

Media Release

July 31, 2014



Understand
Insurance

State of the (car) nation: Australians can't live without their cars, but risk them every day

More than ever, most Australians say they can't live without their motor vehicles and are registering them in record numbers, new research released today reveals.

Whether it be a luxury SUV for the urban jungle soccer mum, campervans for grey nomads or motorcycles for adventure seekers, the 2014 Motor Vehicle Census Data* released today by the Australian Bureau of Statistics has found Australians' love for motor vehicles continues to grow, with more than 17.6 million motor vehicles now registered in Australia (up by 2.6 per cent on 2013).

And a complementary survey by financial literacy initiative Understand Insurance has found more than three in four drivers (76 per cent) are entirely reliant on their car to travel, with 65 per cent saying they use their car almost every day.

Despite this growing love affair and entrenched reliance on vehicles, the survey also found drivers are risking their vehicles every day, with more than one in three vehicle owners buying or renewing insurance without checking that their policy meets their needs.

"More than ever, this research shows there's a strong emotional connection between people and their cars," Understand Insurance spokesman Campbell Fuller said.

"We sing in them, talk to them, hold meetings in them, involve them in our weddings – even conceive or give birth in them. For many people, the thought of something happening to their vehicle is almost too much to bear.

"And yet, despite this affinity, many drivers aren't taking the time to fully understand what their vehicle insurance covers them for.

"Our research found just over one in three (37 per cent) drivers consult their policy document as a source of information about what their policy covers, which is concerning when you consider how many drivers are also unclear about what they are covered for.

"For instance, around one in five of those with third-party only insurance wrongly believe they are covered against damage caused by an uninsured driver (21 per cent) or accidents which are their fault (20 per cent).

"Motor vehicles are the primary mode of transport in Australia and one of the most valuable possessions in the average Australian household, with private vehicles having an average net worth of \$18,000 across all households.

"By not reading your policy document and, as a result, not understanding what's covered by your insurance or having inadequate cover, you're exposing yourself to financial loss that could amount to

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tens of thousands of dollars – not to mention the risk to your livelihood if you rely on your vehicle to get to work.”

Mr Fuller encouraged car owners to ask insurance providers questions when seeking new insurance or renewing an existing policy.

Other key findings from the **Understand Insurance** research include:

City versus country

- Country drivers are more reliant on their car than city drivers (81 per cent are absolutely reliant compared with 74 per cent) but they are less likely to compare policies (41 per cent, as opposed to 31 per cent of city drivers).
- They are also less likely to seek advice or information about insurance (21 per cent of country drivers rely only on their general knowledge to understand their policy compared with 15 per cent of city drivers).
- City drivers are less upfront with their insurer than country drivers. Sixteen per cent have misrepresented details such as where the vehicle is kept overnight compared with just four per cent of country drivers, and eight per cent have misrepresented details such as speeding infringements compared with four per cent of country drivers.

Young versus older

- Young drivers (18 to 24) are less likely to read their policy document (24 per cent read the document to understand what they are covered for compared with 48 per cent of drivers 50 and older.)
- They are also more likely to say they don't look at their policy document at all (38 per cent compared with 14 per cent).
- Young drivers are less upfront with their insurer than older drivers. Twenty per cent have misrepresented details such as where the vehicle is kept overnight compared with just two per cent of older drivers, and 10 per cent have misrepresented details such as speeding infringements compared with three per cent of older drivers.

For information and consumer case studies on car insurance, visit the Understand Insurance website: <http://understandinsurance.com.au/types-of-insurance/car-insurance>

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See the full 2014 Motor Vehicle Census Data here:
<http://www.abs.gov.au/ausstats/abs@.nsf/mf/9309.0>

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Understand Insurance is a financial literacy initiative of the Insurance Council of Australia. For more tips, visit Understand Insurance's website www.understandinsurance.com.au

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