B2B Insurance - UK - 2023

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The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

This report looks at the following areas:

- **The impact of COVID-19, Brexit and the current economic challenges on the B2B insurance markets.**
- **How insurers and policyholders are adapting, and will adapt, to the post-COVID-19 and Brexit environment.**
- **The value of the markets in 2023 and beyond.**

Health Insurance

Despite recent slower growth, the market continues to develop and change with new entrants to the market and a shift in focus away from more traditional end-to-end comprehensive cover towards private diagnostics and value-added services.

The health insurance market has evolved from helping people to recover to supporting prevention. The 'well-care model', as those in the industry refer to it, creates a pathway that allows individuals to manage their own physical, mental and emotional wellbeing.

COVID-19 and, more recently, the winter flu surge have put the NHS under tremendous strain and all efforts have been focused on ensuring that the service has not become overwhelmed. The result of this has been a growing backlog of cases that are not expected to be reduced until 2024 or 2025. Therefore, PMI is likely to see a rise in demand over the foreseeable future.

Between 2017 and 2021, gross earned premiums for corporate PMI rose by a cumulative 10% – from £2.09 billion to £2.31 billion.

Annual growth stalled to just 0.9% in 2020 as many private healthcare procedures were postponed due to the sector's efforts in aiding the NHS in tackling the pandemic which then led to several health insurers offering their policyholders rebates.

"The UK and wider global business environment remains challenging amidst high inflation, rising interest rates and ongoing supply chain issues affecting several industries. The B2B insurance industry must work closely with its existing policyholders to access and explore current cover levels and whether they remain financially viable for both parties."

– Lewis Cone, Associate Director – B2B

Insurers, including WPA, The Exeter, Bupa and Aviva, have already made refunds totalling almost £220 million to their affected customers.

Protection Insurance

The UK has a very disparate protection distribution landscape and accessing the business protection opportunity is not as straightforward as it sounds.

The COVID-19 pandemic, adjusting to the new post-Brexit environment, the conflict in Ukraine and high inflationary period have hit UK businesses hard over recent times, bringing disruption to normal operations and reducing revenues.

Some businesses have faced some tough operating decisions with the ability to invest in business recovery being hampered by poor cashflow driving many to focus hard on cost reduction, looking beyond luxury purchases to re-evaluating necessity purchases, such as business insurance.

However, in times of economic uncertainty, there is an increased opportunity for insurers and brokers to communicate the need for business protection.

According to ABI data, the total premiums received by the UK group protection market reached £2.37 billion in 2021 – a five-year high. Within this total, group life cover accounted for 60% of the total premiums received, at £1.42 billion, whilst group income protection and group critical illness both recorded five-year high values at £801 million and £150 million, respectively.

There is an expectation that the industry will see more claims across group critical illness insurance and will be dealing with the fallout from COVID-19 for some time to come, even if it is brought under control – for example, from the impact of delays in NHS diagnoses and treatment of serious conditions such as cancer.

Property Insurance

Commercial property insurance providers find themselves operating in unpredictable conditions, with political and economic uncertainty having negative impacts on business activity in almost every industry.

These conditions force insurance providers to try to draw maximum profitability out of new and existing customer relationships. They see the need to reduce their costs by maximising the efficiency and productivity of all their business processes, from application, quotation and underwriting through to claims settlement and fraud detection.

As in other parts of the insurance industry, some providers have concluded that effective use of digital technologies, including data enrichment, which enhances available information related to existing or potential customers, is now a strategic imperative.

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Commercial property gross written premiums have risen over each year since 2017 and by a cumulative 28% – from £4.73 billion in 2017 to £6.05 billion in 2021.

Motor Insurance

As well as the ongoing global impact of COVID-19, there are a range of factors impacting motor insurers and their appetite for risk in the market.

Motor fleet claims inflation continues to increase rapidly, with levels consistently rising 5%-10% annually over the last three years. Currency fluctuations have inflated the price of vehicle parts arriving from Europe, along with rising repair costs due to increasing vehicle technology and labour costs and shortages resulting from the pandemic.

Rising inflation, mainly affecting repair networks, is adding to cost pressures and will likely feed through into insurance pricing. Energy costs are also a factor, affecting all links in the supply chain from manufacturers to body shops, to insurers themselves.

Another cost of living-related factor that could impact prices is the knock-on effect from a higher propensity for fraudulent claims. Recent history suggests that recession leads to a 25% increase in fraudulent claims in both commercial and personal lines.

Since 2018, commercial motor gross written premiums have remained largely stable – rising by just £82 million to £4.08 billion in 2021. However, this figure represented the highest annual GWP value since 2016.

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

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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- **Continuity Insurance & Risk (Bimonthly)**
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- **Post Magazine & Insurance Week (Weekly)**
- **Trade Exhibitions**
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- **Broker Expo**
- **COVER Wellbeing 360 Summit 2023**
- **Motor & Mobility 2023**
- **Property Insurance Claims Group Conference**

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