

Motor Insurance – UK – April 2021

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This report looks at the following areas:

- Market performance, including the impact of COVID-19 and a five-year market forecast.
- Competitive strategies and recent market developments.
- Car insurance ownership by policy type.
- Paying for car insurance – annual vs monthly premiums and renewal behaviour.
- Attitudes towards car insurance including interest in flexible cover and approach to renewal.
- Brand research covering consumer perceptions towards selected brands operating in the sector.

63% of policyholders say they find shopping around for a new car insurance deal rewarding. Understanding the psychology behind the desire of getting a deal is important for insurers to consider as they approach the FCA's new pricing regime. Moving forwards discounts for new customers might not be quite as financially rewarding but policyholders can still be won over by offers and deals that provide a sense of reward and achievement.

While the market has held up during the COVID-19 pandemic, the crisis has highlighted the benefits of more flexible types of insurance cover. Consumers have been forced to change their driving habits, some of which will have a lasting impact. 52% of policyholders say being able to adjust their policy to reflect changing personal circumstances is a priority.

Adapting to the FCA's new pricing regulations will be a focus for providers in 2021. The new rules will heighten uncertainty for a period in terms of customer retention and pricing. This will prompt insurers to adjust their strategies as the new rules are implemented and create opportunities for brands to develop new propositions that reward loyalty, provide more flexibility and move away from the focus on price.



“Adapting to the FCA's new pricing regulations will be a focus for providers in 2021. The new rules will heighten uncertainty for a period in terms of customer retention and pricing.”

- Deborah Osguthorpe,
Category Director, UK
Financial Services

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Subscription-style policies have the potential to fundamentally change the approach to insurance. This type of policy will gain more traction in the next few years due to the new pricing regulations, as well as the growing consumer demand for subscription services. This should lead to the development of more brands and providers that cater for specific needs and a move away from more generic, one-size-fits-all policies. This will increase the need for a strong brand presence and propositions that stand out among their target audience.

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