

Motor Insurance - UK - March 2017

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“The motor insurance industry has been hit hard by recent legislative changes to insurance premium tax and the personal injury discount rate. This will inevitably pass higher premiums on to young drivers in particular, who are already considering alternatives to car ownership such as car sharing schemes.”

– Paul Davies, Senior Financial Services Analyst

This report looks at the following areas:

- How can motor insurers reduce price sensitivity?
- Fewer young people getting in the driving seat
- Will insurance and banking blur in to one?

Mintel expects that the value of gross written premiums for personal motor insurance will have reached a new high in 2016, totalling just short of £11.5 billion – a rise of 9% compared with 2015.

Aggregators continue to play a significant role in the motor insurance industry with the vast majority of consumers using price comparison sites to shop around or check renewal quotes against the market each year. Drivers are particularly price-sensitive when picking an insurer and with new customers often perceived to get better deals than existing ones, few people see a reason to stick with their existing provider year after year.

Cost pressures on insurers have arguably never been as intense with a further increase to insurance premium tax and a drastic cut to the personal injury discount rate due in 2017.

With premiums set to rise sharply across the market, brands need to find the right balance in order to improve long-term retention through building a reputation for customer service and product innovation. They also need to be aware of the need to offer flexible 'on demand' insurance policies to suit the growing number of infrequent drivers.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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