

Consumer Perspectives on Automobile Insurance

Mathew Wesolowski, Consumer Representative

August 19, 2021

Role of the Consumer Representative



Mathew Wesolowski,
Consumer Representative

Role of Consumer Representative:

- ▶ Engage Albertans on topical issues related to automobile insurance.
- ▶ Ensure Albertans have a voice and are represented in both the Annual Review and the rate review processes.
- ▶ Voting Board Member, appointed by and reporting to the President of Treasury Board and Minister of Finance.

Appointed to the role of Consumer Representative on September 1, 2020.

Consumer Expectations

- ▶ Guiding principles of AIRB with respect to consumers' expectations are that drivers should be entitled to:
 - ▶ Affordability
 - ▶ Stability
 - ▶ Accessibility
 - ▶ Customer Service

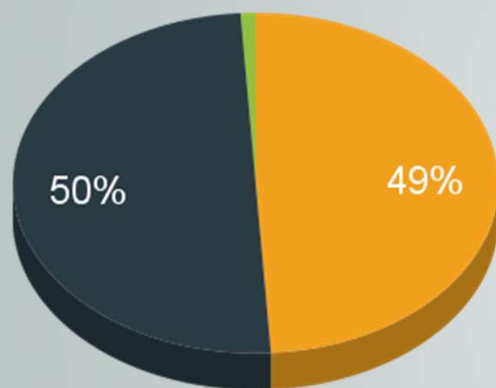
Connecting With Consumers

- ▶ Consumer Perception Survey
 - ▶ Social Media & Telephone Survey
- ▶ Virtual Focus Groups



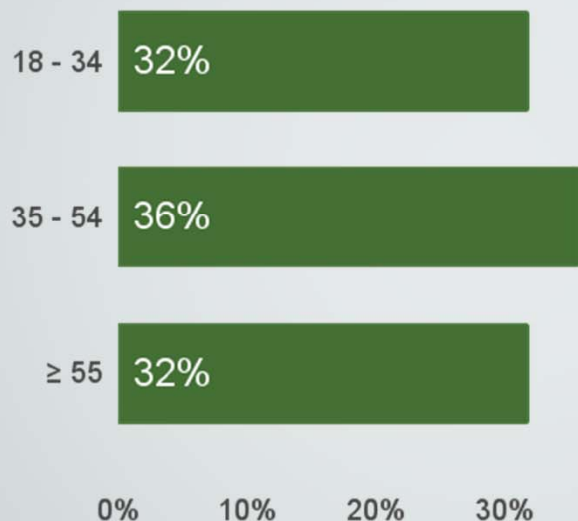
Consumer Perception Survey

Gender

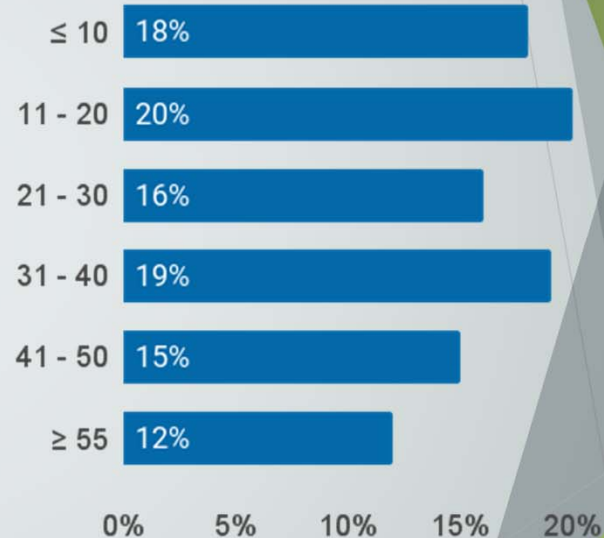


● Male ● Female
● Other/Not Specified

Age



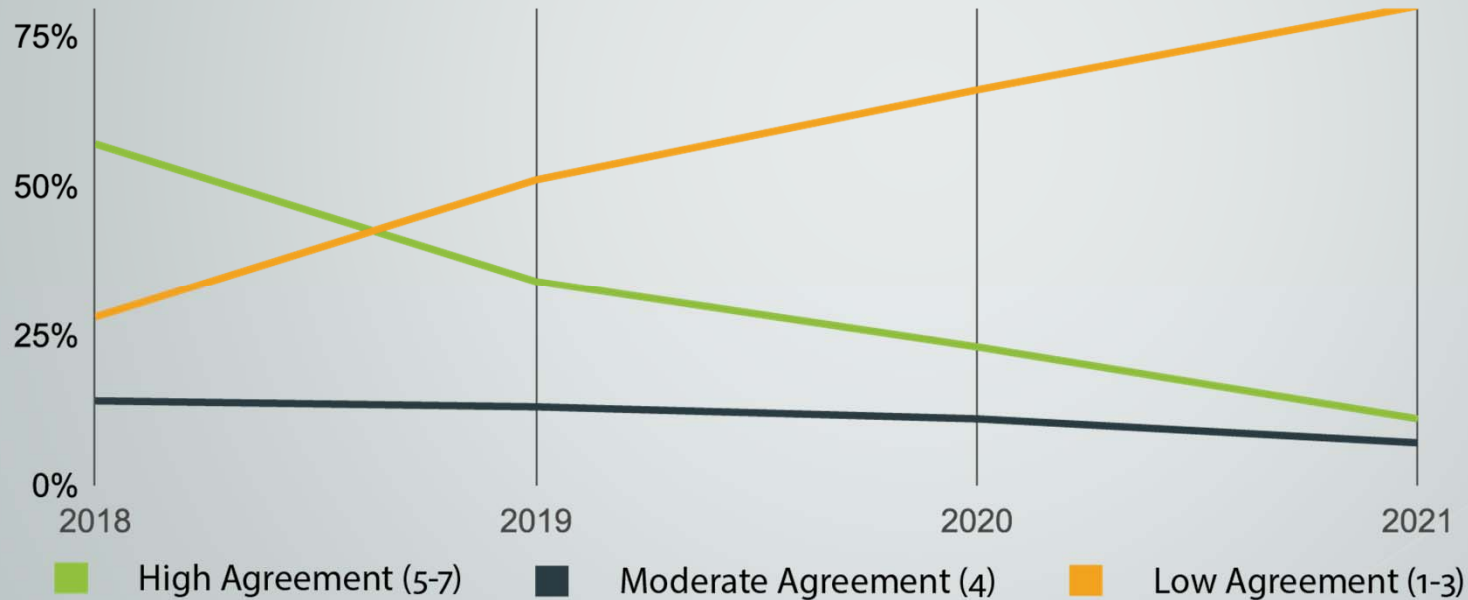
Years as a Licensed Driver



Automobile Insurance Premiums

Consumers level of agreement with:

"Automobile insurance premiums are fair and reasonable."

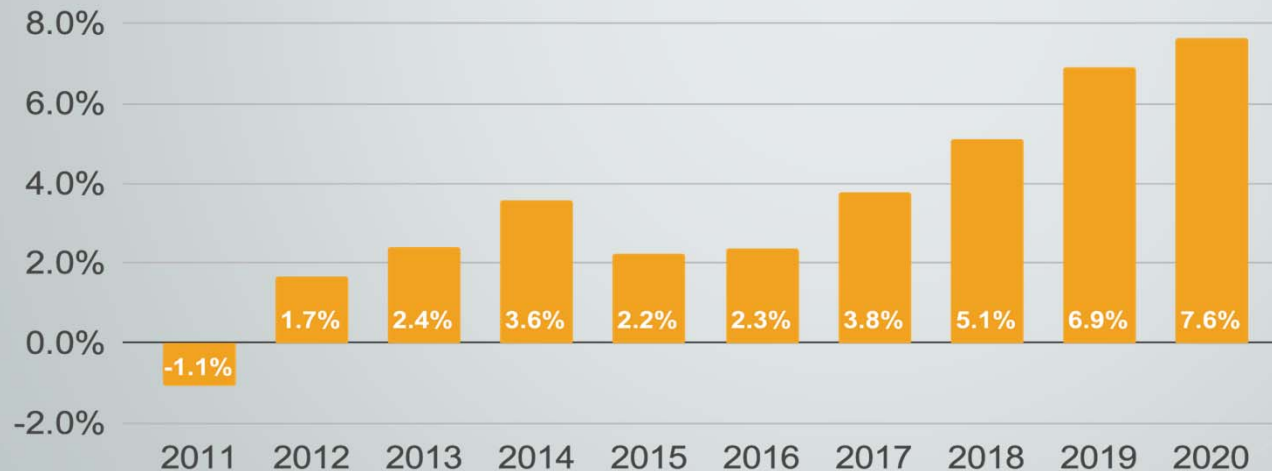


Change in Average Automobile Insurance Premiums

When asked:

“Were you aware that some Alberta drivers are facing increases in insurance premiums?” eighty-nine percent of respondents indicated awareness of premium increases.

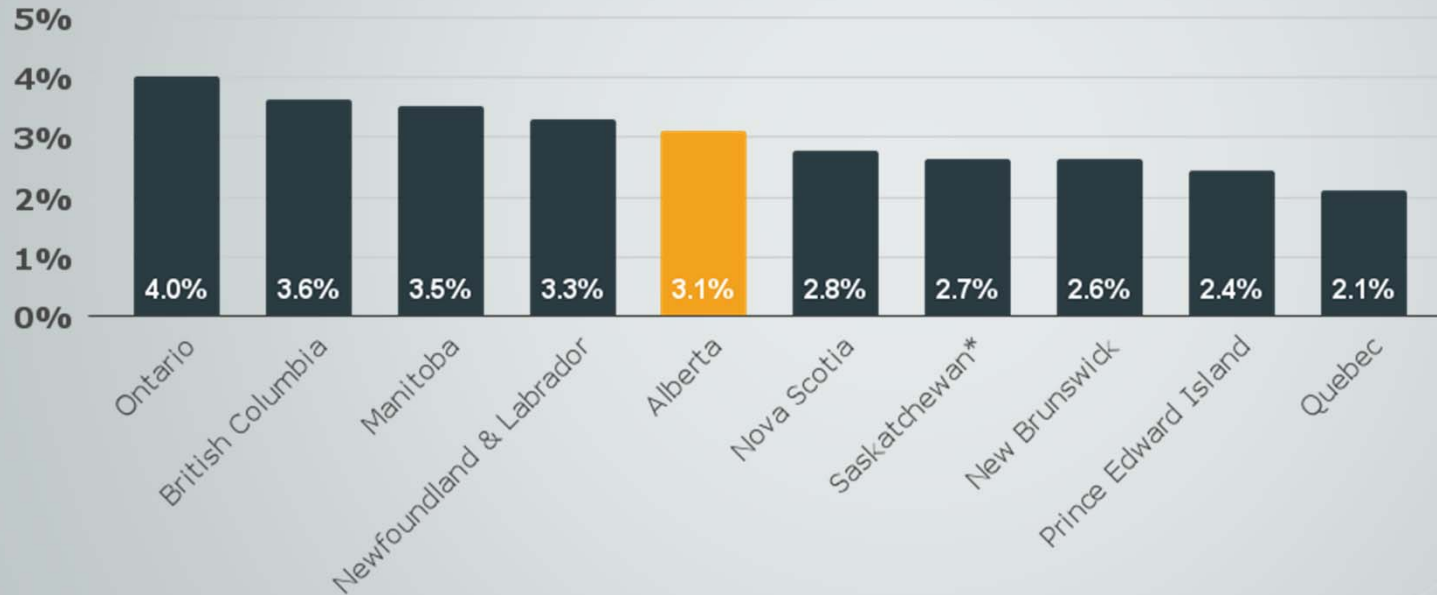
CHANGE IN AVERAGE PREMIUMS BY YEAR



Source: GISA 2020 - Auto-1005-AB

Provincial Comparison

Average Automobile Insurance Premium as a Percentage of Average Individual After-Tax Income



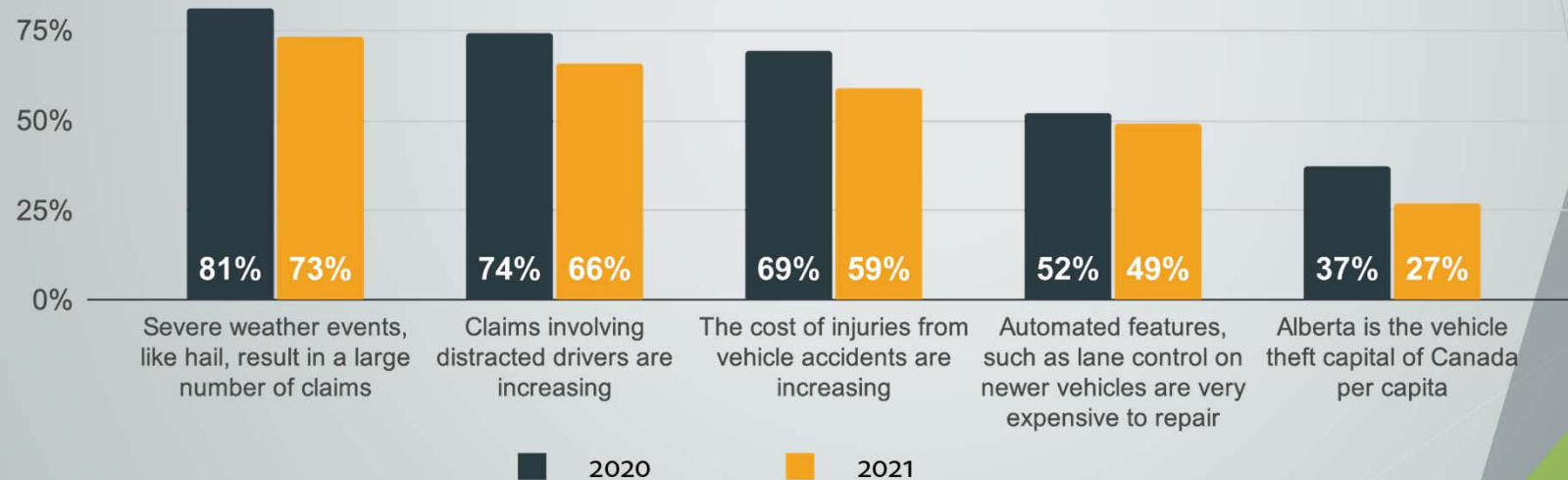
Based on 2019 data

*Mandatory Coverages Only

Awareness of Factors Contributing to Rising Insurance Premiums

Consumers were asked:

“Were you aware the following factors contribute to the rising cost of insurance?”

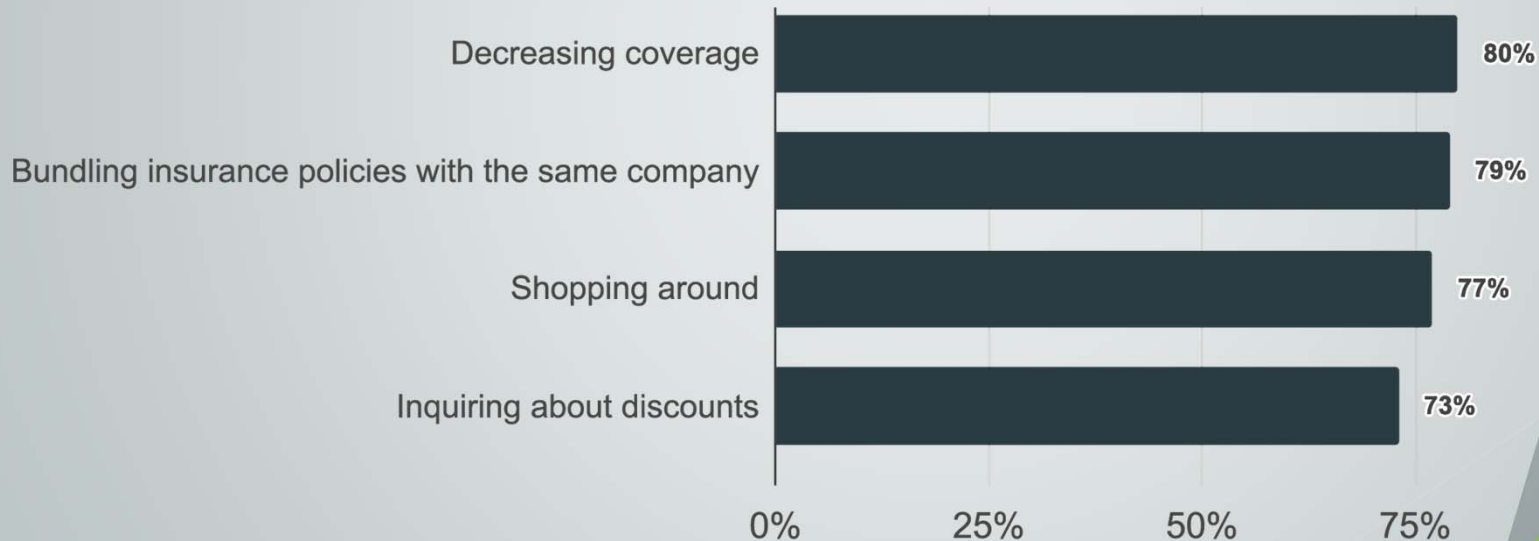


Note: Respondents could select multiple answers.

Actions That Could Reduce Premiums

Consumers were asked:

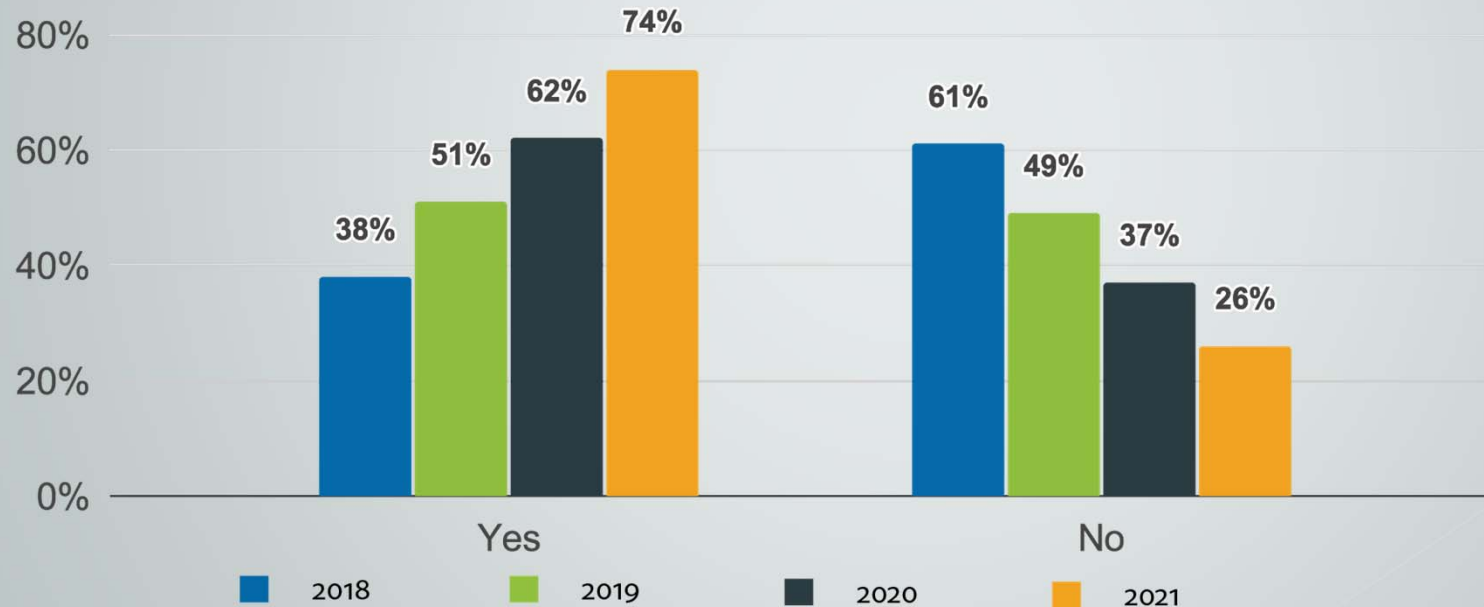
"Before today, were you aware the following actions could reduce your vehicle insurance?"



Shopping the Market

Consumers were asked:

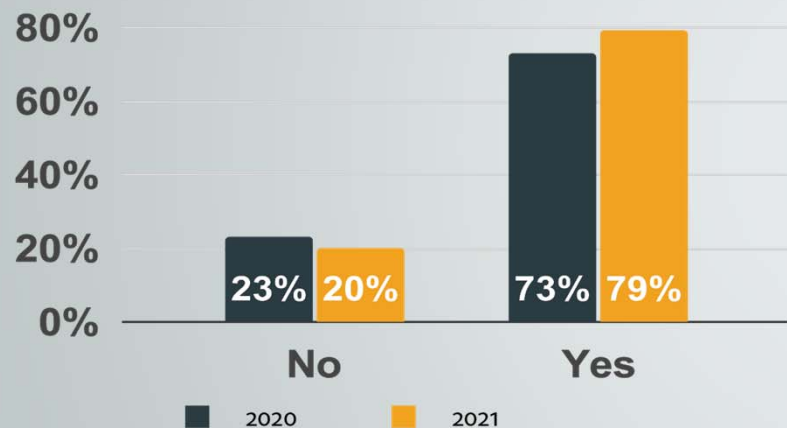
"At any time in the past 2 years, have you sought competitive quotes?"



Note: Some responded with *Don't Know*

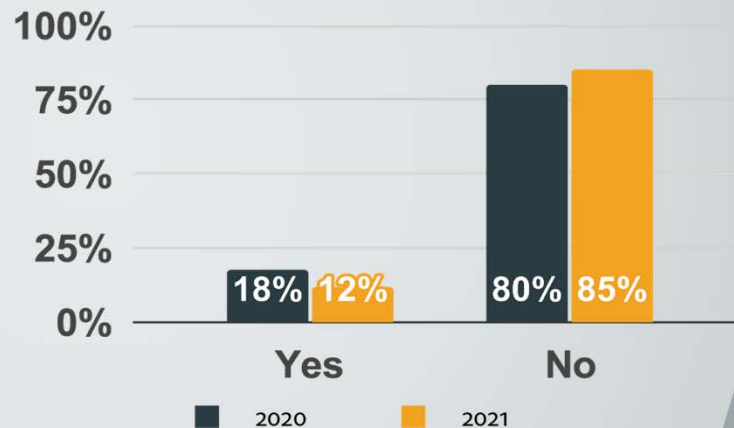
Customer Service

CONSUMERS THAT CONTACTED THEIR BROKER OR AGENT FOR AN EXPLANATION AS TO WHY THEIR PREMIUMS INCREASED



Note: Some responded with *Don't Know*

CONSUMERS THAT FELT THEIR BROKERS OR AGENT PROVIDED A SATISFACTORY EXPLANATION AS TO WHY THEIR PREMIUMS INCREASED

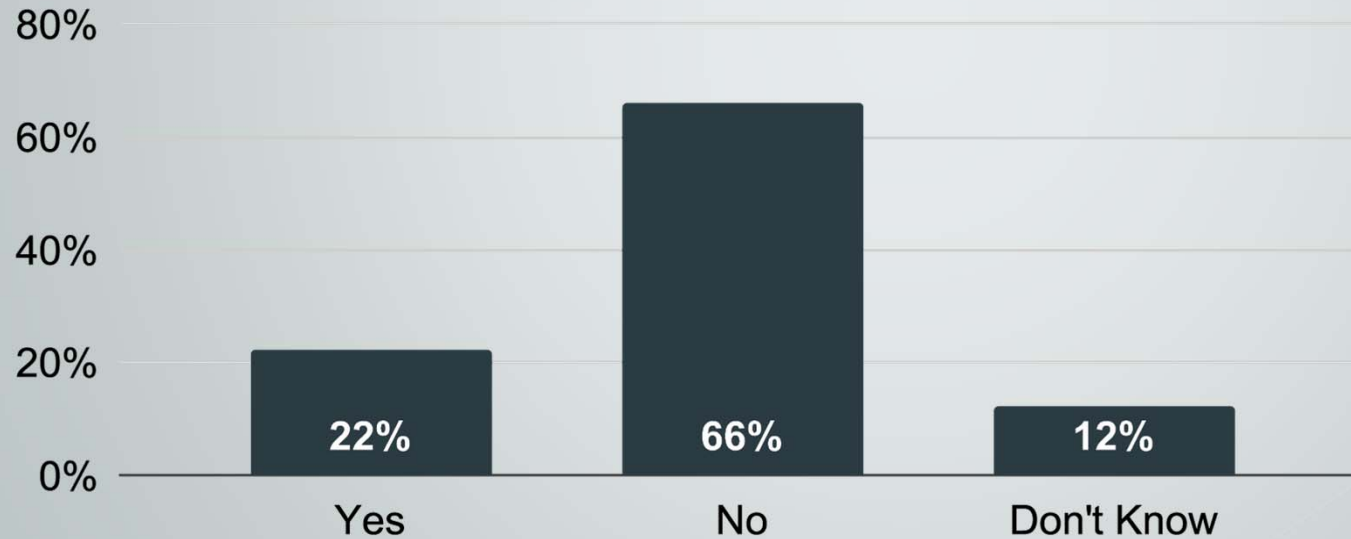


Note: Some responded with *Don't Know*

COVID-19

Consumers were asked:

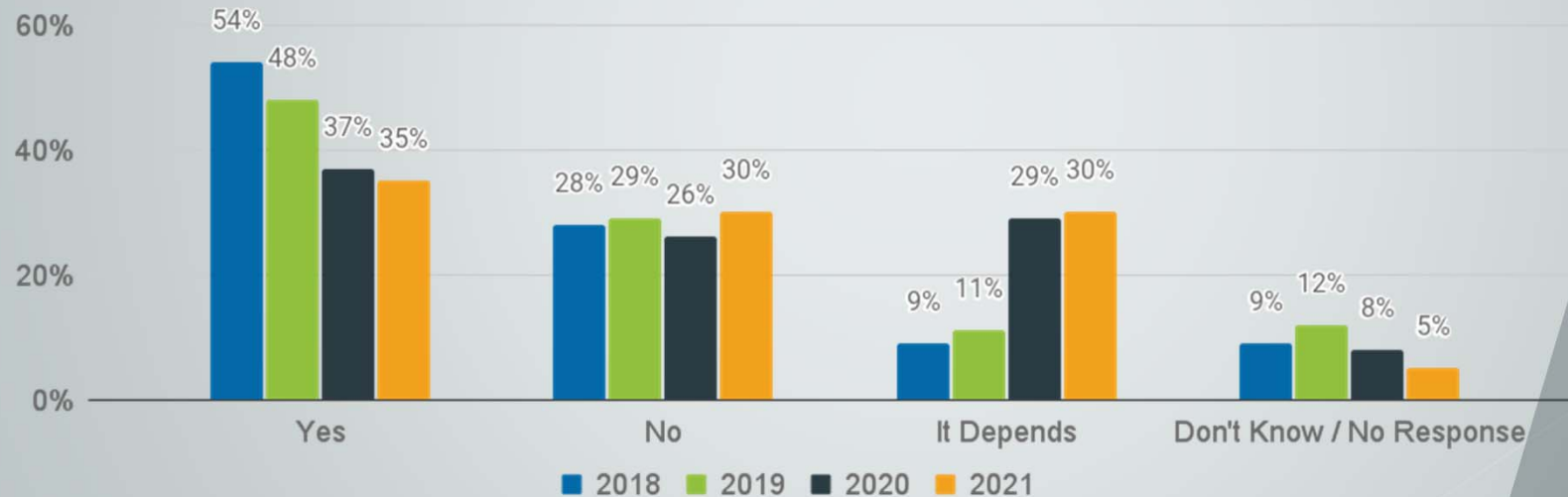
“Do you agree, during the pandemic, you were able or had the opportunity to have your premiums adequately adjusted to accommodate for your driving habits.”



Usage Based Insurance

Consumers were asked:

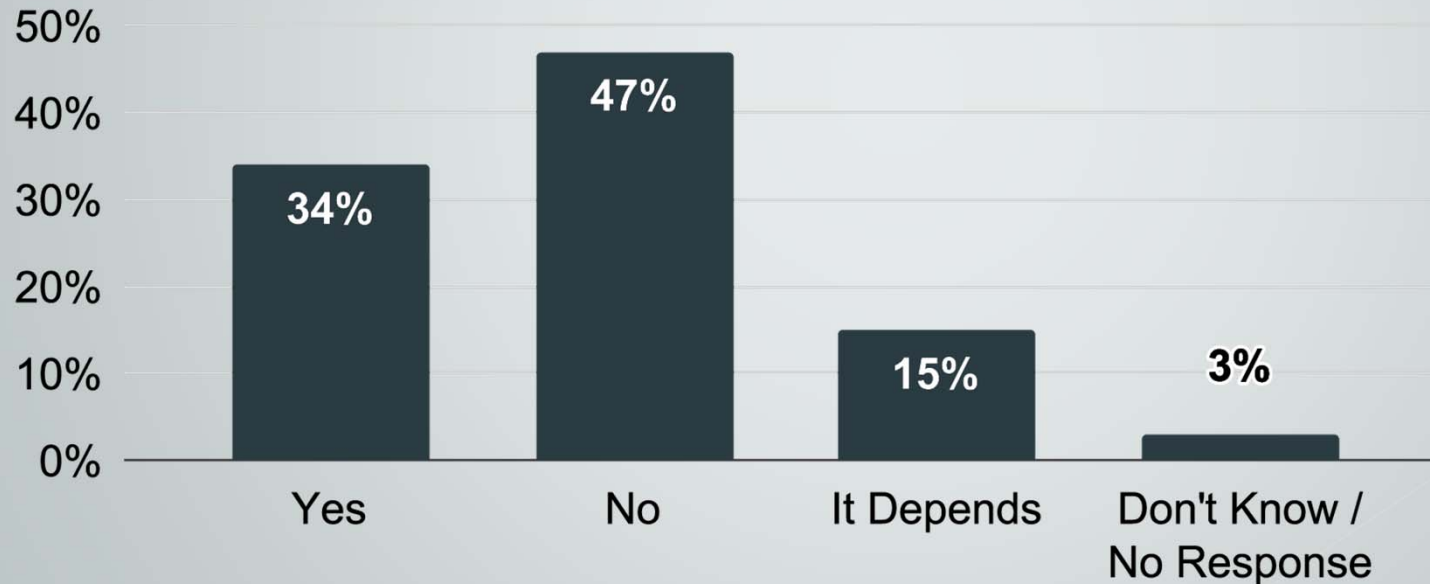
“Would you consider signing up for usage-based insurance when your insurance companies make it available to you?”



Usage Based Insurance

Consumers were asked:

“Would your answer to the previous question change if you knew you would pay more if you demonstrated unsafe driving behaviors?”



Focus Groups

Key sentiments from participants:

- ▶ Higher agreement with “Automobile Insurance Premiums Are Fair and Reasonable”, than survey respondents.
- ▶ Less industry specific language.
- ▶ Increased transparency.
- ▶ Less of a burden for shopping the market.
- ▶ Support for usage based insurance, but have some concerns.
- ▶ Higher penalties and more enforcement for distracted driving.



My Observations

- ▶ Many consumers are experiencing unexpected increases in premiums despite having no claims or convictions.
- ▶ The majority of consumers do not feel their premiums are fair and reasonable.
- ▶ Increases to premium have led to increased frustration for consumers.
- ▶ More consumers are shopping the market, as encouraged by the AIRB.
- ▶ Consumers find insurance to be a complex product and would be appreciative of more online resources.



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Consumer Representative Report can be
found on the AIRB Website www.airb.alberta.ca