

Critical Illness Cover – UK – February 2021

Report Price: £2195 | \$2995 | €2600

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This report looks at the following areas:

- The impact of COVID-19 on the critical illness cover market.
- The size of the critical illness cover market.
- Ownership and interest in critical illness cover.
- Consumers' perception of financial resilience, and sources of funding if people were unable to work due to ill-health.
- Purchase triggers for critical illness cover.
- Preferred channels used when taking out critical illness cover.
- Knowledge and understanding of critical illness cover.

27% of UK adults without critical illness cover would consider taking it out in the future. This marks a six percentage point increase compared to 2019 reflecting the impact of COVID-19. However, without improving consumer understanding of the product and building trust, providers risk letting this opportunity to increase engagement pass.

The uniquely widespread impact of COVID-19 has prompted people to consider their financial resilience in a way they may not have done before. Although sales have declined in the immediate aftermath of the outbreak, over the longer-term increased awareness of the need to protect dependents should drive greater interest in critical illness as both a standalone product, and as a rider to other protection policies.

Despite attempts to demonstrate the proportion of claims paid, trust in providers to pay-out in the event of a claim remains low and this is clearly an obstacle to purchase for many consumers. In some ways the pandemic has made the situation worse. The introduction of underwriting restrictions early in the pandemic limited access to the product. Meanwhile, negative press relating to pay-outs for business interruption insurance, travel insurance and wedding insurance, will have reinforced the negative perception many people hold about the industry more generally.



“Disruption caused by the COVID-19 outbreak led to a sharp decline in critical illness sales during 2020. However, the pandemic has led more people to actively consider their financial resilience, leading to heightened interest in the product.”

– Douglas Kitchen, Financial Services Analyst

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Consumers' knowledge and understanding of critical illness cover is low. This hasn't been helped in recent years by the continuous adding of conditions to policies, which has overcomplicated the product. The industry is taking serious steps to overcome this by simplifying policies but the key to success will be in how the product can be effectively communicated to consumers.



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