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No. A-02/02

Property & Casualty

- Auto

Auto insurance companies' claimant satisfaction survey for 2002

To the attention of all insurance companies licensed to

transact automobile insurance in Ontario

With this bulletin, the Financial Services Commission of Ontario (FSCO) is releasing its fifth annual Claimant Satisfaction Survey requirements for insurance companies that write private passenger automobile insurance business.

There have been some additional questions and methodology changes to the survey. Insurers are required to file the tabulated results of the survey with FSCO by **May 31, 2002.**

Over the past year, concerns have been raised about the lack of differentiation between company results and the limited distribution of the results to consumers. In response to these concerns FSCO established an industry working group to look at ways to improve the survey and its distribution.

The working group recommended five additional questions be added at the conclusion of the existing questions. This approach will ensure continuity from past surveys and will evaluate the timeliness of the claims handling process as

well as qualitative elements of service provided by a company representative.

The industry working group also reviewed a new web-based approach to distribution which will make the survey results accessible to a wider audience. The approach will combine traditional print promotion with web-based strategies. The survey will continue to be published both in print and electronically. FSCO will also examine the feasibility of having companies conduct the surveys earlier in the calendar year.

Methodology changes have been introduced to have consistent treatment across the industry with respect to zero payout claims, funeral and death benefit claims and claim situations where more than one type of claim was processed.

In addition, a survey of Facility Association (FA) claims will be conducted centrally and reported as a single result. Details for handling closed FA claims will be sent to FA servicing carriers shortly following this bulletin.

The changes to the survey and its distribution were discussed with representatives of the Insurance Bureau of Canada, the Canadian Association of Direct Response Insurers and the Ontario Mutual Insurance Association. They were also reviewed by the Consumer Advisory Council, FSCO's primary vehicle for consumer consultations, who expressed support for this initiative.

Companies are required to conduct the survey using the attached Guidelines for Ontario Auto Insurance Claimant Satisfaction Research (Guidelines). The Guidelines have been updated to reflect the changes to the survey and its methodology. To ensure consistency in the data collected, insurers **must** retain a marketing research organization that is a member of the Canadian Association of Marketing Research Organizations (CAMRO).

We are also attaching a set of revised questions and answers (Q's and A's) to this bulletin to assist you in undertaking the survey. Please ensure that the marketing research firm you contract with is aware of the changes.

Companies with less than $10 million in direct written premiums (Private Passenger Automobile) or with fewer than 300 closed claims in 2001 are not required to undertake the survey. Insurers must notify FSCO in writing if they qualify for exemption from conducting the survey.

If you need additional information or if your company qualifies for exemption from conducting the 2002 Claimant Satisfaction Survey, please contact Jim Fox, Senior Adviser, Office of the Insurance Ombudsman, FSCO, at (416) 590-7277; fax (416) 590-8480; or via email: jfox@fsco.gov.on.ca

Philip Howell

Chief Executive Officer and

Superintendent of Financial Services (Acting)

March 28, 2002

Attachments (PDF):

(1) Guidelines for Ontario Auto Insurance Claimant Satisfaction Research for 2002

(2) Questions and Answers on Claimant Satisfaction Survey

To view PDF files, you will require Adobe Acrobat® Reader version 7.0. You can download this free software from Adobe's Web site.

Last Modified: 8/23/2005 3:30:41 PM

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Financial Services Commission of Ontario

Commission des services financiers de l'Ontario

Guidelines for Ontario Auto Insurance Claimant Satisfaction Research for 2002

Attachment to FSCO Bulletin No. A- 02/02

March 2002

Table of Contents

I. lntroduction

These claimant satisfaction research guidelines were developed by a market research consultant commissioned by the Financial Services Commission of Ontario (FSCO). The guidelines encompass the entire claimant satisfaction research process including sampling, questionnaire design and interviewing. They have been created to ensure that every participating firm follows identical procedures when collecting data on claimant satisfaction, and to ensure that the data which are collected are of the highest quality. In doing so, the results for each firm can be interpreted and compared with confidence.

The survey is to be conducted by each insurance company on an annual basis, with results due to FSCO each year. The sample is to be based upon claims which have been closed in the previous calendar year.

Companies with less than $10 million in direct written premiums (Private Passenger Automobile) or with fewer than 300 closed claims in 2001 are not required to undertake the survey. These guidelines are also to be used for Facility Association (FA) closed claims. FA servicing carriers are to separate FA closed claims from their regular closed claims. The Claimant Satisfaction Survey for FA clients will be conducted and reported centrally. Specific instructions will be provided to FA servicing carriers.

FSCO also produces a companion document which is intended to be used along with these guidelines.

II. Data Collection

A. Data Collection Method

All companies must collect their data using a telephone survey methodology.

B. Quality Control

To ensure that quality control standards are followed, only research firms that are current members of the Canadian Association of Marketing Research Organizations (CAMRO) can be employed for this project. Appendix B of this package provides further details about CAMRO.

In addition, the satisfaction surveys must be registered with the Canadian Survey Research Council (CSRC), a body established by the survey research industry to provide survey respondents with a way of verifying the validity of a survey. If respondents want to verify that the survey they have conducted, or are considering conducting, originates from an actual research company, they can obtain an immediate answer through the CSRC's toll-free number, 1-800-554-9996.

C. Response Rates

Because response rates can influence the accuracy of survey results, studies must meet a minimum requirement. It is widely recognized in the research industry that high response rates have become difficult and expensive to achieve and that enforcing a high response rate can sometimes annoy respondents who simply do not to participate. **The minimum acceptable response rate is 25 per cent.** The addition of new questions in 2002 should not significantly influence the response rate.

III. Sampling

A. Sample Size

An important factor in choosing the number of respondents to interview is the number of closed claims each company has in their 2001 closed claims register. For companies which have 18,000 or more closed claims in their 2001 closed claims register, the minimum sample size for each company will be 800 closed claims, which will produce overall results which are accurate to within ±3.5 per cent, 19 times out of 20. Companies could seek greater assurance by opting for a larger sample size to reduce the margin for error.

For companies which have fewer than 18,000 closed claims in their 2001 closed claims register, a sample size must be selected which will produce a maximum margin of error of ±3.5 per cent, 19 times out of 20.

NOTE: The sample size must be selected by the market research organization, based on the company's total closed claims register as described below.

CLOSED CLAIMS REGISTER

For the purpose of the survey, the total 2001 closed register does not include zero payout claims, funeral expense or death benefit claims or Facility Association claims.

The 2001 closed claims register is a list of the following four types of private passenger automobile insurance claims that have been closed in 2001:

- Statutory Accident Benefits Schedule (SABS) claims, excluding funeral expense or death benefit payments;
- collision and direct compensation-property damage (DC-PD) claims (combined);
- comprehensive claims (excluding glass claims); and
- glass claims.

In addition to the closed claims register, insurers must provide their research organization with a percentage summary of their closed claims register. For example:

Example of Percentage Summary
Kind of Claim Number of Claims Percentage
SABS 4,000 40.0%
collision & (DC-PD) 3,000 30.0%
comprehensive 2,000 20.0%
glass 1,000 10.0%
TOTAL: 10,000 100%

The percentage summary is to be calculated excluding zero payout claims, funeral and death benefit claims and FA claims.

TIMING

The survey is to be conducted by each company on an annual basis, with results delivered to FSCO by May 31 of each year.

IV. Reporting

After the data have been collected, **the survey research firm** is to submit the data set in a SPSS/PC+ format, on a diskette with the name of the insurance company and research firm clearly marked, to the Financial Services Commission of Ontario.

Each record in the data set must include:

- month and year of claim; and
- claims identifier.

The following information must be provided to FSCO:

- diskette with the name of the insurance company, name of research firm and contact clearly marked, containing the SPSS/PC+ data set;
- a printed code book;
- a printed percentage summary of the company's closed claims register;
- printed frequency responses with details of sample size and percentages besides each response category;
- printed call report and confirmation that not-in-service telephone numbers have been looked up (for companies that cannot complete the required number of interviews).

NOTE: FSCO will review and analyse all surveys to ensure that the data submitted comply with all of the requirements set out in the Guidelines for Ontario Auto Insurance Claimant Satisfaction Research. If surveys do not meet the criteria of the guidelines or have discrepancies in the data submitted, insurers may be required to re-file or re-survey, depending upon the severity of the discrepancy.

V. The Questionnaire

The survey instrument included in the Appendix A of this package has been thoroughly pre-tested to ensure that the questions are clear to respondents. **This exact questionnaire must be administered by all firms when measuring satisfaction among claimants.**

NOTE: If firms decide to add additional questions to this survey, these must be placed at the end of the questionnaire to ensure that no bias is introduced into the satisfaction ratings.

Appendix A: The Survey Instrument

1. Good morning/afternoon/evening. May I please speak with **(claimant name)**.

(IF AVAILABLE - CONTINUE)

(IF NOT AVAILABLE - SCHEDULE APPOINTMENT TO CALL BACK)

(WHEN CLAIMANT ON LINE) Good morning/afternoon/evening. My name is **(_____)** and I am calling from **(research company's name)** on behalf of **(insurance company's name)**. We are conducting a very short survey of Ontarians who have recently made insurance claims. Would you mind if I asked you a few questions? All of your responses will be confidential.

Note: If respondents have any questions or comments or would like to validate the legitimacy of this survey, pleasehave them call the Canadian Survey Research Council, toll-free, at 1-800-554-9996, citing this project's registration# **(_____)** and schedule an appointment to call them back.

(IF YES) Thank you.
(IF NO) When is a better time for me to call back? *(SCHEDULE THE APPOINTMENT)*.

1. First, were you primarily responsible for dealing with the insurance claim you made in **(month/year)** with **(insurance company name)**, or was that someone else in your household?
(IF SOMEONE ELSE) Would it be possible for me to speak with that person? *(IF NOT AVAILABLE, SCHEDULE APPOINTMENT).*

(MAKE THE FOLLOWING STATEMENT ONLY FOR COMPANIES THAT SELL THROUGH BROKERS) Please answer the following questions based on your claims experience with **(insurance company name)** and not your experience with your insurance broker who represents several different insurance companies.

2. How clearly do you remember the dealings you had with **(insurance company name)** which related to the insurance claim you made in **(month/year)**, even if your only dealing with the company was receiving a settlement? Do you remember it very clearly, clearly, not too clearly, or not at all?

Very clearly
Clearly
Not too clearly *(THANK THE PERSON AND TERMINATE INTERVIEW)*.
Not at all *(THANK THE PERSON AND TERMINATE INTERVIEW)*.

3. Thinking back to the insurance claim you made with **(insurance company name)** in **(month/year)**, would you say that you were very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied with the way **(insurance company name)** dealt with your claim?

Very satisfied
Somewhat satisfied
Somewhat dissatisfied
Very dissatisfied
Don't Know

4. Were you very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied with the time it took for the claim to be resolved, that is, from the time you first made the claim until the time it was closed?

Very satisfied
Somewhat satisfied
Somewhat dissatisfied
Very dissatisfied
Don't know

The following questions are about the service you received from the main person you dealt with during your claim. *(INTERVIEWERS: IF RESPONDENT DEALT WITH MORE THAN ONE PERSON, ASK THEM TO RATE ONLY THE PERSON THEY DEALT WITH THE MOST).* Were you very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied with the service you received from the main person you dealt with during your claim in terms of: *(ROTATE ORDER OF QUESTIONS 5-8)*

5. Their helpfulness? *(REPEAT RESPONSE SCALE AS REQUIRED)*

Very satisfied
Somewhat satisfied
Somewhat dissatisfied
Very dissatisfied
Don't know

6. Their level of knowledge and expertise? *(REPEAT RESPONSE SCALE AS REQUIRED)*

Very satisfied
Somewhat satisfied
Somewhat dissatisfied
Very dissatisfied
Don't know

7. The fairness with which they treated your claim? *(REPEAT RESPONSE SCALE AS REQUIRED)*

Very satisfied
Somewhat satisfied
Somewhat dissatisfied
Very dissatisfied
Don't know

8. The extent to which they kept you informed of the status of your claim while it was being processed? *(REPEAT RESPONSE SCALE AS REQUIRED)*

Very satisfied
Somewhat satisfied
Somewhat dissatisfied
Very dissatisfied
Don't know/Not applicable

We have come to the end of our survey. Thank you very much for your time.

Appendix B: The Canadian Association of Marketing Research Organizations (CAMRO) Fact Sheet

The Organization:

- Established in 1975.
- The voice of Canada's leading marketing research organizations and *the* source of information on the industry in Canada.
- Represents CAMRO members in their dealings with the public, governments, the media, educational and business communities.
- Maintains and improves research standards, rules of professional conduct and ethical practice.
- Develops and communicates the views of its members on critical public policy issues relating to marketing research and public opinion polls.
- Promotes marketing research as an important tool in the decision-making process of public organizations.
- Seven-member Board of Directors from a representative cross-section of the membership.

The Members:

- Incorporated, have been operating in Canada for a minimum of two consecutive years and have at least six full-time employees.
- Offer research, study and sample design, questionnaire preparation, interviewing, data processing, statistical analysis and report writing.
- Must meet the high standards of ethical and professional practice as determined by the Board of Directors.
- Independently audited and monitored on a regular basis to ensure that research practices of members are above reproach.
- Accountable to the public, companies and organizations they serve.

For more information about CAMRO and its members:

The Canadian Association of Marketing Research Organizations
2121 Argentia Rd., Suite 404
Mississauga ON L5N 2X4

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Question and Answers (Q's and A's) on Claimant Satisfaction Research

Attachment to FSCO Bulletin No. A- 02/02

March 2002

Q's and A's on Claimant Satisfaction Research

These Q's and A's have been prepared to help better understand the contents of FSCO Bulletin, No. A- 02/02.

Q1. **What are private passenger automobile insurance claims?**

A1. Private passenger automobile claims are claims on risks that are underwritten as a private passenger type of use as defined under the *Insurance Bureau of Canada (IBC) Automobile Statistical Plan*. This means that claims on commercial, public automobile, garages, manufacturer and automobile dealer-type of uses are not to be reported.

Q2. **The *Guidelines for Ontario Auto Insurance Claimant Satisfaction Research* make reference to a "closed claim." What does it mean?**

A2. In the normal course of claims administration, files are kept open as long as there is a benefit entitlement that is claimable by the claimant. One such file is called an "open" or active file. However, when an insurer has paid out all the benefits to a claimant, and has carried out all the supporting activities relating to the benefit entitlement, the file is then viewed as a "closed claim" file.

Q3. **What type of claims would the *Guidelines for Ontario Auto Insurance Claimant Satisfaction Research* apply to?**

A3. The claimant satisfaction research is to be conducted only among the following **four types private passenger automobile insurance claims:** SABS, excluding funeral and death benefit; collision and direct compensation - property damage (DC-PD); comprehensive; and glass claims. FA claims, and claims where the pay-out is zero should not be included.

Q4. **In situations where a company might have difficulty completing the required number of interviews, how should claims be handled where an individual has more than one type of closed claim related to the same date of loss?**

A4. If it is likely that a company will not be able to achieve the 25 per cent minimum acceptable response rate required by FSCO, individuals who have more than one type of closed claim related to the same date of loss should be handled in the following manner. Individuals who have made a SABS claim and any other type of claim should be counted as SABS claimants. Individuals who have made a DC-PD/Collision claim, and one or more of a comprehensive claim and a glass claim, should be recorded as DC-PD/Collision claimants. Claimants who have more than one type of closed claim on the same date of loss must only be interviewed once.

Q5. How should insurers deal with zero pay-out closed claims, such as, where coverage did not exist, the amount of the damage was below the deductible or, where the claim was not allowed for other reasons?

A5. Closed claims with zero pay-out should be excluded from the closed claim register and company's calculations of the percentage summary of complaint type.

Q6. Is there any indication of the cost insurers will incur due to the addition of new questions?

A6. FSCO contacted some market research firms who indicate that the additional questions will increase insurers' costs by not more than $1000 to $3000 depending upon the sample size.

Q7. How was the order of the questions determined?

A7. FSCO consulted with a market research firm who recommended that these new questions should come after the end of the existing survey questions. This approach will ensure continuity from past surveys. In addition, Questions 5 to 8 in the survey instrument must be randomly rotated to ensure no emphasis is placed on any particular qualitative element of service being evaluated.

Q8. Should insurers who are Facility Association (FA) Servicing combine their regular and FA data when conducting the survey?

A8. No. FA servicing carriers will be notified shortly of the survey procedures to follow for FA claims.

Q9. What would the market research organization we retain need from us to select the sample?

A9. To select an appropriate sample for the desired response rate, all insurers must provide their research organization with a closed claims register. The register is a list of the four types of private passenger automobile insurance claim files that were closed in 2001, **regardless** of the policy year in which the policy was underwritten.

For example, for the survey in 2002, the closed claims register would be made up of the four types of closed claims pertaining to the period January 1, 2001 to December 31, 2001.

NOTE: Research organizations **must** ensure that the sample chosen is representative of the closed claims register of a particular company. For example, if a company's closed claims register is made up of 20 per cent SABS, 20 per cent collision and direct - compensation property damage (DC-PD), 50 per cent comprehensive and 10 per cent glass claims, then the sample chosen should have the same percentages of claims. Insurers **must** provide their research organization with a percentage summary of their 2001 closed claims register to enable the research organization to choose a representative sample size.

Q10. **Can survey results be weighted by market research organizations for those companies that cannot meet their kind of loss quotas, due to the small size of their closed claims register?**

A10. Market research organizations who cannot meet their kind of loss quotas **because they cannot conduct any further interviews** due to a company's small claims register, should weight results by kind of loss to appropriately reflect a company's closed claims register.

NOTE: If the required number of interviews cannot be completed, a report must be generated and provided to FSCO on the outcome of call attempts, to show that every effort had been made to complete the study. Market research companies must maximize the number of attempts they make to interview each claimant. Attempts must be made to locate correct telephone numbers and re-contact the claimants in those cases where claimants have moved, or where an incorrect number is listed.

Q11. **Are there special technical requirements that the market research firms might require?**

A11. Insurers may want to provide their market research firm with the IBC Claim Codes to help identify the claims types. The list of closed claim records sent to the supplier should contain a code or method for clearly identifying the four Claims Type categories.

Q12. **Can insurers use market research organizations that are not members of CAMRO?**

A12. No. Insurers must retain only market research organizations that are members of CAMRO. Deloitte and Touche conducts regular audits of CAMRO members' research procedures to ensure that CAMRO standards are being met.

Q13. **Why are there additional survey questions?**

A13. Over the past year, concerns have been raised about the lack of differentiation between company results. In response to these concerns FSCO established an industry working group to look at ways to improve the survey. The Working Group recommended questions should be added evaluating the timeliness of the claims handling process as well as qualitative elements of service provided by a company representative.

Q14. **When are the survey results to be submitted to FSCO?**

A14. The results are to be submitted to FSCO by **May 31, 2002**.

Financial Services Commission of Ontario

Commission des services financiers de l'Ontario