers that would not actually motivate them to return to the insurance company. For example, if the option “lower deductible costs” was present, I suspect several individuals would choose this response simply because it sounds pleasing. Because I wanted to ensure that the respondent would provide their true feelings on the subject, I left this as an open-ended response. For individuals who switched coverage, this is the final question in this section. They are sent to Question 21 for the final line of questioning. If a respondent indicated they own a motorcycle or watercraft without carrying coverage for it (whether on Question N1 or Question 1), they are skipped to Question 10. As we suspect that several of these products may currently be in storage, this item asks the respondent if this is the case. This is arranged as a simple yes/no response. Should a respondent indicate that the motorcycle/watercraft is not in storage, they are asked why they are not currently carrying [motorcycle/watercraft] coverage. This is left as an open-ended question.

If the respondent indicates that the item is in storage, they are then asked if they are aware that the insurance company provides coverage while the item is in storage (Question 11). As with Question 10, this is a binary response. Answering either yes or no advances the respondent to Question 12, which inquires how likely that person is to consider coverage with the insurance company once the vehicle is removed from storage. The possible answers to this question are arranged in a Likert scale format, ranging from “Definitely will consider [the insurance company]” to “Definitely will not consider [the insurance company].” Selecting a positive response (“probably will consider” or “definitely will consider”) skips the individual to the third section of the survey.

If the person indicates they will not consider the insurance company, they are moved to Question 13. This item asks the respondent to elaborate on why they would not consider the insurance company for coverage. As this is very similar to Question 7, the responses were similar as well. The options were “I intend to sell my motorcycle/watercraft,” “coverage was too expensive,” “reputation of another company,” “previous experience with another company,” “friends/family recommended another company,” “[the insurance company] could not provide desired amount of coverage,” “poor customer service with [the insurance company],” “claims experience with [the insurance company]” and an “other” option that was accompanied by an open-ended request for clarification. Within this section, this is the final possible question for individuals who cancelled a motorcycle or watercraft policy. After this question, all these individuals have been skipped to Question 21, the first item in Section 3 of the survey.

Section Two

Section 2 of the survey is designed for the individuals who cancelled a flood policy within the last year. Unlike motorcycle or watercraft policies, flood policies are unique due to legal requirements and the fact that they are attached to the individual’s home itself. Additionally, flood coverage is not a policy related to a recreational product such as watercraft and motorcycles. Therefore, the questions that are necessary to ask are different from those found in Section 1. Question 16 is the first item asked of former flood policy holders, and inquires about the current status of this policy. The strategy here is very similar to Questions N1 and 1, in that it serves as a baseline for various skip

patters. The first possible response, “I no longer own the home covered by the flood policy through [The Insurance Company],” leads to further questions about their current living arrangements and flood coverage. “I still own the home, but switched flood coverage to another company” is the second possible response, and results in further questions about their decision to switch from the insurance company to another provider. The third option is “I still own the home, but I am not carrying flood insurance at this time.” Selecting this response will generate additional items regarding their decision to go uninsured. Finally, there is an “other” option paired with an open-ended box for explanation.

Should an individual respond they are no longer in possession of the home previously covered by the insurance company, they are then asked Question 16A. This simply asks if the respondent has since purchased another home, and is given a simple “Yes” or “No” opportunity to answer. If the respondent has not purchased another home, they are skipped to Section 3 of the survey. However, if they indicate that they have purchased another home, they are then asked Question 16B. This item asks if their current home has flood coverage. Again, this is structured as a “yes” or “no” question. If flood coverage is not being carried, they are asked an open-ended question as to why this is the case (Question 16C). Respondents who reported not carrying flood insurance in Question 16 are also sent here. All responses to this question are then skipped to Section 3.

There are two possible ways an individual can be sent to Question 17. If the respondent indicated they got a new home and went with another provider (Question 16B), or if they reported switching providers on their current home (Question 16).

Question 17 provides a list of twelve rival coverage providers of the insurance company, along another option of “other” with an open-ended blank for elaboration. Any response to this item is followed up by Question 18, which asked the respondent to choose among several different reasons as to why they went with another provider. Options were “[the insurance company] was too expensive,” “Friends/family recommended other company,” “[the insurance company] could not provide desired amount of coverage,” “Poor service with [the insurance company],” “Claims experience with [the insurance company],” “Wanted to carry homeowners and flood insurance with the same company,” “Assumed previous home owner’s policy,” “Process of acquiring policy easier with another company,” “Prefer a local company,” and an “other” option with an open-ended box for clarification. The respondent is allowed to select multiple responses with this question. Regardless of response, all respondents were then asked Questions 19 and 20; these items ask “What could [the insurance company] have done to prevent you from switching flood insurance through another company,” and “What could [the insurance company] do to win back your business for flood coverage” respectively. All responses skip to Section 3. These are the last possible questions that can be asked within Section 2.

Section Three

The third and final section of the survey was asked of all respondents regardless of product type. The purpose of these questions varied greatly, however they applied to all individuals taking this survey. Question 21 was the first of these questions, and also served as a focal point where all skip patterns reconvened. This question asked “Which best describes the manner in which you originally acquired your

[motorcycle/watercraft/flood] policy from [the insurance company]?” The response options were “I contacted [the insurance company] with the intention of acquiring this policy,” “I contacted [The Insurance Company] on an unrelated matter and the representative offered this product,” “I don’t remember,” “other” with an incorporated open-ended box. Some individuals at the insurance company suspected that the circumstances regarding the initial contact might have an impact on policy longevity. For example, a person who contacts the insurance company for coverage on a product might hold onto the policy longer than a member who was offered the product when they contacted the insurance company for an unrelated matter (i.e., a planned purchase vs. more of a spontaneous purchase). The analysis of this is beyond the scope of this particular research effort, however I agreed to gather the data should it be needed for a future project.

Certain members of the insurance company also wanted to determine how deeply-invested their customers were into other insurance providers. Specifically, if a member had switched their motorcycle/watercraft/flood policy to another company, they wanted to know if they had other policies with them as well. To examine this, I created Questions 22 and 23. The former asks “Do you have any other insurance policies with [Answer to Q6 for motorcycle/watercraft or Q17 for flood]?” In this instance, the bracketed portion of the question text changes to match the respondent’s answer to those questions. For example, if a person reported switching to Competitor 2 on Question 6, “Competitor 2” would appear in the question text. Responses to this were either “yes” or “no,” with no skipping to Question 24.

Whenever an individual reported “yes” to Question 22, they were asked Question 23 as well. This item asks the respondent what types of insurance they carry with this other company. Like Question 22, the text of Question 23 incorporated the insurance provider named in Questions 6/17. The possible responses were “Motorcycle insurance,” “Watercraft insurance,” “Auto Insurance,” “Home insurance,” “Renters insurance,” “Flood insurance,” “Life insurance,” “Umbrella insurance,” and “other,” which included an open-ended response as well. More than one selection could be made with this question.

Question 25 was also incorporated into the survey at the request of the insurance company. This item simply asked respondents if there was any type of coverage not provided by The Insurance Company that they would like to have available. This was an open ended response, and all answers proceeded to Question 25.

The only demographic questions on this survey (due to other presently available data) were found in Questions 25, 26, and 27. The first two of these questions related to the respondent’s current living conditions. Question 25 asked “Which of the following best describes your primary residence,” with “Own or buying,” “Rent or leasing,” “Military housing,” “Reside with parents or other relatives,” and “other, including dormitory” as the possible responses. Question 26 asked “is your primary residence a...?” Possible responses included “Single-unit home,” “Apartment or duplex,” “Townhome,” “Condominium,” “Mobile or manufactured home,” and “other, including dormitory.”

As an insurance and banking company, it is crucial that the company understand events in a customer’s life that could create or dissolve the need for certain products and

services. The company has a concept across the entire business called “life events” that refer to these situations. For example, having a child or retiring could be considered life events because they foster changes in a person’s needs and concerns. Because it is vital to understand the impacts of these events on product tenure, the insurance company asked that I incorporate them into the survey.

Question 27 seeks to determine the number of life events that have occurred within the last twelve months, which is the same timeframe as cancellations evaluated for this survey. There are nine life events that the insurance company recognizes: moving to a new address, purchasing a home, having a baby, retiring, sending a child to college, losing a job, changing a job, getting married, and getting divorced/separated. In order to minimize the length of the survey, respondents were asked “within the last 12 months, have you or your spouse:,” followed by each of the scenarios listed above. Respondents had the option to select as many relevant responses as needed.

The last question on the survey, Question 28, is asked only of motorcycle NPCs and watercraft NPCs. It is an open-ended question that asks “What could have been done by [The Insurance Company] or [Carrier] so you could have continued the coverage?” Although this would have been better placed earlier in the survey with similar questions, this item was thought of shortly before the final survey was submitted to Bellomy. As I did not want to alter the skip patterns and risk making a costly mistake, I felt it was best to put this item at the very end.

CHAPTER THREE

Analysis

The questionnaire was in the field for a total of two weeks, with a reminder email sent at the end of the first week. The survey had a total of 4,482 respondents (producing a margin of error of 1.4%), which is significantly more than myself or others at The Insurance Company had anticipated. As reminder emails and personalized invitations are not often sent, I suspect this may account for the larger-than-expected sample size. When distilled down to the product level, there were 1,957 former motorcycle policy holders (901 who cancelled through non-payment, and 1,056 who called to cancel or allowed the policy to expire). When compared to a total of 35,589 former motorcycle policy holders in the population, this creates a response rate of 5.50%. Of the 10,465 former watercraft policy holders in the population, 944 responded (444 who cancelled through non-payment, and 500 who called to cancel or allowed the policy to expire), generating a response rate of 9.02%. Finally, there were 11,258 former flood policy holders in the population, which generates a response rate of 14.04% when factoring in the 1,581 individuals that responded to the survey.

It should be noted that there is no general consensus as to the correct way to calculate a response rate for a web survey, as the populations are either nebulous or very specified (Wiebe, Eyerman, and Loft 2001). I decided to calculate the response rate by including both completed and partially completed interviews within the numerator, and the total number of emails sent out to that population within the denominator.

While most surveys are weighted, this is normally very difficult to do within the context of a web survey due to the unknown nature of the population. Because I had complete info about my population, however, I assumed I would be able to weight this survey to certain demographic characteristics. Ultimately, other analysts at The Insurance Company told me that their surveys are normally unweighted due to the lack of concrete demographic information.

One of the benefits of having access to data about the entire study population is the ability to check for signs of nonresponse bias. Although the demographic information possessed by The Insurance Company is limited, I was not able to detect significant differences between the sample and population groups. Additionally, no major differences were detected between individuals who answered without a reminder email and those who answered after one was sent.

The final data file was provided by Bellomy in both SAS and Excel format, with missing values deleted. Open-ended questions were not coded at my request, as I wanted to categorize them myself. I created a fairly simple system in which I first read through all the responses to get a general understanding of the data. Categories for each open-ended question were then developed, and each response was assigned to a category. Finally, this categorized data was reviewed for the purpose of discovering major themes and trends within the data.

The purpose of this analysis is to highlight the main findings within this survey. The first section will cover individuals who canceled either their motorcycle or watercraft via non-payment, while the second discusses motorcycle/watercraft policy holders who either contacted and canceled directly or allowed the policy to expire. Finally, flood

policy holders are examined. Within these sections, the questions will be discussed by following each skip pattern as they were in the methodology section.

Motorcycle and Watercraft NPCs

Table 3.1

N1 - Which best describes the status of this policy?

	Motorcycle NPC		Watercraft NPC	
	N	%	N	%
Switched coverage to another company	211	23.7%	73	17.3%
Couldn't afford to pay	40	4.5%	10	2.4%
Still own the product, don't carry insurance	185	20.7%	87	20.6%
I no longer own the product covered by the policy	390	42.7%	206	48.7%
I didn't know it was canceled	36	4.0%	20	4.7%
I don't know why I didn't pay	8	0.9%	2	0.5%
(0)Other - Deleted	5	0.6%	0	0.0%
(1)Other - I didn't drop	23	2.6%	10	2.4%
(2)Other - I dislike [The Alliance Company]	2	0.2%	9	2.1%
(3)Other - Planning to renew	0	0.0%	3	0.7%
(4)Other - Owner passed away	1	0.1%	1	0.2%
(5)Other - Joined another policy	0	0.0%	2	0.5%
Total	901		423	

As Question N1 (Table 3.1) asked non-payment cancellations why they cancelled their product, I was anticipating the “couldn’t afford to pay” option to be the most populous for motorcycles. While some customers of the insurance company have motorcycles for leisure, many of the younger owners on active duty have them as their primary means of transportation. As these individuals may lack the degree of wealth observed in several insurance agency members, I was surprised to see that only 4.5% of these respondents had cancelled in this manner. Due to the recreational nature of watercraft, it is unsurprising that only 2.4% of non-payment cancellations chose this option. With both motorcycle and watercraft, the most popular reasoning for cancelling their products via non-payment is that these members no longer own the product itself

(42.7% for motorcycle, 48.7% for watercraft). This is understandable, as individuals probably do not wish to make insurance payments for an item they no longer possess.

In addition to this, approximately the same percentage of former motorcycle and watercraft policy holders report owning the product while not carrying insurance on it (20.7% for motorcycle, 20.6% for watercraft). While several of these answer choices are roughly the same for motorcycle and watercraft, they diverge for the remaining option. A larger percentage of motorcycle policy holders reported switching their policies to another company than watercraft users (23.7% compared to 17.3%).

Table 3.2

Q5 - What motivated you to look outside of [The Insurance Company]?

	Motorcycle NPCs		Watercraft NPC	
	N	%	N	%
Deleted	10	5.1%	4	5.9%
High costs/rate increases	137	69.6%	37	54.4%
Dislike [The Alliance Company]	40	20.3%	20	29.4%
Bad customer service	3	1.5%	0	0.0%
Negative claims experience	0	0.0%	2	2.9%
Trying to bundle policies	5	2.5%	5	7.4%
Didn't; [The Insurance Company] still covers	2	1.0%	0	0.0%
Total	197		68	

The individuals who reported switching coverage to another company were asked relevant follow-up questions, as explained in the methodology section. Question 5 (Table 3.2) is the first of these questions, and asks what motivated the respondent to look outside the insurance company. While this question was open-ended, the majority of respondents for both watercraft (54.4%) and motorcycle (69.6%) identified the cost of coverage as their primary reason for switching. Numerous respondents to this question indicated they were able to obtain coverage for much lower rates with a rival insurance

provider. Another significant portion of individuals (20.3% for motorcycle, 29.4% for watercraft) reported disliking the alliance company that handled the policies for the insurance company. The alliance company has a history of supporting politically liberal viewpoints and politicians, whereas the insurance company caters to a conservative leaning military community.

Table 3.3

Q6 - Which company did you switch to?

	Motorcycle NPC		Watercraft NPC	
	N	%	N	%
Competitor 1	14	7.7%	0	0.0%
[The Alliance Company]	9	4.9%	6	10.7%
Competitor 2	0	0.0%	15	26.8%
Competitor 3	10	5.5%	4	7.1%
Competitor 4	18	9.8%	3	5.4%
Competitor 5	94	51.4%	9	16.1%
Competitor 6	15	8.2%	0	0.0%
Competitor 7	2	1.1%	0	0.0%
Competitor 8	2	1.1%	-	-
Other	19	10.4%	19	33.9%
Total	183		56	

Table 3.4

	Motorcycle			Watercraft		
	No	Yes	% of Yes	No	Yes	% of Yes
Too expensive	74	126	63.0%	39	33	45.8%
Reputation of another provider	184	16	8.0%	62	10	13.9%
Previous experience with other company	194	6	3.0%	66	6	8.3%
Friends/family recommended other company	183	17	8.5%	64	8	11.1%
[The Insurance Company] couldn't provide desired amount of coverage	185	15	7.5%	64	8	11.1%
Poor customer service	183	17	8.5%	68	4	5.6%
Poor claims experience with [The Insurance Company]	197	3	1.5%	71	1	1.4%
Wanted to combine homeowners and flood	-	-	-	-	-	-
Assumed previous owner's policy	-	-	-	-	-	-
Process of acquiring policy earlier with other company	-	-	-	-	-	-
Prefer a local company	-	-	-	-	-	-
Other - Delete		13			1	
Other - Dislike [The Alliance Company]		23			6	
Other - Don't remember		1			0	
Other - Bundling policy		5			0	
Other - Got divorced		0			0	
Other - I am going through [The Insurance Company]		4			0	
Other - [The Insurance Company] doesn't provide it in area		7			3	
Total	192			68		

For Question 6 (Table 3.3), most of the motorcycle non-payment cancellations reported switching to Competitor 5 (51.4%); Competitor 4 (9.8%), Competitor 1 (7.7%) and The Alliance Company (4.9%) were also common choices. Due to the different nature of the product, former watercraft policy holders were given a different list of providers. Competitor 2 (26.8%) was the most common result, followed by the “other” category (33.9%). All respondents to Question 6 were also given Question 7 (Table 3.4), which asks the respondent to explain why they are no longer going through the insurance company. For both former watercraft and motorcycle owners, cost was again the most commonly selected reason (63% for motorcycle, 45.8% for watercraft). For watercraft, the reputation of another provider was an important factor (13.9%), while for motorcycle the reputation of another provider (8%), the recommendation of friends/family (8.5%), and poor customer service (8.5%) contributed to this decision.

Table 3.5

<i>Q10 - Is this vehicle currently in storage?</i>				
	Motorcycle NPC		Watercraft NPC	
	N	%	N	%
Yes	103	87.3%	51	75.0%
No	15	12.7%	17	25.0%
Total	118		68	

<i>Q10A - Why are you not carrying insurance?</i>				
	Motorcycle NPC		Watercraft NPC	
	N	%	N	%
Deleted	2	13.3%	0	0.0%
Vehicle Inoperable	1	6.7%	0	0.0%
Not being used	8	53.3%	9	64.3%
Not worth cost to insure	4	26.7%	5	35.7%
Total	15		14	

If non-payment canceling members reported still owning a motorcycle or watercraft but not carrying insurance, they were skipped to Question 10 (Table 3.5). For this item, 87.3% of former motorcycle policy holders indicated their motorcycles were currently in storage, while 75% of former watercraft policy holders responded with the same answer. If a respondent indicated that their product was not in storage, my original intent was to then ask them their reasoning for not carrying insurance. Unfortunately, there were simply too few respondents (less than 15 for both motorcycle and watercraft) to gather any meaningful data.

Question 11 (Table 3.5) was asked of the individuals who reported keeping their item in storage on Question 10. The majority of individuals (72.8% for motorcycle, 76.5% for watercraft) were aware that the insurance company provided coverage while the item was in storage. Additionally, these same members generally indicated that they would consider the insurance company for coverage when removing the vehicle from storage (73.79% for motorcycle, 70.59% for watercraft). I had incorporated a question to

be asked of individuals who responded they would not consider the insurance company (Question 12), however there were simply too few respondents (9 for motorcycle and 4 for watercraft) that met this criteria.

Table 3.6

Q2 - How likely are you to purchase another [motorcycle/watercraft] within a year?

	Motorcycle NPC		Watercraft NPC	
	N	%	N	%
Definitely won't	142	38.8%	90	47.1%
Probably won't	109	29.7%	54	28.3%
Not sure	79	21.5%	30	15.7%
Probably will	24	6.5%	9	4.7%
Definitely will	13	3.5%	8	4.2%
Total	367		191	

Q3 - If you purchase another [motorcycle/watercraft], how likely are you to use [The Insurance Company]?

	Motorcycle NPC		Watercraft NPC	
	N	%	N	%
Definitely won't	7	6.0%	1	2.1%
Probably won't	2	1.7%	1	2.1%
Not sure	12	10.3%	3	6.4%
Probably will	15	12.9%	7	14.9%
Definitely will	80	69.1%	35	74.5%
Total	116		47	

Based on Question N1, the majority of members who made non-payment cancellations did so because they no longer own the product that was insured. These individuals were asked further questions (Questions 2 and 3) about their future interest in coverage should they acquire another product. 68.39% of former motorcycle policy holders stated they either probably or definitely would not purchase another motorcycle within twelve months, with only 10.08% stating they did intend to do so. The findings were similar among former watercraft policy holders, with 8.09% indicating intent to purchase another watercraft and 75.39% indicating they do not.

If a respondent expressed the desire to purchase another product, they were asked how likely they were to consider the insurance company for future coverage on that product (Question 3). The majority of both former motorcycle (81.90%) and watercraft (89.36%) policy holders indicated they would at least probably consider the insurance company. Individuals who reported they would not consider the insurance company were asked why this was the case, however there were far too few of them to gain any meaningful insight (2 respondents for watercraft and 9 for motorcycle).

Table 3.7

<i>Q21 - How did you originally acquire this policy?</i>				
	Motorcycle NPCs		Watercraft NPC	
	N	%	N	%
Contacted [The Insurance Company] for the purpose of getting this policy	843	94.1%	423	97.9%
Contacted [The Insurance Company] on unrelated matter and was offered this policy	20	2.2%	8	1.9%
Other - [The Insurance Company] contacted member through mail marketing	24	2.7%	0	0.0%
Other - Contacted [The Alliance Company]	6	0.7%	0	0.0%
Other - Transferred to [The Insurance Company]	3	0.3%	1	0.2%
Total	893		432	

<i>Q22 - Do you have any other policies with the provider you switched to?</i>				
	Motorcycle NPCs		Watercraft NPC	
	N	%	N	%
Yes	44	24.0%	13	23.2%
No	139	76.0%	43	76.8%
Total	183		56	

Regardless of branching skip patterns from Question N1, all respondents who made a non-payment cancelation passed through Question 21 eventually (Table 3.7). The original intent of this question was to gain information for future analysis. Specifically, some individuals within the insurance company suspect that individuals who call with the direct purpose of getting coverage may keep their product longer than individuals who contact the insurance company on an unrelated matter and are recommended the product. However, the vast majority of members who canceled via non-payment (94.1%)

contacted the company with the purpose of obtaining such coverage. Because of this, it is unlikely that the insurance company will be able to test this hypothesis with this data.

Table 3.8

Q23 - What are the additional policies from provider you switched to?

	Motorcycle NPCs			Watercraft NPC		
	No	Yes	% of Yes	No	Yes	% of Yes
Motorcycle	18	26	59.1%	10	3	23.1%
Watercraft	40	4	9.1%	7	6	46.2%
Auto	11	33	75.0%	8	5	38.5%
Home	29	15	34.1%	7	6	46.2%
Renters	32	12	27.3%	13	0	0.0%
Flood	43	1	2.3%	13	0	0.0%
Life	44	0	0.0%	12	1	7.7%
Umbrella	40	4	9.1%	12	1	7.7%
Other - Miscellaneous		1			0	
Other - RV/motorhome		3			1	
Other - Valuable property/jewelry/electronics		1			0	
Other - Landlord's policy		1			0	
Other - Recreational products		0			1	
Other - Wind/hail/flood		0			0	
Total	44			13		

As mentioned earlier, the insurance company had expressed interest in determining if individuals have additional policies with the provider they switched to. Question 22 indicated that approximately one quarter (23.2% for watercraft and 24% for motorcycle) of respondents who made a non-payment cancellation had other policies with the same company. The results of Question 23 (Table 3.8) suggest that additional motorcycles and watercraft are the most common additional policies; auto and home insurance appear frequently as well.

Table 3.9

Q24 - Is there any coverage not provided by [The Insurance Company] you would like available?

	Motorcycle NPCs		Watercraft NPC	
	N	%	N	%
Can't think of anything	221	55.0%	94	42.8%
Product already offered by [The Insurance Company]	37	9.2%	16	7.3%
Florida coverage/expand coverage to all areas	11	2.7%	18	8.2%
Long-term care/Disability	2	0.5%	2	0.9%
Health/Dental/Vision	7	1.7%	8	3.7%
Motorcycle/Watercraft directly from [The Insurance Company]	79	19.4%	49	22.4%
Miscellaneous	35	8.7%	22	10.1%
Self-defense liability/firearms	2	0.5%	0	0.0%
Homeowners	9	2.2%	10	4.6%
Total	402		219	

When asked if there were any forms of coverage the respondent would like to see available, around half (55% for motorcycle, 42.8% for watercraft) stated they could think of nothing. However, several respondents expressed the desire to see motorcycles carried through The Insurance Company directly instead of a 3rd party provider. This request was present within the watercraft cancellations as well (22.4% for watercraft, 19.4% for motorcycle). Other recurring requests were for coverage in all areas (The Insurance Company does not offer direct coverage in Florida among other locations), long-term care/disability insurance, and health/dental/vision insurance.

Table 3.10

Q25 - Which best describes your residence?

	Motorcycle NPCs		Watercraft NPC	
	N	%	N	%
Own or buying	667	74.4%	413	93.0%
Rent or leasing	186	20.7%	21	4.7%
Military housing	21	2.3%	5	1.1%
Reside with parents/relatives	14	1.6%	4	0.9%
Other, including dorm	9	1.0%	1	0.2%
Total	897		444	

Q26 - Is your primary residence a...?

	Motorcycle NPCs		Watercraft NPC	
	N	%	N	%
Single unit home	714	79.6%	395	89.0%
Apartment or duplex	85	9.5%	8	1.8%
Townhome	37	4.1%	13	2.9%
Condominium	19	2.1%	13	2.9%
Mobile/manufactured home	34	3.8%	12	2.7%
Other, including dorm	8	0.9%	3	0.7%
Total	897		444	

In terms of demographics, the majority of individuals report owning their own home (Question 25 [Table 3.10]). Considering the nature of the insurance agency's coverage, it is unsurprising that such a large percentage of individuals would own their own home. Furthermore, the rate of homeownership is much higher among watercraft cancelations than motorcycle cancelations (93.0% vs. 74.4%). For Question 26, the respondents tend to describe their dwelling as a single-unit home (89.0% for watercraft, 79.6% for motorcycle). Although The Insurance Company caters to a military market, only a very small percentage of their members actually live on a military installation.

Table 3.11

	<i>Age</i>		Motorcycle NPCs		Watercraft NPC	
	N	%	N	%	N	%
18-24	29	3.1%	1	0.2%		
25-29	81	8.5%	9	2.0%		
30-39	177	18.6%	50	11.3%		
40-49	217	22.7%	76	17.1%		
50-59	219	23.0%	97	21.9%		
60-69	174	18.3%	132	29.7%		
70-79	52	5.5%	74	16.7%		
80-89	3	0.3%	5	1.1%		
Total	952		444			

	<i>Gender of respondent</i>		Motorcycle NPCs		Watercraft NPC	
	N	%	N	%	N	%
Male	801	84.1%	379	85.4%		
Female	151	15.9%	65	14.6%		
Total	952		444			

	<i>Marital status</i>		Motorcycle NPCs		Watercraft NPC	
	N	%	N	%	N	%
Single	112	12.8%	17	3.8%		
Married	636	66.9%	361	81.3%		
Widowed	26	2.7%	16	3.6%		
Separated	31	3.3%	11	2.5%		
Divorced	135	14.2%	37	8.3%		
Divorce pending	1	0.1%	2	0.5%		
Legal separation	0	0.0%	0	0.0%		
Total	951		444			

	<i>Military status of respondent</i>		Motorcycle NPCs		Watercraft NPC	
	N	%	N	%	N	%
Data not collected	313	32.9%	157	35.4%		
Active duty	114	12.0%	16	3.6%		
Retired	217	22.8%	127	28.6%		
Inactive Reserve	35	3.7%	21	4.7%		
Pre-commissioned	0	0.0%	0	0.0%		
Separated	236	24.8%	118	26.6%		
Active reserve	36	3.8%	5	1.1%		
Total	951		444			

Although it was not a part of the questionnaire, I was able to utilize existing demographic member data within The Insurance Company and combine it with this survey (Table 3.11). 69.4% of watercraft NPCs are above 50 years of age, compared to 47.2% of motorcycle NPCs. Unsurprisingly, they tended to be males as well (84.1% for motorcycle, 85.4% for watercraft). I know from existing data that motorcycle customers are younger than most other types of coverage, so it is unsurprising to find that only 66.9% were married. This is quite a departure from the 81.3% of watercraft NPCs who are married.

Motorcycle NPCs are also more likely to be active duty military as well. Based on available information, it seems many individuals on active duty prefer owning a motorcycle to a car; this is primarily due to the cost and the ease in which it can be stored if the owner is deployed. This was reflected in the data, with 12.0% of motorcycle NPCs reported being on active duty (compared to just 3.6% for watercraft). Approximately a quarter of both motorcycle and watercraft NPCs reported being former military personnel as well.

Table 3.12

Q27 - Within the last year, have you or your spouse...?

	Motorcycle NPC			Watercraft NPC		
	No	Yes	% of Yes	No	Yes	% of Yes
Moved to a new address	711	1896	20.7%	382	62	14.0%
Purchased a home	813	84	9.4%	395	49	11.0%
Had a baby	868	29	3.2%	438	6	1.4%
Retired	852	45	5.0%	419	25	5.6%
Sent a child to college	852	45	5.0%	120	24	5.4%
Lost job	852	45	5.0%	430	14	3.2%
Changed job	789	148	15.8%	397	47	10.6%
Got married	865	32	3.6%	439	5	1.1%
Got divorced/separated	864	33	3.7%	432	12	2.7%
Total	897			444		

Q28 - What could have [The Insurance Company] done so you could have continued the coverage?

	Motorcycle NPC		Watercraft NPC	
	N	%	N	%
Nothing	128	72.7%	56	73.7%
Don't support [The Alliance Company]	10	5.7%	12	15.8%
Payment plan	7	4.0%	2	2.6%
Offer through [The Insurance Company] so bills would consolidate	5	2.8%	1	1.3%
Better customer service	1	0.6%	2	2.6%
Cheaper coverage	25	14.2%	3	4.0%
Total	176		76	

While the life events in Question 27 (Table 3.12) introduced a wide variety of circumstances, there were a few that stood out. By far the most commonly reported life events were moving to a new address (20.7% for motorcycle NPC, 14.0% for watercraft NPC), changing jobs (15.8% for motorcycle NPC, 10.6% for watercraft NPC), and purchasing a home (9.4% for motorcycle NPC, 11.0% for watercraft NPC).

Finally, Question 28 asked what The Insurance Company could have done to help the respondent continue the coverage. In the majority of cases (72.7% for motorcycle, 73.7% for watercraft), the respondents indicated that nothing could have been done in their specific scenario. However, a small group of motorcycle NPCs suggested that cheaper coverage could be offered (14.2%). A handful of the watercraft NPCs also indicated they did not support the political stance of The Alliance Company, and The Insurance Company should partner with another provider.

Motorcycle and Watercraft

Table 3.13

Q1 - Which best describes the status of this policy?

	Motorcycle		Watercraft	
	N	%	N	%
I no longer own the product covered by this policy	738	69.8%	392	78.4%
Switched coverage to another company	184	17.4%	56	11.2%
Still own the product, don't carry insurance	64	6.1%	31	6.2%
(0)Other - Delete	19	1.8%	5	1.0%
(1)Other - Still have policy with [The Alliance Company]	46	4.4%	11	2.2%
(2)Other - Policy shifted to another person	3	0.3%	1	0.2%
(3)Other - I don't like [The Alliance Company]	2	0.2%	0	0.0%
(4)Other - Got coverage for a replacement	0	0.0%	4	0.8%
Total	1056		500	

The next group to be analyzed was former watercraft and motorcycle policy holders who did not cancel through non-payment. This means they either contacted The Insurance Company mid-term to cancel the policy, or elected not to renew it upon expiration. Unlike the non-payment cancelations, the survey begins at Question 1 for these individuals; however, the nature of the skip patterns is largely the same.

When asked which best describes the status of the policy, the majority of individuals reported they no longer owned the product (69.8% for motorcycles, and 78.4% for watercraft). These percentages are substantially higher than what was observed for motorcycle and watercraft NPCs (43.8% and 48.4%, respectively). However, it makes sense that individuals who sold a product would contact The Insurance Company to cancel the policy. A much smaller number reported switching to another company (17.4% for motorcycles, 11.2% for watercraft), and only approximately

6% of individuals in both products indicated they still owned the product without carrying coverage of any kind.

Table 3.14

Q1A - Have you bought a replacement [motorcycle/watercraft]?

	Motorcycle		Watercraft	
	N	%	N	%
Yes	15	2.1%	22	5.7%
No	718	97.9%	367	94.3%
Total	733		389	

Q1B - Do you carry insurance on this [motorcycle/watercraft]?

	Motorcycle		Watercraft	
	N	%	N	%
Yes	11	73.3%	12	54.6%
No	4	26.7%	10	45.4%
Total	15		22	

Q1C - Why are you currently not carrying insurance?

	Motorcycle		Watercraft	
	N	%	N	%
Bad customer service	2	3.4%	1	2.7%
Selling product	7	11.9%	0	0.0%
Dislike [The Alliance Company]	2	3.4%	0	0.0%
Not worth insuring/coverage too expensive	8	13.6%	0	0.0%
Out of the country	7	11.9%	7	18.9%
Not currently using/in storage	33	55.9%	24	64.9%
Just purchased, will get coverage soon	0	0.0%	5	13.5%
Total	59		37	

The respondents who indicated they no longer owned the product were asked if they had purchased another motorcycle or watercraft (Question 1A). Over 95% of both former watercraft and motorcycle policy holders indicated they had not. Because such few individuals reported purchasing a replacement product, I could not gather any meaningful data on whether or not they carried insurance on it (Question 1B).

Individuals that had not purchased a replacement product were asked how likely they were to do so in the next 12 months. 69% of former motorcycle policy holders indicated they would not, whereas 77.9% of former watercraft owners reported the same. However, of those who intended to purchase another motorcycle or watercraft, the majority indicated they would cover it through The Insurance Company (78.4% for motorcycle, 91.4% for watercraft). As with the NPCs, Question 4 did not return meaningful results, as too few people indicated they would not consider The Insurance Company. Following Question 4, these respondents were skipped ahead to Question 21.

Table 3.15

	Motorcycle		Watercraft	
	N	%	N	%
Deleted	6	3.1%	6	9.0%
High costs/rate increases	144	75.4%	37	55.1%
Dislike [The Alliance Company]	21	11.0%	12	17.9%
Bad customer service	4	2.1%	5	7.5%
Negative claims experience	4	2.1%	1	1.5%
Trying to bundle policies	10	5.2%	3	4.5%
Didn't; [The Insurance Company] still covers	2	1.1%	3	4.5%
Total	191		67	

If a former motorcycle or watercraft policy holder indicated in Question 1 they had switched their coverage to another provider, they were skipped to Question 5. Similar to the NPCs, former motorcycle and watercraft policy holders cited cost as the main motivation for changing coverage over to another company (75.4% for motorcycle, 55.2% for watercraft). Another common answer choice was that the respondent disliked the alliance company used by The Insurance Company.

Table 3.16

Q6 - Which company did you switch to?

	Motorcycle		Watercraft	
	N	%	N	%
Competitor 1	7	3.9%	1	1.7%
[The Alliance Company]	18	10.0%	13	21.7%
Competitor 2	1	0.6%	12	20.0%
Competitor 3	17	9.4%	5	8.3%
Competitor 4	14	7.8%	4	6.7%
Competitor 5	79	43.9%	5	8.3%
Competitor 6	15	8.3%	0	0.0%
Competitor 7	4	2.2%	0	0.0%
Competitor 8	2	1.1%	-	-
Other	23	12.8%	20	33.3%
Total	180		60	

Question 6 asked which competitor the respondent switched to (Table 3.16). Competitor 5 was by far the most common response for motorcycles (43.9%), having four times the number of respondents as the next most common category. When asked open-ended questions, several respondents mentioned that this rival insurance provider was able to provide coverage at a much cheaper rate. For watercraft, the responses were much more varied; however, The Alliance Company and Competitor 2 were common choices. It should be noted that the highest percentage of former watercraft owners belonged to smaller companies that were not listed among The Insurance Companies main competitors.

Table 3.17

	<i>Q7 - Why are you no longer going through [The Insurance Company]?</i>					
	Motorcycle			Watercraft		
	No	Yes	% of Yes	No	Yes	% of Yes
Too expensive	67	125	65.1%	34	34	50.0%
Reputation of another provider	174	18	9.4%	62	6	8.8%
Previous experience with other company	183	9	4.7%	67	1	1.5%
Friends/family recommended other company	177	15	7.8%	62	6	8.8%
[The Insurance Company] couldn't provide desired amount of coverage	182	10	5.2%	61	7	10.3%
Poor customer service	174	18	9.4%	57	11	16.2%
Poor claims experience with [The Insurance Company]	187	5	2.6%	66	2	2.9%
Wanted to combine homeowners and flood	-	-	-	-	-	-
Assumed previous owner's policy	-	-	-	-	-	-
Process of acquiring policy earlier with other company	-	-	-	-	-	-
Prefer a local company	-	-	-	-	-	-
Other - Delete		11			1	1.5%
Other - Dislike [The Alliance Company]		18			5	7.4%
Other - Don't remember		0			0	0.0%
Other - Bundling policy		9			1	1.5%
Other - Got divorced		1			0	0.0%
Other - I am going through [The Insurance Company]		4			1	1.5%
Other - [The Insurance Company] doesn't provide it in area		13			1	1.5%
Total	192			68		

When asked why they were no longer going through The Insurance Company (Question 7), the most common answer was cost (Table 3.17). 65.1% of former motorcycle policy holders chose this option, compared to 50% of former watercraft policy holders. While the remainder of responses was spread out somewhat evenly among the former motorcycle policy holders, the former watercraft policy holders tended to also cite poor customer service (16.2%) and the inability of The Insurance Company to provide the desired amount of coverage (10.3%) as well. Upon completing this question, these respondents were skipped to Question 21.

Finally, if an individual reported still owning a motorcycle or watercraft despite not carrying insurance, they were asked why this was the case (Question 1C). This was the only follow-up question before being skipped ahead to Question 21.

Table 3.18

<i>Q21 - How did you originally acquire this policy?</i>				
	Motorcycle		Watercraft	
	N	%	N	%
Contacted [The Insurance Company] for the purpose of getting this policy	1007	97.0%	485	98.8%
Contacted [The Insurance Company] on unrelated matter and was referred to this provider	23	2.2%	4	0.8%
Other - [The Insurance Company] contacted member through mail or phone	1	0.1%	0	0.0%
Other - Contacted [The Alliance Company]	6	0.6%	2	0.4%
Other - Transferred to [The Insurance Company]	1	0.1%	0	0.0%
Total	1038		491	

<i>Q22 - Do you have any other policies with the provider you switched to?</i>				
	Motorcycle		Watercraft	
	N	%	N	%
Yes	51	28.3%	22	36.7%
No	129	71.6%	38	63.3%
Total	180		60	

As with the NPCs, Question 21 (Table 3.18) is the point of convergence for former watercraft and motorcycle policy holders; regardless of previous answers, all individuals are asked this and the following questions (with the exception of Questions 22 & 23). When asked how the policy was originally acquired, the vast majority (over 97% for both motorcycle and watercraft) reported contacting The Insurance Company with the specific purpose of acquiring this policy. A trace amount of respondents also claimed that they contacted The Alliance Company itself for coverage.

Of the individuals that switched over to another company, the results from Question 22 indicate that the majority do not have additional policies with the provider they switched to (71.6% for motorcycle, 63.3% for watercraft). However, if individuals do have additional products, Question 23 (Table 3.19) suggests they tend to be auto, home, and additional motorcycle or watercraft coverage. Former motorcycle policy

holders in particular are very likely to have auto policies with the company they switched to, whereas a roughly equal percentage of former watercraft policy holders have auto, home, and additional watercraft.

Table 3.19

Q23 - What are the additional policies from provider you switched to?

	Motorcycle			Watercraft		
	No	Yes	% of Yes	No	Yes	% of Yes
Motorcycle	25	26	51.0%	20	2	9.1%
Watercraft	44	7	13.7%	10	12	54.5%
Auto	7	44	86.3%	10	12	54.5%
Home	25	26	51.0%	11	11	50.0%
Renters	45	6	11.8%	1	21	95.5%
Flood	48	3	5.9%	1	21	95.5%
Life	46	5	9.8%	2	20	90.9%
Umbrella	47	4	7.8%	5	17	77.3%
Other - Miscellaneous		0			1	4.5%
Other - RV/motorhome		4			1	4.5%
Other - Valuable property/jewelry/electronics		1			1	4.5%
Other - Landlord's policy		1			0	0.0%
Other - Recreational products		3			0	0.0%
Other - Wind/hail/flood		0			1	4.5%
Total	46			22		

Table 3.20

Q24 - Is there any coverage not provided by [The Insurance Company] you would like available?

	Motorcycle		Watercraft	
	N	%	N	%
Can't think of anything	251	51.2%	126	49.3%
Product already offered by [The Insurance Company]	43	8.8%	26	10.4%
Florida coverage/expand coverage to all areas	13	2.7%	21	8.4%
Long-term care/Disability	6	1.2%	3	1.2%
Health/Dental/Vision	17	3.5%	4	1.6%
Motorcycle/Watercraft directly from [The Insurance Company]	100	20.4%	41	16.7%
Miscellaneous	49	10.0%	16	6.4%
Self-defense liability/firearms	2	0.4%	0	0.0%
Homeowners	9	1.8%	15	6.0%
Total	490		248	

Similarly to the NPCs, the most common response to Question 24 (Table 3.20) is that the respondent could not think of anything not already provided by The Insurance Company that they would like available. However, a fair amount of respondents (20.4% for motorcycle, 16.7% for watercraft) indicated they would like to have the coverage directly through The Insurance Company instead of going through an alliance company.

Table 3.21

Q25 - Which best describes your residence?

	Motorcycle		Watercraft	
	N	%	N	%
Own or buying	764	72.3%	455	91.0%
Rent or leasing	227	21.5%	35	7.0%
Military housing	29	2.8%	3	0.6%
Reside with parents/relatives	23	2.2%	3	0.6%
Other, including dorm	13	1.2%	4	0.8%
Total	1056		500	

Q26 - Is your primary residence a ...?

	Motorcycle		Watercraft	
	N	%	N	%
Single unit home	792	75.0%	431	86.2%
Apartment or duplex	116	11.0%	12	2.4%
Townhome	56	5.3%	16	3.2%
Condominium	35	3.3%	22	4.4%
Mobile/manufactured home	38	3.6%	15	3.0%
Other, including dorm	19	1.8%	4	0.8%
Total	1056		500	

Somewhat surprisingly, the demographic characteristics for this group do not seem to differ from the NPCs. According to the results from Questions 25 and 26 (Table 3.21), the majority of individuals (72.3% for motorcycles, 91% for watercraft) report owning their dwelling, and in most cases that is a single-unit home (75% for motorcycles, 86.2% for watercraft). In general, former watercraft policy holders have the highest rates

of homeownership, while former motorcycle policy holders have the lowest; former flood policy holders are between them.

Table 3.22

Q27 - Within the last year, have you or your spouse...?

	Motorcycle			Watercraft		
	No	Yes	% of Yes	No	Yes	% of Yes
Moved to a new address	758	298	28.2%	413	87	17.4%
Purchased a home	916	140	13.3%	436	64	12.8%
Had a baby	1012	44	4.2%	484	16	3.2%
Retired	989	67	6.3%	466	34	6.8%
Sent a child to college	1012	44	4.2%	469	31	6.2%
Lost job	1005	51	4.2%	485	15	3.0%
Changed job	869	187	17.7%	455	45	9.0%
Got married	1019	37	3.5%	486	14	2.8%
Got divorced/separated	1032	24	2.3%	480	20	4.0%
Total	1056			500		

As for the life events described in Question 27 (Table 3.22) former motorcycle policy holders report moving (28.2%), changing jobs (17.7%), and purchasing a home (13.3%) the most frequently. Former watercraft policy holders are similar, with the most common responses being moving (17.4%) and purchasing a home (12.8%).

Unsurprisingly, the percentage of former watercraft holders changing jobs is half of what the motorcycle holders is. Their greater amounts of wealth and older average age make it less likely for them to change careers as often as the former motorcycle policy holders.

This older average age also makes them more likely to send children to college as opposed to having new ones. With motorcycles, the younger age is evident with the equal number of new births as children sent to college.

Table 3.23

<i>Age</i>				
	Motorcycle		Watercraft	
	N	%	N	%
18-24	33	3.1%	1	0.2%
25-29	124	11.7%	8	1.6%
30-39	208	19.7%	49	9.8%
40-49	214	20.3%	86	17.2%
50-59	228	21.6%	120	24.0%
60-69	178	16.9%	139	27.8%
70-79	70	6.6%	95	19.0%
80-89	1	0.1%	2	0.4%
Total	1056		500	

<i>Gender of respondent</i>				
	Motorcycle		Watercraft	
	N	%	N	%
Male	918	86.9%	433	86.6%
Female	138	13.1%	67	13.4%
Total	1056		500	

<i>Marital status</i>				
	Motorcycle		Watercraft	
	N	%	N	%
Single	142	13.5%	18	3.6%
Married	714	67.6%	400	80.0%
Widowed	25	2.4%	9	1.8%
Separated	24	2.3%	17	3.4%
Divorced	146	13.8%	54	10.8%
Divorce pending	3	0.3%	2	0.4%
Legal separation	2	0.2%	0	0.0%
Total	1056		500	

<i>Military status of respondent</i>				
	Motorcycle		Watercraft	
	N	%	N	%
Data not collected	307	29.1%	151	30.2%
Active duty	153	14.5%	30	6.0%
Retired	244	23.1%	158	31.6%
Inactive Reserve	44	4.1%	26	5.2%
Pre-commissioned	0	0.0%	0	0.0%
Separated	260	24.6%	127	25.4%
Active reserve	48	4.6%	8	1.6%
Total	1056		500	

In terms of age (Table 3.23), 45.2% of former motorcycle holders are 50 or older. 71.2% of watercraft owners are above 50 as well. They are overwhelmingly male (86.9% for motorcycle, 86.6% for watercraft), as would be expected with recreational products of this nature. Mirroring what was observed with the NPCs, the majority of both former motorcycle and watercraft owners were married; however, there was a much higher portion of single individuals within the motorcycle owners. Again, former motorcycle owners were more likely to be active duty or active reserve personnel, whereas the former watercraft owners tended to be retired or separated from military service.

Flood

Table 3.24

Q16 - Which best describes the status of this policy?

	Flood	
	N	%
I no longer own the home	515	32.6%
I switched coverage to another company	43	2.7%
I'm not carrying flood coverage	879	55.7%
Other - Deleted	90	5.7%
Other - Not aware I was cancelled	30	1.9%
Other - Currently renewing/planning to renew soon	14	0.9%
Other - Renting out home/trying to sell	3	0.2%
Other - [The Insurance Company] cancelled it	4	0.3%
Total	1578	

Questions intended for former flood policy holders begin at Question 16 (Table 3.24). When asked what best describes the policy, 55.7% indicated they no longer carry flood coverage, while another 32.6% indicated they no longer owned the home in question. Only a small percentage of individuals reported switching to another provider (2.7%). The common answers for the “other” option were that the member was not

aware they were cancelled (we pre-screened individuals to ensure we had already sent them a cancellation notice, although it is possible they had not opened it at the time of this survey), and they were in the process of renewing or planned to renew soon.

Table 3.25

<i>Q16A - Did you purchase another home?</i>		
	Flood	
	N	%
Yes	279	54.2%
No	236	45.8%
Total	515	

<i>Q16B - Do you carry flood insurance on this home?</i>		
	Flood	
	N	%
Yes	24	8.6%
No	255	91.4%
Total	279	

<i>Q16C - Why are you not carrying flood insurance?</i>		
	Flood	
	N	%
Deleted	8	0.7%
Was too expensive/no installment option	194	18.0%
Don't perceive flooding as a risk/no longer in flood zone	789	74.1%
Forgot to renew	40	3.7%
Planning to purchase later	24	2.2%
Moved to new address	6	0.6%
Going to sell the home	8	0.7%
Total	1078	

The respondents who indicated they no longer owned the home were moved to Question 16A (Table 3.25). When asked whether or not they had purchased another home, approximately half (54.2%) of respondents indicated this was the case. These

individuals were then asked if they carried flood insurance on their new home (Q16B), to which only 8.6% reported having. The results for this question seems to indicate that when flood policy members relocate, they are likely to consider an area in which flood insurance is not mandatory.

If a respondent either indicated not carrying insurance on their new home (Question 16B) or not carrying it on their current home (Question 16), they were then asked why they were not carrying flood insurance (Question 16C). Most (74%) respondents mentioned they either no longer lived in a flood zone, or they did not perceive flooding as a risk. 18% mentioned that the program was too expensive, and the lack of an installment plan also motivated them to not carry insurance.

Table 3.26

Q17 - Which company did you switch to?

	Flood	
	N	%
Competitor 1	1	1.5%
Competitor 2	1	1.5%
Competitor 3	9	13.4%
Competitor 4	2	3.0%
Competitor 5	4	6.0%
Competitor 6	0	0.0%
Competitor 7	1	1.5%
Competitor 8	3	4.5%
Competitor 9	0	0.0%
[The Alliance Company]	2	3.0%
Competitor 11	8	11.9%
Competitor 12	3	4.5%
Other	33	49.2%
Total	67	

Persons who switched coverage to another provider were also given Question 17, which asks the name of the provider they switched to (Table 3.26). Although certain companies (such as Competitor 3 and Competitor 11) stood out, there is no single company that holds a clear majority. 49.2% of individuals reported having coverage from a provider other than the ones listed, which may indicate these individuals are pursuing coverage from a local source.

Table 3.27

	<i>Q18 - Why did you choose this company instead of [The Insurance Company]?</i>		
	No	Flood Yes	% of Yes
Too expensive	53	14	20.9%
Reputation of another provider	65	2	3.0%
Previous experience with other company	67	0	0.0%
Friends/family recommended other company	65	2	3.0%
[The Insurance Company] couldn't provide desired amount of coverage	64	3	4.5%
Poor customer service	57	10	14.9%
Poor claims experience with [The Insurance Company]	64	3	4.5%
Wanted to combine homeowners and flood	47	20	29.9%
Assumed previous owner's policy	22	2	8.3%
Process of acquiring policy earlier with other company	62	5	7.5%
Prefer a local company	37	30	44.8%
Other - Delete		2	
Other - Other provider offered financing		2	
Other - Coverage included with mortgage		2	
Other - [The Insurance Company] didn't offer coverage in this area		9	
Total	67		

The results from Question 18 (why did you not choose The Insurance Company?) support this theory, as 44.8% indicated they preferred obtaining coverage through a local provider (Table 3.27). Part of this could be due to the fact that The Insurance Company

does not provide coverage in all areas. Another significant portion (29.9%) claimed they wanted to combine their homeowner's and flood policies.

Table 3.28

<i>Q19 - What could have been done to prevent you switching?</i>		
	Flood	
	N	%
Nothing	18	27.7%
Lower costs	18	27.7%
Offer coverage in Florida	16	24.6%
Establish payment plan/installments	2	3.1%
Better customer service	11	16.9%
Total	65	

When asked what The Insurance Company could have done to prevent them from switching (Question 19), the results were split fairly evenly (Table 3.28). 27.7% indicated that nothing could have been done, another 27.7% suggests that lowered costs would have helped, and 24.6% wanted coverage to be offered in Florida. Another 16.9% said that better customer service would have helped as well. Although several of the open-ended responses on Question 16C implicated the lack of a payment plan as reason for not carrying insurance, it does not appear to be causing individuals to switch to other providers.

Table 3.29

<i>Q20 - What can we do to get you back?</i>		
	Flood	
	N	%
Nothing	23	36.5%
Lower costs	16	25.4%
Offer coverage in Florida	18	28.6%
Establish payment plan/installments	1	1.6%
Better customer service	5	7.9%
Total	63	

When asked what could be done to get their business back (Question 20), 36.5% claimed that nothing could be done (Table 3.29). 25.4% wrote that lower costs could motivate them to do business with The Insurance Company again, and 28.6% wanted to see coverage available in Florida. A small percentage also wished to see better customer service.

Table 3.30

<i>Q21 - How did you originally acquire this policy?</i>		
	Flood	
	N	%
Contacted [The Insurance Company] for the purpose of getting this policy	1261	85.3%
Contacted [The Insurance Company] on unrelated matter and was offered this policy	202	13.7%
Other - [The Insurance Company] contacted member through mail marketing	14	0.9%
Other - Contacted [The Alliance Company]	0	0.0%
Other - Transferred to [The Insurance Company]	2	0.1%
Total	1479	

As with the other sample groups in the survey, all skip patterns reconvene for Question 21 (Table 3.30). While 85.3% contacted The Insurance Company specifically

to obtain a flood policy, 13.7% were offered one when they contacted The Insurance Company on an unrelated matter. Although it may not seem like a large number, it is much greater than any of the motorcycle or watercraft groups. As The Insurance Company has access to the same flood plain data that the public does, they were able to devise a system that flags individuals that live in or near these areas; the member service representatives can see this information and ask the member if they have a need for flood coverage. Unfortunately, there is no way to implement such a system within the motorcycle or watercraft product categories.

Table 3.31

Q23 - What are the additional policies from provider you switched to?

	Flood		% of Yes
	No	Yes	
Motorcycle	41	5	10.9%
Watercraft	43	3	6.5%
Auto	25	21	45.7%
Home	3	43	93.5%
Renters	43	3	6.5%
Flood	26	20	43.5%
Life	39	7	15.2%
Umbrella	37	9	19.6%
Other - Miscellaneous		0	
Other - RV/motorhome		0	
Other - Valuable property/jewelry/electronics		0	
Other - Landlord's policy		0	
Other - Recreational products		0	
Other - Wind/hail/flood		3	
Total	46		

According to Question 22, the majority of individuals who switched to another provider have other policies with that provider (68.7%). When pressed about what types of policies they had (Question 23), homeowner's insurance was unsurprisingly the most

common (93.5%) as it is often bundled with flood policies. Auto insurance was also popular, with 45.7% of respondents having it with the same company.

Table 3.32

Q24 - Is there any coverage not provided by [The Insurance Company] you would like available?

	Flood	
	N	%
Can't think of anything	707	69.3%
Product already offered by [The Insurance Company]	46	4.5%
Florida coverage/expand coverage to all areas	56	5.5%
Long-term care/Disability	19	1.9%
Health/Dental/Vision	41	4.0%
Motorcycle/Watercraft directly from [The Insurance Company]	38	3.7%
Miscellaneous	83	8.1%
Self-defense liability/firearms	3	0.3%
Homeowners	27	2.7%
Total	1020	

Question 24 asked the respondents if there was any type of coverage they wanted available (Table 3.32). As with the other sample groups, former flood policy holders generally suggested they couldn't think of any additional forms of coverage they wanted to see from The Insurance Company (69.3%). However, the flood sample had the highest percentage of individuals with no suggestions. The remainder of responses were spread out somewhat evenly. Additionally, Question 25 (Table 3.33) suggests that most former flood policy holders own their own homes (85.6%), and most of them tend to be single-unit homes (83.0%). This makes sense, as other types of dwellings are probably less likely to require or create a need for flood insurance.

Table 3.33

<i>Q25 - Which best describes your residence?</i>		
	Flood	
	N	%
Own or buying	1355	85.6%
Rent or leasing	186	11.8%
Military housing	12	0.8%
Reside with parents/relatives	19	1.2%
Other, including dorm	9	0.6%
Total	1581	

<i>Q26 - Is your primary residence a...?</i>		
	Flood	
	N	%
Single unit home	1311	83.0%
Apartment or duplex	86	5.4%
Townhome	70	4.4%
Condominium	77	4.9%
Mobile/manufactured home	18	1.1%
Other, including dorm	19	1.2%
Total	1581	

The responses to Question 27 indicate that 28.5% of former flood policy holders have moved to a new address within the last year (Table 3.34). 17.6% reported purchasing a home and 12% indicated changing jobs. These are the highest percentages of individuals who have either moved or purchased a new home across all the sample groups, although not by a large margin. Of course, this is expected due to the nature of flood coverage (if they've changed coverage, it is likely they have also changed residences). In terms of changing jobs, former flood policy holders fall somewhere between the motorcycle and watercraft groups (with motorcycle owners having the highest rates of changing jobs.)

Table 3.34

Q27 - Within the last year, have you or your spouse...?

	Flood		
	No	Yes	% of Yes
Moved to a new address	1131	450	28.5%
Purchased a home	1303	278	17.6%
Had a baby	1545	36	2.3%
Retired	1475	106	6.7%
Sent a child to college	1158	53	3.4%
Lost job	1514	67	4.2%
Changed job	1392	189	12.0%
Got married	1550	31	2.0%
Got divorced/separated	1537	44	2.8%
Total	1581		

As with the other sample groups, former flood policy holders are generally above 50 (69.9%). However, there are more females in the flood group (14%) than in motorcycle and watercraft (Table 3.35). As most registered owners of motorcycles and watercraft are males, it is unsurprising that flood coverage would have a comparatively higher percentage of females. Most (71.7%) are married, with the second largest category belong to divorced individuals (13.5%). Single individuals are uncommon, although owning a home and carrying flood insurance is probably less common for single individuals in general. Out of all the sample groups, former flood policy holders are the most likely to have never been in the military, but are either retired or separated if they have been.

Table 3.35

	Flood	
	N	%
18-24	2	0.1%
25-29	27	1.7%
30-39	206	13.0%
40-49	259	16.4%
50-59	327	20.7%
60-69	427	27.0%
70-79	319	20.2%
80-89	14	0.9%
Total	1581	

Gender of respondent

	Flood	
	N	%
Male	1068	67.6%
Female	513	32.4%
Total	1581	

Marital status

	Flood	
	N	%
Single	93	5.9%
Married	1133	71.7%
Widowed	105	6.6%
Separated	32	2.0%
Divorced	214	13.5%
Divorce pending	2	0.1%
Legal separation	2	0.1%
Total	1591	

Military status of respondent

	Flood	
	N	%
Data not collected	594	37.6%
Active duty	100	6.3%
Retired	466	29.5%
Inactive Reserve	80	5.1%
Pre-commissioned	0	0.0%
Separated	318	20.1%
Active reserve	23	1.5%
Total	1581	

CHAPTER FOUR

Conclusion

One of the most important roles of a social scientist is to identify which method of data collection is best to use given the situation. This knowledge is useful within a myriad of environments, and is of particular value within the private sector. The ability to gather meaningful data provides organizations with the information they need to make decisions. In this particular case, the information gathered was used to better understand the behavior of members within The Insurance Agency. Prior to this study, there was no such information available. Additionally, the lack of someone with a research background within the Agency would have made it difficult for them to gather accurate data. This project serves as a reminder that a knowledge of research methodology can be useful regardless of the setting in which research must be conducted.

The overall goal of this survey was to collect data pertaining to retention within the Agency division of The Insurance Company. However, given a limited budget and time frame, I also had to utilize a method of data collection that would be cost-effective as well as relevant to the population being examined. The web survey design proved to be an effective method of gathering responses, especially given the demographic characteristics of the population.

According to other research analysts within The Insurance Company, the average member survey has a response rate of about 2-5%. For this survey, the combined response rate for all populations was 7.82% (the motorcycle populations had the lowest response rates, and as the largest group it brought down the overall response rate significantly). I believe this improvement over previous surveys conducted by The Insurance Company was attained by incorporating ideas primarily learned from Dillman (personalized greetings, limited reminders, etc.). The fact that Agency members are generally wealthier than non-Agency members could have assisted with the increase in response as well, as the web survey method loses some of its weakness when administered to a group that is either younger or wealthier than average (Fricker et al, 2005).

As for the results of the survey, my contacts at The Insurance Company were somewhat surprised at some of the findings. When asked what the current status of their policy was, "I no longer own the item covered" was by far the most common response for former motorcycle and watercraft policy holders. In addition to this, the vast majority of respondents who no longer own the product have neither purchased a replacement nor do they intend to do so within the next year. As I suspected, these types of items seem to be viewed as leisure products rather than necessities; as a result, they are more likely to be sold by a member without the intention of replacing them.

The recreational nature of the Agency's products and services is a stark contrast to other areas of The Insurance Company, such as auto and homeowner's insurance. In these areas, an individual is presumably much less likely to sell the item being covered without replacing it at all. In other words, the relatively low retention rate of the

Agency's overall book of business is probably due to the fact that their products tend to be recreational in nature. This idea is further reinforced by the fact that about one-fifth of the non-payment cancellation respondents reported still owning the item without carrying coverage on it. While this is unlikely to be the case with auto or homeowner's insurance, the recreational nature of the Agency's products allow them to be owned without the desire or legal requirement for coverage. This appears to be the case despite the fact that most members know The Insurance Company can provide coverage for stored vehicles.

It is interesting to note that of the 20% of former motorcycle NPCs and watercraft NPCs who still owned the original vehicle, at least 75% of them report having the vehicle in storage (a similar finding was also noticed within the other motorcycle and watercraft groups as well, although a direct question about storage was only asked of the NPC respondents). According to the survey, the majority of these individuals are aware that The Insurance Company provides coverage while in storage; despite this, they choose not to carry this insurance.

Because the majority of individuals in this survey have reported selling the item that was covered without replacing it, the individuals who still own the item might provide the simplest area of opportunity for The Insurance Company. These respondents have not changed over to another provider, and therefore do not have to be "won back." Additionally, the majority of respondents indicated they would "definitely" consider The Insurance Company once the vehicle is taken out of storage, so the customer loyalty still remains. Perhaps The Insurance Company should consider making the coverage option for stored vehicles more attractive somehow.

Although most former policy holders have reported selling their vehicle, they seem to have a high opinion of the company in general. Of the respondents that sold their products, only about 8% indicated they would not consider The Insurance Company for their needs. In fact, 67.3% reported they would “definitely” utilize their services. While these individuals may have sold their recreational products, it appears they maintain their loyalty to The Insurance Company. As The Insurance Company was concerned that their members were changing providers due to high cost, they were surprised to learn that only a relatively small percentage of respondents reported switching at all (11.2%-23.7%). The former motorcycle policy holders were the most likely to have switched to another provider (around one-fifth of them did so), although this percentage is not astronomically greater than the former watercraft policy holders. Only 2.7% of former flood policy holders reported changing over to another provider.

Even though the percentage of individuals who switched insurance companies was much lower than they expected, The Insurance Company was correct in assuming that high costs would be a primary reason for doing so. With the exception of the flood sample, all other sample groups reported cost as being the primary reason they looked elsewhere for coverage. This was by far the most commonly listed reason, and was significantly larger than any other category.

Several of the open-ended responses also brought up negative feelings towards the use of alliance companies by The Insurance Company. The Alliance Company itself received some particularly harsh criticism. Because The Insurance Company caters to the military market, several of their members tend to lean towards a conservative political viewpoint. However, The Alliance Company is run by an individual that tends to support

politically liberal causes; this creates friction between some of The Insurance Company's members and The Alliance Company, with several respondents expressing confusion that these two insurance providers would work together.

However, not all of the criticism against alliance companies is due to a negative perception of another insurance provider. Several of the respondents indicated they did not like the idea of being referred to another provider simply because they wanted to do business solely with The Insurance Company. As one respondent stated, "I have been a customer of [The Insurance Company] for 27 years, and they've handled everything I've ever needed to insure. I do not like being sent to someone else, I want everything to be covered by [The Insurance Company]."

Currently, The Insurance Company is evaluating whether or not to stop offering some of the Agency's largest products through alliance companies, and cover them directly instead. Based on the responses to this survey, there is certainly a sizeable portion of members who would be pleased to see this happen. However, these members may not generate enough revenue to overcome the cost of directly covering such products.

For flood, almost half of the members who switched desired coverage from a local source, and approximately another third switched because they wanted their flood policy combined with their homeowner's policy. While these were the main reasons former flood policy holders appear to have switched over, approximately one-fifth also cited cost as a reason for switching coverage. With the exception of Competitor 6 for motorcycles, there doesn't seem to be a single one provider that the former members of The Insurance Company prefer over others.

Fortunately for The Insurance Company, it appears that most individuals who switched their Agency product did not switch any others. Generally, between one-quarter and one-third of respondents indicated having other policies with the company they switched to. Flood is the exception here, with two-thirds indicating they did have additional policies. However, because flood coverage is often attached to homeowner's insurance, this was expected. In fact, over 90% of the flood respondents also reported having homeowner's insurance with the same provider.

As for the former motorcycle and watercraft policy holders, auto insurance seems to be the most commonly-held additional policy. Homeowner's coverage is also popular with these populations, though not to the same extent as it was with the former flood policy holders. Interestingly, the percentage of individuals who also reported having renter's insurance is about 20% for all former motorcycle policy holders, whereas it is in the single digits for former watercraft and flood policy holders.

Originally, some of my contacts at The Insurance Company expressed interest in being able to determine if the method of product acquisition had an effect on product tenure. While I incorporated a question to measure this, virtually all of the respondents reported having contacted The Insurance Company specifically for the purpose of obtaining coverage for their product. The only minor exception was approximately 14% of the former flood policy holders.

While it makes sense that The Insurance Company would push flood coverage more often than motorcycle or watercraft coverage (it is likely that a greater number of people are more prone to flooding than owning a motorcycle or watercraft), it does appear that there could be a small untapped area of opportunity here. Perhaps the

Agency's Member Service Representatives could try asking members if they own either a motorcycle or watercraft. Utilizing previous cluster analyses that have been done on The Insurance Agency customers, it should be possible to determine which members are the most likely to own one or both of these products.

In terms of improving retention, perhaps the most difficult problem to overcome lies with flood policies. Only a very small percentage (2.7%) of them have switched to another company, and another sizeable portion of respondents have sold their homes without replacing them. The majority of the respondents fell into two categories. The first indicated that they were taken out of the flood plain, which meant they were no longer mandated to carry flood coverage. The second category was made up of respondents who simply did not view flooding as a risk. Unfortunately, there is very little The Insurance Company can do about flood plain changes, and if a member feels they are not at risk they have already at least considered coverage. Perhaps the best course of action would be to push harder for new flood policies so they may balance out the ones that are dropped due to removal from the flood plain.

When asked if there was any coverage not provided by The Insurance Company they would like to have available, the majority of respondents claimed they could not think of anything. Several also expressed satisfaction with The Insurance Company, stating they provided everything they had a need for. However, about one-fifth of the respondents indicated they would like to see their former product carried through The Insurance Company directly rather than an alliance company (as discussed earlier). Of particular interest to The Insurance Company was the fact that around 10% of individuals requested a product that is currently offered by the Agency. There may be some

opportunity by ensuring that members are aware of the different products and services that are offered.

Ultimately, the Agency was very pleased at the outcome of the survey, and agreed with my interpretation of the results. Information gathered on life events as well as demographic data will continue to be utilized outside the frame of this particular study. It is my intent to later determine if there are correlations between demographics/life events and product tenure. Additionally, there are other analysts at The Insurance Company that would like to determine if certain life events are statistically related to picking up certain types of coverage.

The success of this web survey design has generated discussion within research analytics at The Insurance Company. Due to the response rate being higher than previous attempts at data collection, staff members are discussing whether or not these tactics should be replicated within other survey designs as well. Although they may not be ideal for data collection within the general populace, this particular study has demonstrated the usefulness of the web design when administered within a specialized population of the private sector.

APPENDIX

APPENDIX A

Survey

Dear [First] [Last],

At [The Insurance Company], we recognize that listening to the opinions of our members is one of the most important things we can do. We invite you to take part in a survey that will provide valuable information to help us better meet your needs.

This survey should only take a few minutes to complete.

>> START SURVEY NOW

Be assured that this study is for research purposes only and your responses will be reported and used in aggregate with responses from other members. Additionally, at no time during this survey will you be asked to purchase anything, and we will not contact you as a result of your participation. Please note that this survey will be running for a limited period of time.

If you have questions or technical problems while taking the survey, please send an e-mail to [redacted].

Thank you for your participation. We look forward to hearing from you!

INTRODUCTION:

Thank you for choosing to participate in this survey. This questionnaire will take only a few minutes to complete.

If CANCELLATION_REASON_CD = N; Else skip to Q1

If product = flood, survey begins at Q16

N1.

Our records indicate that your [motorcycle/watercraft] coverage through [The Insurance Company] was canceled because [Carrier] had not received payment. [The Insurance Company] understands this may be a sensitive situation, but in order to explore ways to improve their processes, we would like to know more about the situation that prevented you from making your insurance payment.

Did you stop making payments on your [motorcycle/watercraft] insurance because you changed insurance companies, or did an unplanned financial situation or other circumstances prevent you from making your payment?

- 1 Did not make payment because I changed or switched companies used for [motorcycle/watercraft] insurance
- 2 Financial situation or other circumstances prevented me from making payment
- 3 Decided not to carry insurance, but still own a [motorcycle/watercraft]
- 4 No longer need insurance because I no longer own a [motorcycle/watercraft]
- 5 I didn't know the policy had been canceled at that time
- 6 I don't know why I didn't pay
- 7 Other (please specify): _____

[IF RESPONSE=1 THEN SKIP TO Q5;

IF RESPONSE=3 THEN SKIP TO Q10;

IF RESPONSE=4 THEN SKIP TO Q2;

IF REPSONSE=2, 5, 6, OR 7 THEN SKIP TO Q21;

IF REFUSAL THEN SKIP TO TERMINATE TEXT]

Q1

Our records show that you had a [motorcycle/watercraft] insurance policy through {The Insurance Company} with [Carrier] within the past year, however you no longer have this policy through {The Insurance Company}. In order to help {The Insurance Company} improve our product offerings, please answer the following questions regarding this policy.

Which of the following best describes the current status of this policy:

- 1 I no longer own the [motorcycle/watercraft] covered by this policy
- 2 I have [motorcycle/watercraft] coverage with another company and I am not going through [motorcycle/watercraft]
- 3 I still own a [motorcycle/watercraft], but I am not carrying insurance at this time with any company
- 4 Other (please specify): _____

[IF RESPONSE=1 PROCEED TO Q1A;

IF RESPONSE=2 SKIP TO Q5;

IF RESPONSE=3 SKIP TO Q1C;

IF RESPONSE=4 SKIP TO Q24;

IF REFUSAL THEN SKIP TO TERMINATE TEXT]

Q1A

Did you purchase another [motorcycle/watercraft]?

1 Yes

2 No

[IF RESPONSE=1 PROCEED TO Q1B;

ELSE SKIP TO Q2]

Q1B

Do you carry insurance on this [motorcycle/watercraft]?

1 Yes

2 No

[IF RESPONSE=2 THEN PROCEED TO Q1C;

ELSE SKIP TO Q5]

Q1C

Why are you not currently carrying [motorcycle/watercraft] insurance?

_____ [OPEN-ENDED]

[ALL RESPONSES SKIP TO Q24]

Q2

In the next 12 months, how likely are you to purchase another [motorcycle/watercraft]?

1 Definitely will not purchase

2 Probably will not purchase

3 Not sure

4 Probably will purchase

5 Definitely will purchase

[IF RESPONSE=3-5 PROCEED TO Q3;

ELSE SKIP TO Q21]

Q3

If you do purchase another [motorcycle/watercraft], how likely are you to consider insurance coverage through [The Insurance Company]?

1 Definitely will not purchase

2 Probably will not purchase

3 Not sure

4 Probably will purchase

5 Definitely will purchase

[IF RESPONSE=1-3 PROCEED TO Q4;

ELSE SKIP TO Q21]

Q4

Why would you not consider coverage through [The Insurance Company]? Select all that apply:

[RANDOMIZE ORDER OF RESPONSES]

1 [The Insurance Company] coverage was too expensive

2 Reputation of another provider

3 Previous experience with another company

4 Friends/family recommended other company

5 [The Insurance Company] could not provide desired amount of coverage

6 Poor customer service

7 Other (please specify): _____

[ALL RESPONSES SKIP TO Q21]

Q5

What motivated you to look outside of [The Insurance Company] for

[motorcycle/watercraft] coverage?

_____ [OPEN-ENDED]

[ALL RESPONSES PROCEED TO Q6]

Q6

What company do you currently have your [motorcycle/watercraft] insurance with?

[IF PRODUCT=WATERCRAFT]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

8 [REDACTED]

9 Other (please specify): _____

[IF PRODUCT=MOTORCYCLE]

- 1 [REDACTED]
- 2 [The Alliance Company]
- 3 [REDACTED]
- 4 [REDACTED]
- 5 [REDACTED]
- 6 [REDACTED]
- 7 [REDACTED]
- 8 [REDACTED]
- 9 [REDACTED]
- 10 Other (please specify): _____

[ALL RESPONSES PROCEED TO Q7]

Q7

Why are you no longer going through [The Insurance Company] for [motorcycle/watercraft] coverage? Select all that apply.

[RANDOMIZE ORDER OF RESPONSES]

- 1 [The Insurance Company] coverage was too expensive
- 2 Reputation of another provider
- 3 Previous experience with another company
- 4 Friends/family recommended other company
- 5 [The Insurance Company] could not provide desired amount of coverage
- 6 Poor customer service [The Insurance Company]

7 Claims experience with [The Insurance Company]

8 Other (please specify): _____

[ALL RESPONSES SKIP TO Q21]

Q8

Question deleted; retained to keep skip patterns accurate.

Q9

Question deleted; retained to keep skip patterns accurate.

Q10

Is this [motorcycle/watercraft] currently in storage?

1 Yes

2 No

[IF RESPONSE=1 SKIP TO Q11;

ELSE SKIP TO Q10A]

Q10A

Why are you currently not carrying [motorcycle/watercraft] insurance?

_____ [OPEN-ENDED]

[ALL RESPONSES SKIP TO Q21]

Q11

Are you aware that [motorcycle/watercraft] insurance provides coverage while in storage?

- 1 Yes
- 2 No

[ALL RESPONSES PROCEED TO Q12]

Q12

Once you remove your [motorcycle/watercraft] from storage, how likely are you to consider insurance coverage through [The Insurance Company]?

- 1 Definitely will not purchase
- 2 Probably will not purchase
- 3 Not sure
- 4 Probably will purchase
- 5 Definitely will purchase

[IF RESPONSE=1-3 PROCEED TO Q13;

ELSE SKIP TO Q21]

Q13

Why would you not consider [motorcycle/watercraft] coverage with [The Insurance Company]? Select all that apply:

[RANDOMIZE ORDER OF RESPONSES]

- 1 I intend to sell my [motorcycle/watercraft]
- 2 [The Insurance Company] coverage was too expensive
- 3 Reputation of another provider

- 4 Previous experience with another company
- 5 Friends/family recommended other company
- 6 [The Insurance Company] could not provide desired amount of coverage
- 7 Poor customer service [The Insurance Company]
- 8 Claims experience with [The Insurance Company]
- 9 Other (please specify): _____

[ALL RESPONSES SKIP TO Q21]

Q14

Question deleted; retained to keep skip patterns accurate.

Q15

Question deleted; retained to keep skip patterns accurate.

Q16

Our records show that you had a flood policy through [The Insurance Company] within the past year, however you no longer have this policy through [The Insurance Company]. In order to help [The Insurance Company] improve our product offerings, please answer the following questions regarding this policy. Which of the following best describes the current status of this policy?

- 1 I no longer own the home covered by the flood policy through [The Insurance Company]

- 2 I still own the home, but switched flood coverage to another company
- 3 I still own the home, but I am not carrying flood insurance at this time
- 4 Other (please specify): _____

[IF RESPONSE=1 PROCEED TO Q16A;

IF RESPONSE=2 SKIP TO Q17;

IF RESPONSE=3 SKIP TO Q16C;

IF RESPONSE=4 SKIP TO Q24;

IF REFUSAL THEN SKIP TO TERMINATE TEXT]

Q16A

Did you purchase another home?

- 1 Yes
- 2 No

[IF RESPONSE=1 PROCEED TO Q16B;

ELSE SKIP TO Q21;]

Q16B

Do you carry flood insurance on this home?

- 1 Yes
- 2 No

[IF RESPONSE=1 SKIP TO Q17;

IF RESPONSE=2 PROCEED TO Q16C;

IF REFUSAL SKIP TO Q21;]

Q16C

Why are you not currently carrying flood insurance?

_____ [OPEN-ENDED]

[ALL RESPONSES SKIP TO Q21]

Q17

What company do you go through for flood coverage?

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 The Alliance Company

11 [REDACTED]

12 [REDACTED]

13 Other (please specify): _____ [OPEN-ENDED]

[ALL RESPONSES PROCEED TO Q18]

Q18

Why did you choose this company instead of using [The Insurance Company]? Select all that apply:

[RANDOMIZE ORDER OF RESPONSES]

- 1 [The Insurance Company] coverage was too expensive
- 2 Reputation of another provider
- 3 Previous experience with another company
- 4 Friends/family recommended other company
- 5 [The Insurance Company] could not provide desired amount of coverage
- 6 Poor customer service [The Insurance Company]
- 7 Claims experience with [The Insurance Company]
- 8 I wanted to carry homeowner's and flood insurance with the same company
- 9 [SHOW TO Q16B=1 ONLY] Assumed previous owner's policy
- 10 Process of acquiring policy easier with another company
- 11 Prefer a local company
- 12 Other (please specify): _____

[ALL RESPONSES SKIP TO Q19]

Q19

What could [The Insurance Company] have done to prevent you from switching flood insurance through another company?

_____ [OPEN-ENDED]

[ALL RESPONSES PROCEED TO Q20]

Q20

What could [The Insurance Company] do you win back your business for flood coverage?

_____ [OPEN-ENDED]

[ALL RESPONSES PROCEED TO Q21]

Q21

Which best describes the manner in which you acquired your

[motorcycle/watercraft/flood] insurance policy from [The Insurance Company]?

- 1 I contacted [The Insurance Company] with the intention of acquiring this policy
- 2 I contacted [The Insurance Company] on an unrelated matter and the representative offered this product
- 3 Other (please specify): _____ [OPEN-ENDED]
- 4 I don't remember

[ALL RESPONSES PROCEED TO Q22]

Q22

[ASK Q22 AND 23 TO THOSE RESPONDING TO Q6 OR Q17; ELSE SKIP TO Q24]

Do you have any other insurance policies with [ANSWER TO Q6 OR Q17; IF Q6 OR Q17 = "OTHER," THEN STATE "YOUR CURRENT CARRIER"]?

- 1 Yes
- 2 No

[IF RESPONSE=1 PROCEED TO Q23;

ELSE SKIP TO Q24]

Q23

What type of insurance policies do you carry with [ANSWER TO Q6 OR Q17; IF Q6 OR Q17 = "OTHER," THEN STATE "YOUR CURRENT CARRIER"]? Select all that apply:

[RANDOMIZE ORDER OF RESPONSES]

- 1 Motorcycle insurance
- 2 Watercraft insurance
- 3 Auto insurance
- 4 Home insurance
- 5 Renters insurance
- 6 Flood insurance
- 7 Life insurance
- 8 Umbrella insurance
- 9 Other (please specify): _____ [OPEN-ENDED]

[ALL RESPONSES PROCEED TO Q24]

Q24

If there is any type of insurance coverage NOT provided by [The Insurance Company] that you would like to have available, what would it be?

_____ [OPEN-ENDED]

[ALL RESPONSES PROCEED TO Q25]

Q25

Which of the following best describes your primary residence?

- 1 Own or buying
- 2 Rent or lease

- 3 Military housing
- 4 Reside with parents or other relatives
- 5 Other, including dormitory

[ALL RESPONSES PROCEED TO Q26]

Q26

Is your primary residence a...?

- 1 Single-unit home
- 2 Apartment or duplex
- 3 Townhome
- 4 Condominium
- 5 Mobile/manufactured home
- 6 Other, including dormitory

[ALL RESPONSES PROCEED TO Q27]

Q27

Within the last 12 months, have you or your spouse:

[RANDOMIZE ORDER OF APPEARANCE]

Select all that apply:

- 1 Moved to a new address
- 2 Purchased a home
- 3 Had a baby
- 4 Retired

5 Sent a child to college

6 Lost job

7 Changed job

8 Got married

9 Got divorced/separated

[IF N1=2, 6, OR 7 PROCEED TO Q28;

ELSE SKIP TO COMPLETED TEXT]

Q28

What could have been done by [The Insurance Company] or [CARRIER] so you could have continued the coverage?

_____ [OPEN-ENDED]

[ALL RESPONSES PROCEED TO COMPLETED TEXT]

[END OF QUESTIONNAIRE]

TERMINATE TEXT: Thank you for your time. For this study, we want to talk to members who had and cancelled [PRODUCT] coverage.

COMPLETED TEXT: Thank you for taking the time to answer our questions. We greatly appreciate your assistance.

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