NEWS RELEASE:

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Someone else should be checking my insurance application for accuracy, say nearly a third of consumers

- Consumers risk committing insurance fraud or incurring unexpected costs on claims

New research from insurance technology provider SSP has found that 29% of consumers mistakenly believe that they are not responsible for checking the accuracy of their own motor insurance applications and more than 1 in 10 people (14%) don’t realise that inaccuracies in their personal details could invalidate their policy.

22% of people think their insurer is responsible for checking the accuracy of their motor insurance application, with a further 7% believing responsibility lies with another third party such as their broker.

This suggests that many consumers are unwittingly putting themselves at risk of committing insurance fraud or incurring unexpected costs on claims if information they have submitted is found to be inaccurate. Young drivers are particularly prone to this mistake with 30% of drivers between the ages of 18-24 and a third between 25-34 thinking data validation is the responsibility of their insurer. The research also shows that this lack of awareness is having a serious impact at the claims stage with younger consumers twice as likely to say they have had a claim turned down as a result of inaccuracies in their application.

Lack of awareness is consistent whether consumers go through brokers, price comparison websites or direct to their insurer. 25% of consumers who go direct to their insurer say they expect someone else to check the accuracy of their application, compared to 28% and 29% for PCWs and brokers respectively.

Several survey respondents highlighted the role they think insurers should play in raising awareness of the importance of accuracy when applying for insurance, with one commenting that “The public need to know what insurers mean by inaccuracies!”, whilst another said that a policy being invalidated by inaccuracies in details is “Not totally fair...the insurance company should go through it all with the customer to check at the start”.

However, there are a significant minority of people (15%) who believe the risk of lying on their insurance applications are worth taking in order to bring down the overall cost of their insurance. According to data mined through SSP’s Intelligent Quote’s Hub, each error on an application form (either intentional or accidental) cuts the annual premium paid by around 46% and could be costing insurers over a billion
pounds a year As the industry prepares more sophisticated tools to deal with the rising problem of fraud, more customers who are being economical with the truth are about to face the consequences.

Adrian Coupland, Head of Data Strategy for SSP said:

“Insurers simply cannot take the accuracy of their data for granted. Across all the channels we tested, at least a quarter of consumers thought their insurer, broker or other intermediary were responsible for the accuracy of their application.

“One the contrary, unless they have the appropriate systems in place, insurers are rarely able to apply more than a credit check until claims stage, missing other important factors like vehicle usage, main driver, overnight vehicle location and occupation - leaving them out of pocket when it comes to premiums.

“It’s important the industry as a whole does more to verify risks and root out potential fraud, ideally at sale and pre-inception, but it is also important to support consumers by helping them ensure the information they submit is as accurate as possible.”

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About the research

Methodology

The survey of 2019 drivers was conducted by TLF Research on behalf of SSP. The responses were gathered from an online YourSayPays consumer panel from 3rd-17th November 2014.

About SSP

SSP is the leading provider of general insurance technology solutions, operating in more than 50 countries across the UK, Europe, Asia-Pacific, Africa and USA.

With more than 25 years’ experience and industry expertise, we develop and implement technology solutions and back office systems that enable our customers to reduce the cost of their operations, increase their distribution and create a better customer experience - improving our customers’ profitability and effectiveness.

Uniquely positioned, with end-to-end visibility “from the insurer to the insured”, we understand the challenges our customers face and leverage our capabilities to provide significant industry value across the entire value chain.

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