

Friday, 2 November 2018

Most general insurance policies still renewed automatically

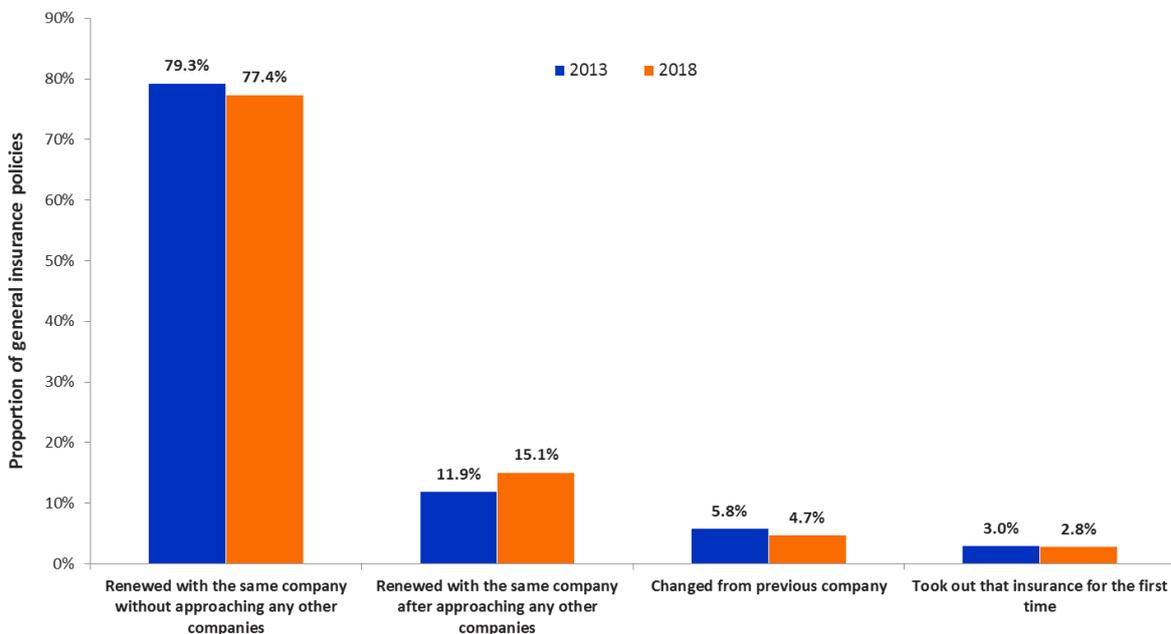
New research from Roy Morgan shows that over the twelve months to September 2018, more than three quarters (77.4%) of general insurance policies were renewed with the same company without approaching any other companies. This is down marginally from 79.3% recorded five years ago (2013) and is evidence of only a gradual change in buyer behaviour in this highly competitive market.

These are the latest findings from Roy Morgan's '[General Insurance Currency Report](#)'. This report is derived from Roy Morgan's Single Source Survey (Australia) which is based on in-depth personal interviews conducted face-to-face with over 50,000 Australians per annum in their own homes, including details on over 120,000 general insurance policies.

More policies subject to review but less switching

Some 9.8 million or nearly one in five (19.8%) general insurance policies were subject to review over the last 12 months, an increase from 17.7% in 2013. The current figure of 19.8% is made up of the 15.1% of policies that were renewed with the same company after approaching other companies and the 4.7% that actually changed companies. The overall result regarding the change in the level of switching over the last five years has shown a small decline from 5.8% to 4.7%, despite an increase in policy holders looking around.

Action with current general insurance policies in the last 12 months



Source: Roy Morgan Single Source (Australia). 12 months to September 2013, n = 117,889 policies; 12 months to September 2018, n = 128,010 policies.

Base: Australians 14+ with general insurance.

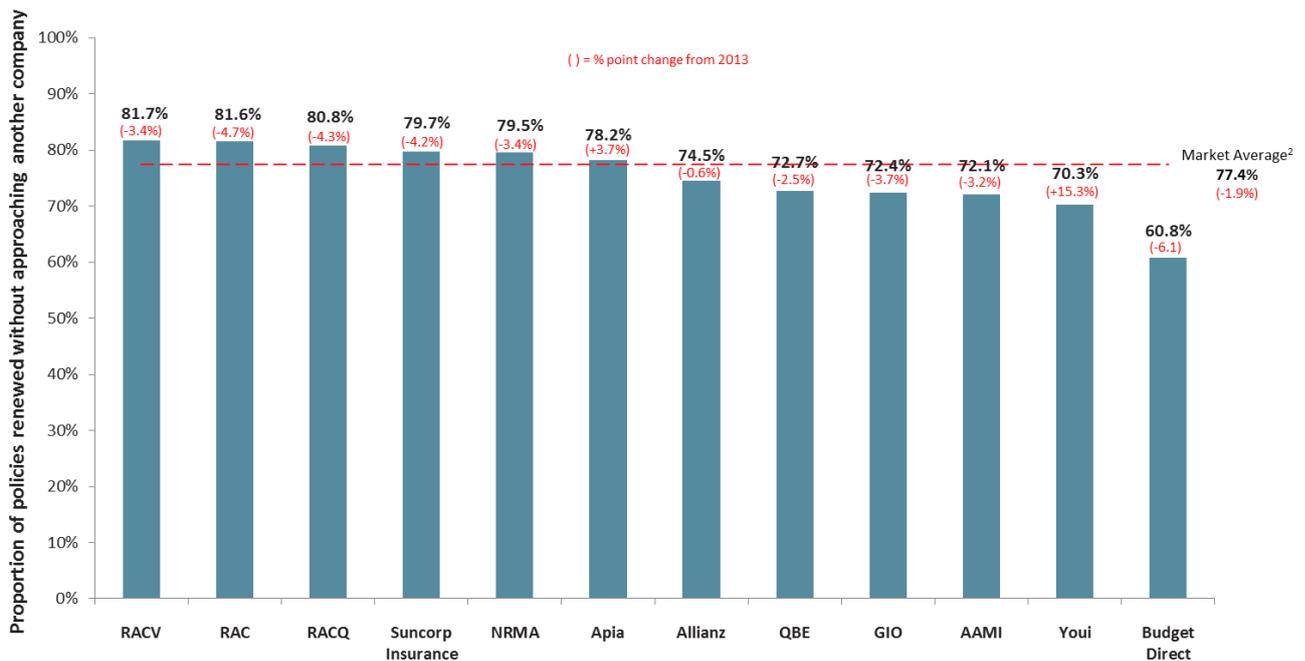
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Major variations in general insurance company loyalty

The most loyal customers, based on the proportion of policies that are renewed without the holder approaching another company, are with the RACV (81.7%), RAC (81.6%) and RACQ (80.8%). These companies are well above the industry average of 77.4%. The least loyal customers are with Budget Direct (60.8%) and Youi (70.3%).

Since 2013, the only companies showing improvement in the level of their customers' loyalty were Youi (up 15.3% points) and Apia (up 3.7% points). All other companies among the 12 largest, showed declines in customer loyalty.

Renewed general insurance policies in last 12 months without approaching another company - 12 largest general insurers¹



Source: Roy Morgan Single Source (Australia). 12 months to September 2013, n = 117,889 policies; 12 months to September 2018, n = 128,010 policies.

Base: Australians 14+ with general insurance. 1 Based on policy numbers. 2 Includes brands not shown.

Norman Morris, Industry Communications Director, Roy Morgan says:

"This analysis has shown that despite the fact that the clear majority of general insurance policies are automatically renewed with the same company, there are risks and opportunities as a result of around one in five policies being subject to review at renewal time. The number of policies being considered for change over the last 12 months was 9.8 million, an increase from 7.9 million five years ago. The number of policies actually changing insurers over the last year was 2.3 million, down from 2.6 million in 2013. These large numbers represent major marketing potential and as a result it is important to understand why policy holders move or at least look around."

"Our research shows that general insurance policy holders primarily say that they change companies or shop around due to issues relating to better premiums. Understanding why people shop around goes well beyond cost and looks at many other issues that motivate people to look around or switch. These issues are available by company and include the fact that some people say that they just always shop around, better product elsewhere, purchased a new car, recommended by a family member or friend, bad claims experience or simply poor customer service."

"The data highlighted here covers only a small part of what is available from Roy Morgan on all types of general insurance and all other insurance types that can be trended over many years. To find out more simply ask Roy Morgan."



To learn more about Roy Morgan’s general insurance data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the [Roy Morgan Online Store](#).

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in 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
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

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