

Income Protection: Inc Impact of COVID-19 - UK - April 2020

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The income protection market will be heavily hit by the COVID-19 outbreak in 2020. Distribution challenges and concern about the economy and unemployment will hit both demand and supply. Disruption to the housing market will be particularly damaging with mortgage transactions accounting for a large proportion of income protection sales.

– Douglas Kitchen, Financial Services Analyst

This report looks at the following areas:

- The impact of COVID-19 on income protection sales and market dynamics.
- How COVID-19 will change consumer behaviour and attitudes towards income protection.
- Ownership of different types of protection insurance and appetite for income protection.
- Consumer interest in different product features and purchasing priorities.

The income protection market looked set for a period of strong growth in 2020. In particular, sales through independent advice channels were increasing rapidly, particularly those related to mortgage business. However, the COVID-19 outbreak and subsequent lockdown have stalled the housing market, which will heavily impact on income protection sales in the short term. Additionally, the anticipated COVID-19 recession will negatively affect household incomes and people's willingness to consider a discretionary product like income protection.

The outbreak, however, is likely to have a positive impact in the long term. People are waking up to how vulnerable they are to a lengthy period off work, and this should lead to more considering cover in the future if the industry can tap into this sentiment in the right way. Additionally, new product developments are helping to serve the self-employed and the gig economy better – two groups who arguably have the most need for income protection.

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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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- ...while Legal & General grew new sales by half
- LV= and Legal & General target the rental market
- New propositions for the self-employed
- Providers enhance affordability and flexibility

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