

Consumers and Health Insurance: Inc Impact of COVID-19 - UK - October 2020

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This report looks at the following areas:

- The impact of COVID-19 on the health insurance market, as well as on the health and wellbeing of the adult population.
- The size of the health insurance market and a five-year forecast for new PMI business.
- Innovation and competitive strategies in the market.
- Penetration of PMI and health cash plans among UK consumers and, in regards to PMI, the types of cover held.
- Assessing interest in private healthcare and identifying the most attractive benefits of PMI among the non-insured.

Mintel's research for this Report shows how the pandemic has had a huge impact on the nation's health and wellbeing, with an astonishing number of people deterred from seeking the medical help they need. From the start of the outbreak in March to the end of July, a third of UK adults delayed contacting their GP about a new or existing health matter. Separately, more than a quarter put off seeking medical advice in-person, such as visiting A&E, due to concerns about COVID-19. The proportions were even higher among people with health insurance.

Given the extent of delayed and deferred treatment, this will inevitably affect the level of future claims and, in turn, profitability, over the short to medium term. The resultant recession will also have negative repercussions for the UK health insurance market.

Large-scale job losses, which are expected to follow the winding up of the government's CJRS (Coronavirus Job Retention Scheme), will lead to a contraction in the corporate headcount in 2021, while a prolonged recovery will impact both consumer and business confidence. This will make winning new customers and corporate contracts even more challenging.



"Prior to the pandemic, virtual healthcare had been pitched as the future of market, but had been slow to take off. COVID-19 has been a trigger for real change, as people have had no option but to use alternative channels to F2F."

– **Sarah Hitchcock, Senior Financial Services Analyst**

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On the positive side, lengthy NHS waiting times caused by a backlog of cancelled and postponed operations and procedures will fuel demand for private healthcare solutions. Although the self-pay sector is likely to benefit the most from this, there will be ample opportunity for insurers to raise the profile of health cover products, at a time when health and wellbeing is centre stage. Furthermore, with the pandemic having accelerated the rollout and adoption of remote services, Mintel's research reveals significant scope to bring virtual healthcare to the fore. This shift towards 'telehealth' will not only give customers added value and convenience but also potentially deliver cost savings for providers.

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Table of Contents

OVERVIEW

- Key issues covered in this Report
- COVID-19: market context
- Economic and other assumptions
- Products covered in this Report

EXECUTIVE SUMMARY

- **Impact of COVID-19 on the health insurance market**

Figure 1: Short-, medium- and long-term impact of COVID-19 on the health insurance market, October 2020

- **The market**
- **Market GEP set to contract by 7% over the 2020-21 as a result of the pandemic**

Figure 2: Forecast chart of PMI gross earned premiums, 2015-25 (prepared on 6 October 2020)

- **A personal PMI policy costs double that of a group policy on a per subscriber basis**
- **The average PMI claim is over £2,000**
- **Cancer accounts for the largest share of claims incurred**
- **Health cash plan market is much smaller in value terms**
- **Companies and brands**
- **PMI is a heavily consolidated market**

Figure 3: Estimated market shares of the largest PMI providers, based on gross written premium, 2019

- **HCP providers operate on very tight margins**

Figure 4: Estimated market shares of the largest HCP providers, based on gross written premium, 2019

- **Pandemic caused major disruption to health services**
- **Claims activity fell sharply during the lockdown**
- **The consumer**
- **12% of adults have PMI, while 5% have a health cash plan**
- **62% pay for their health insurance themselves**

Figure 5: Policy payee, July 2020

- **Significant minority of PMI policyholders are unaware exactly what cover they have**

Figure 6: Types of cover included in policy, July 2020

- **13% of existing PMI policyholders are not planning to renew cover**

Figure 7: Attitudes and experiences of policyholders, July 2020

- **Most people interested in health cover are not willing to pay more than £20 a month in premiums**

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Figure 8: Amount willing to pay for health insurance by non-policyholders, July 2020

- **Difficulties accessing healthcare and postponed treatment**

Figure 9: Experience of adverse effects of COVID-19 on personal health and wellbeing, July 2020

- **COVID-19 has increased people's willingness to use remote health services**

Figure 10: Attitudes towards accessing healthcare in the future, July 2020

ISSUES AND INSIGHTS

- **Telehealth is here to stay and has the potential to offer health insurers vital cost savings**
- **Longer NHS waiting times will boost interest in private healthcare solutions**
- **Adopt a holistic approach to health and wellbeing**

THE MARKET – KEY TAKEAWAYS

- **The pandemic brings fresh challenges and opportunities**
- **Jobs recession means there will be some loss of corporate subscribers**
- **Claims activity will rise steeply once the worst of the crisis is over**
- **Huge NHS backlog will see more patients turning to the private sector**

MARKET SIZE AND FORECAST

- **Recent shift towards virtual services will prevail, providing fresh opportunities post-crisis**

Figure 11: Short-, medium- and long-term impact of COVID-19 on health insurance, October 2020

- **PMI gross premiums forecast to decline by 7% over the 2020-21 period**

Figure 12: Forecast chart of PMI gross earned premiums, 2015-25 (prepared on 6 October 2020)

Figure 13: Value of PMI gross earned premiums, 2015-25 (prepared on 6 October 2020)

- **Market drivers and assumptions**

Figure 14: Key drivers affecting Mintel's market forecast, 2015-25 (prepared on 6 October 2020)

- **Learnings from the last recession**

Figure 15: Value of PMI gross earned premiums, 2004-13

- **Forecast methodology**

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Powerpoint Presentation

Interactive Databook

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MARKET SEGMENTATION

- **Corporate PMI schemes account for 75% of all people covered**

Figure 16: Number of PMI subscribers and people covered, by sector, 2015-19

- **Growth in premium income driven by corporate sector**
- **In 2019, average personal premium fell for the first time in years**

Figure 17: PMI gross earned premiums, by sector, 2015-19

Figure 18: Average PMI premium, by sector, 2010-19

CLAIMS EXPERIENCE

- **Cost of claims rose 4% in 2019...**

Figure 19: PMI number of claimants, claims incurred and average claim value (ABI members only), 2015-19

- **...while the average claim value for individuals was 59% higher than for corporate subscribers**

Figure 20: PMI claims incurred and average claim value, by sector (ABI members only), 2015-19

- **Largest share of claims relates to musculoskeletal conditions**

Figure 21: Proportional distribution of claims incurred and number of claimants, by condition, 2018 and 2019

OTHER HEALTH COVER PRODUCTS AND SOLUTIONS

- **Healthcare trusts offer employers an alternative to corporate PMI**

Figure 22: Healthcare trusts – number of subscribers, people covered and gross earned premiums, 2015-19

- **Health cash plans can be viewed as both complementary and a competitor product**
- **Health cash plan market operates on very low margins**

Figure 23: Health cash plans – number of subscribers, gross earned premiums and claims incurred, 2017-19

- **Cash plans compete with standalone vision and dental plans**

MARKET DRIVERS

- **Job losses will reduce the corporate headcount**
- **Support measures introduced in place of the furlough scheme are not as generous**
- **Certain sectors and age groups more at risk than others**
- **Could a hefty COVID-19 spending bill prompt a further increase in IPT?**

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Figure 24: Changes to the standard rate of IPT, 2011 onwards

- **NHS waiting times were already at record high before the crisis**
- **Millions face treatment delays and cancellations**
- **Further funding needed to tackle backlog of patients waiting treatment**

Figure 25: NHS England – resource budget (excluding depreciation), in real terms, 2015/16–2020/21

- **Cancer waiting times lengthen**
- **New technology helps to improve GP access**

COMPANIES AND BRANDS – KEY TAKEAWAYS

- **Health insurance is a heavily consolidated market...**
- **...which is continually subjected to rising cost pressures**
- **Telehealth paves the way forward**
- **Greater emphasis on mental health and wellbeing services**

MARKET SHARE

- **Market leader Bupa grew customer numbers in 2019**
Figure 26: Largest providers of PMI and health cash plans, by premium income, 2018 and 2019
- **Top four control around 95% of the PMI market**
Figure 27: Estimated market shares of the largest PMI providers, based on gross written premium, 2019
- **CS Healthcare to merge with Bupa**
- **Simplyhealth reports growth in corporate business**
Figure 28: Estimated market shares of the largest HCP providers, based on gross written premium, 2019
- **Simplyhealth sells pet health business to concentrate on human health**

COMPETITIVE STRATEGIES AND INNOVATION

- **Strategic developments**
- **Two providers restructure while a third plans a rebrand**
- **COVID-19 response**
- **Providers make pledges to refund customers...**
- **...and introduce support measures**
- **HCP providers similarly respond**
- **New innovation centres on new digital capability and telehealth**
- **Pandemic has put mental health under the spotlight**
- **New product launches**
- **Vitality introduces new preventative healthcare benefits for the SME market**

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- **Aon offers 'affordable' health plan in partnership with Equipsme**

ADVERTISING AND MARKETING ACTIVITY

- **Vitality and Bupa top adspend list in 2019/20**
Figure 29: Total above-the-line, online display and direct mail advertising expenditure on health insurance, 2015/16-2019/20
- **Vitality's ad to inspire people to stay safe, fit and healthy at home during lockdown**
- **Insurers shine a light on mental health issues**
- **Nielsen Ad Intel coverage**

THE CONSUMER – KEY TAKEAWAYS

- **Product innovation is needed to develop more affordable PMI options**
- **Providers need to address dissatisfaction caused by disruption to cover...**
- **...and raise awareness of new mental health and wellbeing services**
- **Significant interest in cover but price remains the main barrier**
- **Delayed care will create demand for private healthcare**
- **Interest in virtual health services has been boosted by pandemic experience**

IMPACT OF COVID-19 ON CONSUMER BEHAVIOUR

- **Public concern about catching coronavirus starts to rise again**
Figure 30: Level of concern about risk of exposure to COVID-19, W1-W28
- **What this means for the health of the nation**
- **Consumer spending on healthcare products likely to be maintained**
Figure 31: Anticipated changes in expenditure on healthcare, household care, home and garden products and leisure and entertainment, W28 (17-25 September 2020)
- **Many adults still feel "uncomfortable" with the idea of going to the gym**
Figure 32: Level of comfort participating in various activities, W28 (17-25 September 2020)
- **Wellbeing is more important than ever before**
Figure 33: Key factors driving consumer behaviour around wellbeing, July 2020

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Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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PRODUCT OWNERSHIP

- **12% of UK adults have private health insurance**
Figure 34: Ownership of health and other insurance products, in order of significance, July 2020
- **Household income is a major determinant of PMI ownership**
- **Few people have both PMI and a health cash plan**
- **3% of UK adults have both PMI and dental insurance**
- **72% of PMI policyholders are either paying part or all of the premium themselves**

Figure 35: Policy payee, July 2020

- **Joint and family policies are fairly prevalent**

Figure 36: Policyholders covered, July 2020

TYPES OF HEALTH COVER HELD

- **Only 35% of policyholders appear to have comprehensive cover**

Figure 37: Types of cover included in policy, July 2020

- **Personal subscribers are more engaged**

Figure 38: Types of cover included in policy, by who pays for policy, July 2020

- **Interest in cancer cover likely to increase post-pandemic**

Figure 39: Types of cover included in policy, by ownership of top four cover types, July 2020

- **Increased awareness of mental health cover could boost engagement**

POLICYHOLDER SATISFACTION AND RENEWAL INTENTIONS

- **13% of PMI policyholders are not planning to renew cover**

Figure 40: Attitudes and experiences of policyholders, July 2020

- **One in three policyholders have experienced COVID-19 disruption to their cover**

Figure 41: Attitudes and experiences of policyholders, by those planning to renew their policy and those who've experienced disruption to cover, July 2020

- **High degree of correlation between having experienced disruption and receiving rewards**

- **Individual policyholders are more likely to have experienced disruptions...**

Figure 42: Attitudes and experiences of policyholders, by who pays for policy, July 2020

- **...and yet satisfaction levels are much lower among the latter**

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Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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ASSESSING INTEREST AND AFFORDABILITY AMONG NON-POLICYHOLDERS

- **Less than 1% of the non-insured would be willing to pay over £100 in monthly premiums**
Figure 43: Amount willing to pay for health insurance by non-policyholders, July 2020
- **Opportunity for health cash plans and limited health cover products**
- **Dental care is one of the most popular health insurance benefits**
Figure 44: Most appealing benefits to non-policyholders, July 2020
- **Scope to triple the size of the health cash plan market**

IMPACT OF COVID-19 ON CONSUMER HEALTH AND WELLBEING

- **Pandemic has had a huge impact on the nation's health**
Figure 45: Experience of adverse effects of COVID-19 on personal health and wellbeing, July 2020
- **One in three delayed contacting their GP about a health concern at the height of the pandemic**
- **PMI policyholders are more likely to feel their health had been compromised**
Figure 46: Experience of adverse effects of COVID-19 on personal health and wellbeing, by those who have PMI and those with an HCP, July 2020
- **28% of PMI policyholders experienced treatment delays as a result of COVID**

ACCESSING HEALTHCARE IN THE FUTURE

- **32% of adults would consider private options because of increased NHS waiting times**
Figure 47: Attitudes towards accessing healthcare in the future, July 2020
- **Three in five adults are more willing to use virtual health services in future**

APPENDIX – DATA SOURCES AND ABBREVIATIONS

- **Abbreviations**
- **Consumer research methodology**

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Infographic Overview

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