

General Motorist and New Car Buyer Research 2018

Motor Accident Insurance Commission

Job #: 181689

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Summary

Background information

MCR was commissioned by MAIC in March 2018 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 and 2017.

The 2018 study comprised a state-wide quantitative online survey which included 313 surveys with registered motor vehicle owners and 210 surveys with people who had purchased a new car between March 2017 and March 2018. The survey fieldwork was conducted between the 9th April and 16th April 2018.

General motorists

CTP Knowledge and behaviour

Awareness and perceptions of coverage

Awareness of CTP insurance remains almost universal among general motorists in 2018 (96%, 97% 2017). While 75% correctly believe CTP insurance covers personal injury for third parties, one half (50%) continue to incorrectly assume CTP insurance provides coverage for third party property damage (47% 2017).

The majority of motorists correctly believe that CTP insurance provides coverage for:

- a driver injured in an accident where the driver of another vehicle was at fault (75%)
- a pedestrian injured by a motor vehicle where the driver was at fault (73%)
- a passenger injured in an accident (70%).

However, one third of motorists (33%) incorrectly believe at-fault drivers are covered.

When prompted, 53% of respondents are unaware, that comprehensive motor vehicle insurance does not cover the driver or passenger for injury (32% are aware, while 15% are unsure) (53% in 2017).

Insurance providers

Respondents are most likely to report using RACQ Insurance (32%) or Suncorp (30%) for CTP insurance in 2018. These were also the top two insurers noted in 2017. However, 20% of respondents cannot correctly identify/recall their CTP insurer (including 5% who identify insurers who do not provide this product).

In 2018, 55% of those aware of their CTP insurer report holding other insurance policies or memberships with their CTP insurer, 42% do not, while 3% are unsure. Results are in line with 2017. In 2018, the most frequently nominated benefits of holding multiple policies with a single insurer are the convenience/knowing where all policies are held (46%), receiving a discount or cheaper price on other insurances (41%) or confidence that the company is trustworthy/reputable (38%).

Price and payment

In 2018, the median estimated annual price of a CTP premium is \$299.05, a value lower than the actual CTP premium (\$355.00 at the time of surveying). The majority of respondents (65%) however are unable to estimate the price they pay for their CTP insurance (59% 2017).

52% of motorists in the 2018 survey believe they are paying *about the same price* with their CTP provider as that offered by other CTP insurers (consistent with 2017). 13% feel they receive a *cheaper* price, 4% feel they are paying *more* (up from 2% in 2017), while 31% don't know.

66% of motorists in the 2018 survey pay their CTP/registration annually, 22% six monthly, 5% quarterly, while 7% can't recall the frequency. When asked if they would be interested in paying monthly, 35% express an interest in doing so. These findings are in line with those recorded in 2017 (67% annually).

Switching insurance providers

In 2018, 82% of respondents report being aware they have the option to switch CTP insurer (2017 86%). 42% of all registered drivers believe they can nominate a new provider only at registration time, 32% know they are able to make a change at any time throughout the year, while 26% are unsure on the matter. These results are in line with the 2017 findings.

Consistent with the 2017 result, 18% 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 (13%) or Suncorp (6%). Wanting a cheaper price is the most common motivator for considering a switch, followed by receiving a multi-policy discount or the convenience of combining multiple insurance policies.

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 (58%)
- Information printed on the registration renewal (46%)
- An email from the Queensland Government Department of Transport & Main Roads (32%).

22% 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 (22%) is overstated compared to actual figures provided by DTMR (approximately 10%); 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 (or are unsure if they have signed up) (78%), 57% indicate they are interested in doing so (18% very interested, 39% quite interested).

19% of respondents report they have signed up to receive DTMR reminders via email.

Affordability versus competition

52% 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 2017 results, 53%). 16% would like to see the upper limit increased to encourage competition (19% in 2018). 31% of respondents do not have an opinion on this issue (28% in 2017).

Respondents were asked to react to the idea of CTP insurers being able to charge a variable premium for CTP insurance (based on agreed criteria such as postcode or age of driver). 38% of respondents indicate they would like to see this method of encouraging competition introduced (39% in 2017), 37% would prefer no change, while 25% are unable to decide.

83% of registered motor vehicle owners (up from 78% in 2017), 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 (17%).

In terms of how CTP insurance is being paid, the majority (74%) would prefer to continue to pay their CTP premium with their motor vehicle registration (77% in 2017). 11% would prefer to pay their premium direct to the insurer, while 15% are unable to decide.

Importance of factors

In terms of what is most important about CTP insurance, respondents most commonly nominate getting an affordable premium, ensuring all drivers who cause accidents are covered for claims made against them or the availability a premium payment process that is easy and simple.

New measures in 2018

Paying for CTP if it weren't compulsory

Respondents were asked for the first time in 2018 if they would continue to purchase CTP insurance if it were no longer compulsory. In response, 80% of respondents report that they would still buy the insurance, while 20% would not.

Phone calls received from a 'claim farmer'

27% of motorists report receiving a call from a 'claim farmer' (including 14% who have received a call within the last three months). Of those who have been contacted by claim farmers, 80% did not report it to an authority (those who did report, most commonly did so via the Motor Accident Insurance Commission's website 10%).

Additional Insurance policies held

In terms of other insurances held, comprehensive motor vehicle insurance (82%) is by far the most prevalent. Other insurances commonly held are third party property damage insurance (26%) and life insurance (23%). 10% of motorists report no other insurances being held.

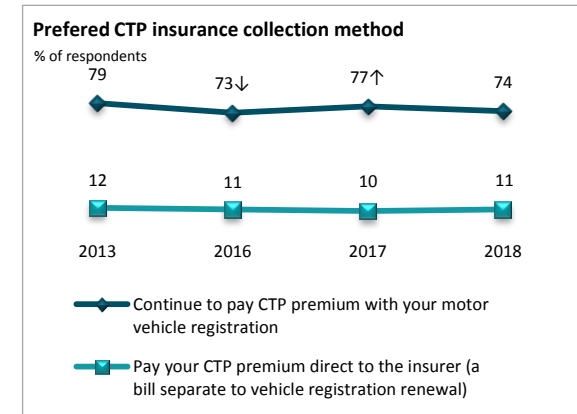
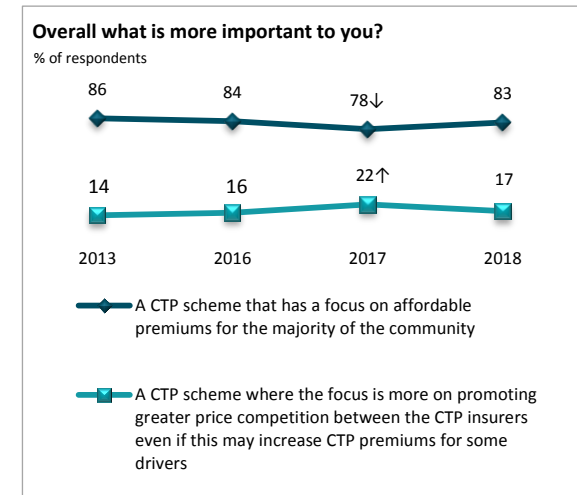
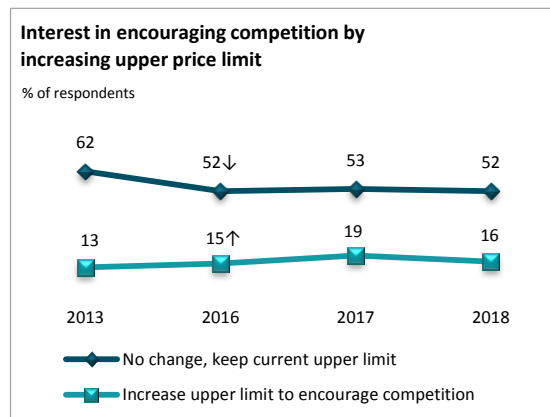
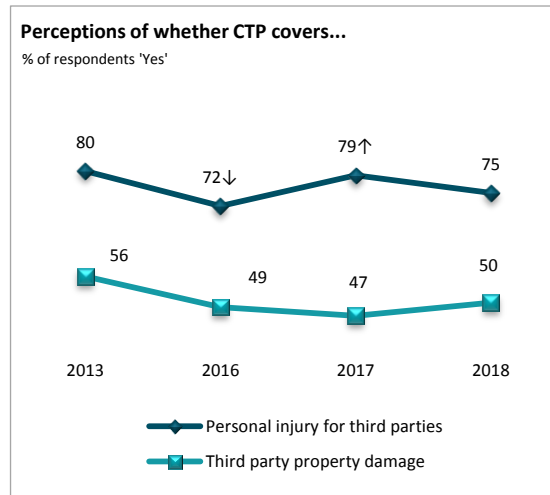
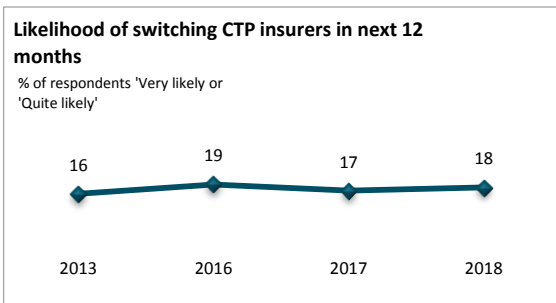
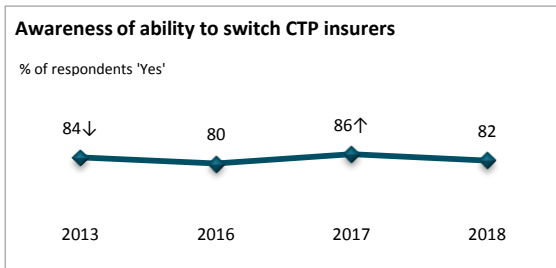
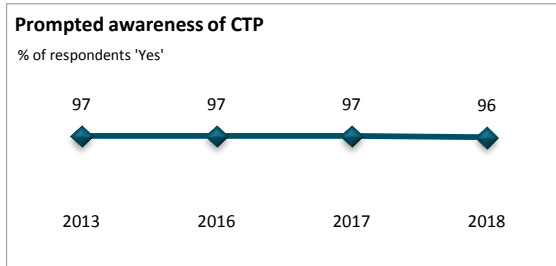
Conclusions – General motorists

Awareness of CTP insurance is widespread and while a detailed understanding of the insurance is not universal, motorists appreciate the importance of this cover, with most indicating they would buy such a policy even if it were not compulsory.

While intention to switch CTP insurance provider is low, the majority of motorists continue to be aware of their freedom to be able to switch. While few consider price to vary significantly between providers, one in two are found to hold other insurance policies with their CTP provider and report benefits such as multi-policy discounts or the convenience of consolidation.

Motorists continue to believe that 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. Maintaining a price ceiling so that premiums remain affordable for all continues to be 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 March 2017 and March 2018 were asked if they were aware that all motorists, including new car buyers, are able to select their CTP insurer. The majority (80%) report that they are aware, consistent with 2017 (81%).

50% of new car buyers report that in the lead-up to purchasing their new car they considered the CTP insurer they would select (43% 2017). 70% of new car buyers consider it important that motor vehicle dealers let buyers independently choose their CTP provider (67% in 2017).

Presentation of CTP insurance costs

In the 2018 survey, 32% of new car buyers report being aware of the actual cost of their CTP insurance premium when they purchased their vehicle (28% in 2017). 56% are not aware (down from 65% in 2017) while 12% are unsure on this matter.

For over one half (58%) 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 2017. 23% indicate the insurance was offered for free as part of the 'free on-road costs'. For 19% of new car buyers the insurance premium was detailed separately from other costs.

36% of those who paid a 'drive-away' price report that they were asked by their motor vehicle dealer to choose a particular insurer. The most common insurer recommended by dealers was RACQ Insurance.

37% of those who received free on-road costs report being asked by the motor vehicle dealer to choose a particular insurer. Of those asked to choose, RACQ Insurance (44%) is the brand most commonly mentioned.

Influence of dealer on choice of insurer

While less than one half (42%) feel they had independently chosen their CTP insurer, three quarters (76%) of new car buyers are satisfied they were able to (or would have been able to) select their preferred CTP insurer (75% in 2017).

10% of new car buyers feel their dealer tried to persuade them to select a certain CTP insurer. Females (15%) or those aged 17-34 years (14%) are the groups most likely to report the dealer trying to persuade them (10% average).

11% of new car buyers in the 2018 survey report having changed their CTP provider since purchasing their new car (13% in 2017). 40% state they would *consider* changing their CTP insurer the next time their renewal is due (38% in 2017).

Paperwork process

35% of new car buyers are able to recall seeing the CTP section on the Letter of Authority form when purchasing their new car. Of those who remember this part of the form, 78% report writing the insurer's name (up from 58% in 2017), while for 22% it was pre-filled with an insurer. 41% state that the brand was the one they had requested, 22% believe the dealer inserted the brand without their advice, 19% had requested a CTP insurer but another brand was inserted. Allianz (40%) and Suncorp (40%) are the brands most commonly reported as being inserted without the car buyer's advice in 2018.

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. In response 15% indicate that they could recall an insurer's name pre-filled.

Conclusions – New car buyers

While consumer consideration of CTP insurance in the new car purchase process remains low, being able to independently select their CTP insurance provider continues to be important to the majority. Efforts to remind new car buyers of their ability to choose their CTP insurer during the purchase process, including at paperwork completion time, are again endorsed.

While reports of dealers attempting to persuade new car buyers to select a certain CTP Insurer brand are low (one in ten), females or younger new car buyers (under 35 years) are the most likely sub-groups to perceive that their dealer attempted to influence their choice. These groups could therefore be considered as primary targets for future communications about the issue.

Key time series charts - New car buyers

Awareness of ability to select CTP insurer

% of respondents 'Yes'

Base: All new car buyers
(2018 n=210, 2017 n=210, 2016 n=200, 2013 n= 200)



Those who will consider changing CTP insurer next renewal date

% of respondents 'Yes'

Base: All new car buyers
(2018 n=210, 2017 n=210, 2016 n=200, 2013 n= 200,)



Alerted by dealer of need to select a CTP insurer

% of respondents 'Yes'

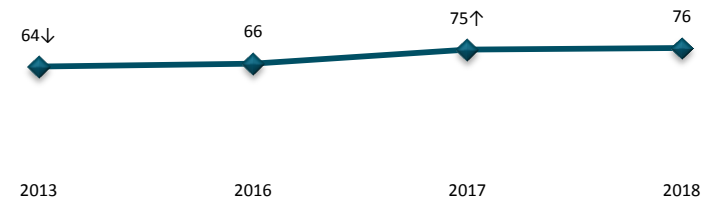
Base: All new car buyers
(2018 n=210, 2017 n=210, 2016 n=200, 2013 n= 200,)



Overall impressions about ability to freely select CTP insurer

% of respondents 'Yes'

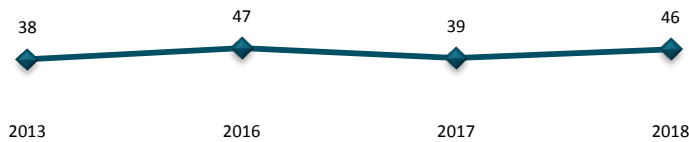
Base: All new car buyers
(2018 n=210, 2017 n=210, 2016 n=200, 2013 n= 200,)



Did consumer inform dealer of preferred CTP insurer?

% of respondents 'Yes'

Base: All new car buyers
(2018 n=210, 2017 n=210, 2016 n=200, 2013 n= 200,)



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