



Motorists pay hefty price for auto-renewal insurance policies

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Ahead of one of the busiest months for car insurance renewals, GoCompare Car Insurance revealed millions of motorists are overpaying to the tune of £982m a year for their car cover by allowing their insurer to automatically renew their policy.

At their last renewal, 4.1 million drivers rolled-over their insurance without checking to see if they could get the same cover for a cheaper premium - each missing out on a potential saving of up to £239.69.

The new car sales peak in September meaning millions of drivers will be renewing insurance this month. GoCompare Car Insurance's Auto-Renewal Study found that, at their last renewal, 44% of drivers allowed their insurance to automatically roll-over, 13% doing so without checking to see if they could get a better deal.

Drivers' main reason for renewing automatically (22%) was the assumption insurers offered the cheapest premium the previous year, so they would continue to offer good value this time around, followed by switching is too much hassle (21%), loyalty to their insurer (19%) and lack of confidence to switch (10%). Other reasons included not dealing with the hassle of canceling a monthly direct debit (10%), as well as finding the thought of switching insurer difficult (7%).

The research also reveals that how motorists paid for their insurance cover had a bearing on how likely they are to shop around at renewal. Drivers who pay for their insurance monthly rather than annually are 55% more likely to allow their policy to automatically renew.



Nearly a third (31%) of motorists pay for their insurance in monthly installments, but drivers from the lowest earnings groups are 36% more likely to be monthly payers. While monthly payments allow customers to spread the cost of cover, insurers typically impose fees and interest charges which ultimately make this is the most expensive way to buy insurance. Therefore, it is often those who can least afford it, who end up paying more.

The Auto-Renewal research also found that only 37% of drivers look at what they paid for their insurance last year to see how it compares with the renewal offer, fewer still (20%) read through their renewal information to check for any changes to the cover offered.

When asked about changes to excess amounts, the research revealed respondents who admitted to having no idea whether their compulsory excess had increased or not are 26% more likely to let their car insurance automatically renew, with 7% admitting they don't know what a compulsory excess is.



Commenting on the research, Lee Griffin, CEO, and founder of GoCompare said, "Insurers typically use their most competitive offers to attract new customers and rely on existing customers' apathy to charge higher renewal prices.

"With 55% of drivers more likely to allow their policy to automatically renew if they pay monthly, it's time for people to take control of their finances and consider how much they could be saving by switching.

"Drivers could also find themselves left out of pocket if they're not keeping an eye on rises to compulsory excess amounts.

"Some drivers agree to pay a higher amount towards the cost of a claim in return for a lower premium. However, if these drivers make a claim, their voluntary excess is added to the insurer's compulsory excess - which can add up to a considerable sum.

"Using a comparison site like GoCompare enables you to clearly see the excesses you will pay and edit quotes to see how different voluntary excess levels could impact the premium - helping you get the cover you need at the right price.

"Customers arranging their car insurance with us will now get extra peace of mind knowing they can use our free £250 excess offer, helping to stop them being left out of pocket."

Four tips from GoCompare to get the best car insurance deals:

1. NEVER accept your renewal quote without first checking that the price you are offered is competitive, even if your insurer was the cheapest last year.
2. Give yourself time to review your cover - note the renewal date in your diary and shop around at least a week before your policy renews to get the best deal.
3. Compare prices AND check the small print. Make sure you make like-for-like comparisons and understand all the charges, any penalties, exclusions and terms, and conditions you will be required to meet.
4. If you need to spread the cost of your insurance, consider a 0% purchase credit card and set-up a direct debit to clear the total payment over the 12-month term of the insurance. This will work out cheaper than paying the fee and interest charged by insurers for monthly payments.