

Friday, 22 December 2017

## RAA, RAC and Apia top satisfaction for household insurance

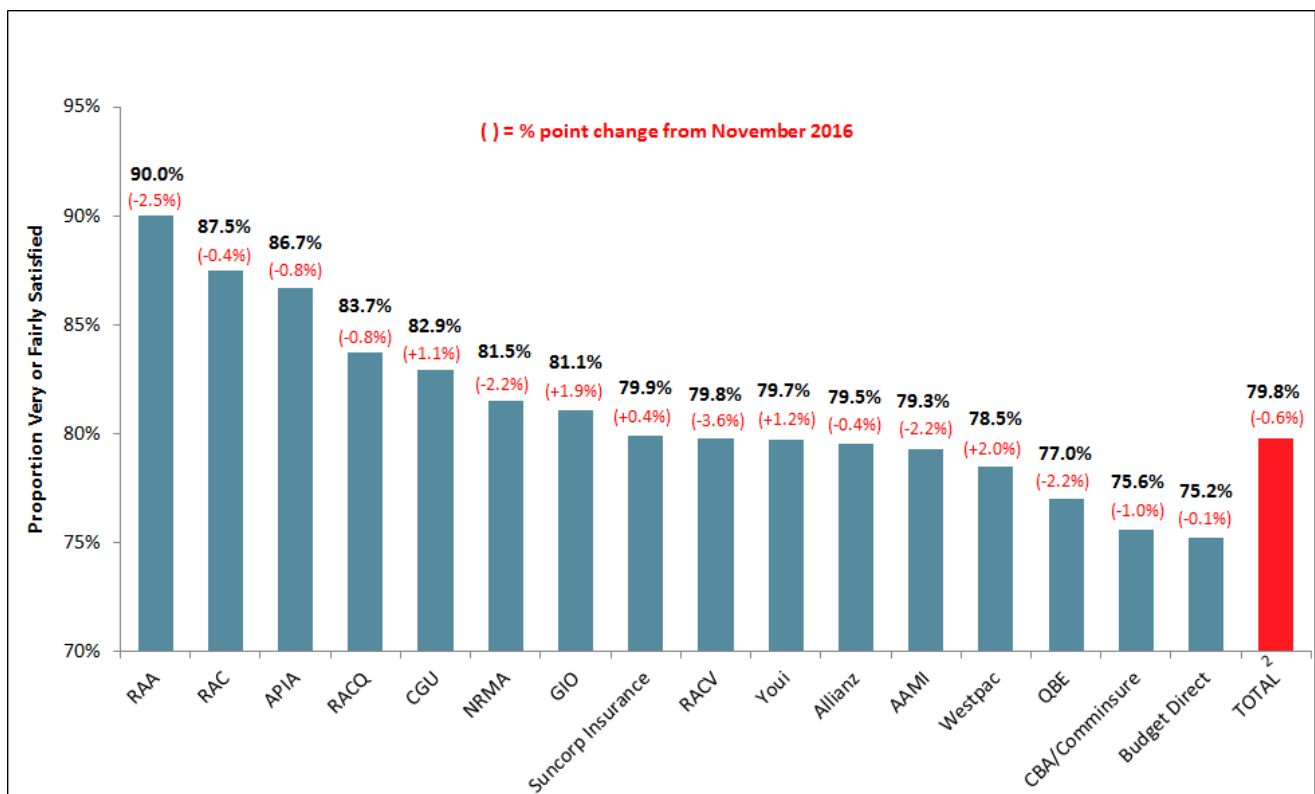
In the year to November 2017, RAA (Royal Automobile Association of SA) with a satisfaction rating of 90.0% had the highest rating among the sixteen largest household insurers. This was a decrease of 2.5% points over the year but it remained well above the industry average of 79.8%. RAA is followed by RAC with 87.5% of its customers satisfied, and APIA at 87%.

These are the latest findings from Roy Morgan's Single Source survey of over 50,000 consumers per annum, including over 30,000 with household insurance.

### Satisfaction with household insurers declines in 2017

Overall satisfaction with household insurers declined over the last year from 80.4% down to 79.8% but some went against this trend by showing an improvement. The biggest improvers were Westpac (up 2.0% points), GIO (up 1.9% points), Youi (up 1.2% points) and CGU (up 1.1% points). The major brands to show declines in satisfaction over the year were RACV (down 3.6% points), RAA (down 2.5% points) and AAMI, QBE and NRMA (each down 2.2% points).

### Satisfaction with Household Insurance<sup>1</sup> (Largest 16 Household Insurers)



1. Household insurance includes Building, Contents, Valuables 2. Includes brands not shown **Source:** Roy Morgan Single Source (Australia) 12 months to November 2016, n = 30,631; 12 months to November 2017, n=30,530. **Base:** Australians 14+ with household insurance

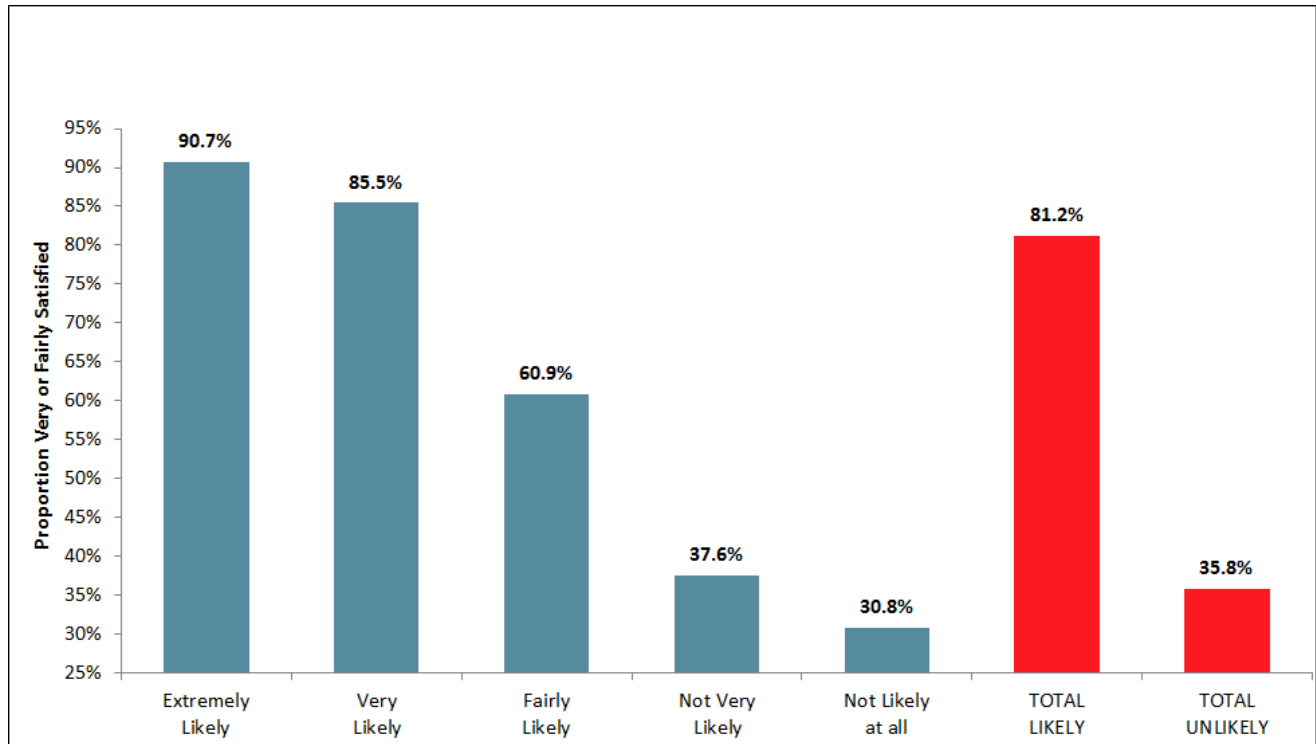
The leaders in satisfaction with household insurance were RAA (90.0%), RAC (87.5%) and APIA (86.7%), followed by RACQ (83.7%) and CGU (82.9%). NRMA the market leader in terms of the number of policies, had 81.5% customer satisfaction and was above the market average (79.8%) but

showed a decline of 2.2% points over the year. The second largest player is AAMI and it also showed a decline in satisfaction over the last 12 months (down 2.2% points) to 79.3%, placing it just below the industry average.

### Satisfaction improves likelihood of customer retention

Customer retention is important in a market where around two million (18%) household insurance policy holders per annum either change their provider or at least consider doing so. Policy holders that say that they are 'extremely likely' to renew their insurance with the same company have a satisfaction rating of 90.7%.

### Likelihood of Renewing Household Insurance<sup>1</sup> with Same Company and Satisfaction Level



1. Household insurance includes Building, Contents, Valuables **Source:** Roy Morgan Single Source (Australia) 12 months to November 2017, n=30,530. **Base:** Australians 14+ with household 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 they have a satisfaction rating of only 35.8%, compared to 81.2% for the 'total likely' to renew segment.

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

*"These results show that there are big differences in satisfaction levels across the major players in this highly competitive industry. The risk associated with having below average satisfaction is that it has the potential to discourage renewal and new clients. The link between satisfaction and likely renewal levels has been shown to be very positive. Satisfaction has the real potential to increase long term profitability through its impact on customer retention and acquisition.*

*"With issues around price being the major reasons that people either change household insurance companies or at least look around before renewing, it is likely that these same*

issues are negatively impacting satisfaction, as are things such as bad claims experience, poor service or being offered a better product elsewhere.

“The extensive data that Roy Morgan has covering all types of insurance enables the unique ability for all participants in this highly competitive market to understand it in depth as well as looking at the current market in context with long term trends.”

**For comments or more information about Roy Morgan’s insurance 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.

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

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