

General Motorist and New Car Buyer Research 2020

SUMMARY EXCERPT

Motor Accident Insurance Commission

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MAiC
Motor Accident
Insurance Commission



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Summary

Background information

MCR was commissioned by MAIC in April 2020 to survey general motorists and new car buyers about Compulsory Third Party (CTP) Insurance. Similar studies have been conducted by MCR on behalf of MAIC in 1999, 2007, 2011, 2013, 2016, 2017, 2018 and 2019.

The 2020 study comprised a state-wide quantitative online survey of 735 motorists responsible for the registration of a class one or class six vehicle. The sample included 525 registered motor vehicle owners and 210 people who had purchased a new car between April 2019 and April 2020. The survey fieldwork was conducted between the 30th April and the 3rd May 2020.

CTP Knowledge and Expectations

Awareness and perceptions of coverage

Awareness of CTP insurance remains almost universal among motorists in 2020 (96%, 97% 2019).

While 65% correctly believe CTP insurance covers injuries caused from vehicle accidents, nearly one half (46%) incorrectly assume CTP insurance provides coverage for damage to someone else's vehicle and 37% believe CTP insurance covers damage to someone else's property (e.g. fence, pole or house).

In terms of personal injury coverage, the majority of motorists correctly believe that CTP insurance covers the driver of a vehicle involved in an accident caused by another vehicle (76%, declining since 2019 81%), a pedestrian injured by a vehicle (74%) or a passenger in a vehicle involved in an accident (70%).

A small proportion of motorists incorrectly believe that CTP insurance provides injury coverage for:

- a driver of a vehicle involved in an accident where no other vehicle was involved (26%)
- a driver of a vehicle involved in an accident after they drove through a red light (18%).

Perceptions about personal injury coverage are largely consistent with previous surveying.

Comprehensive motor vehicle insurance

When prompted, 50% of respondents are unaware that comprehensive motor vehicle insurance does not cover the driver or passenger for injury, this result being consistent with 2019, 51%.

Expectations for claims payment

Motorists are most likely to expect that medical costs (81%) would be paid for under a CTP personal injuries claim, followed by rehabilitation costs (66%, declining since 2019, 71%). Care and support service costs are thought to be covered by a CTP claim by approximately one in two motorists (47%), while loss of wages is expected to be covered by 35% of motorists (this expectation decreasing since the 2019 survey, 41%). 34% would expect legal costs to be paid for under a claim (new item in 2020). Funeral costs are thought to be covered by 29% of motorists, however this expectation has also decreased since the 2019 survey (35%).

CTP insurers and Switching

Insurance providers

Respondents are most likely to report using RACQ Insurance (35%) or Suncorp (29%) for CTP insurance in 2020. These were also the top two insurers reportedly in use in 2019. 16% state they have CTP insurance with Allianz, 3% nominate QBE Insurance, while 5% report having CTP insurance with another provider. 12% of respondents cannot either correctly identify or recall their CTP insurer (11% in 2019).

Most preferred CTP insurer

When asked to rank their most preferred brand for CTP insurance, RACQ Insurance obtains the highest proportion of number one rankings (46%), followed in second place by Suncorp (34%). Lower percentages of motorists are found to rank Allianz (13%) or QBE Insurance (7%) as their most preferred insurer.

Whether CTP insurance would be bought if not compulsory

In 2020, 83% of respondents report that they would still buy CTP insurance, even if it was not compulsory (86% in 2019), with motorists aged between 17-35 years least likely to buy this form of insurance if not compulsory.

Other insurance policies held

In terms of other insurances held, comprehensive motor vehicle insurance (83%) is by far the most prevalent (2019 83%). Other insurances commonly held are private health (52%), life insurance (25%) or third party property damage (21%, declining from 27% in 2019).

Price and payment

When asked how much they last paid for CTP insurance, 62% of motorists are unable to estimate the price they pay for their CTP insurance (up from 52% in

2019). Among those able to make an estimate, the average annual price of a CTP premium (based on the median) is \$327 (\$322 class one, \$351 class six). These estimates are slightly lower than the actual pricing (\$351.20 class one, \$398.40 class six) at the time of surveying.

Switching insurance providers

In 2020, 84% of respondents report being aware they have the option to switch CTP insurer (2019 80%).

43% report having ever switched their CTP provider (45% in 2019). On average respondents report last switching three years ago. Most commonly, switchers found that the following circumstances started them thinking about making the change to their CTP insurance provider:

- Seeing instructions on how to switch on the CTP notice that comes with the registration renewal notice (15%)
- The CTP insurer asked them to switch when they contacted the insurer about other insurance products (12%)
- Receiving a letter in the mail from the CTP insurer asking them to switch (10%, 15% in 2019)
- Habitually shopping around at renewal time (10%, 14% in 2019)
- Finding a cheaper price on the Department of Transport and Main Roads website (10%, 14% in 2019).

Most appealing incentives to change CTP insurer

Out of a prompted list of incentives to change CTP insurer, the most appealing is a cheaper price of \$30 (44%), followed by a discount on other insurances being held with a CTP insurer (31%). 13% find a discount on roadside assistance cover to be the most appealing trigger to switch, 9% find a small gift such as movie tickets, gift card or petrol voucher the most appealing trigger, while 4% feel that a donation to charity by a CTP insurer is the most appealing incentive to change.

The older the motorist, the more likely they are to regard the cheaper price incentive as most appealing.

Reasons for not switching

The most common reasons for having never switched CTP insurer are not considering it a priority to do so (28%), perceiving there to be no price difference between insurers (25%), the process being felt to involve too much effort (21%) or not having ever thought of it (19%, this response in significant decline since 2019, 30%).

Help to select CTP insurer

Usefulness of CTP insurer incentives displayed on MAIC website

When motorists are asked if the listing of CTP insurer incentives on the MAIC website is useful to them when choosing an insurer, eight in ten (81%) agree that it is, with widespread support for this across demographics.

Usefulness of CTP insurer claims performance ratings displayed on MAIC website

When motorists are asked if they would find it useful if CTP insurers' claims performance ratings were displayed on the MAIC website, approximately eight in ten feel that this initiative would be useful (78%). Motorists aged 55 years and over or class one vehicle owners are more likely than average to consider these ratings as useful.

Incentives to switch versus CTP insurer claims performance ratings

Motorists are evenly divided in terms of what is important to them when selecting a CTP insurer, with 53% reporting that a CTP claims performance rating is more important, while 47% feel that incentives offered by insurers to switch

are of greater importance. The older the motorist, the more likely they are to indicate a preference for a CTP insurer claims performance rating.

Preferred communication channels

The following are most likely to be selected by respondents as the best ways to inform them about their ability to choose their CTP insurer:

- Information printed on the registration renewal (52%, 53% in 2019)
- A flyer inserted with registration renewal (52%, 53% in 2019)
- An email from the Queensland Government Department of Transport & Main Roads (45%, 43% in 2019).

Motorists aged 55 years and over are more likely than average to prefer a flyer with registration renewal or to receive correspondence from the Motor Accident Insurance Commission. Motorists aged between 17 and 34 years are more likely than average to favour a range of digital communication channels (i.e. social media, websites) or television.

Previous visitation of the MAIC website

10% of Queensland motorists report having ever visited the MAIC website, (3% in the last twelve months, 5% in the last two to three years and 1% visiting four or more years ago). Use of the website is significantly more likely among motorists aged 17 to 34 years (18%), than it is among those aged 35 years and older (6%).

Affordability versus competition

75% of registered motor vehicle owners (76% in 2019), report that a CTP scheme with a focus on affordable premiums for the majority of the community is more important to them than a scheme where the focus is on promoting greater price competition between insurers (25%, 24% 2019).

Importance of factors regarding CTP

Consistent with previous findings, in 2020 the most important factors for motorists about CTP are getting an affordable premium, ensuring all drivers who cause accidents are covered for claims made against them and having a simple payment process.

Phone calls received from 'car crash scammers'

In 2020, 40% of motorists report ever receiving a call from a 'car crash scammer' (including 9% who have received a call within the last three months, representing a decline from 21% in 2019). A possible contributor to this decline may have been the introduction of laws to combat car crash scamming on 5 December 2019.

Of those who have been contacted by a 'car crash scammer', only 14% reported the contact to MAIC or another authority, while 87% did not report the contact. The most common reason for not reporting a call was not knowing who to contact to make the report (61%, 2019 65%).

Comparison of class one and class six vehicle owners

Class one vehicle owners

Class one vehicle owners are *more* likely than average to:

- report Suncorp as their CTP insurance provider
- rate claims performance ratings as useful
- rate an easy CTP payment process as important
- rate incentives such as fuel vouchers, discounts, movie tickets as important.

Class one vehicle owners are *less* likely than average to:

- be aware of CTP insurance when prompted
- be certain about the circumstances where people's injuries are covered by CTP insurance
- be aware that comprehensive motor vehicle insurance does not cover the driver or passenger for personal injury
- own insurance policies for life insurance
- own insurance policies for total and permanent disability
- have ever changed their CTP insurer
- rate multiple policy discounts on other insurances as important.

Class six vehicle owners

Class six vehicle owners are *more* likely than average to:

- have higher than average awareness of CTP insurance
- own insurance policies for life insurance
- own insurance policies for total and permanent disability
- report receiving a call from a car crash scammer in the past.

Conclusions – General motorists

2020 switching

As the most common trigger to switching insurers in 2020 is seeing instructions on how to switch on the CTP insurance notice that comes with the registration renewal notice (15%), continued support of this mechanism to change CTP insurers is recommended.

Usefulness of CTP insurer incentives displayed on MAIC website

Given that eight in ten motorists advise that the listing of CTP insurer incentives on the MAIC website is useful when choosing an insurer, it recommended that this assistance to motorists in comparing CTP providers is continued.

Usefulness of CTP insurer claims performance ratings displayed on MAIC website

As eight in ten motorists feel that information about the claims performance ratings of each CTP insurer would be helpful in their selection of a CTP provider, there is widespread support for this information to be included on the MAIC website. Should this information be made available on the site, those most likely to seek out this information (and therefore worth targeting), are class one vehicle owners or motorists aged 55 years and over. Motorists aged 55 years and over in particular are in much greater support of claims performance rating information over an incentive from a CTP insurer to switch insurers.

Past visitation of the MAIC website

Previous visitation of the MAIC website is significantly more common among motorists aged 17 to 34 years (18%) than it is among those aged 35 years and over (6%), this being a possible artefact of the greater use of online sites among younger people more generally. Survey results show however that the current information on the MAIC website comparing the incentives of CTP insurers is important to all age groups, and that possible additional information about

claims performance ratings is also widely appealing, particularly to motorists aged 55 years and over. There may therefore be an opportunity to activate more website visitation by making specific reference to the helpful content on the MAIC site in the direct mail insert accompanying the registration renewal notice.

Car Crash Scammers

The significant year on year decline in the proportion of motorists being contacted by a car crash scammer in the last three months suggests that the introduction of laws to combat car crash scamming on 5 December 2019 has already begun to make an impact. Nevertheless, continued promotion of where to report this illegal behaviour is recommended until there is further decline in recent reports of this activity.

New car buyers

Awareness and consideration of CTP insurance

Of motorists who purchased a new car between April 2019 and April 2020, the majority (77%) report being aware that they were required to select their CTP insurer, this result being consistent with 2019 (73%).

Presentation of CTP insurance costs

In 2020, 44% of new car buyers report that in the lead-up to purchasing their new vehicle, they informed the dealer of the CTP insurer they wanted to use (52% in 2019).

49% of new car buyers report that their dealer alerted them of the need to select a CTP insurer, a result in line with 2019, 52%. 22% of new car buyers in 2020 recall the dealer providing them with information detailing the price of each CTP insurer's policy (26% in 2019).

For approximately one half (53%) of new car buyers, the cost of CTP insurance was reportedly rolled-up into a total figure or a 'drive-away' price, this being consistent with the result for 2019 (57%). 25% indicate the insurance was offered for free as part of the 'free on-road costs' (21% in 2019). For 18% of new car buyers in 2020 the insurance premium was detailed separately from other costs (19% in 2019).

34% of those who received free on-road costs report being asked by the motor vehicle dealer to choose a particular insurer (51% in 2019). Of those who were asked to choose, RACQ Insurance (41%) and Suncorp (41%) were the most commonly selected brands.

Influence of dealer on choice of insurer

15% of new car buyers feel their dealer tried to persuade them to select a certain CTP insurer (19% in 2019). Of those who experienced some persuasion by their dealer, the most commonly reported rationale for the dealer's recommendation was that they could offer the respondent a discount or special deal if they took up the dealer's suggestion (32%). 23% report that they were informed that the dealer's recommendation was made because the CTP insurer was positioned as being better.

In 2020, 72% of new car buyers report being satisfied that they were able to (or would have been able to) select their preferred CTP insurer. 16% were unsure whether they would have been able to select their preferred CTP insurer, while 12% feel there was (or would have been) some resistance from their dealer (or a preference of their dealer) to go with a certain brand. New car buyers aged 17 to 34 years or female buyers were more likely to report that the dealer tried to persuade them. These findings are consistent with the 2019 survey. When asked how important it is to be able to independently choose their CTP insurer, 75% of new car buyers in 2020 rate this as important/quite important/very important, compared with 77% in 2019.

Conclusions – New car buyers

The 2020 survey results with new car buyers are largely consistent with the 2019 findings. On the issue of whether new car buyers felt that they were being persuaded by the dealer to go with their recommended CTP insurer, new car buyers aged 17 to 34 years were more likely to report this occurring, reflecting the findings of 2019. Additionally, this year female car buyers were more likely than males to report that they felt some pressure from the dealer. It is therefore suggested that future communications about the right to choose a CTP insurer take into account the potential susceptibility of these segments.