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Shannons tops satisfaction for comprehensive car insurance

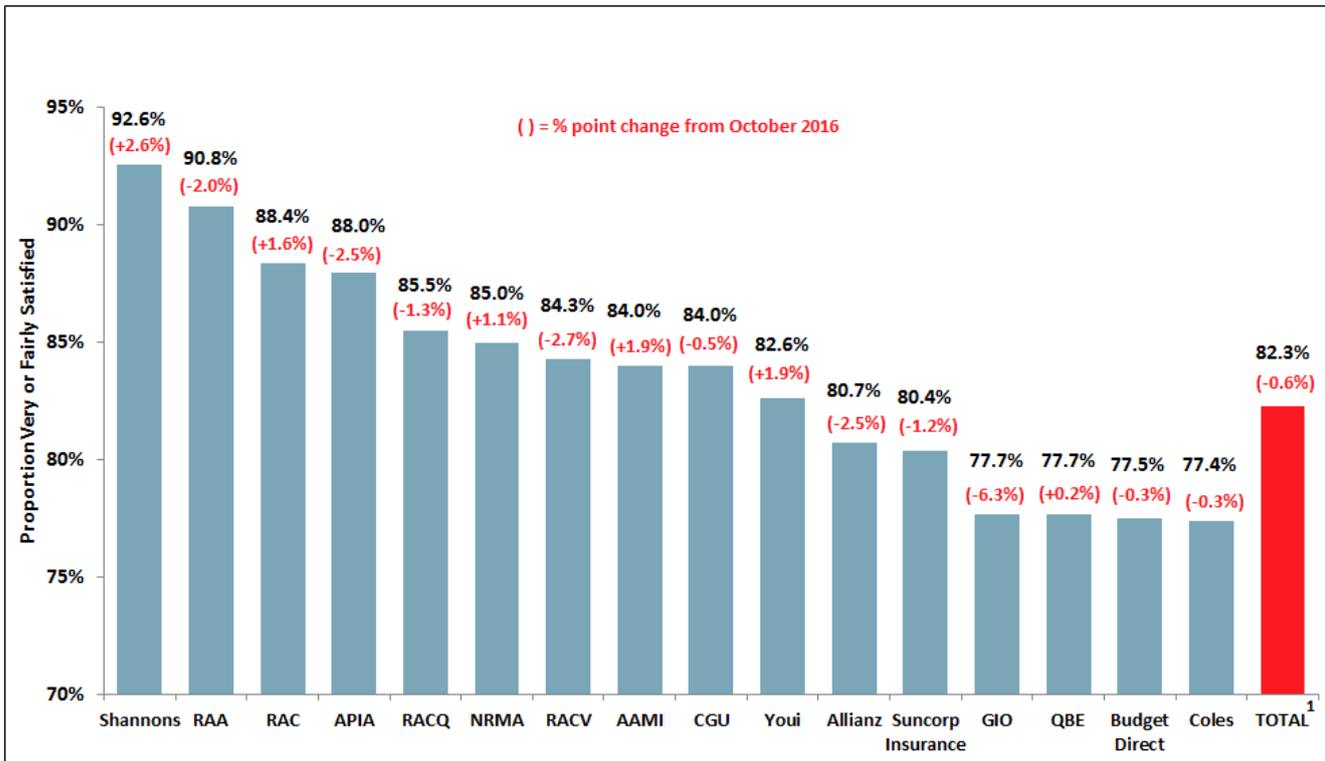
In the year to October 2017, Shannons with a satisfaction rating of 92.6% had the highest rating among the sixteen largest comprehensive car insurers. This was an increase of 2.6% points over the year and was well above the industry average of 82.3%.

These are the latest findings from Roy Morgan's Single Source survey of over 50,000 consumers per annum, including over 30,000 with comprehensive car insurance.

Satisfaction with comprehensive car insurers shows small decline in 2017

Overall satisfaction with comprehensive car insurers declined marginally over the last year from 82.9% down to 82.3% but some insurers defied this trend and showed improvement. The biggest improvers were Shannons (up 2.6% points), YOUI (up 1.9% points), AAMI (up 1.9% points) and RAC (up 1.6% points). The major brands to show declines in satisfaction over the year were GIO (down 6.3% points), RACV (down 2.7% points), Allianz (down 2.5% points) and APIA (down 2.5% points).

Satisfaction with Comprehensive Car Insurance (Largest Sixteen Insurers)



1. Includes brands not shown **Source:** Roy Morgan Single Source (Australia). 12 months to October 2016, n = 32,606, 12 months to October 2017, n = 31,787 **Base:** Australians 14+ with comprehensive insurance

Shannons (92.6%) and RAA (90.8%) were the clear leaders in satisfaction, followed by RAC (88.4%) and APIA (88.0%). NRMA the market leader in terms of the number of policies, had 85.0% customer satisfaction and was above the market average (82.3%) and showed an improvement of 1.1%

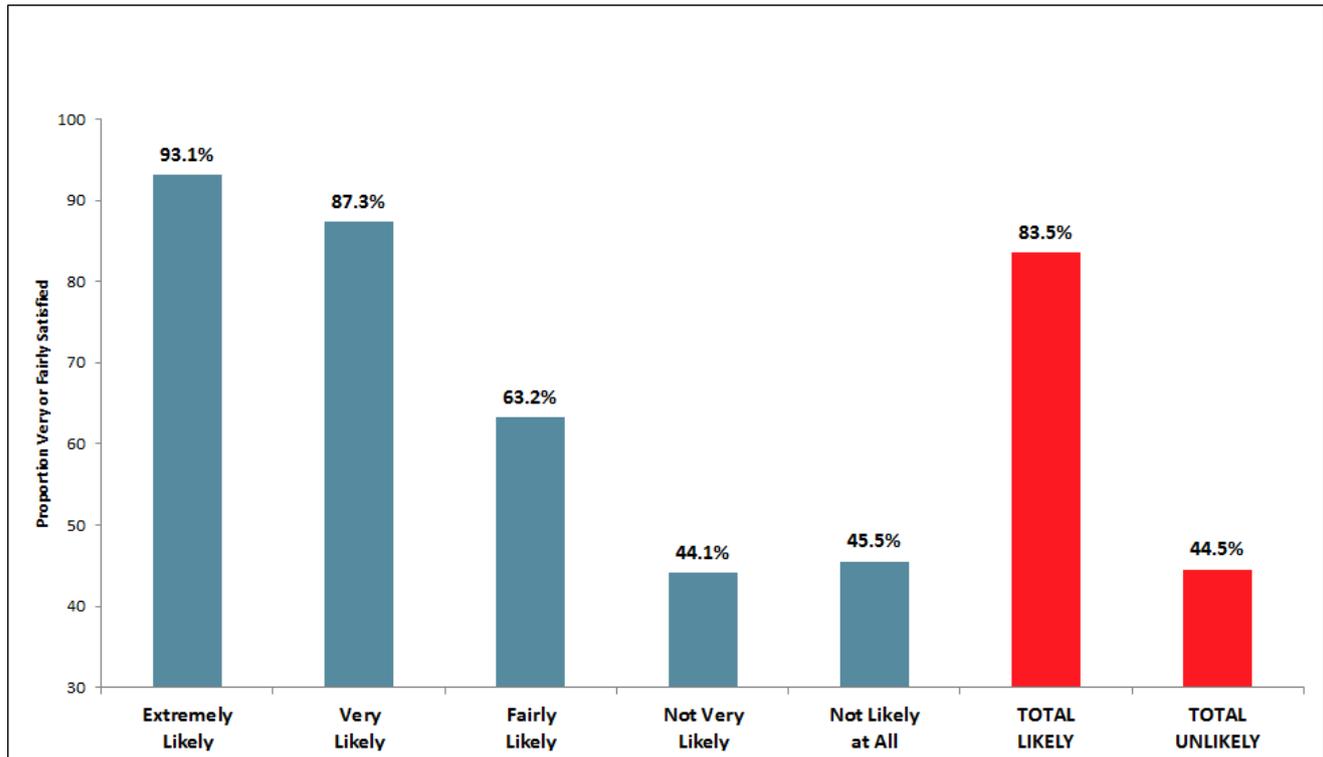
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points over the year. The second largest player is AAMI and it also scored above average with 84.0%, having improved by 1.9% points over the last 12 months.

Satisfaction improves likelihood of customer retention

Customer retention is important in a market where around 2.5 million (20%) comprehensive car insurance policy holders per annum either change their provider or at least consider doing so. Policy holders that say that they are 'extremely likely' to renew their insurance with the same company have a satisfaction rating of 93.1%.

Likelihood of Renewing Car Insurance with Same Company and Satisfaction Level



Source: Roy Morgan Single Source (Australia). 12 months to October 2016, n = 32,606, 12 months to October 2017, n = 31,787 **Base:** Australians 14+ with comprehensive insurance

As the likelihood of renewing with the same company declines, we see that this is associated with much lower satisfaction levels. Among policy holders who are unlikely to renew with the same company they have a satisfaction rating of only 44.5%, compared to 83.5% for the 'total likely' to renew segment.

Norman Morris, Industry Communications Director, Roy Morgan says:

"These results show that there are big differences in satisfaction levels across the major players in this highly competitive industry. The risk associated with having below average satisfaction is that it has the potential to discourage renewal and new clients. The link between satisfaction and likely renewal levels has been shown to be very positive. Satisfaction is not an end in itself but has the real potential to increase long term profitability through its impact on customer retention and acquisition.

"With issues around price being the major reason that people either change insurance companies or at least look around before renewing, it is likely that these same issues are

negatively impacting satisfaction, as are things such as bad claims experience, poor service or being offered a better product elsewhere. There are also potentially reasons associated with improving satisfaction that involve a tighter focus on the needs of particular segments. For example we have seen that Shannons with a clear focus on car enthusiasts and APIA aiming at the older market, both rank very high when it comes to customer satisfaction.

“The extensive data that Roy Morgan has covering all types of insurance enables the unique ability for all participants in this highly competitive market to understand it in depth as well as looking at the current market in context with long term trends.”

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About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 70 years’ experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2