

How Insurers Can Plug The £3.3 billion Premiums Lost Each Year Through Customer Churn

Contributed by Vantage Research
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With Accenture revealing that UK insurers are losing a staggering 20% of their customers each year (£3.3 billion lost in motor and home insurance premiums alone) insurance companies could be forgiven for feeling under pressure. Â

But new research reveals that there is plenty insurers can do to tackle the problem.

The research, completed in April of this year, involved more than 300 interviews with home insurance buyers to pinpoint purchasing behaviours in the post-recession era.

It found that half of all home insurance buyers are struggling in the new economic climate and therefore only 1 in 3 now "automatically" renew with the same home insurer.

The majority are open to switching provider.

The research showed:

- * Many more (60%) are "vulnerable" i.e. actively gathering quotes.

- * Specific aspects of service are just as important as price for many.

- * Although two thirds of regular switchers have used price comparison sites, there are widespread concerns. e.g. up to three quarters of consumers worry about the amount of personal information they have to provide.

- * Many customers are happy to buy other financial products from their insurer (if offered).

The research, conducted jointly by Vantage Research and Researchcraft, reveals what insurers can do proactively to reduce churn rates " e.g. specific product features were shown to have a powerful impact:

- * Certain discounts are hugely influential, others relatively unimportant. e.g. 24% would be more likely to renew if offered discounts on other insurances.

- * Money-off vouchers, despite being heavily used by two leading insurers in recent campaigns, would only influence a minority of frequent changers.

Commenting on the results, Vantage Research Director, Julian Bridgewater, said:

"Some UK insurers are clearly running to stand still " the scale of additional costs incurred, to replace these lost customers must be a concern. This research shows that consumers are ever more prepared to shop around for home insurance. But critically, the research also indicates a range of ways in which customers can be retained, beyond merely reducing premiums, which is why some insurers have significantly better churn rates than others."

More information is available at www.vantageresearch.co.uk

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