

Term Assurance: Inc Impact of COVID-19 - UK - September 2020

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“Term assurance sales will decline in 2020 following the hit taken to business in Q2 as lockdown measures brought the housing market to a standstill. However, there are reasons to be optimistic.”

- Douglas Kitchen, Financial Services Analyst

This report looks at the following areas:

- The impact of COVID-19 on the term assurance market and the outlook for the market.
- Consumer interest in term assurance and likelihood to purchase.
- Triggers for taking out cover and the purchase journey preferences.
- Opportunities and threats arising from the COVID-19 pandemic.

Mintel's research shows that consideration of life insurance increased by 5 percentage points in 2020 when compared with 2019. Over half who are interested in taking out cover indicate that the COVID-19 outbreak has made them more likely to consider the issue. Given the broader economic climate, this interest is unlikely to lead to a sudden significant increase in ownership of life insurance, but at the very least, this shows a growing level of interest and engagement in the product.

In the short term, it is expected that the COVID-19 outbreak will lead to a decline in life insurance sales. This is due to the stifling effect that the outbreak has had on the mortgage market during lockdown and the direct impact this had on cross-sale opportunities. Longer term, it is expected that as consumer confidence returns and the mortgage market rebounds, sales of life insurance will return to growth at levels seen prior to the crisis.

Although the outbreak has led to increased interest and engagement in the product, changes to underwriting processes to reflect the increased risk of the virus have further restricted access to cover for higher-risk groups. If, as seems likely, we have to live with this virus for an extended period of time, not only will these restrictions harm growth in the market, they could also cause reputational damage to the industry.

Currently ownership of life insurance among both renters and the self-employed is worryingly low. By targeting these specific groups, providers have an opportunity to significantly increase the penetration of life insurance. Partnerships, such as those between Legal & General and Tenant Shop Financial Services, reflect a shift towards providers actively looking to engage renters. However, further product development and innovation is required to successfully target these groups.

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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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Response to COVID-19

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Major product developments
Aviva
Response to COVID-19
Major product developments
Royal London
Response to COVID-19
Major product developments
Vitality
Response to COVID-19
Major product developments

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