

Discover your *edge*

Monday, 20 February 2017

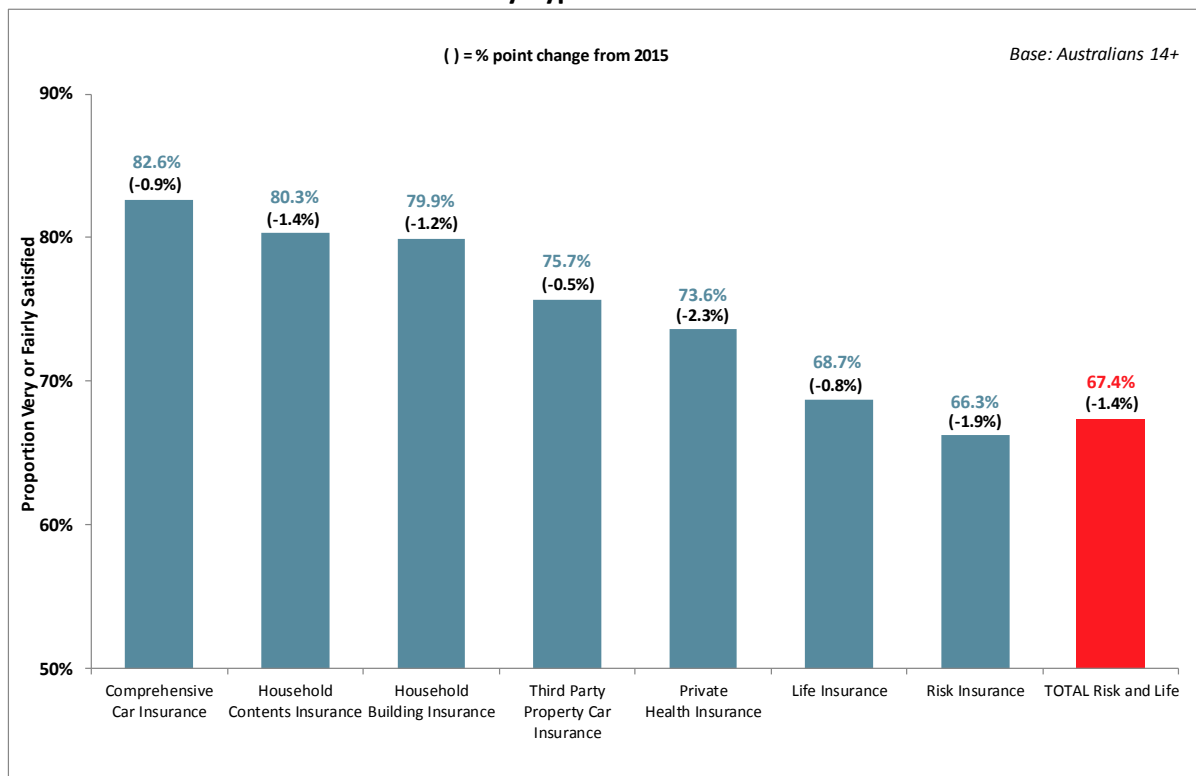
Satisfaction with risk and life insurance remains the lowest of all major insurance types

In the year to December 2016, satisfaction among risk and life insurance policy holders was 67.4%, down from 68.8% in 2015, and still lower than that of all other major insurance types. Less than one in four (23.9%) of risk and life policy holders were 'very satisfied' with their insurance company. These are the latest findings from Roy Morgan's Single Source survey of over 50,000 consumers pa, which includes detailed coverage of over 9,000 risk and life insurance policy holders.

Risk insurance policy holders the least satisfied

Satisfaction with risk insurance (covering income protection, disability, accident, trauma, etc) in 2016 was only 66.3%, the lowest of all insurance types and a little below the 68.7% for life insurance.

Customer Satisfaction with Insurance by Type



Source: Roy Morgan Single Source (Australia). 12 months ended December 2015, n=50,276; 12 months ended December 2016, n=50,144.

It is important to understand the performance of risk and life insurance satisfaction in the context of other insurance types. Although insurance is not a product that would be expected to have a high satisfaction rating, comprehensive car insurance has been able to achieve the highest average

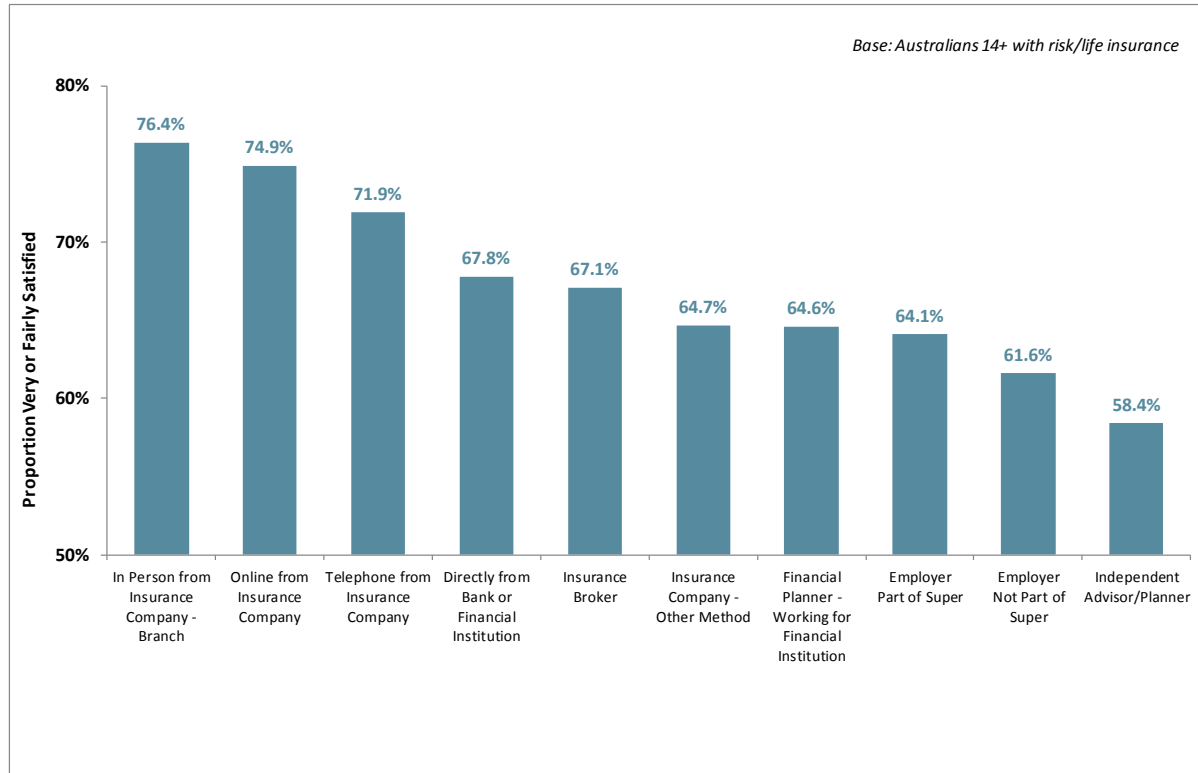
satisfaction with 82.6%. Meanwhile, despite widespread negative publicity surrounding impending premium increases, private health insurance has a satisfaction level of 73.6%, still well above the 67.4% for risk and life insurance.

Over the last 12 months, all types of insurance showed declining satisfaction, with the worst performers being private health insurance (down 2.3% points) and risk insurance (down 1.9% points).

Satisfaction with risk and life insurance companies impacted by purchase method

Holders of risk and life insurance who purchased their insurance in person from an insurance company branch have a much higher level of satisfaction (76.4%) than those using all other methods. Purchasing directly from an insurance company online (74.9%) or by telephone (71.9%) also boosts satisfaction levels.

Satisfaction with Risk and Life Insurance by Method Purchased



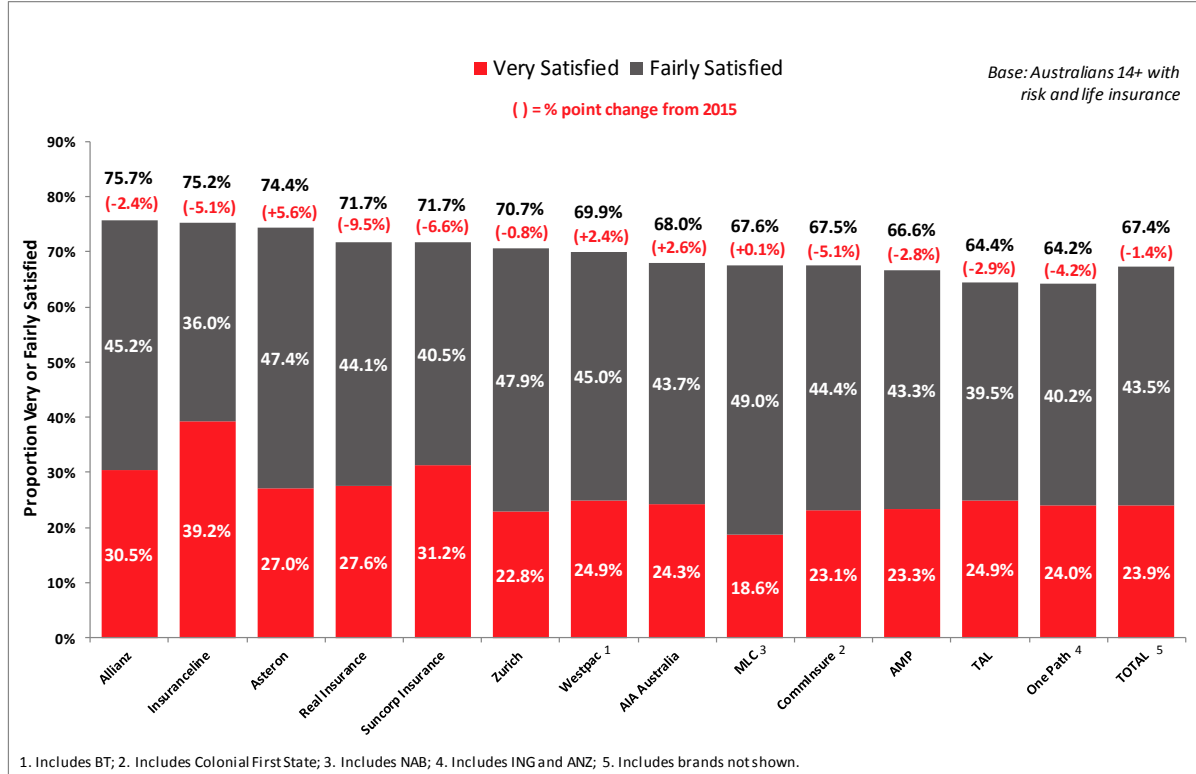
Source: Roy Morgan Single Source (Australia). 12 months ended December 2016, n=9,436 with risk and life insurance.

In contrast, satisfaction with risk and life insurance purchased through insurance brokers is below average, at just 67.1%. This is a concern as brokers are a major channel for purchasing this type of insurance and would be assumed to have a sound knowledge on the topic to best meet their clients' needs. Satisfaction levels are even lower among those who obtained this insurance through employers, either as part of superannuation (64.1%) or separately (61.6%). But of all the major purchase channels, risk and life insurance bought via an independent advisor/planner satisfied the lowest proportion of customers, at only 58.4%.

Allianz the top performer among the largest risk and life insurers

Allianz leads in customer satisfaction among the 13 largest risk and life insurers with 75.7%, followed by Insuranceline (75.2%) and Asteron (74.4%). OnePath had the lowest satisfaction with 64.2%, followed by TAL (64.4%) and AMP (66.6%).

Risk and Life Insurance Satisfaction: Largest 13 Insurance Companies 2015-2016



Source: Roy Morgan Single Source (Australia). 12 months ended December 2015, n=9,409 with risk and life insurance and 9,436 in 2016.

Only four of the top 13 risk and life companies showed an improvement in satisfaction over the last year: Asteron (up 5.6% points), AIA Australia (up 2.6% points), Westpac (up 2.4% points) and MLC (up 0.1% points).

Satisfaction among risk and life policy holders is made up of those who are ‘very satisfied’ and those who are only ‘fairly satisfied’. The significance of the ‘very satisfied’ group is that a much higher proportion say they are ‘extremely likely’ to renew their policy with the same company and recommend them to others: ie they are high advocates. Overall, only 23.9% of policy holders are ‘very satisfied’ but this is much higher for Insuranceline (39.2%), Suncorp Insurance (31.2%) and Allianz (30.5%). MLC (18.6%) and Zurich (22.8%) have the lowest proportions of ‘very satisfied’ customers.

Norman Morris, Industry Communications Director, Roy Morgan Research says:

“Risk and life insurance continues to suffer from negative publicity including recent concerns by ASIC regarding poor practices in the industry and the need for increased scrutiny. Given all this negative publicity, it is not surprising that satisfaction with risk and life has decreased over the past year and remains lower than the other major types of insurance that Roy Morgan measures, including motor vehicle, household and private health insurance.

“Roy Morgan data shows that the channel used to purchase insurance impacts satisfaction levels. Purchasing in person from an insurance company—whether in person at a branch, online or by telephone—results in higher satisfaction than other channels including brokers. Using an intermediary, whether it’s a broker, financial planner or employer, results in lower satisfaction with the insurance company. Companies operating mainly through intermediaries need to understand why this is so, as it may be dragging down their overall satisfaction.

“This pattern of satisfaction is very different to banking, where personal channels such as branches have much lower satisfaction levels than mobile and internet banking.

“In addition to the problem of low overall satisfaction for risk and life insurance, it is important to note that less than one in four (23.9%) customers are ‘very satisfied’. Not only does this compare unfavourably with the much-maligned big four banks (32.4%) but it is this measure that has the greatest impact on renewing policies and improving advocacy.”

For comments or more information about Roy Morgan Research’s finance and banking data, please contact:

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Related research findings

View our [extensive range of Insurance Reports and Profiles](#), including our [Risk and Life Insurance Customers Profile](#) and our [Customer Satisfaction - Risk and Life Insurance Report](#).

About Roy Morgan Research

Roy Morgan Research 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 Research 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