

# Over-50s Guaranteed Acceptance Life Insurance - UK - 2023

Report Price: £2195 | \$2995 | €2600

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## This report looks at the following areas:

- The impact of the cost of living crisis on the over-50s life insurance market.
- Analysis of the size of the market and forecast for the next five years.
- Discussion of the market share of major players, and competitive strategies and advertising initiatives employed.
- Assessment of ownership of and interest in protection products including over-50s life insurance.
- Analysis of key factors driving demand for products and customer choice between different providers.

According to the Association of British Insurers (ABI), the number of new over-50s guaranteed acceptance life insurance policies fell by 26.6% in 2022, the third year in a row that new business contracted in the market. This has been driven by the impact of inflation on policies and the target customer base, and a sustained drop in advertising activity, which is crucial to driving new sales.

The cost of living crisis is having a profound negative impact on over-50s life insurance. High inflation means the real value of death benefits, which do not typically increase over time, has fallen rapidly over the last year. At the same time, potential customers are more reluctant to acquire new financial commitments, and existing ones are more vulnerable to falling behind on premiums.

The competition posed by prepaid funeral plans is arguably the biggest challenge to over-50s life insurance. Wanting to pay for funerals either in full (37%) or in part (28%) is the biggest reason to take out an over-50s plan identified by current and potential policyholders. This is despite the fact that over-50s plans aren't guaranteed to cover these costs as the price of funerals rises over time and death benefits stay the same.



"The current economic situation is negatively impacting over-50s life insurance. High inflation is accelerating the rate at which price rises erode the real value of death benefits, weakening appetites for new financial commitments, and making it harder for existing policyholders to keep up with premiums."

– Rich Shepherd, Category Director, Financial Services and Lifestyles

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The FCA's Consumer Duty rules, effective from the end of July 2023, offer an opportunity for insurers to improve trust and perceptions of value in the over-50s life insurance market. Just 13% of over-50s agree that over-50s plans offer value for money. The new rules require firms to demonstrate that they have considered fair value at every stage of the customer journey, and should deliver better outcomes for consumers.



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