



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Motor Insurance: Consumer Research on Attitudes and Behaviours

November 2018

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## FOREWORD

The purpose of this research was for the Central Bank of Ireland (Central Bank) to gain an insight into consumer understanding of the identity and location of their motor insurer (including where motor insurance may have been bought through a retail intermediary acting on behalf of a Managing General Agent (MGA). The research also looked at drivers of motor insurance purchases more generally, as well as information on consumer satisfaction with the service received. This work was undertaken to support and inform the work of the thematic inspection of retail Intermediaries acting as MGAs.

The Central Bank commissioned Behaviour & Attitudes to undertake the fieldwork part of this study. This included face-to-face/at-home surveys with 346 motor insurance policy holders who had experience of dealing with a retail intermediary<sup>1</sup> in the past 5 years and who sought advice and purchased motor insurance through them during this time (as distinct from their *current* motor insurance policy, which may have been bought directly or through a retail intermediary).

A summary of the key findings, as well as a more in-depth analysis follows. The results of this research are being published alongside findings from a related thematic review and will inform the Central Bank's work in the field of motor insurance and retail intermediaries.

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<sup>1</sup> Including where motor insurance may have been bought through a retail intermediary acting on behalf of an MGA.

## KEY FINDINGS

### Consumer knowledge of the identity of their motor insurer was mixed

- When asked whether they checked specific documentation for the identity of their insurer:
  - 59% of respondents stated that they checked the name of their insurer on their insurance quotation document; and/or
  - 32% stated that they checked their policy document; and/or
  - 23% stated that they checked their renewal notice.
- 23% of respondents stated that they did not check any documentation for the identity of their insurer.
- 76% of respondents stated that they knew the identity of their motor insurer<sup>2</sup>. However, of these, 25% stated the name of a retail intermediary, indicating some degree of misunderstanding.

### Price, rather than the insurer, was the primary driver of choice

- 79% of respondents said that price was the most important factor that influenced their last purchase of motor insurance.
- Cover/benefits was identified as the second most important factor (53%).
- 49% of respondents said that the location of the motor insurer mattered to them (although less than half of these respondents (45%) indicated that location outside Ireland might change their decision).
- 23% of respondents stated that they would be likely to purchase motor insurance from a non-Irish domiciled motor insurer in the future. This scored highest amongst younger respondents and those in lower socio-demographic groups.

### Satisfaction with the service of current motor insurer was high

- 90% of respondents stated they were 'satisfied' or 'very satisfied' with the service provided by their motor insurer, based on their last interaction with them.

### The majority stayed with their current provider at last renewal

- 58% of respondents renewed their motor insurance with the same insurer or retail intermediary at their last renewal, compared to 42% who switched to a different company.

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<sup>2</sup> The explanation given to the consumer was that *the insurer is the company that underwrites your policy and pays out if you have a valid claim in the event of an accident or damage to your car.*

# INTRODUCTION

## 1.1 Background to the research

The purpose of undertaking this research was to gather evidence-based information to inform our understanding of the attitudes, preferences and behaviours of motor insurance consumers.

In particular, this research sought to:

- determine consumer knowledge of their motor insurer, including their vigilance in reviewing and checking documentation;
- identify if information regarding the domicile of the motor insurer/underwriter impacts on consumers' attitudes towards such companies and purchasing decisions; and
- analyse the key factors in their motor insurance purchase decision overall.

## 1.2 Methodology

346 consumers, who sought advice and purchased motor insurance from a retail intermediary in the past 5 years<sup>3</sup> were surveyed through face-to-face and in-home interviews between 10<sup>th</sup> and 25<sup>th</sup> April 2017 by Behaviour & Attitudes, on behalf of the Central Bank. Consumer base line numbers/scope for each question are contained in the relevant graphics<sup>4</sup>.

A quota sampling approach was used and interviews were undertaken at randomly selected sampling locations. Target quotas were set based on existing data<sup>5</sup> about the characteristics of people who use or consult retail intermediaries, and those who own motor insurance, as outlined in figure 1.2.1.

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<sup>3</sup>To qualify for participation, respondents had to have experience of dealing with a retail intermediary in the past 5 years (sought advice and purchased motor insurance through a retail intermediary). However, respondents may have purchased their *current* motor insurance policy directly or through a retail intermediary, as indicated in relevant charts in this report.

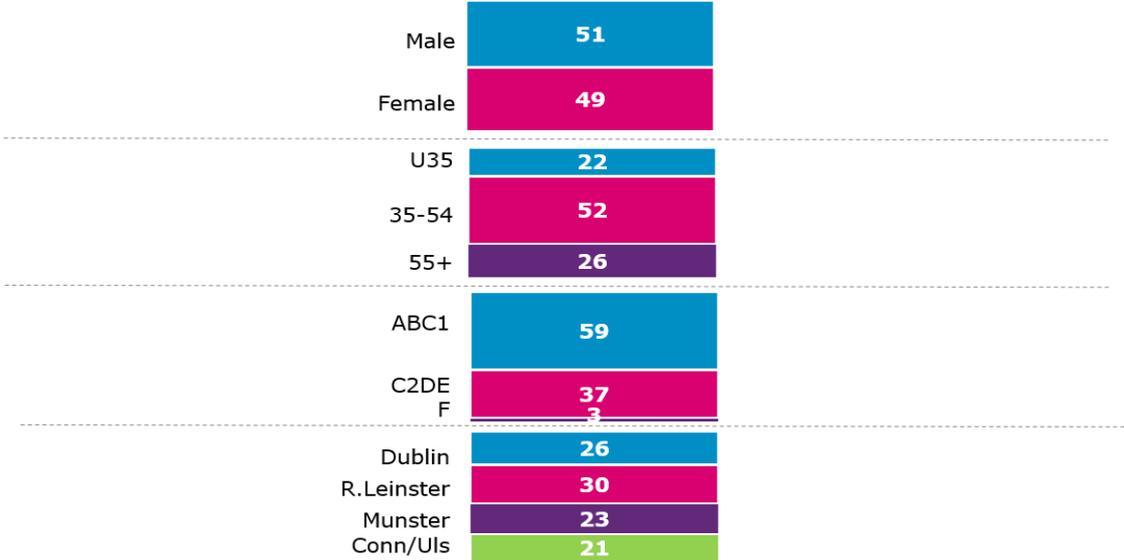
<sup>4</sup> Data provided throughout this report may not sum up to 100% due to rounding or use of multi-response questions.

<sup>5</sup> Previous waves of barometer research carried out by Behaviour & Attitudes.

Figure 1.2.1

### Profile of products sought advice on/purchased

All who sought advice **and**  
purchased motor insurance from a  
broker in the past 5 years  
(346)  
%

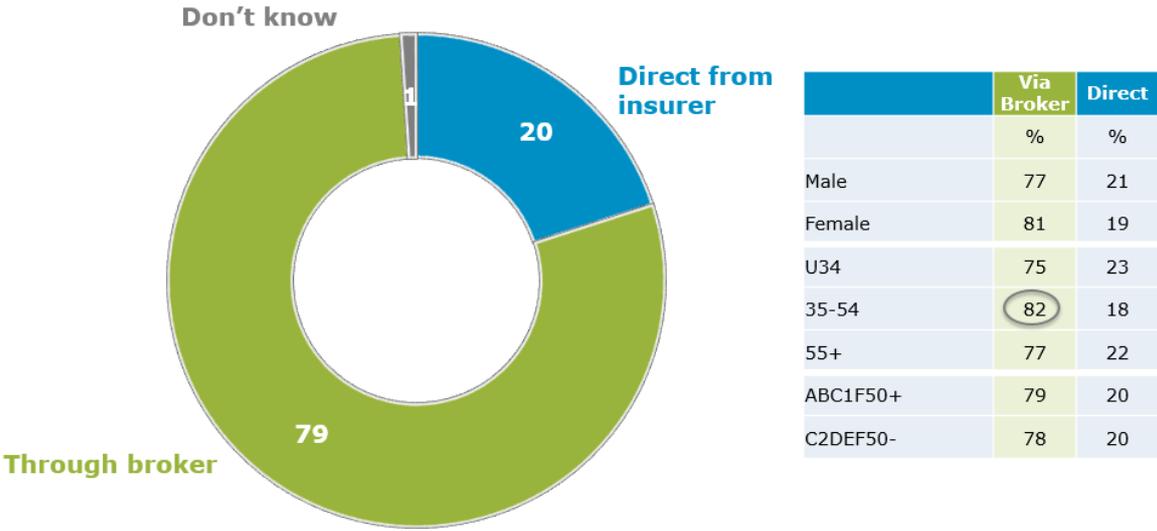


All respondents had experience of dealing with retail intermediaries in the past 5 years by seeking advice and purchasing motor insurance (as required for the sample profile). The majority (79%) stated that they bought their most recent policy through a retail intermediary, as outlined in figure 1.2.2.

Figure 1.2.2

**How was motor insurance purchased most recently**

Base: All surveyed - 346



Q.20b And how did you actually buy your motor insurance?

Slightly more of the younger and older groups said that they bought their motor insurance directly from their insurer, whereas retail intermediary usage was marginally higher for the 35-54 year old category.

## MAIN FINDINGS

### 2.1 Knowledge of Motor Insurer

The survey analysed whether respondents checked the identity and location of the underlying motor insurer/underwriter.

When asked whether they checked specific documentation for the identity of their insurer:

- 59% of respondents said that they checked their motor insurance quotation document for the name of the insurer that provided their motor insurance; and/or
- 32% stated that they read the policy document to check who underwrote their policy; and/or
- 23% said that they checked the renewal notice to see who underwrote their policy.

Respondents that did any of these things did somewhere between one and two of them (1.48 on average).

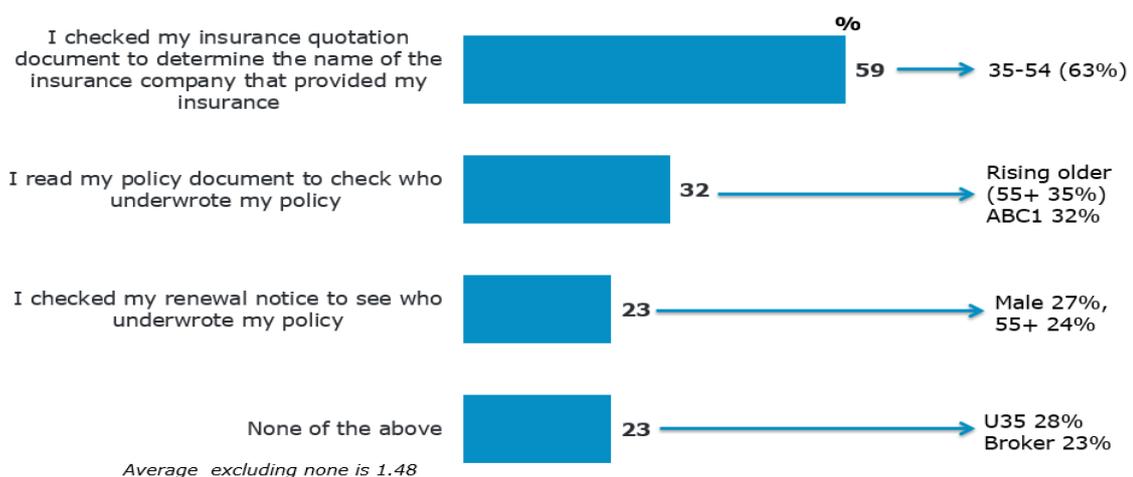
23% stated that they did not check any documentation and this was much more common for those under the age of 35. Those who transacted directly with an insurer were a little less likely to have said they checked the documentation.

Broadly speaking, older and ABC1F50+ groups were more likely to have said they checked the documentation.

Figure 2.1.1

### Vigilance in checking the identity of the insurer

Base: All surveyed - 346



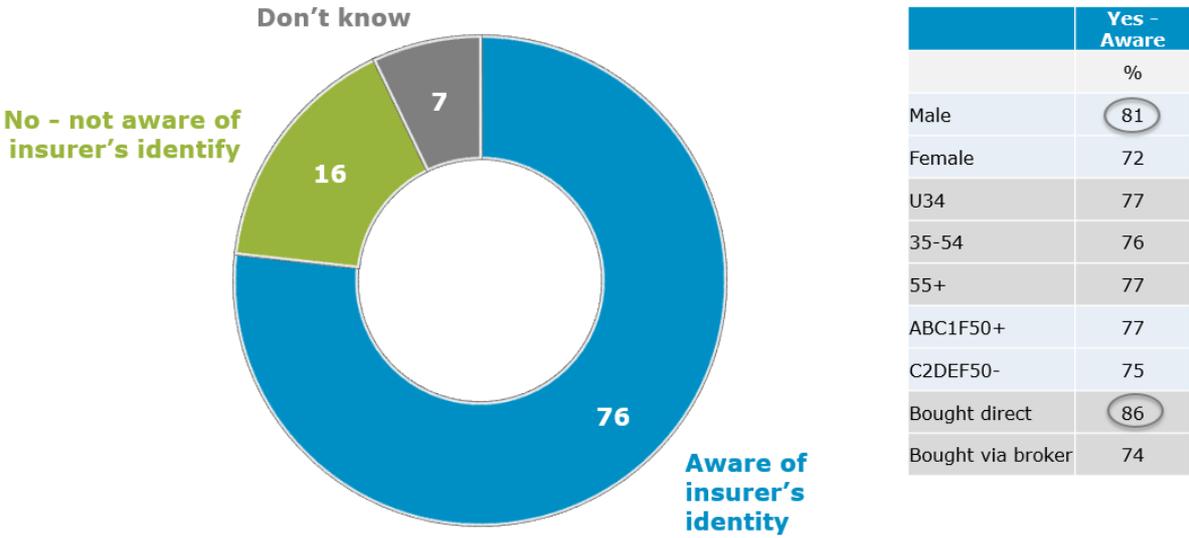
Q.27 As I read out the following statements, please tell me which, if any, best applies to you.

A series of questions were then posed to determine if respondents were aware of the identity of their motor insurer<sup>6</sup>.

76% of respondents said that they knew who their motor insurer was. 16% said they were unaware and 7% were uncertain. Those who bought directly from an insurer were more likely to be aware of the identity of their insurer than those who bought through a retail intermediary.

Figure 2.1.2

**Knowledge of insurer’s identity**  
 Base: All surveyed - 346



Q.18 Thinking about your current motor insurance policy, do you know who your insurance company is?

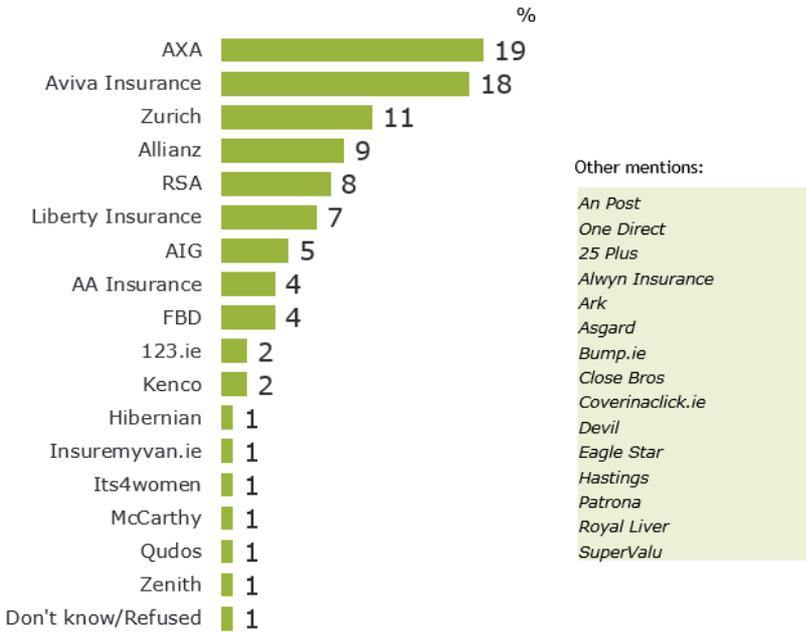
<sup>6</sup> The explanation given to the consumer was: *the insurance company is the company that underwrites your policy and pays out if you have a valid claim in the event of an accident or damage to your car.*

All respondents (who stated that they knew the identity of their motor insurer) were then asked to spontaneously name their insurer, essentially to test for actual awareness of their identity.

While most respondents (74%) stated the name of an insurance company, 25% stated the name of a retail intermediary. This indicated a certain amount of underlying consumer misunderstanding of their motor insurer, see figure 2.1.3 below.

Figure 2.1.3 <sup>7</sup>

**Spontaneous recall of insurer’s name**  
 Base: All surveyed, who know insurance provider – 264



Q.19 What is the name of your insurance company?

<sup>7</sup> Insurance companies: AIG, Allianz, Aviva Insurance, Axa, FBD, RSA and Zurich  
 Insurance intermediaries: 123.ie, AA Insurance, Hibernian, Insuremyvan.ie, Itsforwomen.ie, Kenco, Liberty Insurance, McCarthy, Qudos, Zenith and all listed in ‘other mentions’.

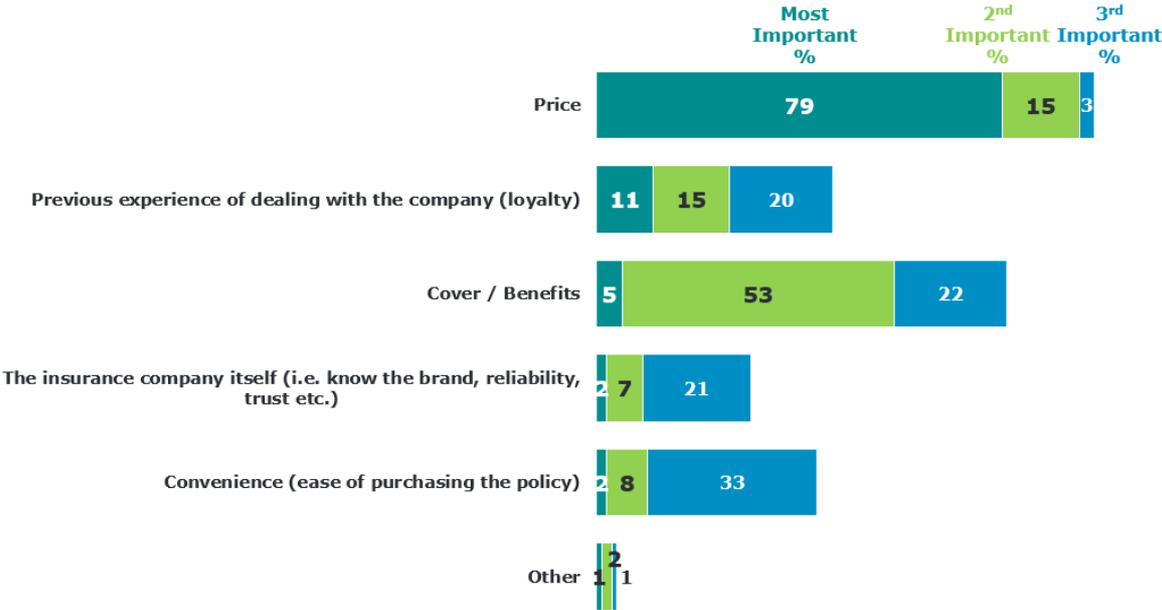
## 2.2 Buying Motor Insurance

When asked to indicate the most important factors that influenced their last purchase of motor insurance, price (rather than the insurer) was the primary driver of choice. 79% of respondents stated that price was the most important factor. 53% cited cover/benefits as their second key factor and 33% listed convenience (ease of purchasing the policy) as a third factor.

Figure 2.2.1

### Key purchase criteria in motor insurance

Base: All surveyed - 346



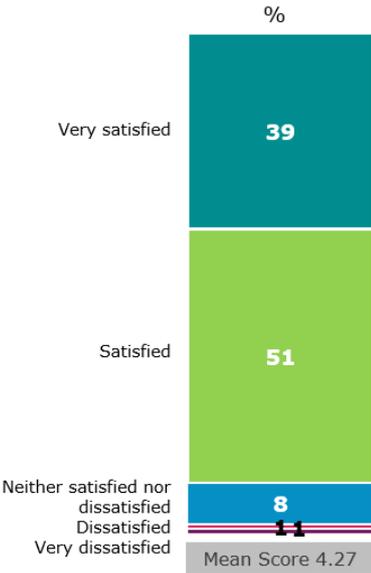
Q.21 Thinking of the last time you took out a motor insurance policy, what drove your decision on which product to buy? i.e. which factor was most important in your purchase decision? And which was second most important? And third most important?

On foot of analysing whether the insurer itself was a factor in their purchase decision, the research then posed questions on consumers' satisfaction with their last interaction with their motor insurance company, their level of shopping around at renewal and their overall renewal decision.

As outlined in figure 2.2.2, consumers' satisfaction rates with the service from their motor insurer were high overall, based on their last interaction with them.

**Figure 2.2.2**

**Satisfaction with insurer based on last interaction**  
**Base: All surveyed - 346**



	Mean Score
Male	4.29
Female	4.25
U34	4.09
35-54	4.26
55+	4.43
ABC1/F50+	4.26
C2DE/F50-	4.28
Dublin	4.38
Leinster	4.13
Munster	4.31
Conn/ULster	4.27
Urban	4.32
Suburban	4.22
Rural	4.21
Direct	4.26
Broker	4.27

**?** Q.26 Based on your last interaction with your motor insurance company, how satisfied were you with the level of service you received from your motor insurance provider?

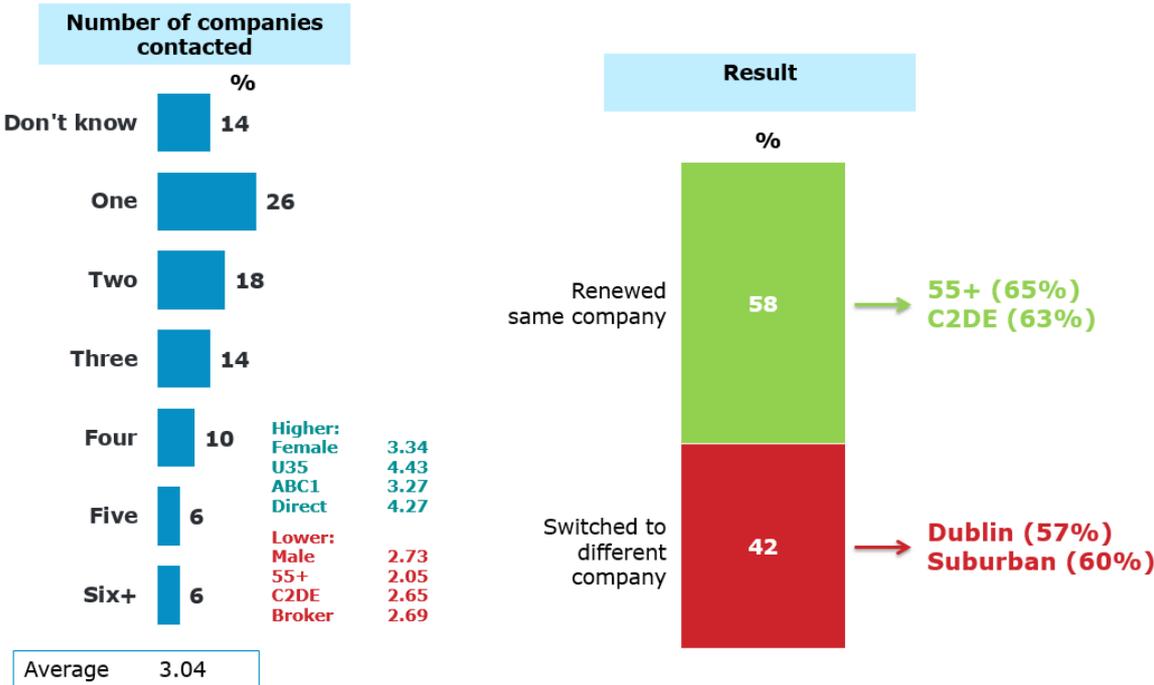
58% of respondents last renewed their motor insurance policy with the same insurer or retail intermediary (and this was much more common among older adults and those from C2DE backgrounds) as shown in figure 2.2.3, compared to 42% who switched to a different company.

26% of respondents contacted just one motor insurer or retail intermediary in order to get a motor insurance quotation at their last renewal. 14% reported that they could not remember the number of motor insurance companies or retail intermediaries they contacted.

Figure 2.2.3

### Renewal procedure: last occasion

Base: All surveyed - 346



Q.24 Thinking about the last time your motor insurance was up for renewal, how many insurance companies or brokers did you contact.  
 Q.25 Thinking about the last time your motor insurance was up for renewal, please tell us which of the following best describes what you did.

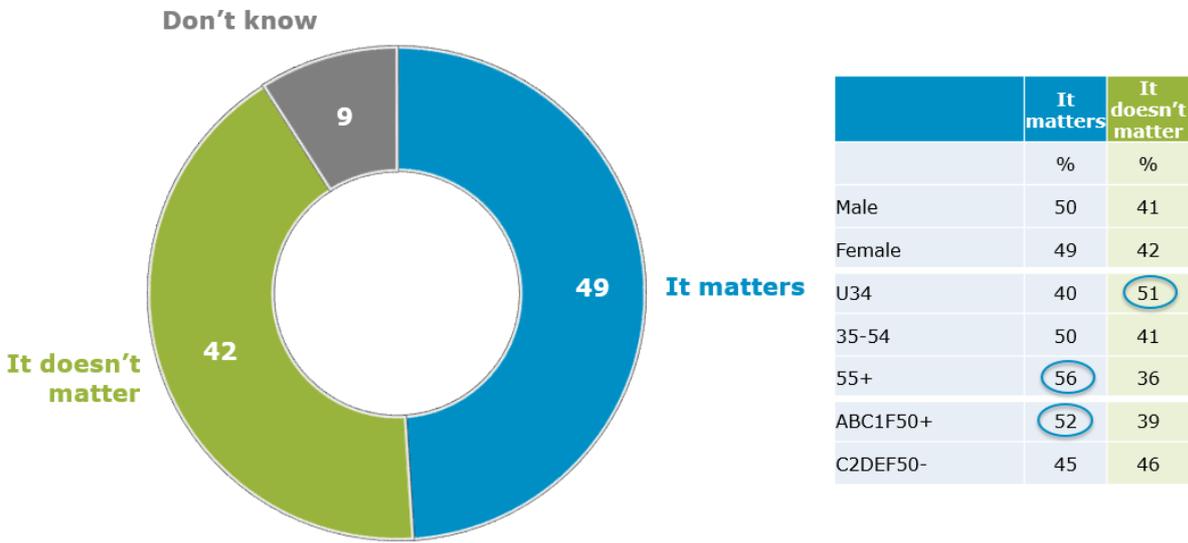
**2.3 Dealing with Motor Insurers within and outside the EEA**

The research also surveyed whether the domicile of a motor insurer had an influence over respondents’ attitudes and purchasing decisions.

49% of respondents said that it mattered to them whether their motor insurer was based in Ireland or abroad, while 42% stated that it did not. A majority of under 35 year olds said that it did not matter, whereas a majority of those over 35 stated that it did (and this view strengthens amongst those over 55).

**Figure 2.3.1**

**Attitude to domicile of insurer (based in Ireland or not)**  
 Base: All surveyed - 346



Q.21b Does it matter to you whether your insurance company is based in Ireland or abroad?

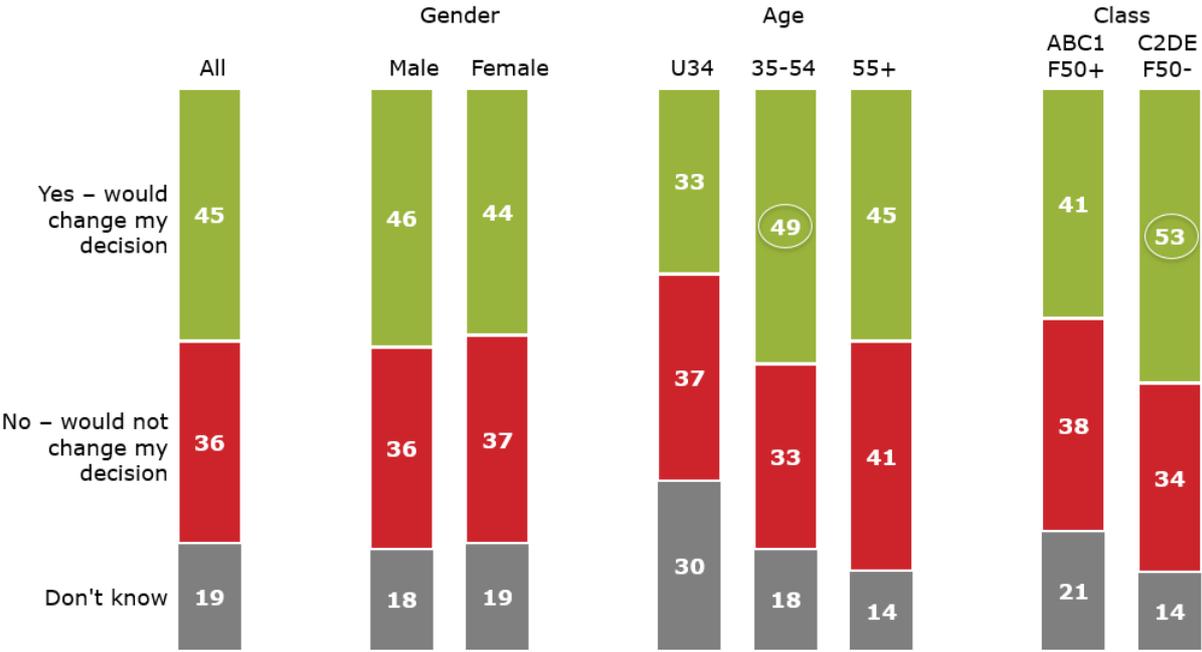
There was also a class-based difference, with those in the ABC1F50+ group more concerned about Irish domicile, but a more even division of response in the C2DEF50- group.

Those who said it mattered to them if their motor insurer was Irish domiciled were asked whether they would change their decision to purchase if they discovered that their motor insurer was based in another EEA member state. Of those who said that it mattered to them, 45% said it would change their decision.

Figure 2.3.2

**Attitude to insurance being in another EEA member state**

Base: All who said it mattered if insurer was Irish domiciled or not - 171



Q.21c If in another EEA state, would it change your decision to purchase with them?

Those in the lower socio-economic groups (C2DEF50-) and 35-54 year old groups were more likely to say it would change their decision.

Those who stated that the domicile of a motor insurer would change their purchase decision were then asked for the rationale for potentially changing their decision.

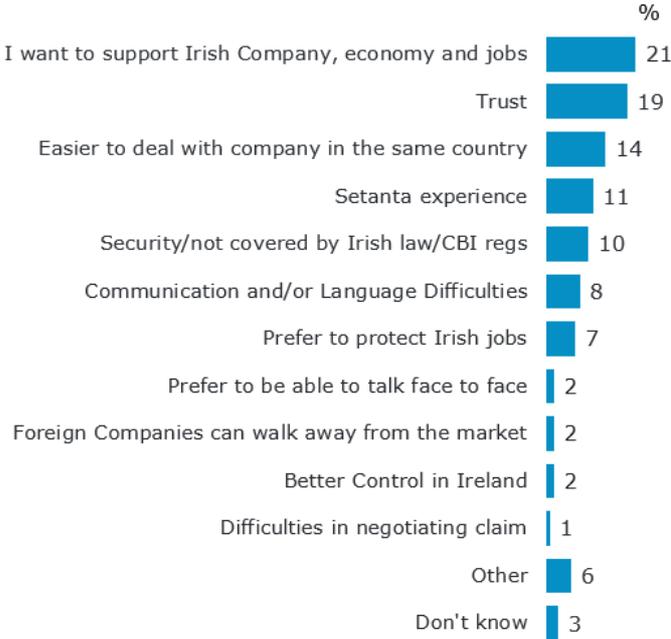
The greatest number (21%) stated that it would change their decision because they want to support an Irish company/economy, with a further 7% indicating that they prefer to protect Irish jobs. The second highest response related to trust (19%) while 14% said that it was easier to deal with a company in the same country. 10% said that a firm domiciled in another EEA member state would not be covered by Irish law/Central Bank regulation.

A small number of respondents (11% or 10 respondents) made specific reference to the collapse of Setanta.

Figure 2.3.3

### Spontaneous reasons for preference

Base: All who said whether an insurance company was Irish-based would change their decision - 97



Q.21d And why is that?

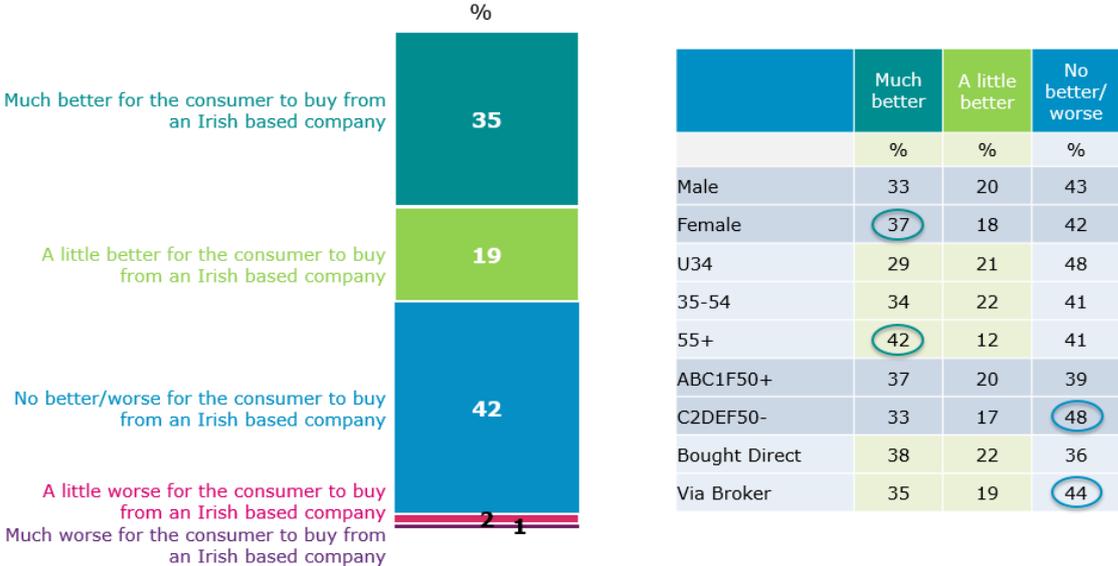
Two subsequent questions were posed to determine whether buying from an Irish or non-Irish domiciled insurer was regarded as better or worse for the consumer, and also to ascertain whether they would be likely to choose an insurer based outside of Ireland in the future.

In the first instance, when asked whether they felt buying from an Irish domiciled insurer was better or worse for the consumer, 54% stated that it would be better for the consumer to buy from an Irish based company. 42% stated that it would be no better or worse, and only 3% said that it might be worse for the consumer.

Figure 2.3.4

### Is buying Irish/non Irish domiciled insurer better/worse for the consumer?

Base: All surveyed - 346



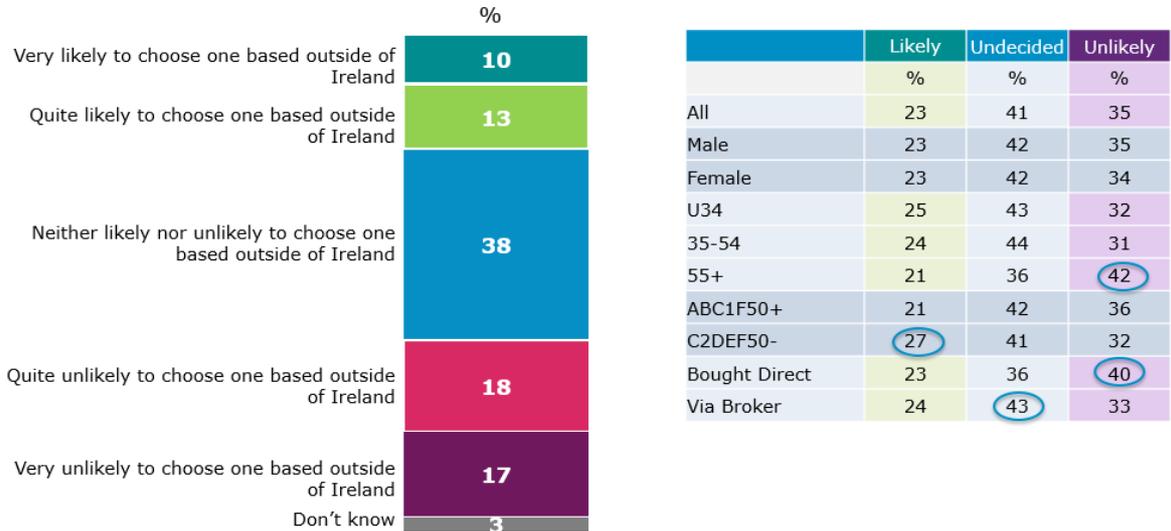
Q.22 And do you think it is in any way better or worse for the consumer to buy from an insurer based in Ireland instead of an insurer from another EEA member state?

The view that buying from an Irish domiciled insurer was more advantageous for the consumer was endorsed more so by women, older adults, and to some extent, those from the ABC1F50+ groups.

Turning to what respondents think they would be likely to do in the future, 23% stated that they would be likely to choose a motor insurer that was based outside of Ireland. 38% stated they were neither likely nor unlikely to choose a motor insurer based outside of Ireland, while 35% said that they would be unlikely to choose a motor insurer based outside of Ireland. As we saw earlier in this report (in figure 2.2.1), price rather than the insurer itself was the most important factor in respondents purchase decisions.

**Figure 2.3.5**

**Future preference**  
 Base: All surveyed - 346



Q.23 Using the scale provided and thinking about purchasing motor insurance in the future, could you please tell me how likely or unlikely you would be to choose a motor insurer that is based outside of Ireland

Younger respondents and those from C2DEF50- backgrounds were more likely to consider a non-Irish domiciled insurer, compared with those in the 55+, ABC1F50+ groups and those who bought their motor insurance directly from their insurance company.

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