

# **Annual Adjustment of Premiums for Basic Coverage**

**Presentation to the Alberta Automobile Insurance Rate Board**

**June 14, 2011  
Edmonton, Alberta**

**Submitted by:**

Merle Taylor, Consumer Representative  
Alberta Automobile Insurance Rate Board

Alf Savage, Chair  
Automobile Insurance Rate Board  
Suite 2440, 10303 Jasper Avenue  
Edmonton, AB T5J 3N6

Dear Mr. Savage;

At the request of the Automobile Insurance Rate Board, I undertook an independent and impartial review of consumer thoughts and perspectives on automobile insurance in the province of Alberta. The mandate of my review was to ensure Alberta consumers were appropriately and adequately represented during the Board's public annual adjustment process.

My review considered a number of relevant issues related to the pricing of automobile insurance.

In my role as the Consumer Representative, I believe that it is important that the Board consider the interests of consumers along with the interests of all other stakeholders before arriving at its decision on August 1, 2011.

The views expressed in this presentation are my own and those of Alberta consumers – they do not represent those of the Board.

Please accept the following as my presentation to the Board. I look forward to answering any questions that you may have in Edmonton on June 14, 2011.

Sincerely,

Merle Taylor  
Consumer Representative

## *Role of the Consumer Representative*

Merle Taylor was appointed to the Automobile Insurance Rate Board (AIRB) as the Consumer Representative for a third term in March, 2011 and was selected according to the criteria set out in the *Insurance Act*. The role of the Consumer Representative is to reflect the interests of consumers at the Board level. Consistent with this role, the Board asked Merle to work independently to collect consumer comments and concerns and report back to the Board during its public meetings. The information collected from consumers across Alberta is reflected in this report and will be presented to the Board during the public meetings.

Merle has a Bachelor of Arts (Economics) and is a Certified Management Accountant. Merle has extensive experience as a business consultant, working on a range of projects involving business issues, organizational issues, strategic planning, and project management. Prior to entering the consulting field, Ms. Taylor was employed by Alberta Treasury, working in increasingly responsible senior and executive positions in the Budget Bureau and the Office of the Controller. In addition to her work as a management consultant, Mrs. Taylor has held several leadership positions with a range of community and not-for-profit volunteer organizations.

## *Background*

The Government of Alberta regulates automobile insurance premiums with the goal of providing consumers with affordable and stable premiums. The regulatory framework has four key features: a premium grid, an all-comers rule, a cap on pain and suffering awards for minor injuries, and regulation of premium increases on basic coverage by the AIRB. Details of these features are included as Attachment 1.

## *Expectations of Consumers*

Consumers have several concerns with respect to automobile insurance. These include:

- **Affordable rates.** Driving a vehicle is a necessity for many Albertans and they need to be able to pay a reasonable premium to insure their vehicle.
- **Stability of rates.** Most households have a predictable income year to year and count on expenses being reasonably predictable so they can live within their budget. Large increases in premiums can disrupt their planning.
- **Availability.** Insurance for young drivers and drivers with a poor driving record needs to be available and premiums cannot be so high that these drivers fail to carry insurance.

## *What I did*

I contracted with an independent marketing research company to conduct both a telephone survey with 800 insurance consumers across the province and a web survey with 214 insurance consumers regarding:

- Their experience in obtaining insurance
- Whether they 'shop around' for rates
- Their collision history and experience in resolving any damages
- Their impression of the level of premiums for the type of coverage they carry.
- Their experience and views on using credit score as a rating criterion for automobile insurance premiums

Similar surveys were conducted in 2005, 2008, 2009 and 2010 and several questions were replicated to allow for comparisons to responses. We added a web survey this year to ensure that consumers that do not have telephone land lines were also represented. The complete survey results are appended to this report.

I personally contacted thirty five of the individuals who were included in the initial survey, representing communities around the province, to further discuss their experience with automobile insurance. I contacted these individuals by conducting a focus group in Edmonton and in Calgary and by contacting individuals by telephone in communities around the province.

In addition, newspaper ads were placed in daily newspapers throughout Alberta informing the public of the public meetings and inviting them to submit their comments or concerns to the consumer representative. Several consumers wrote or called to express their concerns about particular issues.

I contacted the Office of the Superintendent of Insurance to determine the number of calls from consumers and the nature of the issues that have been raised over the past year. I also met with board members of the Insurance Brokers Association of Alberta to hear of any problems that their customers have had in obtaining appropriate insurance over the past year.

## *What I Found*

### **Premiums**

Of the consumers surveyed by telephone, 54% agreed with the statement that 'Insurance premiums are fair and reasonable'. This compares to 70% who agreed with the statement when the survey was conducted in 2010. When this question was asked of survey respondents in 2005, 46% agreed with this statement.

From 2004 to 2010, the Government and the AIRB ordered premium reductions on mandatory auto insurance coverage totalling 23%. This includes a 5% premium reduction ordered by the AIRB in 2010.

The average premium in 2005 in Alberta, including basic and optional coverage was \$1023. Since 2005, average premiums have been increasing even though the portion

for basic (mandatory) coverage has been decreasing. The average premium in 2010 was \$1081, an increase of 5.7 % over 5 years or 1.1% per year. Average premiums for Alberta decreased by 1% from 2009 to 2010. This decrease resulted from **decreases** to mandatory coverage of 4.9% and **increases** to optional coverage of 3.8%.

The survey results indicate increased dissatisfaction with premium levels even though premiums have not increased significantly over the past six years. The consumers that I spoke to, many of whom were drivers who had no 'at fault claims', felt that rates were high and also that the difference in premiums between good drivers and drivers with a poor accident record is not that great.

One of the goals of the insurance reforms in 2004 was to give young inexperienced drivers a break by establishing maximum premiums for any driver profile for basic coverage. A comparison of loss ratios<sup>1</sup> for entry level drivers 'on the grid' and loss ratios for similar drivers 'off the grid' indicates that those inexperienced drivers who are rated on the grid are in fact paying a premium for basic coverage that approximates the cost of insuring that group. So experienced drivers are not, on the whole, subsidizing younger drivers who are rated on the grid.

### **Availability of Insurance**

Prior to the reforms, some drivers were refused standard insurance as a result of a lapse in coverage or having defaulted on a payment. This, combined with high premiums, resulted in more drivers choosing to drive without insurance. Prior to 2005, the number of incidents of uninsured drivers was steadily increasing. The number of convictions for uninsured drivers has decreased steadily from 2008-09 through 2010-11. Some of the consumers whom I spoke to, particularly in rural areas, indicated that there is still a serious problem with uninsured drivers.

Accidents involving uninsured drivers increase the claims costs and, therefore, premiums for insured drivers. It is important to consumers that government policies discourage drivers from driving without insurance. The grid system sets a maximum premium that limits the premium for drivers with a claims or conviction history.

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<sup>1</sup> Source: GISA/IBC

## **Comparing Premiums to Other Provinces<sup>2</sup>**

The average written premium for private passenger vehicles in Alberta for 2009 was \$1092, Alberta's average premium was lower than Ontario at \$1374, but was higher than the average premium in New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, which were \$795, \$796, \$744 and \$955 respectively. Ontario has much richer accident benefits coverage than Alberta which largely explains the higher premiums in that province. The average premium in Saskatchewan for 2009 was significantly lower than Alberta at \$767. The majority of drivers in Saskatchewan choose insurance coverage that does not provide the right to sue for damages. This would explain in part, the significant differential in rates between Saskatchewan and Alberta. The average rate of \$767 for Saskatchewan includes both private passenger and light commercial vehicles so is not directly comparable.

While the average automobile insurance premium in Alberta is higher than the Maritime Provinces, Albertans' total automobile insurance premiums as a percent of personal disposable income per person are among the lowest of the provinces where there is private insurance. (i.e. Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland & Labrador). In 2008, total average automobile insurance premiums for Albertans were 2.86% of personal disposable income. This compares to 4.43% of personal disposable income in 2003.<sup>3</sup> Personal disposable income for Alberta is higher than any other province and has increased significantly since 2003, so this ranking cannot be attributed entirely to lower insurance rates in Alberta.

## **Consumer Complaints**

The Office of the Superintendent of Insurance indicates that the volume of calls from consumers regarding automobile insurance has not increased and that many of the calls are seeking information rather than making a complaint.

## **Traffic Safety**

One of the most effective ways to reduce automobile insurance premiums is to reduce the number and severity of traffic accidents. The rate of reported property damage collisions in Alberta adjusted for population decreased slightly in 2009 over 2008. The number of injury collisions continued to decline in 2009, continuing the

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<sup>2</sup> Sources: Insurance Bureau of Canada, SGI in Saskatchewan, and Insurance Corporation of British Columbia

<sup>3</sup> Source: GISA, Statistics Canada, CANSIM 384-0012

pattern of decline since 2004. In Alberta, the number of injured parties per 10,000 of population in 2009 was 52 compared to 61.2 in 2008, which is a 15% reduction.<sup>4</sup> The increased use of seatbelts and other safety features in automobiles appears to have an impact on the number of bodily injuries. While Alberta's injury rates are lower than most other provinces, fatality rates are higher than the Canadian average. Note that this data is derived from police reports rather than insurance claim data so there may be some discrepancies between the two sources.

### **Competition**

Our telephone survey indicated that 36% of the consumers polled obtained a competitive quote for insurance over the past 2 years. This was consistent with survey results from the past two years. Of the consumers who obtained a competitive quote, 86% of consumers stayed with their existing insurer. This was 3% less than the survey results in 2009. This compares to the 2005 survey where 58% obtained a competitive quote and 84% stayed with their existing insurer. Of the consumers that I spoke to, those who had switched insurers reported that they received substantial reductions in their premiums. A number of respondents shopped around but were not able to obtain a lower premium as a result. Younger consumers are increasingly using on-line tools to investigate and purchase insurance.

### **Transparency**

Consumers who I spoke to voiced some frustration in trying to understand the 'insurance lingo' on their declaration and to understand the factors causing a change in premium. Insurance brokers indicate that several insurance companies have improved the information available to customers and that information for brokers has improved for those companies that have implemented unbundling.

### **Credit Scoring**

The survey indicated that 55% of consumers in the telephone survey did not agree with the use of credit scoring, even if it resulted in a premium reduction. In the focus groups and teleconferences, many of the people that I spoke to felt strongly that this was an invasion of privacy and was unrelated to an individual's driving ability. While some of the respondents would likely realize a premium reduction from the use of credit scoring, they cited various situations of friends or acquaintances that would be unfairly penalized.

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<sup>4</sup> Alberta Transportation Collision statistics, 2009. Based on Statistics Canada and Service Alberta – Registries data

## *My Observations*

Total insurance premiums have been stable since 2004. While insuring a vehicle can be a significant expense for a household, this cost has not increased at the same rate as other expenses or the increase in personal disposable income in Alberta.

Transparency is an issue for consumers. They are unable to understand why their premiums increase or how they can change their insurance to reduce rates.

In considering the annual adjustments consumers have come to expect stable premiums and would be critical of any significant increase.

## Attachment 1

### Features of the Alberta Automobile Insurance Legislation and Regulations

#### 1. *Premium Grid*

All insurance companies are subject to the premium grid, which sets a base premium for third party liability and accident benefits coverage. The base premium is subject to discounts, which are dependent on the number of accident free driving years or surcharges, which are dependent on the number of at-fault claims. Premiums are subject to adjustment for traffic-related convictions. All insurance companies previously only rated policies on their own rating programs. With the introduction of the premium grid, insurance companies are required to compare a policyholder's grid premium to the premium under the insurer's rating program, and apply the lesser of the two, subject to exceptions that relate to poor driving record.

#### 2. *The All-Comers Rule*

The all-comers rule requires insurance companies that are licensed to sell automobile insurance, to accept all applications for automobile insurance subject to the limited exceptions permitted under the *Insurance Act* and the *Adverse Contractual Action Regulation*. High-risk policies may be ceded to a risk sharing pool. There is no limit to the number of Grid rated risks that can be ceded, though companies are limited to 4 percent of their portfolio for non-Grid risks that can be ceded to the risk sharing pools.

#### 3. *Awards for Pain and Suffering*

Pain and suffering awards for minor injuries as a result of an automobile accident after October 1, 2004, were capped at \$4,000 (increased to \$4,559 as of January 1, 2011). If an injury is classified as a minor injury, as defined by legislation, the injured party cannot collect an award for pain and suffering that is greater than the cap amount that is annually adjusted for inflation. Injured persons with minor injuries may however, recover the full extent of damages for lost income, future income, medical and rehabilitation costs, and any other out-of-pocket expenses from the wrongdoer.

#### 4. *The Automobile Insurance Rate Board (AIRB)*

An independent body that operates at arm's length from Alberta Finance and Enterprise, the AIRB's mandate is to regulate the premium level for basic coverage (third party liability limits of \$200,000 to \$2,000,000 and accident benefits), monitor additional coverage, and to review and approve private passenger rating plans of new insurers and new and revised rating programs for other than private passenger vehicles for third party liability and accident benefits coverage.

The AIRB focuses on the following core areas:

- **Annual Adjustment:** Conduct an annual review and adjust premium level for basic coverage under the grid rating program and the allowable percentage increase for individual insurers' rating programs.
- **Special Request Review of Insurer's Rating Program:** At the Superintendent's request, review an insurer's rating program for basic coverage and adjust the rating program and premium schedule, if necessary.
- **New Insurers:** Review and approve private passenger rating programs for new insurers entering the province.
- **Optional Coverage:** Monitor rating programs for optional coverage through a "file and use" system.
- **Duties of the former Automobile Insurance Board:** Fulfill the functions and responsibilities of the former Alberta Automobile Insurance Board in areas not addressed by amendments to the *Insurance Act* and the *Automobile Insurance Premiums Regulation*, such as changes in premiums for third party liability and accident benefits for classes other than private passenger.

**ALBERTA AUTOMOBILE INSURANCE RATE BOARD  
(AIRB)**

**2011 Public Perception Survey**

**June 6, 2011**

**Banister**  
Research & Consulting Inc.

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### Appendix A – Survey Instruments



## Summary of Findings

In 2011, the Consumer Representative for the Alberta Automobile Insurance Rate Board contracted Banister Research & Consulting Inc. (Banister Research) to conduct a survey amongst adult residents of Alberta to assess the public's perception and knowledge of various features of Alberta's automobile insurance. A total of 800 telephone interviews were completed, resulting in a margin of error no greater than  $\pm 3.5\%$  at the 95% confidence level or 19 times out of 20. A total of 214 web surveys were also completed, resulting in a margin of error no greater than  $\pm 6.7\%$  at the 95% confidence level or 19 times out of 20.

### Summary of Telephone Survey Findings:

#### Automobile Insurance

- ◆ Sixty-four percent (64%) of respondents indicated they had not sought competitive quotes in the past two years (a slight decrease from 65% in 2010), while 36% indicated that they had (a slight increase from 35% in 2010).
  - Amongst these respondents (n=286), 14% indicated they had obtained one quote (less than 9% in 2010);
  - Thirty-five percent (35%) had obtained 2 quotes (comparable to 36% in 2010);
  - Thirty-four percent (34%) had obtained 3 quotes (slightly less than 36% in 2010);
  - Nine percent (9%) had obtained 4 quotes (comparable to 10% in 2010); and
  - Six percent (6%) had obtained 5 or more quotes (comparable to 8% in 2010).
- ◆ Of the respondents that indicated they had obtained competitive quotes while shopping for automobile insurance in the past two years (n=286), the majority obtained these quotes through telephone calls to brokers (67%, a significant increase from 59% in 2010), by personally visiting a broker (33%, a significant increase from 23% in 2010), or through websites (26%, a significant increase from 20% in 2010)<sup>1</sup>.
- ◆ The majority (86%, a slight decrease from 89% in 2010) of respondents indicated that in the past two years, they had remained with their existing carrier for one or more vehicles, while 39% had obtained a new policy for a vehicle they purchased or acquired (comparable to 40% in 2010) and 14% had switched insurance companies (comparable to 15% in 2010).
- ◆ Respondents that had switched automobile insurance companies in the last two years (n=116) frequently mentioned they switched insurance companies because the new company was less expensive (73%, a slight decrease from 80% in 2010).

<sup>1</sup> Multiple responses were permitted for this question

- ◆ Respondents that had switched automobile insurance companies or obtained a new automobile insurance policy for a vehicle they purchased or acquired (n=356) most frequently noted they chose their policy based on good service (39%, a significant increase from 26% in 2010), and comparative rates or lower prices (37%, a decrease from 44% in 2010).

### **Perceptions of Automobile Insurance**

- ◆ Thirty-six percent (36%) of respondents indicated they or someone in their household had experienced excessively high automobile insurance rates (a significant increase from 29% in 2010).
- ◆ Seven percent (7%) of respondents had decided not to insure a vehicle because their automobile insurance premiums would be cost prohibitive (unchanged from 2010).
- ◆ One percent (1%) of respondents had been denied automobile insurance coverage (unchanged from 2010).
- ◆ When asked to rate their level of agreement with the statement, “Automobile insurance premiums are fair and reasonable,” fifty-four percent (54%) of respondents agreed (5, 6 or 7 out of 7) with this statement, while 17% provided a neutral rating (4 out of 7) and 28% disagreed (1, 2 or 3 out of 7).
- ◆ Thirty-eight percent (38%) believed that premiums in Alberta are generally more expensive (comparable to 37% in 2010), while 18% believed they are the same (comparable to 19% in 2010), 9% felt they were less expensive (unchanged from 2010), and 3% believed that this depended upon the province (comparable to 4% in 2010). One-third (33%) of respondents did not provide a response (comparable to 32% in 2010).

### **Credit Score**

- ◆ Forty-eight percent (48%) of respondents were aware of how to check their credit score, while 51% were not.
- ◆ Thirty-two percent (32%) of respondents had checked their credit score (comparable to 35% in 2010), while 68% had not (a slight increase from 64% in 2010).
- ◆ Thirty-five percent (35%) of respondents agreed that they were aware of the factors involved in calculating their credit score, while 9% were neutral and 53% disagreed.
- ◆ Thirty-five percent (35%) of respondents also agreed that they understand the concepts implied on a credit score, while 11% provided a neutral rating and 50% disagreed.
- ◆ Fifteen percent (15%) of respondents indicated that their insurance company uses their credit information in relation to their automobile insurance (a slight decrease from 17% in 2010), while 37% disagreed (a slight increase from 35% in 2010), and 48% were uncertain (unchanged from 2010).

- ◆ The majority of respondents (89%) were not asked for permission to gather their credit information by their insurance representative (unchanged from 89% in 2010), while 4% were asked (comparable to 5% in 2010), and 6% could not remember (comparable to 5% in 2010).
- ◆ The majority of respondents (68%) were uncomfortable with an insurer using their credit scores while 9% were neutral, and 22% were comfortable.
- ◆ One-third of respondents (33%) agreed that it is appropriate to use credit scores in calculating automobile insurance premiums, while 10% provided a neutral rating, and 55% disagreed.

### **Recent Insurance Incidents**

- ◆ Fourteen percent (14%) of respondents indicated they had been involved in a collision involving another vehicle (comparable to 13% in 2010), while 6% had been involved in a collision not involving another vehicle (a slight increase from 4% in 2010). Additionally, 9% of respondents indicated they had been involved in an incident involving damage to a vehicle other than through a collision, including property damage caused by fire, theft, hail or vandalism (a slight increase from 7% in 2010).
- ◆ When asked if there had ever been a period of time where they, or someone covered by their insurance policy, had stopped carrying automobile insurance coverage due to any reason, 11% indicated they had (a slight decrease from 13% in 2010).
- ◆ The majority (79%) of respondents indicated that they, or someone covered by their policy, had not had an at-fault claim in the past six years (a slight decrease from 82% in 2010), while 17% had filed one claim (a slight increase from 15% in 2010) and 3% had filed two or more claims (unchanged from 2010).
- ◆ Seventy-nine percent (79%) of respondents indicated that they had not received any tickets that would result in demerit points in the past three years (a significant increase from 74% in 2010), while 11% had received one ticket (a significant decrease from 17% in 2010), 6% had received two tickets (unchanged from 2010), and 3% had received three or more tickets resulting in demerit points (unchanged from 2010).

## Summary of Web Survey Findings

### Automobile Insurance

- ◆ Sixty-one percent (61%) of respondents indicated they had not sought competitive quotes in the past two years (a slight increase from 56% in 2010), while 39% indicated that they had (a slight decrease from 44% in 2010).
  - Amongst these respondents (n=83), 17% indicated they had obtained one quote (a significant increase from 6% in 2010);
  - Forty-one percent (41%) had obtained 2 quotes (comparable to 42% in 2010);
  - Thirty-one percent (31%) had obtained 3 quotes (slightly less than 37% in 2010);
  - Five percent (5%) had obtained 4 quotes (slightly less than 10% in 2010); and
  - Five percent (5%) had obtained 5 or more quotes (unchanged from 2010).
- ◆ Of the respondents that indicated they had obtained competitive quotes while shopping for automobile insurance in the past two years (n=83), the majority obtained these quotes through telephone calls to brokers (72%, comparable to 73% in 2010), through websites (23%, a decrease from 33% in 2010), or by personally visiting a broker (34%, a decrease from 47% in 2010)<sup>2</sup>.
- ◆ The majority (89%, a slight increase from 84% in 2010) of respondents indicated that in the past two years, they had remained with their existing carrier for one or more vehicles, while 42% had obtained a new policy for a vehicle they purchased or acquired (unchanged from 2010) and 15% had switched insurance companies (comparable to 14% in 2010).
- ◆ Respondents that had switched automobile insurance companies in the last two years (n=29) frequently mentioned they switched insurance companies because the new company was less expensive (66%, a decrease from 82% in 2010).
- ◆ Respondents that had switched automobile insurance companies or obtained a new automobile insurance policy for a vehicle they purchased or acquired (n=100) most frequently noted they chose their policy based on comparative rates or lower prices (42%, a decrease from 53% in 2010), and good service (41%, a significant increase from 28% in 2010).

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<sup>2</sup> Multiple responses were permitted for this question

## **Perceptions of Automobile Insurance**

- ◆ Twenty-three percent (23%) of respondents indicated they or someone in their household had experienced excessively high automobile insurance rates (an increase from 19% in 2010).
- ◆ Six percent (6%) of respondents had decided not to insure a vehicle because their automobile insurance premiums would be cost prohibitive (a slight decrease from 7% in 2010).
- ◆ Zero percent (0%) of respondents had been denied automobile insurance coverage (a slight decrease from 1% in 2010).
- ◆ When asked to rate their level of agreement with the statement, “Automobile insurance premiums are fair and reasonable,” fifty-seven percent (57%) of respondents agreed (5, 6 or 7 out of 7) with this statement, while 14% provided a neutral rating (4 out of 7) and 25% disagreed (1, 2 or 3 out of 7).
- ◆ Thirty-seven percent (37%) believed that premiums in Alberta are generally more expensive (a decrease from 44% in 2010), while 10% believed they are the same (comparable to 13% in 2010), 7% felt they were less expensive (a slight increase from 6% 2010), and 14% believed that this depended upon the province (comparable to 15% in 2010). One-third (32%) of respondents did not provide a response (a significant increase from 22% in 2010).

## **Credit Score**

- ◆ Fifty-five percent (55%) of respondents were aware of how to check their credit score, while 43% were not.
- ◆ Forty-two percent (42%) of respondents had checked their credit score (an increase from 36% in 2010), while 57% had not (a decrease from 61% in 2010).
- ◆ Thirty-six percent (36%) of respondents agreed that they were aware of the factors involved in calculating their credit score, while 9% were neutral and 48% disagreed.
- ◆ Thirty-six percent (36%) of respondents agreed that they understand the concepts implied on a credit score, while 16% provided a neutral rating and 42% disagreed.
- ◆ Eleven percent (11%) of respondents indicated that their insurance company uses their credit information in relation to their automobile insurance (a slight decrease from 13% in 2010), while 34% disagreed (a significant increase from 16% in 2010), and 55% were uncertain (a significant decrease from 71% in 2010).
- ◆ The majority of respondents (82%) were not asked for permission to gather their credit information by their insurance representative (a significant increase from 69% in 2010), while 4% were asked (comparable to 3% in 2010), and 15% could not remember (a significant decrease from 28% in 2010).
- ◆ The majority of respondents (66%) were uncomfortable with an insurer using their credit scores while 11% were neutral, and 19% were comfortable.

- ◆ Forty percent of respondents (40%) agreed that it is appropriate to use credit scores in calculating automobile insurance premiums, while 10% provided a neutral rating, and 47% disagreed.

### **Recent Insurance Incidents**

- ◆ Twelve percent (12%) of respondents indicated they had been involved in a collision involving another vehicle (significantly less than 19% in 2010), while 6% had been involved in a collision not involving another vehicle (comparable to 5% in 2010). Additionally, 11% of respondents indicated they had been involved in an incident involving damage to a vehicle other than through a collision, including property damage caused by fire, theft, hail or vandalism (a slight increase from 8% in 2010).
- ◆ When asked if there had ever been a period of time where they, or someone covered by their insurance policy, had stopped carrying automobile insurance coverage due to any reason, 15% indicated they had (a slight decrease from 19% in 2010).
- ◆ The majority (80%) of respondents indicated that they, or someone covered by their policy, had not had an at-fault claim in the past six years (unchanged from 2010), while 17% had filed one claim (unchanged from 2010) and 4% had filed two or more claims (unchanged from 2010).
- ◆ Seventy-six percent (76%) of respondents indicated that they had not received any tickets that would result in demerit points in the past three years (a significant increase from 71% in 2010), while 15% had received one ticket (a significant decrease from 18% in 2010), 5% had received two tickets (comparable to 7% in 2010), and 5% had received three or more tickets resulting in demerit points (comparable to 4% in 2010).

## **1.0 STUDY BACKGROUND**

In 2011, the Consumer Representative for the Alberta Automobile Insurance Rate Board contracted Banister Research to conduct a survey amongst adult residents of Alberta to assess the public's perception and knowledge of the Province of Alberta's automobile insurance industry, similar to research conducted in previous years (2008 to 2010).

## **2.0 METHODOLOGY**

All components of the project were designed and executed in close consultation with the Automobile Insurance Rate Board (the Client). A detailed description of each task of the project is outlined in the remainder of this section.

### **2.1 Project Initiation and Questionnaire Design**

The survey instruments from the 2009 and 2010 survey years were reviewed by Banister Research in conjunction with the client. It included a mixture of qualitative and quantitative questions to elicit a more in-depth investigation of the issues and concerns pertinent to the evaluation assignment.

Once the draft survey instrument was finalized, revisions were made and Banister Research conducted 10 pretest interviews with a random sample of respondents from across the province. The pretest was used to assess interview length and flow as well as identify any problem questions or difficulties in comprehension or wording as well as areas of respondent resistance. Based on the results of the pretest, the questionnaire was finalized in conjunction with the client. The finalized survey instrument was also adapted into a web-based form for online completion. A copy of the final questionnaire is provided in Appendix A.

### **2.2 Survey Population and Data Collection**

Telephone interviews were conducted from April 1<sup>st</sup> to May 2<sup>nd</sup>, 2011. Banister Research completed a total of 800 telephone interviews with residents of the Province of Alberta. To ensure the survey sample was statistically representative of the province, quotas were established to ensure that 200 interviews were completed in Edmonton, Calgary, other cities<sup>3</sup> and other rural areas throughout the province.

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<sup>3</sup> Fort McMurray, Grande Prairie, Red Deer, Medicine Hat, Lethbridge, Lloydminster, St. Albert, Spruce Grove, Leduc, Sherwood Park

Overall results of the telephone survey provide a margin of error no greater than  $\pm 3.5\%$  at the 95% confidence level or 19 times out of 20. When reviewing the survey findings, it is important that the reader note that the sample error tolerances associated with the size of sample sub-groups vary. The reader should be cautious when interpreting results based on a small sample size.

To maximize the sample, up to ten call back attempts were made to each listing prior to excluding it from the final sample. Busy numbers were scheduled for a call back every fifteen minutes. Where there was an answering machine, fax or no answer, the call back was scheduled at a different time period on the following day. The first attempts to reach each listing were made during the evening or on weekends. Subsequent attempts were made at a different time on the following day.

The following table presents the results of the final call attempts. Using the call summary standard established by the Market Research and Intelligence Association, there was a 14% response rate and a 68% refusal rate. It is important to note that the calculation used for both response and refusal rates is a conservative estimate and does not necessarily measure respondent interest in the subject area.

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<b>Summary of Final Call Attempts</b>	
<b>Call Classification:</b>	<b>Number of Calls:</b>
Completed Interviews	800
Busy/No answer/Answering machine/Respondents unavailable	5,142
Refusals	2,921
Fax/Modem/Business	153
Not-In-Service/Not eligible to complete the survey	895
Terminated/Language barrier	125
Quota full	--
<b>Total</b>	<b>10,036</b>

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At the outset of the fieldwork, all interviewers and supervisors were given a thorough step-by-step briefing, explaining everything required for the successful completion of an interview. To ensure quality, at least 20% of each interviewer's work was monitored by a supervisor on an on-going basis.

The questionnaire was programmed into Banister Research's Computer Assisted Telephone Interviewing System (CATI). Using this system, data collection and data entry were simultaneous, as data were entered into a computer file while the interview was being conducted. Furthermore, the CATI system allowed interviewers to directly enter verbatim responses to open-ended questions.

In addition to the telephone survey, a web-based version of the survey was available online from April 13<sup>th</sup> to May 6<sup>th</sup>, 2011. E-mail invitations were sent to all members of the Banister Research Online Panel. A unique identifier was given to all potential respondents to ensure that each respondent only completed the survey once. In total, 214 online surveys were completed, resulting in a margin of error no greater than  $\pm 6.7\%$  at the 95% confidence level or 19 times out of 20. When reviewing the survey findings, it is important that the reader note that the sample error tolerances associated with the size of sample sub-groups vary. The reader should be cautious when interpreting results due to small sample size.

### **2.3 Data Analysis and Project Documentation**

While data was being collected, Banister Research provided either a written or verbal progress report to the client. After the interviews were completed and verified, the lead consultant reviewed the list of different responses to each open-ended or verbatim question and then a code list was established. To ensure consistency of interpretation, the same team of coders was assigned to this project from start to finish. The coding supervisor verified at least 20% of each coder's work. Once the responses were fully coded and entered onto the data file, computer programs were written to check the data for quality and consistency. The same code list was used for both the telephone and web-based surveys.

Data analysis included cross-tabulation, whereby the frequency and percentage distribution of the results for each question were broken down based on respondent characteristics and responses (e.g., gender, age, involvement in a collision, etc.). Statistical analysis included a Z-test to determine if there were significant differences in responses between respondent subgroups. Results were reported as statistically significant at the 95% confidence level.

**Telephone Survey**

To ensure the telephone survey sample provided sufficient accuracy within each area of the province, 200 interviews were conducted within Edmonton, Calgary, other cities, and other areas of Alberta. Geographic segments were established based on the following parameters:

- **City of Edmonton**
- **City of Calgary**
- **Other Cities-** including Fort McMurray, Grande Prairie, Red Deer, Medicine Hat, Lethbridge, Lloydminster, St. Albert, Spruce Grove, Leduc, Sherwood Park; and
- **Other Alberta-** including Athabasca, Banff, Canmore, Blairemore, Crowsnest Pass, Bonnyville, Brooks, Camrose, Drayton Valley, Rocky Mountain House, Drumheller, Edson, Hinton, Grande Cache, Jasper, Grande Centre, Cold Lake, High Prairie, High River, Lacombe, Okotoks, Olds, Peace River, High Level, St. Paul, Slave Lake, Stettler, Wainwright, Westlock, Wetaskiwin, and Whitecourt.

Province-wide results of the telephone survey provide a margin of error no greater than  $\pm 3.5\%$  at the 95% confidence level or 19 times out of 20, while area-specific results provide a margin of error of  $\pm 6.9\%$  at the 95% confidence level for Edmonton and Calgary,  $\pm 8.0\%$  at the 95% confidence level for other cities, and  $\pm 6.2\%$  at the 95% confidence level for other rural Alberta areas.

For the analysis, weights were assigned to Edmonton, Calgary, other cities, and other Alberta areas, to ensure that their representation in the sample was proportionate to their representation in the province. The table below outlines the weighting factors utilized in this research.

<b>Telephone Survey Population</b>	<b>% of Total Population</b>	<b># of Interviews Completed</b>	<b>Weighting Factor</b>	<b>Representative # of Interviews</b>
Edmonton: 730,372	22.2%	200	0.8879	178
Calgary: 988,193	30.0%	200	1.2013	240
Other Cites: 492,860	15.0%	150	0.7989	120
Other Alberta: 1,078,925	32.8%	250	1.0493	262

**Web-based Survey**

Province-wide results of the online survey provide a margin of error no greater than  $\pm 6.7\%$  at the 95% confidence level or 19 times out of 20, while area-specific results provide a margin of error of  $\pm 12.3\%$  at the 95% confidence level for Edmonton,  $\pm 13.7$  for Calgary,  $\pm 13.9\%$  for other cities and other rural Alberta areas.

For the analysis, weights were assigned to Edmonton, Calgary, other cities, and other Alberta areas, to ensure that their representation in the sample was proportionate to their representation in the province. The table below outlines the weighting factors utilized in this research.

<b>Population</b>	<b>% of Total Population</b>	<b># of Interviews Completed</b>	<b>Weighting Factor</b>	<b>Representative # of Interviews</b>
Edmonton: 730,372	22.2%	63	0.7540	48
Calgary: 988,193	30.0%	51	1.2602	64
Other Cities: 492,860	15.0%	50	0.6411	32
Other Alberta: 1,078,925	32.8%	50	1.4034	70

It is important to note that this report provides a detailed description of the survey findings based on province-wide weighted results, or all respondents. Area-specific results have also been presented based on weighted results.

Tabulations of the detailed data tables for both surveys have been provided under separate cover. It is important to note that any discrepancies between charts, graphs or tables are due to rounding of the numbers. A profile of the characteristics of respondents is provided in Section 5 of this report.

This report provides a detailed description of the survey findings from the 2011 Public Perception Survey for the Automobile Insurance Rate Board. Where applicable, results from the current year have been compared with findings from previous survey years.

### 3.0 TELEPHONE STUDY FINDINGS

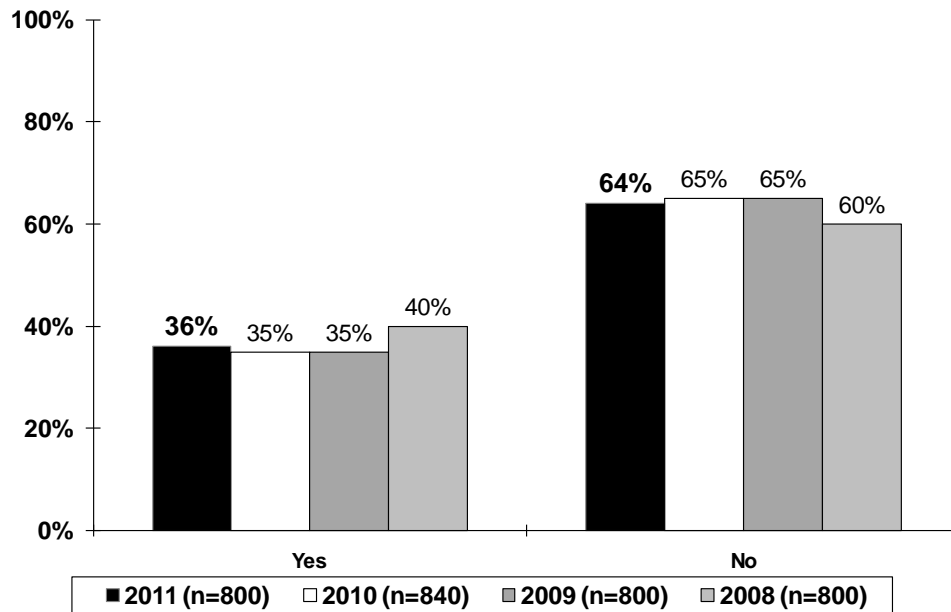
Results of the study are presented as they relate to the specific topic areas addressed by the survey. The reader should note, when reading the report that the term significant refers to “statistical significance”. In conducting the survey, interviewers asked to speak with the individual that reviews or investigates automobile insurance for the household’s private passenger vehicles. This section presents the results of the telephone survey, refer to section 4.0 for the results of the web-based survey.

#### 3.1 Automobile Insurance

Respondents were asked if, at any time in the past two years, they had sought competitive quotes before making a decision about who to purchase automobile insurance from. Sixty-four percent (64%) of respondents indicated they had not sought competitive quotes in the past two years (comparable to 65% in 2010), while 36% indicated that they had (comparable to 35% in 2010). See Figure 1, below.

Figure 1

**At any time in the past two years, have you sought competitive quotes before deciding who to purchase automobile insurance from?**



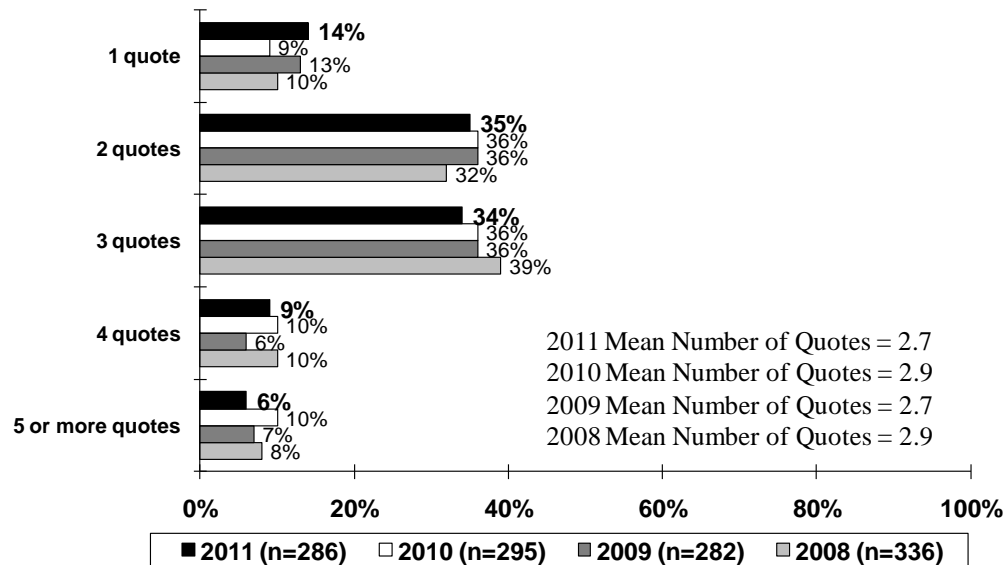
Respondent subgroups significantly more likely to have **sought competitive quotes before making a decision about who to purchase automobile insurance from** included:

- ◆ Respondents 18 to 34 years of age and respondents 45 to 54 years of age (39% to 59% versus 28% of respondents aged 65 or older);
- ◆ Respondents that reside in Edmonton or other cities (39% to 45% versus 29% of respondents that reside in other Alberta areas);
- ◆ Respondents that feel they have experienced excessively high insurance rates (45% versus 31% of respondents that do not feel they have experienced excessively high insurance rates);
- ◆ Respondents that disagree that their automobile insurance premiums are fair and reasonable (47% versus 31% to 35% of respondents that were neutral or agreed that their automobile insurance premiums are fair and reasonable); and
- ◆ Respondents that were aware of how to check their credit score (42% versus 29% of respondents that were unaware).

Respondents that had sought quotes before purchasing insurance (n=286) most frequently stated that they had obtained two (35% comparable to 36% in 2010) or three quotes (34% comparable to 36% in 2010). The average number of quotes obtained in 2011 was 2.7, a slight decrease from 2.9 in 2010. See Figure 2, below.

Figure 2

## How many quotes did you obtain while shopping for insurance?



Base: Respondents that sought competitive quotes before purchasing automobile insurance

Respondent subgroups significant more likely to have **obtained one quote while shopping for insurance** included:

- ◆ Respondents aged 65 years or older (22% versus 6% to 10% of respondents aged 35 to 54);
- ◆ Respondents that reside in Edmonton or other Alberta areas (18% to 23% versus 3% of respondents in other cities); and
- ◆ Respondents that do not feel they have experienced excessively high insurance rates (18% versus 8% of respondents that feel they have experienced excessively high insurance rates).

Respondents aged 35 to 44 were significantly more likely to have **obtained 3 quotes while shopping for insurance** (47% versus 26% of respondents aged 65 or older).

Respondents aged 18 to 34 were significantly more likely to have **obtained 4 quotes while shopping for insurance** (22% versus 4% to 8% of respondents aged 55 or older).

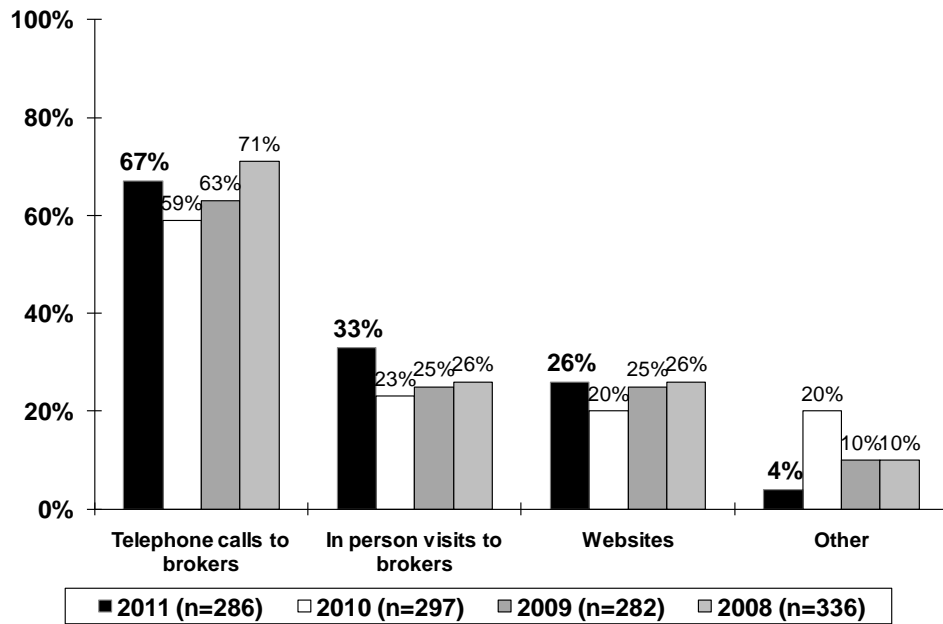
Respondent subgroups significant more likely to have **obtained 5 or more quotes while shopping for insurance** included:

- ◆ Respondents aged 18 to 34 (13% versus 3% of respondents aged 45 to 54); and
- ◆ Respondents that reside in other cities (10% versus 1% of respondents in other Alberta areas).

Respondents that indicated they had obtained quotes while shopping for automobile insurance in the past two years (n=286) were asked how they obtained these quotes. Sixty-seven percent (67%) of respondents had made telephone calls to brokers (a significant increase from 59% in 2010), 33% had made in person visits to brokers (a significant increase from 23% in 2010), and another 26% had obtained quotes through websites (a slight increase from 20% in 2010). Four percent of respondents (4%) had obtained quotes through some other means (a significant decrease from 20% in 2010). See Figure 3, below.

Figure 3

### Where did you get the quotes?



Base: Respondents that sought quotes before purchasing automobile insurance

Respondent subgroups significantly more likely to have **obtained quotes from websites** included:

- ◆ Respondents 18 to 64 years of age (25% to 40% versus 6% of respondents 65 or more years of age); and
- ◆ Respondents that reside in Calgary (35% versus 18% of respondents that that reside in other Alberta areas).

Respondent subgroups significantly more likely to have **obtained quotes through telephone calls to brokers** included:

- ◆ Respondents that reside in Calgary (74% versus 57% of respondents that reside in other Alberta areas);
- ◆ Respondents that disagreed that their automobile insurance premiums were fair and reasonable (75% versus 53% of respondents that were neutral).

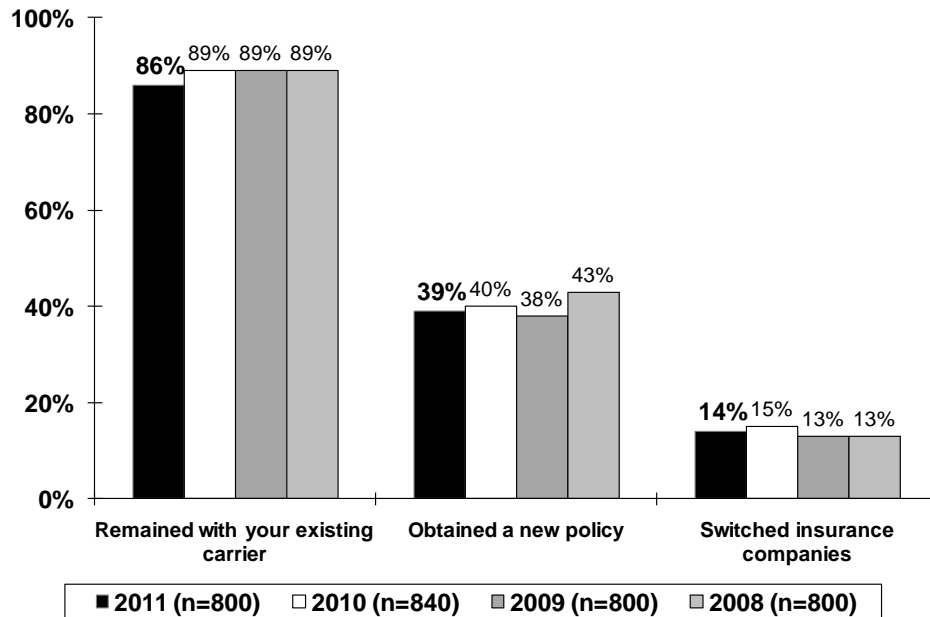
Respondent subgroups significantly more likely to have **obtained quotes through in person visits to brokers** included:

- ◆ Respondents that reside in other Alberta areas (47% versus 21% to 32% of respondents that reside in Edmonton, Calgary, or other cities); and
- ◆ Respondents that feel they have experienced excessively high insurance rates (38% versus 27% of respondents that do not feel they have experienced excessively high insurance rates); and

Next, respondents were asked if, for any vehicles in their household, they had switched insurance companies, remained with their existing carrier, or obtained a new automobile insurance policy for a vehicle they had purchased or acquired in the past two years. As illustrated in Figure 4, the majority (86%) of respondents indicated that they had remained with their existing carrier for one or more vehicles (a slight decrease from 89% in 2010), while 39% had obtained a new policy for a vehicle they purchased or acquired (comparable to 40% in 2010) and 14% had switched insurance companies (comparable to 15% in 2010).

Figure 4

### In the last two years, have you, for any of your vehicles...?



Respondent subgroups significantly more likely to have **switched insurance companies within the last two years** included:

- ◆ Respondents 18 to 54 years of age (17% to 25% versus 9% of respondents aged 65 or older);
- ◆ Respondents that have sought competitive quotes in the past two years (31% versus 5% of respondents that have not sought competitive quotes in the past two years);
- ◆ Respondents that have not had collisions that did not involve another vehicle (15% versus 4% of respondents that have had collisions involving another vehicle);
- ◆ Respondents that feel they have experienced excessively high insurance rates (18% versus 12% of respondents that do not feel they have experienced excessively high insurance rates); and

- ◆ Respondents that disagreed that their automobile insurance premiums are fair and reasonable (18% versus 8% of respondents that agreed their automobile insurance premiums were fair and reasonable).

Respondent subgroups significantly more likely to have **remained with their existing carrier within the last two years** included:

- ◆ Respondents aged 45 and older (87% to 89% versus 72% of respondents aged 18 to 34);
- ◆ Respondents that have not sought competitive quotes in the past two years (92% versus 76% of respondents that have sought competitive quotes in the past two years);
- ◆ Respondents that have had collisions not involving another vehicle in the past 2 years (96% versus 86% of respondents that have not had collisions not involving another vehicle in the past 2 years); and
- ◆ Respondents that were neutral with regards to the fairness of their automobile insurance premiums (92% versus 85% of respondents that disagreed or agreed their automobile insurance premiums were fair and reasonable).

Respondent subgroups significantly more likely to have **obtained a new automobile insurance policy for a vehicle they purchased or acquired within the last two years** included:

- ◆ Respondents aged 18 to 64 (41% to 50% versus 24% of respondents aged 65 or older);
- ◆ Respondents that have sought competitive quotes in the past two years (45% versus 36% of respondents that have not sought competitive quotes in the past two years);
- ◆ Respondents that have had a collision involving another vehicle in the past two years (52% versus 37% of respondents that have not had a collision involving another vehicle);
- ◆ Respondents that feel they have experienced excessively high insurance rates (45% versus 36% of respondents that do not feel they have experienced excessively high insurance rates);
- ◆ Respondents that disagreed that their automobile insurance premiums were fair and reasonable (45% versus 33% of respondents that were neutral in that regard);
- ◆ Respondents that were aware how to check their credit score (46% versus 33% of respondents that were unaware);
- ◆ Respondents that had one or more at-fault claims in the past six years (46% versus 37% of respondents that did not have any at-fault claims); and
- ◆ Respondents that have received one or more tickets resulting in demerit points (48% versus 37% of respondents that have not received any tickets resulting in demerit points).

Respondents that had switched automobile insurance companies in the last two years (n=116 for 2011) were asked why they had made that decision. Seventy-three percent (73%) of respondents mentioned they switched insurance companies because the new company was cheaper (a slight decrease from 80% in 2010), while 14% indicated they received poor service from their former insurance company (a significant increase from 5% in 2010). In addition, 9% of respondents reported it was because they had moved (a significant increase from 1% in 2010). See Table 1, below.

**Table 1**

<b>For what reason did you make a decision to switch automobile insurance companies?</b>				
<b>Base: Respondents that had switched automobile insurance companies in the last two years</b>	<b>Percent of Respondents</b>			
	<b>2011 (n=116)</b>	<b>2010 (n=126)</b>	<b>2009 (n=107)</b>	<b>2008 (n=109)</b>
It was cheaper / cost	73	80	70	65
Received poor service at prior company	14	5	12	6
Moved / moved provinces	9	1	5	9
Got a deal with our house insurance / wanted house and car insurance together	5	3	3	4
Coverage was better	4	6	10	2
Broker found a better deal with a different company	4	--	--	2
Agent switched companies / broker changed	3	--	1	2
Different coverage options / to get coverage options I wanted	3	--	--	1
Other (2% or less per item for 2011)	12	10	19	17
Refuse/Don't know	--	3	--	1

Respondents that had switched automobile insurance companies or obtained a new automobile insurance policy for a vehicle they purchased or acquired (n=356 in 2011) were asked why they had made that decision. Respondents most frequently noted they switched insurance companies or obtained a new insurance policy due to good service or their experience with the company (39%, a significant increase from 26% in 2010), followed by looking for comparative rates or lower prices (37%, a decrease from 44% in 2010), or that they switched the insurance to a new vehicle (9%, comparable to 9% in 2010). See Table 2, below.

**Table 2**

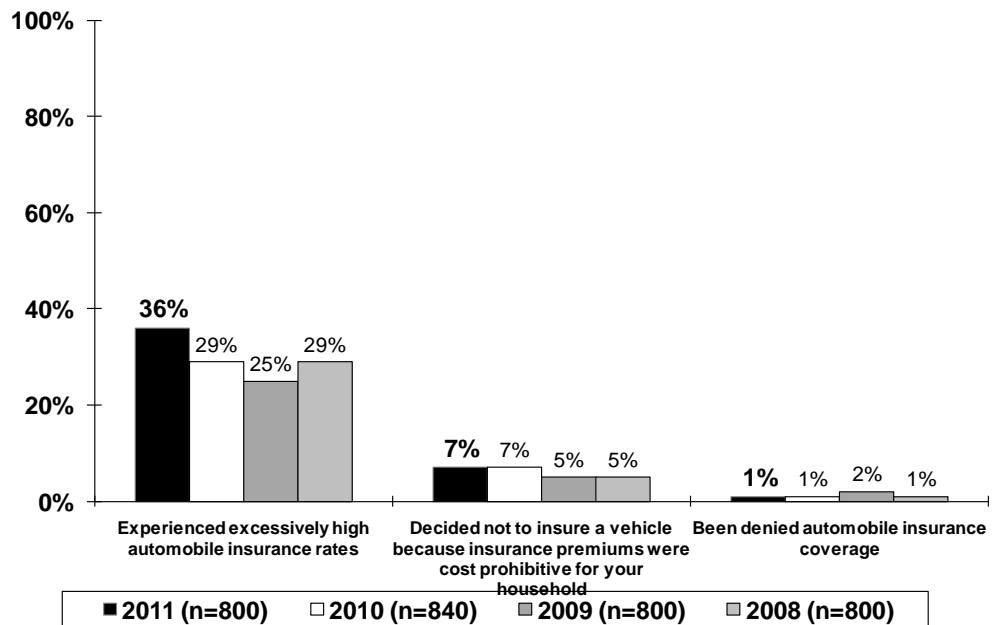
<b>On what basis did you choose this policy?</b>				
<b>Base: Respondents that had switched automobile insurance companies or obtained a new automobile insurance policy in the last two years</b>	<b>Percent of Respondents</b>			
	<b>2011 (n=356)</b>	<b>2010 (n=387)</b>	<b>2009 (n=351)</b>	<b>2008 (n=375)</b>
Good service / has used the company for years	39	26	27	26
Comparative rates / lower prices / looked at many quotes	37	44	40	43
Was for a new vehicle / switched insurance to new vehicle	9	9	14	8
Better coverage / was better suited to me	7	15	10	6
Similar to previous policies / was a policy renewal	5	--	1	7
Added to existing policy	4	--	1	2
Followed agent recommendation	3	--	1	2
Other (2% or less per item for 2011)	19	26	21	21
Refuse/Don't know	2	3	2	2

### 3.2 Perceptions of Automobile Insurance

Respondents were then asked a series of questions regarding their perceptions of automobile insurance and if they or someone in their household had experienced a number of scenarios regarding automobile insurance in the past two years. Thirty-six percent (36%) indicated they or someone in their household had experienced excessively high automobile insurance rates (a significant increase from 29% in 2010), while 7% had decided not to insure a vehicle because automobile insurance premiums were cost prohibitive (unchanged from 2010), and 1% had been denied automobile insurance coverage (unchanged from 2010). See Figure 5, below.

Figure 5

#### In the last two years, have you, or anyone else in your household...?



Respondent subgroups significantly more likely to have **experience excessively high automobile insurance rates in the past two years** included:

- ◆ Respondents that reside in other Alberta areas (42% versus 31% to 33% of respondents that reside in Edmonton or Calgary);
- ◆ Respondents that sought competitive quotes within the past two years (45% versus 31% of respondents that have not sought competitive quotes);
- ◆ Respondents that felt neutral or disagreed that their automobile insurance premiums were fair and reasonable (41% to 66% versus 19% of respondents that agreed their automobile insurance premiums were fair and reasonable);
- ◆ Respondents that disagreed that it is appropriate to use credit scores to calculate automobile insurance premiums (41% versus 30% of respondents that agreed that it is appropriate); and
- ◆ Respondents with one or more at-fault claims in the past six years (45% versus 34% of respondents with no at-fault claims).

Respondent subgroups significantly more likely to have **decided not to insure a vehicle because automobile insurance premiums were cost prohibitive for their household** included:

- ◆ Respondents that reside in other Alberta areas (12% versus 5% to 6% of respondents that reside in Edmonton, Calgary, or other cities);
- ◆ Respondents that feel they have experienced excessively high insurance rates (14% versus 4% of respondents that do not feel they have experienced excessively high insurance rates);
- ◆ Respondents that disagreed that their automobile insurance premiums are fair and reasonable (14% versus 4% to 6% of respondents that felt neutral or agreed that their automobile insurance premiums were fair and reasonable); and
- ◆ Respondents that received one or more tickets that resulted in demerit points (11% versus 6% of respondents that received no tickets).

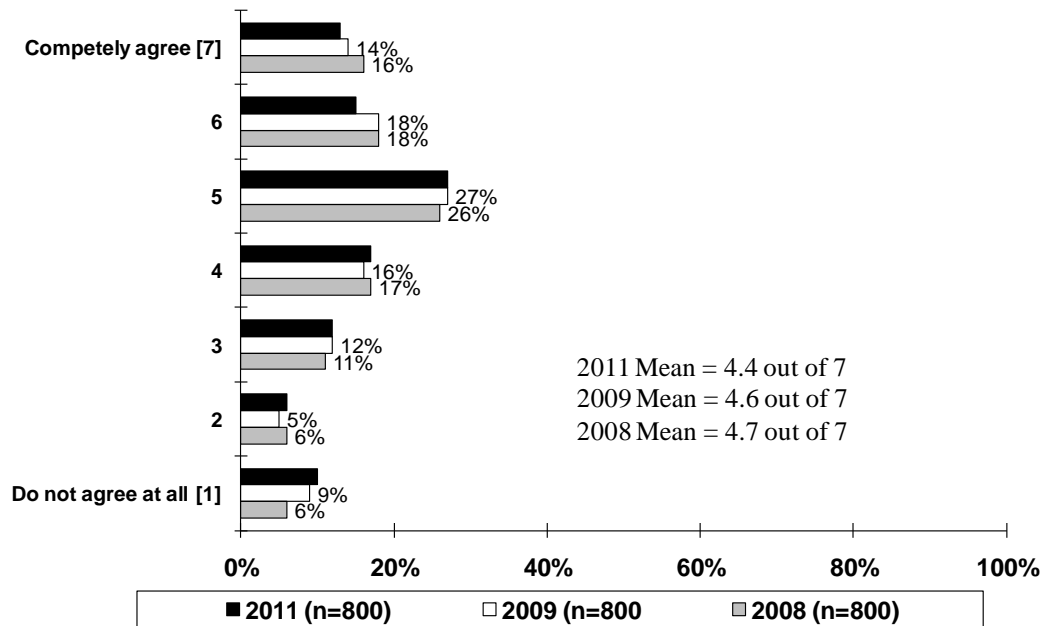
Respondent subgroups significantly more likely to have **been denied automobile insurance coverage** included:

- ◆ Respondents that have been involved in a collision not involving another vehicle (5% versus 1% of respondents that have not been involved in a collision that did not involve another vehicle); and
- ◆ Respondents that feel they have experienced excessively high insurance rates (2% versus <1% of respondents that do not feel they have experienced excessively high insurance rates).

Respondents were asked to rate their level of agreement with the statement, “automobile insurance premiums are fair and reasonable.” Fifty-four percent (54%) of respondents agreed (5, 6 or 7 out of 7) with this statement, while 17% provided a neutral rating (4 out of 7), and 28% disagreed (1, 2 or 3 out of 7). The mean agreement rating that automobile insurance premiums are fair and reasonable was 4.4 out of 7. See Figure 6, below. The data from 2010 was not comparable to other survey years, please see Table 3, below for the comparison of data in that format.

Figure 6

### Agreement that Auto Insurance Premiums are Fair and Reasonable



\*Results reported in 2010 were not directly comparable to 2011

Table 3

Agreement that Automobile Insurance Premiums are Fair and Reasonable			
	Percent of Respondents		
	6 or 7 out of 7	4 or 5 out of 7	1, 2, or 3 out of 7
2011 (n=800)	28	44	28
2010 (n=840)	26	45	29
2009 (n=800)	32	43	26
2008 (n=800)	34	43	23

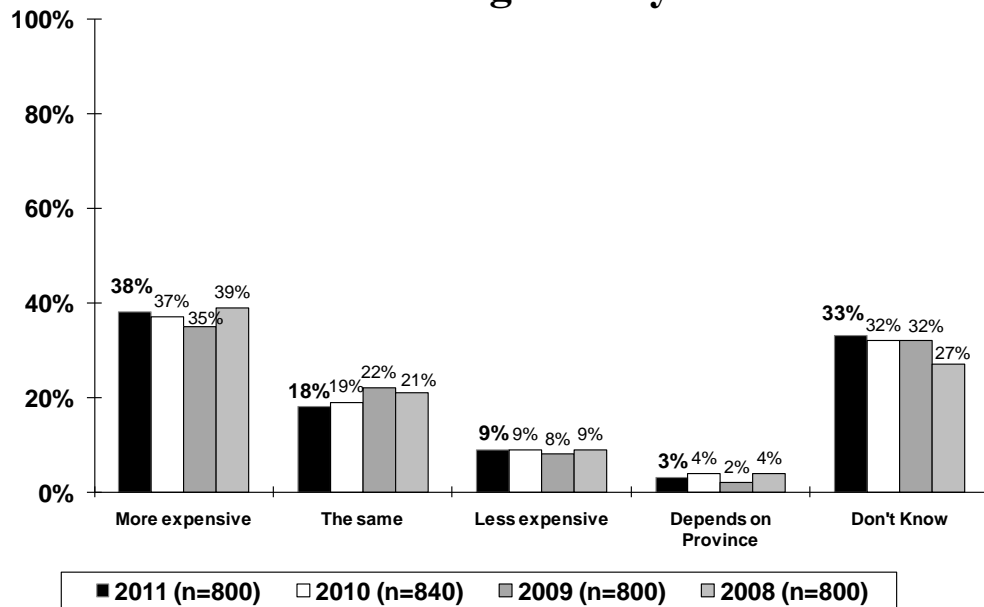
Respondent subgroups significantly more likely to **agree (5, 6 or 7 out of 7) that insurance premiums are fair and reasonable** included:

- ◆ Female respondents (60% versus 50% of male respondents);
- ◆ Respondents aged 65 and older (63% versus 48% to 52% of respondents aged 35 to 64);
- ◆ Respondents that have not sought competitive quotes within the past two years (59% versus 47% of respondents that have sought competitive quotes); and
- ◆ Respondents that do not feel they have experienced excessively high insurance rates (70% versus 28% of respondents that feel they have experienced excessively high insurance rates);
- ◆ Respondents that agreed it is appropriate to use credit scores to calculate automobile insurance premiums (60% versus 50% of respondents that disagreed that it is appropriate); and
- ◆ Respondents that have had no at-fault claims in the past six years (56% versus 47% of respondents that have had one or more at-fault claims).

Respondents were asked if they believed that insurance premiums in Alberta are generally more expensive, less expensive or the same as other Canadian provinces. Thirty-eight percent (38%) believed that premiums in Alberta are generally more expensive (comparable to 37% in 2010), while 18% believed they are the same (comparable to 19% in 2010), 9% felt they were less expensive (unchanged from 2010), and 3% believed that this depended upon the province (comparable to 4% in 2010). One-third (33%) of respondents did not provide a response (comparable to 32% in 2010). See Figure 7, below.

Figure 7

**Compared to other Canadian provinces, do you believe automobile insurance premiums in Alberta are generally...?**



Respondent subgroups significantly more likely to believe that **automobile insurance premiums in Alberta are more expensive than in other Canadian provinces** included:

- ◆ Respondents aged 18 to 64 (37% to 50% versus 23% of respondents aged 65 or older);
- ◆ Respondents that have sought competitive quotes within the past two years (45% versus 33% of respondents that have not sought competitive quotes);
- ◆ Respondents that feel they have experienced excessively high insurance rates (48% versus 32% of respondents that do not feel they have experienced excessively high insurance rates); and
- ◆ Respondents that disagreed or were neutral that their automobile insurance premiums are fair and reasonable (41% to 51% versus 29% of respondents that agreed their automobile insurance premiums were fair and reasonable).

Respondent subgroups significantly more likely to believe that **automobile insurance premiums in Alberta are the same compared with other Canadian provinces** included:

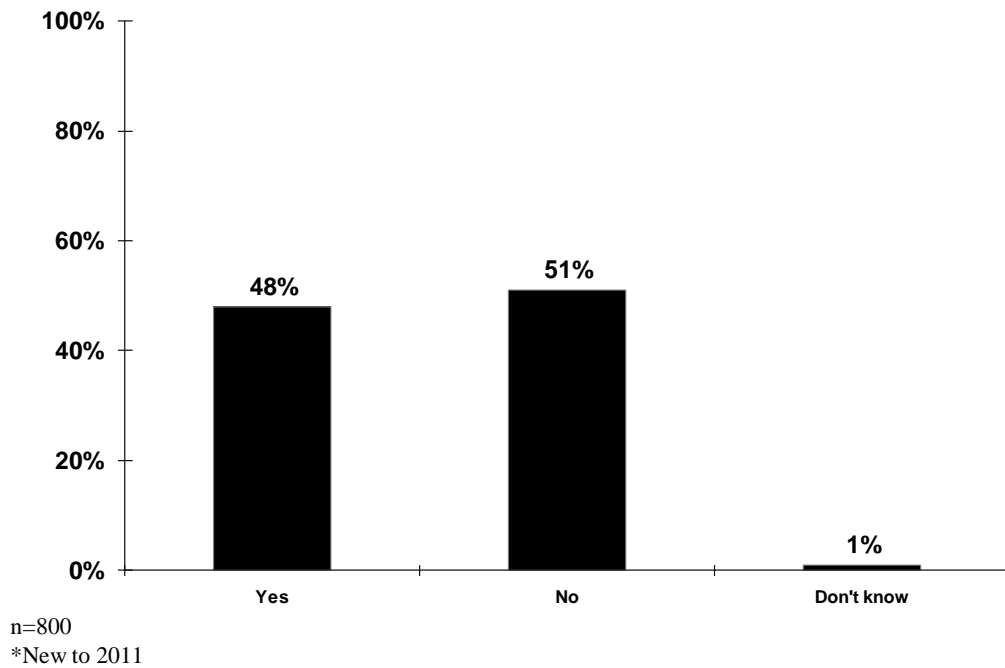
- ◆ Respondents that do not feel they have experienced excessively high insurance rates (23% versus 11% of respondents that feel they have experienced excessively high insurance rates); and
- ◆ Respondents that agreed their automobile insurance premiums are fair and reasonable (22% versus 11% of respondents that disagreed their automobile insurance premiums were fair and reasonable).

### 3.3 Credit Score

New in 2011, respondents were asked if they were aware of how to check their credit score, to which slightly less than half were (48%) and 51% were not. See Figure 8, below.

Figure 8

#### Are you aware of how to check your credit score?



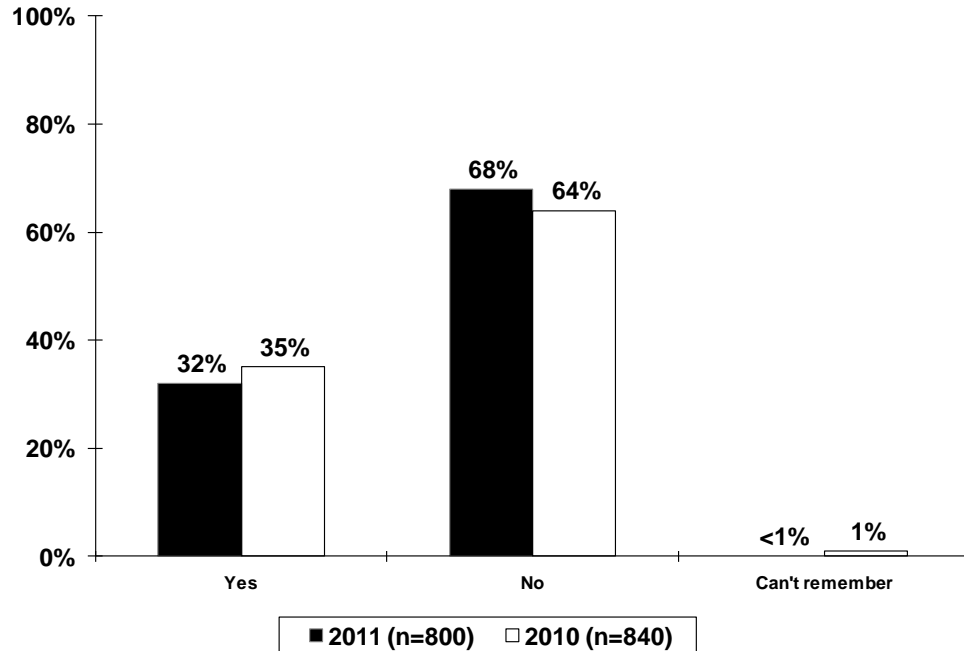
Respondent subgroups significantly more likely to **be aware of how to check their credit score** included:

- ◆ Respondents aged 18 to 64 (49% to 64% versus 34% of respondents aged 65 and older);
- ◆ Respondents that reside in Calgary or other cities (53% to 57% versus 40% of respondents that reside in other Alberta areas); and
- ◆ Respondents that sought competitive quotes within the past two years (56% versus 42% of respondents that have not sought competitive quotes).

Approximately one-third of respondents (32%) had checked their credit score (comparable to 35% in 2010), while 68% had not (a slight increase from 64% in 2010). See Figure 9, below.

Figure 9

### Have you ever checked your credit score?



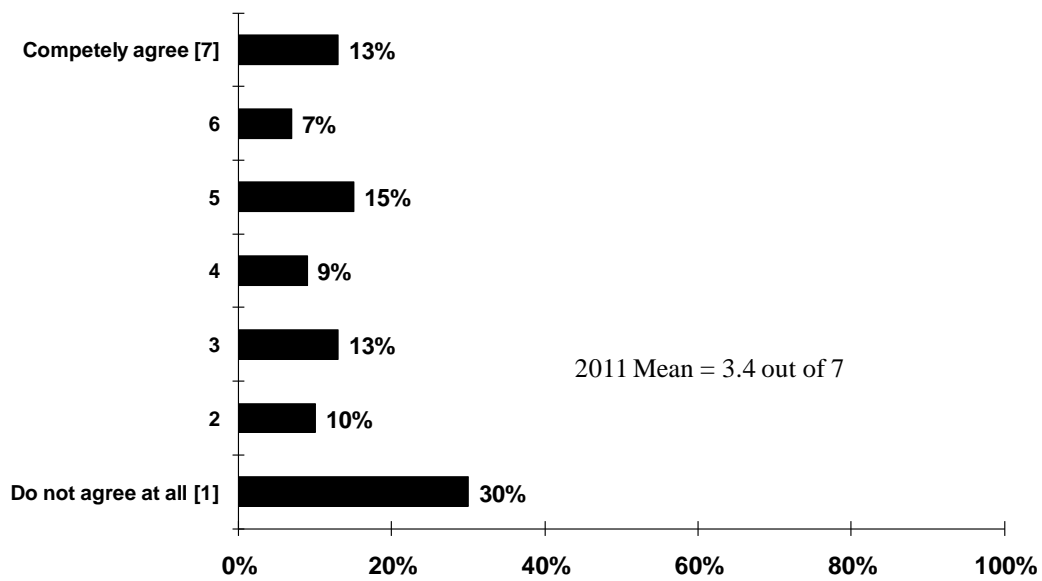
Respondent subgroups significantly more likely to **be aware of how to check their credit score** included:

- ◆ Respondents aged 18 to 64 (31% to 48% versus 20% of respondents aged 65 and older);
- ◆ Respondents that reside in other cities (40% versus 26% of respondents that reside in other Alberta areas);
- ◆ Respondents that sought competitive quotes within the past two years (39% versus 28% of respondents that have not sought competitive quotes); and
- ◆ Respondents that were aware how to check their credit score (56% versus 10% of respondents that were not aware).

New to 2011, respondents were asked to rate their level of agreement with the statement, “I am aware of all the factors involved in calculating my credit score.” Thirty-five percent (35%) of respondents agreed (5, 6 or 7 out of 7) with this statement, while 9% provided a neutral rating (4 out of 7), and 53% disagreed (1, 2 or 3 out of 7). The mean agreement rating that respondents were aware of the factors involved in calculating credit scores was 3.4 out of 7. See Figure 10, below.

Figure 10

### Agreement with Awareness of the Factors Involved in Calculating Credit Scores



n=800  
\*New to 2011

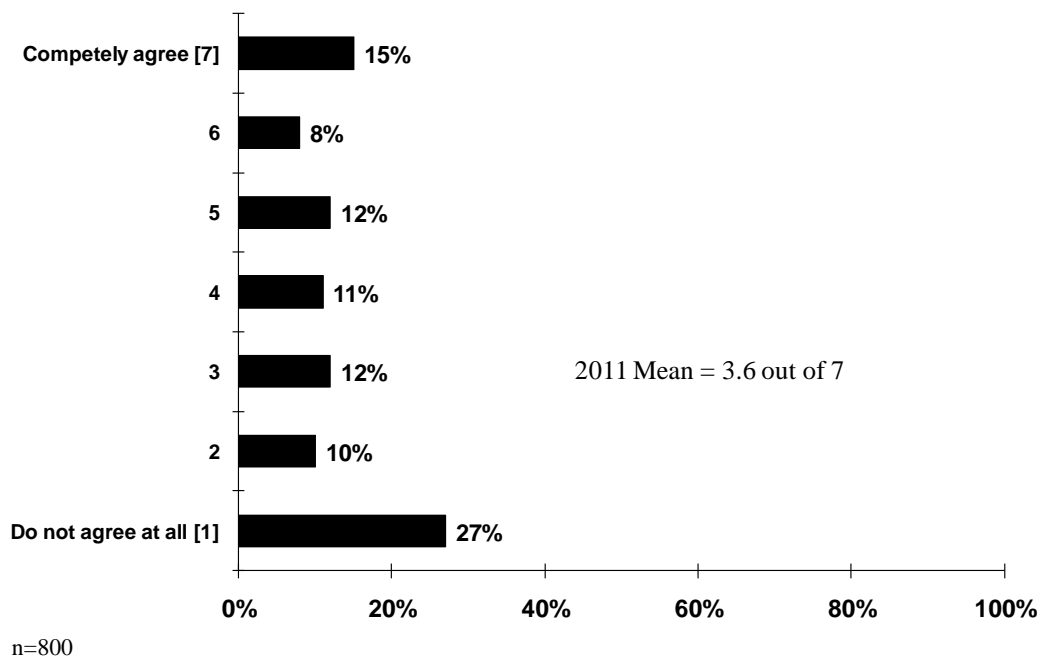
Respondent subgroups significantly more likely to **be aware of the factors involved in calculating credit scores** included:

- ◆ Respondents aged 18 to 44 (41% to 47% versus 30% of respondents aged 65 and older);
- ◆ Respondents that reside in other cities (44% versus 31% of respondents that reside in Edmonton);
- ◆ Respondents that agreed their automobile insurance premiums are fair and reasonable (40% versus 29% of respondents that disagreed their automobile insurance premiums were fair and reasonable);
- ◆ Respondents that were aware how to check their credit score (56% versus 16% of respondents that were not aware); and
- ◆ Respondents that agreed that it is appropriate to use credit scores to calculate their automobile insurance premium (41% versus 32% of respondents that disagreed that it is appropriate).

Respondents were asked to rate their level of agreement with the statement, “I understand all the concepts implied on a credit score.” Thirty-five percent (35%) of respondents agreed (5, 6 or 7 out of 7) with this statement, while 11% provided a neutral rating (4 out of 7), and 50% disagreed (1, 2 or 3 out of 7). The mean agreement rating of understanding the concepts implied on a credit score was 3.6 out of 7. See Figure 11, below. The data from 2010 was not comparable to other survey years.

**Figure 11**

**Agreement with Understanding of the Concepts Implied on a Credit Score**



\*Results reported in 2010 were not directly comparable to 2011

**Table 4**

Agreement with Understanding the Concepts Implied on a Credit Score			
	Percent of Respondents		
	6 or 7 out of 7	4 or 5 out of 7	1, 2, or 3 out of 7
2011 (n=800)	23	23	50
2010 (n=840)	25	31	33

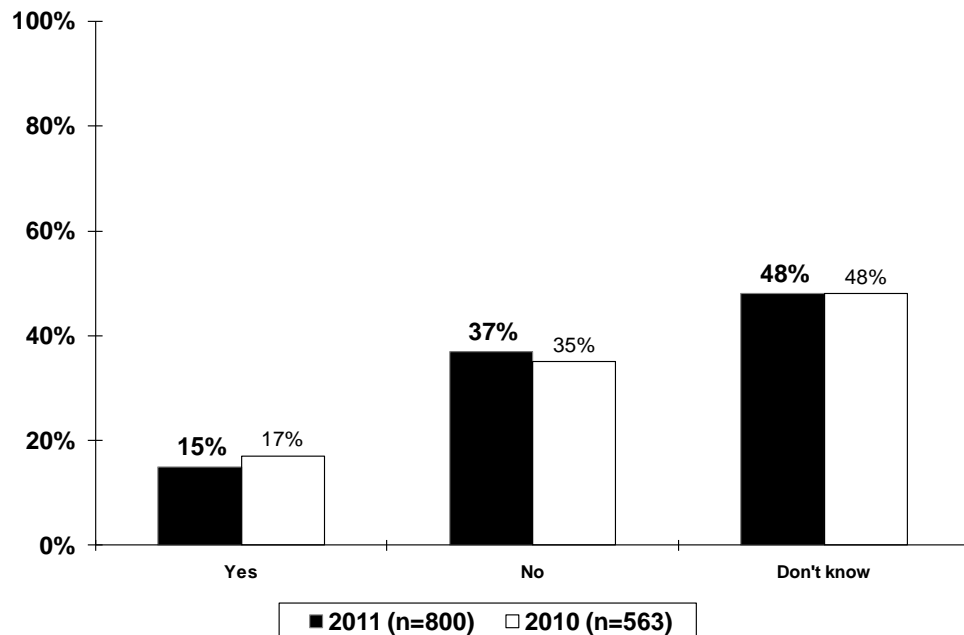
Respondent subgroups significantly more likely to **be aware of the concepts implied on a credit score** included:

- ◆ Respondents aged 18 to 64 (33% to 49% versus 25% of respondents aged 65 and older);
- ◆ Respondents that reside in other cities (45% versus 29% of respondents that reside in other Alberta areas);
- ◆ Respondents that agreed their automobile insurance premiums are fair and reasonable (38% versus 30% of respondents that disagreed their automobile insurance premiums were fair and reasonable); and
- ◆ Respondents that were aware how to check their credit score (57% versus 14% of respondents that were not aware).

Respondents were asked if, to the best of their knowledge, their insurance company used their credit information in relation to their automobile insurance. Almost half of respondents were unsure (48%, unchanged from 2010), while 15% stated that their insurance company did (comparable to 17% in 2010), and 37% stated that their insurance company did not use their credit information (comparable to 35% in 2010). See Figure 12, below.

Figure 12

### Does your insurance company use your credit information in relation to your auto insurance?



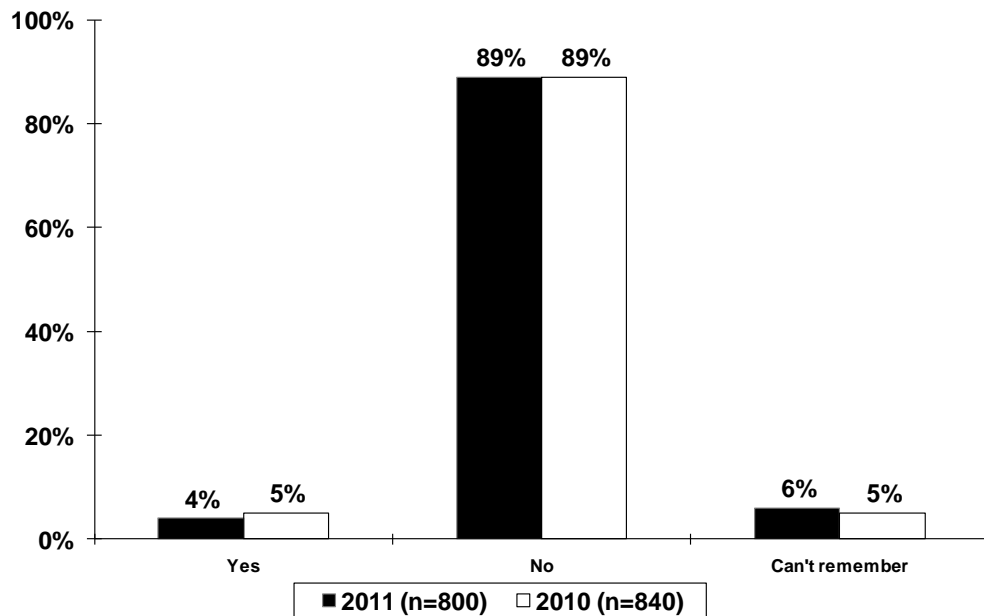
Respondent subgroups significantly more likely to **believe their insurance company uses their credit information in relation to their automobile insurance** included:

- ◆ Respondents that were aware of how to check their credit score (19% versus 12% of respondents that were unaware); and
- ◆ Respondents that agreed it is appropriate to use credit scores to calculate automobile insurance premiums (24% versus 7% to 11% of respondents that were neutral or disagreed).

The majority of respondents (89%) had not been asked for permission to gather their credit information by their insurance representative (unchanged from 89% in 2010), while 4% had (comparable to 5% in 2010). See Figure 13, below.

Figure 13

### Have you ever been asked by your insurance representative for permission to gather your credit information?

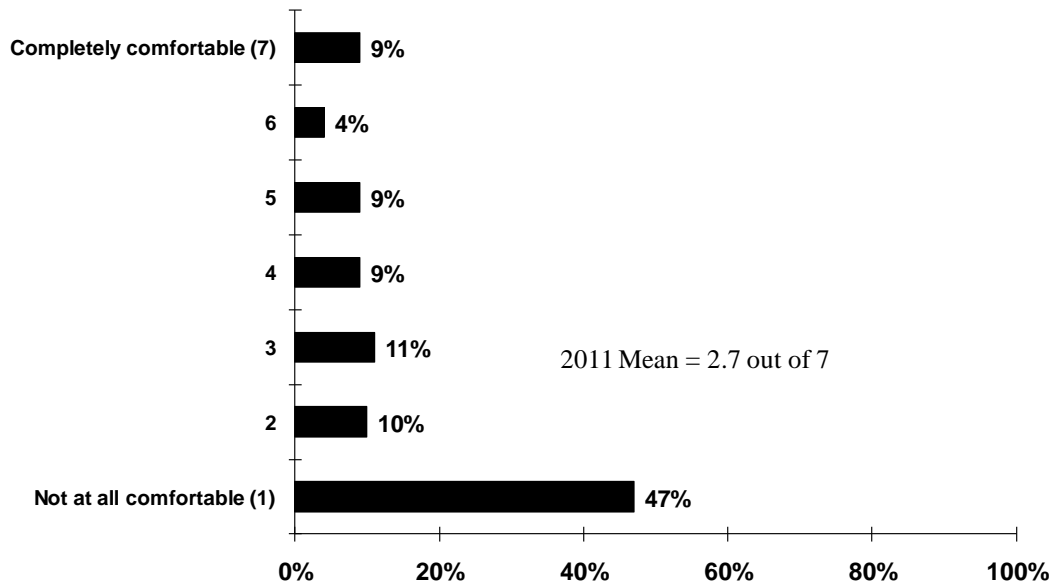


Respondents that sought competitive quotes within the past two years were significantly more likely to **be have been asked for permission to gather their credit information** (6% versus 2% of respondents that did not seek competitive quotes in the past two years).

Respondents were asked to rate their level of comfort with an insurer using their credit information. The majority of respondents (68%) provided a low rating of comfort (1, 2, or 3 out of 7), while 9% were neutral (4 out of 7), and 22% were comfortable (5, 6, or 7 out of 7). The mean agreement rating that automobile insurance premiums are fair and reasonable was 2.7 out of 7. See Figure 14, below. The data from 2010 was not comparable to other survey years.

Figure 14

### Level of Comfort with an Insurer Using Your Credit Scores



n=800

\*Results reported in 2010 were not directly comparable to 2011

Table 5

Level of Comfort with an Insurer Using Your Credit Scores			
	Percent of Respondents		
	6 or 7 out of 7	4 or 5 out of 7	1, 2, or 3 out of 7
2011 (n=800)	13	18	68
2010 (n=840)	12	19	66

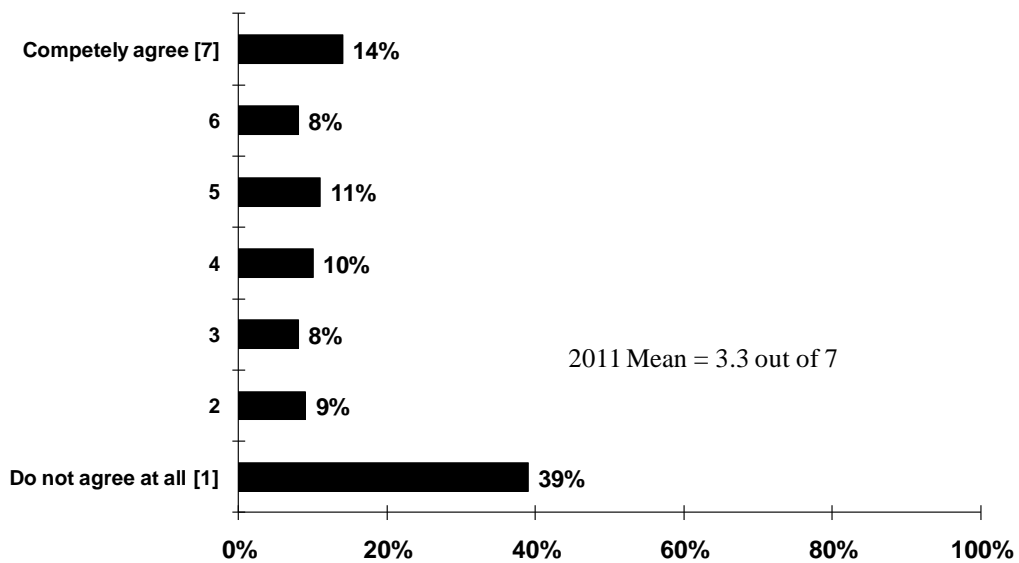
Respondent subgroups significantly more likely to **be comfortable with an insurer using their credit information** included:

- ◆ Respondents that reside in Calgary (27% versus 17% of respondents that reside in other cities);
- ◆ Respondents that do not experience excessively high insurance rates (26% versus 15% of respondents that feel they experience excessively high insurance rates);
- ◆ Respondents that agreed that their automobile insurance premiums are fair and reasonable (27% versus 16% to 18% of respondents that were neutral or disagreed that their automobile insurance premiums were fair and reasonable); and
- ◆ Respondents that agreed it is appropriate to use credit scores to calculate automobile insurance premiums (41% versus 13% to 15% of respondents that were neutral or disagreed).

Respondents were asked to rate their level of agreement with the statement, “It is appropriate to use my credit score in the calculation of my automobile insurance premiums.” One-third (33%) of respondents agreed (5, 6 or 7 out of 7) with this statement, while 10% provided a neutral rating (4 out of 7), and 55% disagreed (1, 2 or 3 out of 7). The mean agreement rating that automobile insurance premiums are fair and reasonable was 3.3 out of 7. See Figure 15, below. The data from 2010 was not comparable to other survey years.

Figure 15

**Agreement with the Appropriateness of Using Credit Scores in Calculating Auto Insurance Premiums**



n=800

\*Results reported in 2010 were not directly comparable to 2011

Table 6

Agreement with the Appropriateness of Using Credit Scores in Calculating Auto Insurance Premiums			
	Percent of Respondents		
	6 or 7 out of 7	4 or 5 out of 7	1, 2, or 3 out of 7
2011 (n=800)	22	21	56
2010 (n=840)	24	24	48

Respondent subgroups significantly more likely to **be comfortable with an insurer using their credit information** included:

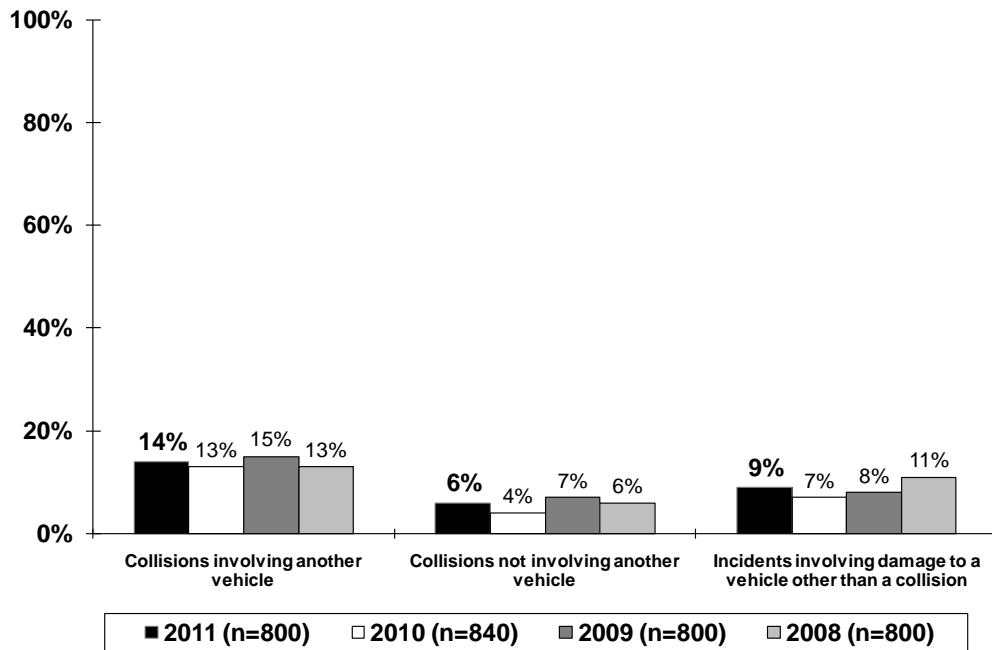
- ◆ Respondents that reside in Edmonton (39% versus 25% of respondents that reside in other cities);
- ◆ Respondents that do not experience excessively high insurance rates (35% versus 27% of respondents that feel they experience excessively high insurance rates); and
- ◆ Respondents that agreed that their automobile insurance premiums are fair and reasonable (36% versus 26% of respondents that disagreed that their automobile insurance premiums were fair and reasonable).

### 3.4 Recent Insurance Incidents

Respondents were then asked if they had been involved in any automobile collisions or incidents in the past two years. Fourteen percent (14%) had been in a collision involving another vehicle (comparable to 13% in 2010), while 6% had been in a collision not involving another vehicle (a slight increase from 4% in 2010), and 9% had been involved in an incident involving vehicle damage that was not a collision (a slight increase from 7% in 2010). See Figure 16, below.

Figure 16

#### In the past two years, have you been involved in any...?



Respondent subgroups significantly more likely to have **been involved in a collision involving another vehicle in the past two years** included:

- ◆ Respondents aged 35 to 54 (16% to 21% versus 9% of respondents aged 65 and older);
- ◆ Respondents that reside in Edmonton, Calgary, or smaller cities (15% to 21% versus 6% of respondents that reside in other areas);
- ◆ Respondents that have been involved in an incident involving damage to a vehicle other than a collision (24% versus 13% of respondents that have not been involved in an incident involving damage to a vehicle other than a collision);
- ◆ Respondents that have had one or more at-fault claims in the past six years (32% versus 9% of respondents that have had no at-fault claims in the past six years); and
- ◆ Respondents that have received one or more tickets resulting in demerit points (22% versus 12% of respondents that have not received any tickets resulting in demerit points).

Respondent subgroups significantly more likely to have **been involved in a collision not involving another vehicle in the past two years** included:

- ◆ Respondents that have been involved in an incident involving damage to a vehicle other than a collision (13% versus 5% of respondents that have not been involved in an incident involving damage to a vehicle other than a collision);
- ◆ Respondents that have had one or more at-fault claims in the past six years (9% versus 5% of respondents with no at-fault claims); and
- ◆ Respondents that have had one or more tickets that resulted in demerit points (12% versus 4% of respondents with no tickets).

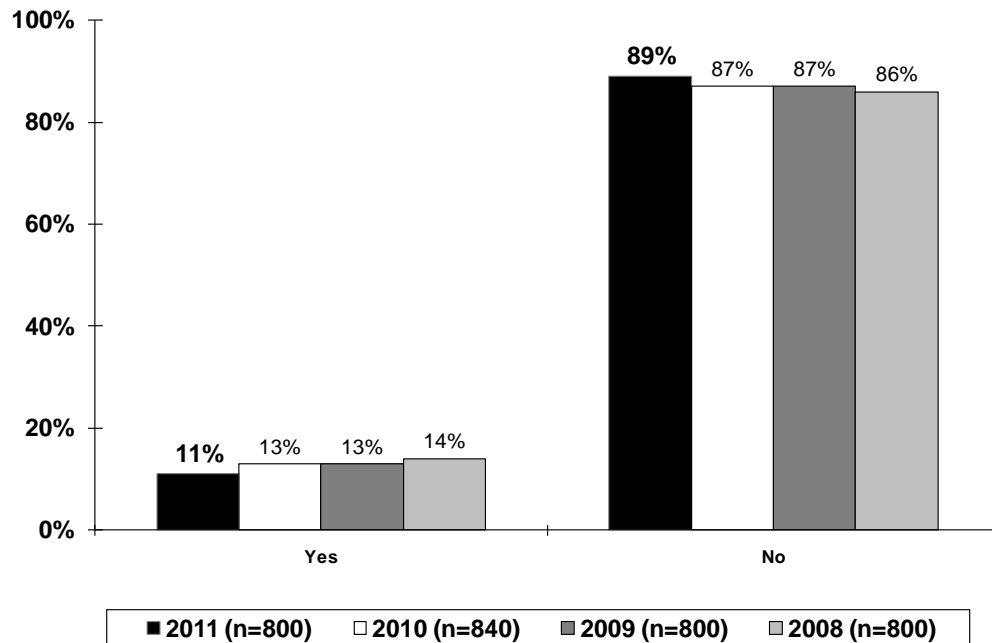
Respondent subgroups significantly more likely to have **been involved in an incident involving damage to a vehicle other than a collision** included:

- ◆ Respondents that reside in Calgary (13% versus 5% of respondents that reside in Edmonton);
- ◆ Respondents that have been involved in a collision involving another vehicle (15% versus 8% of respondents that have not been involved in a collision involving another vehicle);
- ◆ Respondents that were neutral with regards to the fairness of their automobile insurance premiums (13% versus 7% of respondents that agreed that their automobile insurance premiums were fair and reasonable); and
- ◆ Respondents that either agreed or disagreed that it is appropriate to use credit scores to calculate automobile insurance premiums (9% to 10% versus 3% of respondents that were neutral in this regard).

When asked if there had ever been a period of time where they, or someone covered by their insurance policy, had stopped carrying automobile insurance coverage due to any reason, the majority (89%) of respondents indicated they had not, while 11% indicated they had. Results remained comparable to those reported in 2010. See Figure 17, below.

Figure 17

### Has anyone covered by your insurance policy stopped carrying auto insurance coverage?



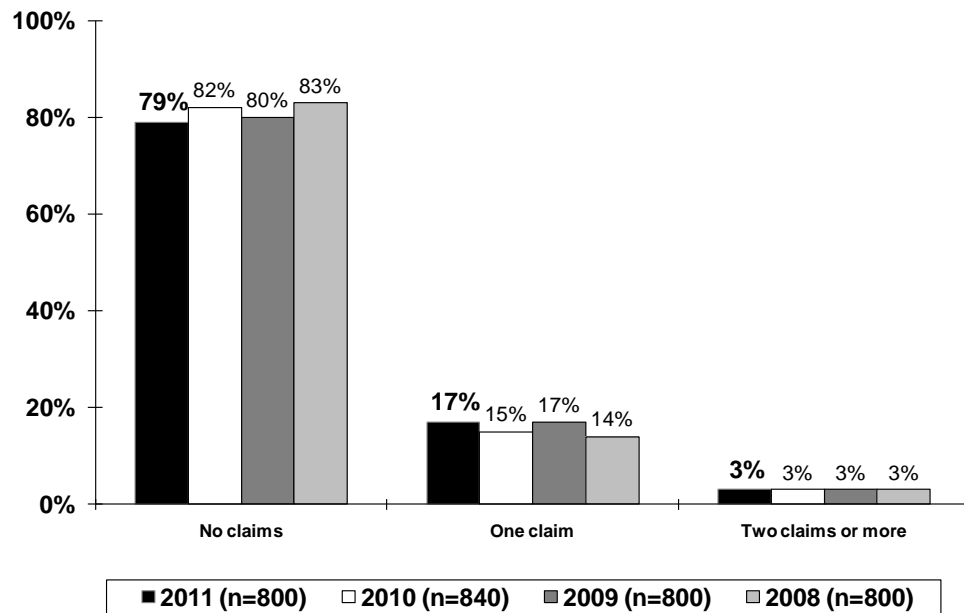
Respondent subgroups significantly more likely to indicate that **there has been a period of time where they or someone covered by their insurance policy stopped carrying automobile insurance coverage** included:

- ◆ Respondents aged 35 to 54 (15% to 18% versus 7% of respondents aged 65 or older);
- ◆ Respondents that reside in Calgary or other cities (15% versus 7% of respondents that reside in other Alberta areas);
- ◆ Respondents that were aware of how to check their credit score (16% versus 8% of respondents that were unaware of how to check their credit score); and
- ◆ Respondents that had one or more at-fault claims in the past six years (17% versus 10% of respondents that had no at-fault claims).

Respondents were asked how many times they, or someone covered by their insurance policy, had made an at-fault claim in the past six years. An at-fault claim was defined as an automobile accident or related incident where respondents were held accountable for at least 50% of the damage. The majority (79%) of respondents indicated that they had not filed any claims (a slight decrease from 82% in 2010), while 17% had filed one claim (a slight increase from 15% in 2010) and 3% had filed two or more claims (unchanged from 2010). See Figure 18, below.

Figure 18

### Has anyone covered by your insurance policy made an at-fault claim in the past six years?



Respondent subgroups significantly more likely to have had **no at-fault claims in the past six years** included:

- ◆ Respondents aged 55 or older (82% to 84% versus 72% of respondents aged 45 to 54);
- ◆ Respondents that reside in other Alberta areas (84% versus 73% of respondents that reside in Edmonton);
- ◆ Respondents that have not experienced exclusively high insurance rates (82% versus 74% of respondents that have experienced exclusively high insurance rates);
- ◆ Respondents that agreed their automobile insurance rates are fair and reasonable (82% versus 75% of respondents that disagreed that their automobile insurance rates are fair and reasonable); and
- ◆ Respondents that have received no tickets resulting in demerit points (82% versus 69% of respondents that have received tickets resulting in demerit points).

Respondent subgroups significantly more likely to have had **one at-fault claims in the past six years** included:

- ◆ Respondents aged 45 to 54 (23% versus 13% to 15% of respondents aged 55 and older);
- ◆ Respondents that reside in Edmonton or Calgary (20% versus 13% of respondents that reside in other Alberta areas);
- ◆ Respondents that have received one or more tickets resulting in demerit points (25% versus 15% of respondents that have not received any tickets resulting in demerit points).

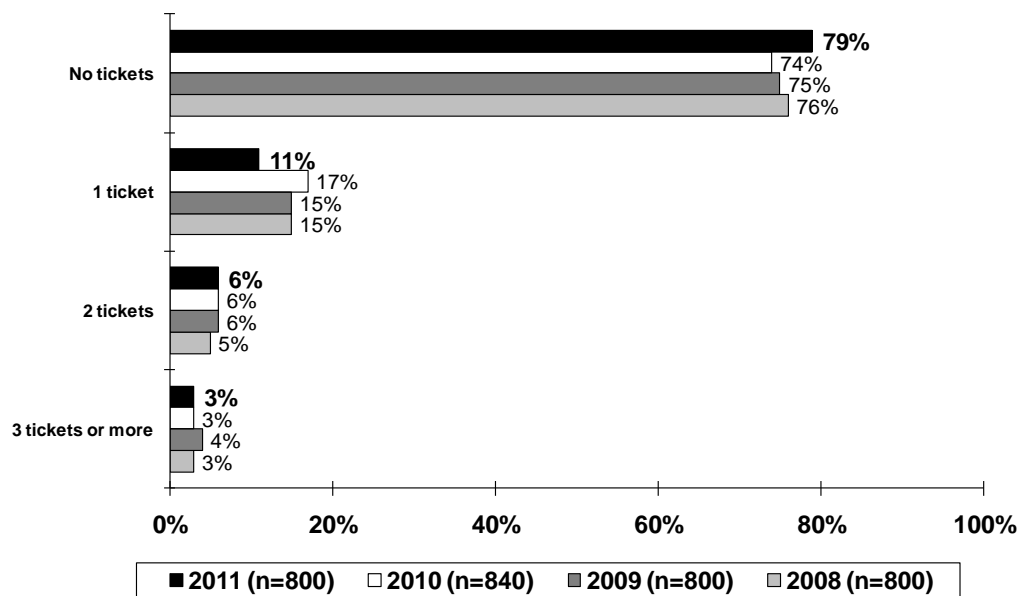
Respondent subgroups significantly more likely to have had **two at-fault claims in the past six years** included:

- ◆ Respondents that reside in Edmonton (6% versus 2% of respondents that reside in Calgary);
- ◆ Respondents that have experienced exclusively high automobile insurance rates (5% versus 2% of respondents that have not experienced exclusively high insurance rates); and
- ◆ Respondents that disagreed that their automobile insurance rates are fair and reasonable (5% versus 2% of respondents that agreed their automobile insurance rates are fair and reasonable).

Respondents were then asked if they, or anyone in their household, had received a ticket that resulted in demerit points in the past three years. Respondents were informed that demerit points are incurred for things such as speeding, failure to signal, making an improper turn, passing a vehicle stopped at a crosswalk, failure to stop for a school bus, and Criminal Code violations such as impaired driving. As illustrated in Figure 19, below, 79% of respondents indicated that they had not received any tickets resulting in demerit points (a significant increase from 74% in 2010), while 11% had received one ticket (a significant decrease from 17% in 2010), 6% had received two tickets (unchanged from 2010), and 3% had received three or more tickets resulting in demerit points in the past three years (unchanged from 2010).

Figure 19

### Number of tickets resulting in demerit points in the past three years



Respondent subgroups significantly more likely to **have received no tickets that resulted in demerit points in the past three years** included:

- ◆ Respondents aged 45 and older (76% to 88% versus 60% of respondents aged 18 to 34);
- ◆ Respondents that have not been involved in a collision with another vehicle (81% versus 67% of respondents that have been involved in a collision with another vehicle);
- ◆ Respondents that have not been involved in a collision not involving another vehicle (81% versus 56% of respondents that have been involved in a collision not involving another vehicle); and
- ◆ Respondents that have had no at-fault claims in the past six years (82% versus 68% of respondents that have had at-fault claims in the past six years).

Respondent subgroups significantly more likely to **have received one ticket that resulted in demerit points in the past three years** included:

- ◆ Respondents aged 18 to 54 (12% to 22% versus 5% of respondents aged 65 and older); and
- ◆ Respondents that have been involved in a collision not involving another vehicle (22% versus 10% of respondents that have not been involved in a collision not involving another vehicle).

Respondent subgroups significantly more likely to **have received two tickets that resulted in demerit points in the past three years** included:

- ◆ Respondents aged 18 to 34 (10% versus 4% of respondents aged 65 and older);
- ◆ Respondents that have been involved in a collision with another vehicle (13% versus 5% of respondents that have not been involved in a collision with another vehicle);
- ◆ Respondents that have been involved in a collision not involving another vehicle (16% versus 5% of respondents that have not been involved in a collision not involving another vehicle);
- ◆ Respondents that were neutral with regards to the appropriateness of using credit scores to calculate automobile insurance premiums (11% versus 5% of respondents that disagreed that it was appropriate to use credit scores to calculate automobile insurance premiums).

Respondent subgroups significantly more likely to **have received three tickets that resulted in demerit points in the past three years** included:

- ◆ Respondents aged 18 to 34 (6% versus 1% of respondents aged 55 to 64); and
- ◆ Respondents that have had one or more at-fault claims (6% versus 2% of respondents that have had no at-fault claims).

Respondent subgroups significantly more likely to **have received four or more tickets that resulted in demerit points in the past three years** included:

- ◆ Respondents that have been involved in a collision with another vehicle (3% versus <1% of respondents that have not been involved in a collision with another vehicle); and
- ◆ Respondents that have been involved in an incident involving damage to a vehicle other than a collision (5% versus <1% of respondents that have not been involved in an incident involving damage to a vehicle other than a collision);
- ◆ Respondents that have had one or more at-fault claims (2% versus <1% of respondents that have had no at-fault claims).

## 4.0 WEB STUDY FINDINGS

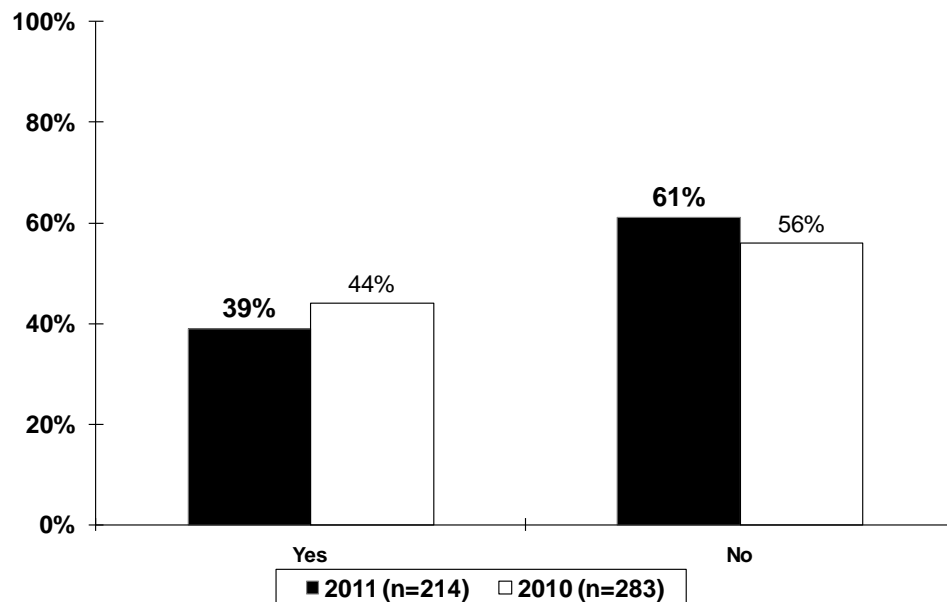
Results of the study are presented as they relate to the specific topic areas addressed by the survey. The reader should note, when reading the report that the term significant refers to “statistical significance”. This section presents the results of the web survey, refer to section 3.0 for the results of the telephone survey.

### 4.1 Automobile Insurance

Respondents were asked if, at any time in the past two years, they had sought competitive quotes before making a decision about who to purchase automobile insurance from. Sixty-one percent (61%) of respondents indicated they had not sought competitive quotes in the past two years (a slight increase from 56% in 2010), while 39% indicated that they had (a slight decrease from 2010). See Figure 20, below.

Figure 20

**At any time in the past two years, have you sought competitive quotes before deciding who to purchase automobile insurance from?**



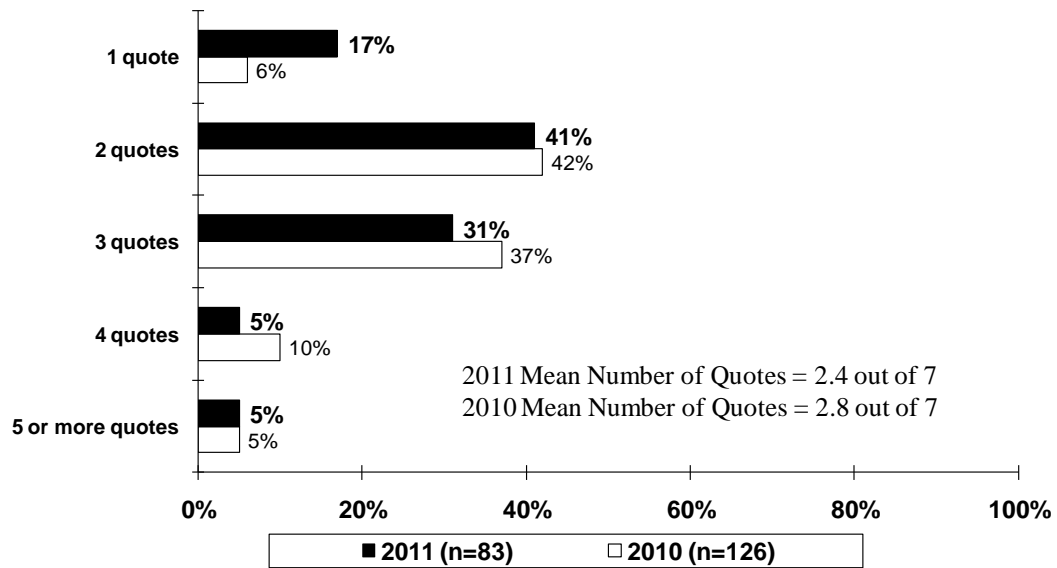
Respondent subgroups significantly more likely to have **sought competitive quotes before making a decision about who to purchase automobile insurance from** included:

- ◆ Respondents aged 18 to 34 or 45 to 64 years of age (40% to 50% versus 19% of respondents aged 65 or older);
- ◆ Respondents that feel they have experienced excessively high insurance rates (60% versus 34% of respondents that do not feel they have experienced excessively high insurance rates);
- ◆ Respondents that disagree that their automobile insurance premiums are fair and reasonable (58% versus 30% to 34% of respondents that were neutral or agreed that their automobile insurance premiums are fair and reasonable); and
- ◆ Respondents that have received one or more tickets resulting in demerit points (51% versus 35% of respondents that were unaware).

Respondents that had sought quotes before purchasing insurance (n=83) most frequently stated that they had obtained two (41% compared to 42% in 2010) or three quotes (31% compared to 37% in 2010), followed by 17% that stated they obtained one quote (a significant increase from 6% in 2010). The average number of quotes obtained in 2011 was 2.4, a decrease from 2.8 in 2010. See Figure 21, below.

Figure 21

### How many quotes did you obtain while shopping for insurance?



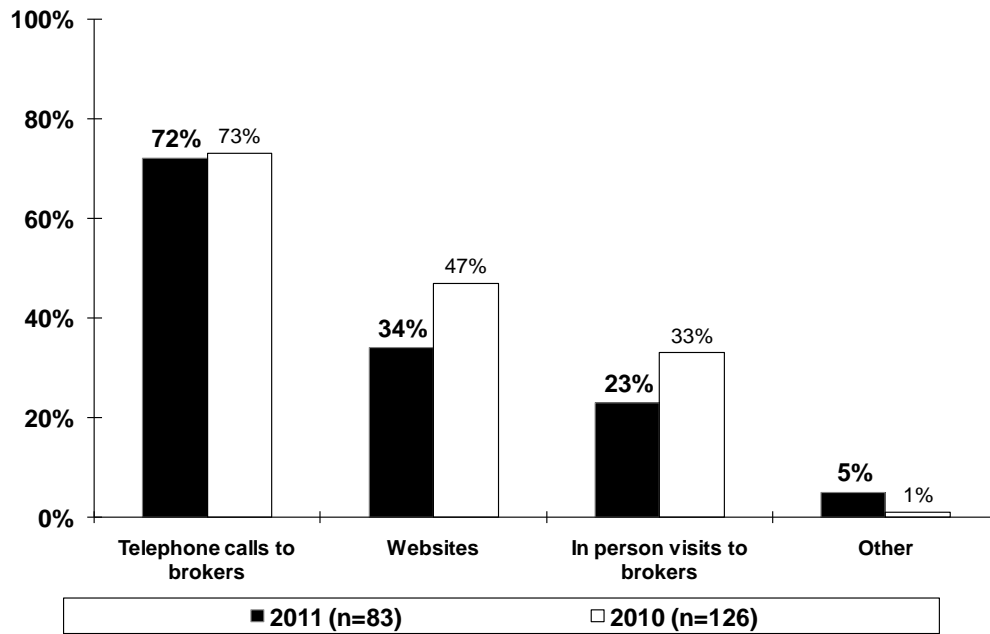
Base: Respondents that sought competitive quotes before purchasing automobile insurance

Respondents that agreed that their automobile insurance premiums are fair and reasonable were significantly more likely to **have obtained one quote before purchasing automobile insurance** (27% versus 5% of respondents that disagreed that their automobile insurance premiums are fair and reasonable).

Respondents that indicated they had obtained quotes while shopping for automobile insurance in the past two years (n=83) were asked how they obtained these quotes. Seventy-two percent of respondents (72%) had made telephone calls to brokers (comparable to 73% in 2010), 34% obtained quotes through websites (a decrease from 47% in 2010), and another 23% had had made in person visits to brokers (a decrease from 33% in 2010). Five percent of respondents (5%) had obtained quotes through some other means (an increase from 1% in 2010). See Figure 22, below.

Figure 22

### Where did you get the quotes?

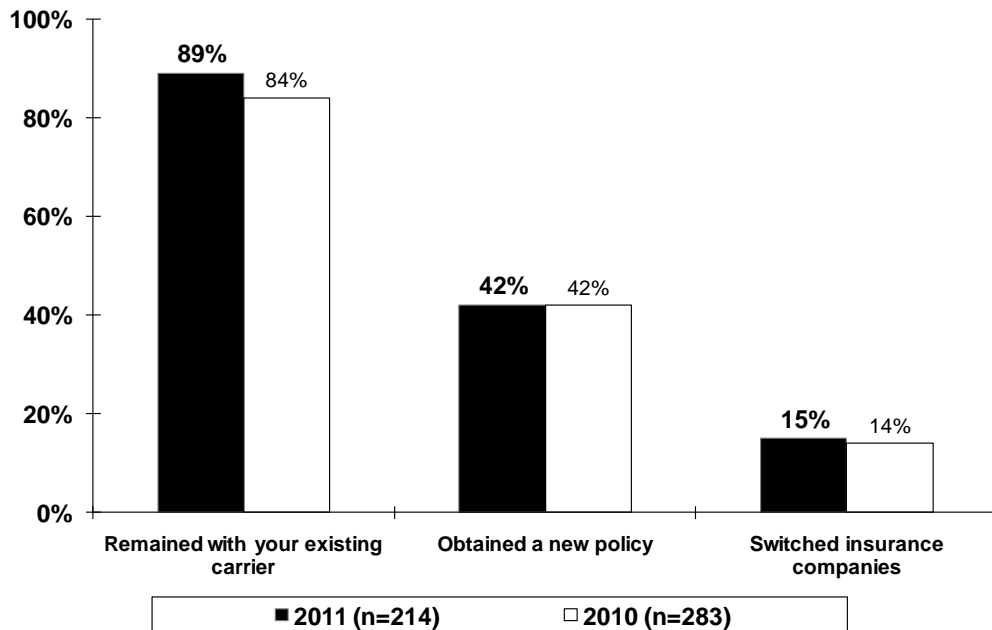


Base: Respondents that sought quotes before purchasing automobile insurance

Next, respondents were asked if for any vehicles in their household they had switched insurance companies, remained with their existing carrier, or obtained a new automobile insurance policy for a vehicle they had purchased or acquired in the past two years. As illustrated in Figure 4, the majority (89%) of respondents indicated that they had remained with their existing carrier for one or more vehicles (a slight increase from 84% in 2010), while 42% had obtained a new policy for a vehicle they purchased or acquired (unchanged from 2010) and 15% had switched insurance companies (comparable to 14% in 2010).

Figure 23

### In the last two years, have you, for any of your vehicles...?



Respondent subgroups significantly more likely to have **switched insurance companies within the last two years** included:

- ◆ Respondents aged 35 to 44 or 55 to 64 (24% to 28% versus 5% to 6% of respondents aged 45 to 54 or 65 and older);
- ◆ Respondents that reside in Calgary (28% versus 12% of respondents that reside in other Alberta areas);
- ◆ Respondents that have sought competitive quotes in the past two years (35% versus 3% of respondents that have not sought competitive quotes in the past two years);
- ◆ Respondents that feel they have experienced excessively high insurance rates (26% versus 13% of respondents that do not feel they have experienced excessively high insurance rates);

- ◆ Respondents that disagreed that their automobile insurance premiums are fair and reasonable (28% versus 7% to 12% of respondents that were neutral or agreed their automobile insurance premiums were fair and reasonable); and
- ◆ Respondents that received one or more tickets that resulted in demerit points (27% versus 12% of respondents that received no tickets).

Respondent subgroups significantly more likely to have **remained with their existing carrier within the last two years** included:

- ◆ Respondents aged 45 to 54 or 65 and older (95% versus 82% of respondents aged 55 to 64);
- ◆ Respondents that reside in other cities or other Alberta areas (92% to 98% versus 80% of respondents that reside in Calgary);
- ◆ Respondents that have not sought competitive quotes in the past two years (95% versus 78% of respondents that have sought competitive quotes in the past two years); and
- ◆ Respondents that were unaware of how to check their credit score (95% versus 84% of respondents that were aware of how to check their credit score).

Respondent subgroups significantly more likely to have **obtained a new automobile insurance policy for a vehicle they purchased or acquired within the last two years** included:

- ◆ Respondents aged 35 to 64 (45% to 56% versus 24% of respondents aged 65 or older);
- ◆ Respondents that have sought competitive quotes in the past two years (54% versus 36% of respondents that have not sought competitive quotes in the past two years);
- ◆ Respondents that feel they have experienced excessively high insurance rates (57% versus 40% of respondents that do not feel they have experienced excessively high insurance rates);
- ◆ Respondents that were neutral with regards to their automobile insurance premiums were fair and reasonable (59% versus 37% of respondents that agreed that their automobile insurance premiums were fair and reasonable); and
- ◆ Respondents that were aware how to check their credit score (49% versus 34% of respondents that were unaware).

Respondents that had switched automobile insurance companies in the last two years (n=29 for 2011) were asked why they had made that decision. Sixty-six percent (66%) of respondents mentioned they switched insurance companies because the new company was cheaper (a decrease from 82% in 2010), while 20% stated that it was because they got a deal with their house insurance and wanted home and automobile insurance together (20%, an increase from 8% in 2010), and that they received poor service at the other company (15%, comparable to 16% in 2010). See Table 7, below.

**Table 7**

<b>For what reason did you make a decision to switch automobile insurance companies?</b>		
<b>Base: Respondents that had switched automobile insurance companies in the last two years</b>	<b>Percent of Respondents</b>	
	<b>2011 (n=29)*</b>	<b>2010 (n=39)</b>
It was cheaper / cost	66	82
Got a deal with our house insurance / wanted house and car insurance together	20	8
Received poor service at prior company	15	16
Moved / moved provinces	8	--
Different coverage options / to get coverage options I wanted	4	--
Switched back to a previous broker	4	--
Location of new company was convenient	4	--
Other (2% or less per item for 2011)	6	36
Refuse/Don't know	--	--

\*Caution should be exercised when interpreting results due to a small sample size

Respondents that had switched automobile insurance companies or obtained a new automobile insurance policy for a vehicle they purchased or acquired (n=100 in 2011) were asked why they had made that decision. Respondents most frequently noted they switched insurance companies or obtained a new insurance policy due to the comparative rates or lower prices (42%, a decrease from 53% in 2010), followed by good service or their experience with the company (41%, a significant increase from 28% in 2010). See Table 8, below.

**Table 8**

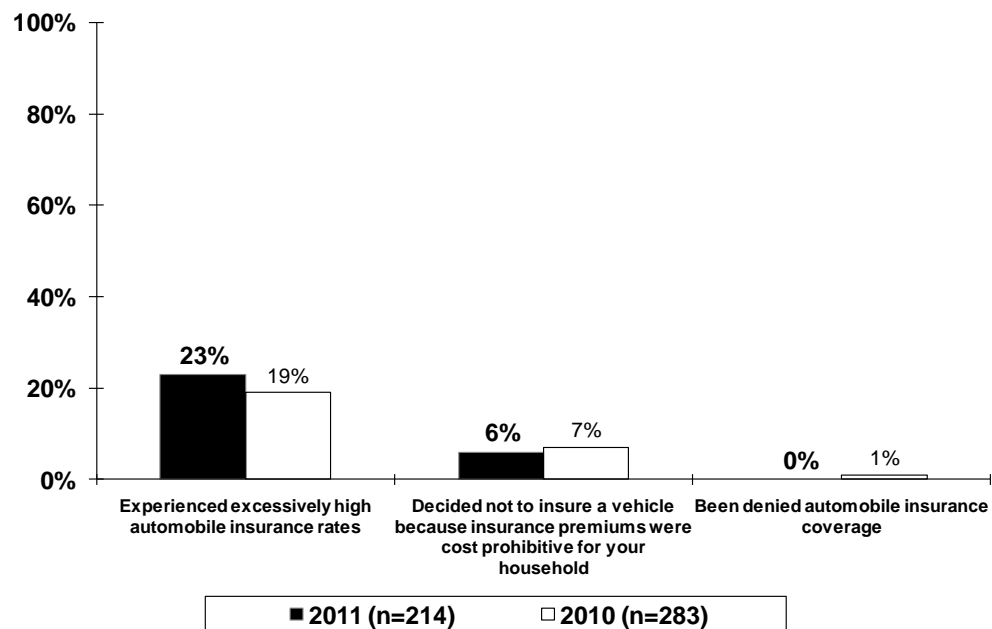
<b>On what basis did you choose this policy?</b>		
<b>Base: Respondents that had switched automobile insurance companies or obtained a new automobile insurance policy in the last two years</b>	<b>Percent of Respondents</b>	
	<b>2011 (n=100)</b>	<b>2010 (n=139)</b>
Comparative rates / lower prices / looked at many quotes	42	53
Good service / has used the company for years	41	28
Was for a new vehicle / switched insurance to new vehicle	12	3
Better coverage / was better suited to me	11	14
There were lots of options / available services	5	--
Insured through a group plan at work / organization	5	2
Customer satisfaction / word of mouth / reputation of company	3	12
Followed agent recommendation	3	--
Other (2% or less per item for 2011)	13	15
Refuse/Don't know	7	3

## 4.2 Perceptions of Automobile Insurance

Respondents were then asked a series of questions regarding their perceptions of automobile insurance and if they or someone in their household had faced a number of scenarios regarding automobile insurance in the past two years. Twenty-three percent (23%) indicated they or someone in their household had experienced excessively high automobile insurance rates (an increase from 19% in 2010), while 6% had decided not to insure a vehicle because automobile insurance premiums were cost prohibitive (comparable to 7% in 2010), and 0% had been denied automobile insurance coverage (comparable to 1% in 2010). See Figure 24, below.

Figure 24

### In the last two years, have you, or anyone else in your household...?



Respondent subgroups significantly more likely to have **experience excessively high automobile insurance rates in the past two years** included:

- ◆ Respondents that sought competitive quotes within the past two years (35% versus 15% of respondents that have not sought competitive quotes);
- ◆ Respondents that disagreed that their automobile insurance premiums are fair and reasonable (42% versus 14% of respondents that agreed their automobile insurance premiums were fair and reasonable); and
- ◆ Respondents that received one or more tickets that resulted in demerit points in the past three years (34% versus 19% of respondents that received no tickets).

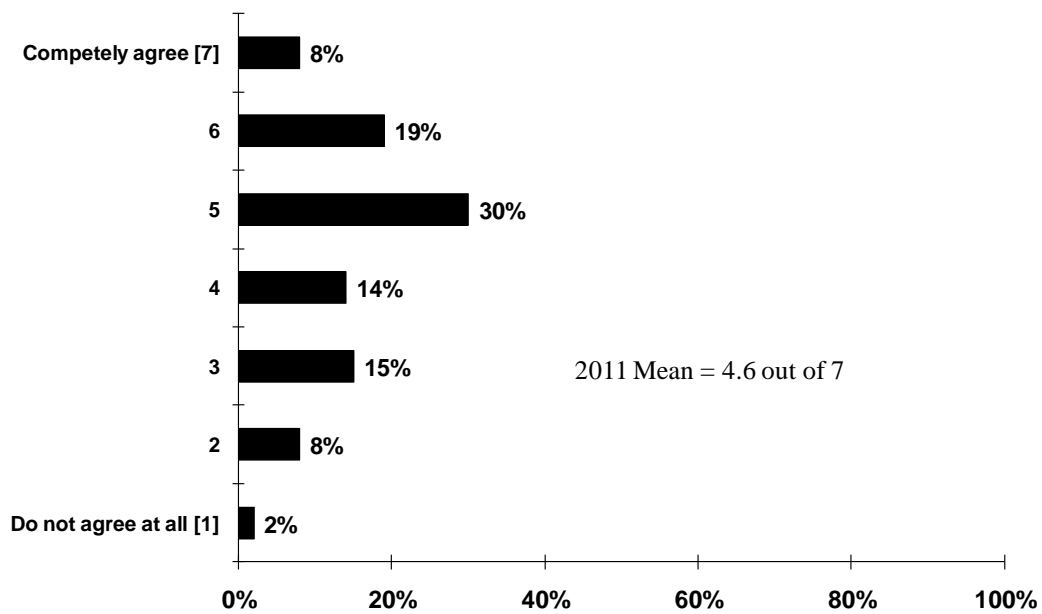
Respondent subgroups significantly more likely to have **decided not to insure a vehicle because automobile insurance premiums were cost prohibitive for their household** included:

- ◆ Female respondents (10% versus 3% of male respondents);
- ◆ Respondents that feel they have experienced excessively high insurance rates (11% versus 4% of respondents that do not feel they have experienced excessively high insurance rates); and
- ◆ Respondents that received one or more tickets that resulted in demerit points (13% versus 4% of respondents that received no tickets).

Respondents were asked to rate their level of agreement with the statement, “automobile insurance premiums are fair and reasonable.” Fifty-seven percent (57%) of respondents agreed (5, 6 or 7 out of 7) with this statement, while 14% provided a neutral rating (4 out of 7), and 25% disagreed (1, 2 or 3 out of 7). The mean agreement rating that automobile insurance premiums are fair and reasonable was 4.6 out of 7. See Figure 6, below. The data from 2010 was not comparable to other survey years.

Figure 25

### Agreement that Auto Insurance Premiums are Fair and Reasonable



n=214

\*Results reported in 2010 were not directly comparable to 2011

Table 9

Agreement that Automobile Insurance Premiums are Fair and Reasonable			
	Percent of Respondents		
	6 or 7 out of 7	4 or 5 out of 7	1, 2, or 3 out of 7
2011 (n=214)	27	44	25
2010 (n=283)	14	34	50

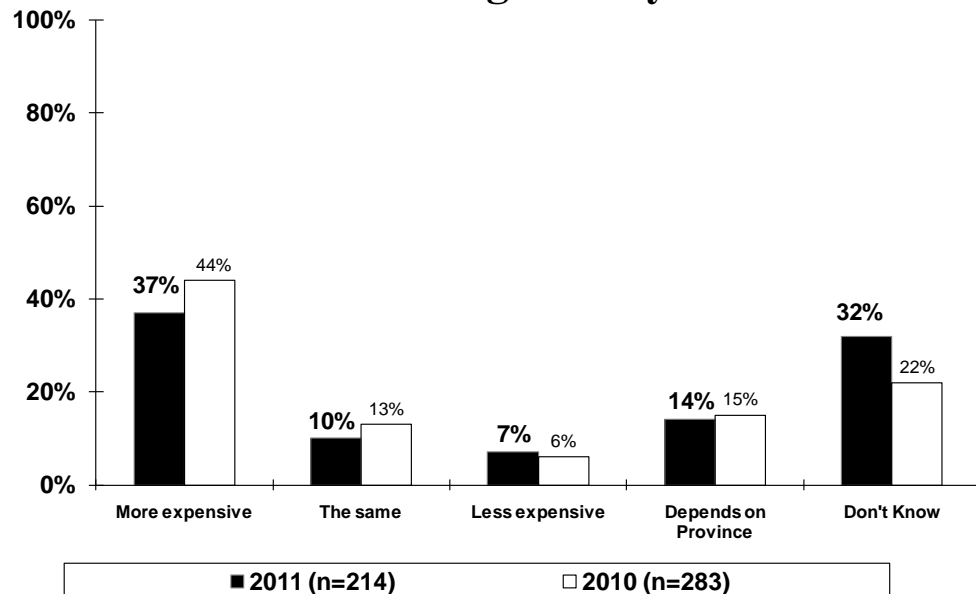
Respondent subgroups significantly more likely to **agree (5, 6 or 7 out of 7) that insurance premiums are fair and reasonable** included:

- ◆ Respondents that have not sought competitive quotes within the past two years (65% versus 45% of respondents that have sought competitive quotes); and
- ◆ Respondents that do not feel they have experienced excessively high insurance rates (66% versus 34% of respondents that feel they have experienced excessively high insurance rates).

Respondents were asked if they believed that insurance premiums in Alberta are generally more expensive, less expensive or the same as other Canadian provinces. Thirty-seven percent (37%) believed that premiums in Alberta are generally more expensive (less than 44% in 2010), while 10% believed they are the same (slightly less than 13% in 2010), 7% felt they were less expensive (slightly more than 7% in 2010), and 14% believed that this depended upon the province (comparable to 15% in 2010). One-third (32%) of respondents did not provide a response (significantly less than 32% in 2010). See Figure 26, below.

Figure 26

### Compared to other Canadian provinces, do you believe automobile insurance premiums in Alberta are generally...?



Respondent subgroups significantly more likely to believe that **automobile insurance premiums in Alberta are more expensive than in other Canadian provinces** included:

- ◆ Respondents aged 18 to 64 (37% to 47% versus 16% of respondents aged 65 or older);
- ◆ Respondents that reside in Edmonton, Calgary, or other cities (41% to 52% versus 20% of respondents from other Alberta areas);
- ◆ Respondents that have sought competitive quotes within the past two years (52% versus 28% of respondents that have not sought competitive quotes); and
- ◆ Respondents that disagreed that their automobile insurance premiums are fair and reasonable (54% versus 30% of respondents that agreed their automobile insurance premiums were fair and reasonable).

Respondents aged 35 to 44 were significantly more likely to **believe automobile insurance premiums in Alberta are less expensive than in other provinces** (17% versus 4% of respondents aged 55 to 64).

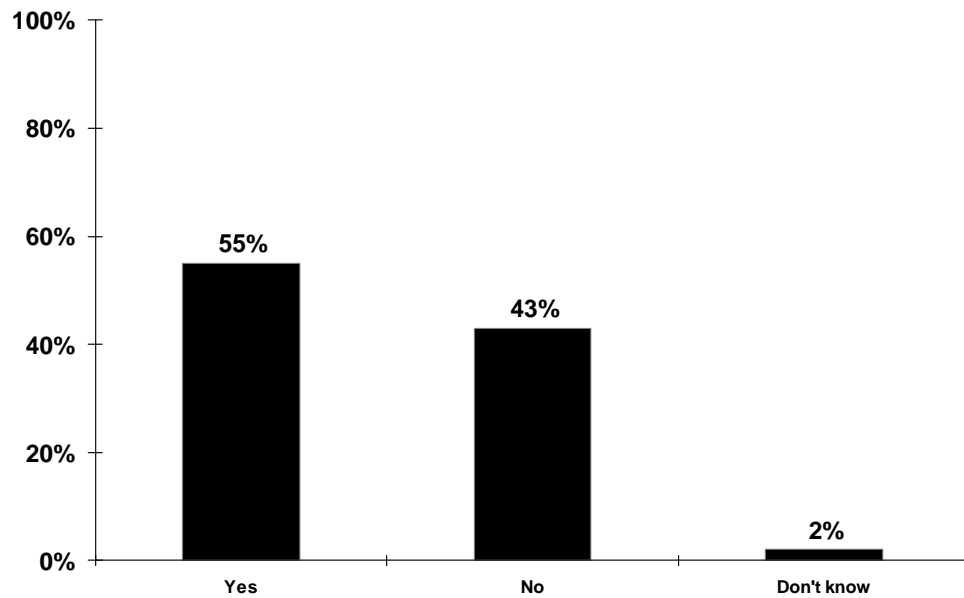
Respondents aged 45 to 64 were significantly more likely to **believe automobile insurance premiums in Alberta are less expensive than some provinces and more expensive than others** (18% to 19% versus 2% of respondents aged 35 to 44).

### 4.3 Credit Score

New in 2011, respondents were asked if they were aware of how to check their credit score, to which slightly more than half were (55%) and 43% were not. See Figure 27, below.

Figure 27

#### Are you aware of how to check your credit score?



n=214  
\*New to 2011

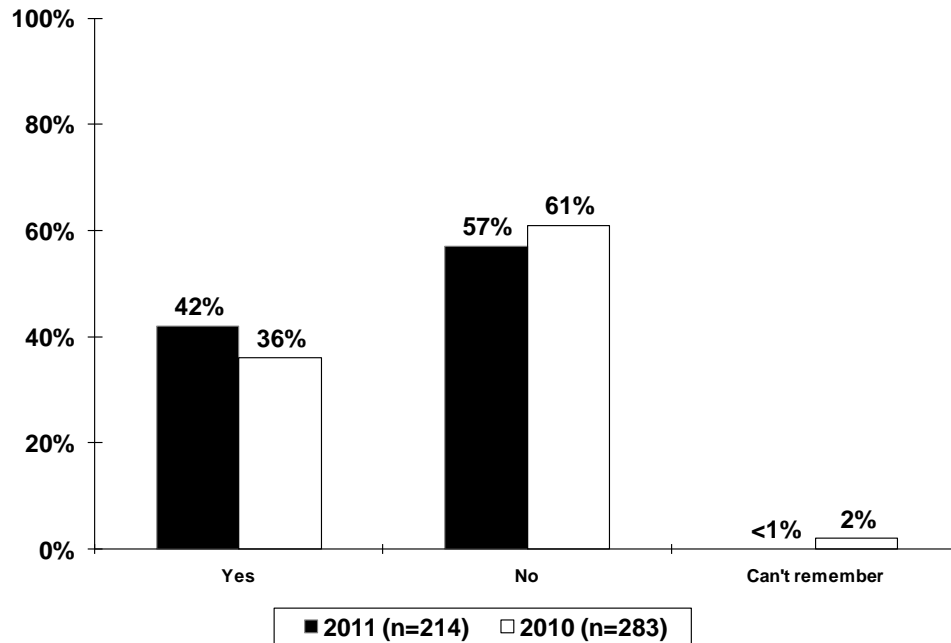
Respondent subgroups significantly more likely to **be aware of how to check their credit score** included:

- ◆ Respondents aged 18 to 34 (75% versus 41% to 45% of respondents aged 45 to 54 or 65 and older); and
- ◆ Respondents that disagreed it is appropriate to use credit scores to calculate automobile insurance premiums (63% versus 47% of respondents that agreed it is appropriate).

Less than half of respondents (42%) had checked their credit score (more than 36% in 2010), while 57% had not (a slight decrease from 61% in 2010). See Figure 28, below.

Figure 28

## Have you ever checked your credit score?



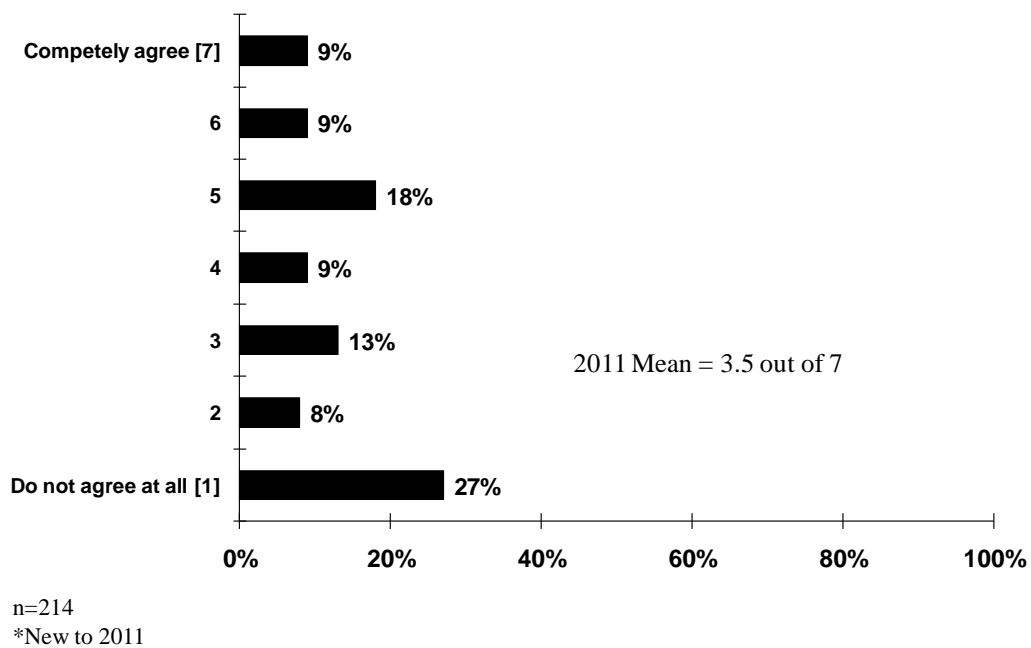
Respondent subgroups significantly more likely to **have checked their credit score** included:

- ◆ Respondents aged 18 to 34 or 55 to 64 (53% to 55% versus 25% of respondents aged 65 and older);
- ◆ Respondents that reside in Edmonton or Calgary (49% to 53% versus 30% of respondents that reside in other Alberta areas);
- ◆ Respondents that were aware how to check their credit score (72% versus 5% of respondents that were not aware); and
- ◆ Respondents that disagreed it is appropriate to use credit scores to calculate automobile insurance premiums (49% versus 34% of respondents that agreed it is appropriate).

New to 2011, respondents were asked to rate their level of agreement with the statement, “I am aware of all the factors involved in calculating my credit score.” Thirty-six percent (36%) of respondents agreed (5, 6 or 7 out of 7) with this statement, while 9% provided a neutral rating (4 out of 7), and 48% disagreed (1, 2 or 3 out of 7). The mean agreement rating that automobile insurance premiums are fair and reasonable was 3.5 out of 7. See Figure 29, below.

Figure 29

### Agreement with Awareness of the Factors Involved in Calculating Credit Scores



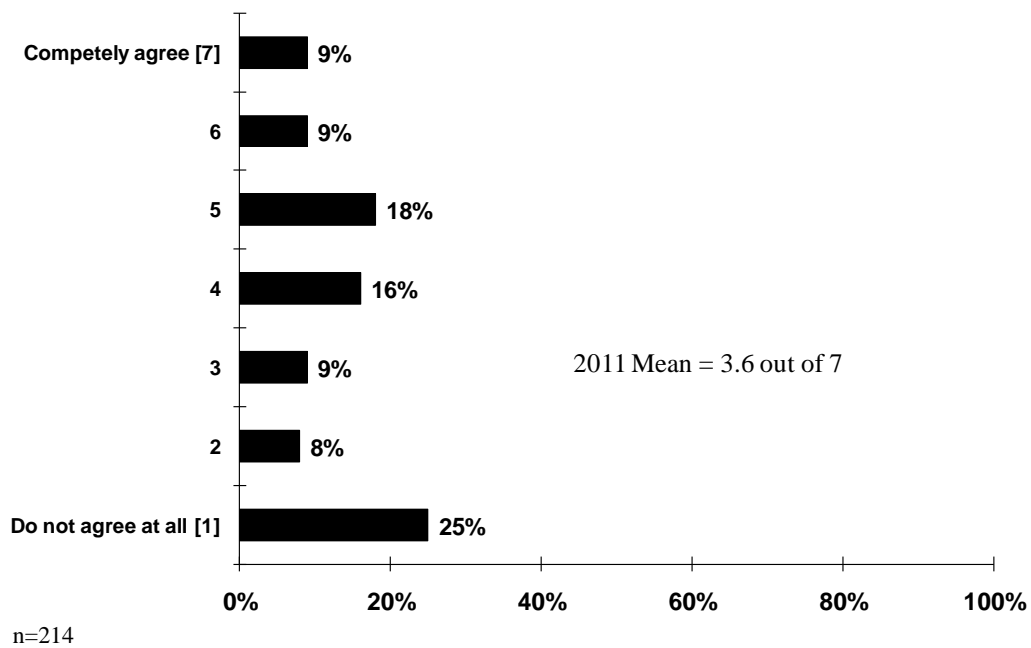
Respondent subgroups significantly more likely to **be aware of the factors involved in calculating credit scores** included:

- ◆ Respondents aged 18 to 64 (33% to 51% versus 15% of respondents aged 65 and older);
- ◆ Respondents that reside in Edmonton, Calgary, or other cities (38% to 49% versus 16% of respondents that reside in other Alberta areas); and
- ◆ Respondents that were aware how to check their credit score (58% versus 7% of respondents that were not aware).

Respondents were asked to rate their level of agreement with the statement, “I understand all the concepts implied on a credit score.” Thirty-six percent (36%) of respondents agreed (5, 6 or 7 out of 7) with this statement, while 16% provided a neutral rating (4 out of 7), and 42% disagreed (1, 2 or 3 out of 7). The mean agreement rating that automobile insurance premiums are fair and reasonable was 3.6 out of 7. See Figure 30, below. The data from 2010 was not comparable to other survey years.

Figure 30

### Agreement with Understanding of the Concepts Implied on a Credit Score



\*Results reported in 2010 were not directly comparable to 2011

Table 10

Agreement with Understanding the Concepts Implied on a Credit Score			
	Percent of Respondents		
	6 or 7 out of 7	4 or 5 out of 7	1, 2, or 3 out of 7
2011 (n=214)	18	34	42
2010 (n=283)	19	27	44

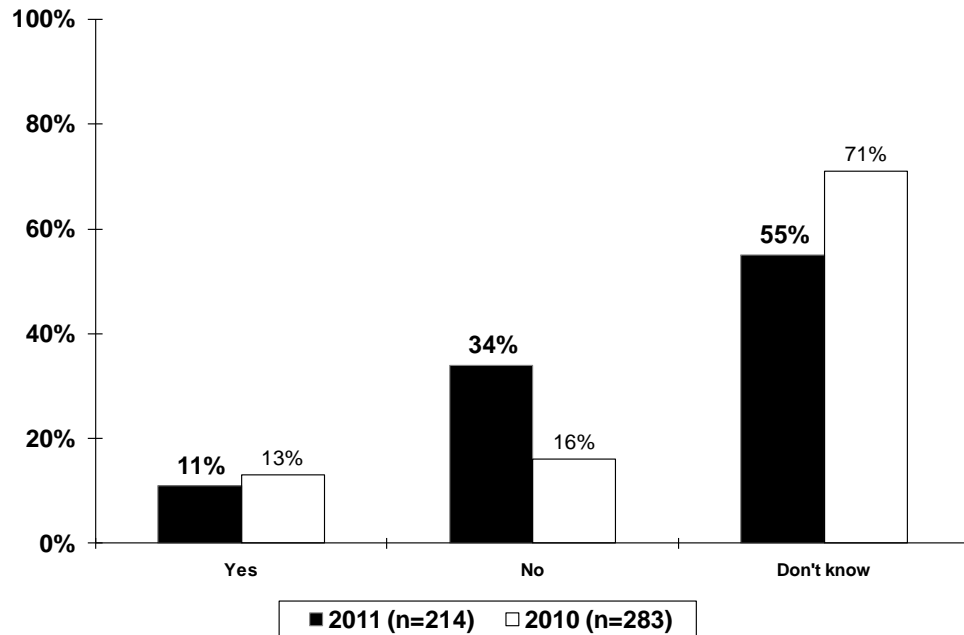
Respondent subgroups significantly more likely to **be aware of the concepts implied on a credit score** included:

- ◆ Respondents that reside in Calgary (45% versus 26% of respondents that reside in other Alberta areas);
- ◆ Respondents that were aware how to check their credit score (57% versus 9% of respondents that were not aware).

Respondents were asked if, to the best of their knowledge, their insurance company used their credit information in relation to their automobile insurance. More than half of respondents were unsure (55%, a significant decrease from 71% in 2010), while 11% stated that their insurance company did (comparable to 13% in 2010), and 34% stated that their insurance company did not (a significant increase from 16% in 2010). See Figure 31, below.

Figure 31

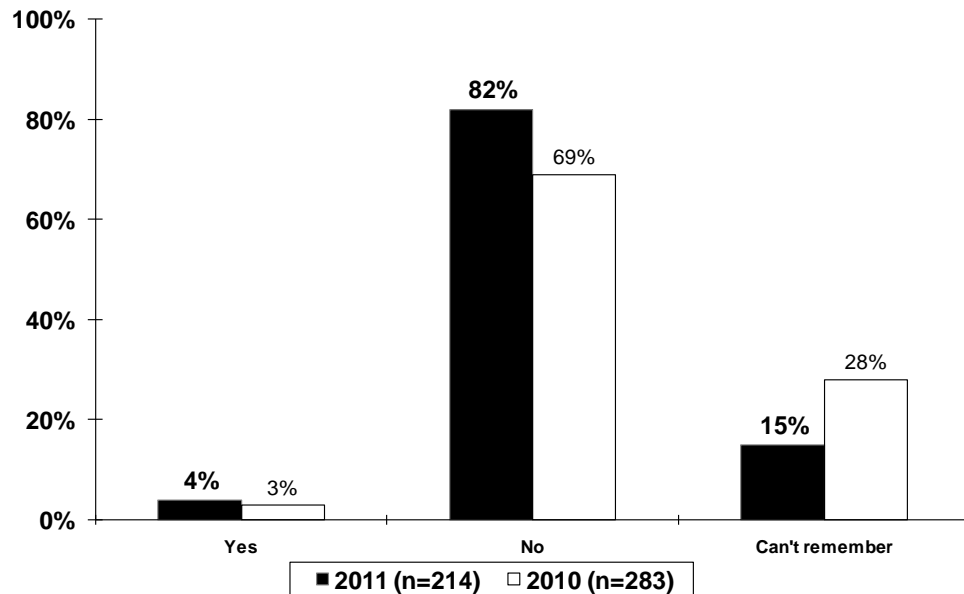
### Does your insurance company use your credit information in relation to your auto insurance?



The majority of respondents (82%) were not asked for permission to gather their credit information by their insurance representative (a significant increase from 69% in 2010), while 4% were (comparable to 3% in 2010). See Figure 32, below.

Figure 32

### Have you ever been asked by your insurance representative for permission to gather your credit information?

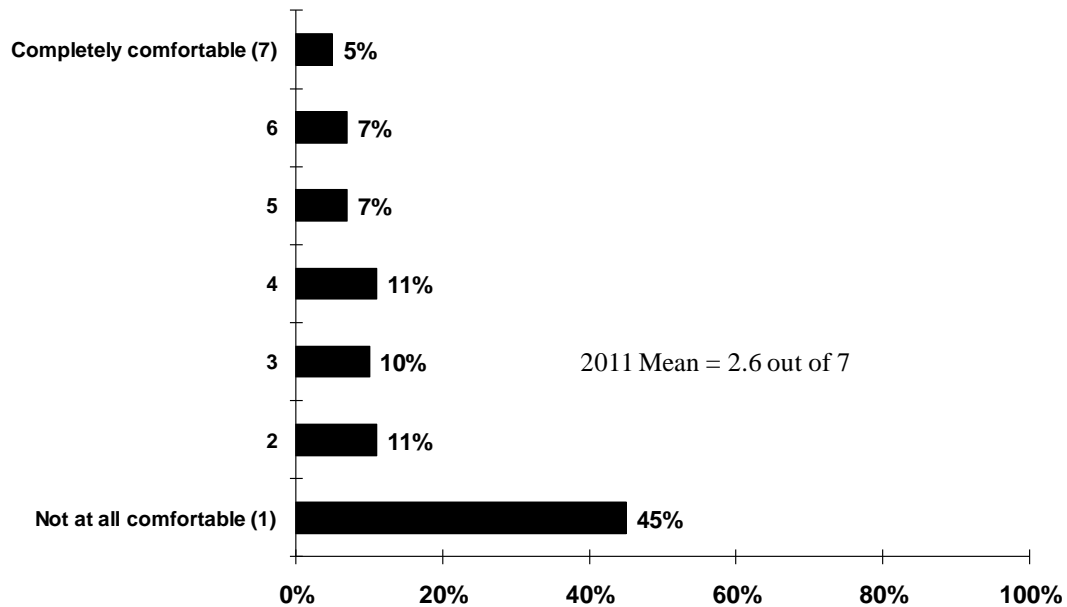


Respondents that sought competitive quotes within the past two years were significantly more likely to **be have been asked for permission to gather their credit information** (7% versus 2% of respondents that did not seek competitive quotes in the past two years).

Respondents were asked to rate their level of comfort with an insurer using their credit information. The majority of respondents (66%) provided a low rating of comfort (1, 2, or 3 out of 7), while 11% were neutral (4 out of 7), and 19% were comfortable (5, 6, or 7 out of 7). The mean agreement rating that automobile insurance premiums are fair and reasonable was 2.6 out of 7. See Figure 33, below. The data from 2010 was not comparable to other survey years.

Figure 33

### Level of Comfort with an Insurer Using Your Credit Scores



n=214

\*Results reported in 2010 were not directly comparable to 2011

Table 11

Level of Comfort with an Insurer Using Your Credit Scores			
	Percent of Respondents		
	6 or 7 out of 7	4 or 5 out of 7	1, 2, or 3 out of 7
2011 (n=214)	12	18	66
2010 (n=283)	6	20	70

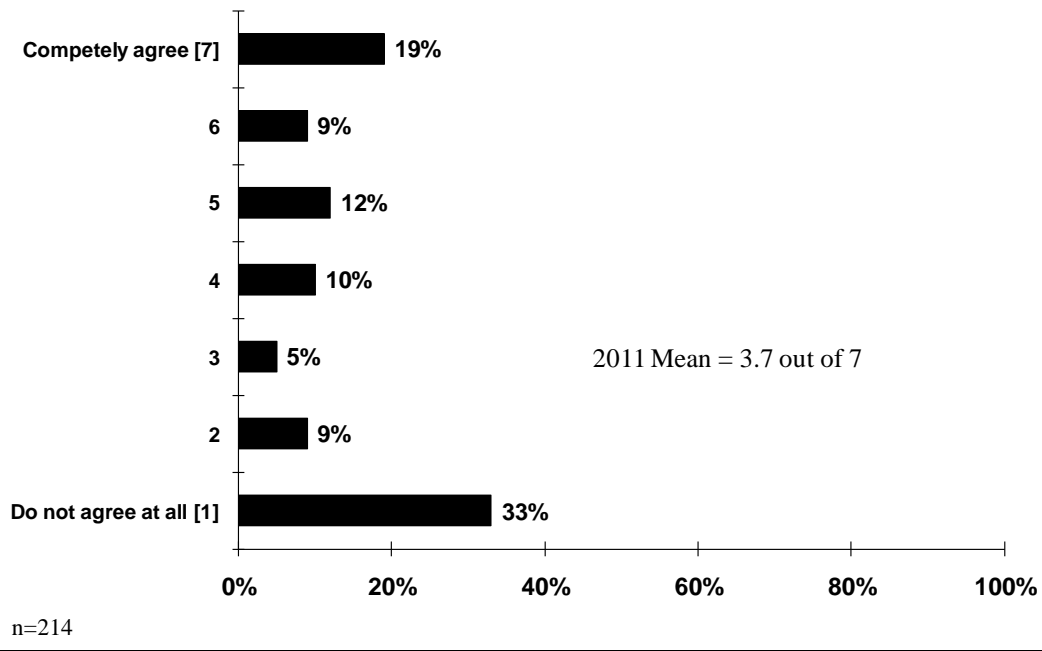
Respondent subgroups significantly more likely to **be comfortable with an insurer using their credit information** included:

- ◆ Respondents that reside in Edmonton (29% versus 12% of respondents that reside in other cities);
- ◆ Respondents that agreed that their automobile insurance premiums are fair and reasonable (25% versus 9% of respondents that disagreed that their automobile insurance premiums were fair and reasonable); and
- ◆ Respondents that agreed it is appropriate to use credit scores to calculate automobile insurance premiums (35% versus 8% of respondents that disagreed).

Respondents were asked to rate their level of agreement with the statement, “It is appropriate to use my credit score in the calculation of my automobile insurance premiums.” Forty percent (40%) of respondents agreed (5, 6 or 7 out of 7) with this statement, while 10% provided a neutral rating (4 out of 7), and 47% disagreed (1, 2 or 3 out of 7). The mean agreement rating that automobile insurance premiums are fair and reasonable was 3.7 out of 7. See Figure 34, below.

Figure 34

### Agreement with the Appropriateness of Using Credit Scores in Calculating Auto Insurance Premiums



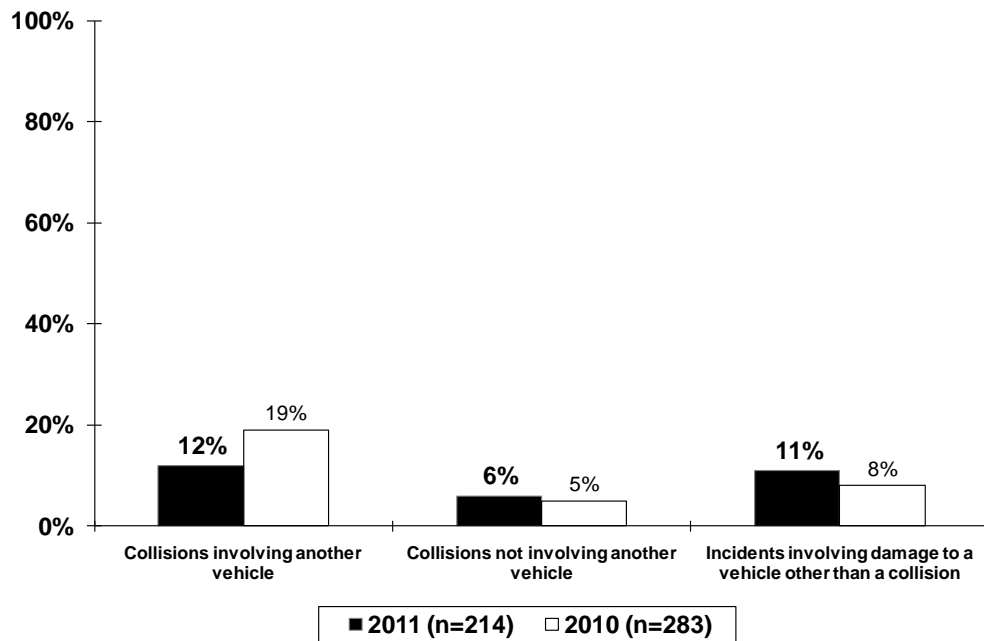
Respondents aged 45 to 54 were significantly more likely to agree that it is appropriate to use credit scores in the calculation of automobile insurance premiums (56% versus 30% to 32% of respondents aged 18 to 34 or 55 to 64).

#### 4.4 Recent Insurance Incidents

Respondents were then asked if they had been involved in any automobile collisions or incidents in the past two years. Twelve percent (12%) had been in a collision involving another vehicle (significantly less than 19% in 2010), while 6% had been in a collision not involving another vehicle (a slight increase from 5% in 2010), and 11% had been involved in an incident involving vehicle damage that was not a collision (a slight increase from 8% in 2010). See Figure 35, below.

Figure 35

#### In the past two years, have you been involved in any...?



Respondent subgroups significantly more likely to have **been involved in a collision involving another vehicle in the past two years** included:

- ◆ Female respondents (16% versus 7% of male respondents);
- ◆ Respondents that reside in Edmonton (18% versus 6% of respondents that reside in other Alberta areas);
- ◆ Respondents that were neutral with regards to the fairness of their automobile insurance premiums (32% versus 5% to 9% of respondents that agreed or disagreed that their automobile insurance premiums were fair and balanced); and
- ◆ Respondents that have had one or more at-fault claims in the past six years (22% versus 9% of respondents that have had no at-fault claims in the past six years).

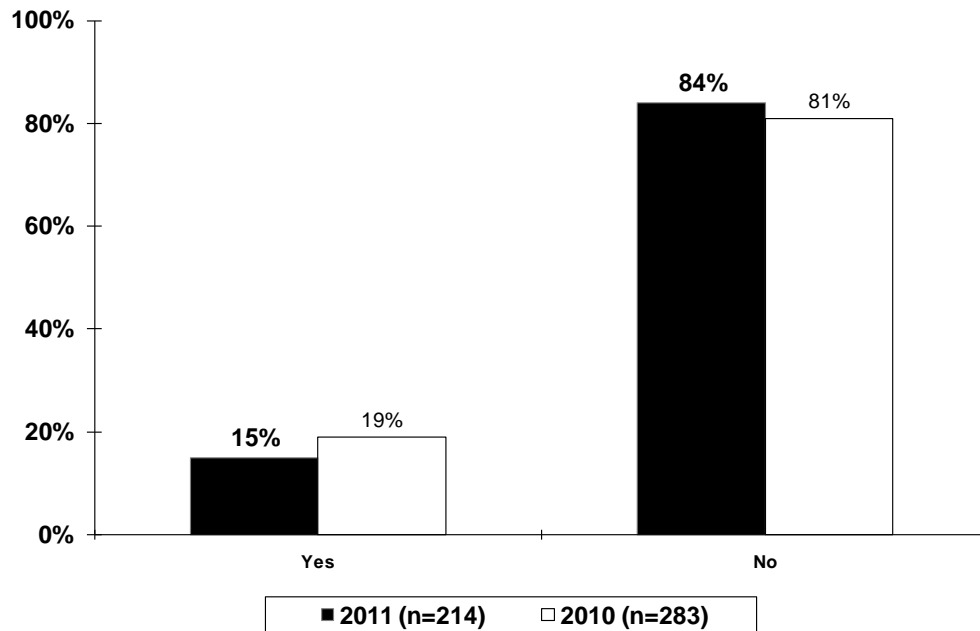
Respondent subgroups significantly more likely to have **been involved in a collision not involving another vehicle in the past two years** included:

- ◆ Respondents that reside in Edmonton (13% versus 2% of respondents that reside in Calgary);
- ◆ Respondents that were neutral or disagreed that their automobile insurance premiums were fair and reasonable (8% to 9% versus 1% of respondents that agreed their automobile insurance premiums were fair and reasonable).

When asked if there had ever been a period of time where they, or someone covered by their insurance policy, had stopped carrying automobile insurance coverage due to any reason, the majority (84%) of respondents indicated they had not (a slight increase from 81% in 2010), while 15% indicated they had (a slight decrease from 19% in 2010). See Figure 36, below.

Figure 36

### Has anyone covered by your insurance policy stopped carrying auto insurance coverage?



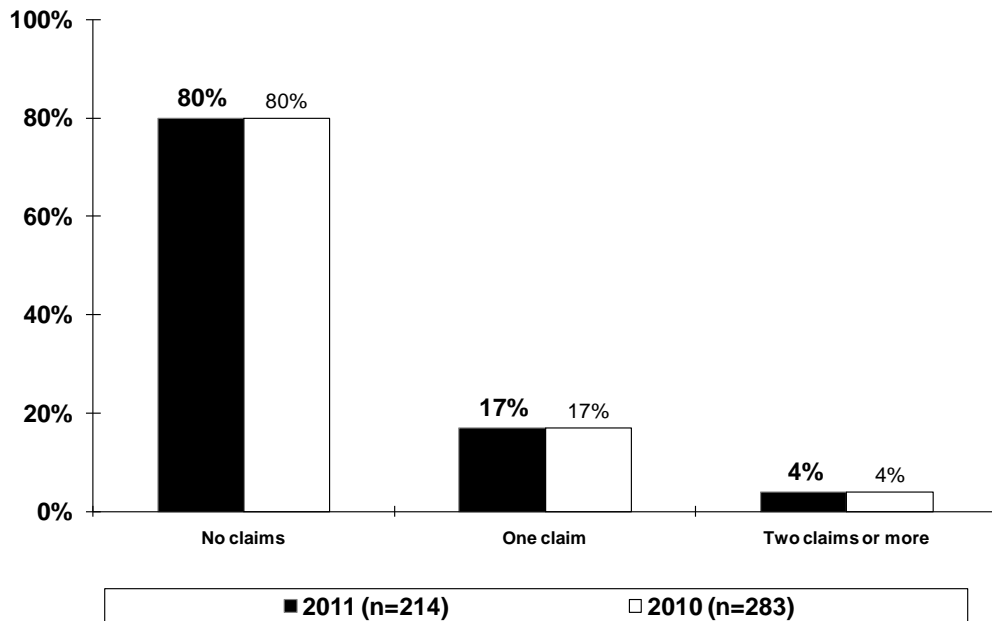
Respondent subgroups significantly more likely to indicate that **there has been a period of time where they or someone covered by their insurance policy stopped carrying automobile insurance coverage** included:

- ◆ Respondents that reside in Edmonton, Calgary, or other cities (16% to 26% versus 4% of respondents that reside in other Alberta areas);
- ◆ Respondents that disagreed that their insurance premiums are fair and reasonable (32% versus 7% to 11% of respondents that were neutral or agreed that their insurance premiums are fair and reasonable); and
- ◆ Respondents that disagreed that it is appropriate to use credit scores to calculate automobile insurance premiums (23% versus 10% of respondents that agreed it is appropriate to use credit scores).

Respondents were asked how many times they, or someone covered by their insurance policy, had made an at-fault claim in the past six years. An at-fault claim was defined as an automobile accident or related incident where respondents were held accountable for at least 50% of the damage. The majority (80%) of respondents indicated that they or anyone covered by their policy had not filed any claims, while 17% had filed one claim, and 4% had filed two or more claims. All results remained unchanged from 2010, see Figure 37, below.

Figure 37

### Has anyone covered by your insurance policy made an at-fault claim in the past six years?



Respondent subgroups significantly more likely to have had **no at-fault claims in the past six years** included:

- ◆ Respondents aged 18 to 34 or 65 and older (86% to 90% versus 66% of respondents aged 55 to 64);
- ◆ Respondents that agreed or disagreed their automobile insurance rates are fair and reasonable (84% versus 59% of respondents that were neutral with regards to their automobile insurance rates are fair and reasonable); and
- ◆ Respondents that have received no tickets resulting in demerit points (84% versus 65% of respondents that have received tickets resulting in demerit points).

Respondent subgroups significantly more likely to have had **one at-fault claim in the past six years** included:

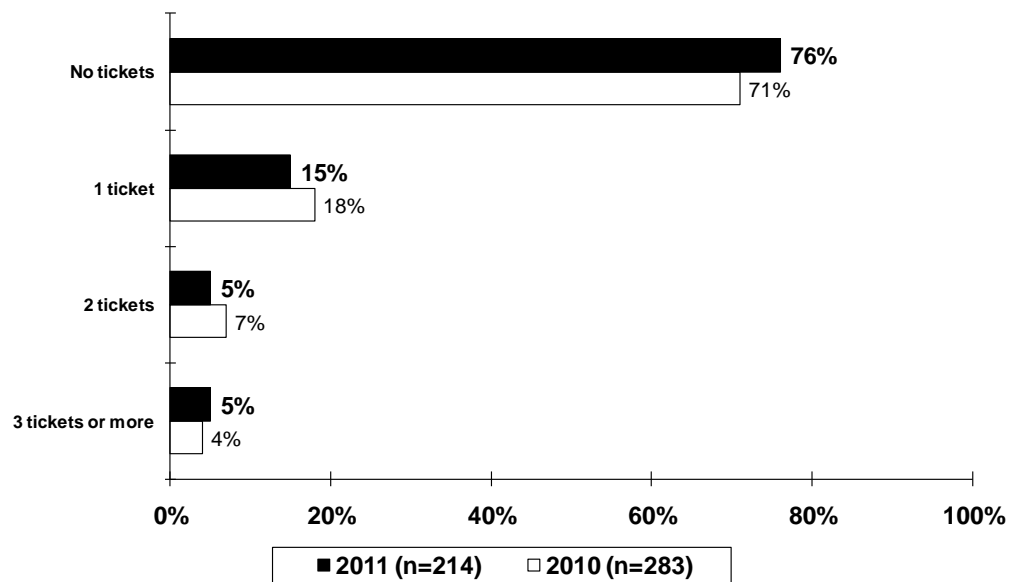
- ◆ Respondents aged 55 to 64 (29% versus 8% to 10% of respondents aged 18 to 34 or 65 and older);
- ◆ Respondents that disagreed that it is appropriate to use credit scores to calculate automobile insurance premiums (23% versus 11% of respondents that agreed it is appropriate); and
- ◆ Respondents that have received one or more tickets resulting in demerit points (31% versus 12% of respondents that have not received any tickets resulting in demerit points).

Respondents that were neutral with regards to the fairness of their automobile insurance rates were significantly more likely to have had **two at-fault claims in the past six years** (16% versus 1% of respondents that agreed that their automobile insurance rates were fair and reasonable).

Respondents were then asked if they, or anyone in their household, had received a ticket that resulted in demerit points in the past three years. Respondents were informed that demerit points are incurred for things such as speeding, failure to signal, making an improper turn, passing a vehicle stopped at a crosswalk, failure to stop for a school bus, and Criminal Code violations such as impaired driving. As illustrated in Figure 38, below, 76% of respondents indicated that they had not received any tickets resulting in demerit points (an increase from 71% in 2010), while 15% had received one ticket (a decrease from 18% in 2010), 5% had received two tickets (comparable to 7% in 2010), and 5% had received three or more tickets resulting in demerit points in the past three years (comparable to 4% in 2010).

Figure 38

### Number of tickets resulting in demerit points in the past three years



Respondent subgroups significantly more likely to **have received no tickets that resulted in demerit points in the past three years** included:

- ◆ Male respondents (82% versus 68% of female respondents);
- ◆ Respondents aged 55 and older (81% to 92% versus 59% of respondents aged 35 to 44);
- ◆ Respondents that have not sought competitive quotes in the past 2 years (82% versus 68% of respondents that have sought competitive quotes in the past 2 years);
- ◆ Respondents that have not experienced excessively high insurance rates (81% versus 64% of respondents that have);
- ◆ Respondents that have had no at-fault claims in the past six years (80% versus 58% of respondents that have had at-fault claims in the past six years).

Respondent subgroups significantly more likely to **have received one ticket that resulted in demerit points in the past three years** included:

- ◆ Respondents aged 35 to 54 (19% to 26% versus 5% of respondents aged 65 and older); and
- ◆ Respondents that have sought competitive quotes in the past 2 years (24% versus 8% of respondents that have not sought competitive quotes in the past 2 years);

Respondents that reside in other cities were significantly more likely to **have received two tickets that resulted in demerit points in the past three years** (12% versus 2% of respondents that reside in other Alberta areas).

Respondent subgroups significantly more likely to **have received three tickets that resulted in demerit points in the past three years** included:

- ◆ Female respondents (7% versus 1% of male respondents);
- ◆ Respondents that were neutral regarding the fairness of their automobile insurance premiums (9% versus 1% of respondents that agreed their insurance premiums were fair and reasonable); and
- ◆ Respondents that have had one or more at-fault claims (12% versus 2% of respondents that have had no at-fault claims).

## 5.0 DEMOGRAPHIC PROFILE

Table 12, below, contains the demographic profile of respondents of the telephone survey.

Table 12

Telephone Respondent Profile				
	Percent of Respondents			
	2011 (n=800)	2010 (n=840)	2009 (n=800)	2008 (n=800)
<b>Gender</b>				
Male	57	48	49	54
Female	43	52	51	46
<b>Age</b>				
18 to 24 years	1	7	3	2
25 to 34 years	6	11	13	13
35 to 44 years	11	16	19	16
45 to 54 years	24	22	26	24
55 to 64 years	29	19	19	20
65 years or older	29	24	21	24
<b>Number of years as a licensed driver</b>				
10 years or less	4	13	9	8
11 to 20 years	9	13	18	15
21 to 30 years	17	21	21	22
31 to 40 years	26	24	26	25
41 to 50 years	28	17	15	17
More than 50 years	16	13	12	13
<b>Number of drivers in household insurance arranged for</b>				
1 driver	29	30	32	34
2 drivers	54	57	54	54
3 drivers	11	8	8	7
4 drivers	4	3	4	3
5 drivers	1	1	1	<1
None	1	--	1	1

Table 13, below, contains the demographic profile of respondents of the web survey.

**Table 13**

<b>Web Respondent Profile</b>		
	<b>Percent of Respondents</b>	
	<b>2011 (n=214)</b>	<b>2010 (n=283)</b>
<b>Gender</b>		
Male	54	60
Female	46	40
<b>Age</b>		
18 to 24 years	3	4
25 to 34 years	14	11
35 to 44 years	14	13
45 to 54 years	25	28
55 to 64 years	24	26
65 years or older	20	17
<b>Number of years as a licensed driver</b>		
10 years or less	9	11
11 to 20 years	13	12
21 to 30 years	20	22
31 to 40 years	28	28
41 to 50 years	22	17
More than 50 years	8	12
<b>Number of drivers in household insurance arranged for</b>		
1 driver	26	29
2 drivers	59	57
3 drivers	7	9
4 drivers	5	2
5 drivers	2	2
None	1	--

**Appendix A**  
**Survey Questionnaire**

## **INTRODUCTION**

Hello, my name is \_\_\_\_\_ from Banister Research and Consulting, a full service research provider. On behalf of the Alberta Automobile Insurance Rate Board our firm will be conducting a study on consumer perception of automobile insurance rates. I assure you that we are not selling or promoting anything, and all your responses are confidential and will be kept completely anonymous.

Your household has been randomly dialed to participate in this study, and your responses will be used to help the Board's Consumer Representative present a public report about this study.

**A.** For this study, I need to speak to adult member of your household who is at least 18 years of age and reviews or investigates automobile insurance for your household's private passenger vehicles. Is that member available?

- 01. Yes, speaking **[Continue]**
- 02. Yes, I'll get him/her **[Repeat introduction and continue]**
- 03. Not now **[Arrange callback and record first name of selected respondent]**

If you have any questions about the survey, please contact Susan Steeves of the Alberta Automobile Insurance Rate Board at (780) 415-9240 or toll-free at 310-0000.

**B.** Does your household have one or more passenger vehicles that are in active use?

- 01. Yes **[CONTINUE]**
- 02. No **[THANK AND TERMINATE]**

**C.** Do you, or does any member of your household... **[READ LIST]**

- 01. Yes
- 02. No

- a. Work in marketing research or the news media such as radio, television, or newspaper?
- b. Work in the automobile insurance industry?
- c. Work for the Superintendent of Insurance or the Alberta Automobile Insurance Rate Board?

**THANK AND TERMINATE, IF YES TO ANY IN Question C.**

**D.** Record Gender **[DO NOT ASK]**

- 01. Male
- 02. Female

**E. Region (Watch Quotas) n=800:**

1. Edmonton n=200
2. Calgary n=200
3. Other Cities n=150
4. Rural n=250

**Q1.** At any time in the past two years, have you sought competitive quotes before making decision about who to purchase automobile insurance from?

01. Yes
02. No           **[SKIP TO Q2]**

**1a.** How many quotes did you obtain while shopping for insurance?

\_\_\_\_\_ RECORD NUMBER

**1b.** Where did you get the quotes? **[SELECT ALL THAT APPLY]**

01. Websites
02. Telephone calls to brokers
03. In person visits to brokers
96. Other: \_\_\_\_\_ **[Specify]**

**Q2.** Thinking about your household's automobile insurance, in the last two years, have you, for any of your vehicles ...

01. Yes
02. No

- a. Switched insurance companies
- b. Remained with your existing carrier
- c. Obtained a new automobile insurance policy for a vehicle you purchased or acquired

**Q3. IF YES TO Q.2a:** For what reasons did you make a decision to switch automobile insurance companies?

\_\_\_\_\_ **[Specify]**

**Q3a. IF YES TO Q.2a or 2c:** On what basis did you choose this policy?

\_\_\_\_\_ **[Specify]**

## **PERCEPTIONS OF AUTOMOBILE INSURANCE**

**Q4.** In the past two years, have you or someone else in your household ...

- 01. Yes
- 02. No
- 03. Don't know / Don't remember timing **[DO NOT READ]**

- a. Decided not to insure a vehicle because automobile insurance premiums were cost prohibitive for your household?
- b. Been denied automobile insurance coverage?
- c. Experienced excessively high automobile insurance rates?

**Q5.** Using a scale from 1 to 7, where 1 means DO NOT AGREE AT ALL and 7 means COMPLETELY AGREE, please rate your level of agreement that given your personal circumstances, your automobile insurance premiums are fair and reasonable.

- 01. Do not agree at all
- 02.
- 03.
- 04.
- 05.
- 06.
- 07. Completely agree
- 08. Don't know **[DO NOT READ]**

**Q6.** Do you believe automobile insurance premiums in Alberta are generally more expensive, less expensive, or about the same as premiums in other Canadian provinces?

- 01. More expensive
- 02. Less expensive
- 03. The same
- 04. Depends upon the province **[DO NOT READ]**
- 08. Don't know

## **CREDIT SCORE**

**Q7. Are you aware of how to check your credit score?**

- 01. Yes
- 02. No
- 09. Don't know

**Q8. Have you ever checked your credit score?**

- 01. Yes
- 02. No
- 03. Can't remember

**Q9. On a scale of 1 to 7, where 1 is do not agree at all and 7 is completely agree, please rate your level of agreement with the following statements:**

- 01 Do not agree at all
- 02
- 03
- 04
- 05
- 06
- 07 Completely agree
- 98 Don't know **[DO NOT READ]**

- a. I am aware of all the factors involved in calculating my credit score**
- b. I understand all the concepts implied in a credit score**

**Q10. To the best of your knowledge, does your insurance company use your credit information in relation to your automobile insurance?**

- 01. Yes
- 03. No
- 04. Don't know **[DO NOT READ]**

**Q11. Have you ever been asked by your insurance representative for permission to gather your credit information?**

- 01. Yes
- 03. No
- 04. Can't remember **[DO NOT READ]**

**Q12. On a scale of 1 to 7, where 1 is not at all comfortable, and 7 is completely comfortable, how comfortable are you with an insurer using your credit information?**

- 01 Not at all comfortable
- 02
- 03
- 04
- 05
- 06
- 07 Completely comfortable
- 98 Don't know **[DO NOT READ]**

**Insurers have data that demonstrates links between bad credit and more claims, and between good credit and fewer claims. Therefore using credit information can result in lower insurance costs for people with good credit.**

**Q13. On a scale of 1 to 7, where 1 is do not agree at all, and 7 is completely agree, how clearly does the following statement represent your opinion: "It is appropriate to use my credit score in the calculation of my automobile insurance premium".**

- 01 Do not agree at all
- 02
- 03
- 04
- 05
- 06
- 07 Completely agree
- 98 Don't know **[DO NOT READ]**

### **DEMOGRAPHICS**

I would like to ask you a few final questions about yourself and your household. I can reassure you that none of your responses will be reported individually, all responses will be pooled with those of all other participants.

**Q14.** In the past two years, have you been involved in any ...

- 01. Yes
- 02. No

- a. Collisions involving another vehicle?
- b. Collisions not involving another vehicle?
- c. Incidents involving damage to a vehicle other than a collision. For example, property damage caused by fire, theft, hail or vandalism?

**Q15.** For how many years have you been a licensed driver?

\_\_\_\_\_ **[RECORD EXACT ANSWER]**

If less than one year, enter "0".

**Q16.** How many licensed drivers do you arrange insurance for in your household?

**[RECORD EXACT ANSWER]**

**Q17.** There are a number of reasons why people may stop carrying automobile insurance. For example, selling all of your vehicles or moving out of the country. Has there ever been a period of time where you or someone covered by your insurance policy stopped carrying automobile insurance coverage?

- 1. Yes
- 2. No
- 9. Don't know

**Q18.** How many times in the past 6 years have you or someone covered by your insurance policy had an at-fault claim? An at-fault claim is where you are held accountable for at least 50% of the automobile accident or related incidents.

\_\_\_\_\_ **[RECORD EXACT ANSWER]**

PAT RESPONSE: An at-fault accident is when the accident is at least 50% your fault.

**Q19.** Certain kinds of traffic violations result in demerit points while other infractions such as photo radar and parking tickets do not. Demerit points are incurred for things such as speeding, failure to signal, making an improper turn, passing a vehicle stopped at a crosswalk, failing to stop for a school bus, and *Criminal Code* violations such as impaired driving. In the past three years, how many tickets have you or someone in your household received that resulted in demerit points.

1. 0
2. 1
3. 2
4. 3
5. 4 or more
9. Don't know

**Q20.** In which age category do you belong? Please stop me when I reach the correct one.

1. 18 to 24 years
2. 25 to 34
3. 35 to 44
4. 45 to 54
5. 55 to 64
6. 65 years or over
9. Refused **[DO NOT READ]**

**Q21.** Which are the first 3 digits of your postal code?

- 99 Refused

### **RECRUITMENT INVITATION**

**Q22.** The Alberta Automobile Insurance Rate Board may be conducting follow-up research in the future regarding your knowledge and perceptions of automobile insurance in Alberta, including focus groups and interviews. Would you be willing to participate in follow-up research?

- YES – **[CONTINUE WITH SURVEY]**  
NO – **[THANK & END]**  
NO Response – **[END]**

**Q23.** Do we have your permission to collect and release your contact information? Please be ensured that only your contact information will be released in this regard, and none of your responses to this survey will be linked to you in any way.

YES – **[CONTINUE WITH SURVEY]**

NO – **[THANK & END]**

NO Response – **[END]**

**Q24.** Please confirm your first name, telephone number, city and email address so we may contact you in the future:

First name: \_\_\_\_\_

Telephone number: \_\_\_\_\_

City: \_\_\_\_\_

Email address: \_\_\_\_\_

On behalf of the Alberta Automobile Insurance Rate Board, I would like to thank you very much for your time and co-operation.