

Private Medical Insurance - UK - October 2015

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“Subscription rates continue to fall, as many people are yet to see their disposable income increase enough to make paying for private medical insurance palatable. An increase in insurance premium tax set to take effect in November 2015 will lift prices further out of reach for potential new customers and far beyond more affordable products such as health cash plans.”

– Patrick Ross, Financial Services Analyst

This report looks at the following areas:

- Targeting specific NHS bottlenecks could pay dividends
- Insurers can make more out of remote and at-home services

Private medical insurers are continuing to experience a decline in customers. Both the number of subscribers and the number of people covered have slipped year on year since 2008. Suppressed disposable income and rising prices are keeping the product out of reach for many. This has kept the market from recovering in line with the wider economy. A surprise increase in insurance premium tax from November 2015 will make it even more difficult to market the product to new customers.

The NHS has managed to maintain a good level of customer satisfaction, although there are indications it is starting to struggle under pressure from rising demand for some services. Some urban areas of the country, such as London, are facing a capacity crunch as the population increases. Waiting lists are growing and difficulty in accessing services is the principal reason for people to look elsewhere. Insurers are adapting to the growing importance placed on primary care with innovations such as video GP appointments.

Wearable technology also represents an opportunity for insurers to amass data on customers and come up with a strategy to open the door to new customers without endangering already tight profit margins. With the market dominated by a few major players, these providers will be in a strong position to improve profitability as the data-driven future of the market unfolds.

This report examines the broader trends affecting the private healthcare market, and examines the way in which this has affected the value and volume of policy sales. This is supplemented by in-depth independently commissioned consumer research examining ownership of PMI, use of a range of healthcare services and attitudes towards private healthcare.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Table of Contents

Introduction

Abbreviations

Executive Summary

The market

The IPT increase is set to make future growth challenging

Figure 1: Forecast of total private medical insurance gross earned premiums, 2010-20

The number of subscribers is slipping year on year

Figure 2: Number of subscribers, by sector, 2010-14

Companies and brands

High concentration gives biggest players access to the best data

Figure 3: PMI providers' market share, by gross earned premium, 2014*

Focusing on healthy lifestyles is great for marketing but also improves profitability

The consumer

The same proportion of people say they set money aside for treatment as hold PMI policies

Figure 4: Ownership of insurance or savings products for health needs, July 2015

Over half rate their own health as good or excellent

Figure 5: Perceived state of health, July 2015

Everyday spending on health is more significant than many think

Figure 6: Proportion that have had an appointment with a GP in the last two years, by age and gender, July 2015

Access problems are overshadowing the quality of the NHS

Figure 7: Satisfaction with the NHS, July 2015

The NHS legacy dictates what people are willing to pay for

Figure 8: Proportion expecting to pay for alternative medical treatments, by generation, July 2015

The jury is out on the true ethics and value of PMI

Figure 9: Attitudes towards cost and value in private medical insurance, July 2015

Parents' protective instinct may provide opportunities

Figure 10: Attitudes towards coverage in private medical insurance, July 2015

Negative attitudes towards the NHS persist despite positive experiences

Figure 11: Attitudes towards the NHS in competition with private healthcare, July 2015

What we think

Issues and Insights

Targeting specific NHS bottlenecks could pay dividends

The facts

The implications

Insurers can make more out of remote and at-home services

The facts

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The implications

The Market – What You Need to Know

- Gross earned premiums rose by 2.8% in 2014...
- ...although numbers are dwindling and future growth will be challenging
- Flat disposable income keeps PMI out of reach for many
- Rising employment spells opportunity for big corporate distribution
- Competitive pressure from more affordable products increases
- The NHS will struggle to maintain high standards
- Surprise IPT rise to be passed on through prices

Market Size and Forecast

- Rising prices drive an artificial return to growth
 - Figure 12: Gross earned premium and claim amounts incurred, by sector, 2010-14
 - Figure 13: Average annual PMI premium, by sector, 2004-14
- The number of subscribers is sliding year on year...
 - Figure 14: Number of subscribers, by sector, 2010-14
- ...and the number of people covered is following suit
 - Figure 15: Number of people covered, by sector, 2010-14
- The IPT increase is set to make future growth challenging
 - Figure 16: Forecast of total private medical insurance gross earned premiums, 2010-20
 - Figure 17: Forecast of total private medical insurance gross earned premiums, at current and constant prices, 2010-20

Market Drivers

- Disposable income stagnates despite the economic recovery
 - Figure 18: GDP per head at current market prices, and real household disposable income per head, Q1 2009-Q1 2015
- Rising employment lifts the prospects of corporate distribution
 - Figure 19: Total UK unemployment rate among people aged 16+, January 2009-May 2015
- Competitor products take precedence for ad-hoc medical needs
 - Figure 20: Top eight UK healthcare cash plan providers*, by gross earned premium, 2011-14
- Self-pay shows double-digit growth
- NHS keeps quality high but struggles with access
 - Figure 21: Number of doctors* registered on the List of Registered Medical Practitioners (LRMP) at the end of each year (point in time), 2005-14 and September 2015
- Surprise IPT increase set to push insurers to the limit...
- ...and marginal profitability gains will do little to ease the pain
 - Figure 22: Ratio of claims amounts incurred to gross earned premiums, 2000-14

Key Players – What You Need to Know

- High concentration gives biggest players access to the best data
- Focusing on healthy lifestyles is great for marketing but also improves profitability
- TV advertising is the star of the show as insurers vie for market share

Market Share

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AXA mounts a challenge to Bupa's market dominance

Figure 23: PMI providers' market share, by gross earned premium, 2014

Figure 24: PMI market share, by gross earned premium, 2010-14

Competitive Strategies

The pursuit of health, wealth and happiness

VitalityHealth (formerly PruHealth)

AXA PPP

The rise of the hassle-free GP

Aviva

Exeter Friendly

VitalityHealth (formerly PruHealth)

Bupa

Advertising and Marketing Activity

Adspend is dominated by TV and direct mail

Figure 25: Recorded above-the-line, online display and direct mail advertising expenditure on private healthcare, by media type, 2012/13-2014/15*

Bupa invests heavily in promoting its brand

Smaller firms weigh in as they target more market share

Figure 26: Top 15 advertisers of private healthcare insurance, by recorded above-the-line, online display and direct mail advertising, 2012/13-2014/15*

Search and social media play an increasing role

Note on NMR data

The Consumer – What You Need to Know

Setting money aside is as popular as arranging PMI

Most people are confident about the state of their health

The quality of the NHS is being negated by access issues

People's spending on everyday health is stacking up

30% expect to pay for treatments unavailable on the NHS

Few think PMI is unethical, but paying for it raises questions

Parents could future-proof the industry by protecting their children

Broad negative perceptions of the NHS provide opportunities for insurers

Product Ownership

The same proportion of people say they set money aside for treatment as have PMI cover

More are choosing to pay their own way

Health cash plans suffer from perceptions of everyday treatment

Figure 27: Ownership of insurance or savings products for health needs, July 2015

Men more likely to lead involvement with private healthcare

Figure 28: Product ownership, by gender, July 2015

16-24s warrant more attention from insurers

Older people locked out of PMI market due to risk status

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Figure 29: Product ownership, by age, July 2015

People's Assessment of their Overall Health

Over half rate their own health as good or excellent

Poor health represents an ethical concern for insurers

Figure 30: Perceived state of health, July 2015

Low income can restrict access to PMI for those who need it most

Figure 31: Perceived state of health, by gross annual household income, July 2015

Use of Health Services

Everyday spending on health is more significant than many think

Figure 32: Personal use of routine health services, July 2015

The demand for GP services is high

Men are risking serious health issues by delaying diagnosis

Figure 33: Proportion that have had an appointment with a GP in the last two years, by age and gender, July 2015

The need for non-routine health services can be limited through better everyday care

Figure 34: Personal use of non-routine health services, July 2015

18% of people have had little contact with healthcare services in last two years

Figure 35: Number of health-related activities in the last two years, July 2015

Satisfaction with the NHS

Access problems are overshadowing the quality of the NHS

Figure 36: Satisfaction with the NHS, July 2015

Experience of the NHS only improves the perception of quality

Figure 37: Proportion that are likely to have experience of NHS GPs, by satisfaction with selected aspects of NHS care, July 2015

A care crisis in London brings opportunity for insurers

Figure 38: Proportion that have any satisfaction with quality of medical care and access to GPs, by region, July 2015

Expectations about Paying for Health Services

The NHS legacy dictates what people are willing to pay for

Figure 39: Proportion expecting to pay for health services, July 2015

Private healthcare can deputise for NHS services that are jammed with demand

Figure 40: Proportion expecting to pay for alternative medical treatments, by generation, July 2015

People are underprepared for future mental health needs

Attitudes towards Private Medical Insurance

People are unsure about paying for private healthcare

Figure 41: Attitudes towards cost and value in private medical insurance, July 2015

The jury is out on the true ethics and value of PMI

Figure 42: Agreement with the statement 'Private medical insurance is unethical', by age, July 2015

Parents' protective instinct may provide insurers with opportunities

Care is a difficult subject for insurance to address

Single-illness policies lack mass appeal despite a greater chance of diagnosis

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Figure 43: Attitudes towards coverage in private medical insurance, July 2015

Negative attitudes towards the NHS persist despite positive experiences

Figure 44: Attitudes towards the NHS in competition with private healthcare, July 2015

Appendix – Market Size and Forecast

Figure 45: Forecast of annual earned private medical insurance premiums, 2015-20

Forecast methodology

Fan chart explanation

Appendix – Further Analysis

Figure 46: CHAID analysis on attitudinal statements, July 2015

Note on CHAID analysis

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