

Tuesday, 10 September 2019

Nearly nine million general insurance policies at risk of being switched – RACV and Apia top for loyalty

A new report from Roy Morgan, '[General Insurance Industry Market Overview Currency Report](#)', shows that during the last 12 months, 8.9 million general insurance policies, or nearly one in five (18.2%), were subject to review.

This was made up of the policies that were switched to another company and those that were renewed with the same company after approaching other companies. Companies with the most loyal customers (% who renew without looking around) are RACV, Apia and CGU ahead of RACQ, Suncorp, CBA and the NRMA.

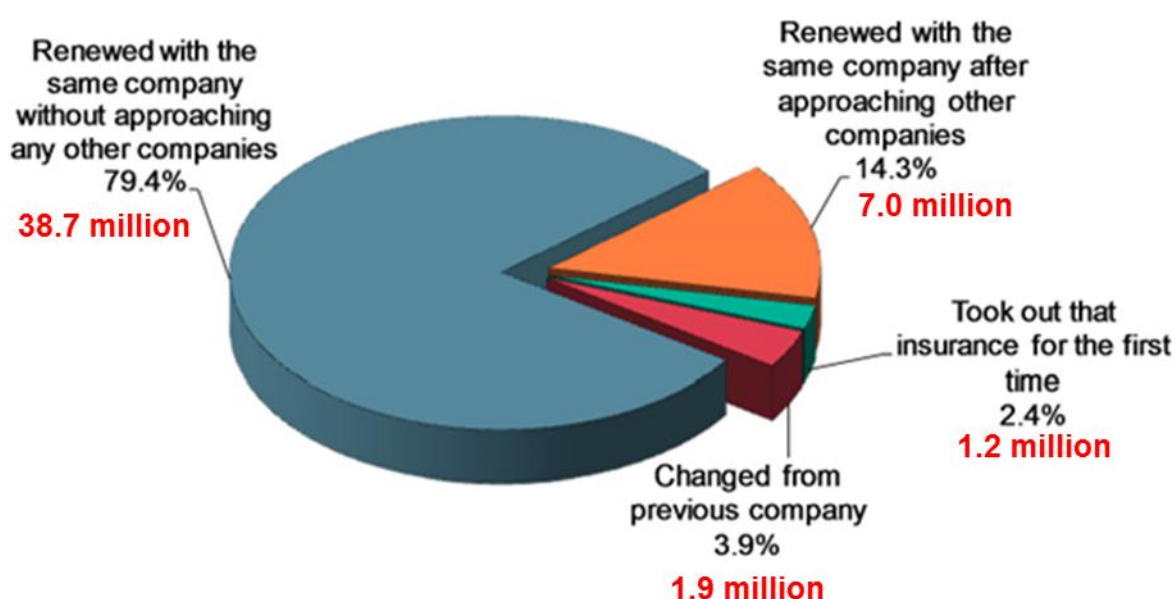
These are some of the latest findings from Roy Morgan's 'General Insurance Currency Report'. This report is derived from Roy Morgan's Single Source Survey (Australia) which is derived from in-depth personal interviews conducted face-to-face with over 50,000 Australians per annum in their homes, including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

More than three-quarters of general insurance policies are renewed automatically

Over the last year, more than three quarters (79.4%) of general insurance policies were renewed with the same company without approaching any other companies. This was an increase from the previous year when it was 77.3% and currently represents 38.7 million policies.

The following chart shows the action taken by all existing general insurance policy holders over the last year and shows that automatic renewals (79.4%) represent the default position for a clear majority of the market. A further 14.3% renewed with the same company after approaching other companies and only 3.9% changed companies. Those taking out this type of insurance for the first time accounted for 2.4% of current general insurance policies.

Action taken with current general insurance policies in the last 12 months

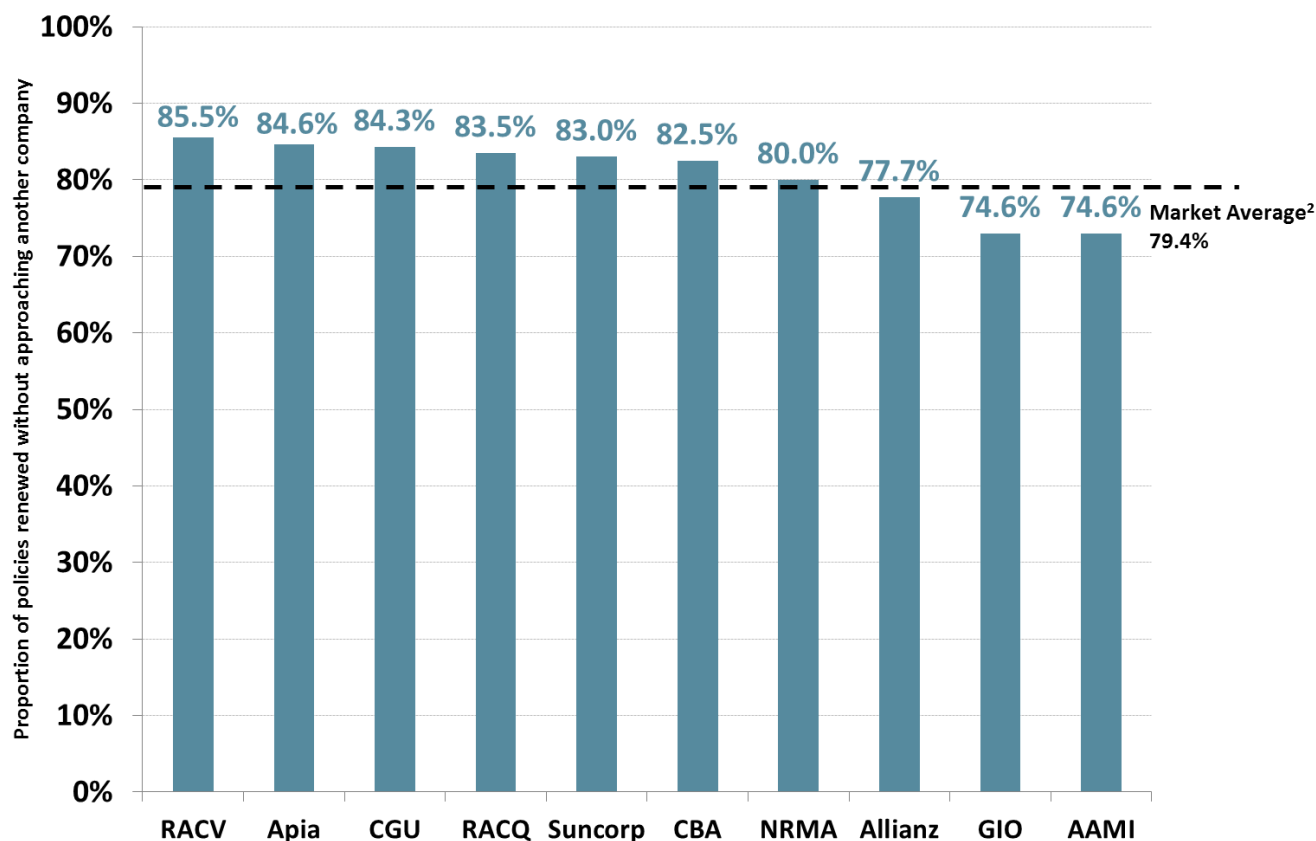


Source: Roy Morgan Single Source (Australia). **Base:** Aust Pop'n aged 14+, General Insurance policies, (excl Can't Say action). 12 months to June 2019: Sample = 122,814 policies.

RACV, Apia and CGU have the most loyal policyholders

The most loyal customers, based on the proportion of policies that are renewed without the holder approaching another company, are with RACV (85.5%), Apia (84.6%) and CGU (84.3%). All three of these companies are well above the industry average of 79.4%. The least loyal customers among the majors are with AAMI and GIO - only 74.6% renewed without looking around for both of these companies.

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 June 2019, n = 122,814 policies.

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

Michele Levine, CEO, Roy Morgan, says:

"The latest Roy Morgan data on general insurance policies shows that well over three-quarters (79.4%) of general insurance policies are renewed automatically with the same company without looking around. However, this still leaves almost a fifth of the market (18.2%) subject to review at renewal time and presents both risks and opportunities for insurance companies looking to grow their market share."

"In the last 12 months the number of policies being considered for change was 8.9 million and the number of general insurance policies that actually changed to a different insurer over the last year was 1.9 million. An additional 1.2 million took out that insurance for the first time."

"For insurance companies looking to take advantage of the opportunities presented by the large numbers of Australians considering switching their insurance it is vital to understand what leads policy holders to move or at least look around."

"In-depth Roy Morgan research shows that general insurance policy holders primarily say that they change companies or shop around due to issues relating to better premiums. Our understanding of why people shop around goes well beyond cost and looks at other issues that motivate them, such as bad claims experience, poor customer service, better product elsewhere and a recommendation"



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by a family member or friend etc. A full list of issues is available at the company level to achieve an in-depth understanding by accounting for differences between insurers.

“The data highlighted here spotlights only a small portion of what is available from Roy Morgan on all types of general insurance and can be trended over many years. The information is derived from in-depth personal interviews conducted face-to-face with over 1,000 Australians per week and over 50,000 per year including details of over 120,000 general insurance policies.

“To learn more about what drives the decisions of policy holders in the general insurance market and how to tap into the business opportunities available for insurers contact Roy Morgan.”

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

Click to view the [General Insurance Industry Market Overview Currency Report](#).

Please click on this link to the [Roy Morgan Online Store](#) to view additional in-depth reports and profiles on consumer data in the finance and insurance industries.

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

