

Discover your edge

Monday, 5 December 2016

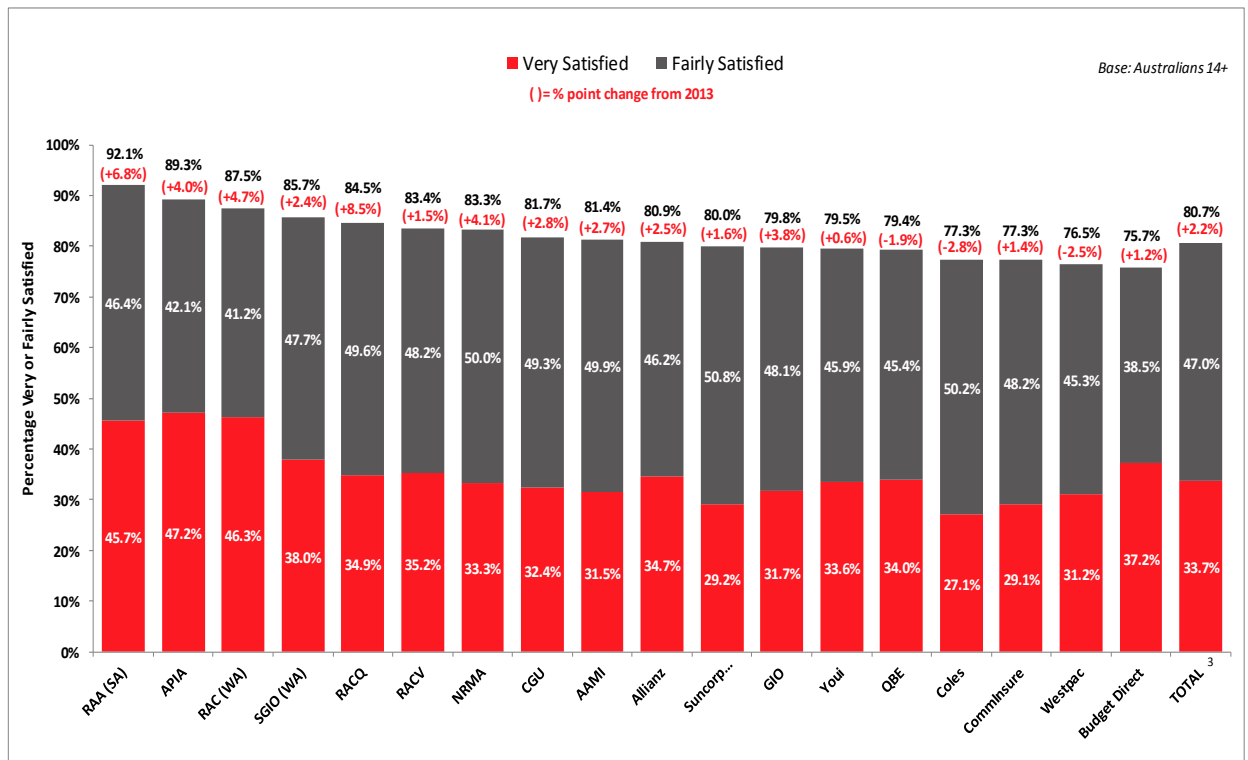
Satisfaction with household insurers improving

In the year to October 2016, satisfaction among household insurance policy holders was 80.7%, up from 78.5% over the same period in 2013, and well ahead of a decade ago (74.3% in 2006). Nearly all of the largest household insurers improved their satisfaction ratings over the last three years, with 97.0% of policy holders being at least fairly likely to renew their insurance with their existing 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 30,000 household insurance policy holders.

Who's setting the pace for household insurance satisfaction?

South Australia-based RAA leads in customer satisfaction among the 18 largest household insurers with 92.1% (up 6.8% points since 2013), followed by APIA on 89.3% (up 4.0% points) and RAC with 87.5% (up 4.7% points). The other biggest improvers during this time were RACQ (up 8.5% points to 84.5%), NRMA (up 4.1% points to 83.3%) and GIO (up 3.8% points to 79.8%).

Household Insurance¹ Satisfaction - Largest 18 Insurance Companies² 2013-2016



1. Includes all types of property insurance excluding motor vehicles. 2. Size based on number of people covered. 3. Total market includes brands not shown. **Source:** Roy Morgan Single Source (Australia). 12 months ended October 2015, n=50,126; 12 months ended October 2016, n=50,577. Includes 29,886 with household insurance in 2015 and 30,975 in 2016.

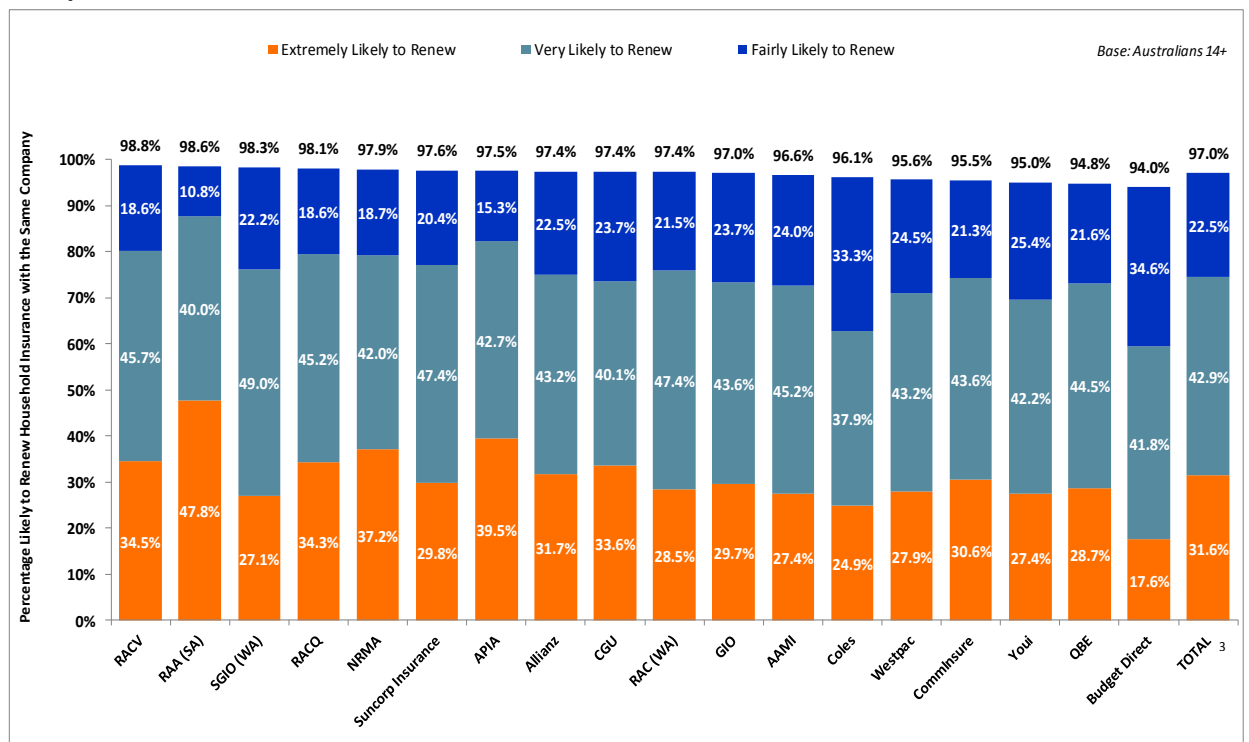
Only three of the 18 largest insurers showed declines in satisfaction over the last three years. They were Coles (down 2.8% points), Westpac (down 2.5% points) and QBE (down 1.9% points).

Satisfaction among household insurance policy holders here 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 of them than any other segment (including those who are ‘fairly satisfied’) say they are ‘extremely likely’ to renew their policy with the same company. Overall, only 33.7% of policy holders are ‘very satisfied’ but this is much higher for APIA (47.2%), RAC (46.3%) and RAA (45.7%). Coles (27.1%), Comminsure (29.1%) and Suncorp Insurance (29.2%) have the lowest proportion of ‘very satisfied’ customers.

Most policy holders are at least ‘fairly likely’ to renew with the same company

A very high proportion (97.0%) of household insurance policy holders are at least ‘fairly likely’ to renew with the same company, varying from a high of 98.8% for RACV down to 94.0% for Budget Direct.

Household Insurance¹ Likelihood of Renewal with Same Company - Largest 18 Insurance Companies²



1. Includes all types of property insurance excluding motor vehicles. 2. Size based on number of people covered. 3. Total market includes brands not shown. **Source:** Roy Morgan Single Source (Australia). 12 months ended October 2016, n=50,577. Includes 30,975 people covered by household insurance.

Although most policyholders intend to renew with their current insurer, they are not all certain that they will do so when the time comes. Not surprisingly, the most positive group are those who say they are ‘extremely likely to renew’. These people make up around a third (31.6%) of the market and are much more likely to indicate that they are ‘very satisfied’ with their insurance company.

Among the largest insurers, RAA clearly has the highest proportion of customers saying they are 'extremely likely' to renew (47.8%), ahead of APIA (39.5%), NRMA (37.2%) and RACV (34.5%). Budget Direct customers are far less certain regarding what they will do on renewal with only 17.6% indicating they are 'extremely likely' to renew and a third (34.6%) saying they are only 'fairly likely' to renew.

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

"Satisfaction with household insurance has improved over the last decade, but around a quarter of policy holders are still shopping around at renewal time, although this varies by insurer. Roy Morgan data shows that price is the major reason why household insurance customers look around or change companies, with other reasons including a broker's recommendation, change of coverage and bad claims experience.

"To be successful, it is crucial for insurance companies to retain existing customers. Although a very high proportion of people say they are likely to renew with the same company (97.0%), less than a third (31.6%) indicate that they are 'extremely likely' to renew. In order to increase the likelihood that customers will renew, more attention needs to be given to improving the proportion of 'very satisfied' policy holders, who currently account for only 33.7%.

"It is worth noting that three of the major 'challenger brands' ie Youi, Coles and Budget Direct, are all below average when it comes to satisfaction and likelihood of renewing. Our data shows that these insurers are gaining new customers but they may have difficulty in retaining them.

"With over 50,000 interviews conducted annually over more than 20 years, Roy Morgan data has become the currency in all aspects of retail financial services, including household insurance where we interview over 30,000 policy holders pa. The size of this survey enables an in-depth understanding of insurance behaviour and trends, providing unique and detailed insights for anyone involved in this market.

"As the industry currency in general insurance satisfaction, Roy Morgan Research conducts monthly and annual general insurance satisfaction awards which attract wide publicity."

For comments or more information about Roy Morgan Research's insurance data, please contact:

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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