The End of Churn

Competing on Value in the New Insurance Landscape

Insurance Market Analysis 2025-2026

consumer intelligence

Executive Summary

Consumer Intelligence's comprehensive analysis of UK insurance customers reveals a market undergoing fundamental transformation, every month we talk to 1,000 home insurance customers and 1,000 motor insurance customers and we have been doing that for over a decade. Motor insurance switching has reached historic lows of 33%, down from peaks approaching 50% in late 2024. Home insurance shows similar stabilisation patterns. With General Insurance Pricing Practices (GIPP) regulations now embedded and premium inflation moderating, the traditional churn-driven growth model has reached its conclusion.

Market Shifts

Our data identifies three critical market shifts:

Price Triggers Weakening

Price triggers are weakening as renewal premiums stabilise

Service Quality Emerges

Service quality emerges as the primary differentiator

Customer Inertia

Customer inertia creates both retention opportunity and acquisition challenge

For 2026, insurers must pivot from competing on price to creating value through innovation, service excellence, and ecosystem development. Winners will need to get smarter in both the way they acquire but also keep and grow their engagement with existing customers.

Introduction

This report examines the evolving dynamics of UK insurance shopping and switching behaviour, drawing on Consumer Intelligence's Insurance Behaviour Tracker Survey. Each month, we engage with 2,000 consumers in both the motor and home insurance markets.

We analyse the structural changes reshaping competition and identify strategic imperatives for growth in a post-churn marketplace.

> The central challenge facing insurers is clear: how to achieve growth when traditional acquisition levers no longer function effectively. Our data provides the roadmap.

Current Market Analysis:

The Data Behind the Shift

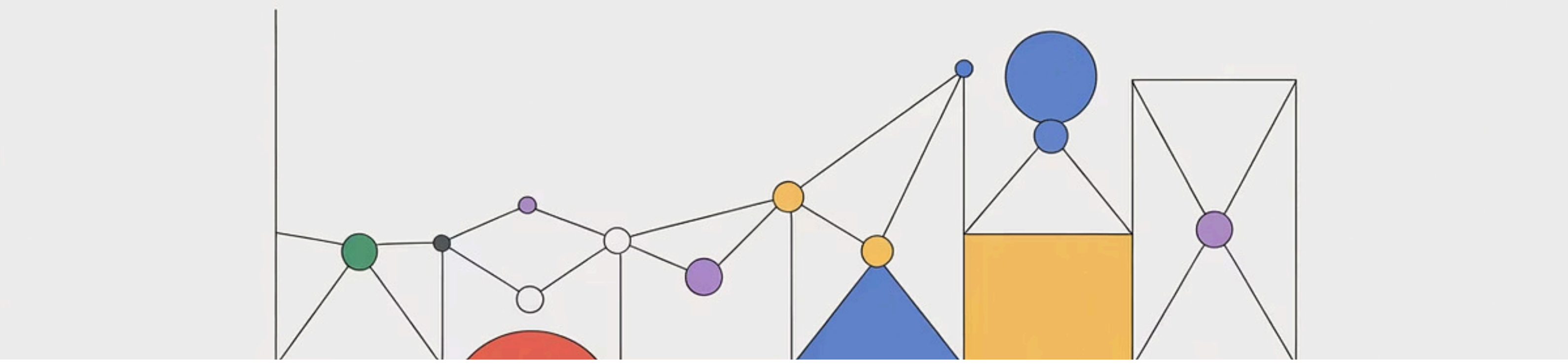
Consumer Intelligence data reveals decisive market changes:

Motor Insurance

- Shopping rates: 72% (April–July 2025), down from 85% peaks
- Switching rates: 33–37% across all age groups, remarkably consistent
- Primary switching driver: Price (47% cite "new policy cheaper than renewal")
- Growing stability: 20% report unchanged premiums as reason not to shop

Home Insurance

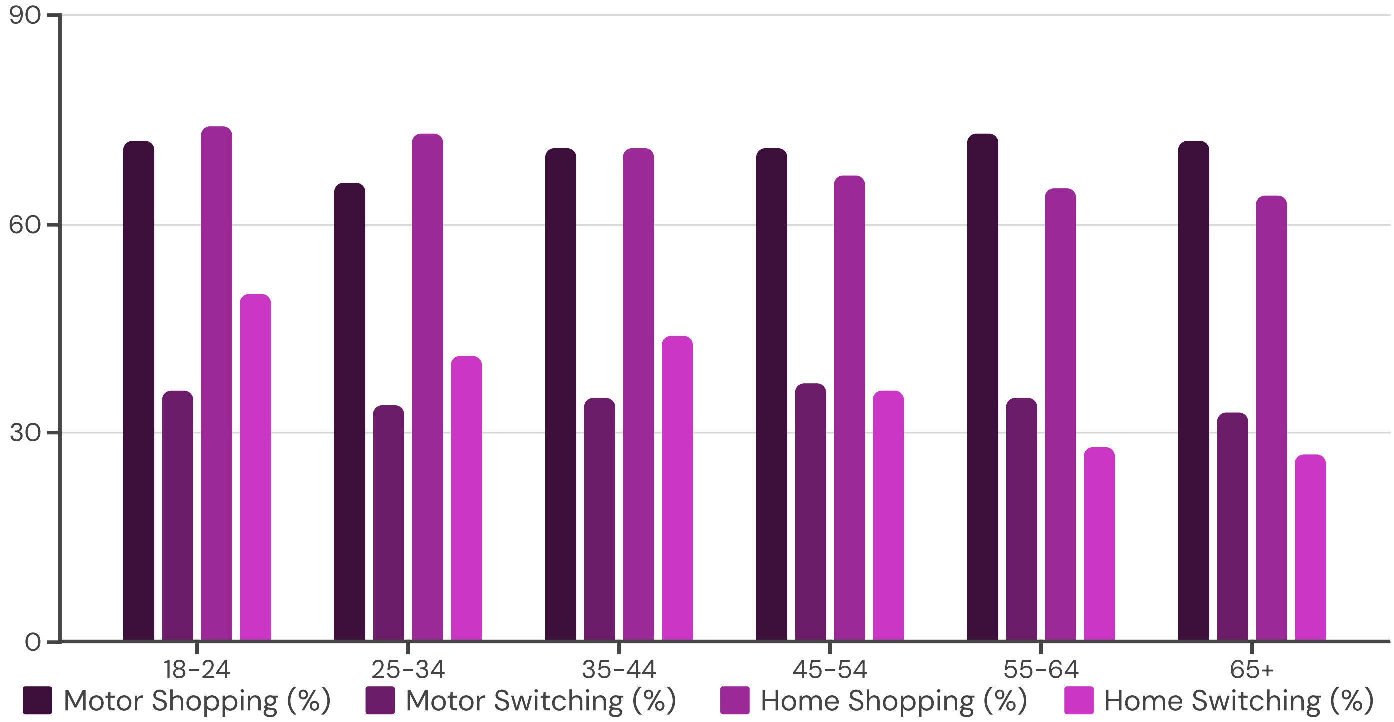
- Shopping rates: 70% average, with clear age stratification
- Switching rates: 36% overall, but 27% among 65+ customers
- Price sensitivity lower: Only 35% cite price as primary switching reason
- Service matters more: 24% switch for better coverage levels



Age Dynamics and Behavioural Segments

Our analysis uncovers distinct patterns by demographic

Shopping and Switching by Age Group (Jan-Jun 2025)



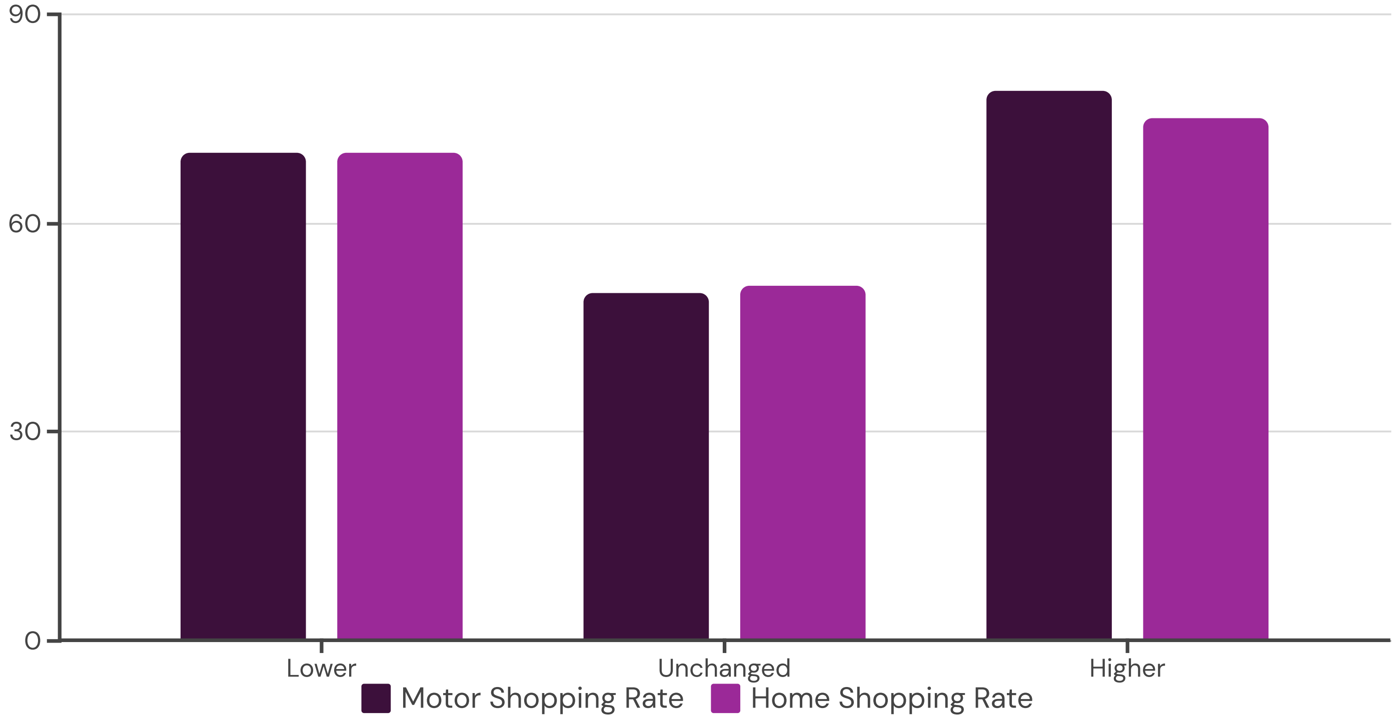
The data reveals motor insurance behaviour remains uniform across ages, whilst home insurance shows clear generational differences. Older customers demonstrate increasing loyalty, particularly in home insurance where over-65s show the lowest switching rates at 27%.

Premium Impact on Behaviour

Renewal premium changes remain the strongest predictor of shopping behaviour

Shopping Behaviour by Premium Change

Table 2: Shopping Behaviour by Premium Change



When premiums remain stable, shopping drops by nearly **30 percentage points**. This creates the foundation for 2026's stability scenario.

Consumer Motivations

Beyond Price, Switching Triggers

Whilst price dominates switching decisions, our data reveals growing importance of service factors.

Top Reasons for Switching

Table 3: Top Reasons for Switching (More than one choice selectable)

Reason	Motor	Home
New policy cheaper than renewal	47%	35%
Cheapest premium available	38%	28%
Better coverage levels	21%	24%
Cashback incentive	18%	21%
Recommendation	11%	18%
Poor claims experience	8%	13%
Bad call centre experience	7%	9%

Service failures now drive significant switching volumes. With 8% of motor and 13% of home switchers citing poor claims experiences, thousands of customers change provider due to service issues annually.

Staying Motivations

Understanding why customers stay reveals retention opportunities:

Primary Reasons for Staying

Table 4: Primary Reasons for Staying with Current Insurer

Reason	Motor	Home
Insurer matched best quote	19%	16%
Could not find cheaper quote	18%	15%
Positive claims experience	14%	16%
Savings not worth switching	13%	15%
Cheaper quotes had lower cover	8%	8%

Critically, positive claims experiences rank third for retention, nearly equal to price factors. This demonstrates the power of **service excellence** in building genuine loyalty.

The GIPP Effect

Structural Market Change

Consumer Intelligence analysis confirms GIPP regulations have fundamentally altered market dynamics. As reported in September 2025, the removal of the "loyalty penalty" has reduced price discrimination between new and renewing customers, eliminating a primary switching trigger.

Unchanged Renewal Prices

Increased from 13% (2019) to 20% (2025)

"Could Not Get Cheaper Quote"

Rose from 18% to projected 32%

Price Importance Declining

Remains high at 36% but declining trend

> Ian Hughes notes: "Consumers don't just think about price, they look at value. The cheapest price on a price comparison website doesn't just win all the business. If it's all about price, why doesn't it?"

This observation proves prophetic for 2026 strategy development.

Strategic Implications for 2026

The Innovation Imperative

With traditional competitive levers weakening, insurers must innovate across three dimensions:

01

Technology-Enabled Value Creation

Advanced Smart Intelligence (ASI) deployment offers dual benefits:

- Operational efficiency: 30-40% cost reduction in claims handling
- Customer value: Reinvest savings into tangible benefits

Leading insurers already demonstrate this approach:

- Automated claims processing frees staff for complex cases
- Savings fund free emergency cover and assistance services
- Digital tools provide real-time policy management

02

Service Excellence as Differentiator

Our data shows clear opportunity:

- 14-16% stay due to positive claims experiences
- 21% of motor customers value trusted brands over price
- 24% of home switchers seek better coverage

Service excellence strategies include:

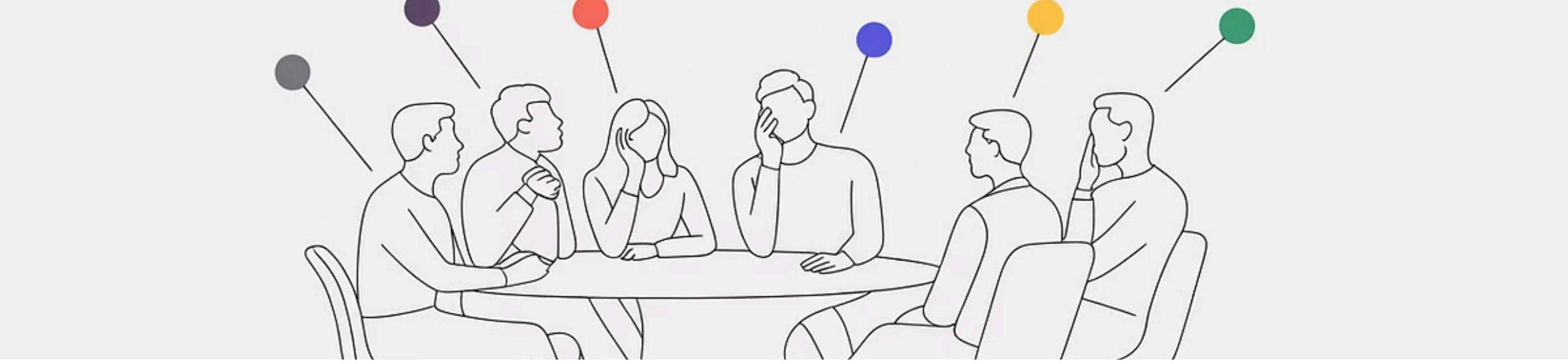
- Proactive claims support with dedicated handlers
- Transparency in coverage and claims decisions
- Consistent multi-channel experience

03

Ecosystem Development

Cross-product holdings influence retention:

- 8% of motor switchers cite multi-product relationships
- 11% of home insurance customers value bundled services
- Each additional product increases retention by approximately 15%



Market Predictions for 2026

Based on current trajectories, Consumer Intelligence projects:

Base Case Scenario

70% probability

Market Characteristics:

- Shopping rates stabilise: Motor 65-70%, Home 60-65%
- Switching plateaus: Motor 30-35%, Home 35-40%
- Premium inflation: 2-3% annually
- Growth focus: Wallet share over market share

Strategic Winners:

- Insurers with superior service metrics
- Companies offering genuine value beyond price
- Organisations building comprehensive ecosystems

Disruption Scenario

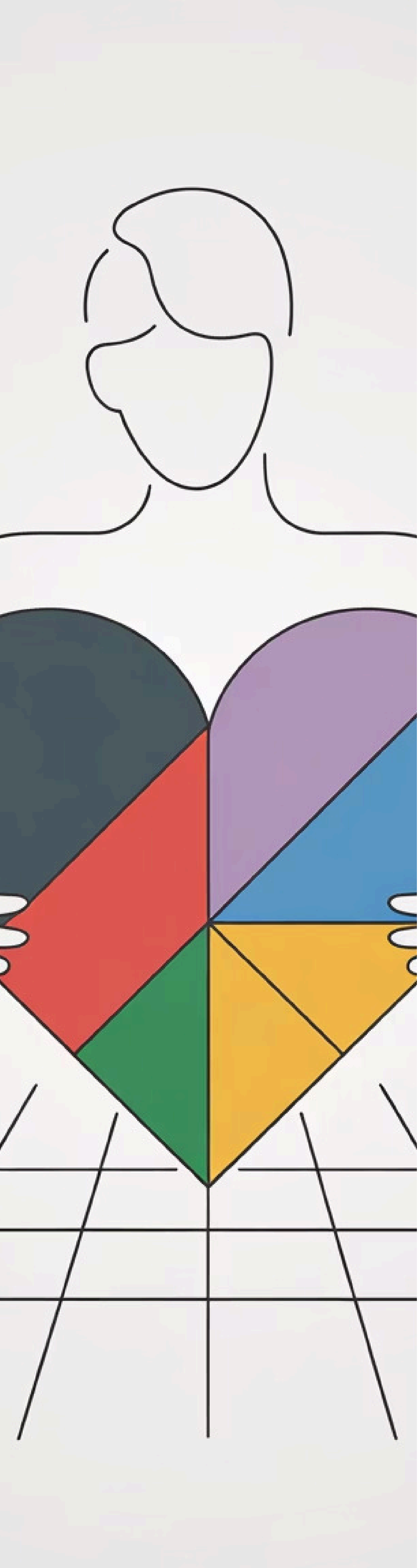
30% probability

Market Characteristics:

- New entrants force rapid innovation
- Embedded insurance becomes mainstream
- Traditional annual renewal model fragments
- Consolidation accelerates

Strategic Winners:

- Technology-first insurers
- Partnership-oriented businesses
- Agile organisations with low cost bases



Recommendations

From Analysis to Action

Immediate Actions (Q4 2025 – Q1 2026)

1 Customer Value Audit

- Map current proposition against non-price factors
- Identify gaps in service delivery
- Benchmark against market leaders

2 Technology Assessment

- Evaluate ASI deployment opportunities
- Calculate ROI on automation investments
- Plan customer-facing technology benefits

3 Retention Programme Review

- Analyse claims experience impact on renewal
- Identify high-value customer segments
- Design targeted retention initiatives

Strategic Initiatives (2026)

Service Transformation

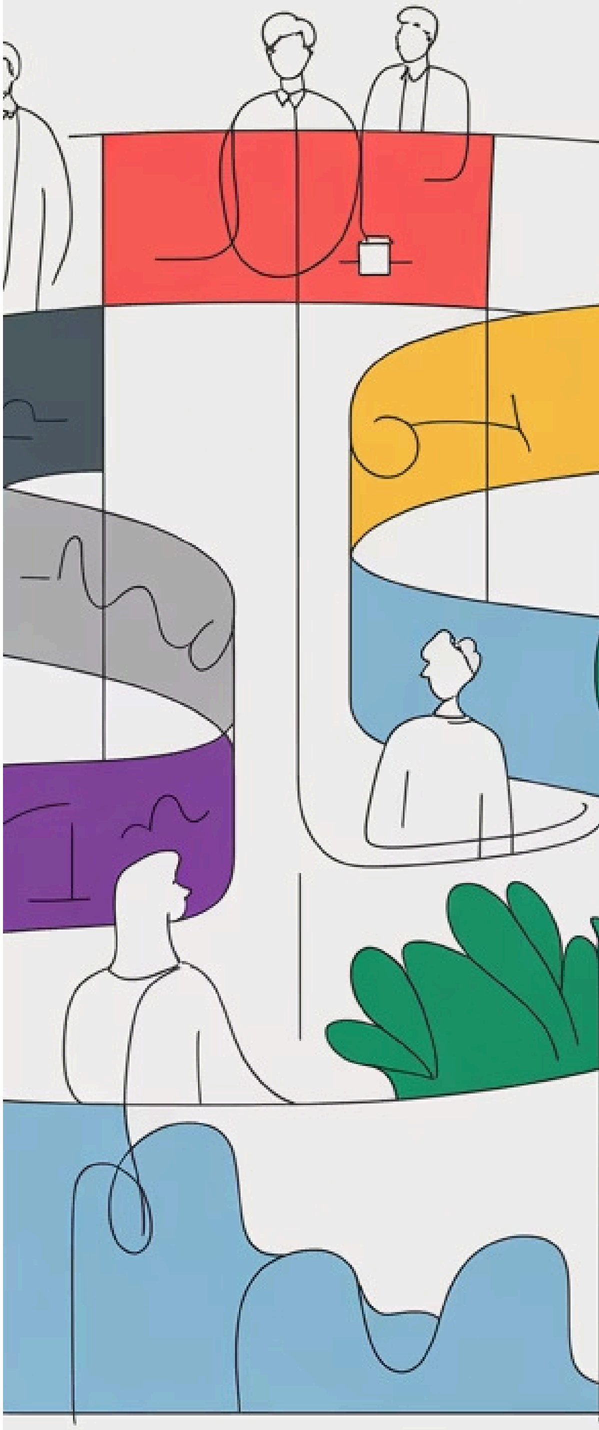
- Implement end-to-end claims excellence
- Deploy proactive customer communication
- Create memorable service moments

Ecosystem Construction

- Develop partnership networks
- Bundle complementary services
- Build switching barriers through integration

Innovation Pipeline

- Test new business models
- Pilot embedded insurance offerings
- Experiment with subscription services



consumer intelligence

Supporting Evidence Tables

Table 5: Market Evolution 2019-2025

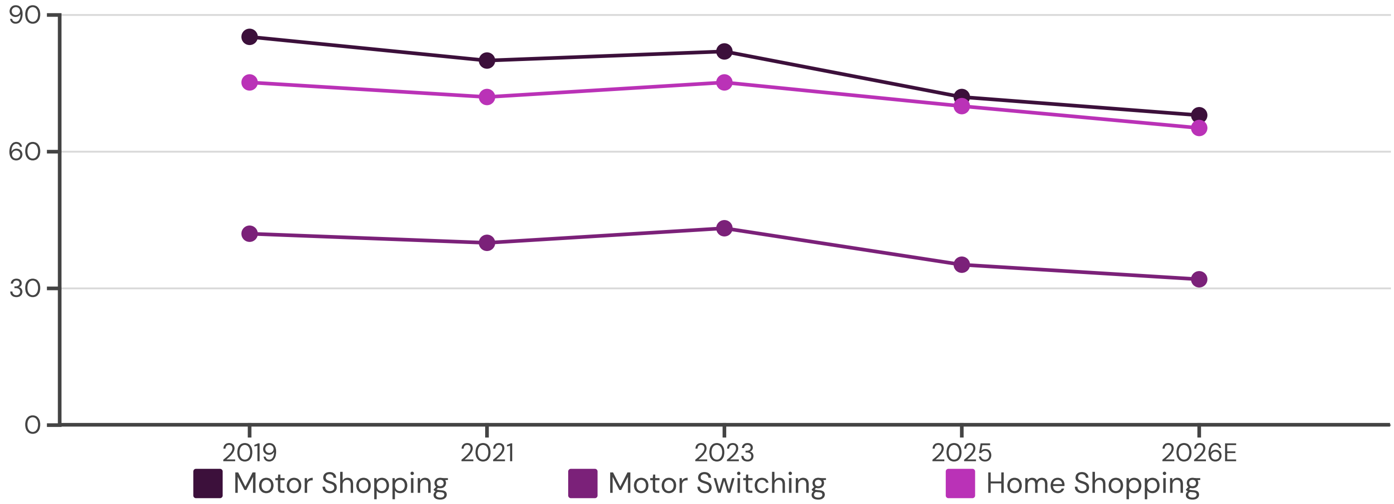


Table 6: Consumer Priorities Ranking

Factor	Importance Rank (1-7)	First Choice %
Price	1	36%
Coverage Quality	2	24%
Brand Trust	3	21%
Personal Experience	4	8%
Recommendations	5	6%
Customer Reviews	6	4%
Personal Relationships	7	3%

Strategic Focus Areas by Insurer Type

Market Leaders

Primary Focus: Service Excellence

Secondary Focus: Ecosystem Building

Success Metrics: NPS >50, Retention >85%

Challengers

Primary Focus: Price Leadership

Secondary Focus: Digital Experience

Success Metrics: CAC <£100, Loss Ratio <65%

Specialists

Primary Focus: Niche Excellence

Secondary Focus: Partnership Networks

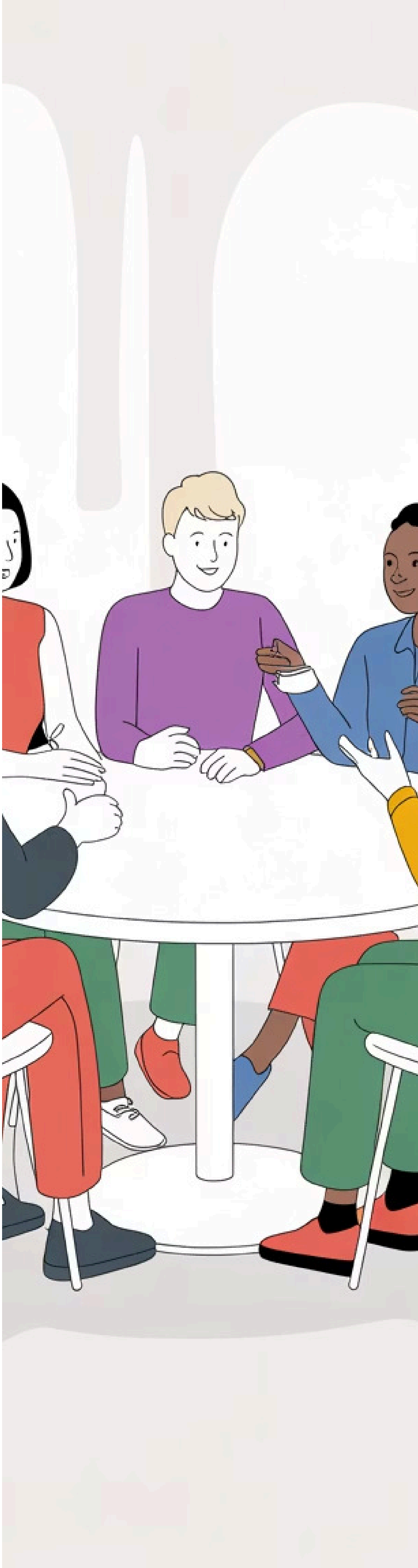
Success Metrics: Segment Share >25%

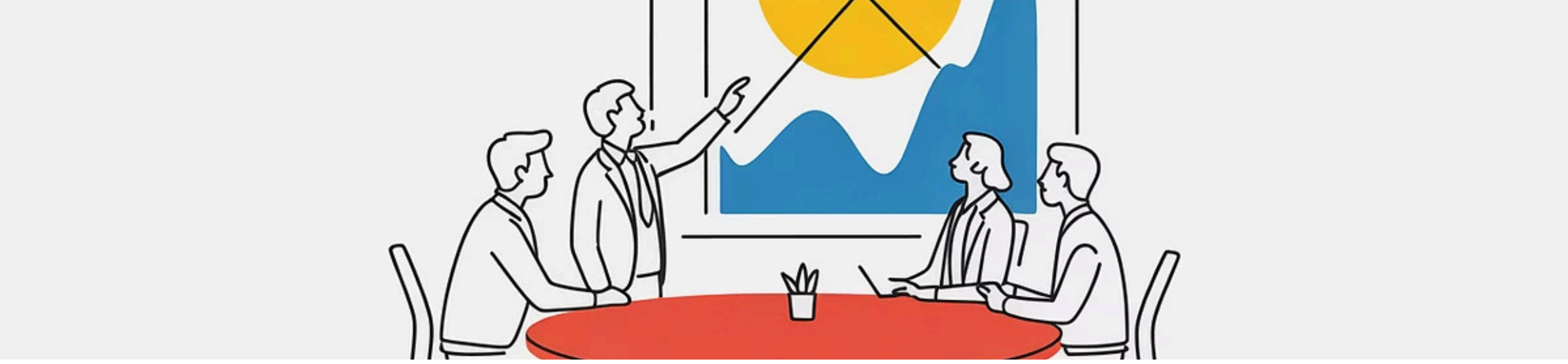
New Entrants

Primary Focus: Innovation

Secondary Focus: Customer Acquisition

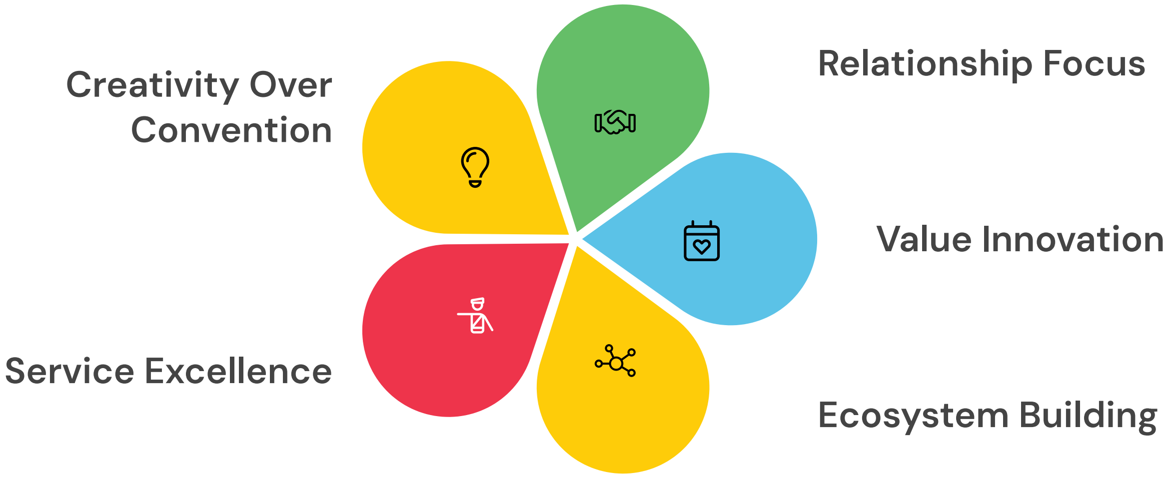
Success Metrics: Growth >30% YoY





Conclusion: The Creativity Imperative

Consumer Intelligence's comprehensive market analysis reveals an industry at a critical juncture. The comfortable dynamics of price-led competition and churn-driven growth have ended. GIPP regulations have succeeded in their aim, creating a fairer market with reduced price discrimination. However, this success creates new challenges for growth.



Our data makes clear that 2026 will reward **creativity over convention**. Insurers must reimagine their value propositions, moving beyond price to compete on service, innovation, and ecosystem value. The winners will be those who see insurance not as an annual transaction but as a continuous relationship worthy of investment and innovation.

The market has stabilised. The rules have changed. The question facing every insurer is simple: Will you adapt creatively or compete conventionally in a market that no longer rewards tradition?

Success requires three fundamental shifts:

1. From acquisition to retention focus
2. From price competition to value creation
3. From product selling to ecosystem building

The data provides clear direction. The market opportunity exists. The only variable is execution.

About Consumer Intelligence

This analysis is based on Consumer Intelligence's proprietary research covering 24,000 UK insurance consumers per year, providing the definitive view of shopping and switching behaviour across motor and home insurance markets. Consumer Intelligence remains the authoritative source for UK insurance market consumer insights.

Research Excellence

2,000 UK consumers surveyed across motor and home insurance markets

Market Authority

Definitive source for UK insurance consumer insights and behaviour analysis

For more information:
Consumer Intelligence
www.consumerintelligence.com
research@consumerintelligence.com