

Consumers and General Insurance: Inc Impact of COVID-19 - UK - December 2020

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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 economic, societal and regulatory factors affecting change in the general insurance market.
- Ownership of different insurance products, switching and cancellation of general insurance products.
- Expectations and plans for the next 12 months in relation to general insurance.
- Interest in general insurance features, and attitudes toward the changing general insurance environment.

25% of policyholders say that they would be willing to pay more to hold all their insurance policies with a single insurer. Interest in this idea is higher among Millennials, reflecting the willingness of this group to pay a bit extra for a more convenient and flexible service.

Just 22% of policyholders agree that insurers have treated customers fairly following COVID-19 related issues. Unlike the retail banking sector that has seen its reputation boosted by its response to the crisis, insurers have faced a different set of challenges, some of which threaten to damage the market's reputation. COVID-19 will increase scrutiny of policy terms and conditions, and to ensure people have the right level of cover in the future.

The financial challenges caused by COVID-19 will lead to some people to consider whether their policies truly offer value for money. In particular, annual travel insurance policies may no longer be deemed necessary, while other discretionary insurance will also be under consideration as some households face increased financial pressures. This will be intensified by national lockdown measures introduced on 4 January 2021 which will see more home working, lower vehicle use and ongoing travel restrictions.



“Overall the general insurance market is well placed to weather the COVID-19 storm, although some sectors like travel and health insurance are particularly exposed to the ongoing disruption.”

– Douglas Kitchen, Financial Services Analyst

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The uncertainty that COVID-19 has caused consumers will change how they think about insurance in some markets. Travel and health insurance are likely to be boosted in the mid to longer-term as people seek to ensure they are covered for future disruption. Changes to lifestyles, including less commuting and more home working, could also cause some to review their motor and home insurance needs. In particular, providers have an opportunity to develop more flexible products that can be adjusted to reflect changing circumstances.

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- Ageas
- Allianz
- Aviva
- AXA
- Direct Line
- RSA

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COMPETITIVE STRATEGIES AND INNOVATION

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