

IBAO
2016
CONSUMER
SURVEY

INTRODUCTION

This report was written based on research conducted by Bond Brand Loyalty for the Insurance Brokers Association of Ontario. 1,000 Ontarians were surveyed on home and auto insurance, purchasing and preference.

INSURANCE BROKERS ASSOCIATION OF ONTARIO
1 Eglinton Avenue East
Toronto, ON M4P 3A1

Jim Murphy
Chief Executive Officer, IBAO
416.488.7422 x120
jmurphy@ibao.on.ca

BOND BRAND LOYALTY
6900 Maritz Drive
Mississauga, ON L5W 1L8

Kyle Davies
Director, Marketing Research, Bond
905.696.6243
kyle.davies@createabond.com

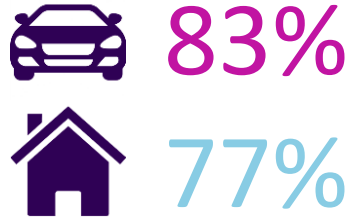


KEY STATISTICS

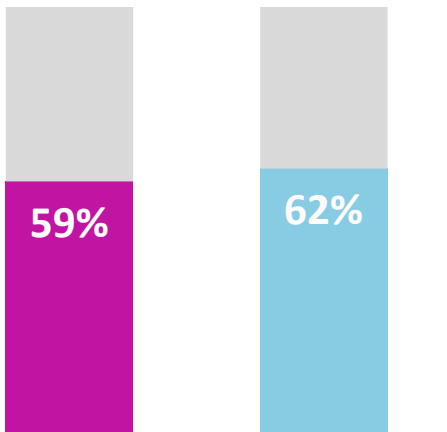
- The top emotion Ontarians feel about insurance is *secure*.
- Positive emotions outweigh negative in the minds of Ontarians when it comes to insurance, though some do have negative emotions: *suspicion* (19%), *confusion* (19%), *resentment* (16%).
- The top three sources sought for insurance information are insurance companies (59%), brokers (49%), and friends/family/colleagues (38%).
- Two-thirds of Ontarians (64% for auto, 67% for home) would like the advice of an Insurance Broker during the process of obtaining insurance.
- 54% of Ontarians say they have a good or full understanding of the services provided by Insurance Brokers, and 84% identified the correct job description for Brokers.
- The top three attributes Broker customers are satisfied with are *helping me with the paperwork*, *providing great customer service*, and *matching the policy to my needs*.
- Four-in-ten customers (38% for auto, 40% for home) say they would definitely recommend the services of their Insurance Broker.
- Insurance clients would like to be contacted an average of 1.6 times per year (email is the preferred method, followed by phone call).
- *Rate/premium* is mentioned by roughly one-half of customers as the most important insurance feature – *the amount of coverage* is second most important, mentioned by roughly one-quarter of Ontarians.
- Two-thirds who have submitted a claim were satisfied – on specific elements of the experience, the auto claims experience is more satisfactory than home.
- 42% are aware of the upcoming auto insurance regulatory changes set to take place June 1st, 2016.
- 69% of Ontarians believe there is fraud in the Ontario auto insurance system.

GENERAL

Of those polled, 90% have either auto or home insurance. More than four-in-five have auto insurance, while nearly as many have home insurance. Only one-in-ten have neither auto nor home insurance.

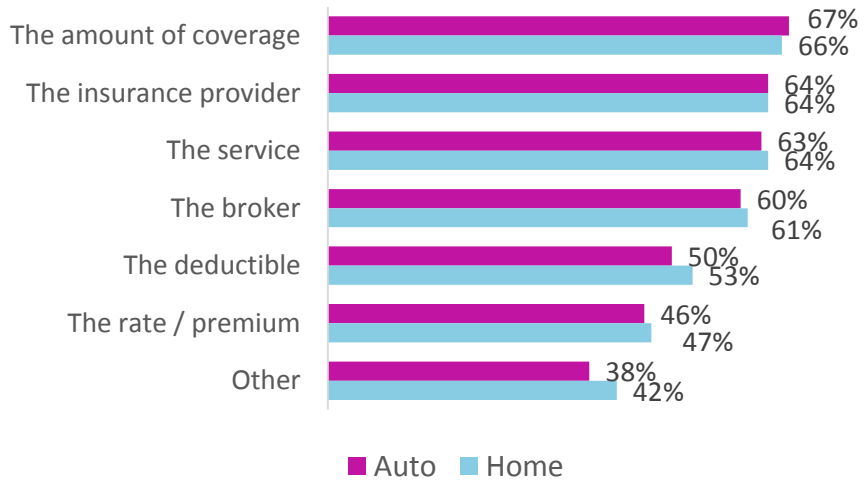


Policy Satisfaction (8-10/10)



Auto Insurance Home Insurance

Satisfaction with Policy Elements (8-10/10)

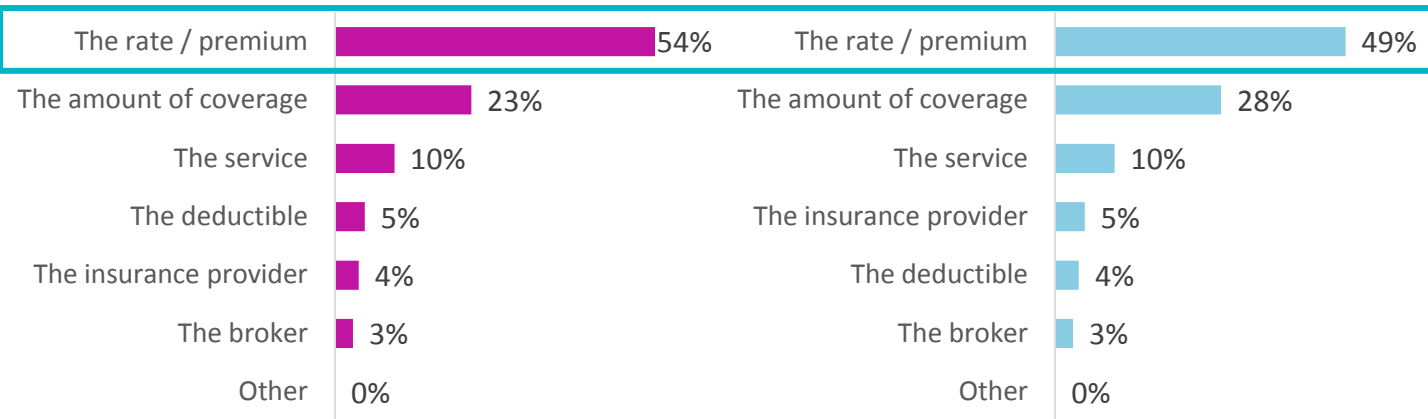


Policy satisfaction is relatively similar among auto and home insurance holders, with approximately six-in-ten rating their satisfaction as 8, 9 or 10 out of 10. Those aged 55 and older are significantly more satisfied with both their auto and home policies compared to younger segments (18-34 and 35-54). Those who use an insurance broker appear to be more satisfied with their auto and home policies than those who do not.

Respondents are most satisfied with the *amount of coverage*, the *insurance provider*, the *service* and then the *broker*. The *deductible* and the *rate/premium* are elements which garner the least amount of satisfaction. Regardless of the type of insurance, satisfaction with specific elements of a policy are almost identical.

Most Important Auto Policy Features (Ranked 1st)

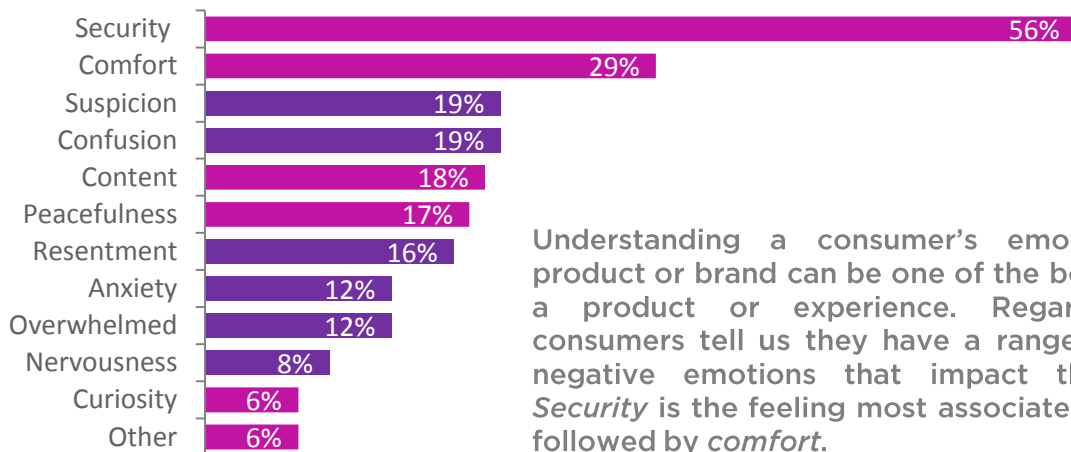
Most Important Home Policy Features (Ranked 1st)



While the *rate/premium* is rated lowest in terms of satisfaction, respondents say it is the most important policy feature, as shown above. Highlighting the value that is derived from the *rate/premium* of a policy, or explaining more about it (components, background on why rates are what they are) could help increase satisfaction, as consumers would have a better understanding of where their money goes and why.

On the positive side, the amount of coverage is rated second, behind only *rate/premium* in terms of importance and its satisfaction is highest among all policy features.

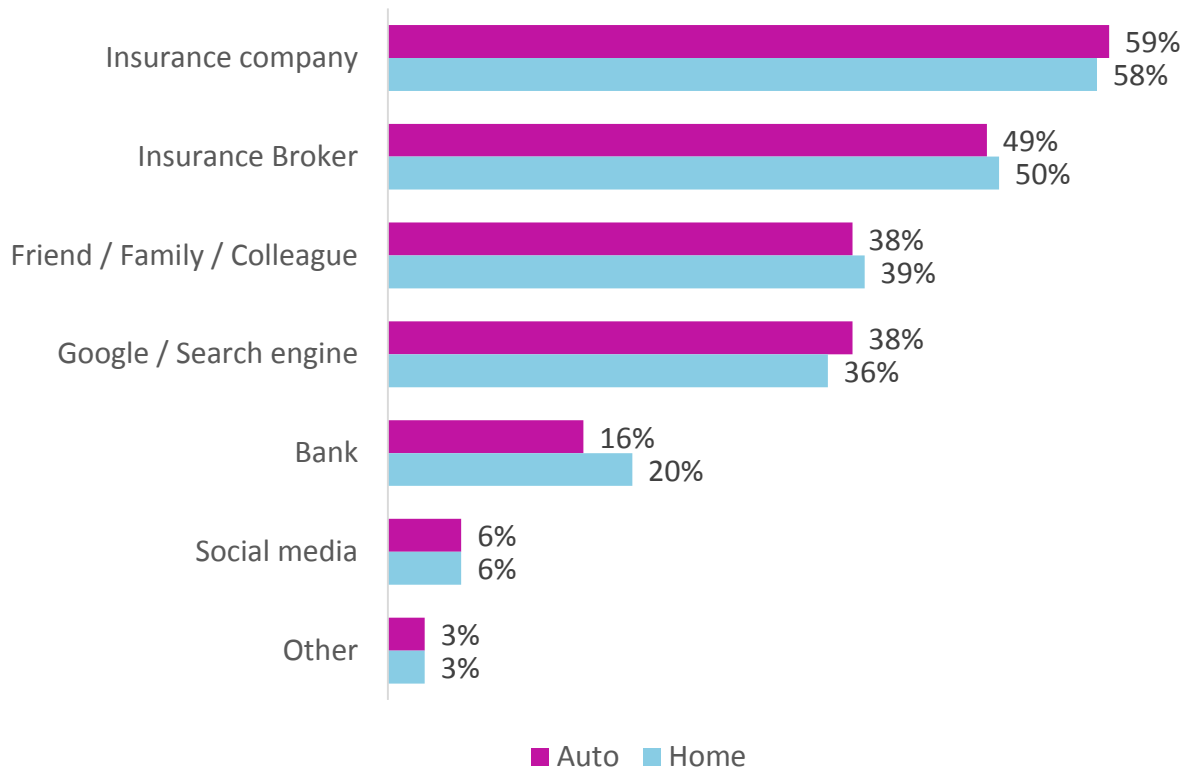
Feelings about Insurance



Understanding a consumer's emotions around a product or brand can be one of the best ways to tailor a product or experience. Regarding insurance, consumers tell us they have a range of positive and negative emotions that impact their experience. *Security* is the feeling most associated with insurance, followed by *comfort*.

While positive emotions are most common, it is noteworthy that many customers feel negative emotion about insurance. Specifically, *suspicion*, *confusion*, *resentment*, *anxiety* and *overwhelmed* are negative emotions held by at least one-in-ten consumers. Explaining *rates/premiums* may help to dispel these feelings, and in turn, have a positive impact on satisfaction.

Sources Sought for Information



When asked where they would look for information regarding auto or home insurance, respondents' most popular choice is their Insurance Company, followed by an Insurance Broker. Perhaps surprisingly, very few people seek information via social media. This could be due to a lack of insurance marketing on social media, or insurance still being viewed as a more traditional industry with certain protocols for research and purchasing.

Search behaviours differ by age - 18-34 year olds are significantly less likely to use a broker for auto or home insurance compared to older age brackets. These 18-34 year olds are also significantly more likely to seek insurance information from a friend, colleague or family member, as well as through an online search engine, when compared to older age groups.

REGULATORY CHANGES

Just over four-in-ten respondents are aware of the regulatory changes which take effect this coming June 1st. However, less than one-in-five can cite specific changes within the legislation. Not surprisingly, virtually all respondents are in favour of insurers not being able to increase rates for minor accidents.

42%

aware of the June 1st changes

18%

aware insurer cannot increase rates on a minor accident

95%

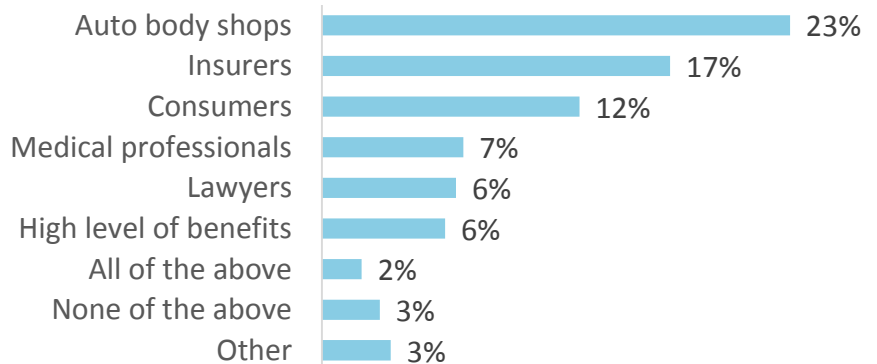
support this change

Over two-thirds of people polled believe there is fraud in the Ontario Auto Insurance system. Auto body shops are perceived to be most responsible for this fraud, according to respondents, followed by insurers and consumers.

69%

of respondents believe there is fraud in the Ontario Auto Insurance System

Primarily Responsible for Insurance Fraud



INSURANCE BROKERS

Over one-half of respondents say they have a good/full understanding of what an Insurance Broker does. Even more promising, when asked to match the Insurance Broker job description with the title, more than four-in-five were able to do so correctly.

Overall, the majority of respondents (roughly two-thirds) would prefer to consult a broker, rather than researching and purchasing an insurance policy on their own.

But again, age influences attitudes. Those aged 18-34 are much less likely to have an Insurance Broker research and help them make a purchase, and are more likely to either do it all on their own, or at least perform the research piece themselves.

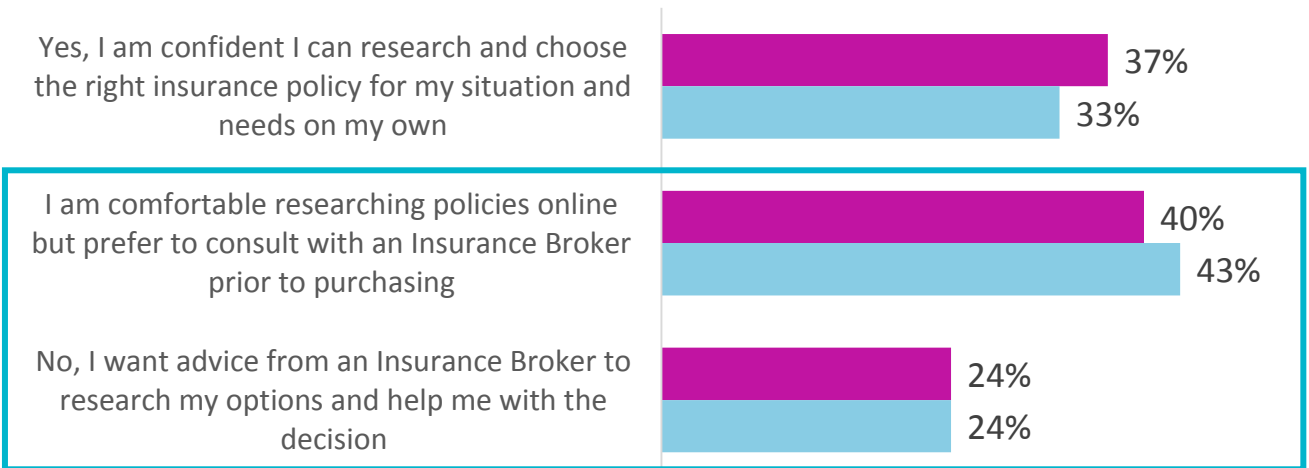
54%

say they have a good/full understanding of the services provided by an Insurance Broker

84%

matched the correct job description with the Insurance Broker job title

Guidance Needed



■ Auto ■ Home

Approximately one-half of respondents claim to have used an Insurance Broker for their current insurance policy.

53%

used a Broker for Auto Insurance

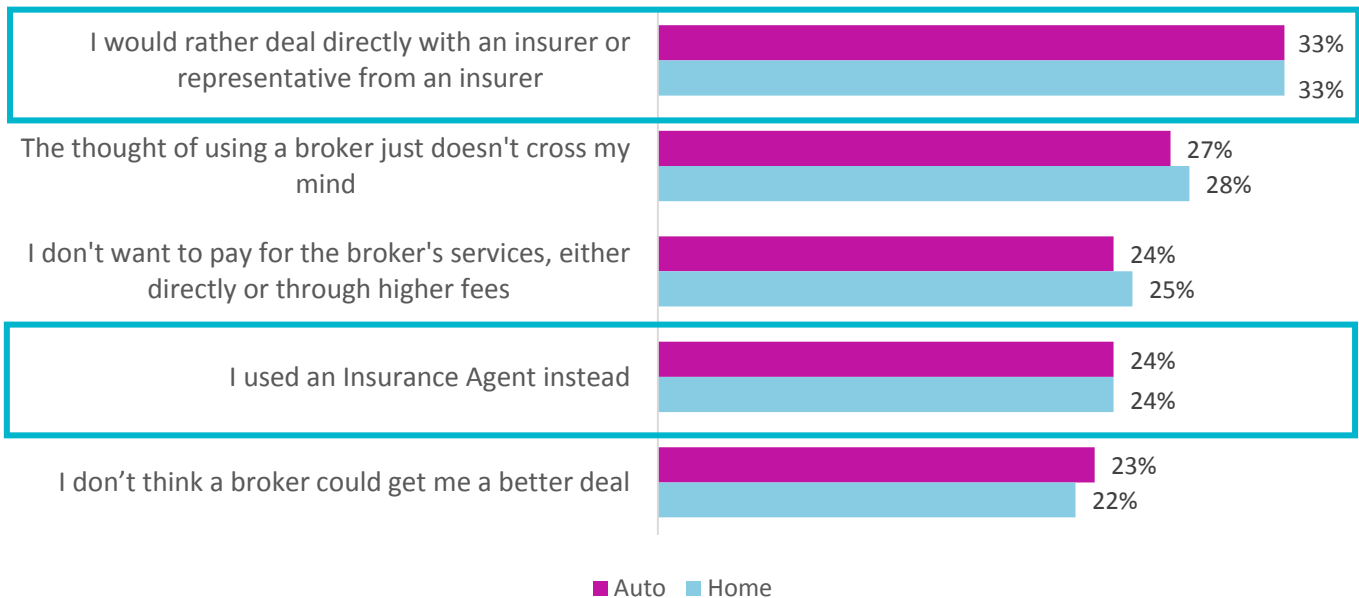
50%

used a Broker for Home Insurance

Among those who did not use an Insurance Broker, after explaining the role a Broker plays, over one-third said they would use a broker for auto and home insurance the next time they need it.

Reasons for not using a broker vary; an underlying theme seems to be that people would rather deal directly with the insurance company or a representative from the insurer, possibly for convenience. Consumers also don't want to pay for broker fees, or don't think a broker can get them a better deal.

Reasons for not using a Broker (%)



Satisfaction with Broker
(8-10/10)

Among those who used an auto or home insurance broker, respondents reported a virtually identical level of overall satisfaction. These levels are also very similar to levels seen among customers of an insurance agent.



60%

Auto Insurance Broker

Satisfaction with individual attributes fits within a narrow band, but some differentiation exists. Brokers score highest on helping clients with paperwork, providing great customer service and matching policies to clients' needs.

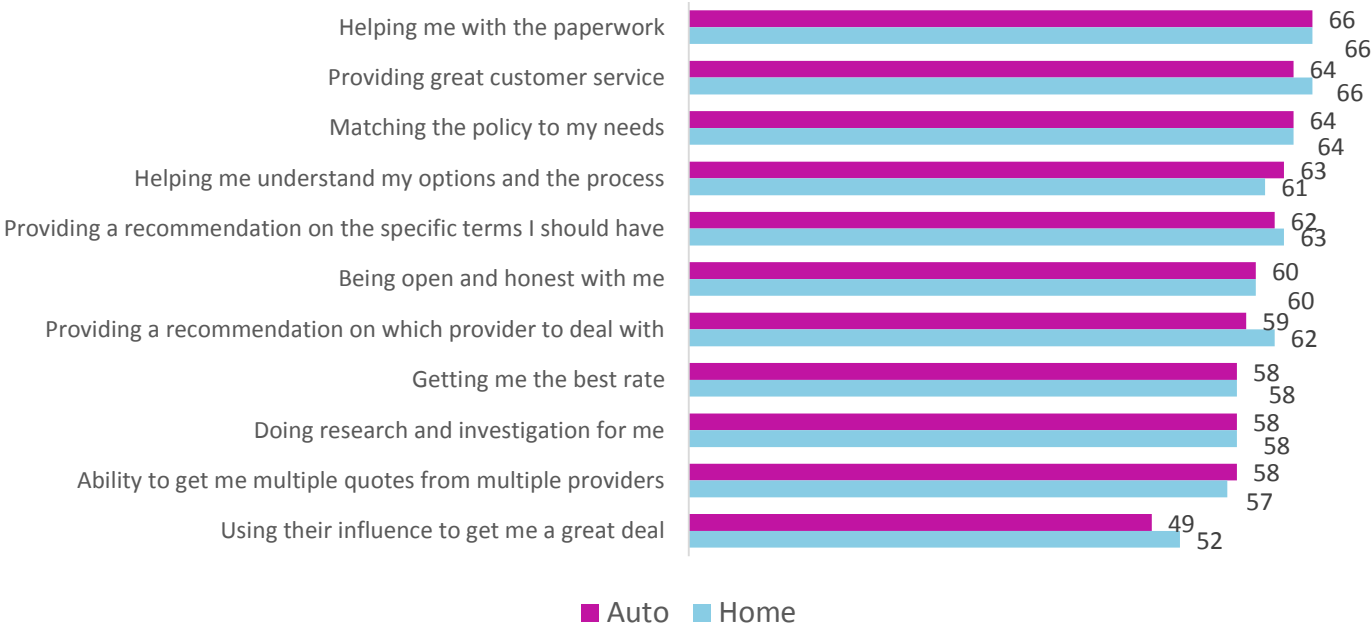


61%

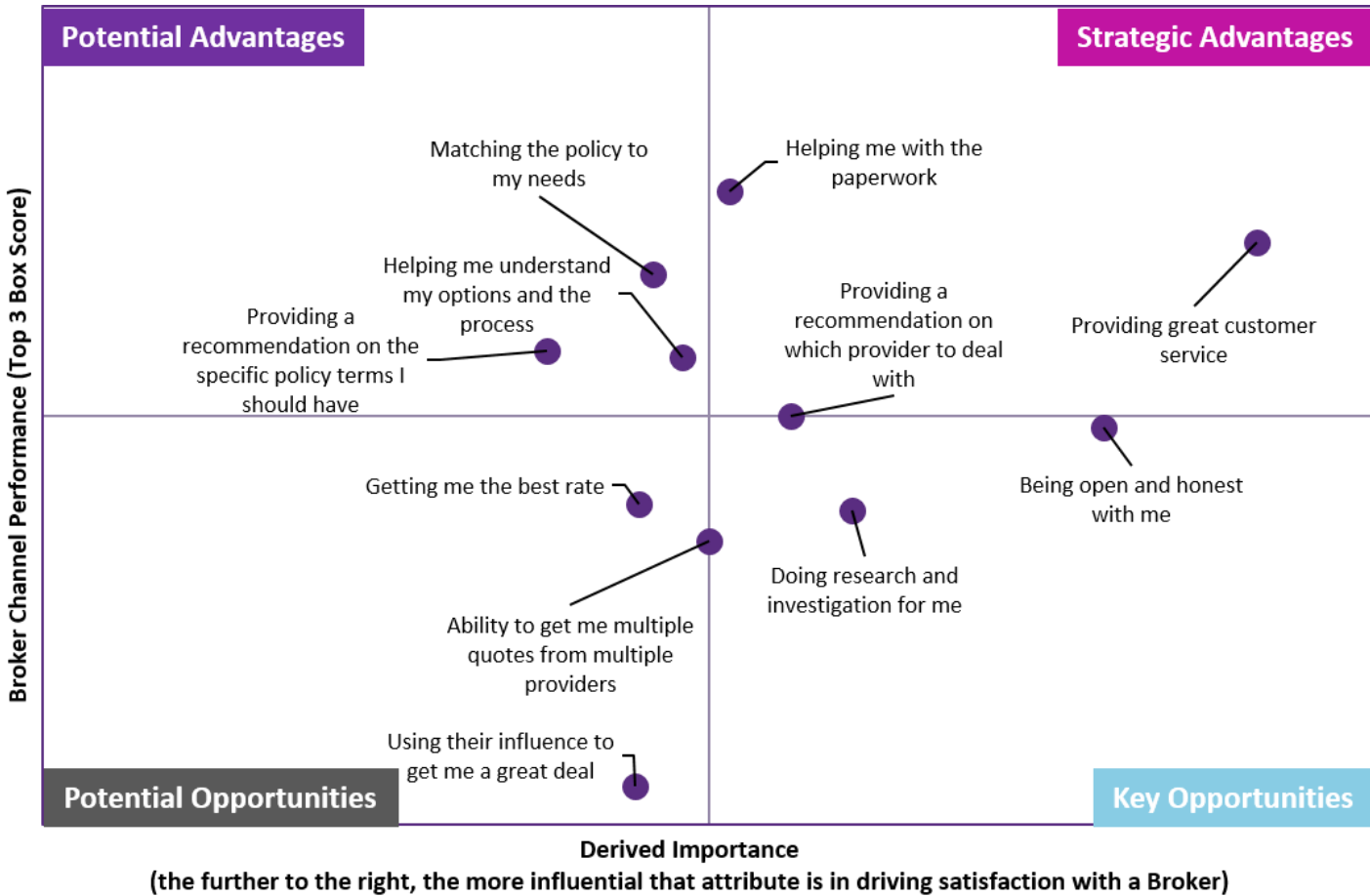
Home Insurance Broker

Attributes scoring the lowest include the broker's ability to get clients a great deal, their ability to get multiple quotes from multiple providers, doing the research and investigation and getting the best rate.

Satisfaction with Brokers
(8-10/10)



Insurance Brokers Performance Improvement Chart



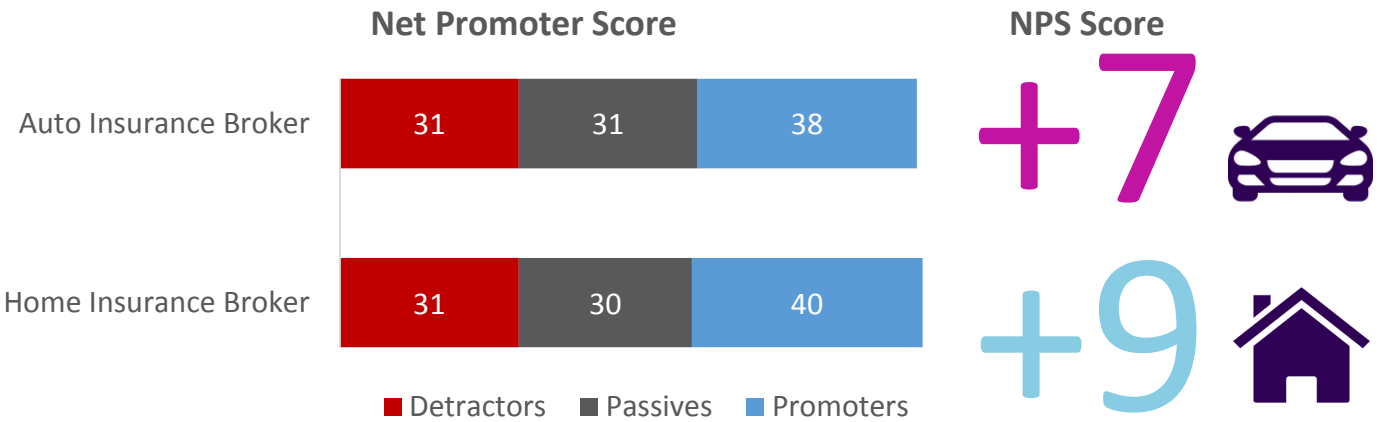
The above quadrant map depicts a common analysis done when looking to improve brand, product or channel performance. We have conducted advanced drivers modeling to identify the elements of the insurance experience that are most influential on overall customer satisfaction. The importance scores are mapped on the x-axis above, while the broker channel’s performance is shown on the y-axis.

Strategic advantages for brokers include: *helping me with the paperwork* and *providing great customer service*. Maintaining performance on these elements is critical for success. Three key opportunities are *being open and honest*, *doing research for customers* and *providing a recommendation*. Particular focus should be placed on these areas as real opportunities to improve customer satisfaction.

Matching the right policy to customer needs is a relative strength for brokers, but is currently less important to consumers than other elements. If the importance of this is communicated more successfully to consumers, this would quickly become a key differentiator for the broker channel.

Net Promoter Score (NPS) is a key customer experience and loyalty metric measured and tracked by many of North America's most successful organizations. NPS is calculated based on a *Likelihood to Recommend* question. We take the percentage of consumers who answer 9-10 on this question (promoters), and subtract the percentage who answer 0-6 (detractors).

Insurance Broker NPS is positive, meaning there are more insurance promoters than detractors. While positive scores for both auto and home insurance brokers is good news (some industries and companies routinely score in the negatives), the nearly one-third of customers who are detractors does underline the need for continuous improvement in the way brokers service their clients.



The study sought to understand how often people want to be contacted by their broker every year. Traditionally, it was thought that two times per year is the frequency consumers wanted. However, this study shows that nearly one-half of respondents (48%) want to be contacted only once by their broker, while another one-third (34%) prefer to be contacted twice.

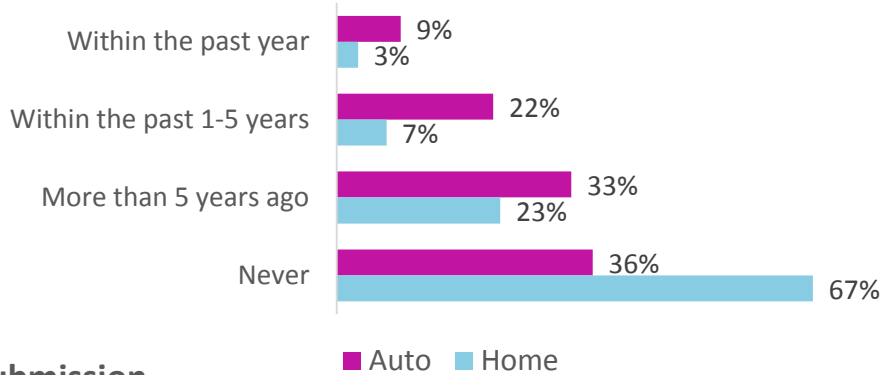
Email and phone are the preferred methods of contact; however, those age 55 years or older prefer regular mail significantly more than other age groups, while respondents 18-34 years old prefer email significantly more than other age groups.

clients would like to be contacted **1.6** times per year on average

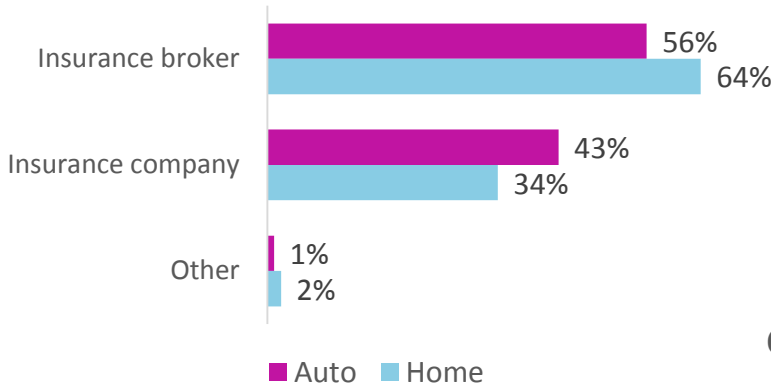
CLAIMS PROCESS

Claims is an important part of the insurance policy lifecycle. While the hope is that it doesn't have to be used, statistically it will be. In fact, the majority (64%) of respondents have had to make a claim on their auto insurance, while one-in-three have had to make a claim for their home.

Claim Submission History



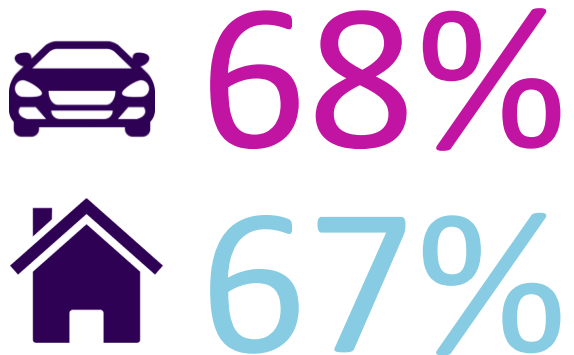
Contact for Claim Submission (Among those who used a broker)



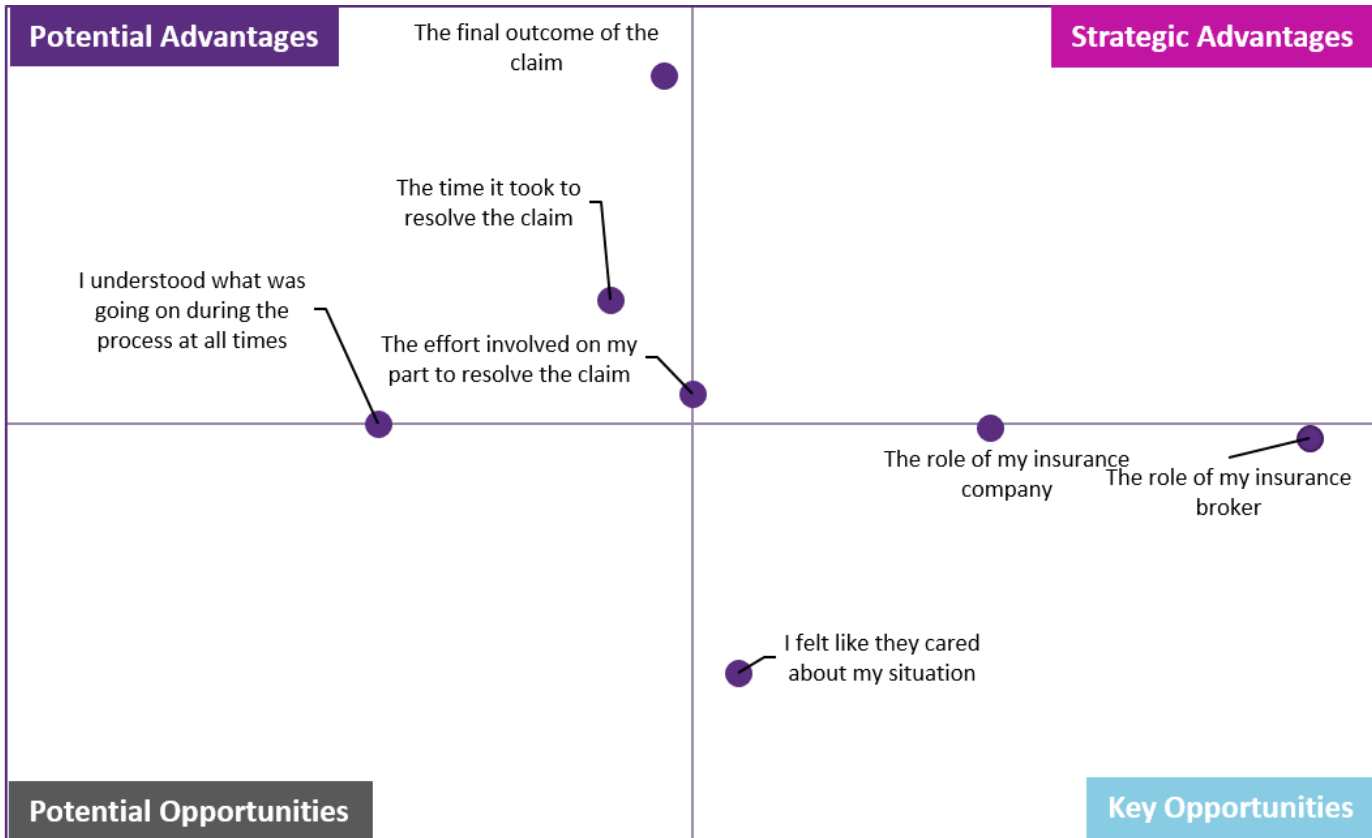
Of those who currently use a broker, over half (56%) say they contacted their broker to submit their auto claim, and almost two-thirds (64%) contacted a broker to submit a claim for their home.

Two-thirds of respondents are satisfied with the overall claims process. Digging further, there are no significant differences in satisfaction among those who used a broker and those who did not.

Claims Satisfaction (8-10/10)



Overall Claims (Auto & Home) Performance Improvement Chart



Derived Importance

(the further to the right, the more influential that attribute is in driving satisfaction with the claim experience)

The drivers analysis above shows that there are no attributes in the strategic advantages quadrant, but several are on or near the border of becoming advantages. These include: *the role of my insurance broker*, *the role of my insurance company*, *the effort on my part to resolve the claim* and *the final outcome of the claim*. Either communicating the importance a little more, or increasing the performance can quickly convert them into advantages.

The one key opportunity that requires immediate attention is around the attribute *I felt like they cared about my situation*. This attribute is important to respondents but is a very low-performing element in comparison with other evaluations.