

Income Protection - UK - 2022

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This report looks at the following areas:

- Market size and forecast for the income protection market.
- Ownership and interest in taking out an income protection policy.
- Consumer sources of information when researching income protection policies.
- Barriers to buying income protection insurance.
- Consumer knowledge of income protection insurance.
- Consumer attitudes towards income protection.

Over half (55%) of workers are not aware of the differences between income protection and critical illness cover. The reliance on advisors in the market has left sales strongly linked to major life events such as buying a home or having children. This has left a large proportion of the workforce needing cover but lacking any real understanding of the product.

With 43% of workers saying they would struggle financially within six months of being unable to work, there is a strong need for income protection products. The high inflation and surging cost of living in 2022 will weaken household resilience further. While this will make the cost of insurance more of an issue for some consumers, the risks of not being covered will be exacerbated. This will make lower-cost cover such as living expenses protection even more important.

The greatest threat to the market remains the lack of awareness and common misconceptions over what income protection can offer. Continuing to rely on the traditional advisor-led model will leave large proportions of the workforce uncovered and leave providers struggling to expand take-up. There is a real need to properly engage renters and the self-employed in particular.

COVID-19 has created strong opportunities for the income protection market. There is a new appreciation for health vulnerability and the impact it can have on working life. This has seen strong interest in cover amongst younger



“The pandemic heightened people’s awareness of their vulnerability when it comes to health and work. This has increased interest in income protection insurance and seen the market return to growth. However, take-up remains relatively low and there is a need to engage renters, the self-employed and younger demographics.”

– **Adrian Reynolds, Senior Analyst – Financial Services**

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demographics and it is up to providers to adopt a more flexible approach to capitalise. Otherwise fintech companies will be well placed to disrupt the market.



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Table of Contents

OVERVIEW

- Key issues covered in this Report
- COVID-19: market context
- Market Context
- Products covered in this Report and definitions
- Income protection
- Accident, sickness and unemployment insurance
- Personal accident and sickness insurance
- Unemployment cover
- Mortgage payment protection insurance
- Critical illness cover
- Life insurance

EXECUTIVE SUMMARY

- **The five-year outlook for income protection insurance**
Figure 1: Category outlook, 2022-26
- **The market**
- **Income protection market recovers from 2020 downturn with sales set to grow further**
Figure 2: Market size and forecast for sales of new individual income protection policies, by value, 2016-26
- **Increasing number of claims paid should drive trust in income protection**
Figure 3: Number of new claims paid vs average value of new claims paid, 2015-20
- **Companies and brands**
- **Legal & General overtakes Aviva as market declines in 2020**
Figure 4: Market share of the leading providers of income protection policies, based on volume sales, 2020
- **The consumer**
- **One in 10 people have income protection**
- **Strong opportunities to boost income protection ownership amongst women**
Figure 5: Protection product ownership, by gender, 2022
- **The cost-of-living crisis is likely to reduce financial resilience in 2022**
Figure 6: Household financial resilience, 2022
- **Reliance on advisors is missing opportunities amongst younger Brits**
Figure 7: Sources of information on income protection insurance, 2022

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- **Concerns over cost will increase the importance of cheaper living expenses protection**

Figure 8: Barriers to purchase, 2022

- **A third of workers are unsure over the payment rates and policy length**

Figure 9: Consumer knowledge of income protection, 2022

- **Half of 18-24 year old workers are interested in taking out income protection**

Figure 10: Attitudes towards income protection, 2022

ISSUES AND INSIGHTS

- **IP providers must embrace technology and reduce reliance on advisors**
- **Engage letting agents to boost cover in the rental market**
- **Tailor more protection products to the self-employed**

MARKET SIZE AND PERFORMANCE

- **Premiums recover from 2020 dip with strong growth in 2021**

Figure 11: Volume and value of new individual income protection sales and average premium, 2017-21

- **Group contract business falls back after very strong 2020**

Figure 12: Volume and value of new group income protection sales and average premium, 2017-21

INCOME PROTECTION CLAIMS

- **The proportion of claims paid has grown as the market expands**

Figure 13: Claims data for individual income protection, 2016-20

- **Increasing number of claims paid should drive trust in income protection**

Figure 14: Number of new claims paid vs average value of new claims paid, 2015-20

- **COVID-19 accounted by 18% of new claims in 2020**

Figure 15: Income protection claims, by reason, 2015-20

MARKET FORECAST

- **Income protection sales set to continue expanding for the next five years**

Figure 16: Category outlook, 2022-26

- **Market forecast: value**

Figure 17: Market size and forecast for sales of new individual income protection policies, by value, 2016-26

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Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

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Figure 18: Sales of new individual income protection policies, by value, 2016-26

- Market forecast: volume**

Figure 19: Market size and forecast for sales of new individual income protection policies, by volume, 2016-26

Figure 20: Sales of new individual income protection policies, by volume, 2016-26

- Market drivers and assumptions**
- Forecast methodology**

CHANNELS TO MARKET

- Independent advisors remain vital in a complex market**

Figure 21: Distribution of new individual income protection policies, by volume, 2017-21

Figure 22: Distribution of new individual income protection policies, by value, 2017-21

- Bancassurance was hit by the pandemic but there remain opportunities to engage customers**
- Digital banks offer opportunity to reach younger consumers with insurance products**

Figure 23: Value of income protection bancassurance premiums, 2015-21

MARKET SHARE

- Legal & General overtakes Aviva as market declines in 2020**
- Legal & General protection income grows in 2021**
- Aviva continues to expand individual policy sales in 2021**
- LV= set to carry on as independent after merger reports**

Figure 24: Market share of the leading providers of income protection policies, based on volume sales, 2020

MARKET DRIVERS

- Inflation reaches highest level in almost 30 years**
- Surging cost of living will hit households' financial resilience**
- The Ukraine conflict will exacerbate the energy crisis**
- Real incomes are set for an unprecedented decline in 2022**
- Consumer confidence is already showing signs of decline**

Figure 26: Factors impacting financial situation, 2021-22

- COVID-19 has helped drive interest in protection products**
- Initial unemployment fears not realised as CJRS ends**

Figure 27: Average annual unemployment rate, 2017-26 (OBR central scenario)

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
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- **Rising house prices increase the need for insurers to cater for renters**

Figure 28: Housing status (percentage of people aged 16 and over), 2011/12-2020/21

REGULATORY AND LEGISLATIVE CHANGES

- Insurers remove COVID-19 underwriting restrictions
- FCA’s Consumer Duty will have important implications for the protection market
- Evolution of home DNA tests will bring new challenges for protection providers
- ABI finds the long-term implications for insurance are unclear
- Home DNA tests remain a niche product

COMPETITIVE STRATEGIES AND INNOVATION

- Legal & General launches hybrid protection product
- Royal London increasing focus on mental health
- Fintech UnderwriteMe looks to speed up quote process
- Aviva makes move into advice with acquisition of Succession Wealth
- Aviva looks to expand IP access with improved underwriting
- The Exeter combines IP products to form Income First offering
- National Friendly launches lower-cost accident-only income protection
- Legal & General looks to enhance small business protection market

PROTECTION PRODUCT OWNERSHIP

- One in 10 people have income protection
- Strong opportunities to boost income protection ownership amongst women
- Work with banks to boost income protection awareness
- Opportunities to expand living expenses protection as cost of living surges

Figure 29: Protection product ownership, by gender, 2022

- **The majority of people with protection insurance only take one product**

Figure 30: Repertoire of protection product ownership, 2022

- **There is a need to cater more to a growing market of renters**
- **Rising house prices and cost of living could see Brits renting for longer**

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- Executive Summary
- Full Report PDF
- Infographic Overview
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- **Just 9% of private renters have income protection**
- **Forge close ties with lettings agents to boost referrals**
Figure 31: Protection product ownership, by tenure, 2022

HOUSEHOLD FINANCIAL RESILIENCE

- **The cost-of-living crisis is likely to reduce financial resilience in 2022**
Figure 32: Household financial resilience, 2022
- **Two in 10 renters would struggle within the first month off work**
Figure 33: Household financial resilience, by tenure, 2022
- **Strong need for income protection for parents of younger children**
Figure 34: Household financial resilience, by age of children in household, 2022

INCOME PROTECTION INFORMATION SOURCES

- **Reliance on advisors is missing opportunities amongst younger Brits**
- **Provider websites must focus on simple, relatable information to boost take-up**
- **Price comparison site usage has been low despite interest**
Figure 35: Sources of information on income protection insurance, 2022
- **Engage younger demographics less confident of finding cover without an advisor**
Figure 36: Attitudes towards finding income protection cover, by gender and age, 2022
- **The 2020 market decline reflected by the desire for face to face contact**
Figure 37: Preferred channels for income protection advice, 2022

BARRIERS TO PURCHASE

- **Concerns over cost will increase the importance of cheaper living expenses protection**
- **25-34 year olds are the least likely to say they don't need income protection...**
- **...but younger Brits are less sure how to arrange cover**
Figure 38: Barriers to purchase, 2022
- **Renters are the least likely to have looked into income protection**
Figure 39: Barriers to purchase, by tenure, 2022

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Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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CONSUMER KNOWLEDGE OF INCOME PROTECTION

- **Clear need to boost understanding of income protection products**
Figure 40: Understanding of income protection, by gender, 2022
- **A third of workers are unsure over the payment rates and policy length**
- **There is a need to improve awareness of the limits of sick pay**
- **Income protection is not just for serious and life-threatening illness**
- **LV= pays out its record income protection claim**
Figure 41: Consumer knowledge of income protection, 2022
- **Update self-employed cover to reflect the evolving job market**
- **Four in 10 believe the self-employed cannot buy income protection**
- **There is a need for more specific self-employed protection products...**
- **...and taking variable income and payment channels into account**
Figure 42: Consumer knowledge of income protection and self-employment, by gender and age, 2022

ATTITUDES TOWARDS INCOME PROTECTION

- **Providers must be less reliant on advisors to turn young Brits' interest into sales**
Figure 43: Attitudes towards income protection, 2022
- **Half of 18-24 year old workers are interested in taking out income protection**
- **Highlight the additional benefits to capitalise on the demand for income protection**
Figure 44: Attitudes towards income protection, by age, 2022
- **COVID-19 has driven income protection interest among younger workers**
Figure 45: Impact of COVID-19 on demand for income protection, by age, 2022
- **Over half of workers without cover are worried about illness or injury**
Figure 46: Income Protection – CHAID – Tree output, 2022

APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- **Abbreviations**

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
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- **Consumer research methodology**
- **CHAID Methodology**

Figure 47: Income Protection – CHAID – Table output, 2022

APPENDIX – MARKET SIZE AND FORECAST

Figure 48: Market size and forecast for sales of new individual income protection policies, by value, 2021-26

Figure 49: Market size and forecast for sales of new individual income protection policies, by volume, 2021-26

- **Forecast methodology**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

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