

Motor Insurance - UK - February 2010

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What is this report about?

The UK personal motor insurance market is fiercely competitive, despite the top ten underwriters controlling around two thirds of the market. As barriers to entry have fallen, new distributors have emerged, leading to a crowded marketplace.

Mintel's report provides a comprehensive overview of the size, performance and composition of the market. In addition, the results of Mintel's independent survey offer insight into consumer buying habits, claims tendency, switching intentions and product preferences.

What have we found out?

- There is no sign of the move online slowing. The proportion who arranged their policy over the internet has more than doubled over the past four years, transforming the industry.
- Mintel's forecasts show that unless insurers have the ruthlessness to force through significant year-on-year premium increases, the industry will continue to make an underwriting loss for the foreseeable future.
- The car scrappage scheme led to a 12% increase in new car registrations, helping underpin the value of the motor insurance market, and shielding it from some of the worst affects of the recession.
- Steady growth in online sales has engrained the shoparound mentality. By the standards of the financial services industry, loyalty is appalling. Less than half of those with motor insurance have been with the same provider for three years or more.
- True innovation is rare in this market, but there is some interest in pay-as-you-drive schemes, with around 15% of insured drivers prepared to consider the idea.
- Mintel's research shows that many people don't trust insurers to treat them fairly. However, almost all of those who had made a claim within the last three years had their claim accepted, and it seems to be price, rather than poor service, that drives switching.

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