

Whole of Life Insurance - UK - June 2016

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“The growth experienced in 2015 is an encouraging sign for a market that has been in decline since 2011. With an ageing population and the ever increasing cost of funerals, the guaranteed acceptance market should be well placed to benefit from these concerns.”

– Scott McDonald, Financial Services Analyst

This report looks at the following areas:

- Tackling issues of fairness and value could result in added complexity with over-50s life insurance market
- A focus on funeral costs could be limiting the reach of over-50s life insurance

The whole of life market had been in decline for several years after distribution channels narrowed following the withdrawal of several major banks from the guaranteed acceptance plan market. In 2014 sales of new policies reached their lowest point for five years. However, there appears to be a light at the end of the tunnel for the market, with new contract sales across the overall whole of life market achieving an increase of 5% in 2015.

With the rising cost of funerals, guaranteed acceptance policies offer peace of mind to the over-50s, allowing them to ensure that when they pass away they will not burden their family with funeral expenses. With the target market set to grow, driven by the ageing population, guaranteed acceptance policies are expected to see a resurgence in sales. At the same time, providers within the underwritten whole of life insurance market are looking at ways of widening the appeal of the product with the addition of long-term care options.

Competition in the guaranteed acceptance market has been increasing in terms of pricing and product developments. Newer entrants such as Royal London and British Seniors have sought to establish a position within the market by offering new benefits, resulting in incumbent providers re-evaluating the products they offer in an effort to remain competitive. Scrutiny from consumer organisations has also prompted providers to look at developing products and additional features to address some of the criticism that has been levelled at the guaranteed acceptance plan market in the past.

This Report considers the entire whole of life market, but is largely focused on the over-50s guaranteed acceptance plan segment. By reviewing a range of sources, it provides an outlook for the guaranteed acceptance market, the effects of several regulatory changes and policy and benefit innovation. The Report also delves into consumer purchasing habits, and their reasoning for purchasing whole of life insurance products.

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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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The facts

The implications

The Market – What You Need to Know

The market saw growth in 2015 and is expected to continue growing

Overall premiums have declined by a lower rate than the volume of sales

Increase in non-advised sales in 2015

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The Consumer – What You Need to Know

- A fifth have whole of life cover but there is confusion about policies held
- Mixed reasons for taking out cover among guaranteed acceptance plan holders
- Free gifts do not resonate as much as product recommendations
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Almost a fifth do not believe it is worth worrying about the future

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