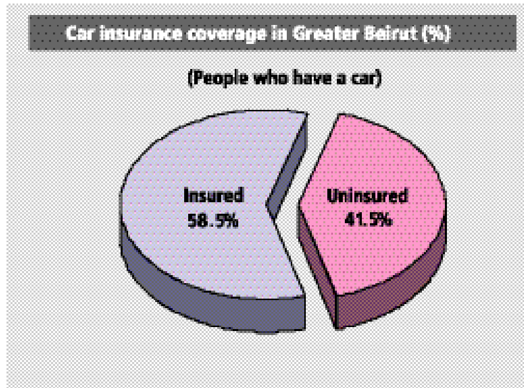
Spotlight on insurance (Part III): A look at motor insurance

Lebanon's motor insurance industry is the subject of Part III of Information International's survey of the country's insurance market. The enforcement of legislation dating back to 1997 calling for mandatory motor insurance began in April of this year (prior to our survey) and fixed the limit of liability for a private car at $500,000 or LL 750 million.

At the time of the survey, a little over half of those polled (who owned a car) had some form of motor insurance, as shown in Graph 1, and the majority indicated that their policy was clear to them at the time of purchase.

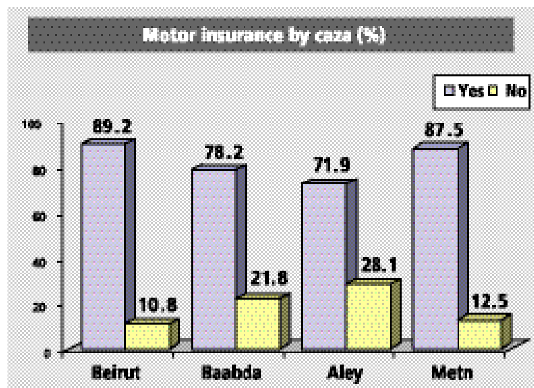


G1 Base: 248

The companies, SNA, MEDGULF and AROPE were the leading car insurers, according to the survey. The majority of respondents first became acquainted with their insurer through friends, followed by family, as indicated by the following results:

- Friends: 42.1%
- Family: 31%
- Broker: 10.3%
- Employer: 8.3%
- Advertisement: 4%
- Bank: 2%
- Other: 2.8%

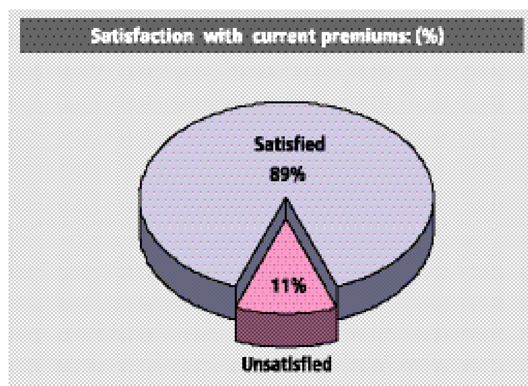
As shown in Graph 2, the highest rates of motor insurance were found in the Beirut area, followed by Metn, Baabda and Aley.



G2 Base: 145

Premiums

In terms of the premiums being paid, 11% of those polled said they were unsatisfied with their current premium, compared with 89% who thought it was a satisfactory amount (see Graph 3).



G3 Base: 145

In fact, less than 30% of those polled had ever filed a complaint regarding their auto insurance policy and 87.5% of those policy holders assessed the time taken to process the complaint as 'very fast'. Moreover, 92.5% of those who had filed complaints believed they were dealt with fairly.

The majority (30.3%) of those who did not hold an insurance policy stated that they could not handle the expense, while 7.5% believed it was a waste of money or not necessary.

Perceptions

However, when asked to rate the importance of motor insurance in Lebanon, almost 86% of those polled described it as ‘very important’, compared with only 6% who said it was ‘somewhat important’ and 8% who believed it was ‘not important’(see Graph 5).

As shown in Graph 6, respondents were asked to rank the importance of factors when purchasing a motor insurance policy on a scale of 1 to 3, with 3 being the most important.

Topping the scale of factors was an insurance company’s reputation, with an average rank of 2.92, followed by the terms of the policy’s coverage (2.9), ease in dealing with the company (2.89), price of the policy (2.87), size of the insurance company (2.59) and finally, having personal contact with the company (2.5).

These results are in contrast to those of the life and health insurance markets, where price was one of the top two factors and seems to indicate some wariness about the claims process with insurance companies that are not well established.

Motor insurance by family income

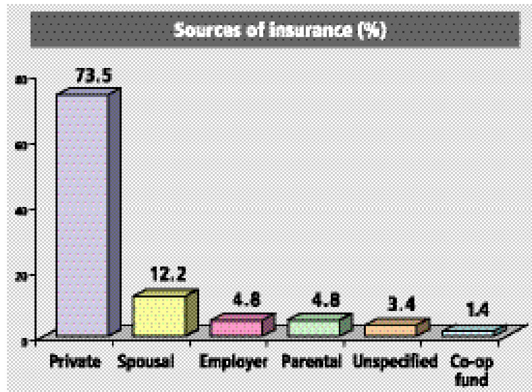
The results of the survey showed that the number of people who have car insurance was greater in the upper income brackets. While 72% of those with a monthly income of $201-$500 bracket claimed they have car insurance, almost 80% of those within the $501-$1000 income bracket and 90% of those within the $1001-$1,500 bracket have insurance.

By gender

Out of those who have cars, males are more likely to be insured than females, according to the survey. The percentage of those who have insurance within the male category reached 86%, compared to roughly 77% within the female category.

By work status

Insurance coverage among both the employed and unemployed was rather high, but those in the working category were more likely to be insured. Almost 90% of those who are employed were found to have car insurance, compared to approximately 67% of those who are unemployed. ■



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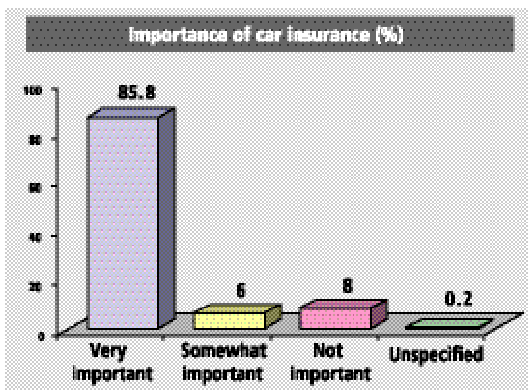

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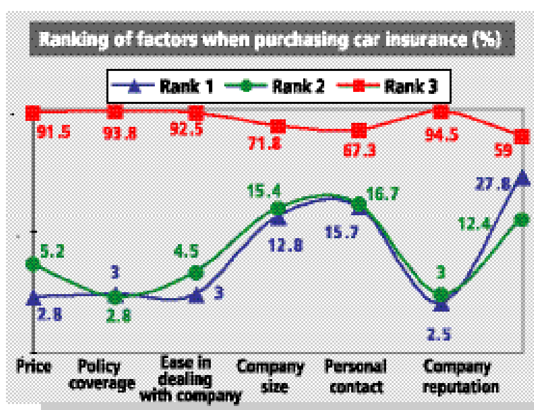

G6 Base: 400