



CONSUMER REPRESENTATIVE

June 14, 2011
Edmonton
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Purpose of Presentation

- To reflect on feedback received from consumers.
- To present information that is relevant to the Board's deliberations.

Issues to Consumers

- Affordability
- Rate Stability
- Availability



Process

- Contracted a survey of Albertans
- Personal interviews with 35 respondents
- Consulted with other organizations
- Additional research



Premiums

- 54% of consumers surveyed agreed that premiums are 'fair and reasonable' – compared 70% in 2009
- Many drivers with no 'at fault claims' still feel that they pay too much and that the difference in premium between good drivers and poor drivers is not large enough.

- AIRB has ordered reductions to mandatory premiums of 23% since 2004.
- Average premium for basic and optional coverage in 2010 was \$1081—a decrease of 1% from 2009.
- Mandatory coverage decreased 4.9%. Optional coverage increased 3.8%.
- Overall, average premiums have increased by 5.7% since 2005 or 1.1% per year—largely because of increases to optional coverage.

Drivers on the Grid

- One goal of reform was to give young drivers ‘a break’.
- Comparison of loss ratios for ‘on the grid’ young drivers and ‘off the grid’ young drivers indicates that premiums for basic coverage are covering losses for that group—young drivers are not being subsidized.

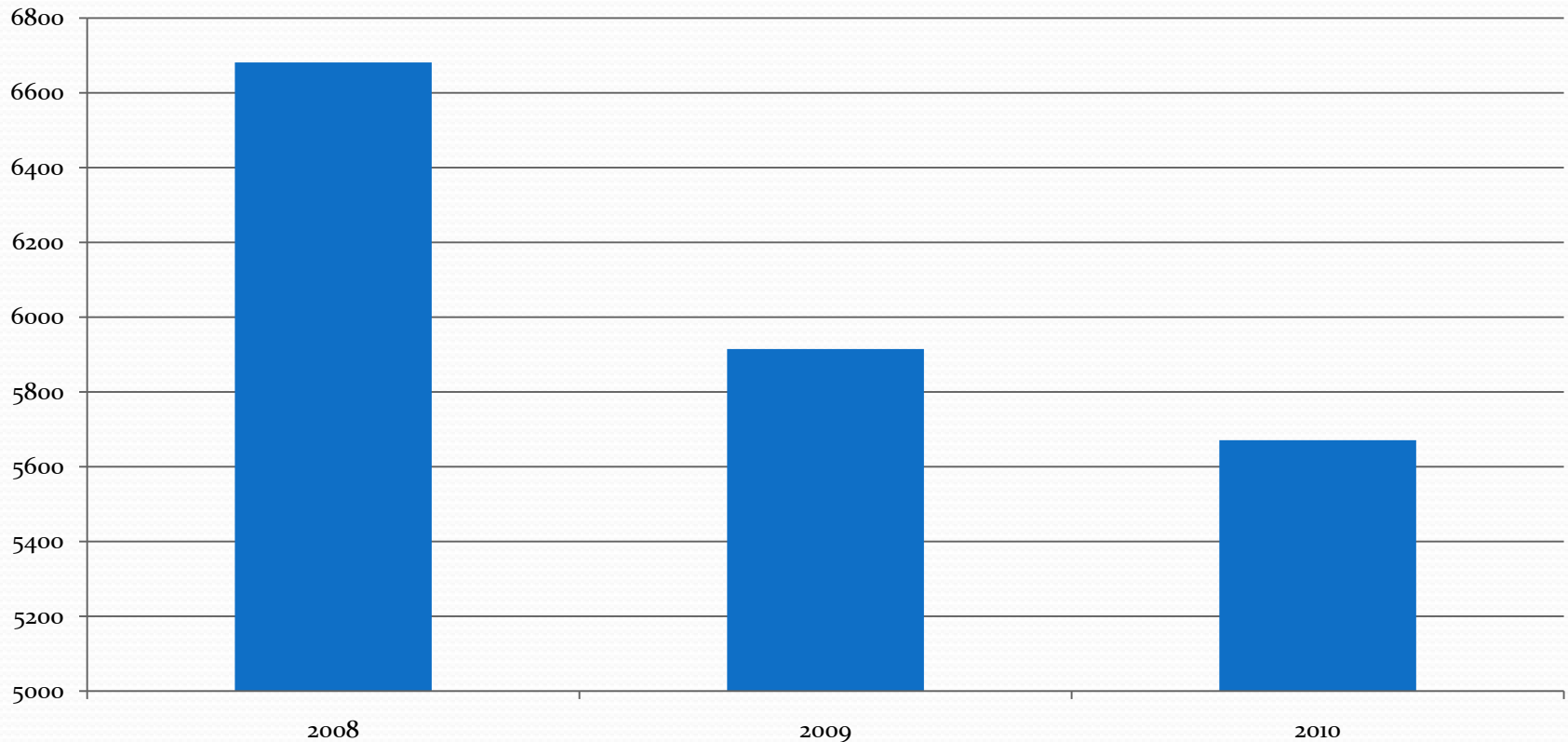


Availability of Coverage

- Prior to reforms, availability was a problem
- Some individuals were driving without insurance.
- Some consumers in rural areas identified a problem with uninsured drivers.
- The number of convictions of uninsured drivers is decreasing.

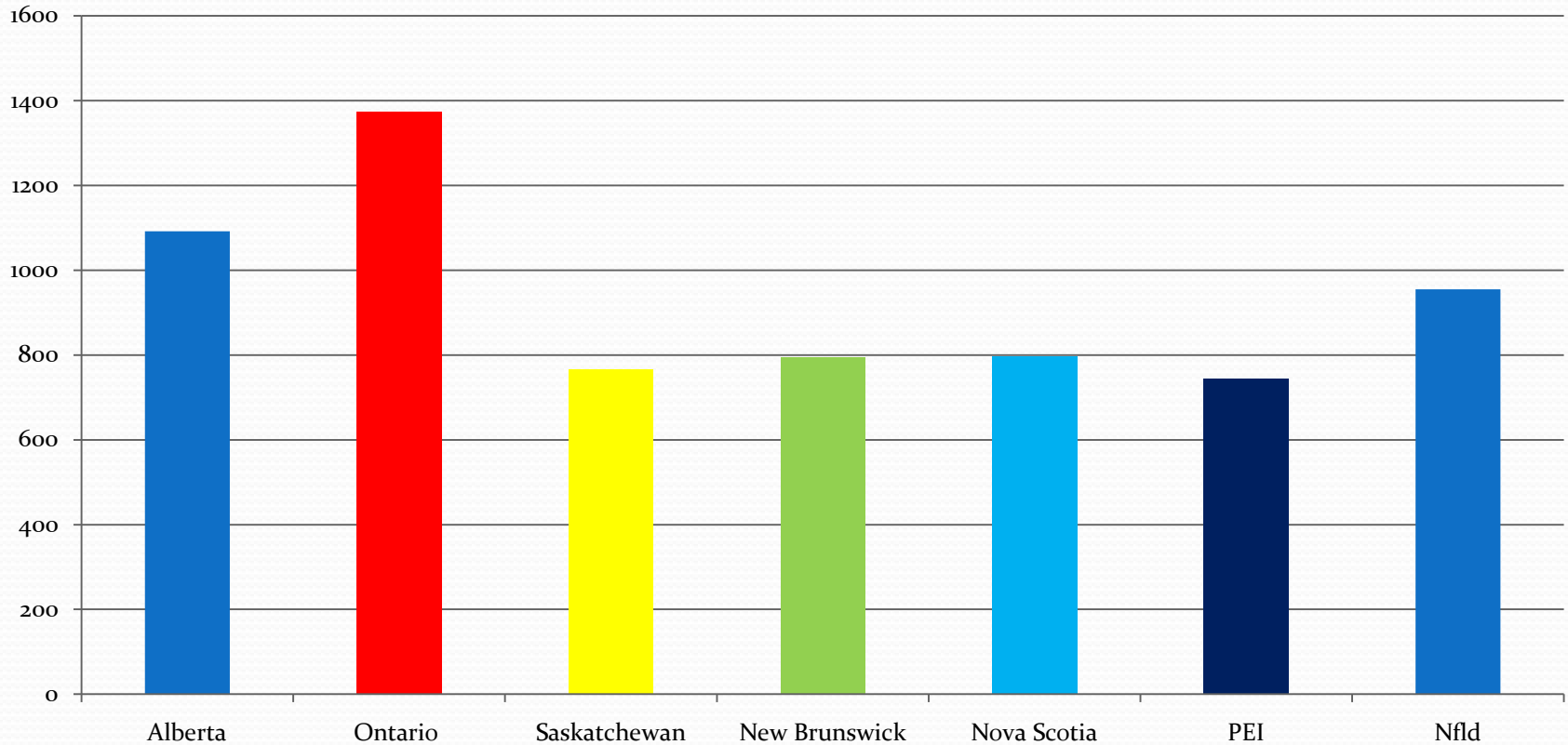
Number of Convictions for Driving without Insurance Decreasing

Convictions for Driving without Insurance



Comparison to Other Provinces

Average Premium by Province, 2009



Source : Insurance Bureau of Canada , SGI



Consumer Complaints

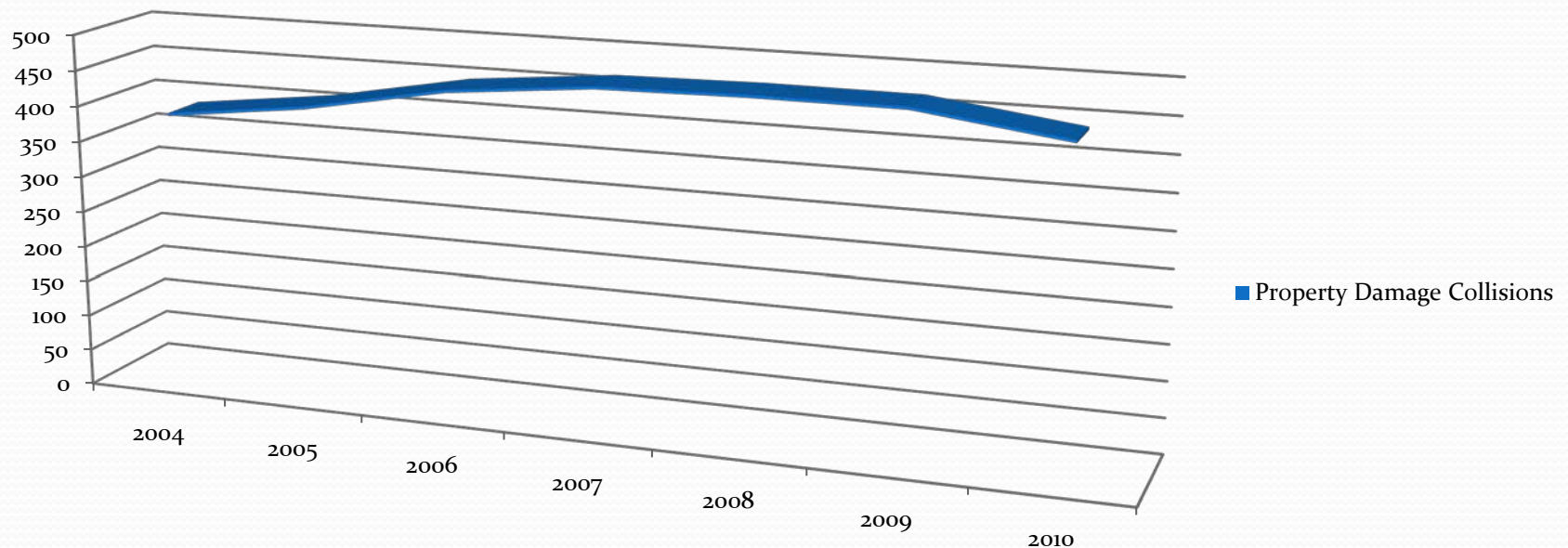
- No increase in calls to the Superintendent of Insurance.

Traffic Safety

- Traffic safety is an issue to consumers.

Number of Collisions resulting in property damage decreased from 2009 to 2010.

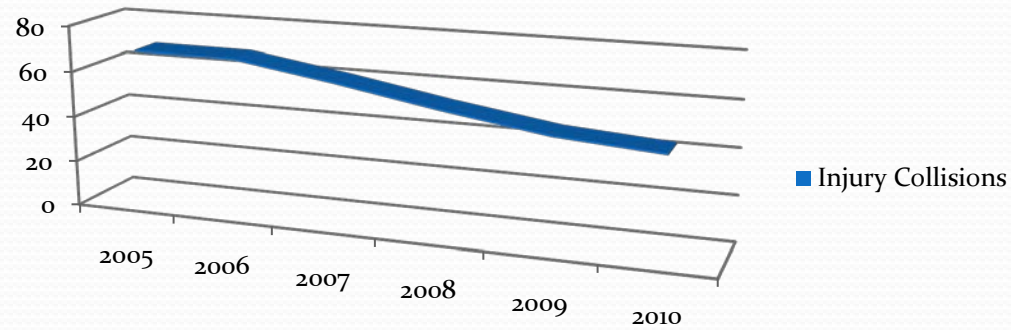
Property Damage Collisions



Source: Alberta Traffic Collision Statistics, 2010
Based on Statistics Canada and Service Alberta -Registries Services data.

Injury rates in Alberta have continued to decrease since 2005 .

Injury Collisions per 10,000 vehicles



Source: Alberta Traffic Collision Statistics, 2010
Based on Statistics Canada and Service Alberta data.

Competition

- 36% of consumers polled obtained a competitive quote for insurance – 86% stayed with their existing insurer – slightly less than 2010.
- Compared to 58% in 2005 who obtained a quote and 40% in 2008. In 2005, 84% stayed with their insurer.
- Those that switched enjoyed substantial reductions.
- Increased use of on-line tools.

Transparency

- Consumers are frustrated with ‘insurance lingo’.
- Information to brokers related to ‘unbundled rates’ has improved.

Credit Scoring

- 55% of consumers in the telephone survey were not comfortable with the use of credit scoring as a rating factor.
- Viewed it as an invasion of privacy and not relevant to driving habits.

Mandated Adjustment

- Lower accident rates signal stable insurance rates to consumers.