

Term Assurance - UK - June 2017

Report Price: £1995.00 | \$2583.33 | €2370.86

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“Sales of term assurance rose in 2016, as the market is starting to see more innovation across new product types, distribution channels and underwriting. However, life insurance continues to be low down in consumers’ list of priorities, making it hard for insurers to engage with potential customers.”

Jessica Galletley, Financial Services Analyst

This report looks at the following areas:

- Growth of non-advised sales could affect cover levels
- Cost-saving factor is key when deciding to share data
- Younger consumers more likely to be interested in healthy living benefits

Products covered in this Report

This Report looks at the term assurance market. The following definitions have been used:

Term assurance

is a type of life insurance policy that provides cover for a limited period and will only pay out if the policyholder dies within that term. Some policies will pay out if the policyholder is diagnosed with a terminal illness.

Term assurance policies can be written on a single life, joint life (first or second death) or on a life of another basis. They are primarily used to cover the financial responsibilities for the insured and/or their beneficiaries, the most common of which is a mortgage. Indeed, many people take out term assurance when they buy their first home, linking the term of the policy with the term of the loan (typically 25-30 years). Hence, the market comprises two distinct product segments: mortgage term assurance and protection term assurance.

Critical illness cover

is a long-term policy designed to pay a lump sum to the policyholder on the diagnosis of certain life-threatening but not necessarily fatal conditions such as heart attack, stroke, certain cancers, multiple sclerosis, loss of limbs, etc. It can be bought on its own (ie as a standalone policy) or as an addition (ie as a 'rider benefit') to other types of insurance, notably term assurance, whole of life and endowment.

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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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Nielsen Ad Intel coverage

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