



UK Protection Market

*Gen Re Protection Pulse 2019 Review
Full Year Report Card*

Protection Pulse 2019 Report

The start of 2020 has brought unprecedented challenges that none of us could have begun to anticipate even in January. It therefore seems strange to be celebrating the successes that our industry reaped in 2019. Sales in 2020 will undoubtedly be impacted by COVID-19 and the fact that it will be more difficult to reach people in these times of lockdown. Peoples' finances are also likely to be stretched, perhaps meaning that insurance cover becomes a purchase that's more difficult to justify. However, people will always need protection cover and our industry is resilient, and perhaps now more than ever, people will recognise the need to have cover in place for their themselves and their family. We will obviously keep you posted on 2020 sales as the year progresses.

Looking back to last year, we see 2019 was another record-breaking year for the UK Protection Market. Total APE for the year topped out at £779 million, a 6% increase on 2018. Over 2.2 million new policies were sold in 2019, an increase of 7% over 2018. It's great to see this increase in coverage.

The standout performance of the year was the continued dramatic growth in Income Protection (IP) sales buoyed by the Universal Credit carve-out for mortgage payments and the launch of bespoke solutions for the rental market. IP APE was up 21% on 2018 at £68.9 million. It's also good to see a similar increase in IP sales by policy count, with sales up 19% – unlike 2018. Do this year's results indicate that the trend to cheaper, budget IP products has perhaps slowed?

All product lines in Protection Pulse experienced growth in premium volumes across 2019. There was steady growth of just over 5% in the Term Life market, a 6% growth in the Underwritten WOL market, driven by a strong second half of the year and an 11.8% increase in the Guaranteed Acceptance Over-50 Whole of Life plans.

Critical Illness premium volumes have increased by a smaller amount, 2.5%. This is disappointing in comparison to other product lines. However, we can take comfort from the fact that sales continue to grow.

Premium growth from the non-advised channel continues with a 9.7% growth in 2018 backed up with an increase of 7.4% in 2019. This continues to be an area to watch as the challenger brands in the space develop and improve their propositions. While we have not yet

seen considerable volume come through these newcomers, the growth in established brands selling direct to their consumers is of interest. Revenues from the independent and restricted advice channels have increased by 7.6% and 1.2% respectively.

Product	2019 APE (£m)	% Change
Term Assurance	333.5	+5.3%
Whole of Life UW	35.2	+6.0%
Whole of Life G'teed	62.4	+11.8%
Critical Illness	279.4	+2.5%
Income Protection	68.9	+21.0%
Total	779.4	+6.0%

Comment from Gen Re

"We are happy to see the hard work from across the industry to widen access and improve on product offerings has led to considerable growth across all segments. This means more people getting the Life, Critical Illness and Income Protection cover they need.

We recognise that 2020 will continue to be a challenging year for many reasons. We hope, however, that we will see continued growth in the protection market, that we continue to offer much needed insurance to the UK population and look forward to a return to more normal times."

Roy McLoughlin from Cavendish Ware

In such uncertain times these figures will provide a welcome boost for our industry. They show that prevalence of communication, coupled with collaboration within the industry, manifest themselves in increased levels. It may be back to quite obvious basics, but if we discuss these subjects increasingly and tell and re-tell the positive stories, then the restored faith and resultant increase in advice will occur. In particular, the income protection conundrum of the policy most likely to happen being advised in smallest numbers seems to be being addressed and the realisation of state benefits and universal credit "black holes" is undoubtedly contributing to this.

As the COVID-19 crisis manifests itself, people will naturally examine their own mortality. The industry should therefore continue its new wave of increased

communication, as in many situations the natural solution will be to review levels of protection. The furlough scheme has undoubtedly drastically changed our landscape and arguably has led to many, including government, appreciating the increased self-sufficiency required, which leads very naturally to our increased communications being received as a safe and trustworthy solution.

Notes to editors

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Protection Pulse is a monthly new business data sharing service that provides insurance executives with an up-to-date picture of market developments and their share of the market. *Protection Pulse* covers around 97% of the market.



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