



# NL Consumer Study Summary Report May 2018

Presented by:



- MQO conducted a survey with Newfoundland and Labrador residents on behalf of AVIVA to gauge public attitudes and perceptions towards car insurance rates.
- A total of 400 current drivers were surveyed across Newfoundland and Labrador (St. John's CMA: 200 / Remainder of province: 200).
- The overall margin of error for this survey is +/- 4.9% 19 times out of 20.
- Data collection occurred between April 25<sup>th</sup> and April 30<sup>th</sup>, 2018.
- Results are presented at the overall level. Responses were very consistent by region, gender or age. Differences by these sub-groups are only reported if a significant difference was observed.

- The table below provides an overview of the demographic profile of survey respondents.

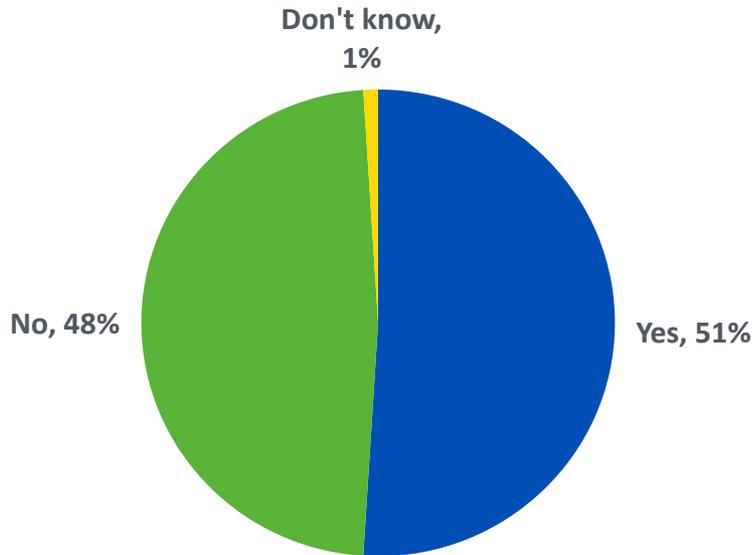
**Demographic Profile**

| Region         | Overall<br>(n=400) |
|----------------|--------------------|
| St. John's CMA | 200                |
| Other NL       | 200                |
| Gender         |                    |
| Male           | 190                |
| Female         | 209                |
| Age            |                    |
| 18 to 34       | 58                 |
| 35 to 54       | 139                |
| 55 and over    | 203                |

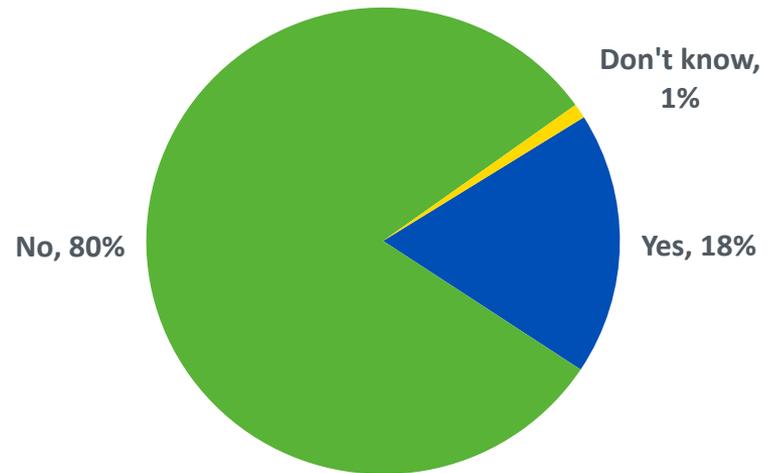
- Car insurance premiums are viewed as increasing and becoming financially difficult for many drivers.
- As car insurance premiums increase, drivers are not seeing an increase in value. Further, many perceive that premiums are increasing at a faster rate than insurance claim payouts.
- Nearly all drivers in Newfoundland and Labrador view car insurance companies in the province as profitable and many would like to see more competition in the market.
- Uninsured drivers are seen as a significant issue in the province as the vast majority feel it is having an impact on premiums.

- There is broad support for giving drivers the choice to pick and choose what benefits are included in their policy as a means of reducing their premiums. This included options for the level of rehabilitation care and making the right to sue an optional benefit that could be purchased as part of their policy.
- The majority are also in favour of a cap on pain and suffering claims if it results in lower car insurance premiums.
- There is also support for a cap on lawyer contingency fees for personal injury cases with most feeling it should be capped in the 10-20% range.
- There is an education opportunity particularly around the relationship between premiums and claim payouts as well as differences in benefits received in Newfoundland and Labrador compared to other Atlantic Provinces.

**One-half (51%) of respondents had filed an insurance claim (in general) in the past. Meanwhile, just one-in-five (18%) were aware that over 95% of those insured have never made an injury claim.**

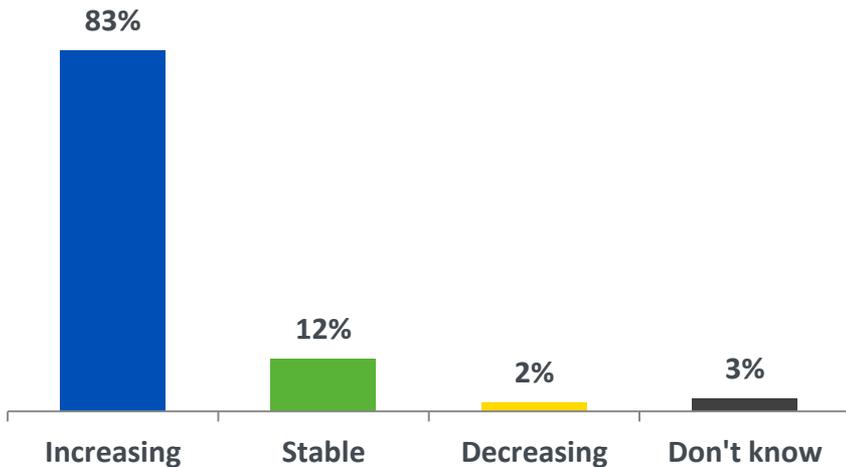


**Q1. Have you ever filed a car insurance claim?**  
(n=400)

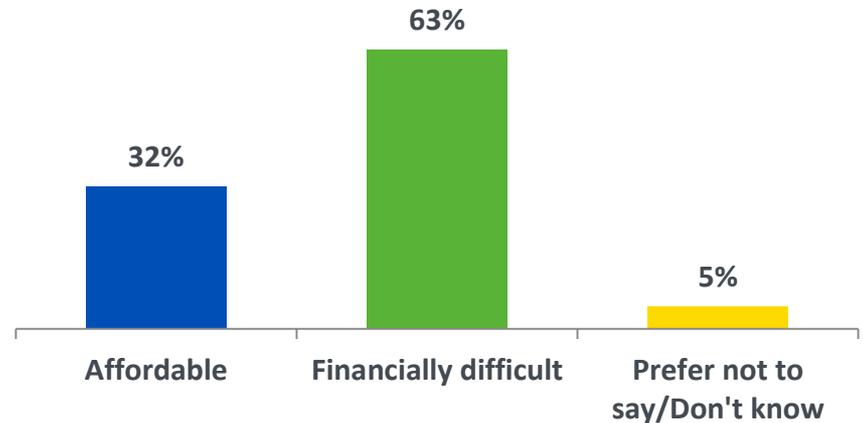


**Q2. Were you aware that over 95% of those insured never made an injury claim?**  
(n=400)

The majority of respondents (83%) believe that car insurance rates are increasing. Further, almost two-thirds (63%) feel that purchasing car insurance is becoming financially difficult.

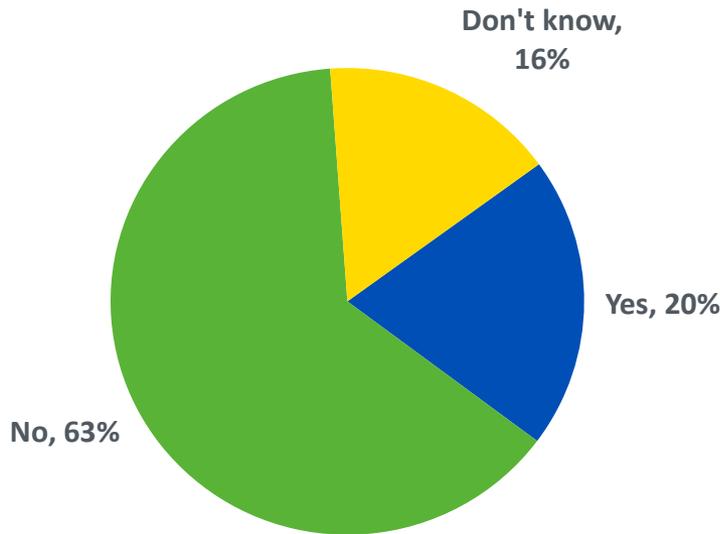


Q3. Would you describe car insurance rates as increasing, stable or decreasing?  
(n=400)



Q4. In your opinion, is the purchase of car insurance...?  
(n=400)

Among those who said car insurance rates are increasing or stable, almost two-thirds (63%) do not believe the value they receive has increased commensurately. Further, more than one-half (54%) feel that insurance rates are increasing at a faster rate than insurance claim payouts. Interestingly, one-quarter (26%) were unable to provide a response demonstrating a lack of knowledge on this issue.



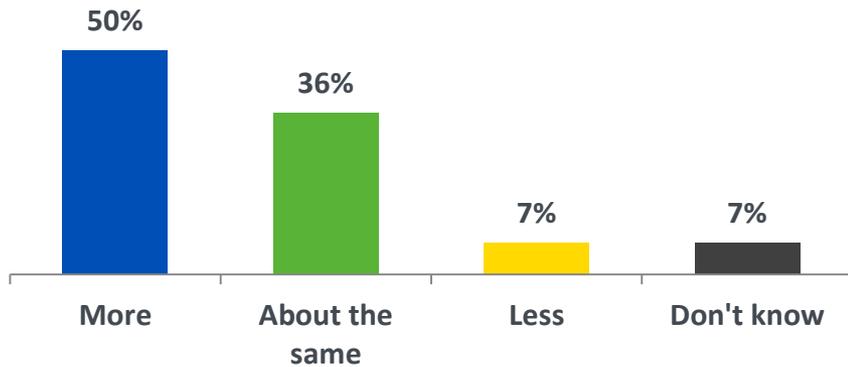
**Q5. In your opinion, as car insurance rates increase, has the value you receive from your insurance increased as well?**  
**SUBSET: Those who said car insurance rates are increasing or stable. (n=394)**

Those who feel rates are increasing faster than claim payouts are the most likely to indicate car insurance is becoming financially difficult.

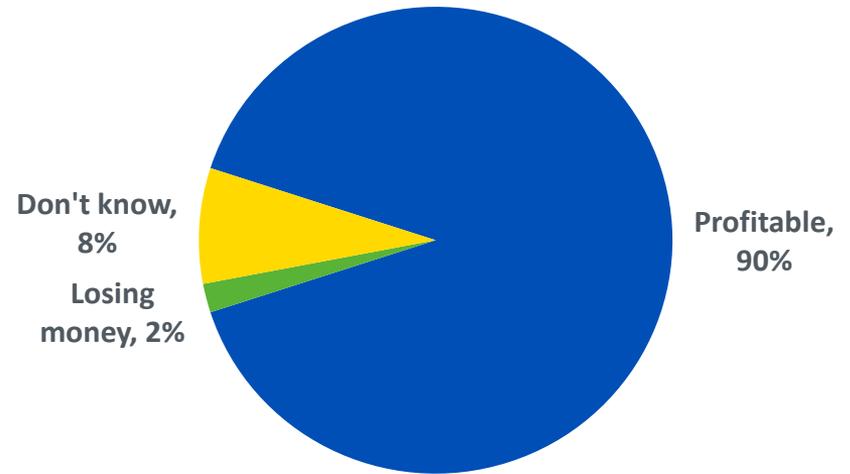
| Statement   | Total      |
|---|------------|
| Total (N)   | 394        |
| Insurance rates are increasing at the same rate as insurance claim payouts          | 16%        |
| <b>Insurance rates are increasing at a faster rate than insurance claim payouts</b> | <b>54%</b> |
| Insurance rates are increasing at a slower rate than insurance claim payouts        | 3%         |
| Don't know  | 26%        |

**Q6. Which of the following best reflects your views on car insurance rates?**  
**SUBSET: Those who said car insurance rates are increasing or stable. (n=394)**

One-half of respondents indicated there should be more insurance companies operating in the province. Meanwhile, the vast majority (90%) believe that insurance companies operating in the province are profitable.



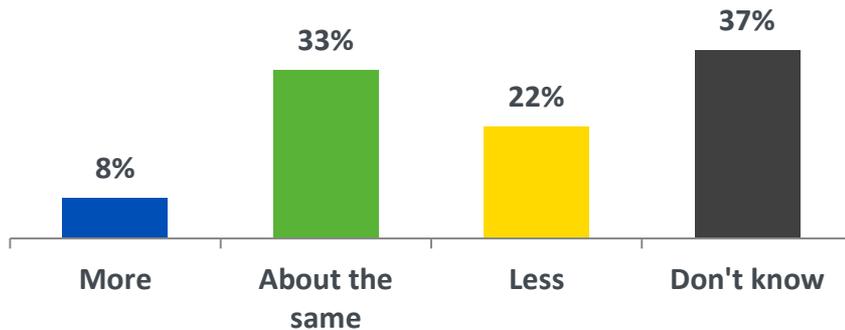
Q7. Do you believe there should be more, less or about the same number of insurance companies currently operating in NL?  
(n=400)



Q8. In your opinion, are insurance companies doing business in NL...?  
(n=400)

# Current Benefits

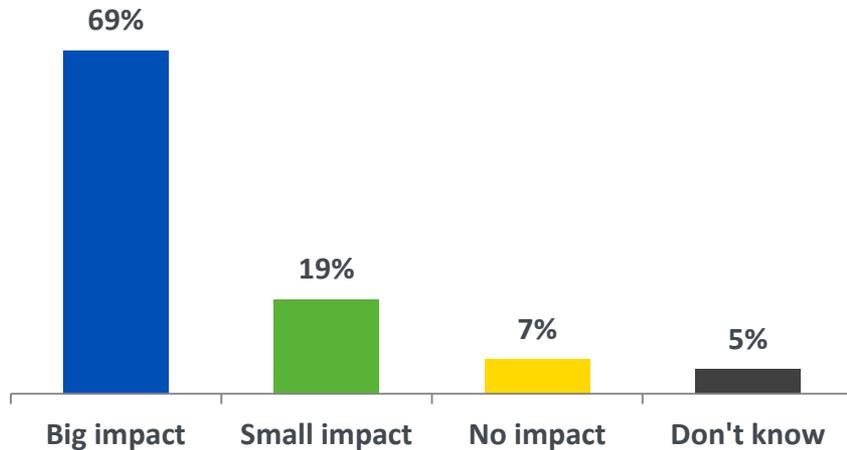
**Respondents had some difficulty identifying whether drivers in this province receive more, less or about the same overall benefits for personal injury claims compared to the rest of Atlantic Canada. While 37% were unsure, one-third (33%) felt benefits were on par with the other Atlantic Provinces and 22% felt they received less.**



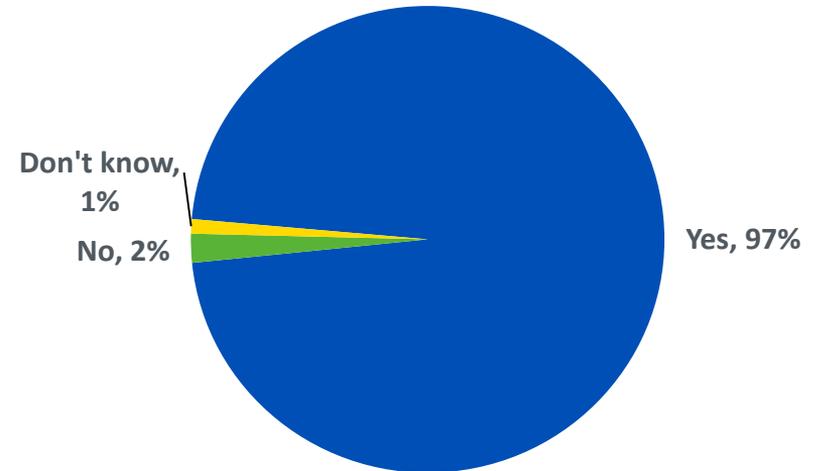
**Males (12%) are more likely than Females (5%) to feel that drivers in the province receive more benefits compared to the rest of Atlantic Canada.**

**Q9. Do you think that NL drivers receive more, less or about the same overall benefits for personal injury claims compared to other Atlantic Provinces?  
(n=400)**

Uninsured drivers are seen as a significant issue in the province. More than two-thirds (69%) of respondents felt that uninsured drivers have a big impact on car insurance rates while a further 19% said it had a small impact. Meanwhile, there was widespread support for insurance premiums to be based on one's driving and claim history.

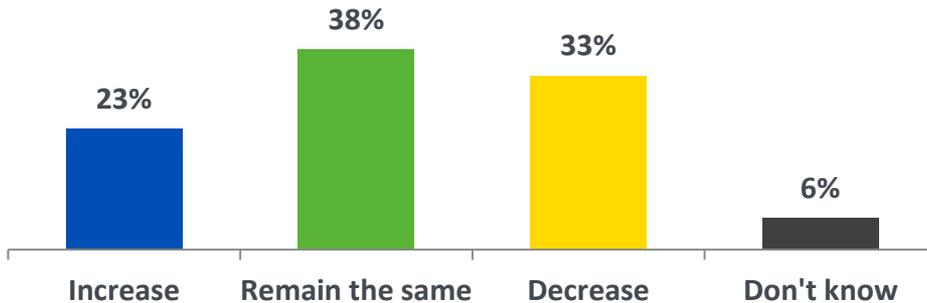


**Q10. Do you believe that uninsured drivers have a big impact, small impact or no impact on car insurance rates in NL?**  
(n=400)



**Q11. In your opinion, should insurance premiums be based on your driving and claim history such that drivers with a clean driving record pay less for their premiums and drivers with a poor driving record pay more?**  
(n=400)

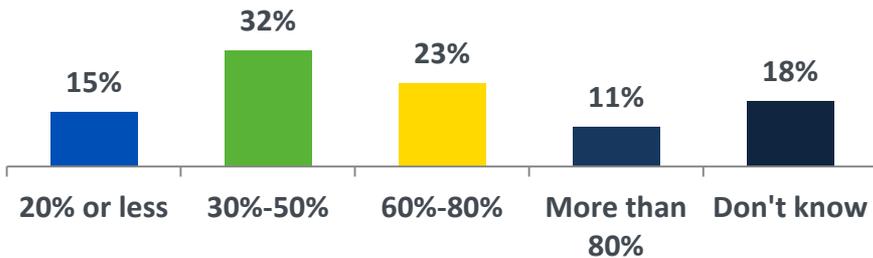
Respondents were split with regards to the potential impact of reduced claim payout costs on insurance rates. While one-third (33%) feel insurance rates would decrease, 38% believe the rates will remain the same and almost one-quarter (23%) believe rates would continue to increase.



Males were more likely to expect rates to continue to increase (27%) if claim payout costs were reduced compared to Females (19%).

**Q12. If the costs associated with claim payouts were reduced in NL, do you feel this would cause your insurance rates to...?**  
(n=400)

Respondents gave a wide range of responses when asked what percentage of injury claims involve a lawyer. With regards to factors affecting people’s decision to retain lawyers for personal injury claims, nearly everyone felt that people find the claims process complicated (80%) and need support (87%), that they don’t trust insurance companies (82%) and want to maximize their settlement (92%).



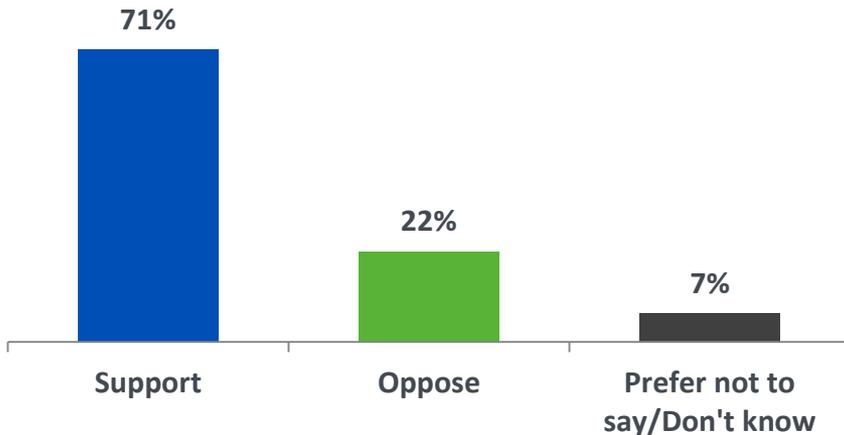
**Q13. What percentage of personal injury claims do you believe lawyers are involved with?**  
(n=400)

| Statement   | Total (% 'Yes') |
|---|-----------------|
| The process is too complicated                          | 80%             |
| They need help or support to navigate the claim process | 87%             |
| They don't trust insurance companies                    | 82%             |
| They want to maximize their settlement                  | 92%             |

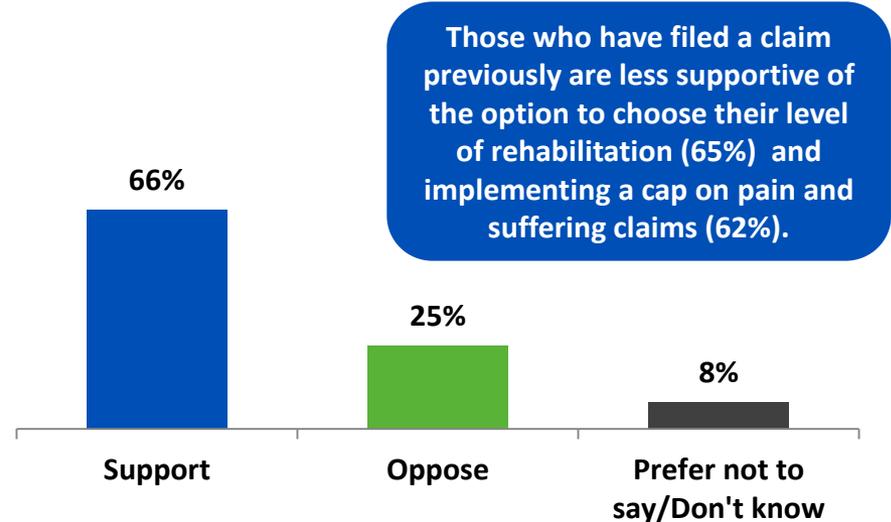
**Q14. Which of the following do you believe are factors in people’s decision to retain lawyers for personal injury claims?**  
(n=400)

# Rehabilitation Care and Pain and Suffering Claims

**Seven-in-ten respondents (71%) support the option to choose the level of rehabilitation care included in their insurance policy. Meanwhile, two-thirds (66%) support the addition of a cap on pain and suffering claims as a means to reduce premiums.**

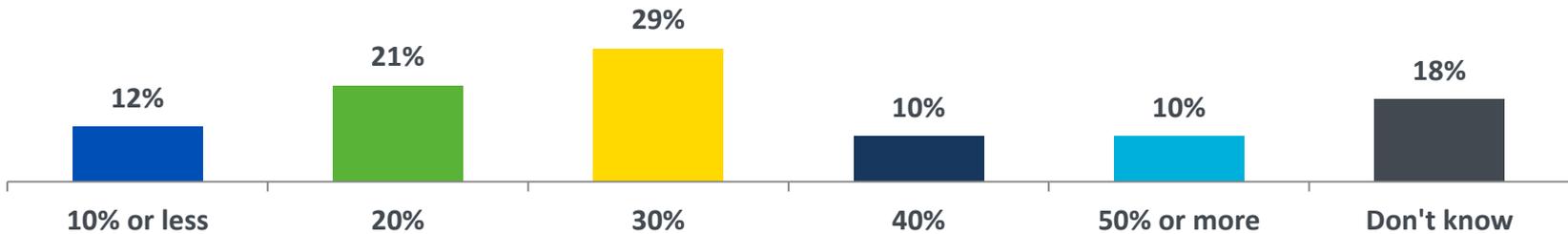


**Q15. In the event of a serious injury, claimants receive compensation for rehabilitation care. Would you support or oppose having the option to choose the amount or level of rehabilitation care included in your policy based on the premium you pay? (n=400)**



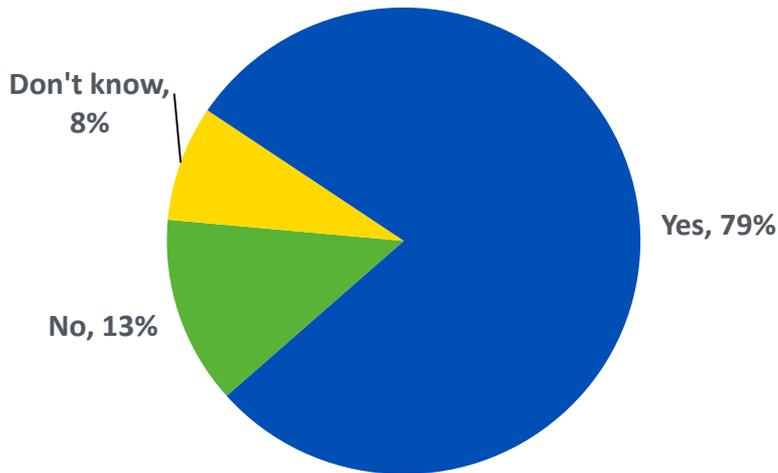
**Q16. If the addition of a cap on pain and suffering claims resulted in lower car insurance premiums, would your support or oppose it? (n=400)**

**When asked what percentage of settlements lawyers typically take if they win a personal injury case, the top estimates were 30% (29% of respondents) and 20% (21% of respondents).**

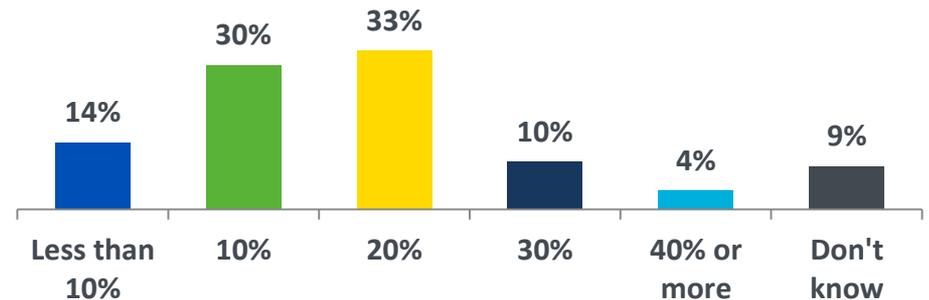


**Q17. Lawyers usually work on the basis of contingency fees where they receive a flat percentage of your settlement if you win your case. What percentage do you think lawyers charge on average for car insurance claim cases? (n=400)**

**Respondents overwhelmingly believe that there should be a cap on contingency fees charged by lawyers for personal injury claim cases (79%). Among those who agreed contingency fees should be capped, the vast majority felt it should be 20% or less and nearly one-half saying it should be 10% or less.**

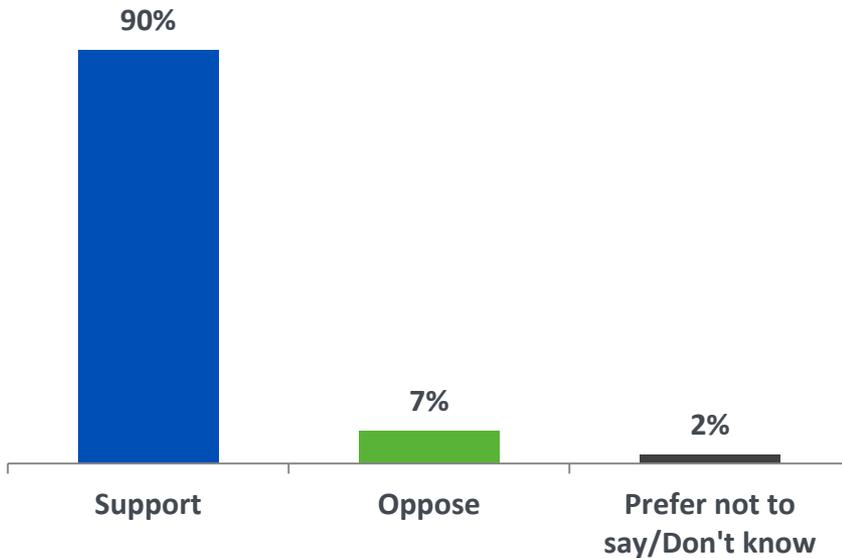


**Q18. Currently there is no cap on contingency fees charged by lawyers for car insurance claim cases. Do you think contingency fees should be capped?**  
(n=400)

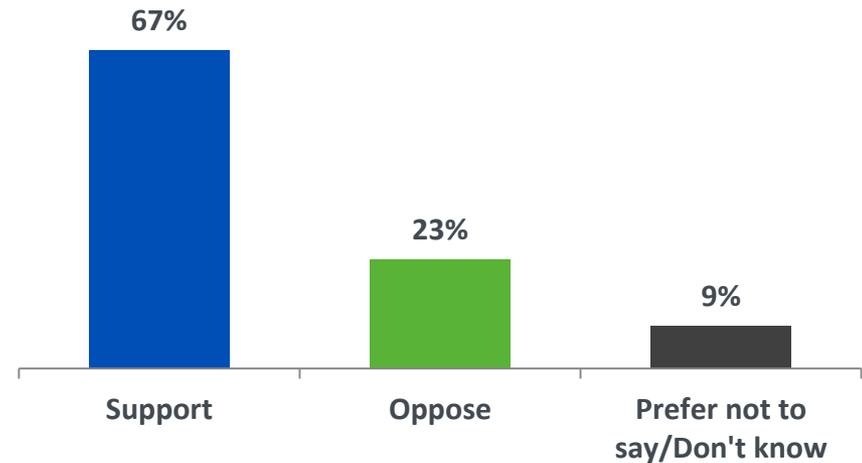


**Q19. What do you feel should be the maximum percentage lawyers can charge for contingency fees?**  
SUBSET: Those in support of a cap (n=319)

**Respondents overwhelmingly support (90%) having the option to choose their benefits as a means of reducing car insurance premiums. Two-thirds (67%) were also in favour of making the right to sue for pain/suffering an optional benefit that could be purchased as part of their policy.**



**Q20. Do you support or oppose having the option to choose what benefits are included in your policy as a means of reducing your car insurance premiums?**  
(n=400)



**Q21. Would you support or oppose making the right to sue for pain/suffering an optional benefit that you could purchase as part of your policy?**  
(n=400)