

General Motorist and New Car Buyer Research 2022

Report

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 2022 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, 2019 and 2020.

The 2022 study comprised a state-wide quantitative online survey of 730 motorists responsible for the registration of a class one or class six vehicle. The sample included 517 registered motor vehicle owners and 213 people who had purchased a new car between April 2021 and April 2022. The survey fieldwork was conducted between the 11th May and 26th May 2022.

CTP Knowledge and Expectations

Awareness and perceptions of coverage

Awareness of CTP insurance remains almost universal among motorists in 2022 (94%, 96% 2020).

While 65% correctly believe CTP insurance covers injuries caused from vehicle accidents, 39% incorrectly assume CTP insurance provides coverage for damage to someone else's vehicle and 34% believe CTP insurance covers damage to someone else's property (e.g. fence, pole or house). Results are generally consistent with those recorded in 2020, although the proportion who consider damage to someone else's vehicle will be covered has decreased from 46% in 2020 to 39% in the current measure.

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 (74%), a pedestrian injured by a vehicle (78%) or a passenger in a vehicle involved in an accident (67%).

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 (28%)
- a driver of a vehicle involved in an accident after they drove through a red light (23%, increasing from 18% in 2020).

Perceptions about personal injury coverage are consistent with previous surveying, with the exception of a driver being involved in an accident after driving through a red light (as detailed above).

Comprehensive motor vehicle insurance

When prompted, 46% of respondents are unaware that comprehensive motor vehicle insurance does not cover the driver or passenger for injury, this result being consistent with 2020, 50%.

Expectations for claims payment

Motorists are most likely to expect that medical costs (86%) would be paid for under a CTP personal injuries claim, followed by rehabilitation costs (71%, increasing since 2020, 66%). Care and support service costs are thought to be covered by a CTP claim by approximately one in two motorists (51%), 45% expect compensation for pain and suffering, while loss of wages is expected to be covered by 42% of motorists (this expectation increasing since the 2020 survey, 35%). Funeral costs are thought to be covered by 34% of motorists, this expectation has increased since the 2020 survey (29%).

CTP insurers and Switching

Insurance providers

Respondents are most likely to report using RACQ Insurance (33%) or Suncorp (32%) for CTP insurance in 2022. These were also the top two insurers reportedly in use in 2020. 14% state they have CTP insurance with Allianz, 3% nominate QBE Insurance, while 4% report having CTP insurance with another provider. 13% of respondents cannot either correctly identify or recall their CTP insurer (12% in 2020).

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 (41%), followed closely by Suncorp (38%). Lower percentages of motorists are found to rank Allianz (13%) or QBE Insurance (8%) as their most preferred insurer. Taking sampling error into account, results in 2022 are consistent with those recorded in 2020.

Other insurance policies held

In terms of other insurances held, comprehensive motor vehicle insurance (82%) is by far the most prevalent (2020 83%). Other insurances commonly held are private health (54%), life insurance (22%) or third party property damage (22%). Results are in line with 2020 findings.

Price and payment

When asked how much they last paid for CTP insurance, 61% of motorists are unable to estimate the price they pay for their CTP insurance (62% in 2020). Among those able to make an estimate, the average annual price of a CTP premium (based on the median) is \$317 (\$323 class one, \$291 class six). These estimates are slightly lower than the actual pricing (\$355.80 class one, \$401.60 class six) at the time of surveying.

Switching insurance providers

In 2022, 84% of respondents report being aware they have the ability to switch CTP insurer, this result being consistent with the 2020 survey (84%).

42% report having ever switched their CTP provider (43% in 2020). 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 (18%, 15% in 2020)
- Finding a cheaper price on the Department of Transport and Main Roads website (13%, 10% in 2020)
- Receiving a letter in the mail from the CTP insurer asking them to switch (13%, 10% in 2020)
- Habitually shopping around at renewal time (12%, 10% in 2020).

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 (50%), followed by a discount on other insurances being held with a CTP insurer (21%, a decrease from 31% in 2020). 18% 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 2% feel that a donation to charity by a CTP insurer is the most appealing incentive to change.

Reasons for not switching

The most common reasons for having never switched CTP insurer are never thinking to do so (27%, an increase from 19% in 2020) or not considering it a priority to do so (26%). Perceiving there to be no price difference between insurers (22%) or the process being felt to involve too much effort (19%) are the next most common reasons offered.

Help to select CTP insurer

When motorists are asked if the listing of CTP insurer incentives on display on the MAIC website is useful to them when choosing an insurer, eight in ten (78%) agree that it is, consistent with the 2020 result (81%).

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 notice (52%, 52% in 2020)
- A flyer inserted with registration renewal (47%, 52% in 2020)
- An email from the Queensland Government Department of Transport and Main Roads (39%, a decrease from 45% in 2020).

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

In the last twelve months, 5% of Queensland motorists report that they have visited the MAIC website, while a further 7% have visited this site in the last two to three years. 2% have visited the website four or more years ago. The proportion of Queenslanders who have ever visited the MAIC website has increased from 10% in 2020 to 13% in 2022. Males (18%) or motorists aged 17 to 34 years (24%) are more likely than other sub-groups (average 13%) to have ever visited the MAIC website.

Affordability versus competition

83% of registered motor vehicle owners (an increase from 75% in 2020), 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%, down from 25% in 2019).

Importance of factors regarding CTP

In 2022, 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. Findings are consistent with 2020, although the importance of an easy payment system and incentives offered by insurers have increased since 2020.

Phone calls received from 'car crash scammers'

In 2022, 33% of motorists report ever receiving a call from a 'car crash scammer', representing a decline from 41% in 2020.

Of those who have been contacted by a car crash scammer, 89% indicate that they did not report it to an authority, which is in line with the 2020 result (87%). Those who did report the interaction most commonly mention reporting it to the Motor Accident Insurance Commission (9%) or another authority (2%).

Sub-group differences

Aboriginal, Torres Strait Islander or Australian South Sea Islander people are:

- less likely than those who do not identify as such to be aware of CTP insurance
- more likely to be unaware of what CTP insurance covers specifically
- more likely to hold none of the other insurance types prompted in the survey (e.g. comprehensive motor or private health etc.).

Those with English as second language are more likely than others to be unsure whether vehicle passengers are covered under the scheme.

Generally speaking, motorists aged under 35 years tend to have lower levels of awareness about the scheme and how it works.

Some minor gender and regional differences are apparent and are detailed throughout this report.

Conclusions – General motorists

Comprehensive motor vehicle insurance

One in two respondents are not aware that comprehensive motor vehicle insurance does not cover the driver or passenger for injuries. Continued education on the role of CTP insurance compared with other policy types is therefore 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 is recommended that this assistance to motorists in comparing CTP providers is continued.

Car Crash Scammers

The decline in the proportion of motorists being contacted by a car crash scammer continues in 2022. Nevertheless, continued promotion of where to report this illegal behaviour is suggested.

Sub-group differences

Segments likely to benefit most from increased awareness and understanding of the scheme are Aboriginal, Torres Strait Islander or Australian South Sea Islander people, those with English as a second language and motorists aged under 35 years.

New car buyers

Awareness and consideration of CTP insurance

Of motorists who purchased a new car between April 2021 and April 2022, the majority (83%) report being aware that they were required to select their CTP insurer. Taking sampling error into account this is consistent with the 2020 result (77%), but significantly higher than the 2019 result of 73%.

Presentation of CTP insurance costs

In 2022, 51% of new car buyers report that their dealer alerted them of the need to select a CTP insurer, which is in line with the 2020 result (49%). 33% report they were not alerted by the dealer (37% in 2020), while 16% cannot recall what happened. 23% of new car buyers in 2022 recall the dealer providing them with information detailing the price of each CTP insurer's policy (22% in 2020).

38% of new car buyers report being aware of the actual cost of their CTP insurance premium when purchasing their vehicle. 49% indicate they were not aware, while 13% are unsure on the matter. Results remain consistent with the 2020 survey (41% aware).

For 60% of new car buyers in the 2022 survey, the cost of CTP insurance was reportedly rolled-up into a total figure or a 'drive-away price'. 22% indicate that the insurance was offered for free as part of the 'free on-road costs', while for 16% buyers the insurance premium was detailed separately from other costs. The 2022 results are in line with those recorded in 2020.

58% of those who received free on-road costs were reportedly asked by the motor vehicle dealer to choose a particular CTP insurer (an increase from 34% in 2020). Of those asked to choose, RACQ Insurance (44%, 41% in 2020) and Suncorp (31%, 41% in 2020) were the brands most commonly selected.

Influence of dealer on choice of insurer

11% of new car buyers feel their dealer tried to persuade them to select a certain CTP insurer (15% in 2020). Among those who experienced some persuasion by their dealer, it was most commonly felt that the reason for the dealer's recommendation was that the brand was the better CTP insurer (26%) or that they would receive a discount or special deal if they took up the dealer's suggestion (22%). New car buyers aged between 17 and 34 years or females were more likely than other sub-groups to report experiencing influence from the dealer about their CTP provider.

In 2022, 74% of new car buyers report being satisfied that they were able to (or would have been able to) select their preferred CTP insurer. 12% were unsure whether they would have been able to select their preferred CTP insurer, while 14% feel there was (or would have been) some resistance from their dealer (or a preference of their dealer) to go with a certain brand. Findings are consistent with the 2020 survey (72% satisfied, 12% felt resistance, 16% not sure).

When asked how important it is to be able to independently choose their CTP insurer, 77% of new car buyers in 2022 rate this as important/quite important/very important, compared with 76% in 2020.

Conclusions – New car buyers

The 2022 survey results among new car buyers are largely consistent with the 2021 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 or females were more likely to report this occurring. It is therefore suggested that future communications about the right to choose a CTP insurer take into account the potential susceptibility of these segments.