

## Critical Illness Cover - UK - February 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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“Despite the constant tweaking of policy terms, devising more simplified and affordable propositions and introducing added-value benefits, providers still struggle to effectively tap into the strong latent demand that exists within the core target groups of families and mortgage holders. As such, it remains an underpenetrated market.”

– **Sarah Hitchcock, Senior Finance Analyst**

This report looks at the following areas:

- Give prospective customers time to think, and a better idea of cost upfront
- Is there still potential for hybrid products?
- Scope to upsell by incentivising policyholders to regularly review cover

Demand for critical illness insurance has picked up over the past couple of years, reflecting a more buoyant mortgage market. Nevertheless, volume sales are still almost a third lower than they were in 2012, while profit margins – and thus premiums – are constantly under pressure.

The product continues to suffer from low consumer awareness and understanding, and is not generally given the same priority as life insurance. Mintel’s survey shows that three times as many people have life cover as have critical illness cover, despite the fact that the threat of serious ill-health is higher than the risk of mortality for the under-55s, who comprise the majority of policyholders.

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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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Give prospective customers time to think, and a better idea of cost upfront

The facts

The implications

Is there still potential for hybrid products?

The facts

The implications

Scope to upsell by incentivising policyholders to regularly review cover

The facts

The implications

## The Market – What You Need to Know

4.5 million in-force policies

New premiums grow by 8% in 2017

Growth driven by increase in first-time buyer mortgages

Policy riders accounted for 92% of sales in 2017

Non-advised channel sees further growth, albeit from a low base

ABI issues new draft Guide on Minimum Standards

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Smaller players gain ground

Recent trends in product development

Sparse amount invested in above-the-line advertising

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Providers regularly tweak products to make them more appealing

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...and launches Wellness Optimiser

SunLife and AIG Life take the simple approach

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75% of policyholders have held their policy for 10 years or less  
 Scope to improve customer communication and understanding  
 Recent customers are more likely to have approached providers directly  
 Cost is a key barrier, but it's not an issue for everyone  
 Most of the non-insured lack an adequate safety-net alternative  
 Significant latent demand

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