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Thursday, 7 December 2017

## Insuranceline tops satisfaction among risk and life insurers

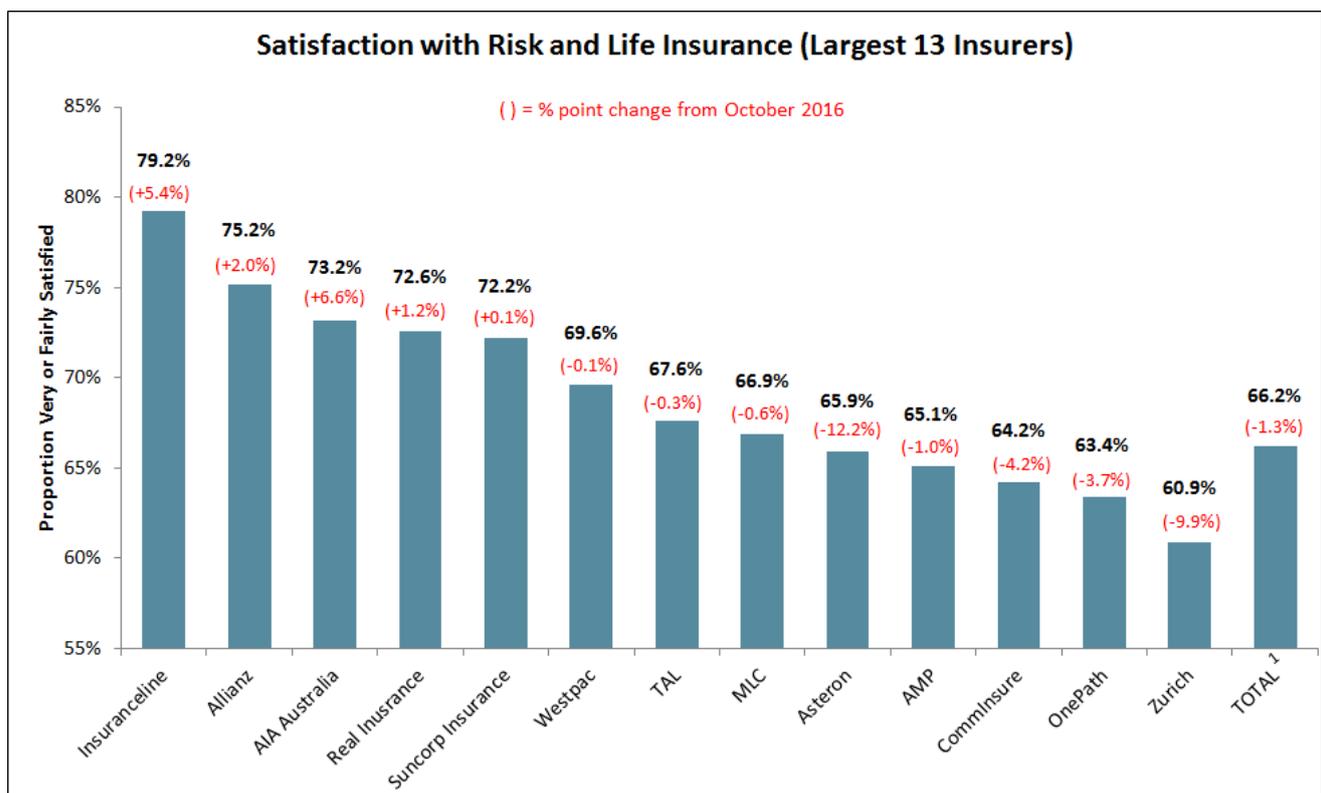
In the year to October 2017, Insuranceline with a satisfaction rating of 79.2% had the highest rating among the thirteen largest risk and life insurers. This was an increase of 5.4% points over the year and was well above the industry average of 66.2%.

These are the latest findings from Roy Morgan's Single Source survey of over 50,000 consumers per annum, including coverage of the owners of over 18,000 risk and life policies.

### Satisfaction with risk and life insurers shows small decline in 2017

Overall satisfaction with risk and life insurers declined marginally over the last year from 67.5% down to 66.2% but some insurers defied this trend and showed some improvement. The biggest improvers were AIA Australia (up 6.6% points), Insuranceline (up 5.4% points) and Allianz (up 2.0% points). The major brands to show declines in satisfaction over the year were Asteron (down 12.2% points), Zurich (down 9.9% points), Comminsure (down 4.2% points) and OnePath (down 3.7%).

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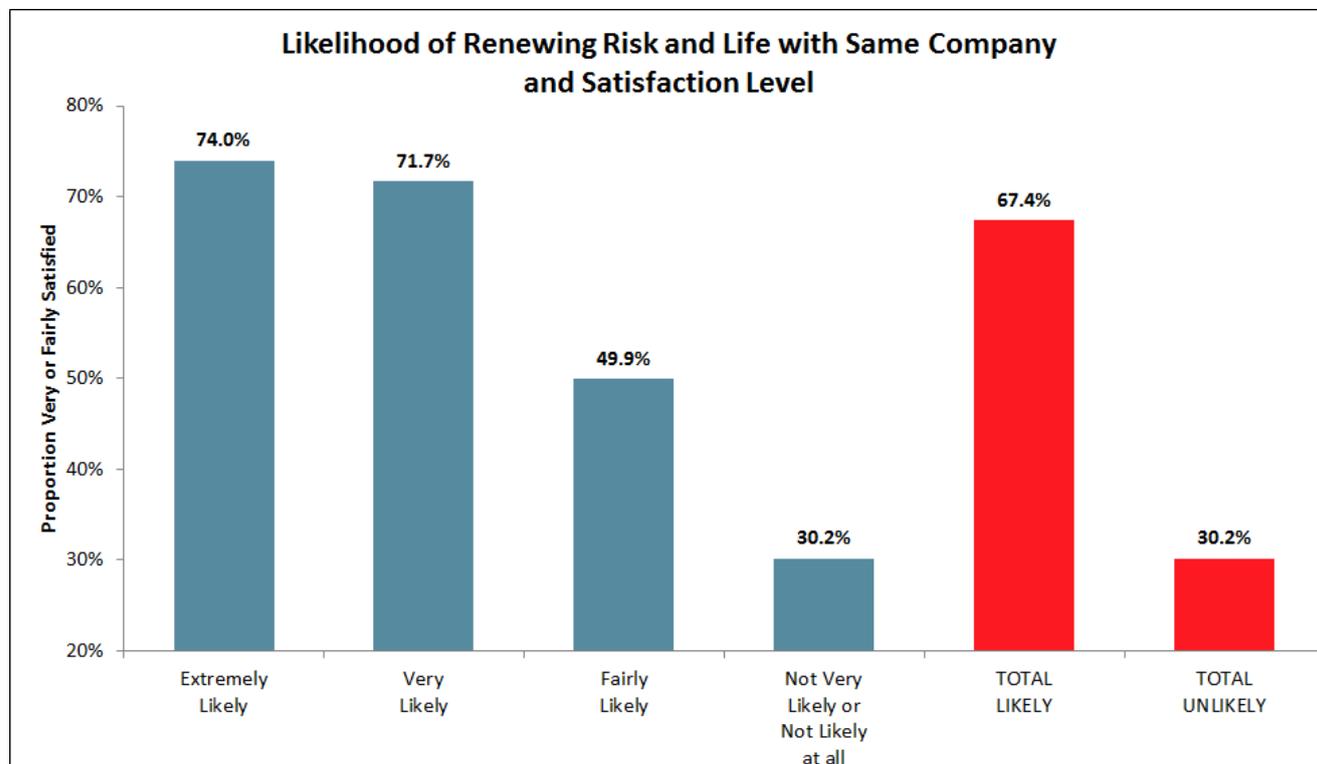


1. Includes brands not shown **Source:** Roy Morgan Single Source (Australia) 12 months to October 2016, n = 16,712; 12 months to October 2017, n=18,982. **Base:** Australians 14+ with risk and life insurance

Insuranceline (79.2%) and Allianz (75.2%) were the clear market leaders in satisfaction, followed by AIA Australia (73.2%) and Real Insurance (72.6%). AMP the market leader in terms of the number of policies, had 65.1% customer satisfaction and was below the market average (66.2%) and showed a drop of 1.0% points over the year. The second largest player is MLC and it scored marginally above average with 66.9%, having declined by 0.6% points over the last 12 months.

## Satisfaction improves likelihood of customer retention

Customer retention is important in a market where nearly one million risk and life policies per annum are at risk of being moved because they either actually changed their provider (219,000 in the last 12 months) or at least were considering to do so by looking around (751,000 in the last 12 months). Policy holders that say that they are 'extremely likely' to renew their insurance with the same company have a satisfaction rating of 74.0%.



**Source:** Roy Morgan Single Source (Australia) 12 months to October 2017, n=18,982. **Base:** Australians 14+ with risk and life insurance

As the likelihood of renewing with the same company declines, we see that this is associated with much lower satisfaction levels. Among policy holders who are unlikely to renew with the same company only 30% are satisfied with their current insurer, compared to 67.4% satisfaction among those who are at least fairly likely to renew.

In addition to the nearly one million existing policies that are potentially subject to changing provider in a year, there are also those that are entering the market for the first time. In the 12 months to October 2017 this amounted to 236,000 new risk and life insurance policy holders, which when combined with existing policy holders that are potential changers, makes for a total market of over 1.2 million in a 12 month period.

### Norman Morris, Industry Communications Director, Roy Morgan says:

*“These results show that it is generally the smaller players in this market that have the highest satisfaction, with none of the majors being among the top five for customer satisfaction. Although around 80% 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 link between satisfaction and likely renewal levels has been shown to be very positive and as such it has the real potential to increase long term profitability through its impact on customer retention and acquisition.*”

*“The channel used to purchase risk and life insurance has the potential to impact satisfaction and retention. The most frequent method used to purchase this type of insurance is directly from an insurance company, which has been steady at around 40% for the last five years. The most common way people purchase directly with their insurance company is by telephone.*

*“At this stage purchasing online is relatively small and has only shown a marginal upward trend over recent years. The biggest increase in the purchasing channel used over the last five years has been from employer as part of superannuation. The other major purchasing channel is the use of insurance brokers and financial planners which now account for around 20% of the market.*

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

*“This release has only covered a small part of the extensive data that Roy Morgan has covering 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.”*

**For comments or more information about Roy Morgan’s banking and finance data, please contact:**

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### **About Roy Morgan**

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

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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
7,500	±1.1	±1.0	±0.7	±0.5
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