

Consumer Perspectives on Automobile Insurance

Presented to the
Automobile Insurance Rate Board
August 14, 2018



The Consumer Representative

- Independently collects consumers' feedback and concerns.
- Forwards relevant comments and concerns to the Board.
- Reports to the Minister of Finance.

A robust consumer voice is vital to the accountable and efficient delivery of automobile insurance in Alberta.

How I Connected With Consumers



- **Telephone (601) and Web (587) Surveys**



- **Focus Groups**
 - Edmonton (9)
 - Calgary (12)
 - Senior (10)
 - Youth (8)
- **Personal Telephone Interviews – Rural Alberta (10)**
- **Consumers who wrote or called AIRB**



- **Other Information Sources**
 - AIRB
 - IBAA
 - IBC
 - Superintendent of Insurance
 - Transportation Safety Services

Survey Questions

Telephone and Web Surveys collected information on:

- Experience in obtaining insurance
- Whether competitive quotes are obtained
- Collision history and experience in resolving any claims
- Experience with insurance company complaint resolution
- Impression of how fair and reasonable their premium levels are
- Level of understanding of insurance coverages
- Demerits and increased fines for distracted driving
- Safety of autonomous vehicles
- Usage Based Insurance
- Driving while under the influence of cannabis

In total, 30 questions were asked

Highlights of Focus Groups

	Calgary	Edmonton	Seniors	Youth
Premiums are reasonable	38%	78%	30%	37%
Obtained comparative quotes	92%	66%	60%	75%
Willing to try Usage Based Insurance	83%	86%	80%	80%
Current penalties for distracted driving are insufficient	42%	55%	90%	50%
Would use autonomous vehicles	58%	56%	99%	50%
Driving under the influence of cannabis is unsafe	80%	78%	N/A	80%
Would like to receive electronic insurance documents	100%	67%	44%	88%

Highlights of Focus Groups

Distracted Driving

- 59% of the participants agreed that current penalties for distracted driving are sufficient.
- Increased use of graphic educational material, and more significant penalties are needed.
- One participant commented “people that text and drive have nothing to live for”.
- Australia gets tough on distracted driving.

Highlights of Focus Groups

Usage Based Insurance

- 83% of the participants were willing to try Usage Based Insurance.
- Shift from privacy concerns in 2017 to how to reduce premiums in 2018.

Highlights of Focus Groups

Comparative Quotes

- 73% of the participants had recently obtained one or more comparative quotes.
- The majority relied on agent or broker to obtain a quote, although an increasing number are utilizing the internet.

What Automobile Insurance Consumers Expect?



Affordability

- If premiums are too high, drivers may risk driving without insurance



Stability

- Significant premium increases in one year are difficult to manage within personal budgets



Availability

- Even drivers with a poor record need to be able to buy insurance



Service

- Consumers expect sound advice and good service from their broker or insurance company

Affordability

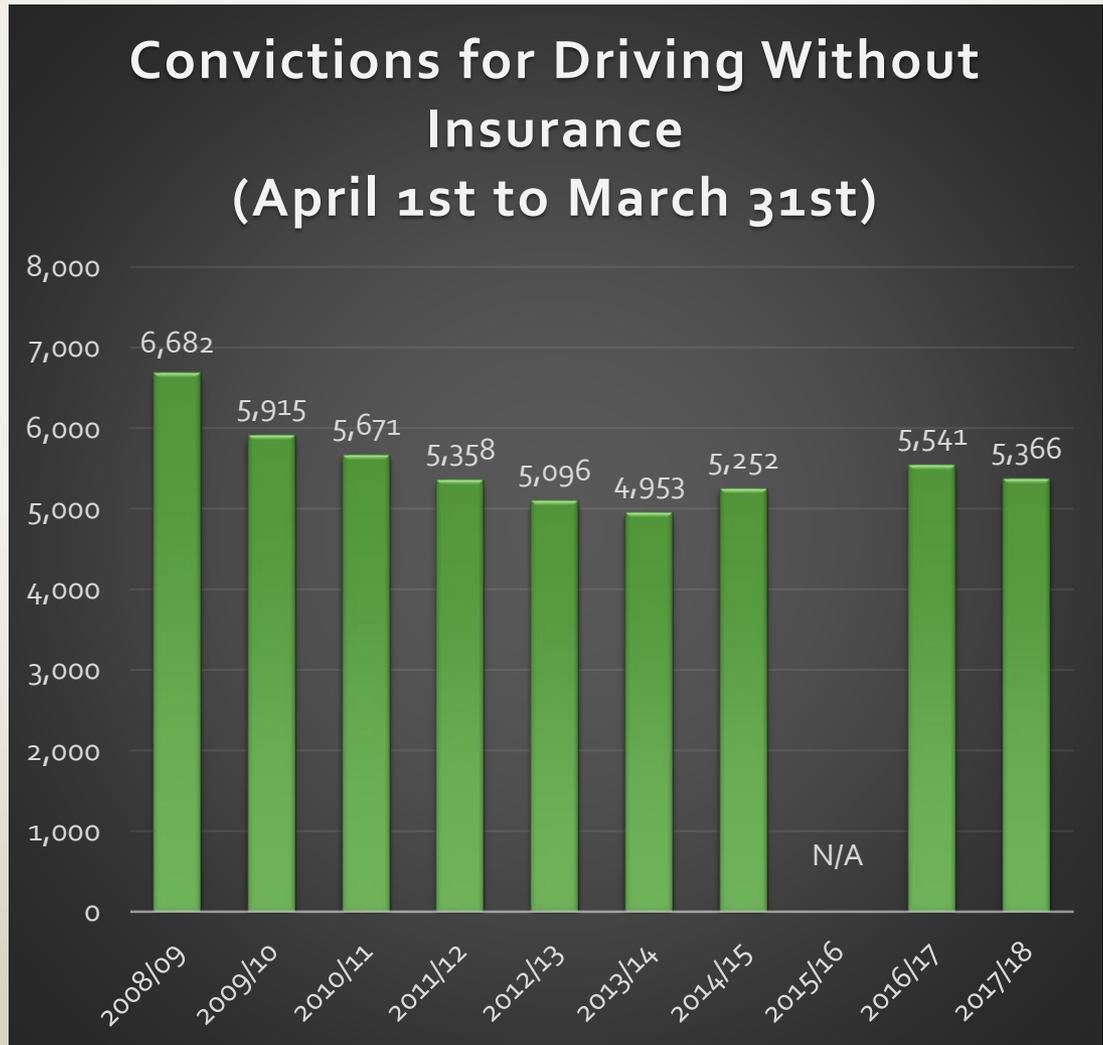
Is your premium fair and reasonable?

- 46% of web and telephone survey respondents indicated their premiums were fair and reasonable.
- Premiums continue to rise even though the policyholder has not had any claims or driving convictions.
- Consumers are expressing a higher level of concern regarding the magnitude of their premium increases.

Availability

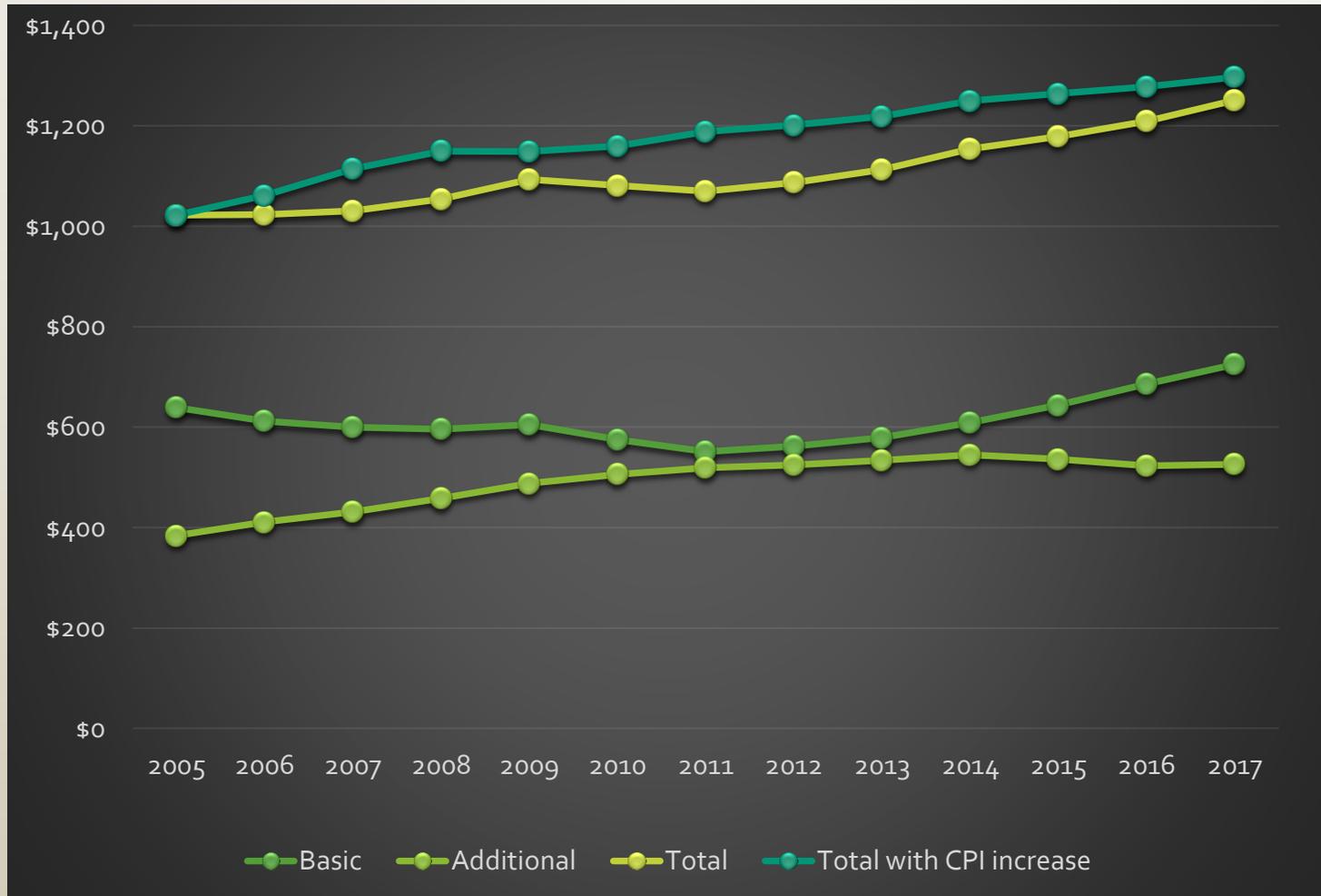
One measure of Availability is the number of Albertans driving without insurance.

In Alberta, the fine for the first offense ranges from \$2,875 to \$10,000.



Note: 2015/16 data is not available due to a system collection error.

Stability



GISA auto-1005AB, as of Dec 31, 2017

Stability

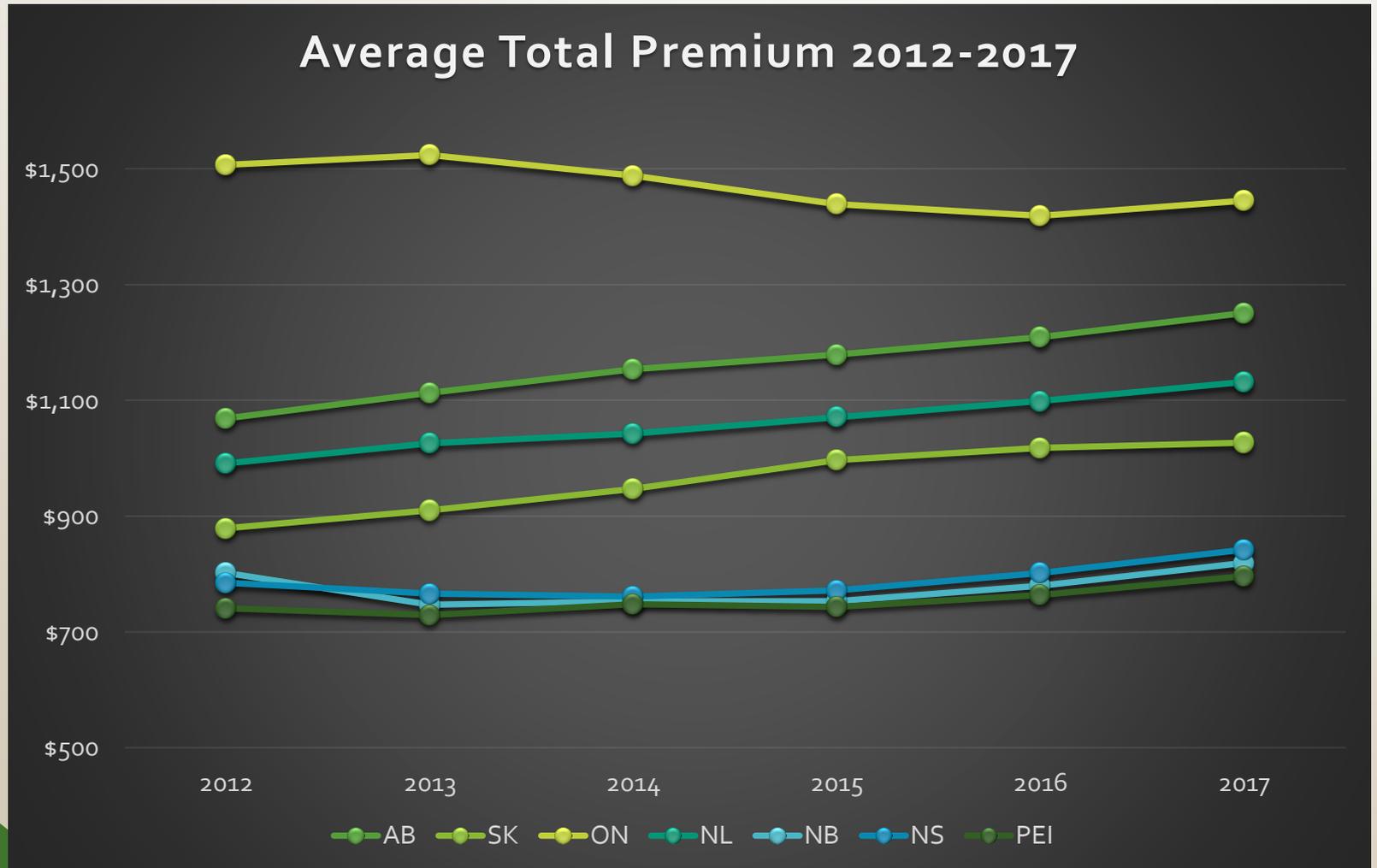
**2005 to
2017**

- Basic Coverage +13.5%
- Additional Coverage +37.0%
- Total Coverage +22.4%
- CPI +22.2%

**2014 to
2017**

- Basic Coverage +19.1%
- Additional Coverage -3.5 %
- Total Coverage +8.5%
- CPI +3.8%

Provincial Premium Comparison



Note: Data for B.C. is not available.

Service

- The majority of consumers are very satisfied with the service levels that the insurers provide.
- Insurers are responding to the consumer's need for greater accessibility to service.
 - Insurers are providing a greater level of service through the use of enhanced technology.
- Due to the complexity of insurer rating programs, it is difficult for brokers and direct writers to provide a detailed breakdown of premiums to the consumer.

Conclusions

- Premiums have increased over the past few years significantly more than the past 10 years.
- Given the current economic climate, the consumer is far more focused on insurance premiums than in the past as evidenced in the “Focus Group” responses.

Conclusions

- It is evident that there is a need for the AIRB to develop a communication strategy directed at consumers to enable them to make informed choices and decisions.
- The review being undertaken by the Government, in consultation with the insurance industry to develop a medium to long term plan for sustainability and accessibility, is essential in providing a product that meets the needs of all consumers at an affordable price.

Questions?

