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Motor Accident Insurance Commission

General Motorist and New Car Buyer Research 2016

Executive Summary

PREPARED FOR

Motor Accident Insurance Commission

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Background information

MCR was commissioned by MAIC in March 2016 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 and 2013. New measures were included in the 2016 study to assess motorists' reactions to different frequencies of paying for CTP/registration and whether there was an interest in paying for CTP/registration quarterly via direct debit.

The 2016 study was conducted in two stages; a preliminary qualitative stage (three focus groups) to explore key issues and to help inform questionnaire design for stage two which was a state-wide quantitative online survey. This comprised 300 surveys with registered motor vehicle owners and 200 surveys with people who had purchased a new car between May 2015 and May 2016. The survey fieldwork was conducted between the 11th May and 5th June 2016.

CTP knowledge and behaviour

Awareness and perceptions of coverage

Awareness of CTP insurance remains almost universal among general motorists in 2016 (97%, 97% 2013). While 71% rate their understanding of CTP insurance as good, nearly one half (49%) incorrectly assume CTP insurance provides coverage for third property damage (statistically consistent with 2013 results, 68% and 56% respectively).

There has been some change in perceptions about CTP coverage for people's injuries since 2013. Motorists are more likely to believe CTP insurance provides coverage for a driver injured in an accident they have caused (32% 2016, 28% 2013) or injured in a crash with no other car involved (27% 2016, 23% 2013). They are less likely to believe there is coverage for a passenger injured in an accident (66%

2016, 75% 2013). Other beliefs about personal injury have remained consistent.

Changes between 2013 and 2016 in perceptions of what is covered under CTP insurance may have been influenced by media coverage of the planned introduction of the National Injury Insurance Scheme (NIIS) in the lead up to the 2016 survey period.

Insurance providers

RACQ Insurance (83%) and Suncorp (78%) continue to dominate the CTP insurance market in terms of brand awareness. RACQ Insurance (35%) and Suncorp (32%) are also the brands respondents are most likely to report using for CTP insurance. An increase in the reported use of RACQ Insurance (35% in 2016, 27% in 2013) or Allianz (15% in 2016, 9% in 2013) is noted.

In 2016, 53% of those aware of their CTP insurer report holding other insurance policies or memberships with their CTP insurer. 43% do not, while 5% are unsure. Results are in line with 2013. In 2016, the most frequently nominated benefits of holding multiple policies with a single insurer are receiving a discount or cheaper price on other insurances (51%), confidence that the company is trustworthy/reputable (39%), the convenience/knowing where all policies are held (37%) or receiving a discount or cheaper price on all insurances or products (30%).

Price and payment

In 2016, the average estimated annual price of a CTP premium is \$329.47, lower than the actual CTP premium (\$336.60 at the time of surveying). The majority of respondents (73%) however *don't know* what price they pay

for their CTP insurance, a finding consistent with the 2013 result (68%).

45% of motorists in the 2016 survey believe they are paying *about the same price* with their CTP provider as that offered by other CTP insurers (52% in 2013). 16% feel they receive a *cheaper price*, while only 2% feel they are paying *more*.

61% of motorists in the 2016 survey pay their CTP/registration annually, 31% 6 monthly, 4% quarterly, while 5% can't recall the frequency. When asked if they would be interested in paying quarterly (if it involved having to pay by direct debit) 18% express an interest.

At the time of the survey, 27% of respondents are aware they can now pay quarterly.

Switching insurance providers

In 2016, 80% of respondents report being aware they have the ability to switch CTP insurer. 46% of all registered drivers believe they can make the switch *only at registration time*, 31% however know they are able to make a change at *any time throughout the year*, while 23% are unsure on this matter. Results are in line with the 2013 findings.

19% report they are likely to consider switching insurers in the next 12 months. A cheaper price is the most common motivator for considering a switch. These results are consistent with 2013.

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 (59%)
- Information printed on the registration renewal (54%).

These were also the top two channels selected in 2013.

Affordability versus competition

When asked if they were aware that there has been no price competition between insurers in the last twelve months, the majority of respondents (61%) replied that they were not. 22% reported that they were aware of this situation, while 16% replied they were not sure. Findings are consistent with 2013 results (21% aware).

84% 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 (86% in 2013).

In terms of how CTP insurance is being paid, the majority (73% in 2016, 79% in 2013) continue to prefer to pay their CTP premium with their motor vehicle registration. 11% would prefer to pay their premium direct to the insurer, while 15% are unable to decide.

Importance of factors

The most important factors to respondents in relation to CTP insurance are getting an affordable premium, ensuring all drivers who cause accidents are covered for claims made against them, the ease of dealing with the insurer and knowing the specific details about what's covered under the CTP insurance policy. Results are consistent with findings from the 2013 survey.

New car buyers

Those who had purchased a new car between May 2015 and May 2016 were asked if they were aware that all motorists, including new car buyers, were able to select their CTP insurer. The majority (73%) were aware, reflecting the 2013 result (74%).

51% 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% 2013).

For nearly one half (48%) of new car buyers the cost of CTP insurance was reportedly rolled-up into a total figure or a 'drive-away price', a significant decrease from 64% in 2013. 32% indicated the insurance was offered for free as part of the 'free on-road costs', a significant increase from 21% in 2013. For 19% of new car buyers the insurance premium was detailed separately from other costs, a significant increase from 12% in 2013.

44% of those who paid a *drive-away price* stated that they were asked by their motor vehicle dealer to choose a

particular insurer (up from 26% in 2013). The most common insurer being recommended was RACQ Insurance (33% or 14 mentions), followed by Suncorp (31% or 13 mentions), Allianz (12% or 5 mentions) and QBE (10% or 4 mentions).

50% of those who received *free on-road costs* reported that they were asked by the motor vehicle dealer to choose a particular insurer (up from 27% in 2013). Of those asked to choose an insurer, RACQ Insurance (38% or 12 mentions) or Suncorp (28% of 9 mentions) were the brands most commonly mentioned.

In 2016 24% of new car buyers felt their dealer tried to persuade them to select a certain CTP insurer (an increase from 9% in 2013). 63% of new car buyers felt their dealer did *not* try to persuade them in any way (down from 79% in 2013), while 14% were *unsure*.

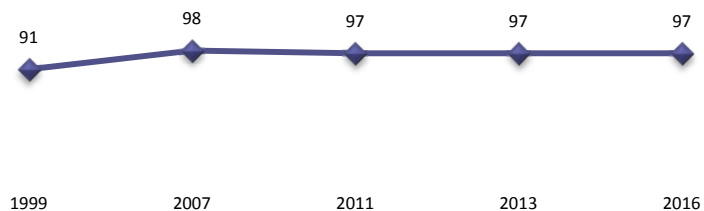
Overall, 66% of new car buyers felt satisfied they were able to (or would have been able to if they wanted to) select their preferred CTP insurer. Findings are in line with 2013 results (64%).

18% of new car buyers in the 2016 survey reported they have changed their CTP provider since purchasing their new car (16% in 2013). 38% of all new car buyers stated they would *consider* changing their CTP insurer the next time their renewal is due (32% in 2013).

Key time series charts

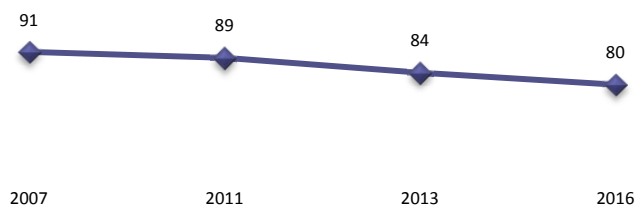
Prompted awareness of CTP

% of respondents 'Yes'



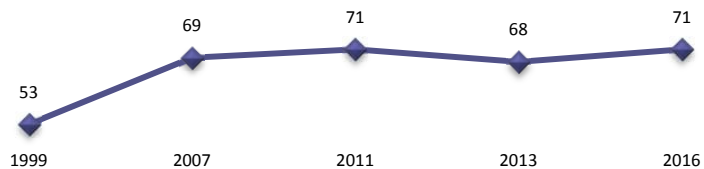
Awareness of ability to switch CTP insurers

% of respondents 'Yes'



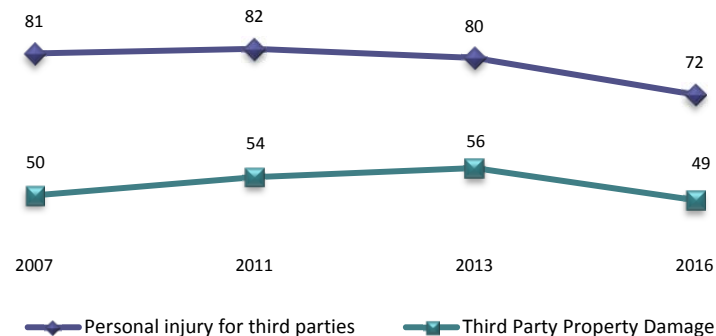
Rating of Own Understanding of CTP

% of respondents 'good'



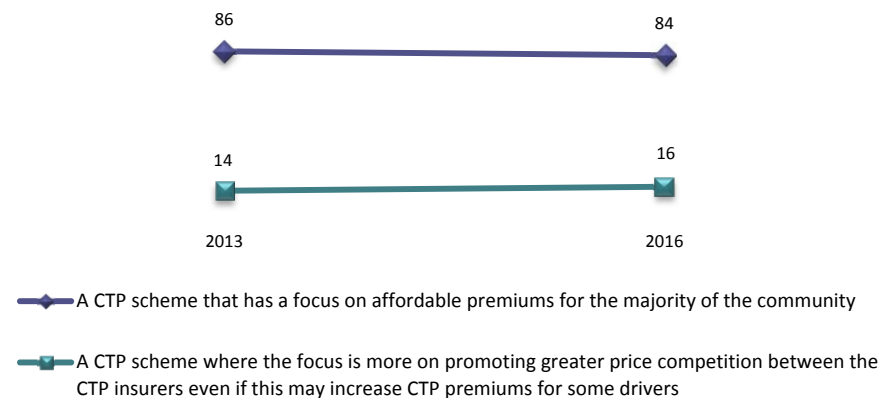
Perceptions of CTP coverage

% of respondents 'Yes'



Overall what is more important to you?

% of respondents



Base: All respondents (2016 n=500, 2013 n=500, 2011 n= 400, 2007 n=504, 1999 n=300)