

# General Motorist and New Car Buyer Research 2019

## REPORT SUMMARY

Motor Accident Insurance Commission

Job #: 191740

Date: 26 July 2019



# Contact

---

**209 Given Terrace  
Paddington QLD 4064**

**PO Box 637 Spring Hill  
QLD 4064 Australia**

**Phone: 07 3367 8557  
Email: [mcr@mcrpl.com.au](mailto:mcr@mcrpl.com.au)**

**ABN 75 057 292 207**

# Summary

### Background information

MCR was commissioned by MAIC in February 2019 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 and 2018.

The 2019 study comprised a state-wide quantitative online survey of 720 motorists responsible for the registration of a class one or class six vehicle. The sample included 514 registered motor vehicle owners and 206 people who had purchased a new car between April 2018 and April 2019. The survey fieldwork was conducted between the 23rd May and 3rd June 2019.

## CTP Knowledge and Expectations

### Awareness and perceptions of coverage

Awareness of CTP insurance remains almost universal among motorists in 2019 (97%, 96% 2018).

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 35% 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 (81%, up from 75% in 2018), a pedestrian injured by a vehicle (77%) or a passenger in a vehicle involved in an accident (68%).

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 (27%)
- 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, 51% of respondents are unaware that comprehensive motor vehicle insurance does not cover the driver or passenger for injury (38% are aware, while 11% are unsure) (results are consistent with 2018, 53% unaware).

### Expectations for claims payment

In a new question in 2019 which asked respondents what they would expect a CTP insurer would pay for under a CTP personal injuries claim, medical (84%) and rehabilitation (71%) costs were the most common expectations. Rent (12%) and funeral costs (35%) were the least commonly selected costs.

### Implications of being uninsured

In a new measure in 2019, respondents were asked what they believe the implications would be of injuring someone while driving an unregistered and uninsured vehicle and were prompted with three options. Motorists are most likely to believe they would be fined for driving an unregistered vehicle (87%) or that they would be required to repay the costs associated with an injured person's CTP claim (80%). Slightly fewer respondents (69%) believe they would be fined for driving a vehicle that has no CTP insurance.

## CTP insurers and Switching

### Insurance providers

Respondents are most likely to report using RACQ (37%) or Suncorp (28%) for CTP insurance in 2019. These were also the top two insurers reportedly in use in 2018. 14% of respondents cannot either correctly identify or recall their CTP insurer (20% in 2018).

In 2019, 58% of those aware of their CTP insurer report holding other insurance policies or memberships with that same insurer, 39% do not, while 3% are unsure. Results are consistent with 2018 (55%). In 2019, the most frequently nominated benefits of holding multiple policies with a single insurer are receiving a discount on other insurance policies/memberships (61%), the convenience of knowing where all the insurance policies are held (43%) or confidence that the company is trustworthy/reputable (43%).

### Price and payment

In 2019, the average estimated annual price of a CTP premium (based on the median) is \$285 (\$297 class one, \$256 class six). These estimates are lower than the actual pricing (\$339.20 class one, \$374.40 class six) at the time of surveying. 52% are unable to estimate the price they pay for their CTP insurance (down from 65% in 2018).

56% of motorists in the 2019 survey believe they are paying the same price as prices offered by other CTP insurers (consistent with 2018, 52%). 12% feel they receive a cheaper price, 3% believe their CTP is more expensive than other insurers, while 29% don't know.

69% of motorists in the 2019 survey pay their CTP/registration annually, 21% six monthly, 5% quarterly, while 5% cannot recall the frequency. These findings are

in line with those recorded in 2018 (66% annually). In terms of how CTP insurance is being paid, the majority of motorists (81% in 2019, up from 74% in 2018) would prefer to continue to pay their CTP premium with their motor vehicle registration.

### Switching insurance providers

In 2019, 80% of respondents report being aware they have the option to switch CTP insurer (2018 82%). 46% of all registered drivers believe they can nominate a new provider only at registration time, 36% know they are able to make a change at any time throughout the year, while 18% are unsure on the matter (down from 26% in 2018).

Consistent with the 2018 result (18%), 17% of registered motor vehicle owners in 2019 report they are likely to consider switching CTP insurer in the next 12 months. When asked who they would switch to if they were to switch 'today', respondents most commonly nominate RACQ (12%) or Suncorp (5%).

45% report having ever switched their CTP provider (49% in 2018). On average respondents report last switching three years ago. A cheaper price for CTP insurance is the most commonly reported benefit gained from switching CTP insurers, followed by receiving a discount or cheaper price on other insurance policies. The most common reasons for having never switched CTP insurer are never having thought of it (30%), perceiving there to be no price difference between insurers (27%) or not considering it a priority to do so (23%).

### Other insurance policies held

In terms of other insurances held, comprehensive motor vehicle insurance (83%) is by far the most prevalent (2018 82%). Other insurances commonly held are private health (55%, new in 2019), third party property damage (27%, 2018 26%) or life insurance (26%, 2018 23%).

## 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:

- A flyer inserted with registration renewal (53%, 58% in 2018)
- Information printed on the registration renewal (53%, up from 46% in 2018)
- An email from the Queensland Government Department of Transport & Main Roads (43%, up from 32% in 2018).

Motorists aged 55 years and over are more likely than average to prefer a flyer with registration renewal or to read this information on their renewal notice. 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 text message).

32% 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 (up from 22% in 2018). Of those who have not signed up or are unsure if they have signed up, 62% indicate they are interested in doing so (consistent with 2018 58% - although the proportion very interested has increased from 18% in 2018 to 25% in 2019).

34% of respondents report they have signed up to receive DTMR email reminders that their registration is due, their licence needs to be renewed or information about demerit points accrued (up from 19% in 2018).

## Affordability versus competition

76% of registered motor vehicle owners (down from 83% in 2018), 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 (24%, up from 17% in 2018).

In 2019, 86% of respondents report that they would still buy CTP insurance, even if it was not compulsory (an increase from 80% in 2018), while 14% would not (a decrease from 20% in 2018).

## Importance of factors

Consistent with previous findings, in 2019, the most important factors for motorists are getting an affordable premium, ensuring all drivers who cause accidents are covered for claims made against them and a simple payment process.

## Phone calls received from 'car crash scammers'

42% of motorists in the 2019 survey report ever receiving a call from a 'car crash scammer', an increase from 27% in 2018.

Of those who have been contacted by a 'car crash scammer', only 13% reported the contact to MAIC or another authority while 87% did not report the contact. The most common reason for not reporting was not knowing who to report it to (65%).

## Comparison of class one and class six vehicle owners

Results across all measures are largely consistent between owners of class one and class six vehicles.

## Conclusions – General motorists

Interest in signing up to receive the registration and renewal notice via email has increased. While hardcopy communications about CTP insurance are still preferred (flyer with registration notice or information printed on the registration renewal notice), four in ten nominate an email from the Department of Transport and Main Roads as the best way to inform them about their ability to choose their CTP insurer. Motorists aged between 17 and 34 years are the age group most likely to favour a range of digital communication channels (i.e. social media, websites or text message), while motorists aged 55 years and over are more likely to rely on traditional hardcopy channels. The consideration of a tailored and segmented communications strategy to take into account the preferences of different age groups is recommended.

Four in ten motorists recall contact from car crash scammers, with the majority of those contacted not reporting it to an authority (mainly because they did not know who to report the contact to). Ongoing monitoring of car crash scammer activity and efforts to increase awareness of how to report such contact is therefore suggested.

## New car buyers

### Awareness and consideration of CTP insurance

Those who had purchased a new car between April 2018 and April 2019 were asked if they were aware that all motorists, including new car buyers, are able to select their CTP insurer. The majority (73%) report that they are aware, consistent with the 2018 result (80%).

55% of new car buyers report that in the lead-up to purchasing their new car they considered the CTP insurer they would select (50% 2018). On average, based on a scale of 1 to 5 (where 1 is not at all important and 5 is very important), new car buyers rate the importance of being able to independently choose their CTP insurer as being 3.42 (new measure in 2019).

### Presentation of CTP insurance costs

In the 2019 survey, 52% of new car buyers report that their dealer alerted them of the need to select a CTP insurer, an increase from 42% in 2018. 26% of new car buyers in 2019 recall the dealer providing them with information detailing the price of each CTP insurer's policy (an increase from 13% in 2018).

For over one half (57%) 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 2018 (58%). 21% indicate the insurance was offered for free as part of the 'free on-road costs' (23% in 2018). For 19% of new car buyers in 2019 the insurance premium was detailed separately from other costs (19% in 2018).

51% of those who received free on-road costs report being asked by the motor vehicle dealer to choose a particular insurer (37% in 2018). Of those who were asked to choose, RACQ (57%) was the brand most commonly mentioned (RACQ was also the most commonly mentioned brand in 2018 44%).

### Influence of dealer on choice of insurer

19% of new car buyers feel their dealer tried to persuade them to select a certain CTP insurer (up from 10% in 2018). Of those who experienced some persuasion by their dealer, the most commonly reported rationale for the dealer's recommendation was that their CTP insurer was 'better' (40%). Motorists aged between 17 and 34 years (34%) are more likely than average (19%) to report that the dealer tried to persuade them.

Overall, three quarters of new car buyers (76%) are satisfied they were able to (or would have been able to if they wanted to) select their preferred CTP insurer (76% in 2018). 9% feel there was some resistance on the part of their dealer, particularly those living in South East Queensland (12%).

11% of new car buyers in the 2019 survey report having changed their CTP provider since purchasing their new car (11% in 2018). 35% state they would consider changing their CTP insurer the next time their renewal is due (40% in 2018).

### New vehicle safety features

In a new question in 2019, new car buyers were asked '*Does your new vehicle have any of the following safety features?*'. Reversing camera (77%), daytime running lights (55%), adaptive cruise control (50%) and automatic emergency braking (45%) are the most common safety features installed.



### Conclusions – New car buyers

Despite an increase in the proportion of new car buyers reporting that their motor vehicle dealer tried to persuade their choice of CTP insurer, three quarters of new car buyers remain satisfied they were able to (or would have been able to if they wanted to) select their preferred CTP insurer. New car buyers aged under 35 years or those living in South East Queensland are the sub-groups most likely to have felt some pressure from their dealer. These groups could therefore be considered as primary targets for future communications about the right to choose a CTP insurer.

Interestingly, 2019 results suggest more motor vehicle dealers are providing information on CTP pricing and choice than in previous years. Costs for the CTP insurer chosen however continue to be most likely to be bundled into a drive-away price and ongoing efforts to remind buyers of their rights are endorsed.

# Infographic Summary

# Knowledge and Communication

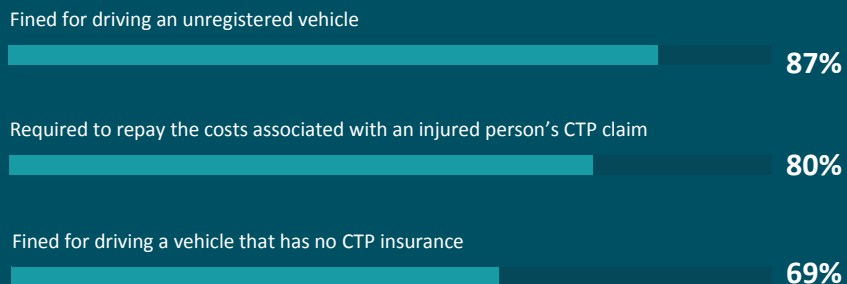


## PERCEPTIONS OF CTP COVERAGE



## UNREGISTERED AND UNINSURED VEHICLES

### WHAT HAPPENS IF YOU INJURE SOMEONE IN AN ACCIDENT WHILE DRIVING AN UNREGISTERED AND UNINSURED VEHICLE?



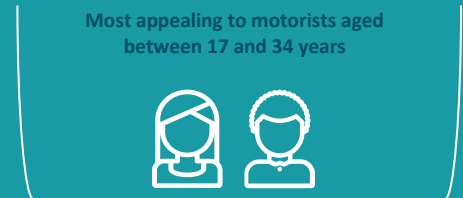
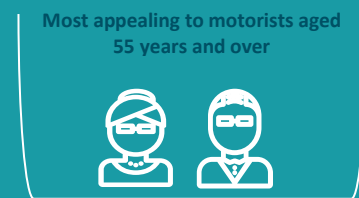
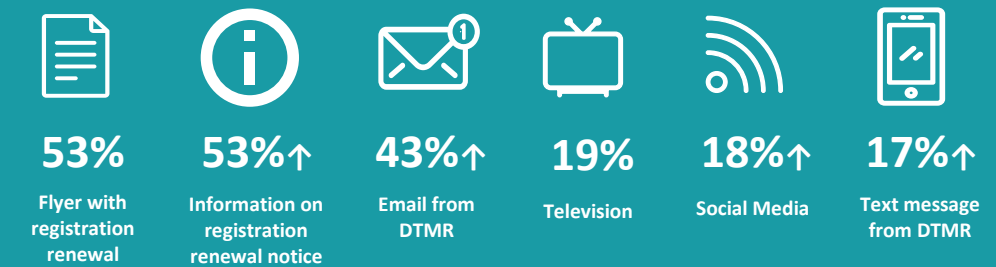
## SWITCHING CTP INSURER

Respondents aware they have the ability to switch CTP insurer



## COMMUNICATION CHANNELS

### PREFERRED CHANNEL FOR CTP INFORMATION



### RECEIVING REGISTRATION/CTP RENEWAL VIA EMAIL



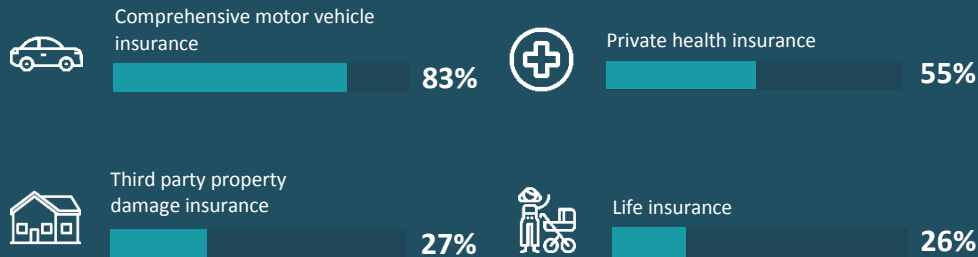
↑↓ indicates a significant change since 2018.

# CTP Behaviour and Switching CTP insurers

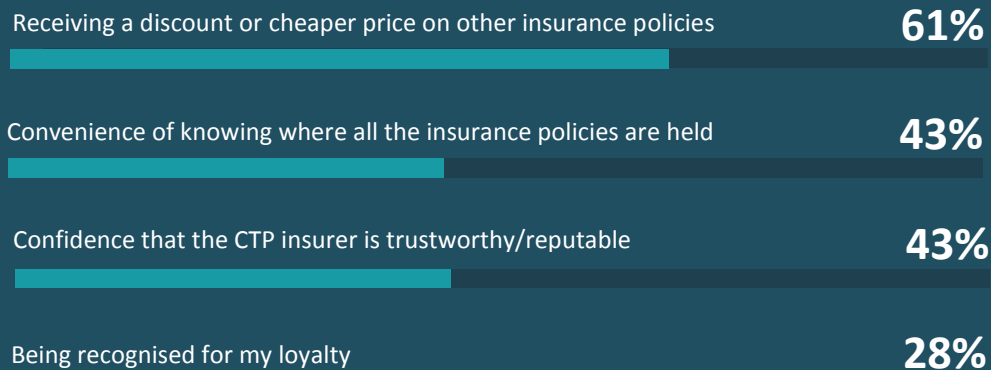
## ESTIMATED ANNUAL PRICE OF CTP INSURANCE (MEDIAN)

**\$285**

## OTHER INSURANCE POLICIES HELD



## BENEFITS OF HOLDING MULTIPLE POLICIES WITH CTP INSURER



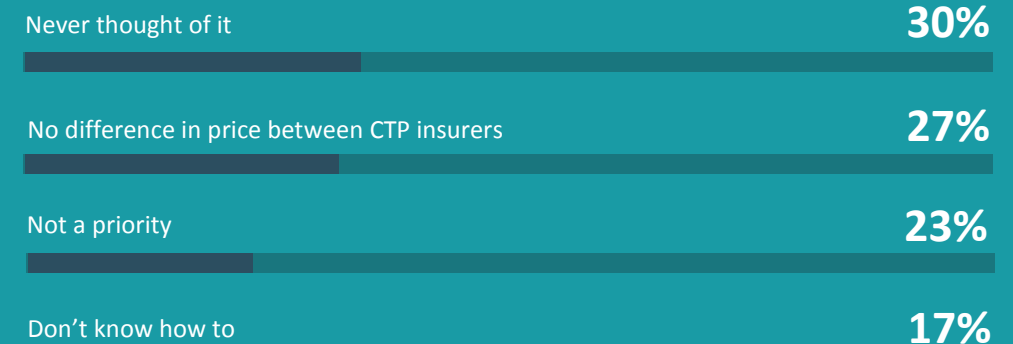
## SWITCHING CTP INSURERS



## PERCEIVED BENEFITS GAINED FROM SWITCHING



## REASONS FOR NEVER SWITCHING



# New Car Buyers

**73%**

**Aware**

new car buyers can select CTP insurer

**55%**

**Considered**

CTP insurance in lead up to buying vehicle

## PRESENTATION OF CTP INSURANCE COSTS



**57%**

Rolled up into a total figure or drive-away price



**21%**

Offered as part of the free on-road-costs



**19%**

Detailed separately from other costs

## INFORMATION SUPPLIED BY DEALER



**52%** ↑

report the dealer alerted them of the need to select a CTP insurer (up from 42% in 2018)



**26%** ↑

report the dealer provided prices for each CTP insurer's policy (up from 13% in 2018)

↑↓ indicates a significant change since 2018.

## INFLUENCE OF DEALER ON CHOICE OF CTP INSURER



**19%** ↑

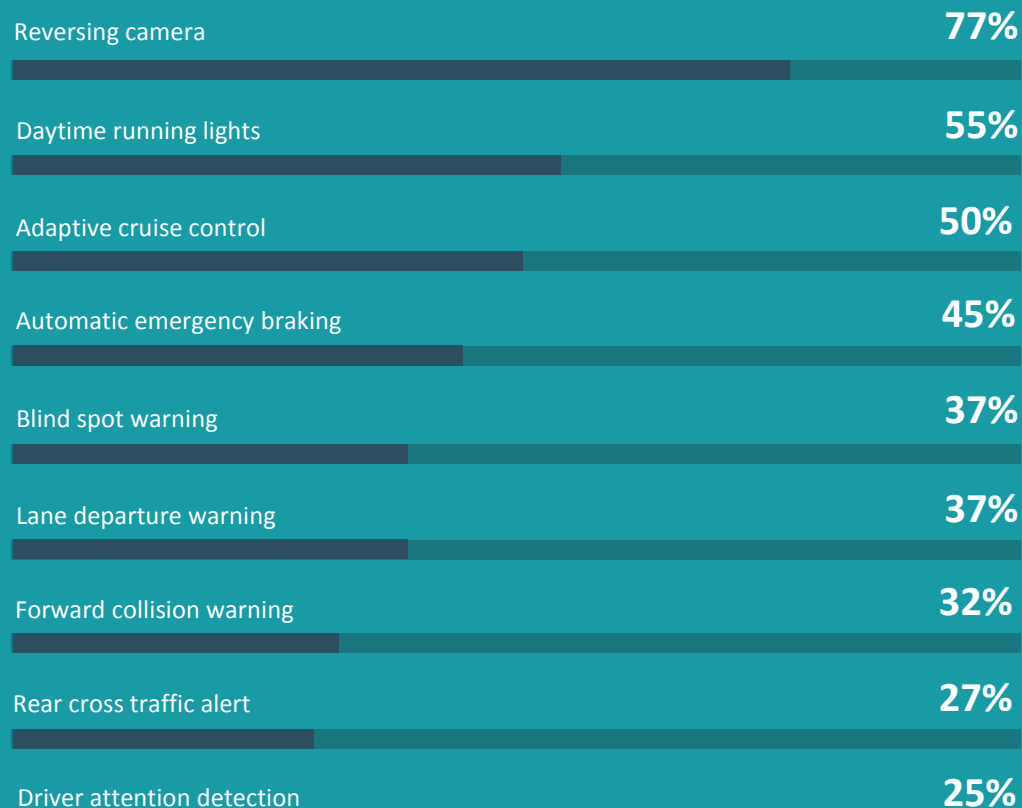
feel their dealer tried to persuade them to select a certain CTP insurer (up from 10% in 2018)

**9%**

feel there was (or would have been) some resistance from the dealer to go with a certain CTP insurer

Motorists aged between 17 and 34 years or those living in South East Queensland are the most likely sub-groups to report the dealer tried to persuade them.

## SAFETY FEATURES INSTALLED IN NEW CAR



# Affordability and Car Crash Scammers

## AFFORDABILITY VERSUS COMPETITION

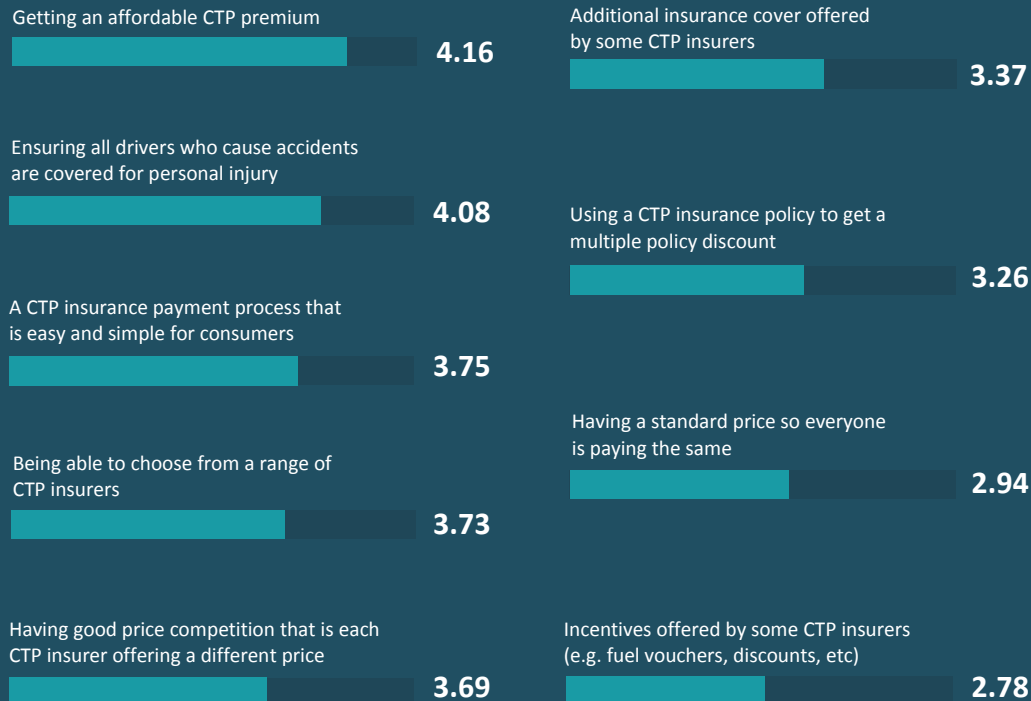
Overall what is more important to motorists?



**■** A CTP scheme focused on affordable premiums for the majority of the community

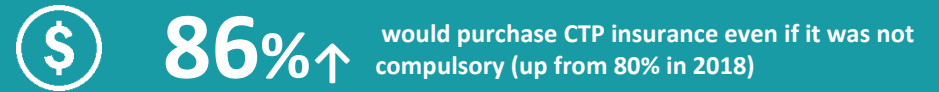
**■** A CTP scheme focused on price competition between CTP insurers

## IMPORTANCE OF FACTORS



↑↓ indicates a significant change since 2018.

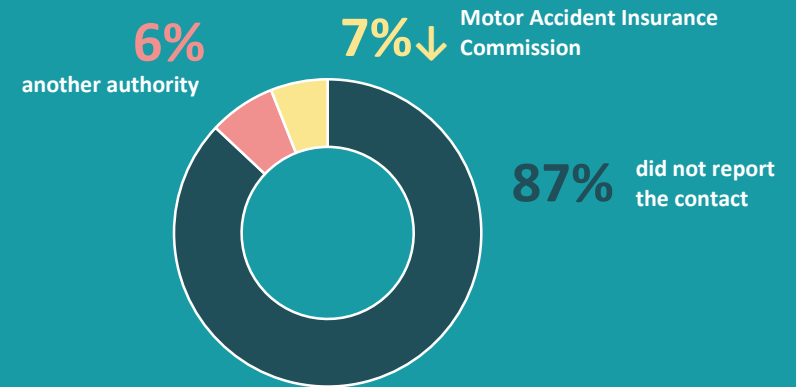
## CTP PAYMENT



## PHONE CALLS RECEIVED FROM CAR CRASH SCAMMERS



## REPORTING CONTACT FROM A CAR CRASH SCAMMER



## REASONS FOR NOT REPORTING CONTACT

