

Consumers and General Insurance - UK - 2022

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This report looks at the following areas:

- The impact of COVID-19 on the general insurance market, including consumer attitudes towards the sector's handling of the crisis.
- The key regulatory changes in the general insurance market.
- The economic and societal factors affecting the general insurance market.
- Ownership of different insurance products, including niche product ownership.
- Experiences of making claims and trust in insurers.
- Factors and attitudes influencing the choice of provider and renewing insurance.

From January 2022, new FCA pricing regulation will prevent insurers in core general insurance markets from charging renewing customers more than new customers for covering the same risk. However, while this change should help to improve trust in the longer term, we are unlikely to see much of an impact in consumer behaviour in the short term. 63% of policyholders agree that you only get the best deals by switching providers regularly – suggesting that most will continue to shop around.

Demand for insurance has broadly held up during the pandemic, with many insurance companies benefiting from positive underwriting results in personal lines. This was largely driven by a drop in claims in the motor sector, which made up for lower underwriting performance in home insurance and other sectors.

Over the next year inflation will push up the cost of claims, and as a result, premiums across personal lines business. Household budgets will be increasingly squeezed, with a growing number of consumers forced to look for ways to cut back on costs in order to make ends meet. Insurers can expect to see policyholders trading down and weighing up the benefits of some types of discretionary cover, although few are likely to cancel existing cover.



“The general insurance market is currently undergoing major regulatory enforced change with insurers in core markets, such as motor and home insurance, no longer able to charge existing customers more than they would new customers.”

– Jennie Bryans, Financial Services Analyst

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The new FCA pricing regulation brings welcome change for loyal customers, and offers the opportunity for insurers to focus on brand building and rewarding existing customers. Insurers have an opportunity to move towards developing longer-term and more valuable relationships with consumers rather than engaging in the race to the bottom for new consumers. This could bring in a new era of innovation and new technology within the sector.

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