"Change is coming to the general insurance market, driven by the impact of new technology and innovative new businesses entering the sector, as well as by pressure from consumer groups and the FCA, unhappy at the way the market operates, particularly with regards to how long-standing customers are treated."
- Thomas Slide, Senior Financial Services Analyst

This report looks at the following areas:

- Open finance regulation could transform the sector
- Shifting focus to consumers in a bid to rebuild trust
- Flexibility and speed of claims to target younger people

54% of people think insurance companies will always try to get out of paying a claim and more than half of under-35s feel unfairly penalised by the sector. There is clearly a long way to go to convince consumers that this is an industry that truly works in their best interests.

DID YOU KNOW?
This report is part of a series of reports, produced to provide you with a more holistic view of this market
Overview

What you need to know

Products covered in this Report

Executive Summary

The market

Gross premiums hit £28 billion

Motor insurance accounts for 41% of gross written premiums

Weather events hit property insurers

FCA investigates pricing practices in the GI sector

Companies and brands

Insurance becomes faster and more flexible

Addressing the loyalty penalty

Total advertising expenditure falls 9.5% in 2018/19

The consumer

Car insurance is most widely held

Two thirds of mobile phone insurance policies held in packaged accounts

31% haven’t reviewed their policies in the past year

Half have taken out a policy with a new provider in the past year

Comparison sites are widely used

A balance of price and cover

Three quarters trust insurers with their data

An issue of trust in paying claims

What we think

Issues and Insights

Open finance regulation could transform the sector
The facts
The implications
Shifting focus to consumers in a bid to rebuild trust
The facts
The implications
Flexibility and speed of claims to target younger people
The facts
The implications

The Market – What You Need to Know

Gross premiums hit £28 billion
Motor insurance accounts for 41% of gross written premiums
Weather events hit property insurers
FCA investigates pricing practices in the General Insurance sector

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Gross Written Premiums hit £28 billion
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Rise in claims hits underwriting profits
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Weather events hit property insurers
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FCA investigates pricing practices in the General Insurance sector
Change to the Personal Injury Discount
Insurance Premium Tax remains at 12%
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Companies and Brands – What You Need to Know

Insurance becomes faster and more adaptable
Addressing the loyalty penalty
Total advertising expenditure falls 9.5%

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Simplicity and flexibility
Direct Line rolls out Darwin Insurance
HSBC launches 'switchable' subscription product
Brolly launches 'simplest' contents insurance
Short term motor insurance brand Jaunt launched by BGL Group
MORE TH>N launches fitness trackers for pet insurance
Taking action to deal with the loyalty penalty
Saga finds success with three-year fix
AvivaPlus subscription service
Using technology to speed up cover and claims
Tractable uses AI to settle claims faster
Zego becomes first InsurTech to underwrite policies
Bought by Many scraps waiting period

Advertising and Marketing Activity
Total advertising expenditure falls 9.5%
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Direct Line is the leading advertiser
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Car insurance accounts for a quarter of spending
Brand-building activity increases
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TV accounts for half of spending
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Nielsen Ad Intel coverage

The Consumer – What You Need to Know
Car insurance is most widely held
Two thirds of mobile phone insurance policies held in packaged accounts
31% haven’t reviewed their policies in the past year
Half have taken out a policy with a new provider in the past year
Balancing price and cover
Three quarters trust insurers with their data
An issue of trust in paying claims

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Car insurance is most widely held
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Young people not buying home insurance
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Two thirds of mobile phone insurance policies held in packaged accounts
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Consumers and General Insurance - UK - December 2019

Triggers to Reviewing a Policy

Almost a third haven't reviewed their policies in the past year

The importance of the customer experience

Older customers pushed into action by price rises

Purchase Pathway for Insurance

Comparison sites are widely used

Car insurance buyers most likely to visit comparison sites

Insurance Switching

Half have taken out a policy with a new provider in the past year

Bad experiences are most likely to drive a change of insurer

Important Factors When Choosing Insurance

A balance of price and cover

Price is most important to 45-54 year olds

Speed and flexibility appeal to the young

Insurance Behaviours

Three quarters trust insurers with their data

Over half of under-35s feel unfairly penalised by insurers

Younger people lack an understanding of insurance

Attitudes towards Insurance

An issue of trust

Loyalty over introductory discounts

Young people value simplicity

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The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.
Figure 41: "It’s preferable to have the majority of policies with a single insurer", by age, September 2019

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations
Consumer research methodology