Auto Insurance Awareness Survey

the zebra

KEY FINDINGS

There's a critical need for auto insurance awareness among consumers.

- U.S. auto insurance consumers are overconfident and under-informed about about insurance.

- Most respondents – 81% – think they have the insurance coverage they need and 90% feel moderately to very well informed about what factors impact their car insurance rates.

- However, few respondents are able to correctly identify the majority of the listed auto insurance rating factors. Further, many respondents incorrectly identify false rating factors. For example, 23% think the color of their car affects their car insurance rates and 25% think getting a parking ticket does.

- Few respondents are able to correctly identify common coverage types and terms such as "comprehensive coverage" and "deductible," and many are unaware that the type of coverage they select impacts their rates.

- The majority of respondents think their car insurance is too expensive and most want to lower their rates.

- While nearly half said they want to better understand what impacts their rates, many don't think they can do anything at all to lower them.

*100% of respondents currently have car insurance.

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ABOUT THE SURVEY

Auto insurance is essential, but for most drivers, it's also confusing. Each insurance company has a different way of assessing risk, using broad and varied information to set rates, but drivers have little to no insight into what that information is. And without that insight, how can they take action to lower their risk and their rates? The Zebra conducted this survey to gain a better understanding of drivers' awareness and assumptions about what factors affect their car insurance rates, and to help provide the education they need to make more informed insurance decisions.

METHODOLOGY

The Zebra's Auto Insurance Awareness Survey presents the findings of an online survey of 1,165 U.S. auto insurance consumers ages 18 and older. The survey was conducted by independent research firm Survata from October 4-5, 2017. The margin of error for a sample of this size is +/-3% at a 95% level of confidence.
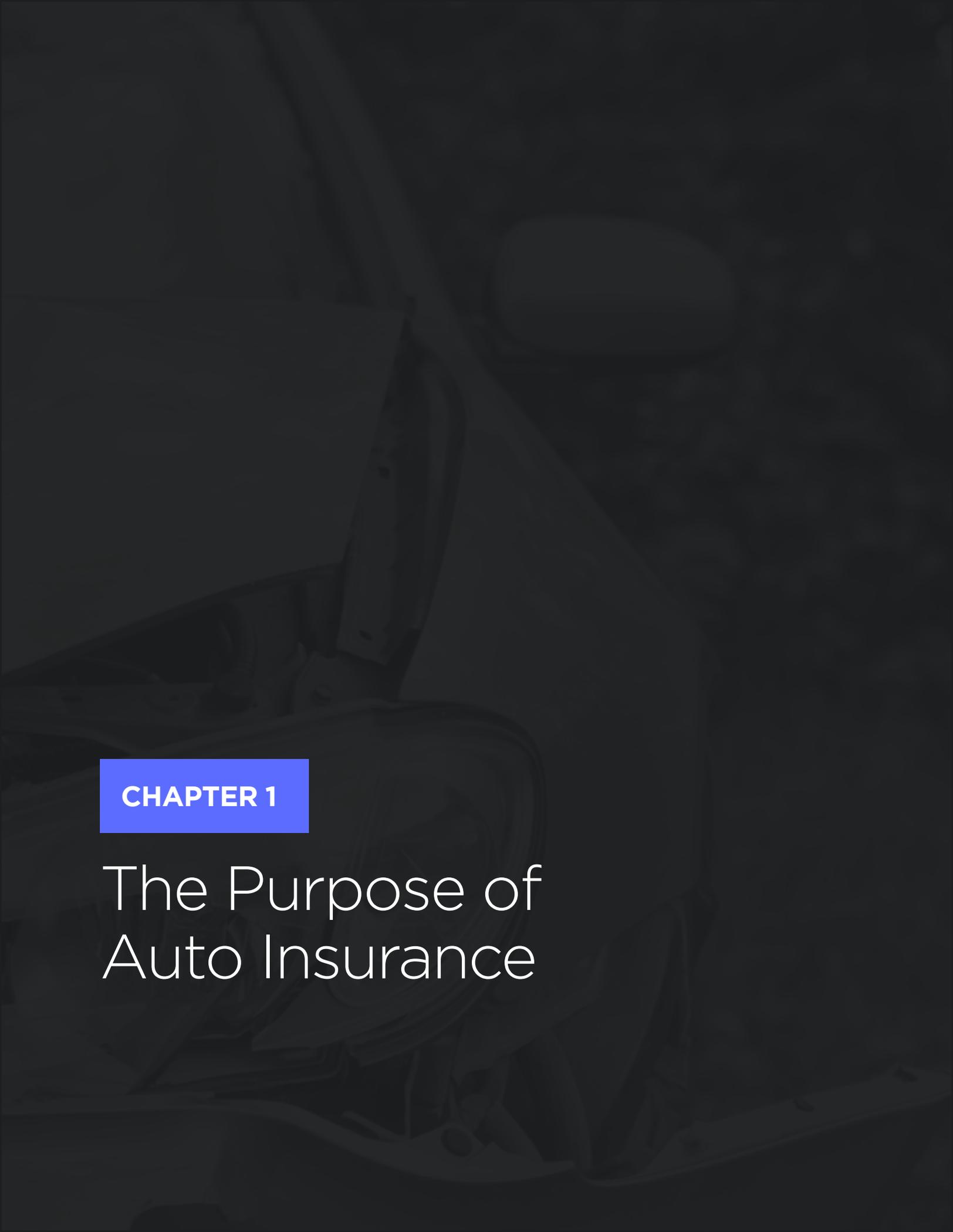
The Purpose of Auto Insurance

Why do you need car insurance?
(Select all that apply.)

78.2%   I am required to have it by law

70.5%   To repair my car if it is damaged in
an accident or vandalized

69.3%   To pay the other driver's bills if I cause
them injury or property damage

57.8%   To repair or replace my car if it is damaged
by flood, fire, or other weather events

51.5%   To pay my medical bills if I get injured in an accident

50.6%   To replace my car if it is stolen

32.5%   I am required to have it by a financing company

2.1%   I don't need car insurance

1.2%   I don't know

Each respondent's selected answers above were then presented as answer options for the following question:

In your opinion, what is the single main purpose car insurance serves? (Select one.)

32.9%   I am required to have it by law

25.5%   To repair my car if it is damaged in an accident or vandalized

23.1%   To pay the other driver's bills if I cause them injury or property damage

5.2%   To pay my medical bills if I get injured in an accident

4.9%   To repair or replace my car if it is damaged by flood, fire, or other weather events

3.8%   I am required to have it by a financing company

2.4%   To replace my car if it is stolen

1.2%   I don't need car insurance

1.1%   I don't know
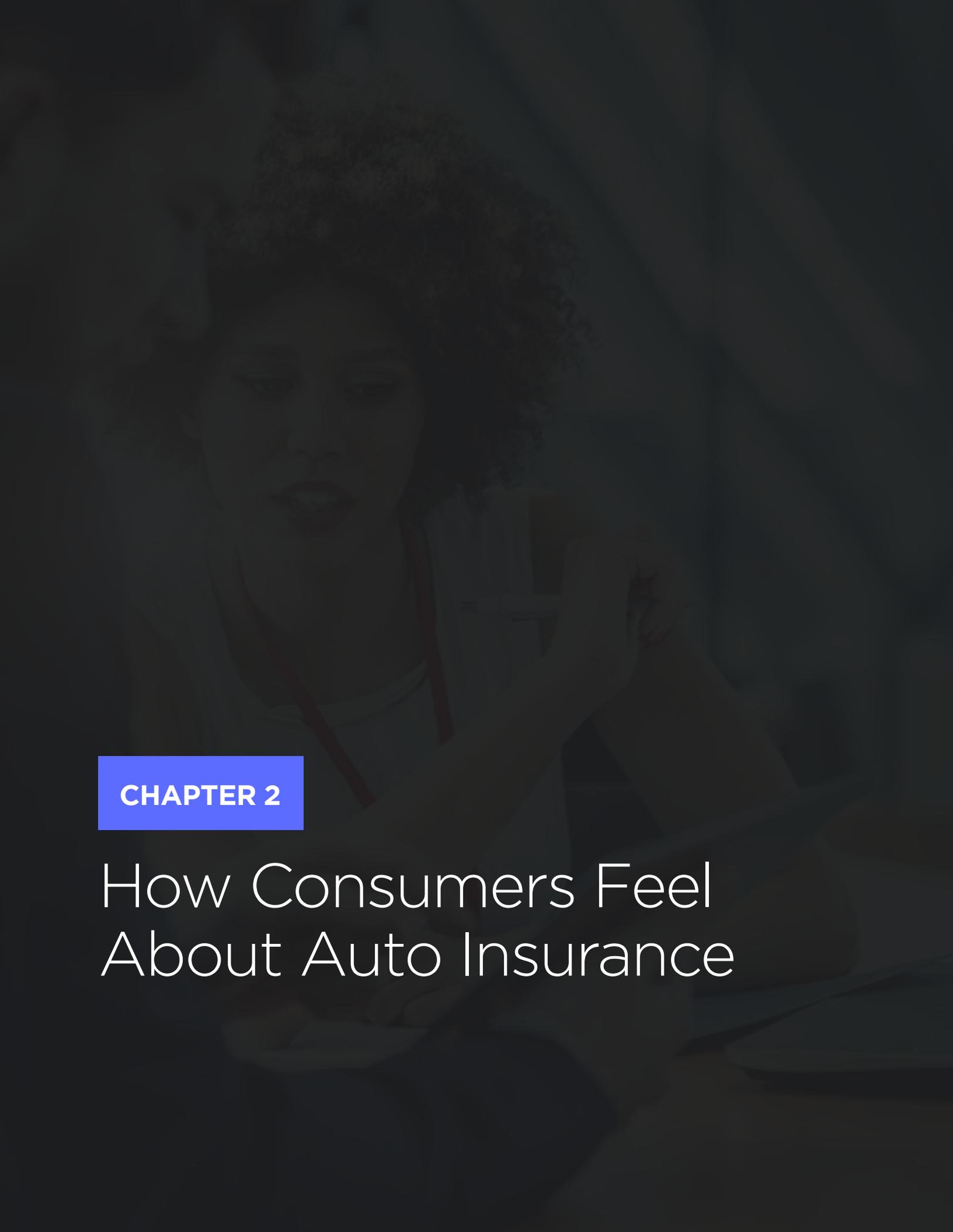
How Consumers Feel About Auto Insurance

Do you agree or disagree with the following statements?

	AGREE	DISAGREE
I am a good driver.	93.5%	6.5%
I don't know why I need car insurance.	17.1%	82.9%
I have the car insurance coverage I need.	81.1%	18.9%
I know what to do to renew my policy or shop for new car insurance.	82.8%	17.2%
I can only switch car insurance companies at the end of my policy term. X	37.3%	62.7%
My car insurance is too expensive.	60.9%	39.1%
I can afford more car insurance coverage, but I don't want to spend money on it.	38%	62%
I can negotiate my car insurance rates. X	45.4%	54.6%
I wouldn't buy car insurance if it weren't legally required.	28.2%	71.8%
I've filed a claim with my car insurance company in the past year.	28.4%	71.6%

X   False statement

Do you agree or disagree with the following statements?

|	AGREE	DISAGREE
My driving record is permanent. **X**	**58.3%**	**41.7%**
Car insurance is a scam.	**28.6%**	**71.4%**
There is nothing I can do to lower my car insurance rates. **X**	**35.8%**	**64.2%**
I don't know what to do to lower my car insurance rates.	**44.7%**	**55.3%**
I want to lower my car insurance rates.	**81.3%**	**18.7%**
I have limited car insurance options.	**34.4%**	**65.6%**
Insurance companies raise rates for no reason. **X**	**59.1%**	**40.9%**
I know my credit score.	**80.2%**	**19.8%**

X   False statement

FINDINGS

- X = These statements are false, so those who answered "Disagree" are correct.

- Though 58% of people say their driving record is permanent, this is not the case for auto insurance rates. After a set amount of time (usually 3 years), insurance companies cannot legally factor driving violations into your rates, though this time frame varies by state and violation. Of those who think their driving record is permanent, 42% think there is nothing they can do to lower their car insurance rates.

- While 81.3% want to lower their car insurance rates, 44.7% say they don't know how to do so, and 35.8% think there is no way to do so.

Consumer Awareness of Auto Insurance Rating Factors

Car insurance companies use a wide variety of information about you, your vehicle, how you drive, and your coverage to determine your rates. These are **rating factors.**

How would you rate your level of understanding about what factors impact car insurance rates?

40.3%
I am very well informed.

34.6%
I am moderately informed, but I would like to understand it better.

15%
I am moderately informed, and I don't feel the need to understand it any better.

6.3%
I don't understand it at all, but I would like to understand it better.

3.8%
I don't understand it at all, and I don't care to.

0   10   20   30   40   50
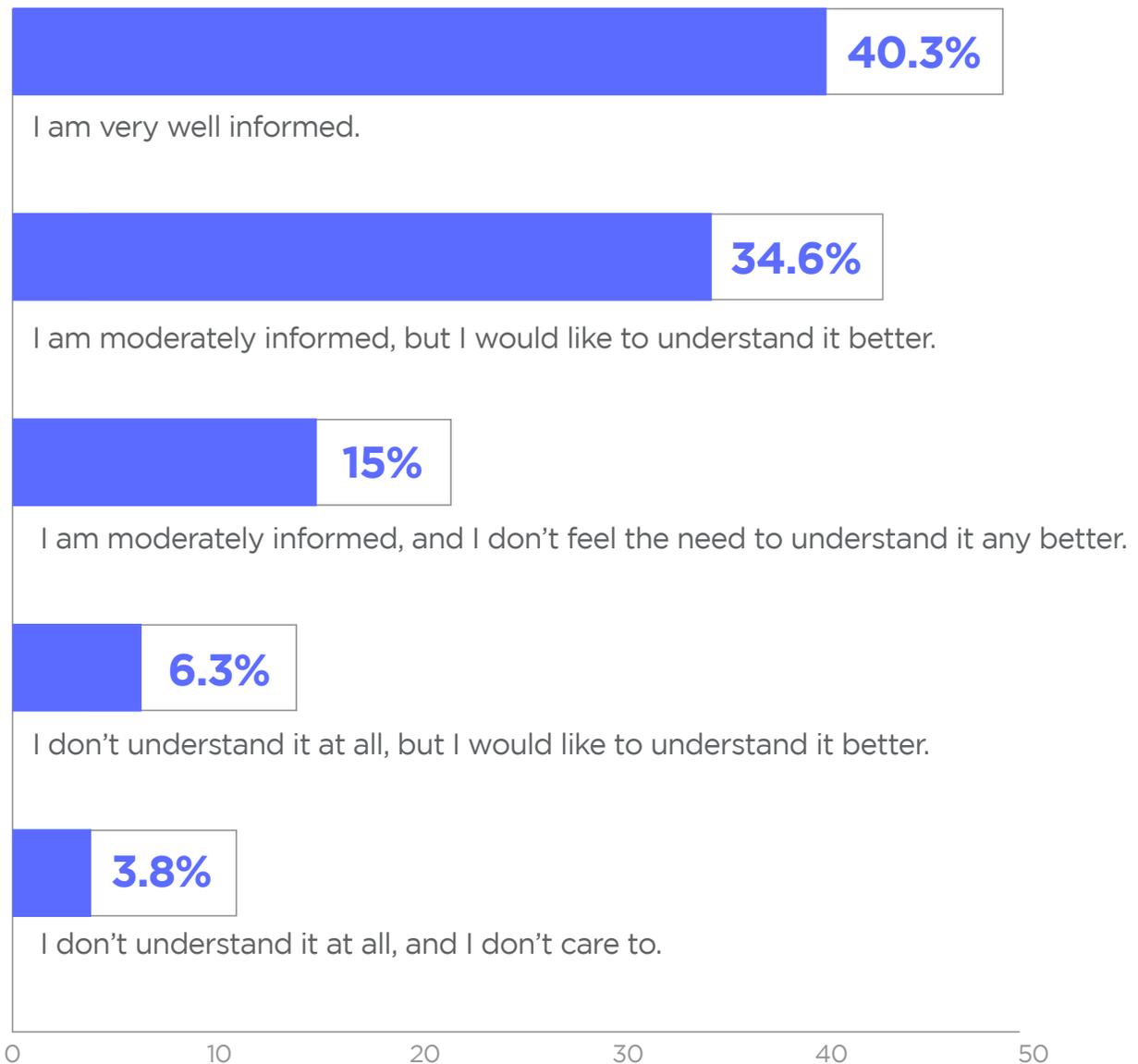
Which of the following factors **about you** affect your car insurance rates? (Select all that apply.)

69%   Your age

44.6%   Your gender

42.7%   Whether you live in an area with high crime rates

40.7%   Your credit score

40.2%   Whether you live in a highly populated area

40%   Whether you live in an area prone to bad weather like flooding, wildfires, or hail

35.8%   Your marital status

34.6%   Your abilities/disabilities (vision, mobility, etc.) **X**

34%   Your home address

32.7%   Whether you live in an area with many uninsured drivers

22.5%   Your income **X**

21.2%   Whether you own your home

18.4%   Whether you have young children **X**

16.8%   Your job

14%   Your highest level of education**

8.1%   Your race **X**

4.4%   Whether you have pets **X**

3%   Your religion **X**

X   False statement

Which single factor about you has the **greatest impact** on your car insurance rates? (Select one.)

29.3% Your age

13% Your credit score

7% Whether you live in an area with high crime rates

6.8% Whether you live in an area with many uninsured drivers

6.8% Whether you live in a highly populated area

5.8% Your abilities/disabilities (vision, mobility, etc.) **x**

5.7% Your gender

5% Your income **x**

4.7% Your home address

4.6% Whether you live in an area prone to bad weather like flooding, wildfires, or hail

2.7% Your marital status

2.5% Your job

2.1% Whether you have young children **x**

1.5% Whether you own your home

0.8% Your highest level of education

0.7% Whether you have pets **x**

0.7% Your religion **x**

0.3% Your race **x**

x False statement

FINDINGS

- X = These answer options are not real rating factors, so those who selected them are incorrect. It is illegal to use a person's race, religion, income, or abilities/disabilities to determine their car insurance rates, but plenty of people think these are accepted practices. Further, having pets or young children (unless they are of driving age) has no bearing on rates.

- Only 1 of the rating factors in this section had a majority of respondents correctly state that it affects car insurance rates (Age), and for 7 factors, the majority of people **do not know** these affect their rates: Credit score, marital status, gender, home ownership status, highest level of education, occupation, and location (which encompasses responses for home address and all about whether a respondent lives in certain areas).

YOUR CAR

Which of the following factors **about your car** affect your car insurance rates? (Select all that apply.)

71.1%   The make and model of your car

68.9%   The age of your car

53.9%   Whether your car has anti-theft technology
ike an alarm or disabling device

46.1%   Whether your car has safety technology
like blind spot warning or a rear-view camera

33.4%   Whether you use a device to monitor
how and how much you drive (telematics)

28.5%   Whether you've made modifications
to your vehicle (installed a special stereo, rims, etc.)

22.9%   The color of your car   **x**

x   False statement

Which single factor **about your car** has the greatest impact on your car insurance rates? (Select one.)

41.9%   The make and model of your car

28.4%   The age of your car

9.3%   Whether your car has anti-theft technology
             like an alarm or disabling device

7.4%   Whether your car has safety technology
             like blind spot warning or a rear-view camera

4.9%   Whether you use a device to monitor
             how and how much you drive (telematics)

4.5%   The color of your car   **x**

3.6%   Whether you've made modifications to your
             vehicle (installed a special stereo, rims, etc.)

x   False statement

FINDINGS

- X = These answer option is not a real rating factor, so those who selected it are incorrect. It is a common misconception that a car's color impacts auto insurance rates, but insurance companies assess the risk of a vehicle by using the vehicle identification number (VIN), which does not provide information about the color of the car.

- Only 3 of the rating factors in this section had a majority of respondents correctly state that it affects car insurance rates (Car make and model, car age, and having anti-theft technology), and for 3 factors, the majority of people **do not know** these affect their rates: Whether a car has safety technology, use of a telematics device, and whether a driver has made modifications to the vehicle.

HOW YOU DRVE

Which of the following factors about **how you drive** affect your car insurance rates? (Select all that apply.)

70.4% Causing a car accident

65.7% Getting a speeding violation

64.2% Getting a DUI violation

53.9% How many miles you drive annually

48.3% Being caught texting/using a cell phone while driving

43% Whether you drive for personal or business use

36.7% Getting in a car accident caused by another driver

34.7% Whether you drive for a rideshare company like Uber or Lyft

30.4% Filing a claim if your car was stolen

28.9% Filing a claim if your car was damaged by weather

28.6% Filing a claim if your car was vandalized

25.3% Getting a parking ticket **x**

24.1% Filing a claim if you hit a live animal in the road

18.2% Whether you frequently drive with multiple passengers (carpool) **x**

13.8% Failing to pay a toll **x**

9.8% Whether you drive with a baby on board **x**

x False statement

Which single factor about how you drive has the **greatest impact** on your car insurance rates? (Select one.)

30.1% Causing a car accident

25.8% Getting a DUI violation

10% How many miles you drive annually

8.1% Getting a speeding violation

5.5% Getting in a car accident caused by another driver

4.4% Whether you drive for personal or business use

2.7% Being caught texting/using a cell phone while driving

2.1% Whether you drive for a rideshare company ike Uber or Lyft

2.1% Whether you frequently drive with multiple passengers (carpool) **x**

1.6% Filing a claim if your car was vandalized

1.6% Getting a parking ticket **x**

1.5% Failing to pay a toll **x**

1.3% Whether you drive with a baby on board **x**

1.2% Filing a claim if your car was stolen

1.1% Filing a claim if your car was damaged by weather

1% Filing a claim if you hit a live animal in the road

x False statement

FINDINGS

- X = These answer options are not real rating factors, so those who selected them are incorrect. Getting a parking ticket or failing to pay a toll do not impact car insurance rates. (However, if a driver fails to pay the ticket(s) enough times, the local authority could suspend their license. A violation for driving with a suspended license would impact rates.) Driving with multiple passengers or carpooling, and driving with a baby on board have no bearing on rates.

- Only 4 of the rating factors in this section had a majority of respondents correctly state that it affects car insurance rates (Annual mileage, speeding violation, at-fault accident, and DUI), and for 5 factors, the majority of people **do not know** these affect their rates: Vehicle usage (personal or business, etc.), driving for a rideshare company, not-at-fault accident, cell phone use violation, and filing a claim (for any valid reason).

COVERAGE

Which of the following factors about **coverage** affect your car insurance rates? (Select all that apply.)

59.3%   What levels of car insurance coverage you want to buy

54.7%   Whether you bundle your car insurance with a renters or homeowners insurance policy

52.9%   How many people are insured on a single policy

45.6%   Whether you've had car insurance coverage continuously with no lapses

34.9%   Whether you've ever had car insurance coverage before

34.9%   Whether you pay your full insurance premium at the start of your policy term

21.1%   Whether you pay via direct deposit from your bank account

19.4%   What levels of car insurance coverage you've had previously

19.2%   Whether you've frequently switched car insurance companies

12.6%   The car insurance company/companies you've worked with previously

9.9%   Whether you pay for your car insurance in cash   **x**

7.3%   Whether you know your insurance agent personally   **x**

x   False statement

Which single factor about coverage has the **greatest impact** on your car insurance rates? (Select one.)

28.2%   What levels of car insurance coverage you want to buy

15.4%   Whether you bundle your car insurance with a renters or homeowners insurance policy

13.7%   Whether you've had car insurance coverage continuously with no lapses

13.2%   How many people are insured on a single policy

5.7%   Whether you've ever had car insurance coverage before

3.8%   What levels of car insurance coverage you've had previously

2.7%   Whether you've frequently switched car insurance companies

2.7%   The car insurance company/companies you've worked with previously

2.6%   Whether you pay your full insurance premium at the start of your policy term

2.1%   Whether you pay via direct deposit from your bank account

1.4%   Whether you know your insurance agent personally   **x**

1.3%   Whether you pay for your car insurance in cash   **x**

x   False statement

FINDINGS

- X = These answer options are not real rating factors, so those who selected them are incorrect. Knowing your auto insurance agent personally and paying for your premium in cash have no bearing on rates.

- Only 3 of the rating factors in this section had a majority of respondents correctly state that it affects car insurance rates (Coverage levels, number of people on policy, and multi-product bundling), and for 7 factors, the majority of people **do not know** these affect their rates: Prior insurance, continuous coverage, levels of prior coverage, paying full premium at start of the policy, paying premium via direct deposit, previous insurers, and whether you've frequently switched companies.

*Some false answers options were intentionally included to explore certain myths and misperceptions about auto insurance rating factors.

**Select rating factors are not legally permitted in rate calculations by certain state insurance departments. (Ie. California, Massachusetts, and Montana prohibit the use of a person's highest level of education in determining auto insurance rates).

***Not all insurance companies use all listed rating factors.

Auto Insurance Coverage & Terminology Awareness

In order to assess the degree to which consumers know the various types of auto insurance coverage and other common terms associated with their policies, we asked the following multiple choice questions.

What covers the replacement of your vehicle if it's stolen?

43.7%   Full coverage

26.8%   Comprehensive coverage ✓

15.2%   Liability coverage

6.3%   Collision coverage

8%   Deductible

> Only 26.8% of respondents correctly stated that comprehensive coverage covers the replacement of their vehicle if it's stolen. However, 43.7% were partially correct in answering "full coverage," as full coverage is a combination of comprehensive and collision coverages, but this answer indicates that these respondents are unaware that "full coverage" is a broader term and not specific to theft.

What covers damage to your vehicle in the event of an accident caused by a person who does not have insurance?

55.7% Uninsured motorist coverage ✓

18.7% Full coverage

13.9% Collision coverage

7.4% GAP insurance

4.3% Umbrella insurance

> Only 55.7% of respondents correctly stated that uninsured motorist coverage covers damage to your vehicle in the event of an accident caused by a person who does not have insurance.

What covers damage to your vehicle in the event of an accident caused by another insured driver?

35.1% Liability coverage (theirs) ✓

31.2% Comprehensive coverage

19.8% Uninsured motorist coverage

7.2% GAP insurance

6.7% Umbrella insurance

> Just over one third (35.1%) of respondents correctly stated that liability coverage covers damage to your vehicle in the event of an accident caused by another insured driver.

What covers damage to your vehicle in the event of an accident you cause?

40.6% Collision coverage ✓

32.2% Liability coverage

14.9% Comprehensive coverage

8.1% Deductible

4.2% GAP insurance

> Only 40.6% of respondents correctly stated that collision coverage covers damage to your vehicle in the event of an accident you cause.

What covers your expenses related to injuries you sustain in the event of an accident you cause?

42.2% Medical payments coverage ✓

25.9% Liability coverage

16% Collision coverage

10.5% Premium

5.4% GAP insurance

Only 42.2% of respondents correctly stated that medical payments coverage covers your expenses related to injuries you sustain in the event of an accident you cause.

What covers damage to your vehicle if you hit a stationary object like a tree or a building?

41.8% Collision coverage ✓

26.1% Comprehensive coverage

21.2% Liability coverage

7% Umbrella insurance

3.9% Uninsured motorist coverage

Only 41.8% of respondents correctly stated that collision coverage covers damage to your vehicle if you hit a stationary object like a tree or a building.

What covers damage to your vehicle caused by weather events like hail, flooding, or fire?

36.9% Comprehensive coverage ✓

32.1% Full coverage

15.1% Liability coverage

10% GAP insurance

5.9% Collision coverage

Only 36.9% of respondents correctly stated that comprehensive coverage covers damage to their vehicle caused by weather events like hail, flooding, or fire. However, 32.1% were partially correct in answering "full coverage," as full coverage is a combination of comprehensive and collision coverages, but this answer indicates that these respondents are unaware that "full coverage" is a broader term and not specific to "Acts of God," or damaging weather events.

What do you pay to your insurance company for your coverage (typically on a monthly or semi-annual basis)?

45.9% Premium ✓

31.1% Full coverage

14.8% Deductible

4.5% GAP insurance

3.6% Umbrella insurance

Less than half of respondents (45.9%) correctly stated that a premium is the term for what you pay to your insurance company for your coverage (typically on a monthly or semi-annual basis).

What is the maximum amount you pay out of pocket for vehicle repairs before your insurance company pays any amount?

69% Deductible ✓

13.9% Full coverage

9.3% Premium

4.2% GAP insurance

3.6% Medical payments coverage

69% of respondents correctly stated that a deductible is the term for the maximum amount you pay out of pocket for vehicle repairs before your insurance company pays any amount.

When it comes to "30/60/25" liability coverage, these numbers indicate:

41.4% Coverage up to $30,000 per individual injured in an accident, $60,000 total for all persons injured in an accident and $25,000 coverage for property damage. ✓

25.7% Coverage up to $30,000 for total vehicle property damaged, $60,000 for external property damaged, and $25,000 for medical payments for injuries sustained in an accident.

18.1% Coverage up to $30,000 for all persons injured in an accident, $60,000 coverage for property damage, and $25,000 toward new vehicle replacement.

14.8% Coverage up to $30,000 for vehicle damage caused in an accident, $60,000 for any buildings or homes damaged in an accident and $25,000 coverage for items inside the vehicle which sustained damage.

> The majority of people don't know what liability coverage covers. Only 41.4% correctly stated what these numbers indicate – "30/60/25" – when it comes to liability coverage: coverage up to $30,000 per individual injured in an accident, $60,000 total for all persons injured in an accident, and $25,000 coverage for property damage.
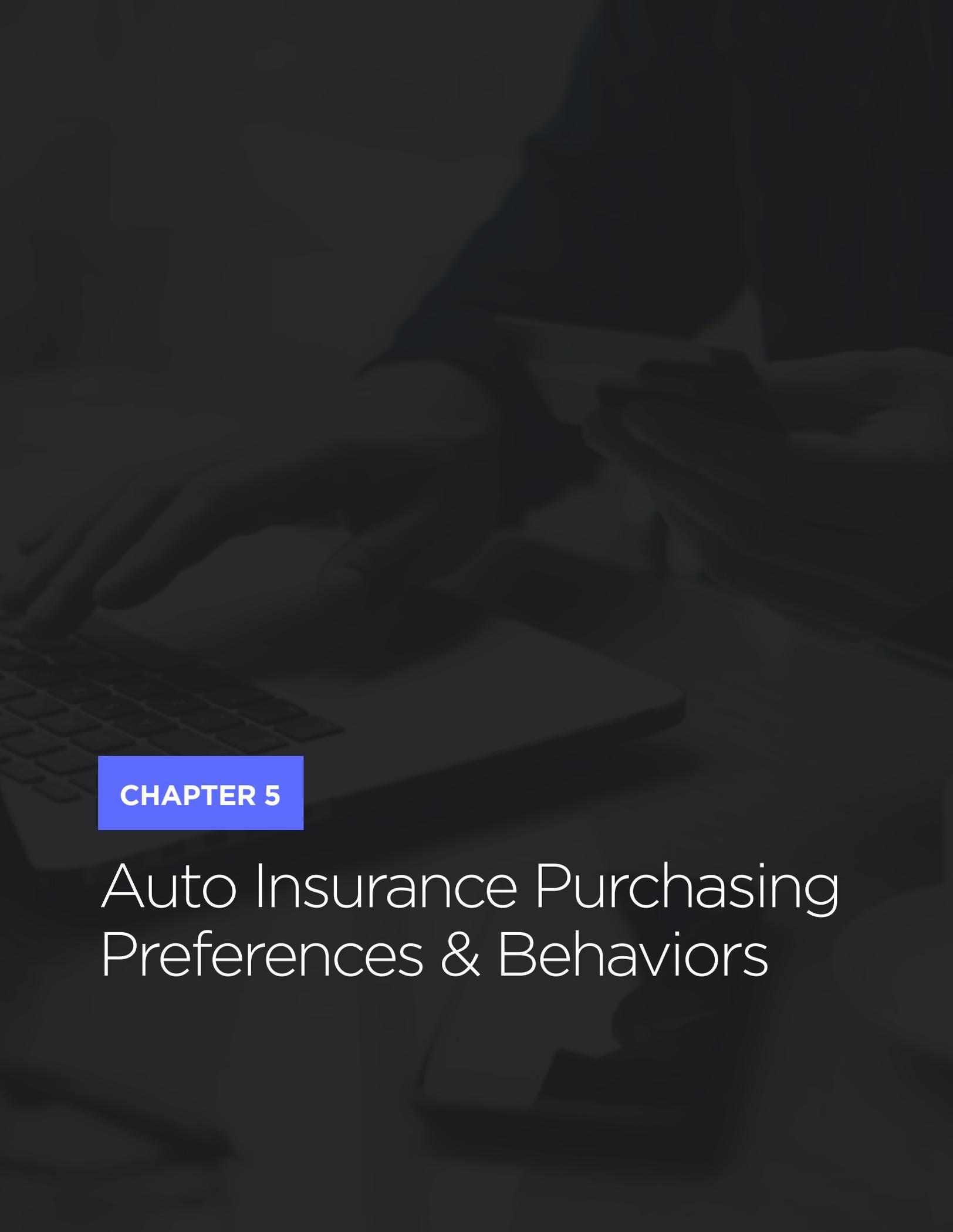
CHAPTER 5

Auto Insurance Purchasing Preferences & Behaviors

How much money do you spend on car insurance per month?

37.6% $50-100 per month

23.7% $101-125 per month

12.7% $126-150 per month

12.4% $151-200 per month

8.1% More than $200 per month

5.5% I don't know

When shopping for car insurance, do you compare quotes from multiple car insurance companies?

18.8%
Yes, approximately every 6 months

23.2%
Yes, only when my rates increase

30.5%
No, I rarely or never shop

27.5%
Yes, approximately every year

Have you comparison-shopped for the following products? (Select all that apply.)

60.6% Vehicles

58.2% Electronics (TV, computers, etc.)

48.2% Travel (flights, hotel rooms, etc.)

47.6% Apparel (specific clothing, shoes, accessories)

46.1% Home appliances (refrigerators, dishwashers, etc.)

29% Home services (plumbers, electricians, landscapers, etc.)

26.9% Tickets (for concerts, sporting events, or other entertainment)

11.8% None of the above

In ranking which activities people find most or least appealing...

77% of people would prefer to **clean their house** than shop for car insurance

43% of people would prefer to **do their taxes** than shop for car insurance

39% of people would prefer to **go to the DMV** than shop for car insurance

33% of people would prefer to **serve jury duty** than shop for car insurance

16% of people would prefer to **get a root canal** than shop for car insurance

CONCLUSION

When it comes to why respondents need car insurance, they give varied answers regarding its purpose and value.
Though 78% know they are required to have car insurance by law, still 22% are unaware that it's legally required in everywhere in the U.S. except New Hampshire.

When asked the main purpose car insurance serves, 60% give answers indicating they have car insurance out of legal obligation, financial obligation, and/or obligation to pay for other drivers' losses if they are at fault. Just 38% gave answers that stated they have car insurance for their own property and medical protection. Only a third (33%) say they need car insurance because they are required to have it by a financing company, even though nearly two-thirds of drivers lease or finance their vehicles. And only 58% of respondents said they need car insurance to repair or replace their car if it is damaged by flood, fire, or other weather events.

Respondents are confident about their insurance coverage and knowledge, but express skepticism about the auto insurance industry.
Nearly all respondents (94%) think they are good drivers and 28% wouldn't buy car insurance if it weren't legally required, indicating that people think they won't need to use their insurance. However, 28% said they've filed a claim in the past year alone. Most respondents (81%) say they have the car insurance they need, and 38% can afford more coverage but don't want to spend money on it.

Nearly 29% of people think car insurance is a scam (though they have it) and 59% think car insurance companies raise rates for no reason.

More than a third (37%) think they are unable to switch car insurance companies without waiting for their policy term to end and 45% think they can negotiate their car insurance rates, both of which are false. And the majority feel informed about what factors impact their car insurance rates, with 50% saying they are moderately informed and 40% very well informed.

For the most part, respondents do not know what factors affect their car insurance rates.
Only 21% of respondents would score a passing grade – a "D" or higher– on the survey portion which asked about factors which impact rates (excluding fake factors).

In answering which of dozens of factors impact auto insurance rates, the majority of respondents correctly named 11 factors, including the driver's age, the make/ model of the car, annual mileage, and getting a DUI. A majority of respondents missed 29 factors, including the driver's location, credit score, coverage history, highest level of education, and marital status.

Many also incorrectly thought various factors impact their car insurance which have no bearing at all: 23% think the color of their car affects rates, 8% think race does, and 35% think their abilities/disabilities (ex. vision, mobility) do, all of which are false.

Only 59% of respondents stated the levels of car insurance coverage a person buys impact their car insurance rates. This indicates that the other 41% are unaware of the variances in coverage limits that are available to consumers. Further, most don't know basic insurance terminology. Less than half a percent of respondents (0.43% – or 5 out of 1,165) were able to correctly identify all the basic car insurance terms in a 10-question quiz portion, which included "deductible," "premium," and "comprehensive coverage."

People want to take action to lower their rates.
The majority of respondents (61%) think car insurance is too expensive, and 81% want to lower their car insurance rates. However, 45% say they don't know what to do to lower their car insurance rates, and 36% think there is nothing they can do to lower their car insurance rates.

Still, 41% say they want to understand what impact their rates better, and only 19% say they are not interested in understanding it any better (the other 40% say they are already well informed).

ABOUT THE ZEBRA

The Zebra is the nation's leading auto insurance search engine and marketplace. With its dynamic, real-time comparison tool, drivers can identify insurance companies with the coverage, service level, andpricing to suit their unique needs. The Zebra compares over 200 car insurance companies and provides agent support and educational resources to ensure drivers are equipped to make the most informed decisions about their car insurance. Headquartered in Austin, Texas, The Zebra has sought to bring transparency and simplicity to insurance shopping since 2012 — it's "insurance in black and white.

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