

# General Motorist and New Car Buyer Research 2017

Motor Accident Insurance Commission

Job #: 171578

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# Summary

## Background information

MCR was commissioned by MAIC in March 2017 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 and 2016.

The 2017 study was conducted in two stages; a preliminary qualitative stage (two focus groups) to explore key issues and help inform questionnaire design for stage two which was a state-wide quantitative online survey. This comprised 315 surveys with registered motor vehicle owners and 210 surveys with people who had purchased a new car between May 2016 and May 2017. The survey fieldwork was conducted between the 18<sup>th</sup> May and 29<sup>th</sup> May 2017.

## General motorists

### CTP Knowledge and behaviour

#### Awareness and perceptions of coverage

Awareness of CTP insurance remains almost universal among general motorists in 2017 (97%, 97% 2016). While 79% correctly believe CTP insurance covers *personal injury for third parties*, nearly one half (47%) incorrectly assumes CTP insurance provides coverage for *third party property damage* (49% 2016).

76% of motorists believe that CTP insurance provides coverage for a driver injured in an accident where the driver of another vehicle was at fault. 75% assume it covers a pedestrian injured by a motor vehicle where the driver was at fault, while 72% believe it covers a passenger injured in an accident. These results are in line with 2016 survey findings.

In a new measure in 2017, 53% of respondents are unaware, when prompted, that *comprehensive* motor vehicle insurance does *not* cover the driver or passenger for injury (36% are aware, while 11% are unsure).

### Insurance providers

Respondents are most likely to report using Suncorp (33%) or RACQ Insurance (32%) for CTP insurance in 2017. These were also the top two insurers noted in 2016.

In 2017, 52% of those aware of their CTP insurer report holding other insurance policies or memberships with their CTP insurer, 45% do not, while 3% are unsure. Results are in line with 2016. In 2017, the most frequently nominated benefits of holding multiple policies with a single insurer are receiving a discount or cheaper price on other insurances (43%), the convenience/knowing where all policies are held (33%) or confidence that the company is trustworthy/reputable (30%).

### Price and payment

In 2017, the average estimated annual price of a CTP premium is \$298.22, lower than the actual CTP premium (\$352.60 at the time of surveying). The majority of respondents (59%) however are unable to estimate the price they pay for their CTP insurance (73% 2016).

54% of motorists in the 2017 survey believe they are paying *about the same price* with their CTP provider as that offered by other CTP insurers (up from 45% in 2016 but reflecting 2013 survey findings). 14% feel they receive a *cheaper* price, 2% feel they are paying *more*, while 30% don't know.

67% of motorists in the 2017 survey pay their CTP/registration annually (up from 61% in 2016), 25% 6 monthly (down from 31% in 2016), 5% quarterly, while 4% can't recall the frequency. When asked if they would be interested in paying monthly, 41% express an interest in doing so.

### Switching insurance providers

In 2017, 86% of respondents report being aware they have the ability to switch CTP insurer (up from 80% in 2016, reverting back to levels in line with earlier surveys). 44% of all registered drivers believe they can make the switch *only at registration time*, 35% however know they are able to make a change at *any time throughout the year\**, while 21% are unsure on this matter. These results are in line with the 2016 findings. *\*Motorists are only able to nominate (not make) a change at any time (future surveying will amend this wording).*

Consistent with the 2016 result, 17% of registered motor vehicle owners report they are likely to consider switching CTP insurer in the next 12 months. If they were to switch today, respondents would most commonly switch to RACQ Insurance (10%) or Suncorp (4%). Wanting a cheaper price is the most common motivator for considering a switch, followed by the convenience of combining multiple insurance policies or receiving a multi-policy discount.

### **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 provider:

- A flyer inserted with registration renewal (55%)
- Information printed on the registration renewal (39%, down from 54% in 2016)
- An email from the Queensland Government Department of Transport & Main Roads (DTMR) (36%).

Online channels are most likely to be preferred by younger motorists (17-34 years old), especially social networking media (31%, average 15%).

In a new measure in 2017, 20% of respondents report having signed up with the Department of Transport and Main Roads (DTMR) to receive their registration and CTP renewal notice via email. The survey figure (20%) is overstated compared to actual figures provided by DTMR (approximately 2%); this may be due to some respondents confusing paying online with receiving their notice via email or confusing their comprehensive motor vehicle premium notice with the registration notice. Of those who have not signed up, 59% indicate they are interested in doing so (27% *very* interested, 32% *quite* interested).

23% of respondents report they have signed up to receive DTMR reminders via email.

### **Affordability versus competition**

53% of registered motor vehicle owners indicate they would prefer to keep the current upper price limit rather than encourage greater price competition by increasing the upper limit (consistent with 2016 results, 52%). 19% would like to see the upper limit increased to encourage competition (15% in 2016). 28% of respondents are unable to answer on this issue (33% in 2016).

In a new measure in 2017, respondents were asked to react to the idea of CTP insurers being able to charge a variable premium (based on agreed criteria such as postcode or age of driver) for CTP insurance. 39% of respondents indicate they would like to see this method of encouraging competition introduced, while 38% would prefer no change. 22% are unable to decide.

78% (down from 84% in 2016) of registered motor vehicle owners report that a CTP scheme that has 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 (22%, up from 16% in 2016).

In terms of how CTP insurance is being paid, the majority (77% in 2017, up from 73% in 2016) would prefer to continue to pay their CTP premium with their motor vehicle registration. 10% would prefer to pay their premium direct to the insurer, while 13% (down from 15% in 2016) are unable to decide.

### Importance of factors

The most important factors to respondents in 2017 in relation to CTP insurance are getting an affordable premium, ensuring all drivers who cause accidents are covered for claims made against them or the ease of dealing with the insurer (all increasing in importance since 2016).

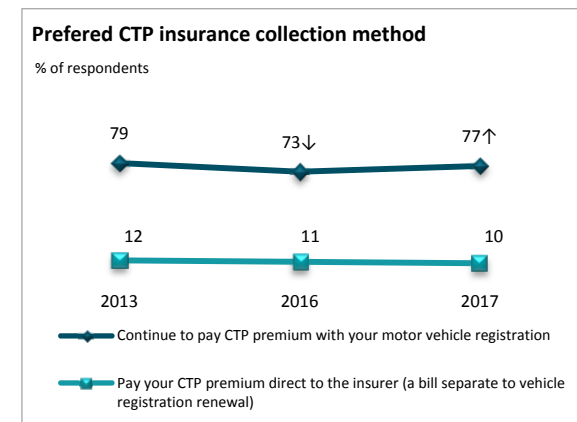
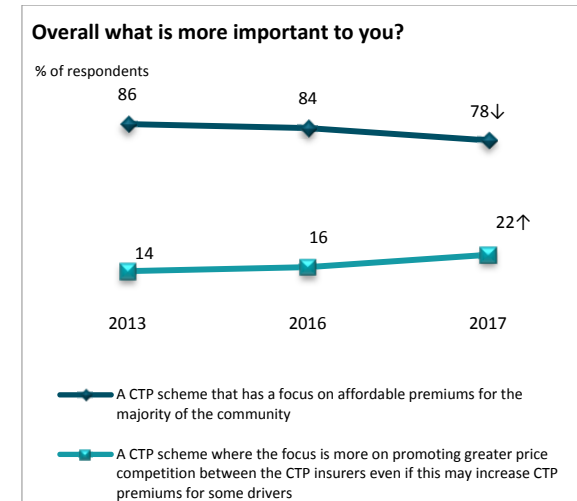
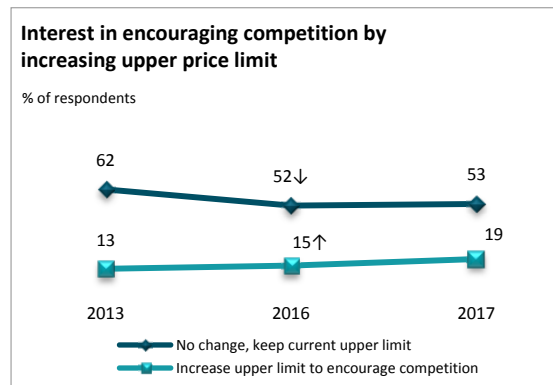
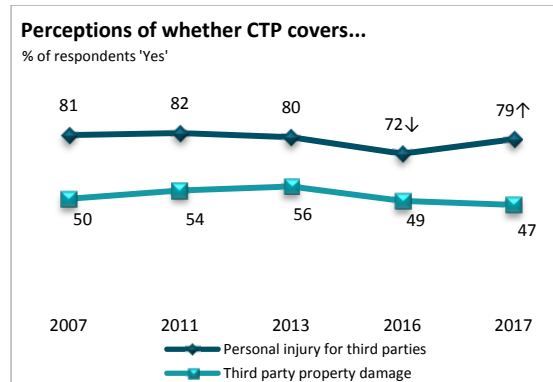
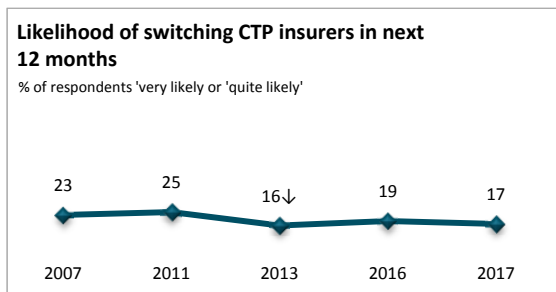
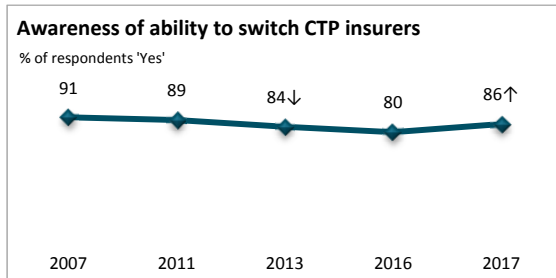
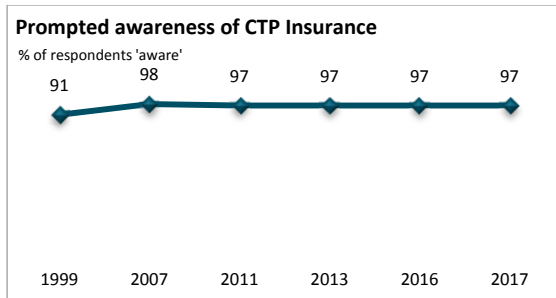
### Conclusions – General motorists

Most motorists indicate an affordable premium for the majority of the community is more important than promoting greater price competition which may increase CTP insurance premiums for some drivers. Efforts to keep the premium affordable for all are therefore validated.

Interest in signing up to receive a registration and renewal notice via email is widespread and continued efforts to migrate motorists to the online channel are endorsed. While hardcopy communications about CTP insurance are still preferred (flyer with registration notice or information printed on the registration renewal notice), one third nominate an email from Department of Transport and Main Roads as the best way to inform them about their ability to choose their CTP provider. Social media receives similar preference scores to traditional mass media such as television, and higher scores than radio or print and is particularly appealing to younger motorists (17-34 years). Indeed this age group are likely to favour a range of digital communication channels (email, text, websites) over traditional media. Consideration of a tailored and segmented communications strategy to take into account the preferences of different age groups is recommended.

The vast majority of motorists prefer to pay their CTP insurance premium with their motor vehicle insurance and this method of collection is therefore endorsed.

## Key time series charts – General motorists



↑↓ indicates a significant increase or decrease from the previous wave at at least the 95% confidence level.

## New car buyers

### Awareness and consideration of CTP insurance

Those who had purchased a new car between May 2016 and May 2017 were asked if they were aware that all motorists, including new car buyers, were able to select their CTP insurer. The majority (81%) were aware, an increase since 2016 (73%).

43% of new car buyers reported that in the lead-up to purchasing their new car they did consider the CTP insurer they would select (51% 2016). Two in three new car buyers (67%) consider it important that motor vehicle dealers let buyers independently choose their CTP provider.

### Presentation of CTP insurance costs

In the 2017 survey, 28% of new car buyers reported that they were aware of the actual cost of their CTP insurance premium when they purchased their vehicle (23% in 2013). 65% were not aware while 7% were unsure on this matter.

For over one half (59%) of new car buyers the cost of CTP insurance was reportedly rolled-up into a total figure or a 'drive-away' price, this being a significant increase from 48% in 2016. 24% indicated the insurance was offered for free as part of the 'free on-road costs', while for 15% the insurance premium was detailed separately from other costs.

26% of those who paid a 'drive-away' price stated that they were asked by their motor vehicle dealer to choose a particular insurer. This represents a decrease from 44% in 2016, returning to levels similar to those noted in 2013 (26%). The most common insurer reportedly being recommended by dealers was RACQ Insurance.

27% of those who received free on-road costs reported that they were asked by the motor vehicle dealer to choose a particular insurer (down from 50% in 2016, but reflecting the 2013 result, 27%). Of those asked to choose an insurer, QBE was the most commonly mentioned brand.

### Influence of dealer on choice of insurer

While less than one half (41%) felt they independently chose their CTP insurer, 75% (up from 66% in 2016) of new car buyers felt satisfied they were able to (or would have been able to if they wanted to) select their preferred CTP insurer.

13% of new car buyers in the 2017 survey reported they have changed their CTP provider since purchasing their new car (18% in 2016). In 2017 38% of all new car buyers stated they would *consider* changing their CTP insurer the next time their renewal is due (38% in 2016).

### Paperwork process

23% of new car buyers were able to recall seeing the CTP section on the Letter of Authority form when purchasing their new car. Of those who remembered this part of the form, 58% reported that *they wrote in the insurer's name*, for 31% it was reportedly *pre-filled with an insurer*, while 10% could not recall the specifics of their situation. 41% stated that the brand was the one they had requested, 32% believed the dealer inserted the brand without their advice, while 15% felt they had requested a CTP insurer but some other brand was inserted. Allianz (37%) and Suncorp (31%) were the brands most commonly inserted without the car buyer's advice.

Respondents who could not recall the Letter of Authority form were asked if they could recall seeing an insurer's brand name pre-completed on any paperwork. 12% could recall an insurer's name pre-filled.

## Conclusions – New car buyers

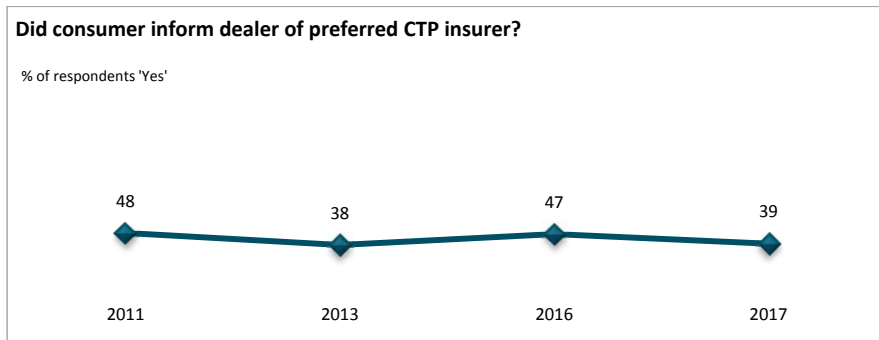
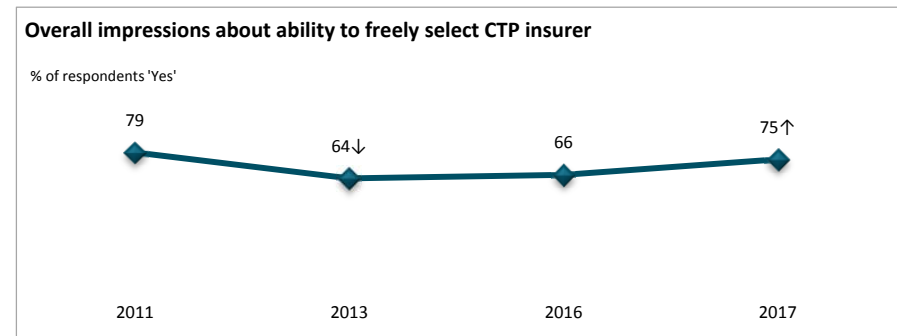
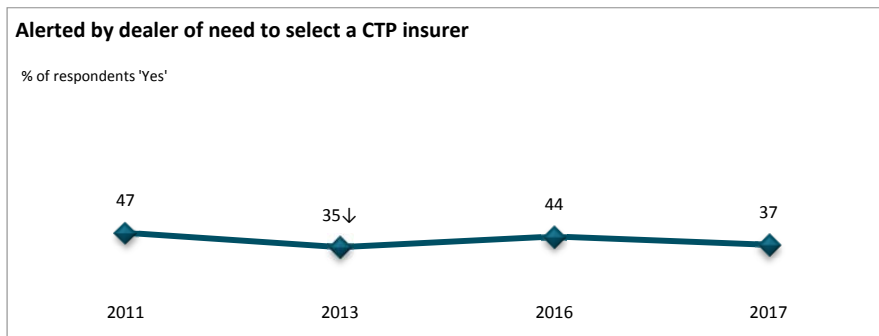
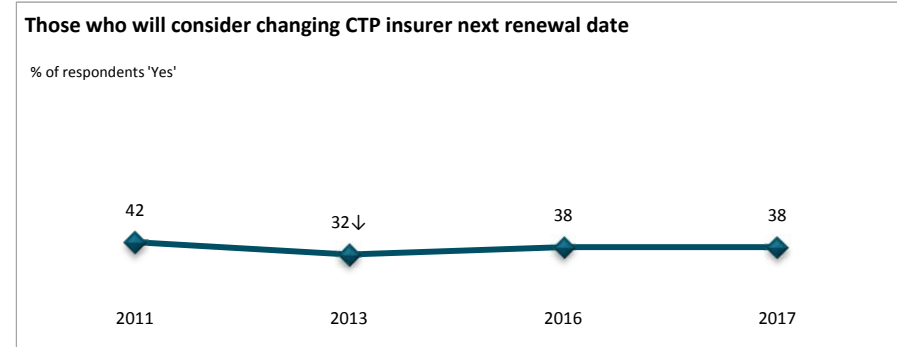
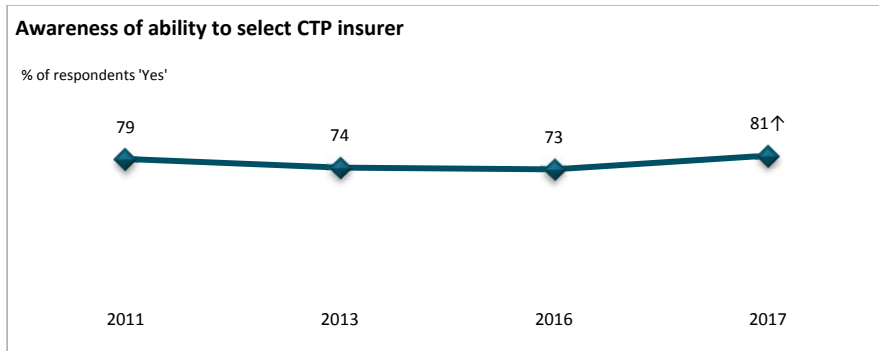
While consumer consideration of CTP insurance in the new car purchase process is low, being able to independently select their CTP insurance provider is important to most. Less than one half however independently chose their CTP insurer without input from the motor vehicle dealer. Interestingly, new car buyers are more likely than motorists in general to consider changing their CTP insurer the next time their registration renewal is due (which may indicate their preferred insurer was not selected at time of purchase).

It is therefore recommended that consumers continue to be reminded of their ability to choose their CTP insurer during the purchase process. Consider distributing visual reminders (e.g. posters/pamphlets) to be displayed in the paperwork signing area (e.g. finance manager's office).

Paperwork is another way of reminding consumers of their ability to choose, however few remember the CTP insurer section of the paperwork. Keeping in mind the qualitative finding that many complete this paperwork verbally while the dealer enters the information straight into a computer based form, any strategies to draw attention to this section of the form would be beneficial. One strategy might be to separate the CTP insurer selection part of the form to its own separate page that must be printed and signed by the consumer.



## Key time series charts - New car buyers



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