

Wednesday, 18 September 2019

Satisfaction with risk and life insurance continues to decline

New research from Roy Morgan shows that satisfaction with risk and life insurance has fallen to 64.6% in July 2019, down from 65.6% in 2018 and 68.4% in 2016. At these levels, risk and life insurance continues to have the lowest satisfaction of all major household and personal insurance types including general and health insurance.

These are the latest findings 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 homes, including around 10,000 with risk and life insurance policies.

This risk and life insurance market is part of a complex ecosystem – including Life insurance, Income protection insurance, Disability insurance and Accidental death insurance. Each of these have their own nuances.

How Australians obtain risk and life insurance is becoming increasingly fragmented – with insurance companies, insurance brokers or agents, financial planners – either independent or working for a financial institution, accountants or employer via superannuation all provide insurance to Australians. Online comparison sites such as iselect, moneytime, ozecover and infochoice – as well as online brokers are gradually increasing in share, up from 7% of purchases to 9% in the 12 months to July 2019.

Although most policies are simply renewed each year; however there is a total available market of almost 1.2 million policies each year. These policies are either new (199,000), or at risk of changing provider – 201,000 actually changed and 787,000 were subject to comparative consideration.

Insuranceline tops satisfaction ratings

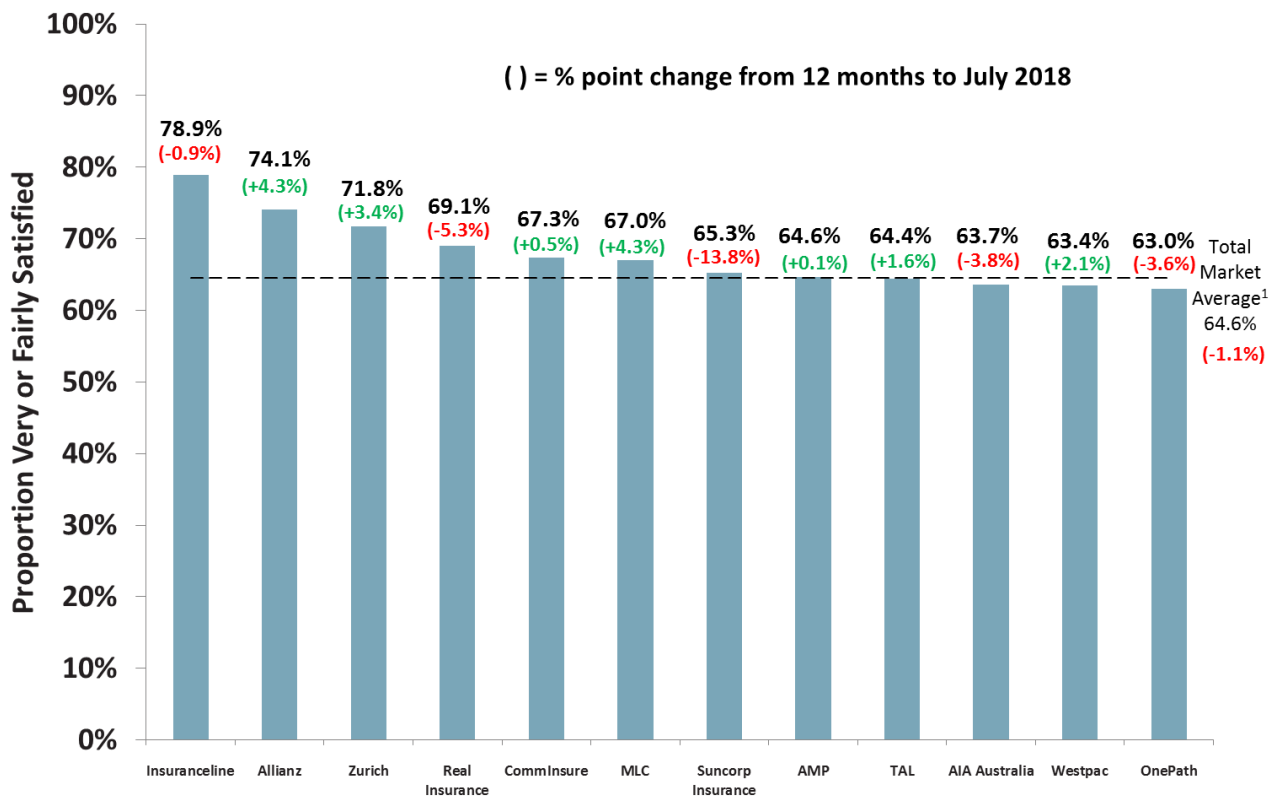
In the year to July 2019, Insuranceline with a satisfaction rating of 78.9% was the best performer, ahead of second placed Allianz (74.1%) and Zurich (71.8%).

The three largest players in the industry experienced contrasting fortunes. Both MLC and Comminsurance scored above average with MLC increasing their satisfaction rating by a significant 4.3% points to 67% and Comminsurance up slightly by 0.5% points to 67.3%. In contrast the AMP, which has seen a sharp decline in the number of policies over the last year since several scandals involving AMP were uncovered, scored 64.6% – exactly at the market average and barely changed on a year ago.

To learn more about satisfaction trends with risk and life insurers purchase the '[Customer Satisfaction with Risk and Life Insurance](#)'. The report shows how satisfaction with the major risk and life insurers has changed over the last 12 years.

FOR IMMEDIATE RELEASE

Satisfaction with Risk and Life Insurance - Largest 12 Insurers



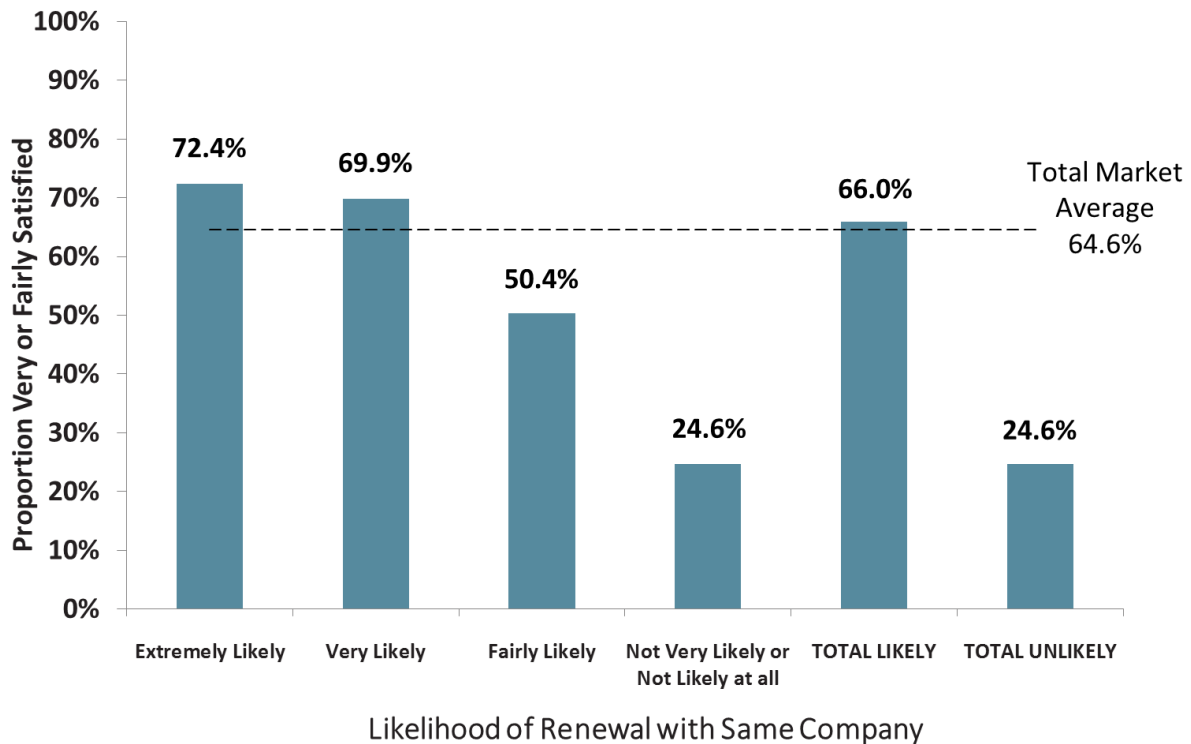
Source: Roy Morgan Single Source (Australia), 12 months to July 2018, n = 50,086; 12 months to July 2019, n = 49,941. **Base:** Australians 14+ with risk and life insurance. 12 months to July 2018, n = 10,521; 12 months to July 2019, n = 9,827. 1. Includes brands not shown.

Although overall satisfaction with risk and life insurance declined over the year, some companies showed improvement. The biggest gains were from Allianz and MLC (up 4.3% points) followed by Zurich (up 3.4% points) and Westpac (up 2.1% points). The major brands showing declines in satisfaction were Suncorp (down 13.8% points), Real Insurance (down 5.3% points) and AIA Australia (down 3.8% points).

Satisfaction improves likelihood of customer retention

Customer retention is important in a market where almost one million risk and life policies over the last year were at risk of being moved because the policy holder either actually changed their provider (201,000) or at least were considering to make a change by looking around (787,000). Policy holders that say that they are 'extremely likely' to renew their insurance with the same company have a satisfaction rating of 72.4%, well above the market average of 64.6%.

Likelihood of Renewing Risk and Life with Same Company and Satisfaction Level



Source: Roy Morgan Single Source (Australia), 12 months to July 2018, n = 50,086; 12 months to July 2019, n = 49,941. **Base:** Australians 14+ with risk and life insurance. 12 months to July 2018, n = 10,521; 12 months to July 2019, n = 9,827.

As the likelihood of renewing with the same company declines, we see that this is associated with far lower satisfaction levels. Among policy holders who are unlikely to renew with the same company only around a quarter (24.6%) are satisfied with their current insurer, compared to 66.0% satisfaction among those who are at least fairly likely to renew.

Michele Levine, Chief Executive Officer, Roy Morgan, said:

“These results show that although 86% of risk and life insurance policies are renewed automatically without shopping around, there is a risk associated with having below average satisfaction as this has the potential to discourage renewal and new clients.

“The biggest increase in the purchasing channel used to purchase risk and life insurance over the last three years has been from an employer as part of superannuation, which has increased from 16.6% to 28%. Purchasing risk and life insurance online is another growing channel although it remains relatively small at 9% of purchases, showing only gradual growth from 7%.

“In addition the use of insurance brokers and financial planners remains an important channel to purchase risk and life insurance which now accounts for around 17% of the market, but this is down from 21.3% three years ago.

“The use of these third parties to purchase risk and life insurance has the potential to take the customer relationship away from insurance companies and as a result they are likely to have less control over satisfaction and retention levels.

“These results also indicate that fewer Australians are taking out risk and life insurance, 199,000 in the past year down from 236,000 three years ago. This is likely to lead to a smaller market over time if this trend continues.

“This release has only covered a small part of the extensive data that Roy Morgan has regarding risk and life insurance. The full database enables the unique ability for all participants

in this market to understand it in depth as well as looking at it in the context of other financial products and long term trends.”

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

Visit the [Roy Morgan Online Store](#) to access the latest Roy Morgan ‘[Customer Satisfaction with Risk and Life Insurance](#)’ Report.

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 75 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

FOR IMMEDIATE RELEASE