

30% of Drivers Lose Money by Letting Their Car Insurance Auto-Renew



For more information contact ...

A survey conducted by Forefront MR on behalf of Money Expert has shown that a little under a third of drivers let their car insurance policies auto-renew, losing out on several opportunities for saving along the way.

Key Findings:

29% of survey respondents said that they let their car insurance policy auto-renew when it ran out most recently

41% searched online for the best deal; 30% negotiated a new deal with their current supplier

Of those who auto-renewed:

- 44% didn't want to "deal with the hassle" of comparing and finding a new deal, but were aware of the potential savings that could have been made by doing so
- 41% believed that they were "getting the best deal possible by auto-renewing"
- 15% were unaware that they could have saved money by comparing deals online

Drivers who auto-renewed their policy were twice as likely to be paying more than £800 for fully comprehensive cover than those who didn't, although the likelihood was still low (12% compared to 6%)

Drivers who auto-renewed were 35% more likely to pay more than £400 for their cover than those who didn't (38% compared to 28%)

Overall, 68% of respondents with fully comprehensive policies are paying under £400 for their car insurance.

Customers who compared online were most likely to pay under £200 (11.6% compared to 8.8% of those who negotiated with their current supplier, and 7.8% of those who auto-renewed)

72% of those who auto-renewed have previously used a price comparison website to switch car insurance providers, but:

More than half (54%) have been with their current supplier for more than 2 years

Customers who auto-renewed were far more likely than others to pay their premiums monthly (59% compared to 37%) and, conversely, far less likely to pay annually (34% compared to 59%)

Customers who auto-renew were twice as likely to not know the difference between the cost of their current policy and their previous policy than other drivers (21% compared to 11%)

Insights:

Slightly more than two in five drivers who auto-renewed did so for convenience's sake, believing that switching to a new policy or provider was not worth the hassle. This trend of leaving well enough alone permeated throughout the behaviour of those who let their car insurance auto-renew.

For example, those who did so were more likely to not know the difference between the cost of their current policy and their previous one, and they were more likely to pay their premiums monthly instead of annually. The cost of a car insurance policy is greatly reduced by paying for the whole year up front. This is one of many opportunities for cost reduction that are available for those who take the initiative and engage with the market; opportunities missed by those who let their car insurance simply tick over year-on-year.

Comment from Money Expert:

James Wittams-Smith, Marketing Manager at Money Expert had this to say:

“The data show that customers who let their car insurance auto-renew pay more for their cover than those who don't. This isn't surprising. What is interesting however is that two in five customers who auto-renewed still believe that they're getting the best deal possible. The results of this survey, and others, suggest otherwise. We found that, by auto-renewing, drivers were twice as likely to be paying over £800 for the car insurance than if they found a new policy by other means, and 35% more likely to pay over £400.”

We advise all consumers to use our simple to use comparison engine to find the best prices on the market for their car insurance – www.moneyexpert.com/car-insurance