

2015

AWARD
REPORT



Car Insurance
Claims Satisfaction



Car Insurance Claims Satisfaction

May 2015

Foreword

Australia is a nation of car drivers; according to the Australian Bureau of Statistics (ABS) there are approximately 13 million passenger vehicles registered in Australia. That many cars mean that fender benders (plus theft and vandalism) are common. Then there are the various natural disasters that Australia experiences each year. From storms to hail to floods, fire and cyclones, there's plenty of potential for disaster. It's a wonder we drive at all!

That's where car insurance steps in of course – but while many of us actively shop around to find a car insurance policy that represents great value for money, it's not until we have to make a claim that we really find out whether our chosen policy lives up to expectations.

Each year CANSTAR conducts a national survey across all driving demographics of Australian drivers that have made a claim on their car insurance in the past three years. This year we have surveyed more than 1,200 drivers. This survey, in combination with our own research into claims conditions such as lodgement options, quality of repairs, new car replacement, personal expenses and transport options, enables us to determine which insurer is deserving of the CANSTAR Car Insurance – Outstanding Claims Service award.



Mitchell Watson
Research Manager



WHO CUTS IN AT CLAIM TIME?

The unnerving truth is that you can't really be sure how good your insurance company is until you make a claim. Depending on the severity of the prang, you can be in a fragile or frustrated state when talk to your insurer and start the claims process. How your claim is handled can make all the difference in the world to your overall evaluation of your insurer.

Because making a claim is such an integral part of the whole experience, CANSTAR conducted a separate consumer study in order to find out how satisfied customers were with the claims service of each insurer. We asked more than 1,200 motorists who had made a car insurance claim in the last three years

how they would rate specific elements of their claim, including:

- Ease of claim
- How satisfied they were with the initial claim lodgment process
- Speed of response
- Quality of the repairs
- Timeliness
- Communication, and finally,
- Overall satisfaction

It's fair to say that claims experiences can differ markedly. For example, responses ranged across the following...

THE GOOD...

"Very positive outcome. Lots of support from the insurer and a very smooth process."

"The whole experience was very easy, low stress and minimal impact on me."

"They treat you with respect that a lot of companies forget to use."

THE BAD...

"The customer service representative wanted us to travel 150km to have our windscreen replaced when there was an approved repairer where I live."

"They took too long to give me my money."

"You get what you pay for. For a claim that wasn't even my fault, I had to do all the running around and ringing around to organise a repair, which took six weeks to commence because I could only use one of a few repairers."

THE UGLY...

"Service is really bad from the beginning to the end."

"Terrible communication and dreadful customer service with an excuse 'we're really understaffed at the moment!!'"

"They initially refused my claim but then paid it due to their clerical error. It was a bad process as it took a long time for them to fix it up."

Source: CANSTAR 2015 Claims Satisfaction Survey

It really is at claim time that you discover the real value of your insurer!



WHAT TO LOOK FOR WITH REPAIRS

Back to insurance claims, and all vehicle repairs are not equal. In addition to the customer satisfaction survey, CANSTAR assess the following features of the claims process to determine the overall quality of service.



Transportation option

We investigate whether the insurance provider offers emergency transport options such as taxi vouchers/reimbursement as well as rental vehicles for the duration of the repairs.



Immediate personal expense

As well as the cost of major vehicle repair, insurers may also cover driver-incurred immediate personal expenses, such as towing. Small emergency repairs that can get your car back on the road quickly – such as a new fan belt or tyre repair – are also assessed here.



Quality of repairs

Not all repair jobs are equal! CANSTAR assess whether the insurer uses genuine parts; this is something that you should never assume automatically! We also look at whether the insurer offers a choice of repairer or specifies the repair shop that must be used. Interestingly, lack of flexibility in terms of repairer choice was a bugbear for a number of CANSTAR survey respondents.



Claim Lodgement Option

Flexibility of claim options is key for many drivers. Does your insurer allow you to claim online, via an app or only over the phone? For those who still value face to face service, some insurers do still offer shopfront service. CANSTAR assesses the number of lodgement options available for customers.



Liability cover

While all drivers must have Compulsory Third Party (CTP) insurance, this does not cover all legal liability. CANSTAR assess what other legal liability cover is available through a comprehensive policy.



New car replacement

In the event of your car being written off, what payout will you receive from your insurer? Does your insurer offer new car replacement in this instance and if so, up to what age and kilometer usage will a new car replacement be offered?

If your car is outside the parameters set by your insurer, your claim will become a standard car insurance claim, subject to the market or agreed value of your policy.



This is helpful in what can be a frustrating situation. These apps help people capture what has actually happened at the scene of an accident or theft or storm damage. GPS and camera integration can pinpoint time and exact location, facts that can sometimes get muddled in a car drama.

It's important to realize that using an App, in most cases, doesn't replace the claims lodgment process. All it does is alert your car insurer to what's happened and where. They will call you promptly the next business day to finalise the lodgment of your claim.

Two apps that come to mind are Coles Car Insurance Claims Assistant iPhone app and the AAMI Claim Assist iPhone app. AAMI takes it one step further and lets you register for My Claim Manager on their website where customers can track the progress of their claim in real time.

Then of course there are other non-claim-related apps that can in some cases help to keep you safe on the road. A few of this variety that grabbed the attention of the CANSTAR team include:

CAR SAFETY: THERE'S AN APP FOR THAT

The ongoing evolution of all things online means that we are now changing the way we make a claim – and potentially the way we drive. Apps are appearing that allow you to send the initial details of your claims and photos of damage to your car while at the scene of the accident or soon after.

AAMI Safe Driver App

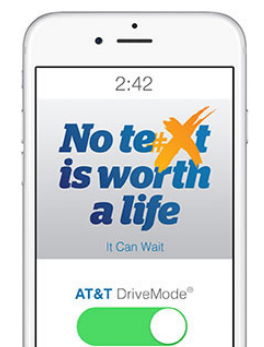
This app uses GPS technology to record your journey and analyse your driving behaviour. Once you have driven more than 10 journeys and over 300 kilometers, it then provides you with a driving score and feedback relating to your performance. Factors taken into account include length of trips, speed, acceleration, braking, fatigue and phone usage. The higher score you achieve, the higher the app rates your skills. You don't have to be an AAMI customer to use this app so you can have fun comparing your driver rating with family and friends.



AT&T Drive Mode

According to research, accidents are 23 times more likely when distracted while driving. And there's nothing more distracting than texting while driving. If you simply can't help yourself when a text message comes in, do the safe thing and take the decision out of your hands. AT&T DriveMode is a free app that silences incoming text message alerts and automatically replies to them so the driver can stay focused.

AT&T DriveMode turns on when the vehicle is moving, gives you access to music and navigation with one touch and – for young drivers – lets your parents know if it is disabled, turned off or a new speed-dial number is added.



Budget Direct – Hail Hero

While not technically an App, Budget Direct will send all registered customers an SMS alert ahead of a hail storm that may damage their car or property. Since launching Hail Hero late in 2011 (and subsequently winning a CANSTAR Innovation Award), Budget Direct has sent one million alerts – and 63,190 in one day alone – to customers warning them of impending damaging hail at their home address and giving them valuable time to protect their property.



NRMA Road Smart Kids App

Not an app for drivers as such – but rather for those backseat drivers! The new NRMA Road Smart Kids App, for children aged 5 – 8, is designed to help children learn simple but essential road safety behaviors. The app includes a number of games, such as Go Stop Go, Street Smarts and Number Plate Playroom. After all, with younger drivers being at a greater risk of accident, it's never too early to learn about road safety!



QBE Insurance Box

A CANSTAR Innovation Excellence award winner in 2014, QBE's Insurance Box uses telematics to assess individual driver performance. The small, self-installed telematics device plugs into your car underneath the dashboard and transmits data via satellite and mobile networks to assess driver behaviour across the various categories that determine a driver's propensity to have a collision.



A unique "DriveScore" is provided to the customer, using a scale of zero to a top score of five, which shows a series of factors (e.g. harsh acceleration, hard braking, excessive speed) culminating in a trend of how a car is driven over time.

It provides drivers with feedback that assists them to pinpoint areas for improvement and become safer on our road, and can reward this safe driving behaviour through lower premiums.

SO WHO'S CLAIMING, AND ARE THEY HAPPY?

When it comes to who claims, CANSTAR's survey has found that the proportion of insurance claims in each state is relatively in proportion to the population figures in each state. New South Wales are the leaders in both claim and population numbers, with Victoria running second and Queensland third.

When it comes to satisfaction with claims service, the statistics are more variable. Overall, CANSTAR asked survey respondents about their overall claims experience, including factors such as the ease of the claims lodgment process, speed of response, quality and timeliness of the repair and how well the insurer communicated with them during the process. Finally we asked how satisfied they were with their claims experience and their likelihood of renewing with their current insurer. The good news for insurers is that, by and large, they are doing the right thing, with at least 70% of respondents in each state saying that they are either satisfied or very satisfied with their car insurance claims experience.

Claims Satisfaction by State

State	% satisfied	% very satisfied
NSW	37%	33%
QLD	31%	43%
SA	22%	57%
TAS	23%	55%
VIC	35%	37%
WA	32%	52%

Source: CANSTAR 2015 Claims Satisfaction Survey

Claims Satisfaction by Age Group

Age group	Satisfied	Very Satisfied
18-24	38%	21%
25-34	38%	24%
35-44	37%	35%
45-54	33%	46%
55-64	30%	55%
60-64	33%	53%
65+	20%	67%

Source: CANSTAR 2015 Claims Satisfaction Survey

How does that break down according to demographics?

In terms of age groups, it seems that the older you are the more satisfied you are likely to be with the car insurance claims service you receive.



Outstanding Claims Service 2015



AND THE WINNER IS...

Based on the data and scores allocated, the 2015 award for Outstanding Claims Service goes to QBE. This is the fourth time in succession QBE has earned such high praise from claims customers. Responses such as: “The claim was handled very quickly and professionally” were repeated in a variety of ways by customers recounting their claims experience. Some of the positive comments offered were as follows:

“Good and fast service, they did all the things that had to be done and I did have not to worry.”

“The claim was easy to make and all was fixed with very little fuss.”

“It was a reasonably small claim, however attended to in a timely manner by competent tradespeople.”

“QBE staff were very efficient and helpful. The process was delayed by three widely varying quotes, and an assessor appeared very quickly the issue was easily resolved, and repairs were speedy and well done. Overall I found QBE easy to deal with.”

“Very prompt arrangements for the repair and very accommodating to fit in with my personal circumstances, as I was about to fly overseas for holidays and vehicle was being traded in on the day of my return.”

“The claim was handled very quickly and professionally.”



QBE's claim flexibility also counts when it's needed most. Some of the features driving QBE's win include:

Feature	
Accident clean up benefit	Yes, if being covered under legal liability
Maximum amount for accident clean up	No max
Can lodge claim at branch	Yes (in some locations only)
Cab fares after accident	Yes
Maximum amount for cab fares	\$50
Death benefit provided	Yes
Maximum amount for Emergency repair	\$500

Feature	
Genuine Parts used in repairs	Yes, when within the Manufacturers Standard Warranty period
Max amount of personal effect cover	\$500
Vehicle returned to owner	Yes (Note that limit applies and must also be a certain distance from the repairer for the benefit to apply)
Amount of liability cover	\$30,000,000
Maximum kms for new car replacement	20,000kms
Amount of cover for trailer	\$1,000 (limited to single axle trailer)

This year, QBE's CANSTAR Outstanding Claims Service win is in addition to its CANSTAR Outstanding Value Car Insurance Award – proving that an insurer can be an outstanding choice at both the beginning and the end of the car insurance process.



CANSTAR Q & A

WITH GEORGE KATSOGIANNIS, EXECUTIVE GENERAL MANAGER – CLAIMS, QBE AUSTRALIA

CANSTAR caught up with George Katsogiannis, Executive General Manager – Claims, QBE Australia, for a Q&A on what drivers should consider when choosing a car insurance policy – and what they should do if they are involved in an accident.

Q: Car insurance is a competitive industry; what questions should a driver ask an insurer to help them determine the likely claims experience?

A: The claims experience is certainly one of the most important features of insurance – it's when our customers need us the most; not just to pay their claim but to do it as swiftly and considerately as possible. A key part of our claims philosophy is paying claims quickly and keeping customers informed throughout the process. Drivers might like to ask their insurer what documents they need

to supply to ensure a decision can be made as soon as possible, and how often they can expect to be updated on progress. Ensuring our process is transparent and that we respect our customers' privacy is also always front of mind. Drivers should ensure they are aware of their policy obligations around paying excess, and if/when they might need to make this payment in the claims process.

More specifically, and one consideration for motor claims we often see being missed by customers, is how they will maintain their lifestyle should an accident occur. When purchasing a motor policy, one consideration is a replacement hire vehicle. Some insurers offer a hire car following theft of a vehicle automatically, but not after an accident. Providing a hire car following an accident can, at times, be an optional extra on a policy. It is important to ensure you have adequate cover, as if you don't query this point, you may be left out of pocket for hire car costs.

Q: What measures does QBE take to maintain the high quality of its repairs?

A: Our highly experienced Assessment and Repair team play a key role in the quality of repairs we are able to provide our customers. Due to the knowledge and experience of our team we are able to achieve excellent turnaround times on assessing. This becomes particularly valuable in the event of a catastrophe or severe weather event and, in the wake of previous storm events, we have been able to service insured vehicles within 24 to 48 hours of being notified of the claim.

Our team are skilled in handling claims for both minor and major repairs, and actively monitor all repairs, reinspecting any that are especially large or unusual. Their oversight helps guarantee repairs are completed to manufacturers' technical specifications and that any vehicle repaired outside our accredited network is repaired correctly and with the necessary equipment. We also authorise genuine parts on the majority of our claims.

Another important aspect of our service is ensuring our team has access to technology that can help them do their job more efficiently. For example our assessors are equipped with iPads so they not only have any relevant claims information readily available but can also easily make contact with a customer to update them on their repair or respond promptly to any enquiries.

The quality of our service is also supported by our large network of accredited repairers, the majority of which are factory accredited or approved by the major vehicle manufacturers. We aim to partner with those repairers who offer the latest technology that can help ensure our customers receive the best possible result

Q: What are the ways in which customers can lodge a claim?

A: At the moment all motor claims we receive direct from our customers are lodged via phone. For those that prefer to get things started online however, our customers can submit a form via our website which alerts us to their claim so we can contact them via phone to lodge it and begin the claim process as soon as possible.

Q: If customers are involved in an accident, or their car is damaged in some other way, do you have any tips on what they should do?

A: The most important thing in any situation involving an accident is that you make sure you're safe, and to look out for the safety of anyone else close to the scene. Especially be aware of any broken glass that could cause injury to yourself or others.

Once you're sure you're safe, it's important to report the incident to your insurer as soon as possible. If you have a mobile phone, take a photo of:

- the general scene;
- the damage to your vehicle; and
- any debris or evidence of the third party vehicle.

You should also take steps straight away to help prevent any further loss or damage. For example if your windscreen has been smashed, try to arrange for repair or replacement as quickly as possible to avoid any further damage by things such as the weather.

CANSTAR congratulates QBE for continuing to offer outstanding claims service to motorists across Australia.



METHODOLOGY

CAR INSURANCE CLAIMS SERVICE AWARD

What is the CANSTAR's Outstanding Claims Service Award?

CANSTAR's Outstanding Claims Service Award aims to recognize the customer service side of the car insurance. The importance of after claims service is often overlooked when purchasing Car Insurance this award distinguishes the insurer with the most satisfied customers and claim related features.

Claims Satisfaction Survey

CANSTAR conducts a national survey to measure the satisfaction level of consumers with their car insurers based on their recent claims experience and whether, based on their experience, they would recommend the insurer to their family and friends. The survey covers all demographics. The claims survey score is the average of the overall satisfaction survey responses.

How is the Outstanding Claims Service Award judged?

To be eligible for the Outstanding Claims Service Award the insurer must meet the following criteria.

- Minimum sample size of 30 in the Claims Satisfaction Survey
- Should be present nationally with considerable market penetration
- Not restricted to any driver profiles (eg over 50s)

The claims survey award comprises claims survey score and claims feature score.

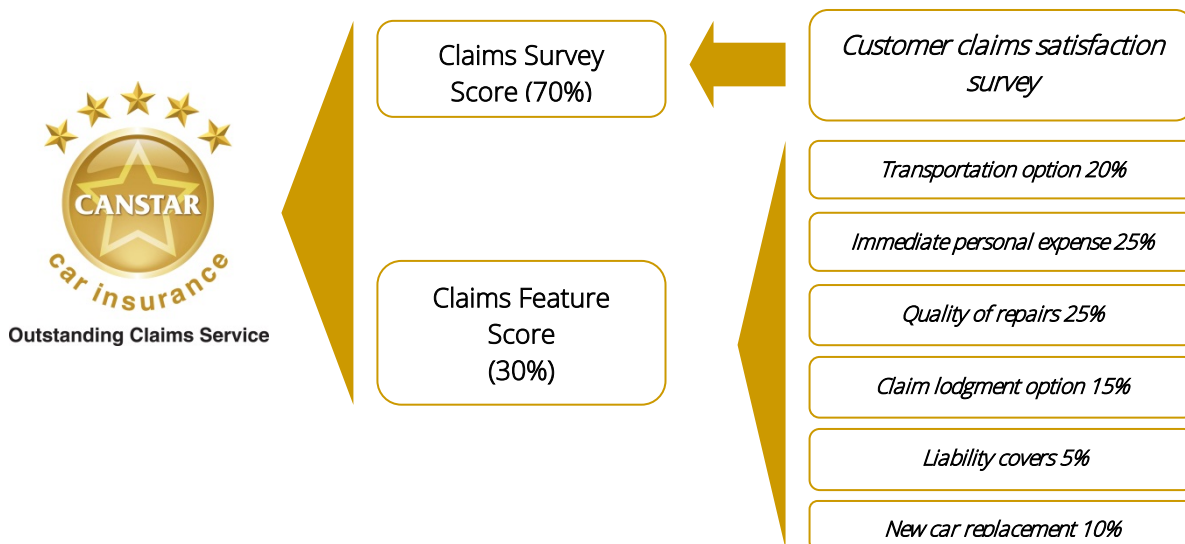
$$\text{Total Score} = \text{Claims survey score} + \text{Claims feature score}$$

Claims survey score

The claims survey score is the average of the overall satisfaction survey responses to the national survey conducted by CANSTAR.

Claims feature score

The claims features measure the features related to after-accident care such as emergency repairs, emergency accommodation, genuine parts, car hire, liability cover, replacement car, etc. Points are allocated to the features based on their importance and consumer perception of the particular feature at time of claim. The product feature points are measured and the total score is given. The products are further indexed based on their scores. The product with the maximum/highest score has the strongest product with all the necessary claims features. The score measures the strength of the product in relation to claims features.



How often are all the products reviewed for rating purposes?

The CANSTAR's Outstanding Claims Service Award is fully recalculated every twelve months based on the latest satisfaction and features offered by each institution. CANSTAR also monitors product changes on an ongoing basis.

Does CANSTAR rate other product areas?

CANSTAR researches, compares and rates the suite of banking and insurance products listed below. These star ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the CANSTAR website at www.canstar.com.au if you would like to view the latest star ratings reports of interest.



- Account based pensions
- Agribusiness
- Business banking
- Business life insurance
- Car insurance
- Credit cards
- Deposit accounts
- Direct life insurance
- First home buyer
- Health insurance
- Home & Contents
- Home loans
- Life insurance
- Managed investments
- Margin lending
- Online banking
- Online share trading
- Package banking
- Personal loans
- Reward programs
- Superannuation
- Term deposits
- Travel insurance
- Travel money card
- Youth banking

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