

Consumer Perspectives on Automobile Insurance

Mathew Wesolowski, Consumer Representative

August 18, 2022

Role of the Consumer Representative



Mathew Wesolowski,
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

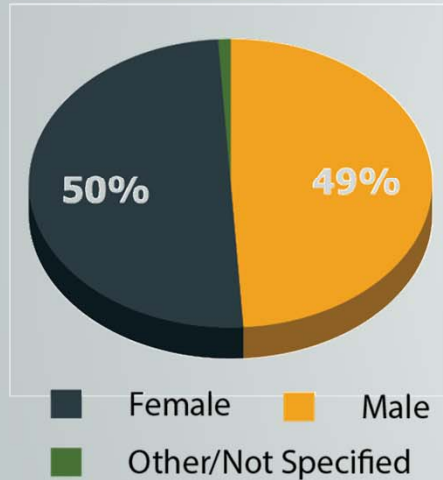
Online and Telephone Survey

Virtual Focus Groups

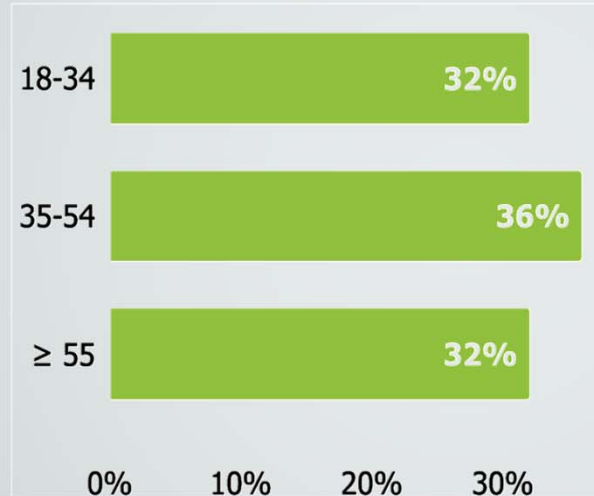
Consumer Perception Survey

DEMOGRAPHICS OF ALL SURVEY RESPONDENTS

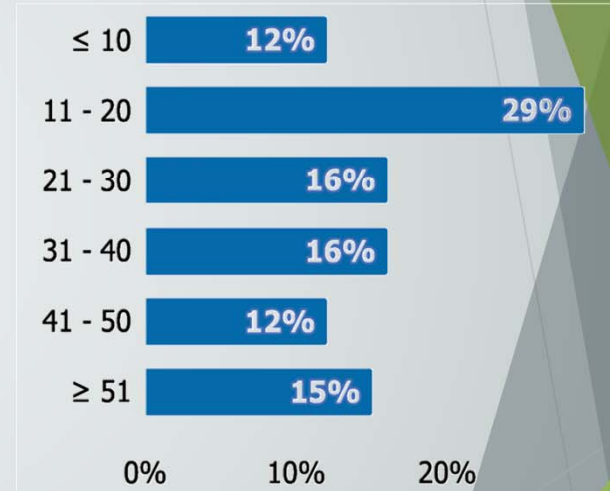
GENDER



AGE

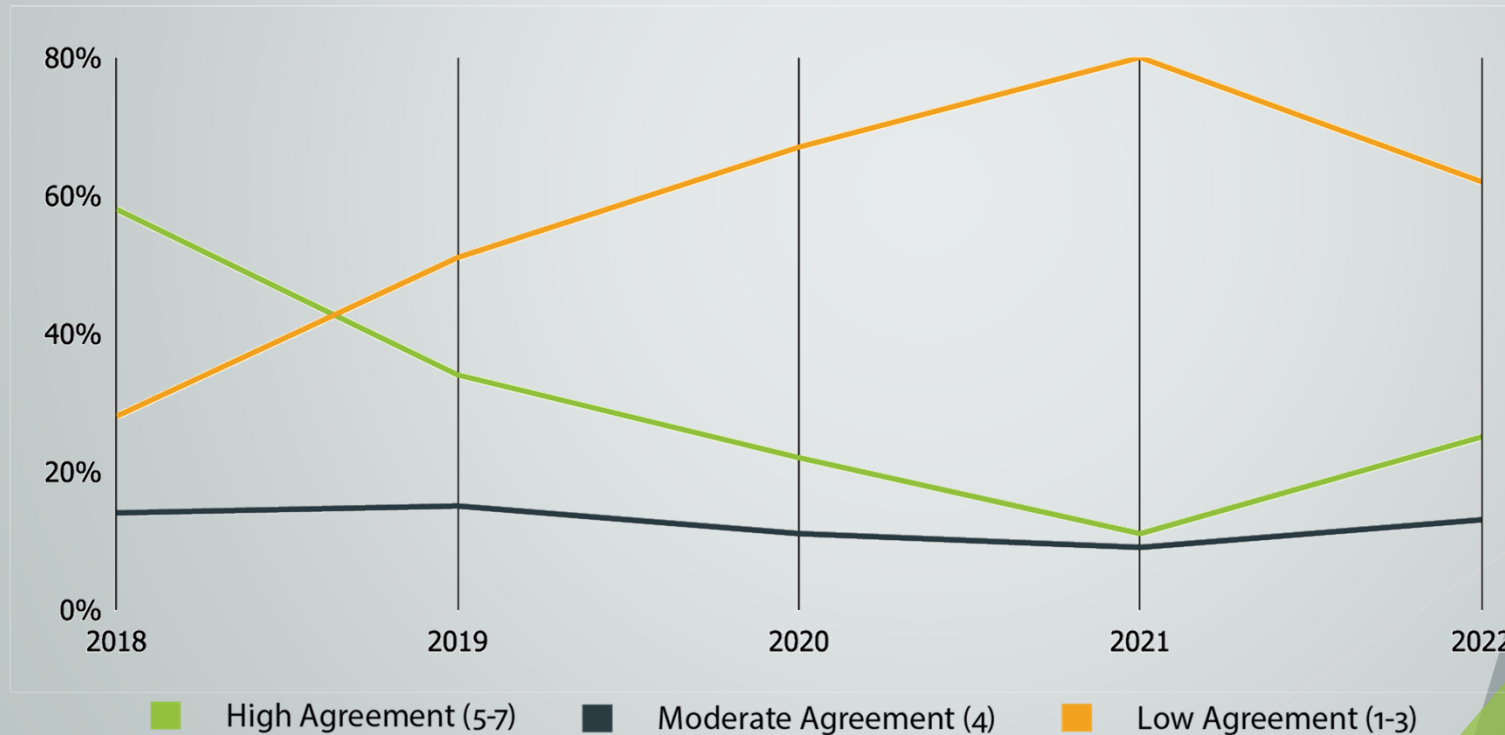


YEARS AS A LICENSED DRIVER



Automobile Insurance Premiums

Consumers level of agreement with: **"Automobile insurance premiums are fair and reasonable."**

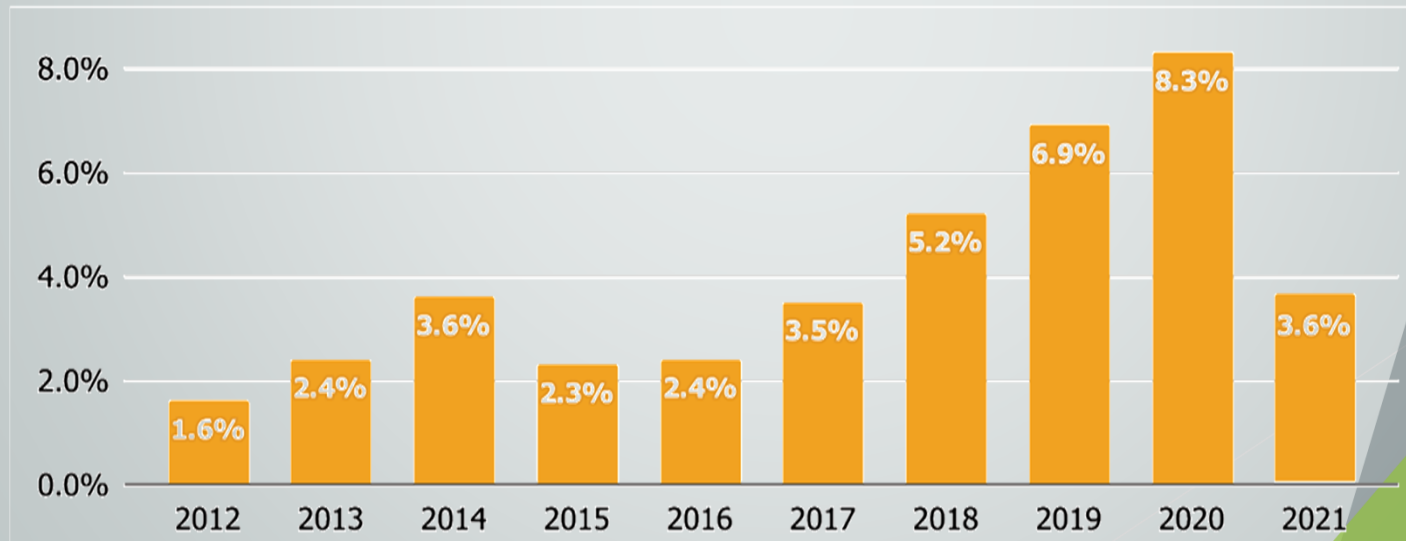


Change in Average Automobile Insurance Premiums

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.”

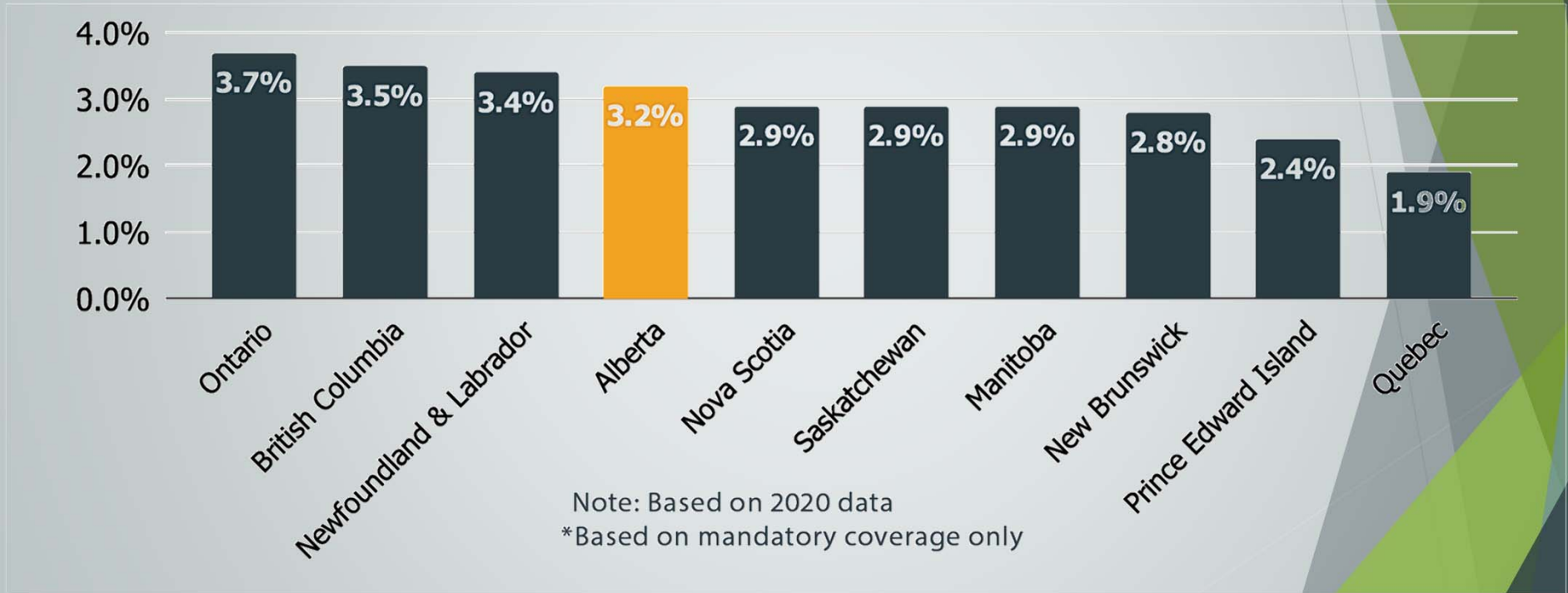
CHANGE IN AVERAGE PREMIUMS BY YEAR



Source: GISA 2021 - Auto-1005-AB

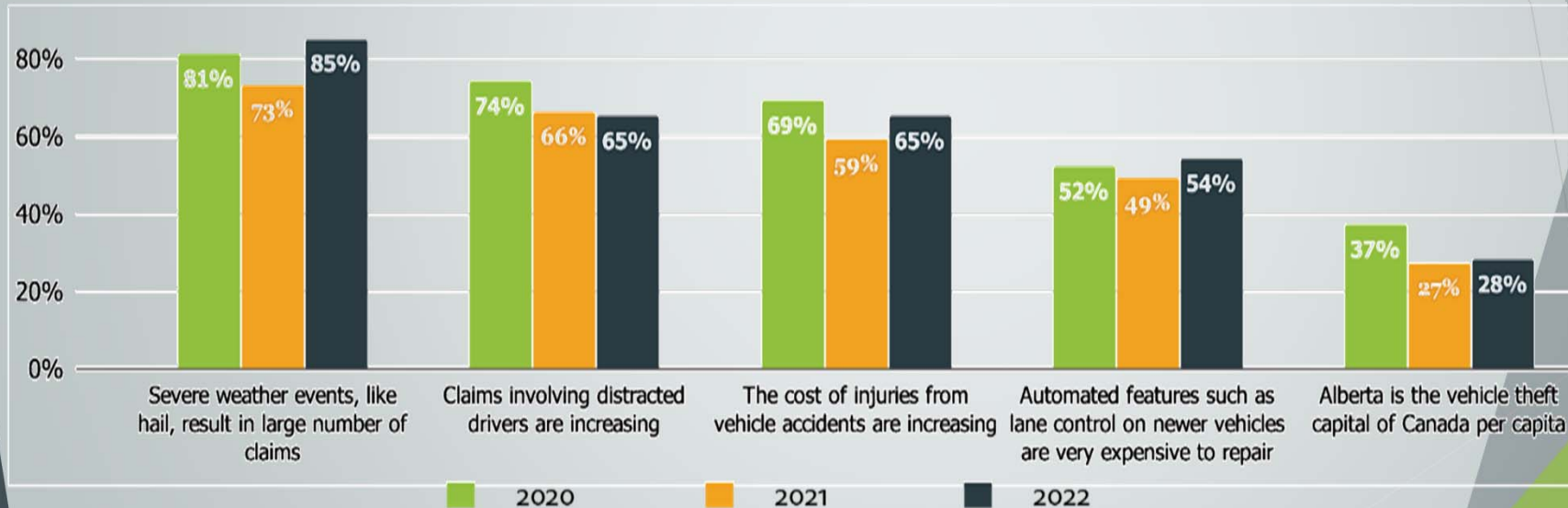
Provincial Comparison

AVERAGE PREMIUM AS A PERCENT OF INDIVIDUAL AFTER-TAX INCOME BY PROVINCE



Awareness of Factors Contributing to Rising Insurance Premiums

Consumers were asked: **"Were you aware the following factors contribute to the rising cost of insurance?"**

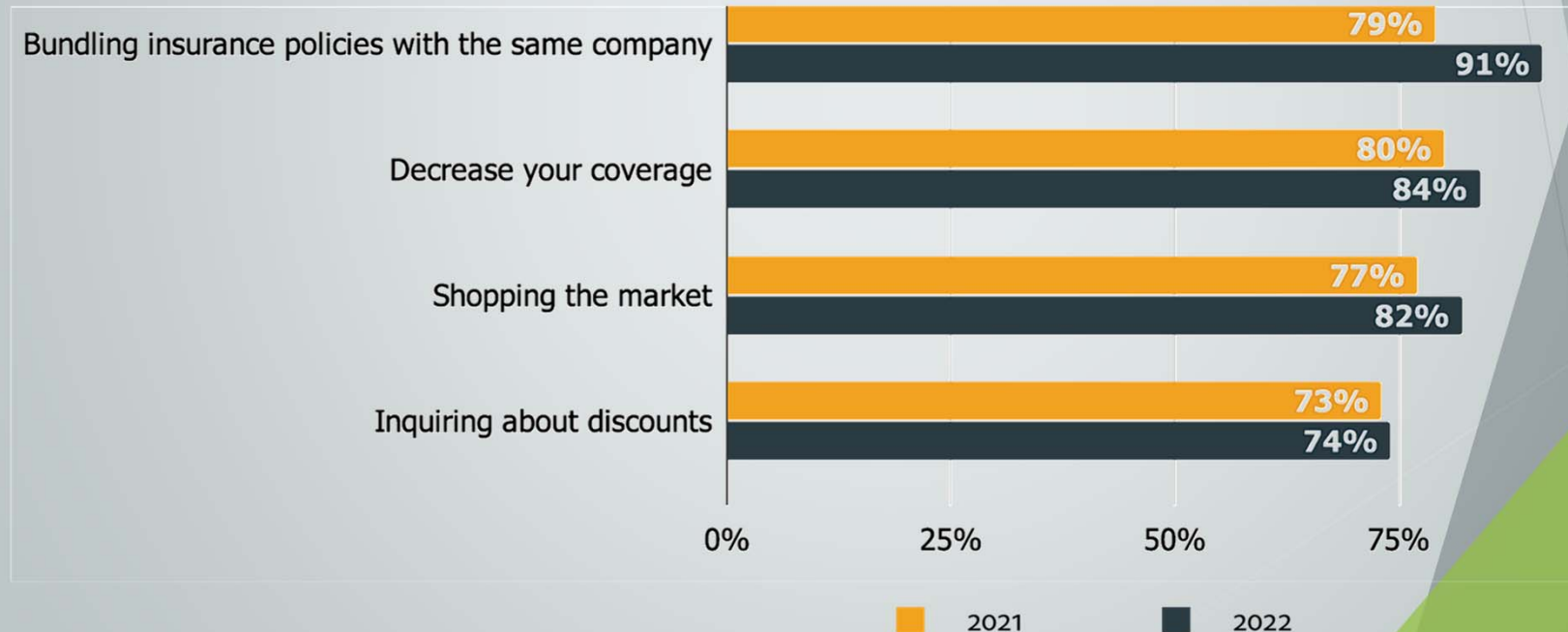


Note: Respondents could select multiple answers.

Actions That Could Reduce Premiums

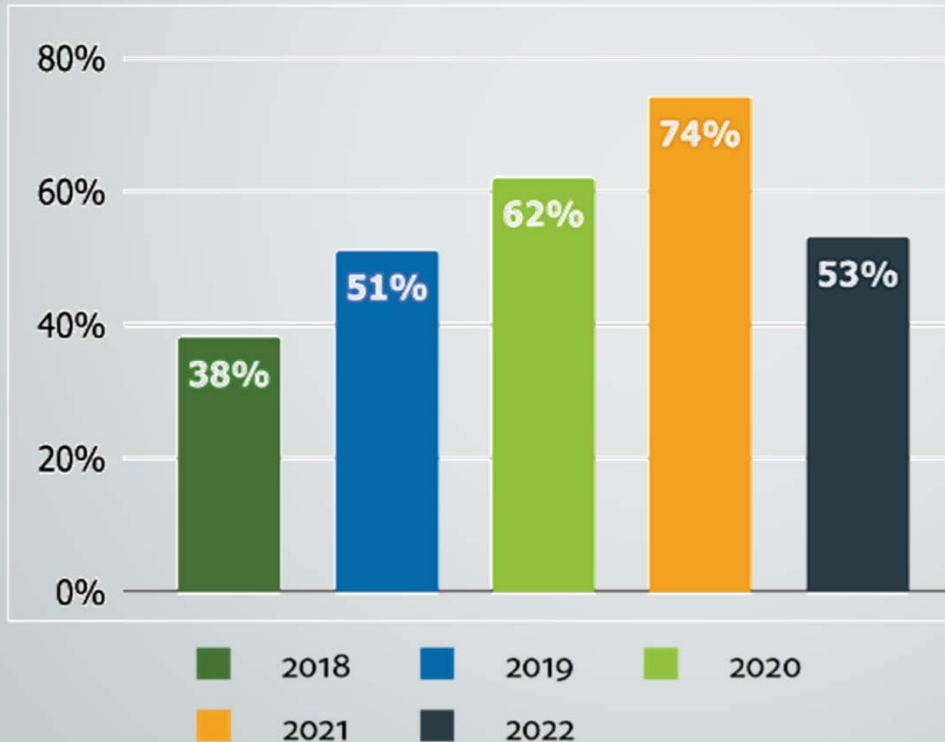
Consumers were asked: “**Before today, were you aware the following actions could reduce your vehicle insurance?**”

AWARENESS OF ACTIONS THAT COULD REDUCE PREMIUMS



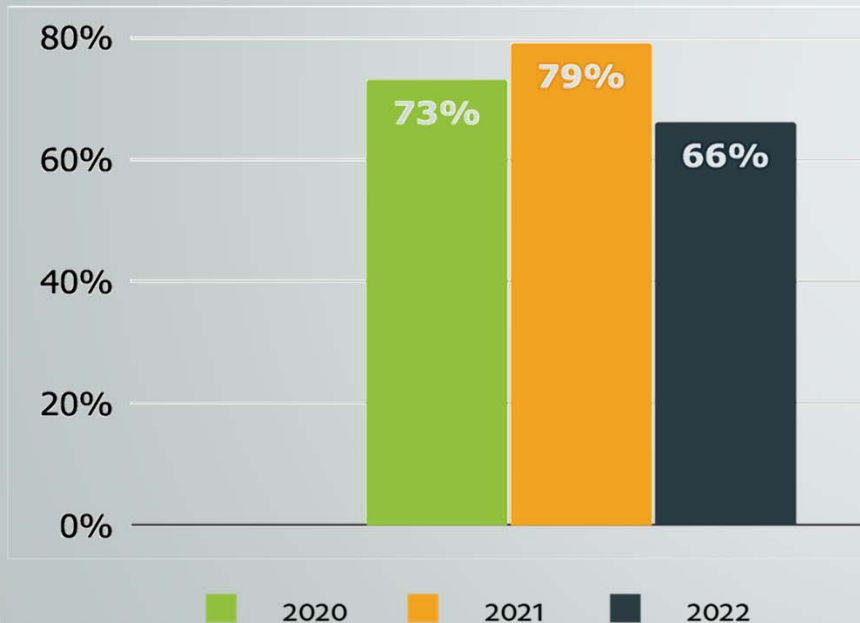
Shopping the Market

Consumers were asked: **“At any time in the past two years, have you sought competitive quotes?”**

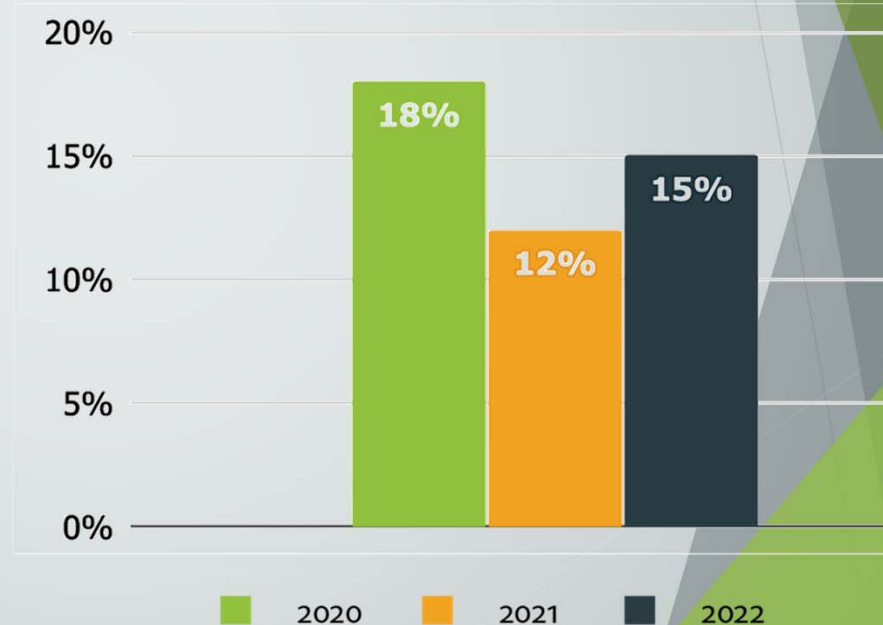


Customer Service

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

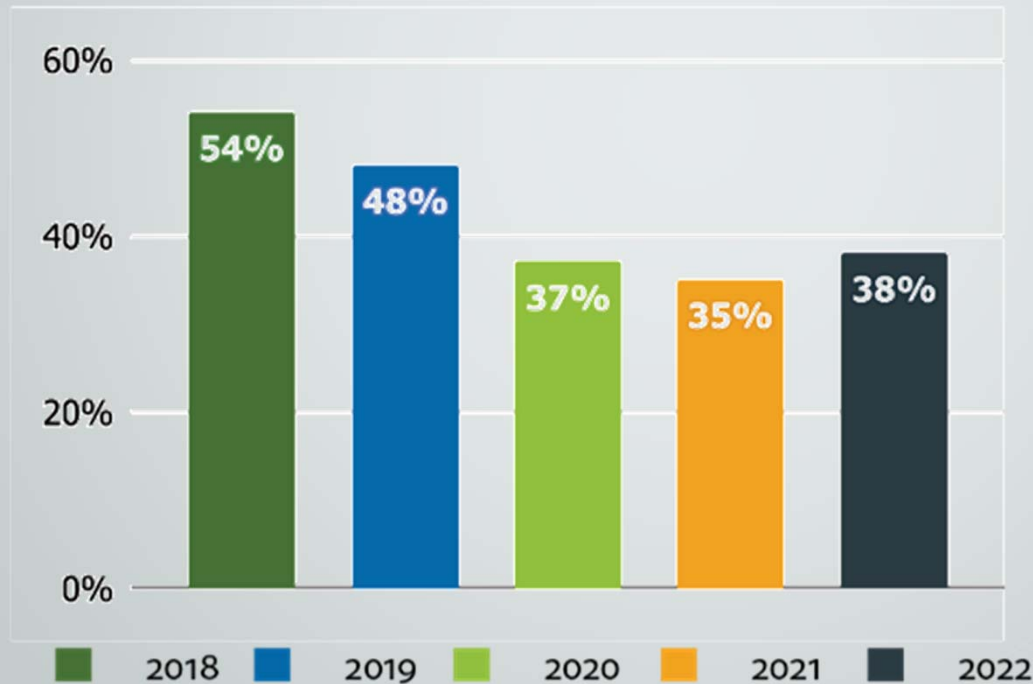


CONSUMERS THAT FELT THEIR BROKERS OR AGENT PROVIDED A SATISFACTORY EXPLANATION AS TO WHY THEIR PREMIUMS INCREASED



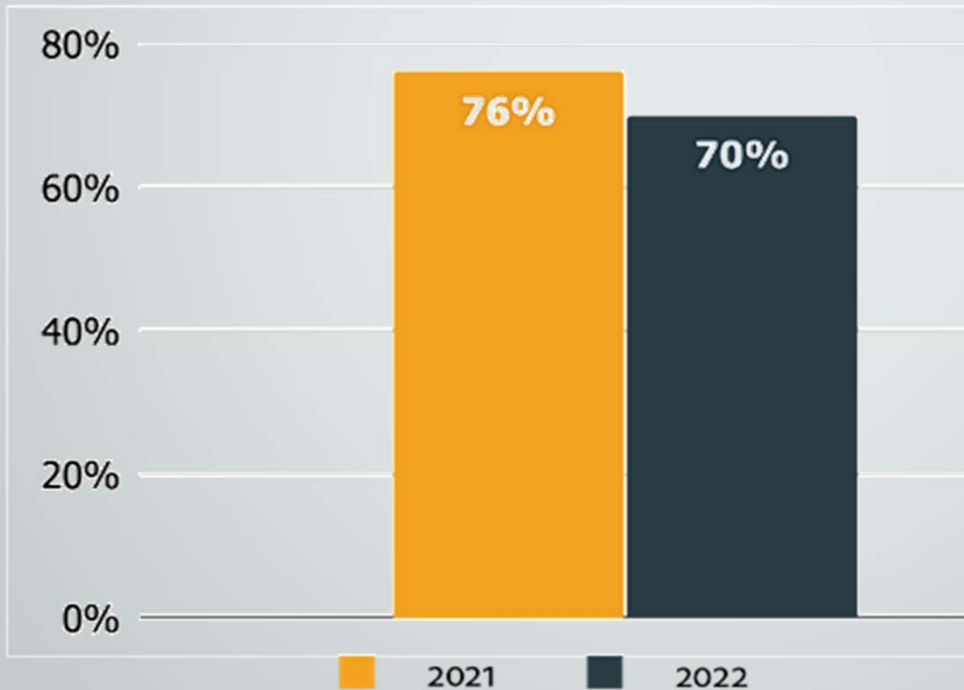
Usage Based Insurance

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



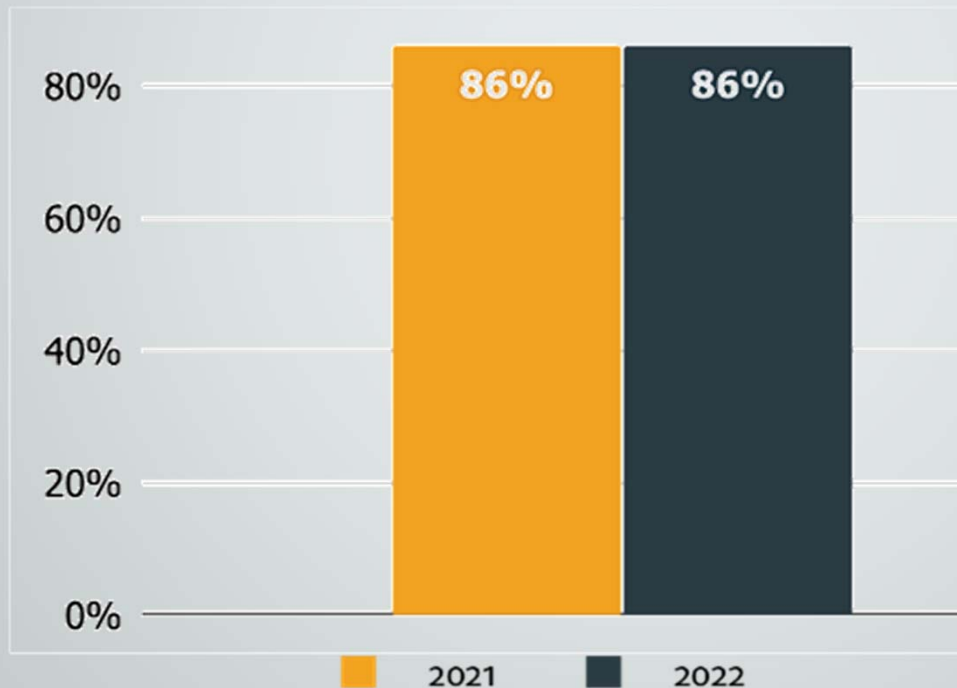
Convictions

Consumers were asked: **“Were you aware driving convictions could affect your vehicle insurance premiums to the extent they do?”**



Influence of Vehicle on Insurance

Consumers were asked: **“Were you aware the vehicle you drive can greatly affect your premiums?”**



Focus Groups

Key sentiments from participants:

- ▶ Higher agreement with “Automobile Insurance Premiums Are Fair and Reasonable”, than survey respondents.
- ▶ Want plain language insurance documents.
- ▶ Shopping the market is time consuming and a burden.
- ▶ Support for usage based insurance, but have some concerns.
- ▶ Higher penalties and more enforcement for distracted driving.



My Observations

- ▶ Consumers are concerned about the affordability of automobile insurance.
- ▶ The majority of consumers do not feel their premiums are fair and reasonable.
- ▶ Consumers find insurance to be a complex product and would be appreciative of more online resources.
- ▶ More consumers are shopping the market, as encouraged by the AIRB.
- ▶ There is an increased need for public education on insurance – I know the AIRB will continue to work on filling this need.



Consumer Representative

c/o Automobile Insurance Rate Board

#2440, Canadian Western Bank Place
10303 Jasper Avenue
Edmonton, AB T5J 3N6

Phone: 780.427.5428

Email: airb@gov.ab.ca

Consumer Representative Report can be
found on the AIRB website at airb.alberta.ca