

# Consumers and Gadget Insurance - UK - 2022

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## This report looks at the following areas:

- Market performance, including market drivers.
- An analysis of competitive strategies and launch activity.
- Ownership of gadget insurance.
- Claims experience.
- Purchase drivers and barriers.

84% of insurance policyholders who have cover for their gadgets and made a claim in the last two years had their claim paid out. Even though the vast majority of policyholders had successful claims, some perceptions regarding insurers not paying out persist. Insurers are well placed to capitalise on this and build trust by publishing the proportion of claims approved and providing case studies to showcase a successful and efficient claims process.

Rising inflation will put pressure on the gadget insurance market. Increasing inflation will push up costs for insurers due to rising claims costs associated with repairs and replacements. If providers pass on these costs, consumers face higher premiums for an already discretionary product. Inflation will also have a direct impact on people's finances and create a defensive mindset towards spending. This will limit non-essential purchases among some consumers, including on gadgets. People facing tighter budgets might consider cancelling or downgrading their insurance cover, while those without existing insurance will be even more reluctant to take it out.

Cost is already seen as a major barrier to taking out gadget insurance. 46% of adults with insured gadgets are always looking for the cheapest cover, while 48% of those without insurance think it is too expensive. Insurers will therefore have to focus on demonstrating the value of their products and enhancing perceptions of value.

While 87% of adults own a smartphone, only 45% have cover to protect their devices. This gap in insurance shows there is still significant room for expansion,



“Rising inflation will put pressure on the gadget insurance market. The cost of policies is already seen as the biggest barrier and this will be heightened by current economic trends.”

– **Stefania Apostol,**  
**Financial Services Analyst,**  
**March 2022**

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and insurers have an opportunity to increase sales by attracting more smartphone owners. As the value of smartphones increases, providers can highlight how gadget insurance can help consumers save money by not paying for a replacement or covering the cost of a repair.

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