



Consumer Perspectives on Automobile Insurance

2023

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June 23, 2023

Mathew Wesolowski, Consumer Representative



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June 23, 2023

Jamie Hotte
Board Chair
Automobile Insurance Rate Board
Suite 2440, 10303 Jasper Avenue
Edmonton, AB T5J 3N6

Dear Mr. Hotte:

In my capacity of the Automobile Insurance Rate Board's (AIRB) Consumer Representative, I have conducted an independent and impartial review of consumer opinions and perspectives on automobile insurance in Alberta. Consumers are a valued stakeholder in the insurance industry. Their views and opinions are critical given the mandatory nature of automobile insurance coverage in Alberta. My review and this report is to ensure consumers are adequately represented and have a voice.

This review encompasses many of relevant issues concerning to the availability and affordability of automobile insurance. The views expressed in this report are those of Alberta consumers. A synopsis of consumer comments is included based on surveys conducted by an independent research company and the undersigned.

Please accept the following as my report to the AIRB, and I look forward to discussing my findings on August 17, 2023 at the Annual Review Meeting.

Sincerely,

Mathew Wesolowski
Consumer Representative

Automobile Insurance Rate Board

The President of Treasury Board and Minister of Finance (Minister) and the Government of Alberta formed the Automobile Insurance Rate Board (AIRB) through the Insurance Act, as an independent regulatory board in 2004. The AIRB is responsible for regulating automobile insurance rating programs for all classes of vehicles in Alberta and providing automobile insurance information to enable consumers to make informed decisions.



Mathew Wesolowski
Consumer Representative

The Consumer Representative

In accordance with the Insurance Act, the Minister appoints a Consumer Representative to ensure Albertans have a voice when the AIRB is carrying out its mandate.

Since the first appointment in 2004, the Consumer Representative has sought to engage Albertans on topical issues related to automobile insurance including information relevant to other ministries, such as traffic safety.

Mathew Wesolowski was appointed as Consumer Representative effective September 1, 2020. He is a retired senior insurance executive with over 38 years of experience in the insurance industry, most recently as Alberta Motor Association Insurance Company's Chief Operating Officer. He has extensive experience with consumer organizations responding to members' needs and concerns.

Throughout his career, Mathew has been involved with numerous boards and committees including Insurance Bureau of Canada (IBC) Board of Directors, IBC Alberta Committee, and IBC National Personal Lines Committee. He has presented at numerous insurance industry conferences and seminars.

Mathew holds a Bachelor of Science with a major in psychology and a Bachelor of Law. He has held positions of Chief Privacy Officer, Chief Compliance Officer, Chief Anti Money Laundering Officer and Whistle Blower Officer.

insurance



Preface

The AIRB's vision is for automobile insurance to be accessible, equitable, and sustainable for all Albertans. The AIRB monitors industry trends and developments to inform its board members, and ensure consideration of all viewpoints and market conditions when making decisions. The Consumer Representative's role is to represent the consumer's voice in all decisions made by the AIRB.

The AIRB is required under Section 9 of the Automobile Insurance Premiums Regulation to conduct an annual review of automobile insurance trends and premiums relating to basic and additional coverage

for private passenger vehicles. The AIRB is required to provide the Minister with an annual review report, which must include a report from the AIRB Consumer Representative.

The purpose of this report is to provide an overview of consumer perspectives in Alberta automobile insurance, as determined through the survey and focus groups conducted in 2023. The report also explores how the perspectives of Albertans has changed year-to-year and evaluates correlations between consumer knowledge and quantitative market data.

Survey Methodology

In 2023, the AIRB contracted the services of Y Station to collect data to assess consumer awareness and perceptions regarding insurance rates over the past year. Appendix A provides a full copy of their report.

Prior to 2019, the AIRB primarily collected data through telephone surveys supplemented by small focus groups and individual telephone interviews. In 2019, the collection process was changed, introducing an online survey through social media supplemented by telephone surveys and focus groups.

For 2023, Y Station obtained consumer feedback through an online survey, marketed via social media, a telephone survey and focus groups. All participants had to be at least 18 years of age, responsible for the purchase of vehicle insurance for their household's private passenger vehicles and their vehicle must be for on-road use. Further, all participants had to declare they do not work in marketing research, news media, the insurance industry or for the Superintendent of Insurance or the AIRB.

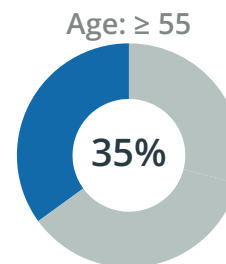
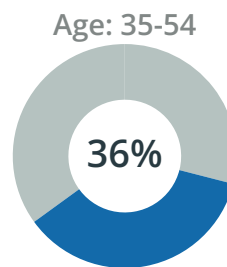
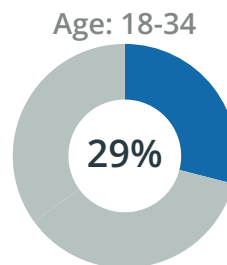
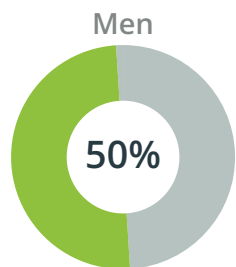
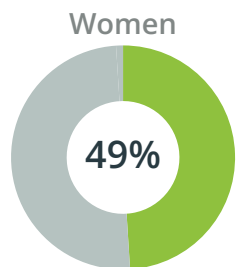
The surveys included both quantitative and qualitative questions to collect data comparable to previous years to ensure the voice of Albertans was captured.

To ensure the survey sample was statistically representative of Albertan's opinions, Y Station closely monitored the demographics. They established quotas to ensure a minimum number of participants for online panel and telephone surveys were completed in each of the locations: Edmonton, Calgary, other urban and rural areas. Other monitored demographics included gender, age, and years of driving experience. The total number of respondents for the 2023 survey was 941, with 639 respondents to the online survey and 302 respondents to the telephone survey.

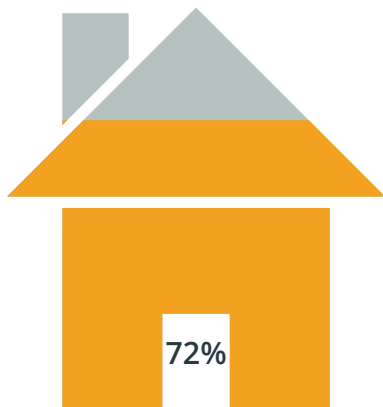
In 2023, we found more respondents participated in the online survey and fewer chose to participate through telephone.

This year we made changes to some survey questions to better align the subject matter with the mandate of the AIRB. This also streamlined the survey and required less of a time commitment from the study participants.

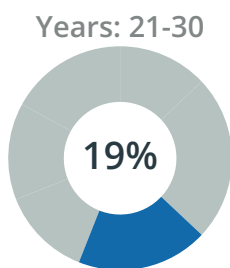
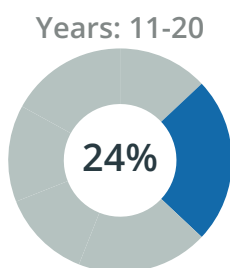
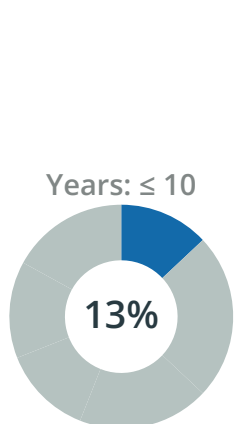
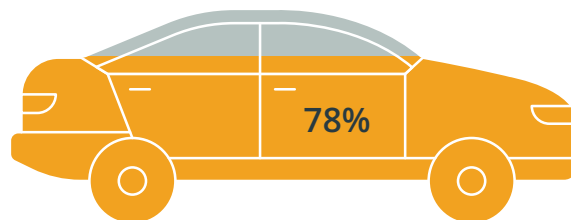
Survey Demographics



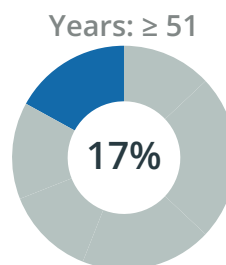
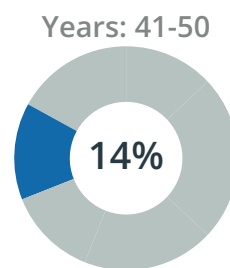
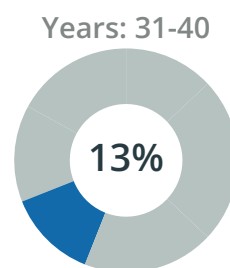
Live in Urban Communities



Commute to Work at Least Once a Month



Licensed Driver



Note: Some responded prefer not to say for some of the categories

Consumer Expectations

To operate a motor vehicle, legislation requires drivers to carry a minimum limit of basic coverage (third party liability, direct compensation for property damage and accident benefits). Given automobile insurance is mandatory, consumers have expectations regarding their insurance coverage options:



AFFORDABILITY

- Premiums are equitable and accurately align with the risk profile of the driver and the cost to provide the coverage.
- Insurers manage costs to avoid unexpected increases at renewal.
- Premium changes are clearly explained by insurance professionals, and options to reduce rates are provided to consumers.



STABILITY

- Insurance premiums are stable over time, with expected inflationary adjustments ensuring stability for Alberta drivers when budgeting for automobile insurance.
- Only drivers with a change in risk profile, due to convictions or claims, see significant increases.



ACCESSIBILITY

- Insurance is available to all drivers, regardless of their risk profile.
- A competitive marketplace where drivers have options of insurer and coverages to meet their specific needs.
- Insurers provide full coverage to all drivers without placing obstacles in the purchase process.



CUSTOMER SERVICE

- Insurance professionals are well educated and trained to assist consumers in understanding their coverage needs, changes to their premiums, and ensuring they are adequately insured.
- Insurers settle claims fairly and expediently.

Stability, accessibility and customer service are all tied to issues of affordability. A stable product is one with predictability in price without sudden, unexpected changes in price. Accessibility means drivers have choice in coverage and insurer. Customer service means consumers are informed and capable of making decisions on coverage and ways to save money.

Automobile insurance affordability is achievable with some effort and research. By shopping the market, adjusting coverage and asking about discounts, Albertans can find automobile insurance to fit their budget and provide the protection needed on the road.

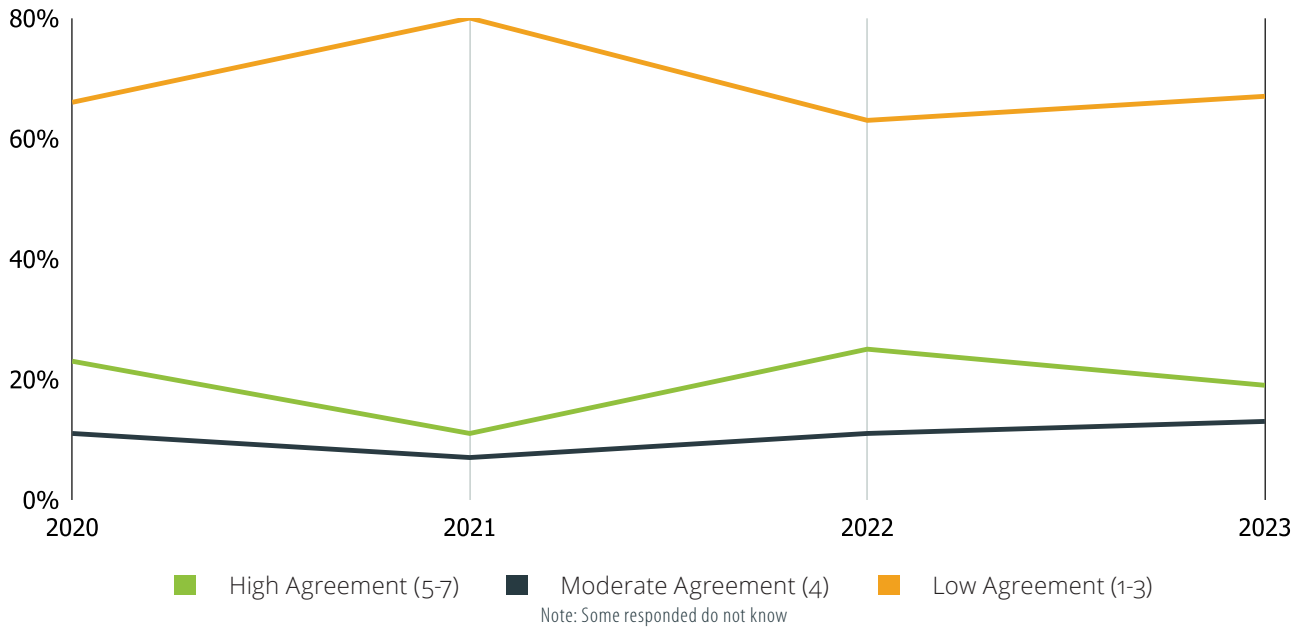
Survey Results

PREMIUMS

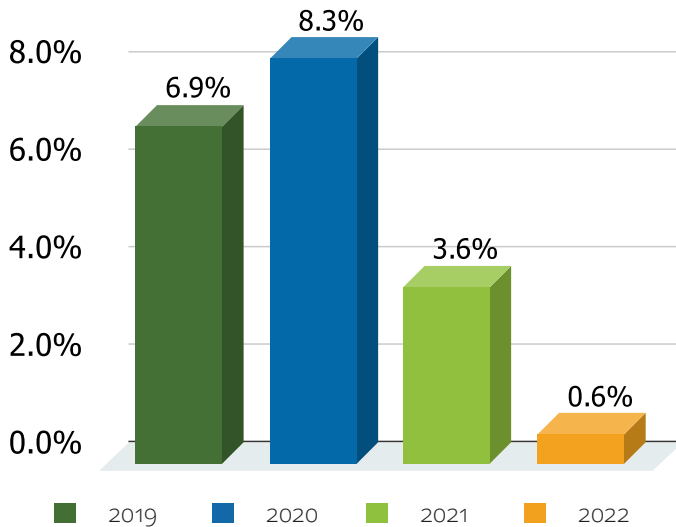
The survey collected the consumer's level of agreement with the statement, **"Automobile insurance premiums are fair and reasonable."** We found the percentage of consumers surveyed who indicated a high level of agreement their premiums are

fair and reasonable has decreased significantly from 2020 to 2021, before rebounding slightly in 2022. In 2023 we are seeing a drop in those respondents who have a high level of agreement, down to 19% from 25% in 2022.

AUTOMOBILE INSURANCE PREMIUMS ARE FAIR & REASONABLE



CHANGE IN AVERAGE PREMIUMS BY YEAR



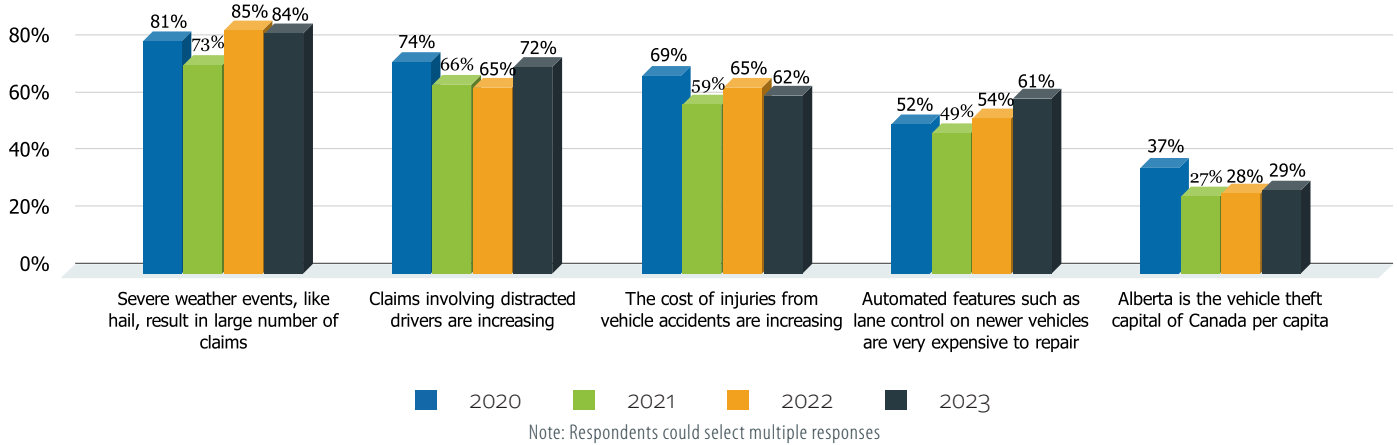
Source: GISA 2022 - Auto-1005-AB

With issues of affordability top of mind for Albertans, there is a sensitivity to any change in mandatory purchases like automobile insurance. While the change in average written premium was 0.6% in 2022, well below the rate of inflation, there is a perception fuelled by media reports the increase in premiums has been higher.

With consumers experiencing larger than average increases to premiums in recent years, a new question was added starting in 2020 regarding factors contributing to the increasing insurance rates in Alberta. When asked, **“Were you aware the following factors contribute to the rising cost of insurance?”** many Albertans demonstrated a high

level of awareness for some of the factors contributing to increased rates. However, other factors were relatively unknown to Albertans. When reviewing the results over the last four years, there is a slight change in the responses. We do see a significant increase in awareness of the role distracted driving and automated features play in the cost of insurance.

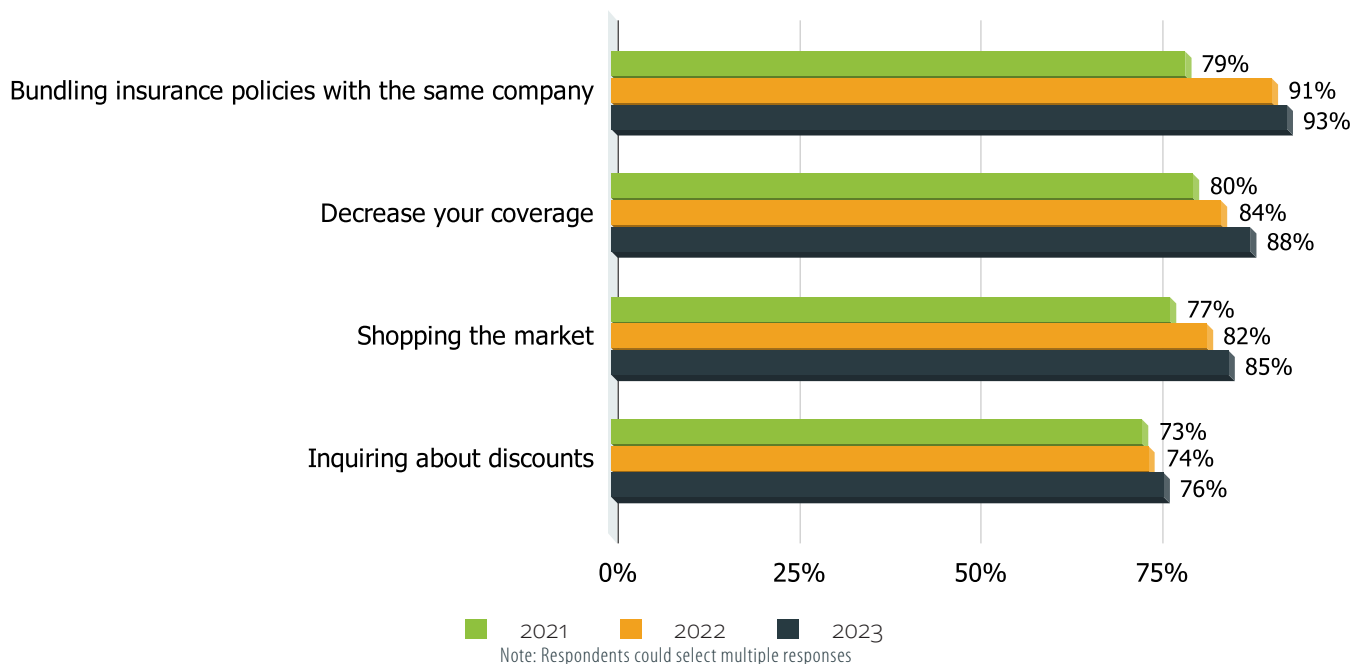
AWARENESS OF FACTORS CONTRIBUTING TO THE RISING COSTS OF INSURANCE



Starting in 2021, the survey included a question to evaluate awareness of options consumers have for reducing their insurance premiums. When asked, **“Before today, were you aware the following actions could reduce your vehicle insurance?”** respondents

indicated a high level of awareness. Awareness has increased in 2023, on all actions and a large increase is noted in “shopping the market”.

AWARENESS OF ACTIONS THAT COULD REDUCE PREMIUMS



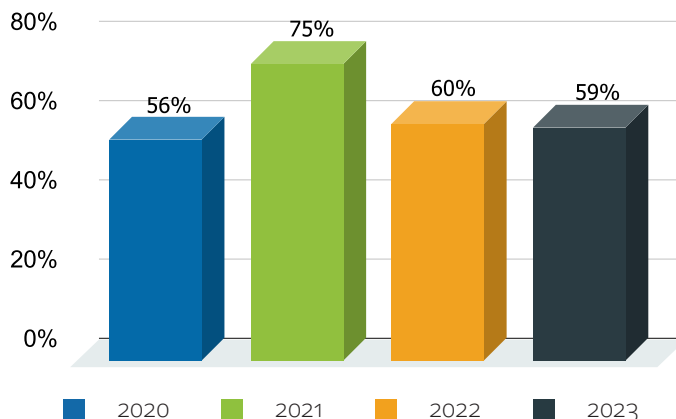
The survey also explored consumer experiences with rate changes, expectations regarding rate changes and decisions made. We asked consumers if any household member had a specific experience or made a decision about their automobile insurance in the last two years. This year, 59% of consumers indicated they experienced an unexpected increase in their rates even though they were claims and convictions free, similar to the 2022 survey results.

We also asked respondents **“Have you or someone in your household decided not to insure your vehicle?”**, 8% indicated they had not insured a vehicle, which is up from 5% in 2022. Anecdotally, this change may be a result of no longer requiring a second vehicle due to decreased driving habits resulting from remote working options. Given the four year response rate is between 6%-9% it is less likely directly related to affordability concerns or decisions to drive uninsured.

Respondents were also asked **“Have you been denied automobile insurance coverage?”**, which is an insurer decision. The response was consistent with the prior years at 2% indicating they had been denied coverage. In 2023, we asked respondents a new question, **“Have you or someone else in your household experienced a decrease in the cost of your automobile insurance?”**, 17% indicated they had seen a decrease.

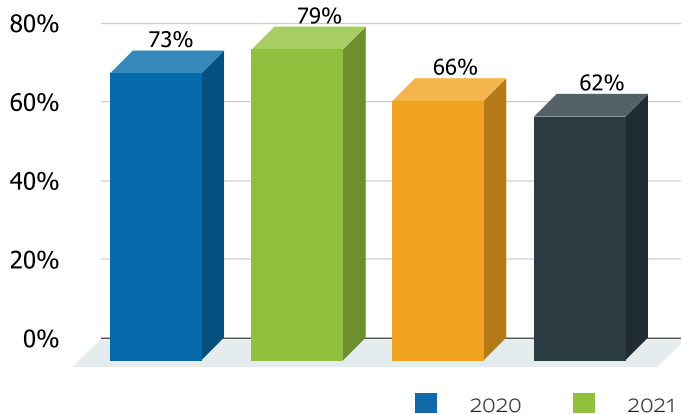
In 2020, given average premiums were increasing and more consumers were experiencing rate increases, a new question was included in the Consumer Perception Survey to determine what source of information consumers rely on regarding rate changes. We asked this question to evaluate the quality and satisfaction with the information provided to them. A significant portion of consumers looked to their broker or agent to provide information as to why their

CONSUMER EXPERIENCED UNEXPECTED INCREASE ALTHOUGH CLAIMS & CONVICTION FREE

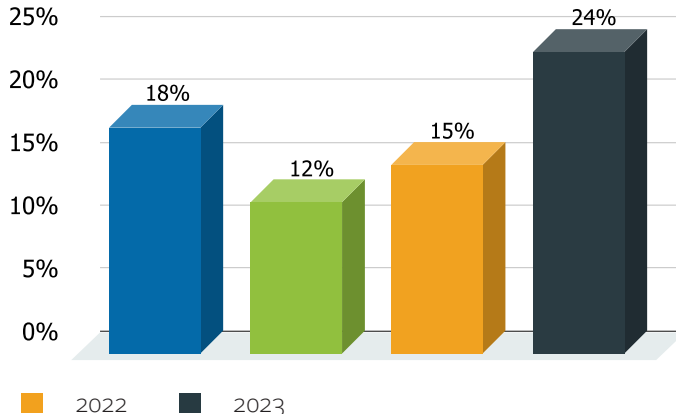


premiums were increasing. However, the survey results indicated the information provided by brokers and agents was not sufficient. Of those consumers who experienced rate increases in 2023, 62% contacted their broker or agent for an explanation and only 24% of those individuals felt they received a satisfactory explanation. While this is improvement over 2022, the results indicate Albertans are not satisfied with the information received from their broker or agent.

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



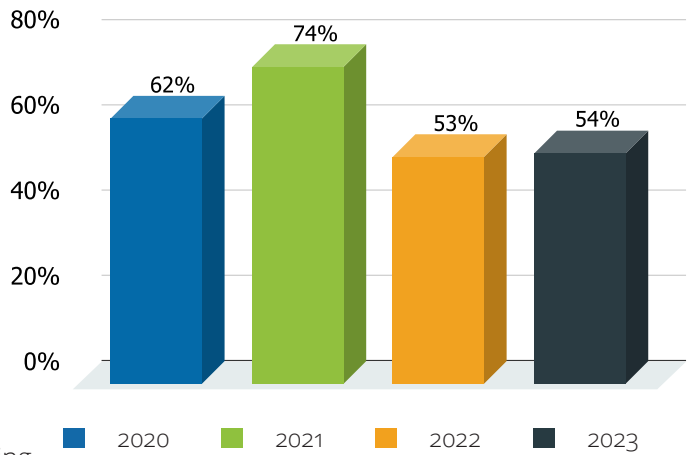
PURCHASE BEHAVIOUR

Alberta has a competitive insurance market with 44 individual insurers actively offering private passenger vehicle coverage, with each insurer providing basic required coverages plus some unique coverage and pricing options. The AIRB indicated they have seen an increasing number of consumers inquiring about premium increases, particularly after the government’s rate pause announcement in January of 2023. The AIRB continues to assist consumers in a number of ways including understanding what is the cause of their increases and encouraging them to obtain competitive quotes.

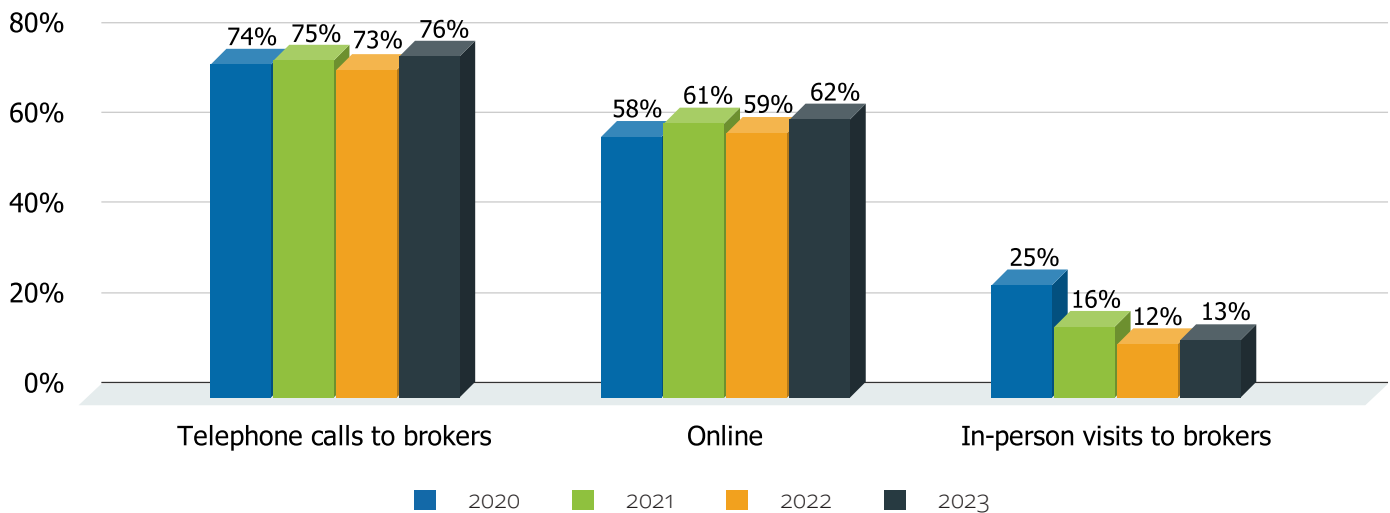
The survey asked, **“At any time in the past 2 years, have you sought competitive quotes?”** In 2023, the results are in-line with 2022, with 54% of consumers seeking competitive quotes.

To evaluate consumer purchase behaviour, the survey also asked respondents, **“Where did you get these competitive quotes?”** Results indicated the most common methods for obtaining vehicle insurance quotes was calling brokers and visiting websites, which provide insurance quotes. The results for both methods remained relatively consistent when compared to 2022. We continue to see a trend, year-over-year, of Albertans looking for insurance information online.

CONSUMERS THAT SOUGHT COMPETITIVE QUOTES IN THE PAST TWO YEARS



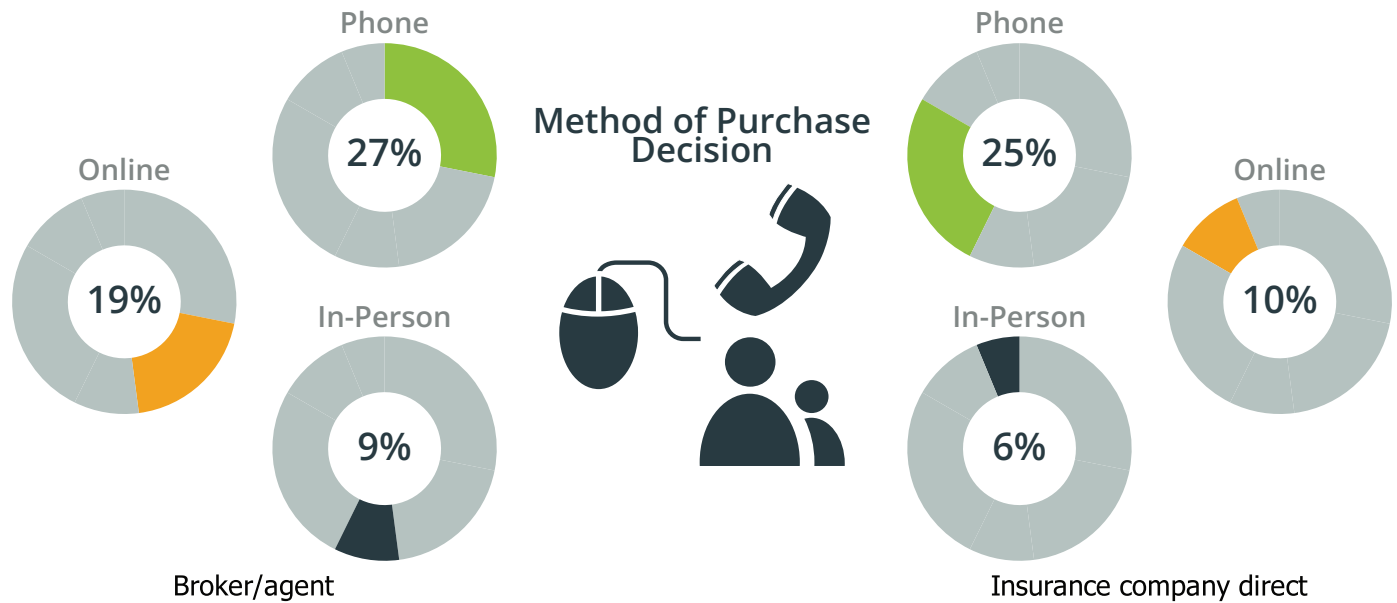
METHOD OF OBTAINING QUOTES



Note: Some responded other

We asked consumers who sought competitive quotes before purchasing, **“When you made your decision to purchase insurance what method did you use?”** Their behaviour remained consistent over the previous four years. The majority of consumers surveyed made their purchase decision speaking directly with their insurance company or broker. In 2022, we also asked if it was easy to obtain a quote, and 64% found the process straightforward. We found 52% of respondents prefer to purchase insurance by phone, 29% online and 15% in-person.

When asked which information sources helped them make an insurance decision, respondents indicated top sources as insurance company websites (46%) and a phone call to their insurance broker or agent (44%). Of those respondents who changed insurance carrier, 89% said it was for a lower premium.



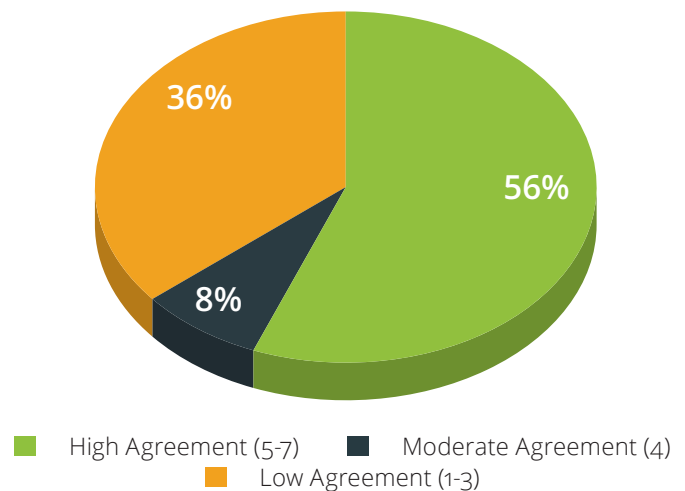
Note: Some responded other or do not know

CLAIMS

One of the ways in which consumers measure the value of their insurance policy is the level of service they receive through the claims process. The survey explored the number of consumers who made a claim and their experiences during the claims process.

Of the consumers surveyed, when asked, **“Have you had a collision in the last six years, for which you claimed from insurance for injury or damage to your vehicle?”** we found 22% of respondents answered “yes”, and of those 56% were satisfied with the level of claims service provided by their insurance company.

RESPONDENTS THAT WERE SATISFIED WITH THE LEVEL OF CLAIMS SERVICE PROVIDED



Other Factors

There are several other factors that may influence the premiums a consumer pays for vehicle insurance, and the perceptions they have. Some of these additional factors, which formed part of the survey, included usage based insurance, pay-as-you-go insurance, and direct compensation for property damage.

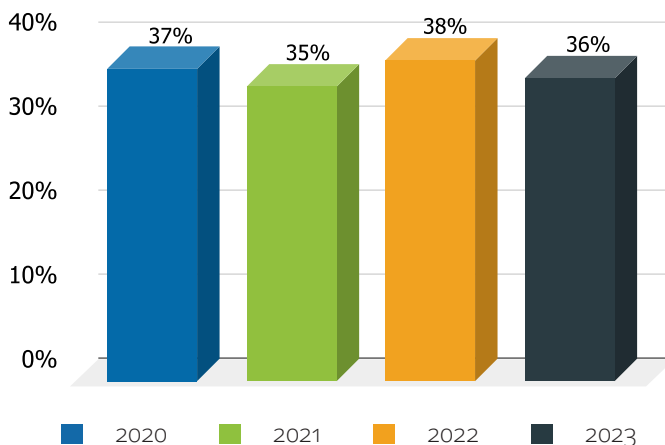
USAGE BASED & PAY-AS-YOU-GO INSURANCE

Usage based insurance (UBI) is a program offered in Alberta allowing a driver the opportunity to receive a discount based on their individual driving behaviours, reducing insurance premiums for those drivers demonstrating safe driving behaviours. The driver maintains a base rate, however, the driver's premium may be reduced based on parameters such as time driven, kilometers driven, GPS data, not speeding, little to no hard braking and time of day.

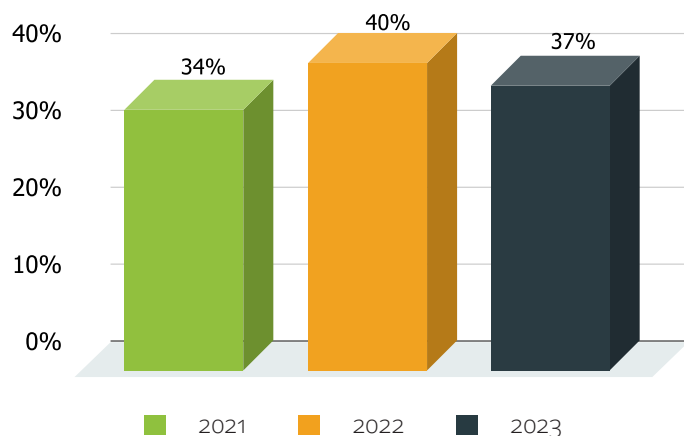
Pay-as-you-go is designed for low-mileage drivers, such as those who utilize public transit frequently, work from home exclusively or most of the time, or retirees. Currently only one insurer in the province offers pay-as-you-go coverage options.

In 2023, 36% of respondents indicated they would consider signing up for UBI. Interest in UBI has remained consistent year-over-year for the past four years. The number of drivers responding with "It depends" has also remained constant over the past four years with most common responses citing it would depend on cost/ discount, eligibility criteria and level of privacy. The survey results over the past four years demonstrate insurers looking to introduce a UBI program in the province will need to ensure clear communications on the benefits and risks of such programs – transparency will be key to increasing interest.

INTEREST IN USAGE BASED INSURANCE



WOULD UNSAFE DRIVING SURCHARGE INFLUENCE INTEREST IN USAGE BASED INSURANCE



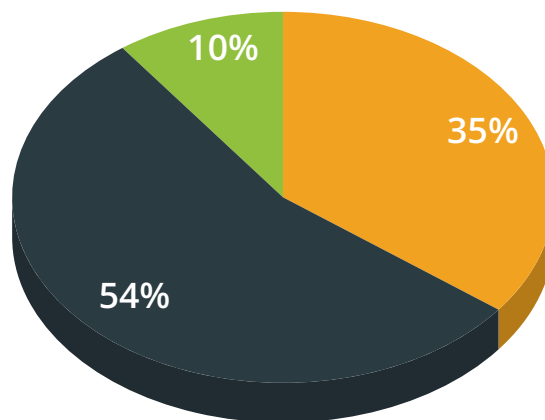
For the 2021 survey, the AIRB added a new question to regarding UBI. We asked consumers, "Would your answer to the previous question change if you knew you would pay more if you demonstrated unsafe driving behaviours?" This year 37% of respondents indicated their answer would change, and a number of consumers said it depends on cost, how driving behaviours are measured, and the criteria/ eligibility.

DRIVING HABITS

This year we included the question, “Since COVID-19 restrictions were lifted, are you driving the same amount less or more than before the start of the pandemic in March 2020?” in order to consider whether or not respondents reflect views based on a change in driving habits.

A 2022 Canadian Black Book survey found 48% of Canadians have been working from home more and commuting less, since the COVID-19 pandemic. In Alberta, 35% of AIRB survey respondents indicated they are driving less, while 10% are driving more.

DRIVING AMOUNT SINCE PANDEMIC RESTRICTIONS HAVE LIFTED



Less Same More

Note: Some responded do not know

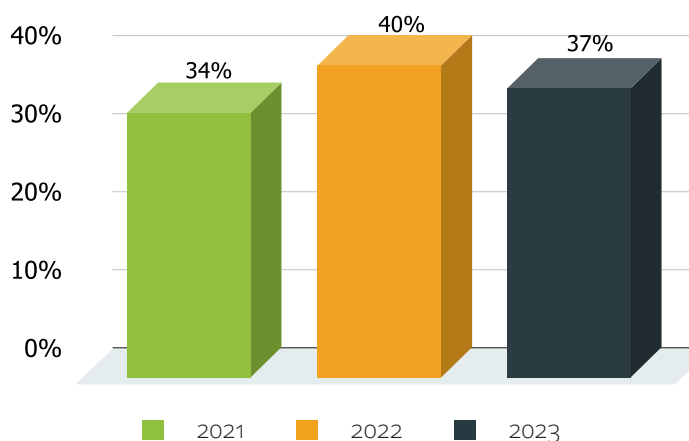
DIRECT COMPENSATION FOR PROPERTY DAMAGE

Direct compensation for property damage (DCPD) was introduced as part of the Automobile Insurance Reforms announced in October 2020. DCPD replaced the property damage portion of the third party liability coverage on your automobile insurance policy effective January 1, 2022. The main intent of this change was to provide consumers with an efficient way to

process vehicle damage claims. This year, we asked consumers if before today, they had heard of DCPD. Only 39% of respondents were familiar with DCPD, a four point improvement a year after implementation. This indicates brokers and agents need to do more to educate their clients about the coverage they purchase.

CONVICTIONS

AWARENESS OF THE AFFECT OF CONVICTIONS ON INSURANCE PREMIUMS



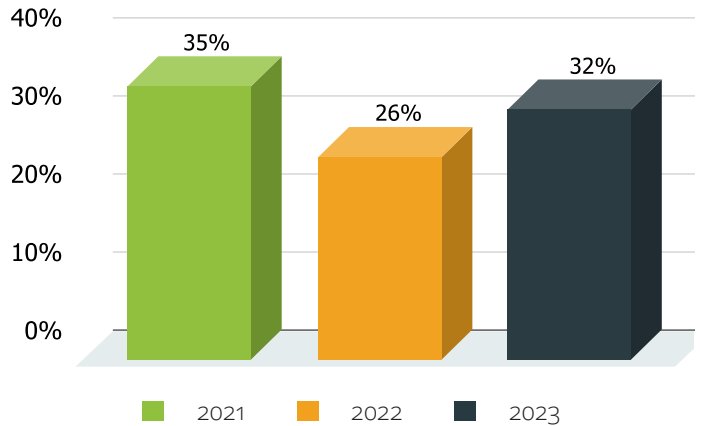
Convictions are indicative of unsafe driving behaviour and increase the likelihood of being involved in an accident. Convictions have a direct impact on the premium a person pays. The impact changes depending on the number of convictions. Too many convictions may result in the suspension of your driver's license.

Starting in 2021, we asked, “Were you aware driving convictions could affect your vehicle insurance premiums to the extent they do?”, 66% of respondents responded they were aware; this is down from 70% in the prior year.

INFLUENCE OF VEHICLE ON INSURANCE

The make, model and year of vehicle driven can greatly affect a driver's insurance premiums. When purchasing a vehicle, some drivers will explore vehicle insurance options beforehand, and factor the cost of insurance into their final vehicle purchase decision. Albertans have high awareness the vehicle you drive influences the price of insurance yet only 32% factored the cost of insurance into their vehicle purchase decision.

COST OF AUTOMOBILE INSURANCE A FACTOR IN THE PURCHASE OF A VEHICLE



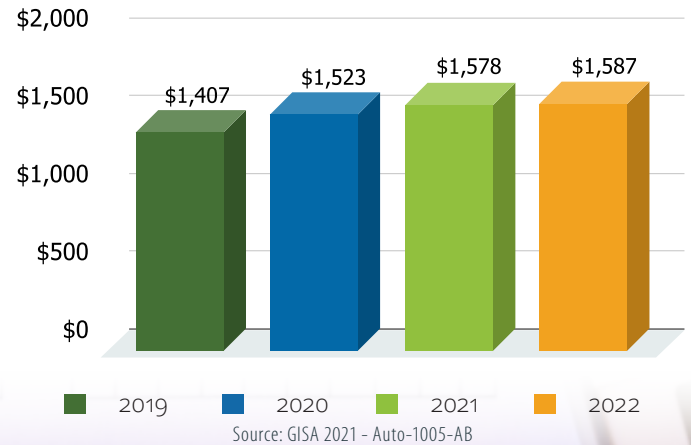
Premium Comparisons

ALBERTA PREMIUM

The average annual premium for a private passenger vehicle in 2022 was \$1,587; this has increased from \$1,578 in 2021, representing a 0.6% rate increase.

This modest increase has meant more stable premiums that rose less than the rate of inflation (6.4%)¹ despite inaccurate media reports saying Albertans pay the highest automobile insurance rates in Canada.

AVERAGE ANNUAL WRITTEN PREMIUM



PROVINCIAL PREMIUM COMPARISON

When comparing vehicle insurance premiums with other provinces, the AIRB benchmarks the percentage of individual after-tax income Albertans spend on the average insurance premium. Automobile insurance reforms in other provinces can change the spending percentage and we continue to closely monitor the impacts. For the most recent data on provincial premium comparisons refer to the AIRB's [Market and Trends Report](#).

Sentiments observed from the consumer surveys are not unique to Alberta. Many common themes regarding consumer perceptions on automobile insurance exist across Canada.

- Confidence in the system is low;
- Low financial literacy affects consumer confidence;
- Greater transparency and plain language resources are needed;

- Financial vulnerability is correlated to distrust in the financial sector;
- Privacy concerns must be addressed in order to gain greater acceptance for telematics products like usage based and pay-as-you-drive coverage;
- Insurer communications need to better help customers make informed decisions about coverage;
- Drivers should be given the opportunity to reduce their premiums. They want flexibility to adjust coverage based on need and budget; and,
- Innovation, which lower costs, enhances choice, and develops safer driving behaviours should be adopted.

Consumer Purchase Behaviour

Alberta drivers are concerned about the affordability of automobile insurance. Affordability issues resulting in the number of consumers purchasing less insurance coverage or driving without insurance can have a significant societal impact. Affordability is not always the only factor in the decision to purchase additional coverages such as collision or comprehensive. Many consumers are required to carry these coverages by their financing or leasing agreement. In addition, as a vehicle ages it depreciates in value and some consumers choose to bear the risk for at fault accidents themselves and remove collision coverage to save on premiums.

From 2019 to 2022 the percentage of vehicles with collision has decreased slightly from 73.4% in 2019 to 72.5% in 2022. This suggests a preference for the protection collision coverage provides in the event the driver is in an at fault accident.

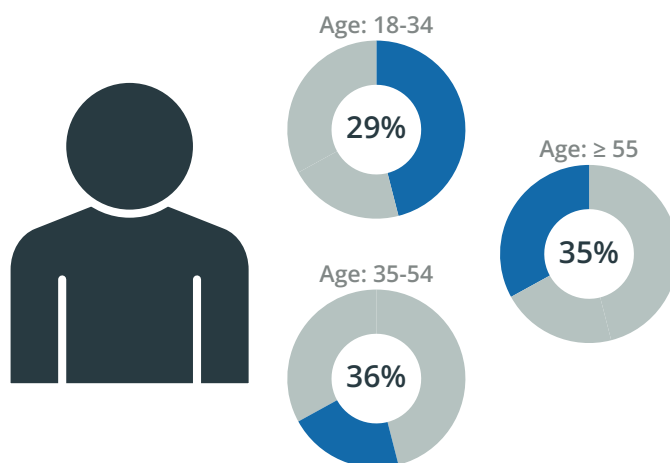
From 2019 to 2022 the percentage of vehicles with collision has decreased 2.8% from 85.6% in 2019 to 82.8% in 2022. This decrease may be related to previous hail damage or theft on a vehicle making it ineligible for comprehensive coverage, rather than a consumer decision to not purchase the coverage.

Focus Groups

In 2023, the AIRB held two online focus groups – one for ages 18-34 and one for age 35 and up. The participants were evenly split between male and female. To achieve geographic representation we invited participants from across Alberta – this included rural and urban, northern and southern Alberta, Calgary and Edmonton.

In each focus group, attendees participated in an open discussion providing their opinions on automobile insurance in Alberta. We asked a number of questions about automobile insurance and some of the key sentiments observed in the focus groups were:

- There was a general skepticism about the insurance industry's practices. In particular, participants expressed dissatisfaction with explanations from agents and brokers about why rates increased and a desire for more unbiased, helpful information about how to navigate automobile insurance.
- The 18-34 group was far less interested in UBI or pay-as-you-go insurance for privacy reasons.
- Insurance policies are fairly easy to understand when purchasing but participants would appreciate more plain-language resources. 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.
- Some participants expressed concern about the use of "territories" and how postal code impacts premiums.
- Over a year after implementation, there is still very little awareness about DCPD.
- There was general frustration with rising insurance costs as automobile insurance is a mandatory product but participants do not feel they have enough support to understand their options.
- Shopping the market is complicated and time-consuming. Participants were most likely to shop the market when faced with an unexpected premium increase.



How are the Survey Results Used

The AIRB values the feedback from consumers through the annual survey. The Consumer Representative shares the aggregate results with other government departments relevant to their work, and considers the consumers' viewpoint in the review of filings and new initiatives.

As part of the AIRB mandate, the AIRB ensures consumers have access to the information they need to make informed choices about automobile insurance. Insurance affordability remains a concern for Albertans. Consumers indicated they were experiencing unexpected increases in premiums more often and that more simple, easily understandable information about automobile insurance would be

appreciated. Consumers also indicated they were not satisfied with the information currently available to them by their insurers, brokers or agents. The AIRB believes consumers would benefit from an increased understanding of vehicle insurance, coverages, and the factors affecting their premium.

The AIRB continues to consider strategies to improve the overall level of the understanding of insurance amongst consumers along with enhancing stakeholder knowledge and engagement. The AIRB continues to work with stakeholders to ensure clear consistent information is available and has launched three new social media accounts to educate and provide tips to Alberta drivers and insurance professionals.

My Observations

Inflationary pressure has been of concern to Albertans and governments alike over the past two years. When it comes to mandatory purchases like automobile insurance, Albertans are very concerned about unexpected premium increases and its impact on their household budgets.

Inflation has had an impact on automobile insurance rates but over the last twelve months the weighted average of premium increases was 0.6% compared to a rate of inflation of 6.4%. However, perception is reality for consumers and there is a belief, by many, that double-digit percentage increases are now the norm for Alberta automobile insurance premiums.

Consumer calls to the AIRB have increased drastically in 2023 with many calls asking for clarification on the rate pause, voicing concerns about unexpected premium increases and general rate-setting questions.

The survey and the focus groups demonstrated Albertans are frustrated with premium increases and looking for ways to save money. It was also clear consumers still do not fully understand all the factors that go into rate setting and are looking to insurance professionals to protect their interests. The best opportunity to educate drivers about insurance premiums is at the point of sale but consumers are not always confident in the information provided by brokers and agents.

During the focus groups we also heard concern about the use of territory as a rating factor. While consumers seem comfortable with driver rating factors (convictions, at-fault accidents, etc.) there was skepticism about how territory impacts rates. There is an opportunity for more consumer education on this subject, in particular on the difference in claims costs between territories. There was great dialogue and sharing of information during the focus groups with many participants stating they felt they learned something useful and applicable to their own automobile insurance situation.

In late 2020, our surveys began indicating Albertans find automobile insurance to be a complex product and want more plain language information. These survey results showed the AIRB needed a more robust insurance education strategy to meet the needs of Albertans. The AIRB developed a plain-language drivers guide based on feedback from consumers.

Recognizing the need for greater public awareness and more visibility of the AIRB, in early 2023, the AIRB launched three social media accounts (LinkedIn, Facebook and Instagram). Social media can be a powerful tool for consumer education, allowing the AIRB to reach more Alberta drivers online, where they are already spending time. We will also regularly evaluate other opportunities to educate and empower Alberta drivers.

I look forward to working with the insurance industry, stakeholders and AIRB staff on improving consumer confidence in the automobile insurance system.

Y Station Report - AIRB 2023 Public Perception Survey

Study Background and Methodology

Since 2008, Y Station has conducted the Automobile Insurance Rate Board (AIRB) Consumer Awareness and Perception Survey (“Consumer Survey”). To assess any potential changes in consumer awareness and perception regarding insurance rates over the past year, the AIRB repeated the Consumer Survey in 2023.

For the 2023 version of the project, Y Station conducted a total of 747 surveys with Albertans who reported managing automobile insurance for their household’s private passenger vehicles. An online survey (n=533) and a telephone survey (n=214) were used as the methodology. To ensure that their representation in the sample was proportionate to their representation in the province, each geographical region was associated a weight for analysis purposes.

Data collection ended concurrent with the rate pause announcement in order to avoid inadvertently skewing the overall results.

Executive Summary – Purchasing Behaviour

- Half of respondents (54%; comparable to 53% in 2022) reported obtaining competitive quotes at any time in the past 2 years, prior to making a decision about which company to purchase insurance from.
- Those who sought competitive quotes before purchasing their insurance (n=335) most frequently made telephone calls to brokers (76%).
- One quarter of those who sought competitive quotes decided to purchase insurance via an insurance broker or agent by phone (27%) or an insurance company directly by phone (25%).
- With regards to respondent loyalty to their policy and/or company in the past 2 years¹:
 - 83% of all respondents **remained with their existing carrier** (comparable to 84% in 2022);
 - 32% of all respondents **obtained a new policy** (a significant decrease from 38% in 2022); and
 - 26% of all respondents **switched insurance companies** (comparable to 24% in 2022).

Executive Summary

59% reported having **experienced an unexpected increase in insurance rates although they have no claims and convictions** (comparable to 60% in 2022);

8% **decided not to insure a vehicle** (comparable to 6% in 2022); and

2% **reported having been denied automobile insurance coverage** in the past 2 years (consistent with 2% in 2022).

19% of respondents (a significant decrease from 25% in 2022) agreed their insurance premiums are fair and reasonable.

Executive Summary

32% of respondents indicated that the cost of vehicle insurance factored into their final purchase decision for their most recent vehicle (an increase from 26% in 2022).

22% of respondents were involved in a motor vehicle accident in the past six years for which they claimed for injury or damage to their vehicle from their insurance company. 56% were satisfied with the level of claims services provided by their insurance company (ratings of 5 to 7 out of 7).

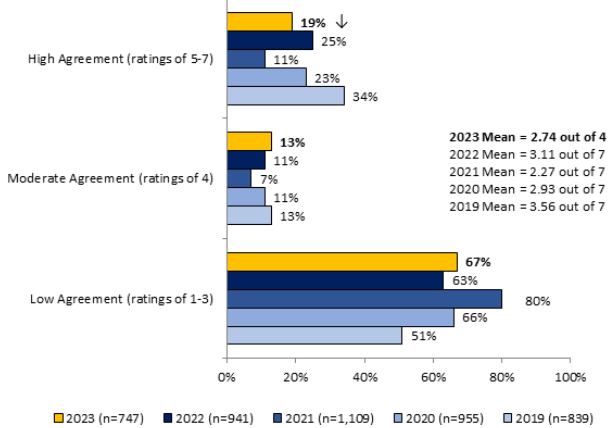
66% of respondents were aware driving convictions could affect their vehicle insurance premiums to the extent that they do (comparable to 70% in 2022).

Over one-third of respondents (36%) would consider signing up for usage-based or pay-as-you-go insurance (compared to 38% of respondents in 2022 who would consider usage-based insurance and 50% who would consider pay-as-you go).

39% of respondents have heard about Direct Compensation for Property Damage (DCPD) (comparable to 35% in 2022).

Perceptions of Automobile Insurance

Level of agreement, given your personal circumstances, your vehicle insurance premiums are fair and reasonable, and reflect your driving habits and the type of vehicle driven?

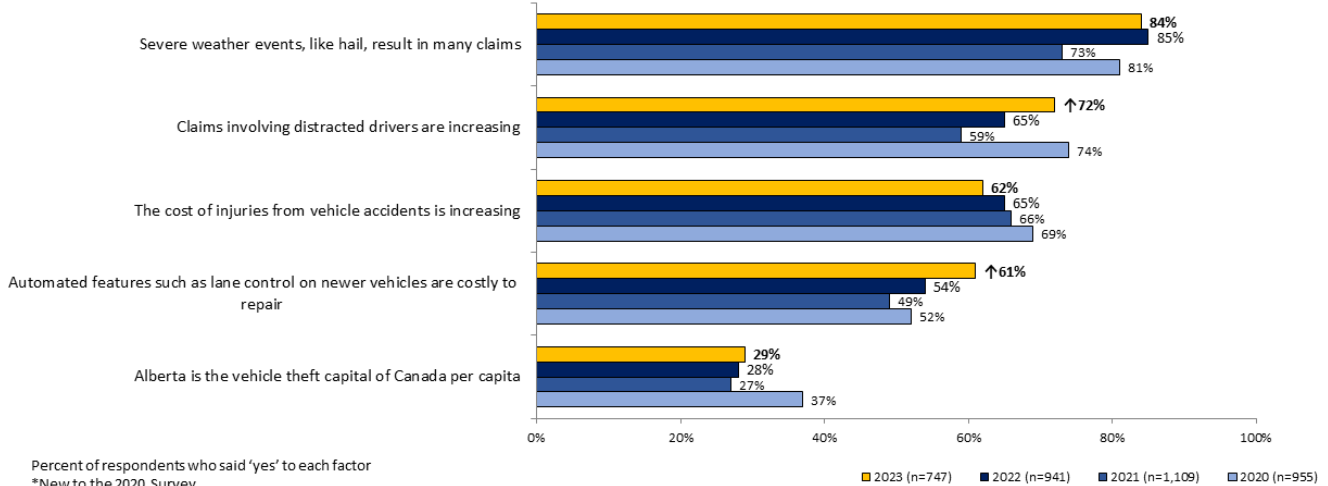


Using a scale of 1 to 7, please rate your level of agreement on whether the cost of your auto insurance is fair and reasonable, reflecting your driving habits and the type of vehicle you drive

	Percent of Respondents				
	2023 (n=747)	2022 (n=941)	2021 (n=1,109)	2020 (n=955)	2019 (n=839)
(7) Completely agree	4	6	3	5	12
(6)	6	6	3	6	8
(5)	9	13	5	11	14
(4)	13	11	7	11	13
(3)	15	21	16	18	15
(2)	15	15	16	18	13
(1) Do not agree at all	38	26	48	31	23
Don't Know/Not Stated	1	2	1	1	2
Mean	2.74 out of 7	3.11 out of 7	2.27 out of 7	2.93 out of 7	3.56 out of 7

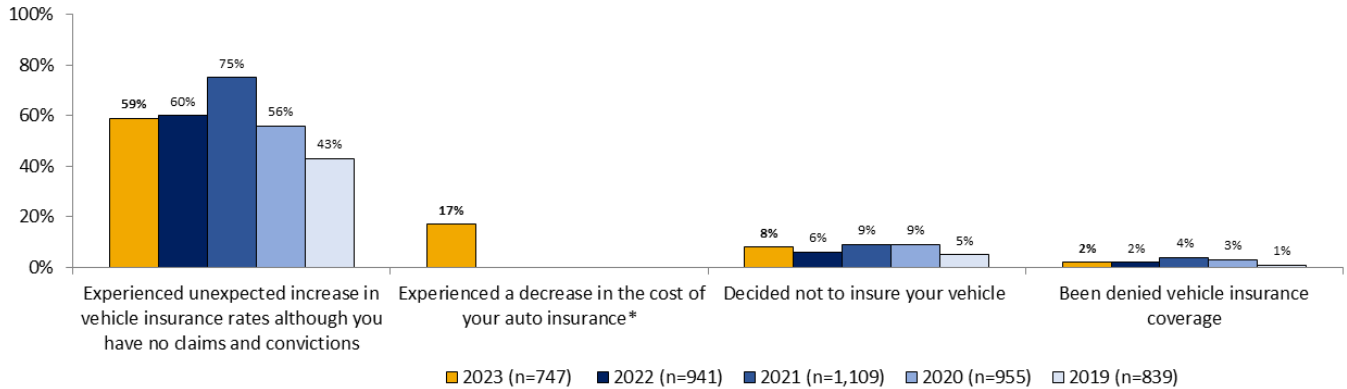
Perceptions of Automobile Insurance

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



Perceptions of Automobile Insurance

In the last 2 years, have you, or someone else in your household...?

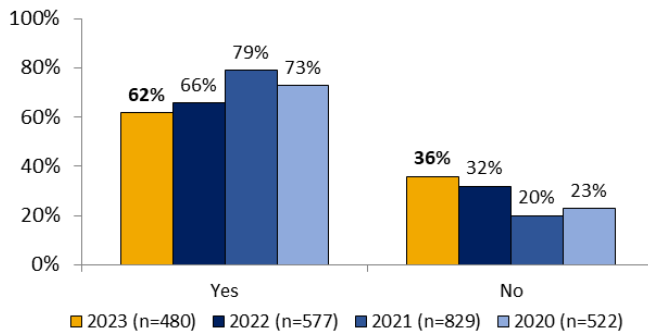


Percent of respondents who said 'yes' to each factor

*New to the 2023 survey

Perceptions of Automobile Insurance

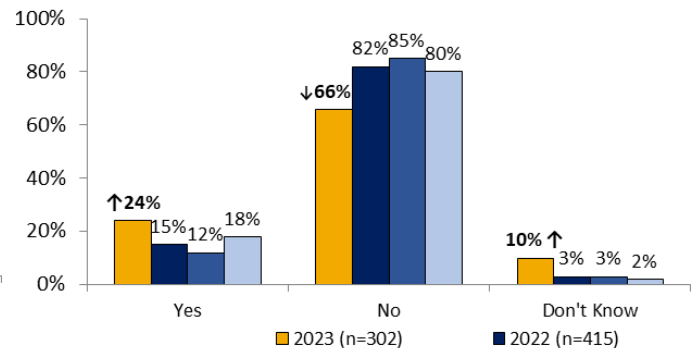
Did you contact your insurance broker or agent to explain the changes to your insurance cost?*



*New to the 2020 survey

Base: Respondents that experienced changes to their insurance costs

Did the agent or broker's explanation satisfy you?*



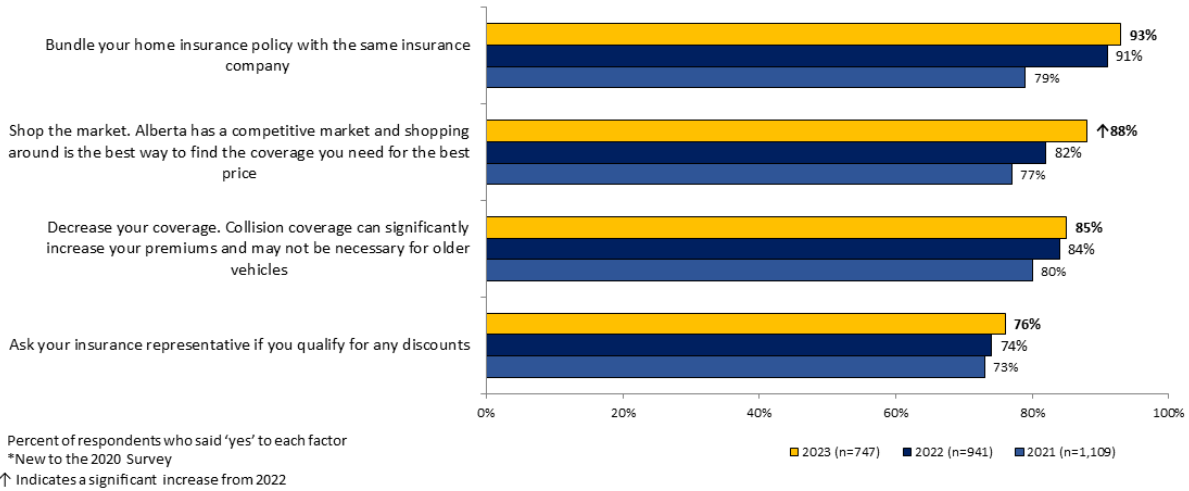
*New to the 2020 survey

Base: Respondents that contacted their insurance representative for an explanation as to why their premiums changed

↑↓ Indicates a significant increase or decrease from 2022

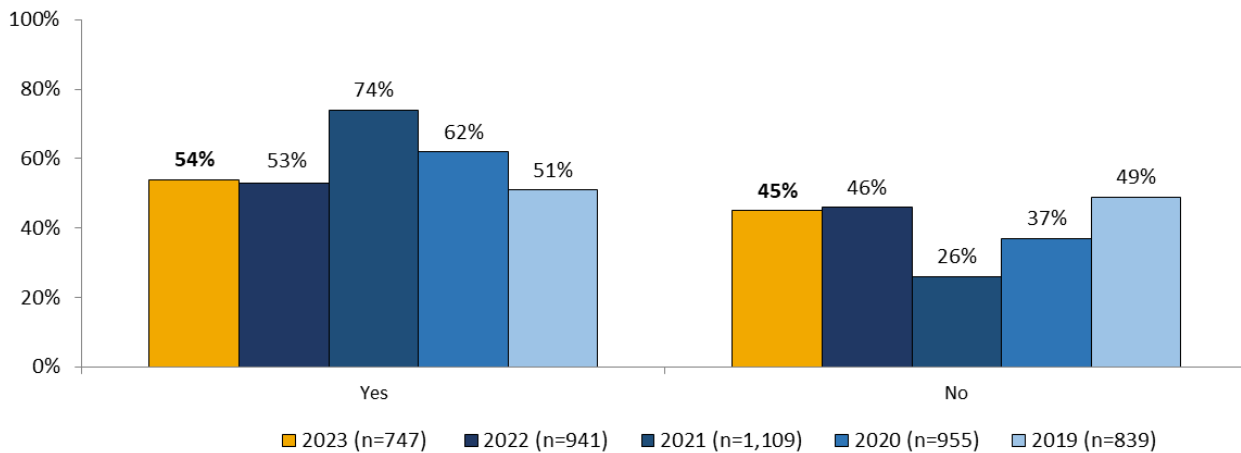
Reducing Automobile Insurance

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



Purchasing Behaviour

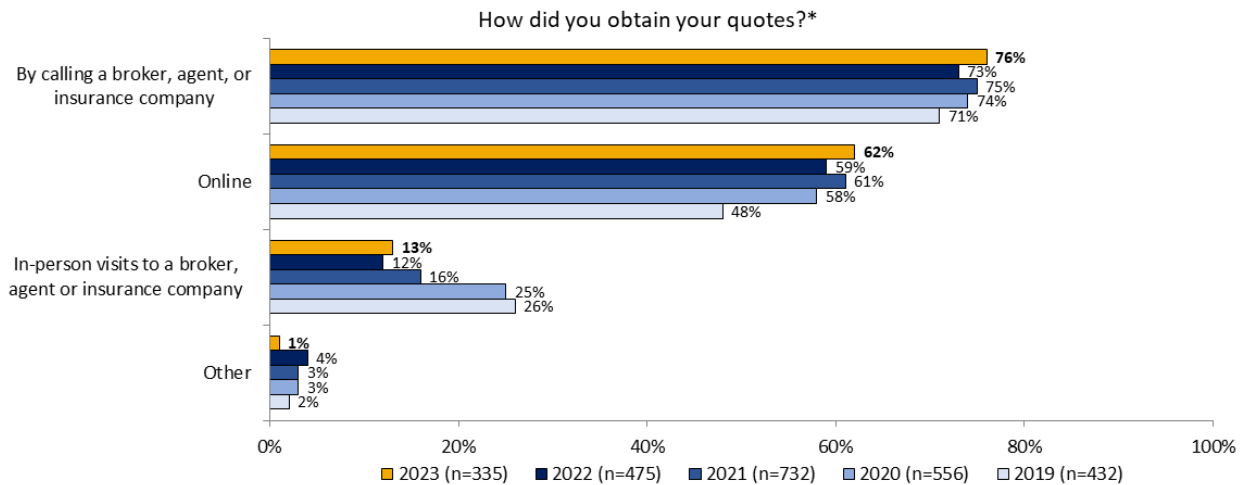
At any time in the past 2 years, have you sought competitive quotes?



Purchasing Behaviour

How many quotes did you obtain while shopping for insurance?							
Base: Respondents who sought competitive quotes before purchasing automobile insurance	Percent of Respondents						
	2023 (n=335)	2022 (n=475)	2021 (n=732)	2020 (n=556)	2019 (n=432)	2018 (n=206)	2017 (n=256)
One (1) quote	6	10	8	10	7	15	10
Two (2) to four (4) quotes	69	73	65	72	80	78	83
Five (5) or more quotes	21	15	25	16	12	7	5

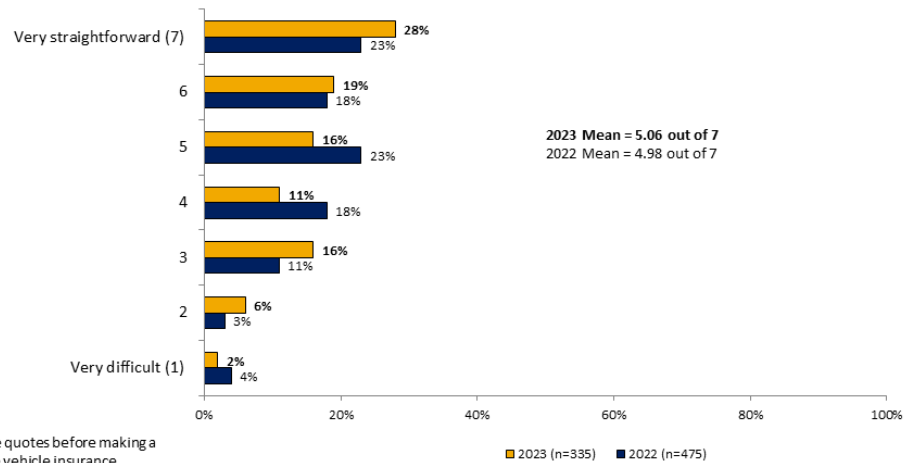
Purchasing Behaviour



Base: Respondents who sought competitive quotes before purchasing automobile insurance
*Multiple Responses

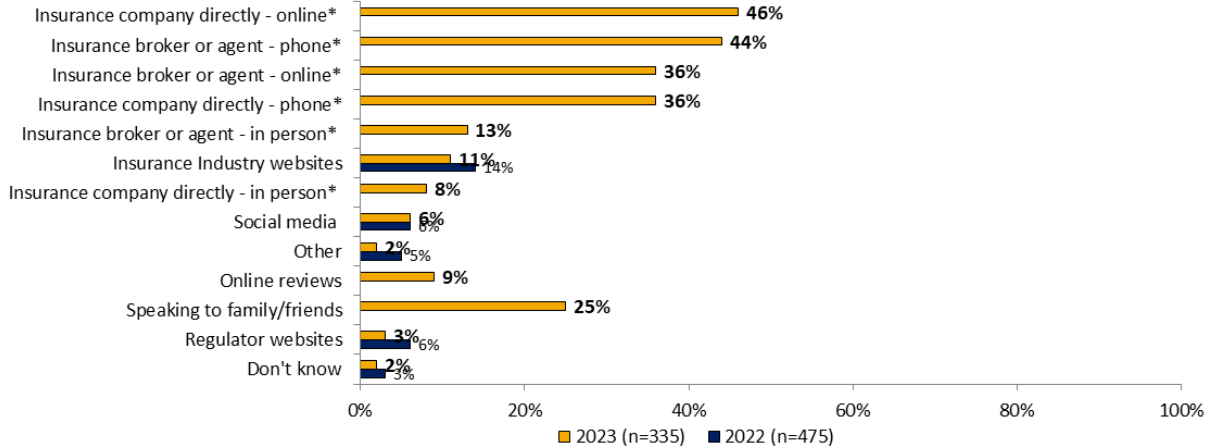
Purchasing Behaviour

How easy was it to obtain a quote?*



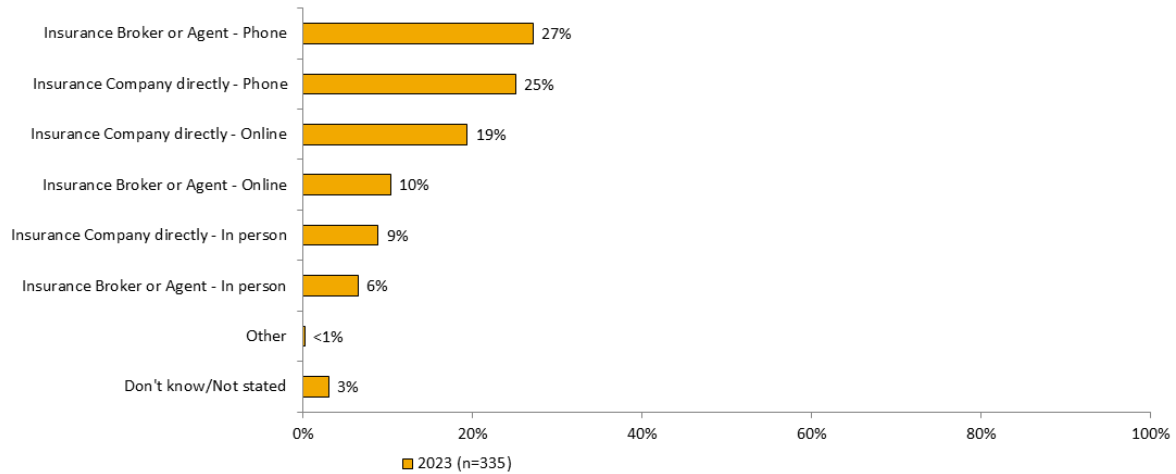
Purchasing Behaviour

What information sources helped you to make your insurance purchasing decision?



Purchasing Behaviour

When you made your decision to purchase insurance what method did you use?*

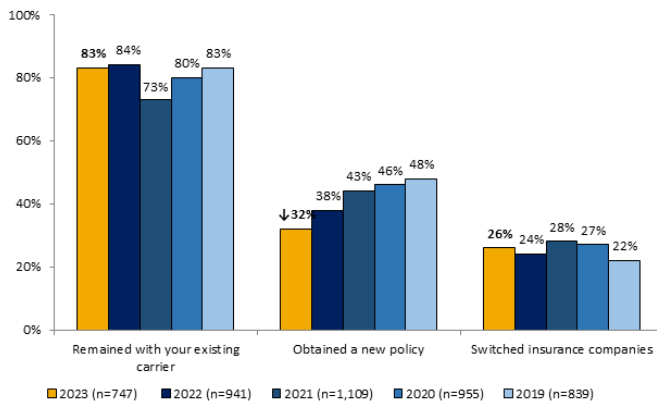


*Re-worded for the 2023 survey

Base: Respondents who sought competitive quotes before purchasing automobile insurance

Purchasing Behaviour

Thinking about your household's auto insurance, for any of your vehicles in the last two years, have you...?*



*Percent of respondents who said "yes".
 ↓ Indicates a significant decrease from 2022

What led to the decision to switch your vehicle insurance from your existing insurance company?*

- ⦿ Able to find a lower premium 89%
- ⦿ Poor claims service 16%
- ⦿ Insurance representative was not helpful or knowledgeable 14%
- ⦿ Payment plan was not being offered 7%
- ⦿ Desired coverage not available 7%
- ⦿ Wanted insurance bundled/under one policy 2%
- ⦿ Rewards/loyalty program was not offered 1%
- ⦿ Staff was poorly treated by management <1%
- ⦿ Don't Know/Not Stated 4%

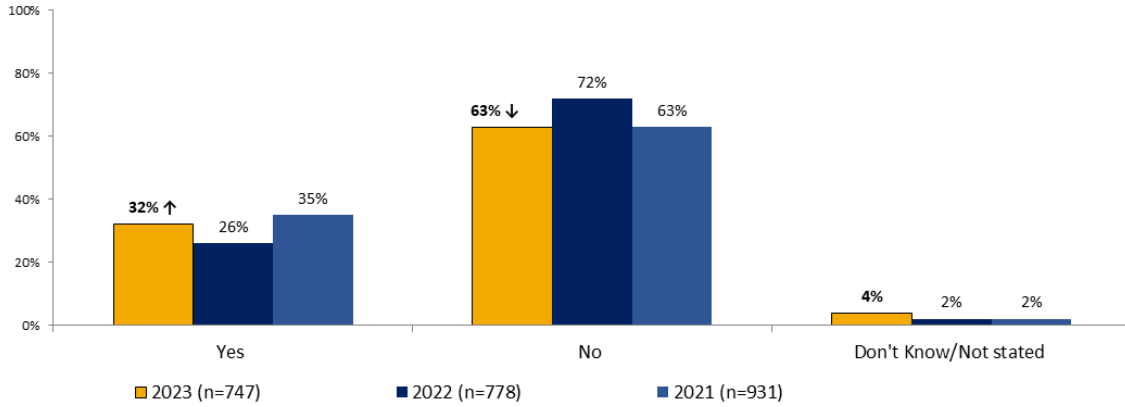
n=154

Base: Respondents who switched insurance companies in the last 2 years

*Multiple responses

Influence of Vehicle on Insurance

For your most recent vehicle purchase, was the cost of auto insurance factored into your final purchase decision?*

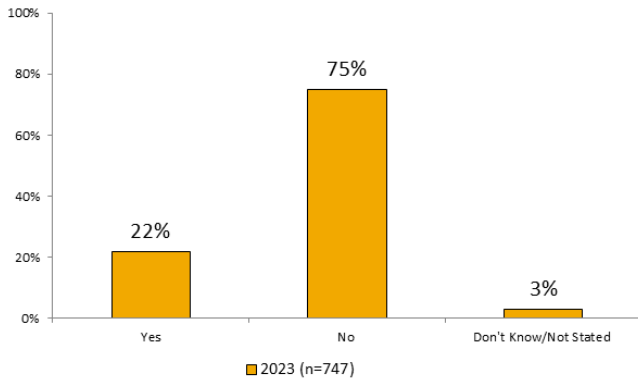


*New to the 2021 survey

↑ ↓ Indicates a significant increase or decrease from 2022

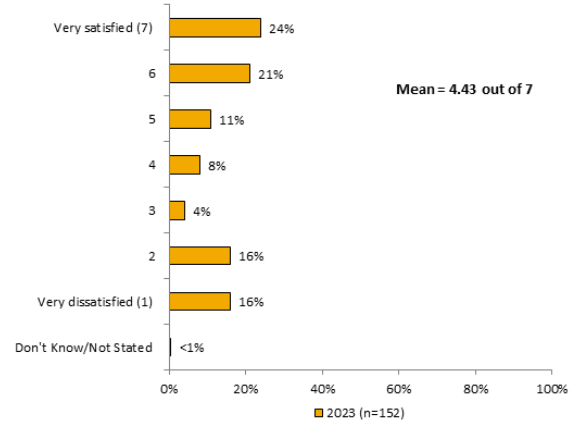
Accident Claims

Have you had a vehicle accident in the last 6 years, for which you claimed for injury, or damage to your vehicle from your insurance company?*



*New to the 2023 survey

Were you satisfied with the level of claims service provided by your insurance company?*



Base: Respondents who have had a vehicle accident in the last 6 years for which they claimed from insurance for injury compensation or damage to their vehicle

Dissatisfaction with Claims

Why were you dissatisfied with your insurance company's claims service?

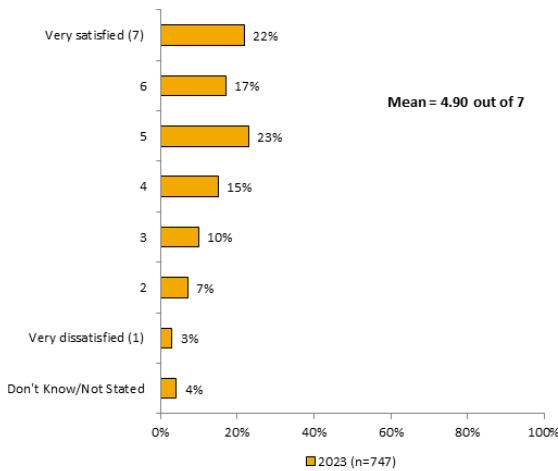
⦿	Poor/slow response time	20%
⦿	Dissatisfied with insurance rate (e.g., too high, increased)	19%
⦿	Insurance was cancelled without advance notice	19%
⦿	Lack of action taken on my claim	16%
⦿	Dissatisfied with claim payout/settlement	14%
⦿	Lack of/poor transparency	12%
⦿	Dissatisfied with price quote/estimate	10%
⦿	Difficulty contacting/getting in touch with staff	7%
⦿	Lack of/poor communication	6%
⦿	Lack of/poor repair work	5%
⦿	Was a small/minor accident/minimal damage to vehicle	5%
⦿	Other (single mentions)	8%
⦿	Don't Know	2%

n=37

Base: Respondents that were dissatisfied (rating 1-3) with the level of claims service provided by their insurance company

Point of Sale

Were you satisfied with the level of service at the point of sale provided by your insurance company?*



*New to the 2023 survey

Why were you dissatisfied with your insurance company's service at the point of sale?

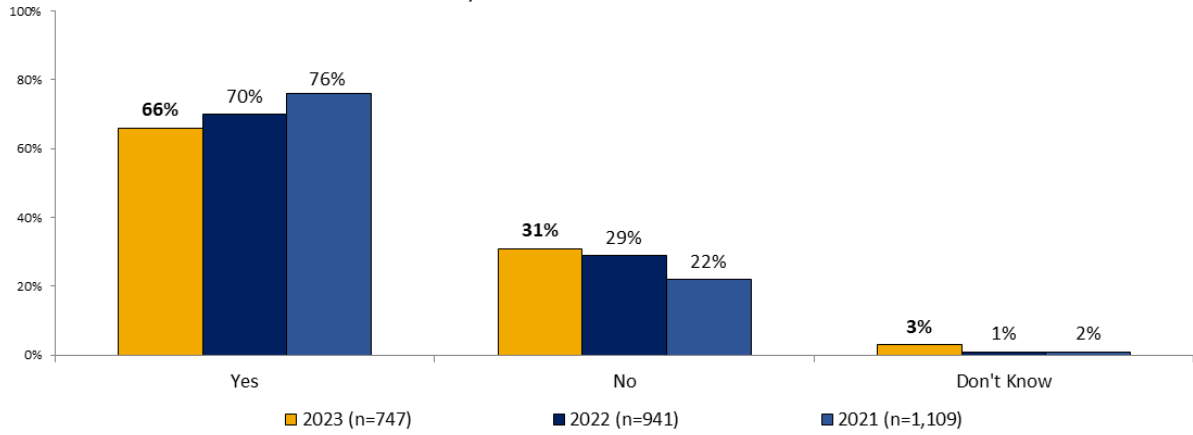
⦿	Dissatisfied with insurance rate (e.g., too high, increased)	39%
⦿	Lack of/poor customer service	17%
⦿	Staff were unhelpful/unknowledgeable	8%
⦿	Difficulty contacting/getting in touch with staff	6%
⦿	Was asked too many questions	6%
⦿	Poor/slow response time	5%
⦿	Lack of available options/choices	3%
⦿	Staff were rude/unfriendly/condescending	2%
⦿	Was not offered a discount	2%
⦿	Lack of detailed/thorough information	2%
⦿	Lack of/poor communication	1%
⦿	Poor/inadequate coverage	1%
⦿	Other (single mentions)	7%
⦿	Don't Know	32%

n=127

Base: Respondents that were dissatisfied (rating 1-3) with the level of claims service provided by their insurance company

Driving Convictions

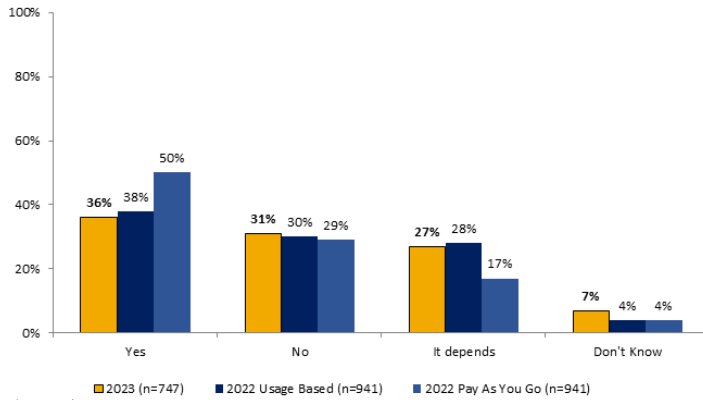
When purchasing auto insurance in Alberta, were you aware of the extent driving convictions could affect the cost of your auto insurance? *



*New to the 2021 survey

Usage-Based and Pay-As-You-Go Insurance

Would you consider signing up for usage-based or pay-as-you go insurance when your insurance company makes it available to you?



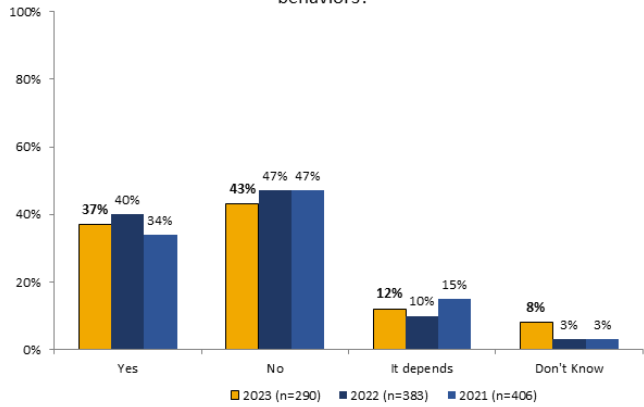
*New to the 2021 survey

It depends:(n=189)

- Depends on the discount/cost/rates 49%
- Need more information/details 23%
- If my privacy/rights would be violated 15%
- Depends on the insurance coverage 7%
- Depends on ease of use/user-friendliness of device 4%
- Depends on the criteria/eligibility 3%
- Depends on my personal situation 3%
- If it provides some leeway for situations that impact my driving 2%
- Depends on age of vehicle 1%
- Other (single mentions) 1%
- Don't Know/Not Stated 10%

Usage-Based and Pay As You Go Insurance

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



*New to the 2023 survey

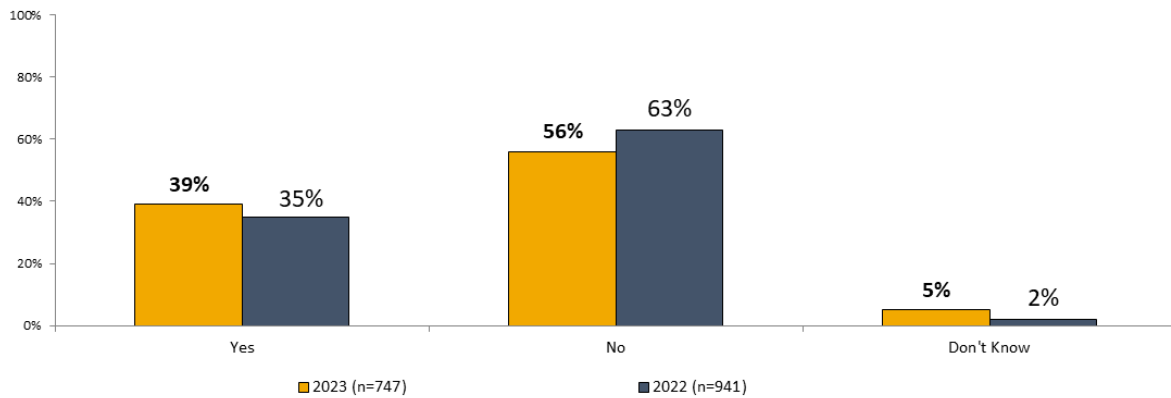
Base: Respondents that would consider signing up for Usage Based Insurance for you and / or for other drivers in the household when their insurance companies make it available to them

It depends: (n=29)

- Depends on how unsafe driving behaviors are measured/determined 31%
- Depends on the cost/how much more I have to pay 14%
- Depends on the criteria/eligibility 6%
- Depends on accuracy of data 4%
- Need more information/details on user-based insurance, in general 4%
- Depends on ease of use/user-friendliness/convenience 3%
- Depends on reputation of the company 2%
- Don't Know/Not Stated 38%

Direct Compensation for Property Damage

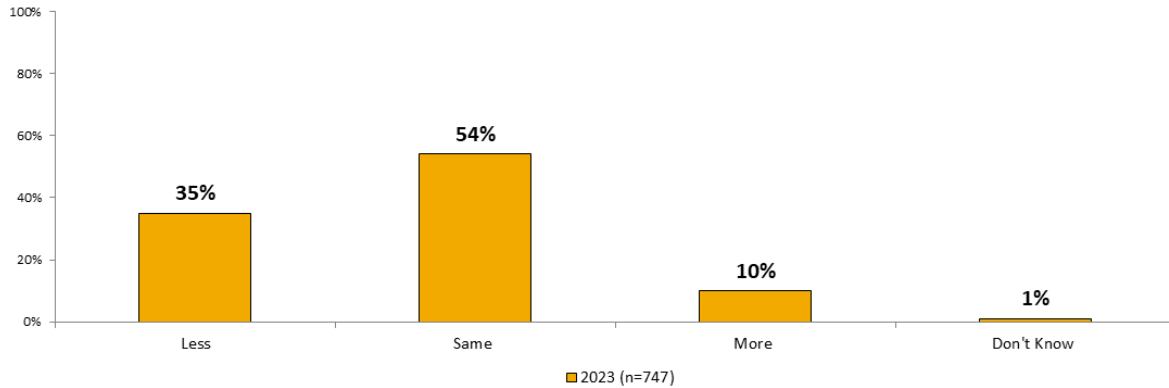
Before today, have you heard about DCPD?



*New to the 2022 survey

Driving Habits

Since COVID-19 restrictions were lifted, are you driving the same amount, less, or more than before the start of the pandemic in March 2020?



*New to the 2023 survey

Comments or Concerns

As a purchaser of auto insurance, do you have any comments or concerns with auto insurance in Alberta?

● Insurance rates are too high/costly/expensive/keep increasing	71%
● Insurance rates should not be high/increased if person has a clean/good driving record	14%
● Should place a limit/cap on insurance rates	14%
● Insurance companies are greedy/only care about money/making a profit	11%
● Dissatisfied with auto insurance in Alberta	5%
● Insurance rates should not be high/increased if person was not at fault in accident	4%
● Should offer rewards program (e.g., Discounts, rewards for good driving behavior, etc.)	3%
● Insurance rates should be higher for motorists with poor driving record/history	2%
● Other (1% of responses or less)	9%

n=433

Base: Respondents that provided other comments

Demographics

	Percent of Respondents							
	2023 (n=747)	2022 (n=941)	2021 (n=1,109)	2020 (n=955)	2019 (n=839)	2018 (n=601)	2017 (n=800)	2016 (n=800)
Gender								
Male	49	49	49	50	56	50	50	50
Female	50	50	50	50	43	50	50	50
Gender X	<1	<1	-	-	-	-	-	-
Not Specified	1	1	1	-	-	-	-	-
Age								
18 to 34 years old	29	32	32	32	30	32	33	4
35 to 54 years old	36	36	36	36	21	36	38	25
55 years of age or older	35	32	32	32	50	32	29	67
Mean	49.77 years	48.40 years	47.59 years	46.8 years	50.7 years	47.1 years	46.8 years	61.0 years
For how many years have you been a licensed driver?								
10 years or less	13	11	18	19	15	20	18	2
11 to 20 years	24	29	20	21	19	21	21	7
21 to 30 years	19	16	16	15	8	17	19	16
31 to 40 years	13	16	19	18	16	19	19	23
41 to 50 years	14	12	15	16	25	12	13	28
More than 50 years	17	15	12	10	16	11	11	24
Mean	31.0 Years	29.6 years	28.9 years	28.3 years	32.7 years	27.8 years	28.2 years	41.3 years

Demographics

	Percent of Respondents							
	2023 (n=747)	2022 (n=941)	2021 (n=1,109)	2020 (n=955)	2019 (n=835)	2018 (n=601)	2017 (n=800)	2016 (n=800)
How many licensed drivers do you arrange insurance for in your household?								
One (1) driver	40	38	43	41	39	35	30	30
Two (2) drivers	49	52	43	47	49	53	51	54
Three (3) drivers	7	6	6	7	7	6	14	9
Four (4) drivers	2	2	2	3	3	3	4	4
Five (5) or more drivers	<1	1	1	<1	<1	1	1	1
None	1	<1	3	1	1	2	1	1
Mean	1.70 drivers	1.73 drivers	1.63 drivers	1.73 drivers	1.74 drivers	1.86 drivers	1.95 drivers	1.91 drivers

Demographics

	Percent of Respondents	
	2023 (n=747)	2022 (n=941)
Region		
Edmonton	24	25
Calgary	31	20
Urban area in North or Central Alberta	10	13
Urban area in Southern Alberta	9	12
Rural (includes counties, municipal districts, towns, hamlets, villages and summer villages)	25	30
Do you live in a rural or urban community?*		
Urban	72	
Rural	24	
Prefer not to say	4	
What is your current employment status?*		
Working full time, including self-employment	53	
Working part-time, including self-employment	15	
Homemaker	2	
Student	1	
Not employed	2	
Retired	23	
Prefer not to say	3	

Demographics

	Percent of Respondents
	2023
Do you commute to work using a personal vehicle at least once a month?	
Base: Respondents that are currently employed	(n=393)
Yes	78
No	21
Prefer not to say	2
In a typical month, how many days are you commuting to work using a personal vehicle?	
Base: Respondents that commute to work using a vehicle at least once a month	(n=285)
1 day	1
2 to 3 days	2
4 to 5 days	16
6 to 10 days	9
11 to 15 days	15
16 to 20 days	43
21 to 25 days	10
26 to 30 days	2
Don't know/Not stated	1
Mean	14.97 days



Questions or Comments:

Mathew Wesolowski
Consumer Representative

Email: airb@gov.ab.ca