

Consumer Perspectives on Automobile Insurance

Mathew Wesolowski, Consumer Representative

August 17, 2023

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

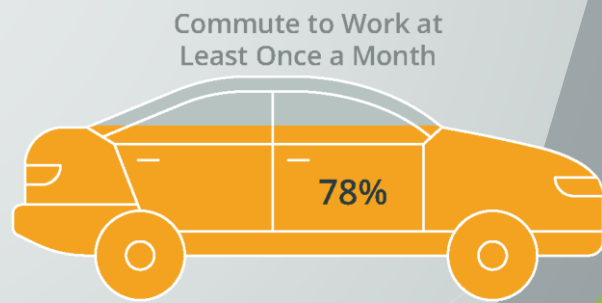
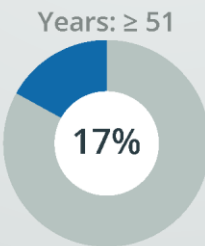
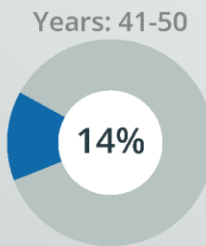
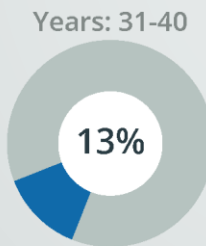
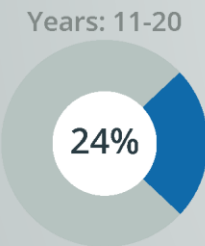
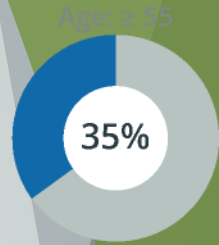
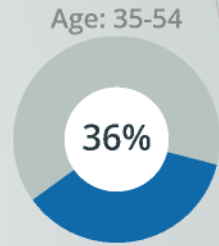
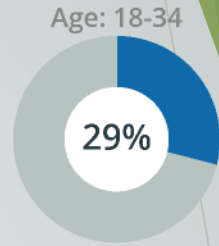
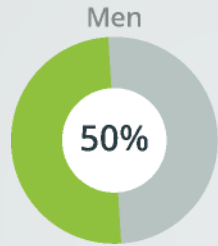
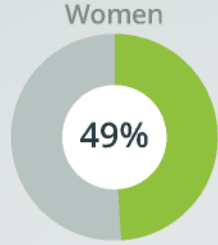
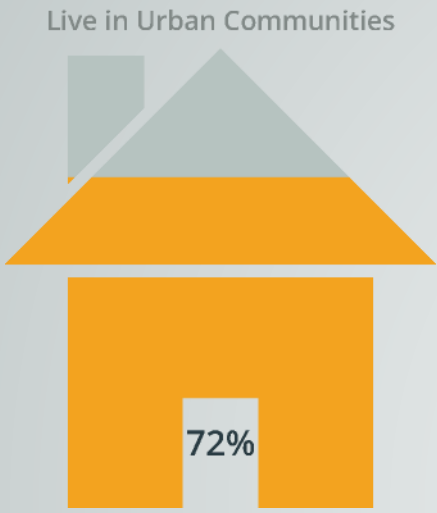
Connecting With Consumers

Consumer Perception Survey

- Online and Telephone Survey

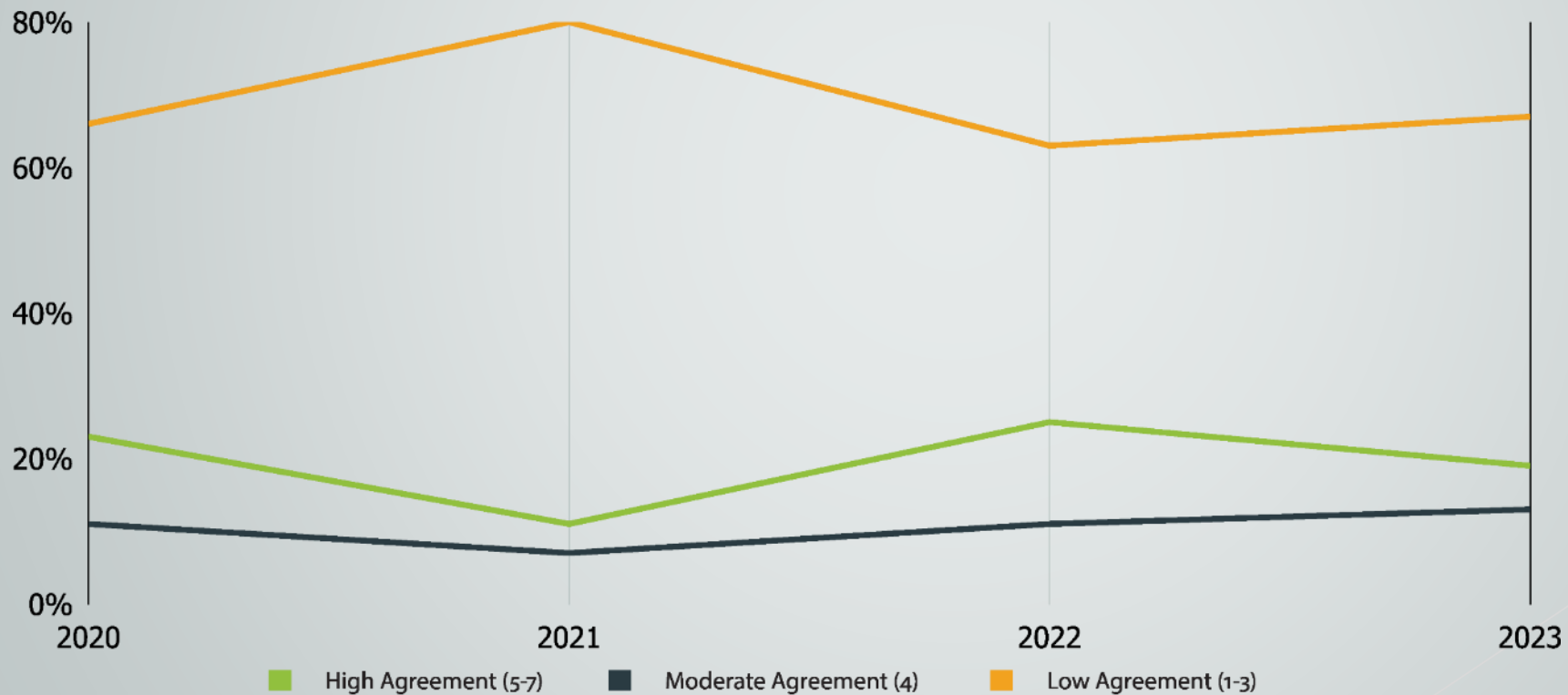
Virtual Focus Groups

Consumer Perception Survey (Demographics)



Automobile Insurance Premiums

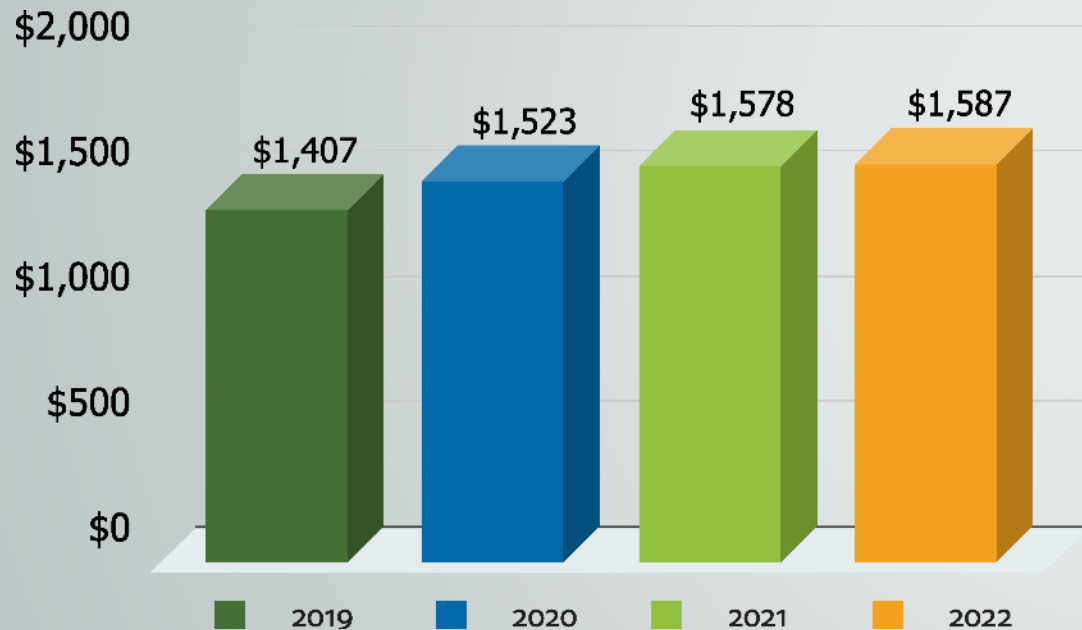
Consumers level of agreement with: **“Automobile insurance premiums are fair and reasonable.”**



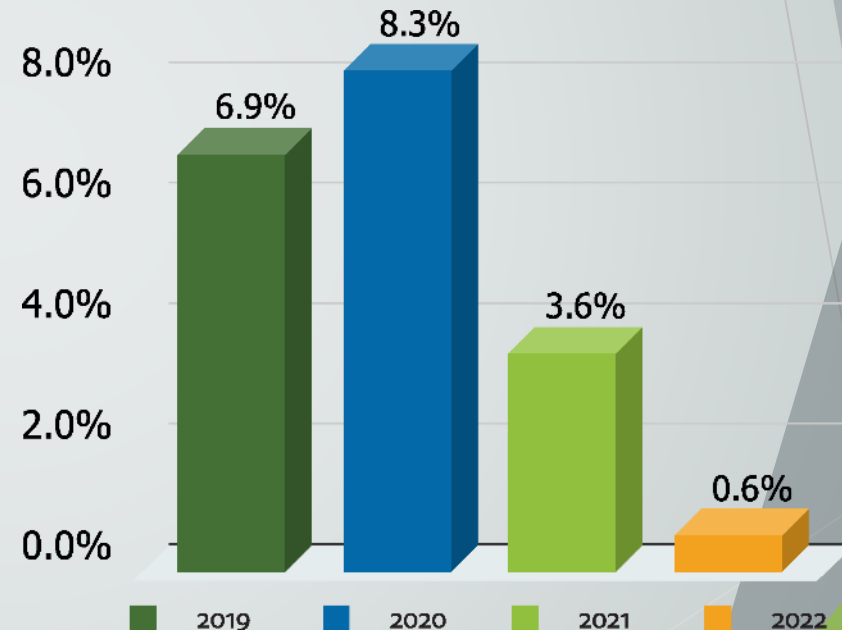
Note: Some responded do not know

Change in Average Automobile Insurance Premiums

Average Annual Written Premium

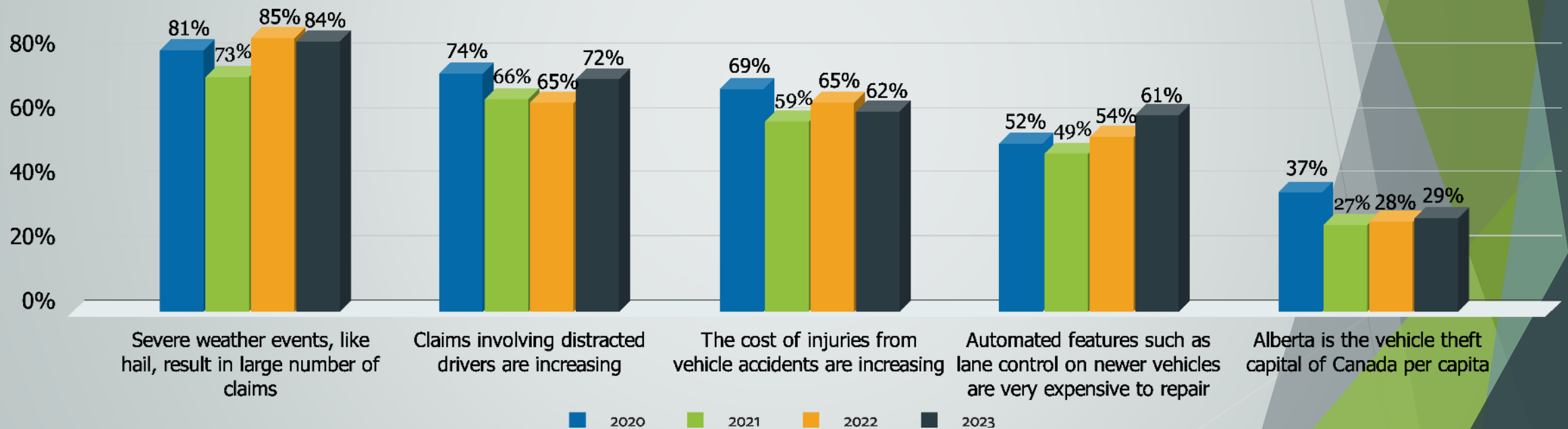


Change in Average Premiums by Year



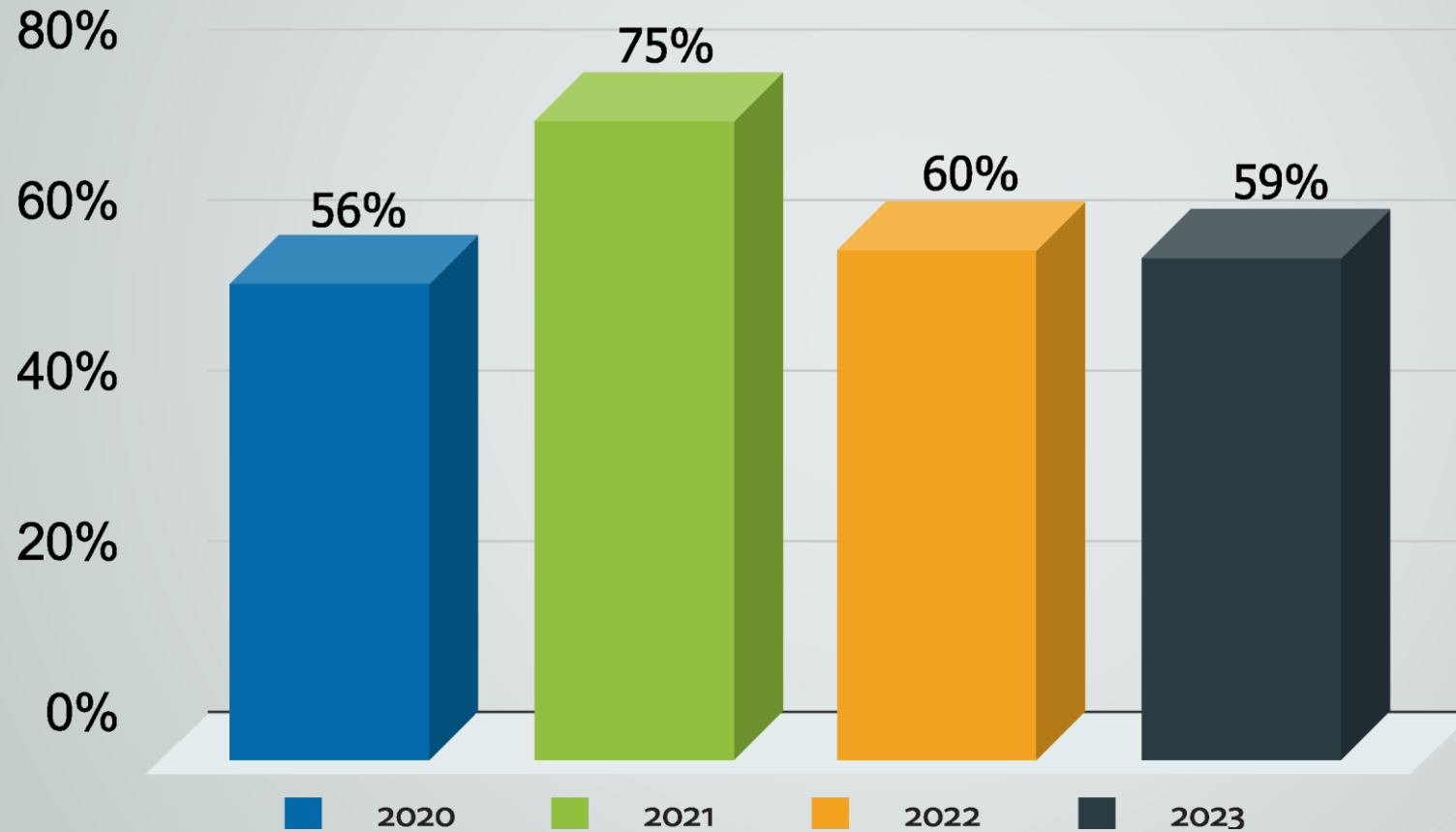
Awareness of Factors Contributing to Rising Insurance Premiums

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



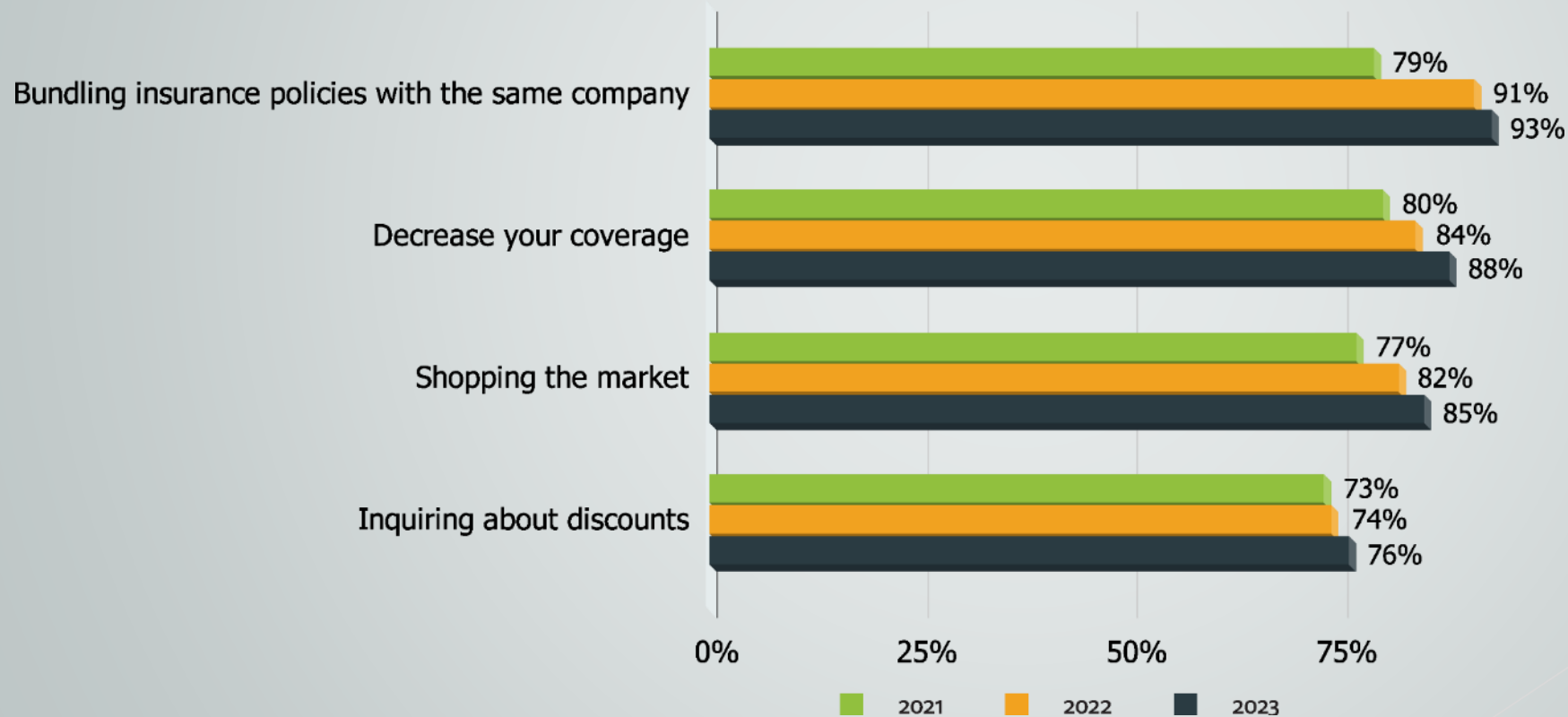
Note: Respondents could select multiple answers

Unexpected increases although claims and conviction free



Actions That Could Reduce Premiums

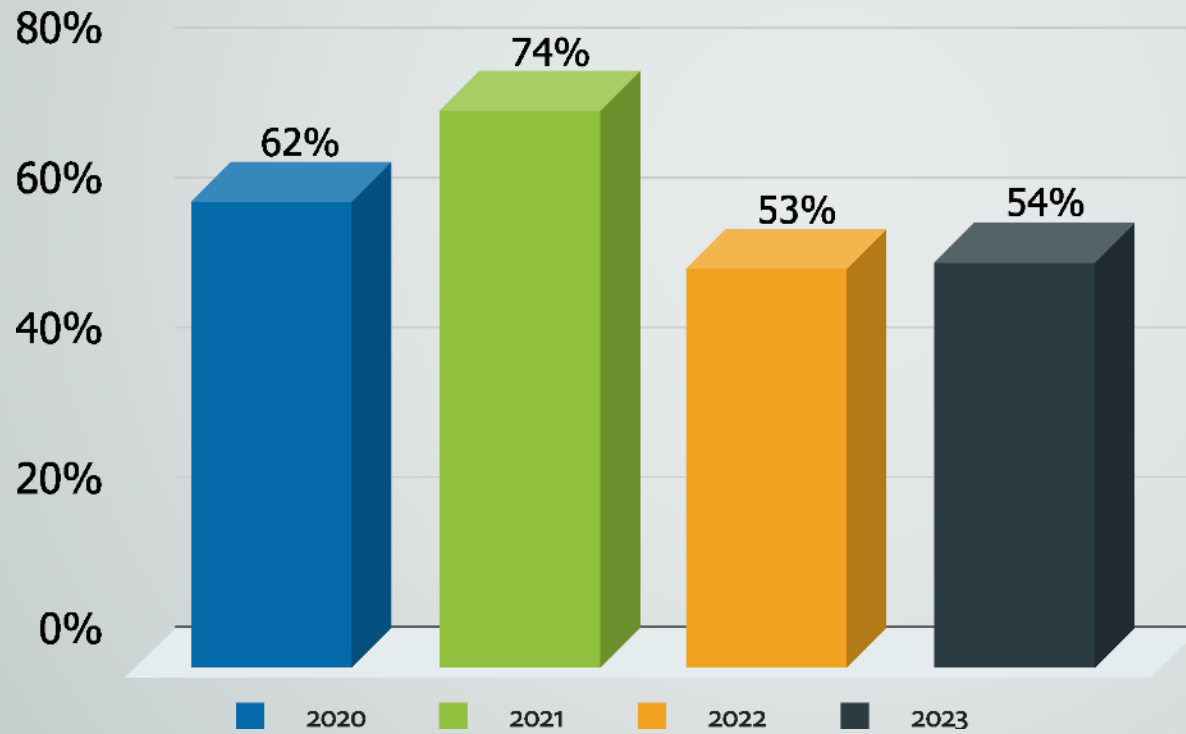
Consumers were asked: “**Before today, were you aware the following actions could reduce your vehicle insurance?**”



Note: Respondents could select multiple answers

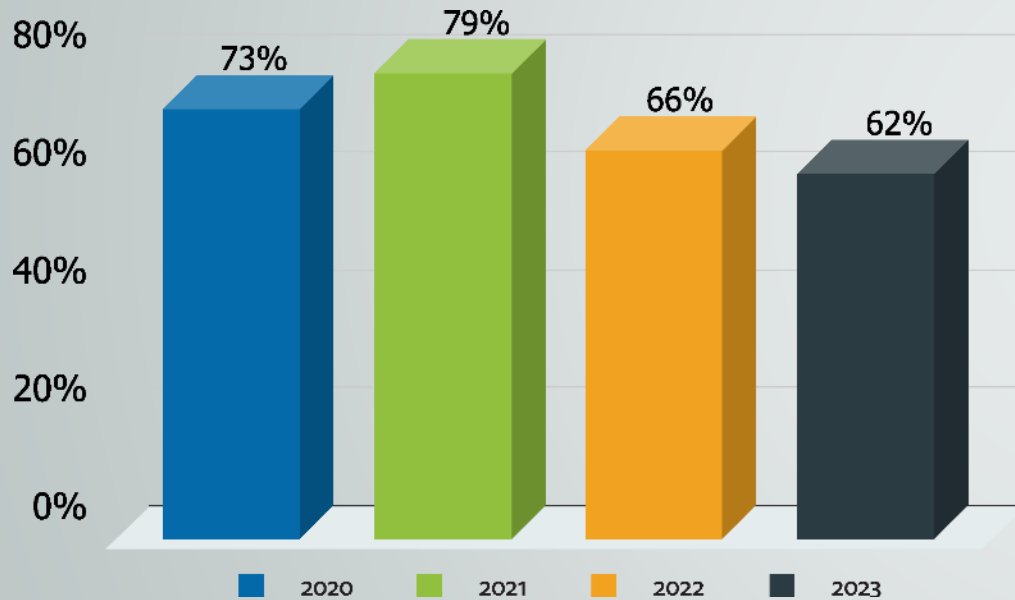
Shopping the Market

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

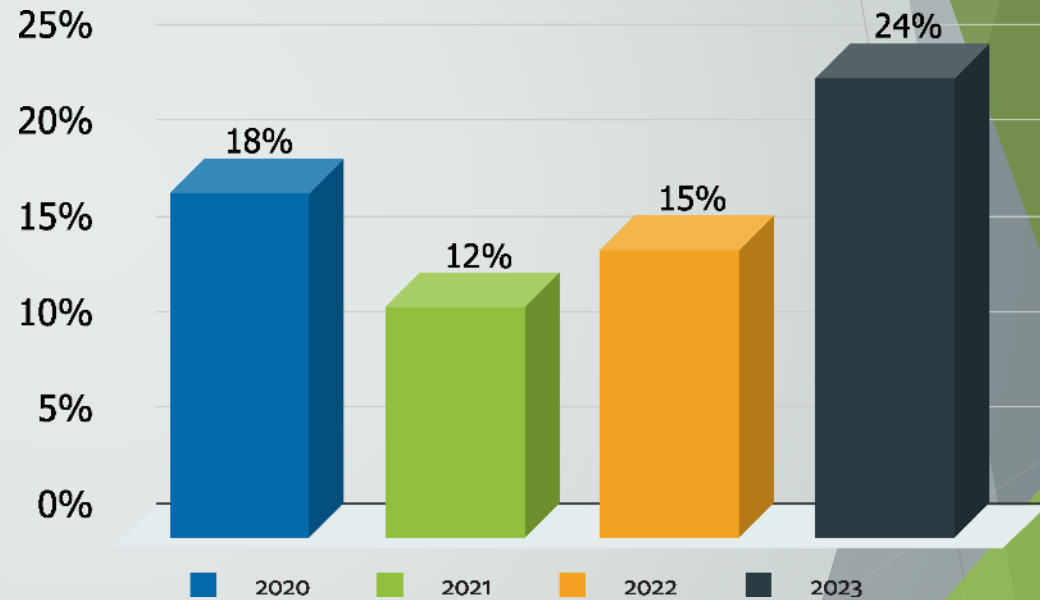


Customer Service

Consumers That Contacted Their Broker Or Agent For An Explanation As To Why Their Premiums Increased

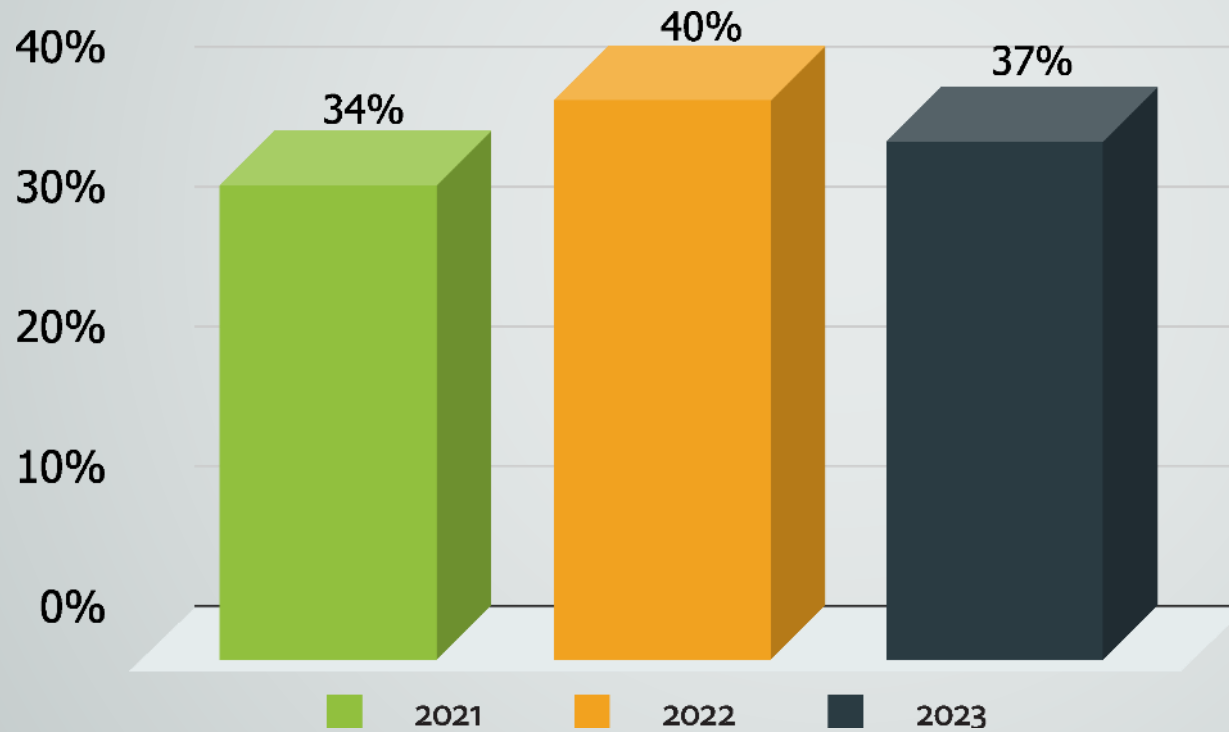


Consumers That Felt Their Brokers Or Agent Provided A Satisfactory Explanation As To Why Their Premiums Increased



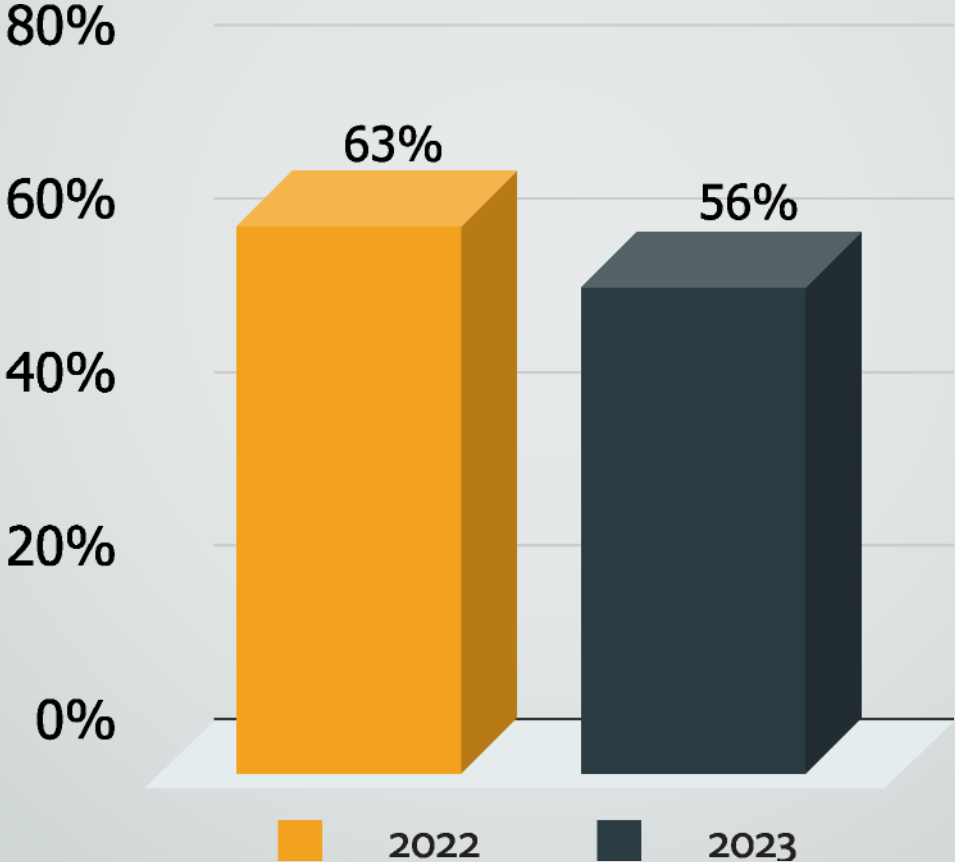
Convictions

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



Direct Compensation for Property Damage

Before Today, Have You Heard About DCPD?
Participants That Responded **No**



Focus Groups

Key sentiments from participants:

- ▶ General skepticism about the insurance industry's practices.
- ▶ The 18-34 group was far less interested in UBI or pay-as-you-go insurance for privacy reasons.
- ▶ Some participants felt the insurance industry uses too much "jargon".
- ▶ The 18-34 year-old group was far more likely to see premiums as fair and reasonable.
- ▶ There was general frustration with rising insurance costs and not enough support to understand consumer options.



My Observations

- ▶ Inflationary pressure is a serious concern.
- ▶ Most consumers do not feel their premiums are fair and reasonable.
- ▶ Consumers are not satisfied with explanations they receive about why their insurance premiums are increasing.
- ▶ Albertans are skeptical about insurance industry practices.



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