

Thursday, 9 August 2018

One million potential for switching risk and life insurance policy providers

New research from Roy Morgan shows that in the 12 months to June 2018, 1,008,000 risk and life insurance policies (10.8% of the total market) had the potential to change companies. This potential is the sum of the 242,000 that actually switched to another company and the 766,000 that renewed with the same company after having approached other companies. This combined figure represent a high predisposition to switching or lack of brand loyalty in this market.

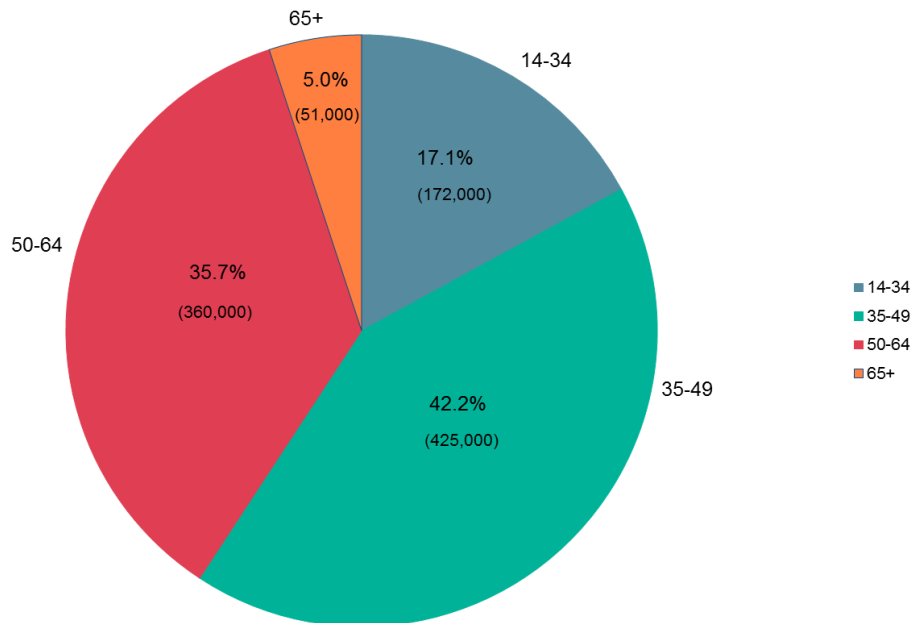
These are the latest findings from Roy Morgan's Single Source survey, which is based on in-depth personal interviews conducted face-to-face with over 50,000 Australians per annum in their own homes, including over 10,000 interviews with people holding risk and life insurance policies.

The 35 to 49 age group has the biggest switching potential

Of the total switching potential of 1,008,000 risk and life policies over the last year, the 35 to 49 age group is the biggest segment with 425,000 or 42.2% of the total. The second largest segment is the 50 to 64 age group with 360,000 or 35.7% of the total. Together these two segments account for more than three quarters (77.9%) of the total switching potential.

The age distribution of the likely switchers is closely related to the proportion of policies they hold in the overall market.

Risk and Life Insurance Policies Switched or Approached Another Company in the last 12 months by AGE



Total Policies Switched or Approached 1,008,000

Source: Roy Morgan Single Source Survey (Australia), 12 months ended June 2018, n=50,035

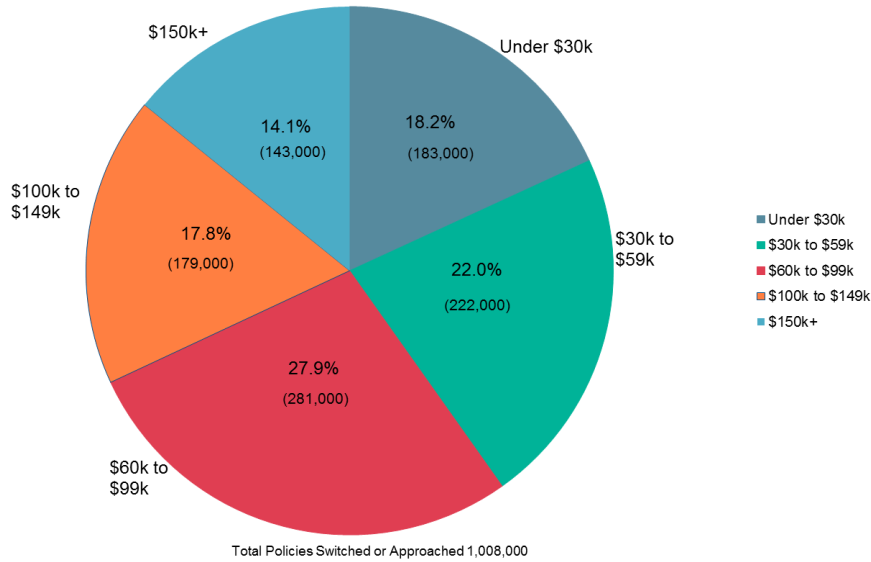
Base: Australians 14+ with risk or life insurance who switched or approached another company in the last 12 months, n=1,079

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People with incomes of \$60k to \$99k are a key segment

More than a quarter (27.9%) of switching potential is in the \$60k to \$99k personal income group, with 281,000 policies. The second largest potential income group are those earning \$30k to \$59k with 22.0% of the total. These two groups combined account for around half (49.9%) of the total potential.

Risk and Life Insurance Policies Switched or Approached Another Company in the last 12 months by Personal Income (PA)

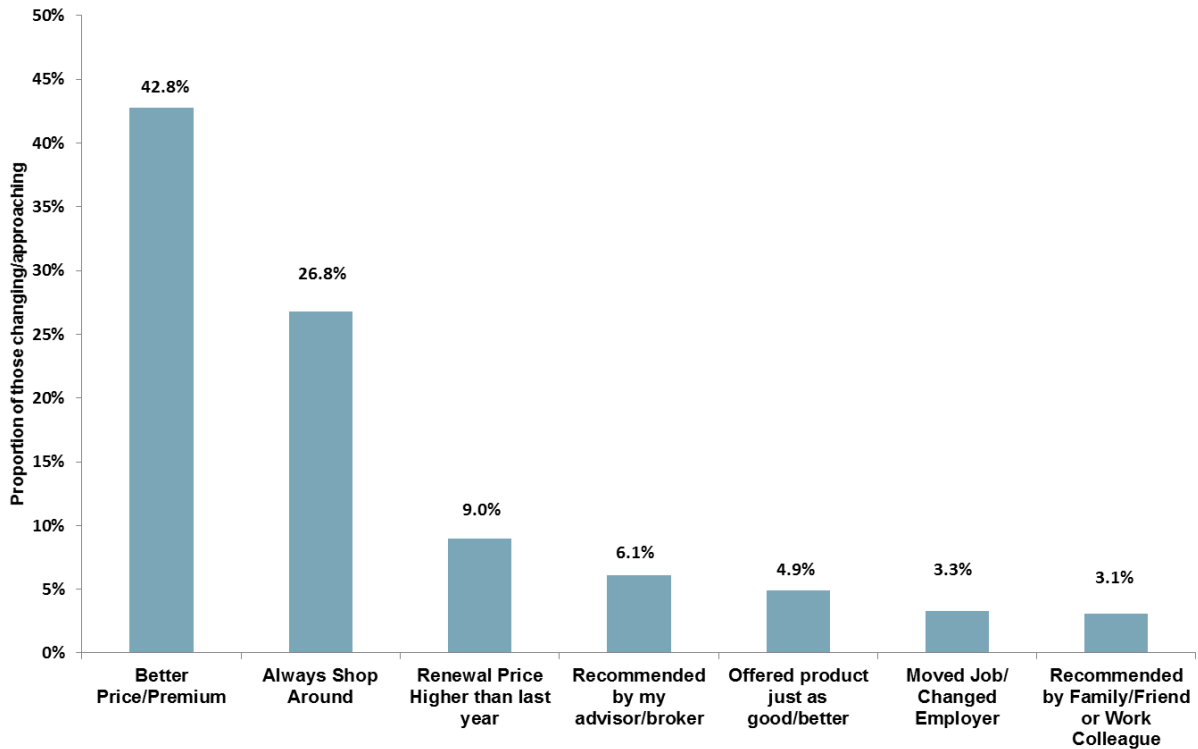


Source: Roy Morgan Single Source Survey (Australia), 12 months ended June 2018, n=50,035
 Base: Australians 14+ with risk or life insurance who switched or approached another company in the last 12 months, n=1,079

Price is the big driver of switching

The main reasons that risk and life insurance policy holders either switch or look around are associated with price, including; 'better price/premium' (42.8%), 'always shop around' (26.8%) and 'renewal price higher than last year' (9.0%). The advice of others also plays an important role in switching considerations, with reasons such as; 'recommended by my advisor/broker' (6.1%) or 'recommended by family/friend or work colleague' (3.1%).

Major Reasons For Changing or Approaching Another Company For Risk and Life Insurance in the last 12 months



Source: Roy Morgan Single Source Survey (Australia), 12 months ended June 2018, n=50,035

Base: Australians 14+ with risk or life insurance who switched or approached another company in the last 12 months, n=1,079

Norman Morris, Industry Communications Director, Roy Morgan says:

"This research has shown that there is obviously considerable potential in this market for insurance companies to either gain or lose customers. This is due to the fact that in the last 12 months, one million risk and life insurance policies, or 10.8% of the market, were either switched to another company or were under consideration to do so.

"Life and risk insurance is likely to be regarded as a grudge purchase and is often included with superannuation or switched as a result of price as we have seen in this release.

"The segment with the greatest number of potential switchers is the 35 to 49 age group with 425,000 or 42.2% of the total. This group is also likely to be coping with young families and other cost pressures including mortgages and as a result may not always be interested in taking out risk and life insurance despite the fact that often they have the greatest need. All personal income groups have shown switching potential, with the largest segment being the 281,000 in the \$60k to \$99k bracket.

"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. To find out more, ask Roy Morgan."

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

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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 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
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