“Faster and simpler applications have made term assurance more appealing. However, the growth of direct to consumer products means that there needs to be a shift in the way that providers target new customers.”
– Douglas Kitchen, Financial Services Analyst

This report looks at the following areas:

Those with specific insurance needs or ongoing conditions need to be made aware that they have options, while the introduction of products to different segments, such as parents or renters, with specific benefits attached can help to improve its relevance.

- Providers have an opportunity to re-engage with the mortgage market
- Greater segmentation can give life insurance a more relevant feel

DID YOU KNOW?
This report is part of a series of reports, produced to provide you with a more holistic view of this market
# Term Assurance - UK - June 2019

**Overview**

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- Products covered in this report
- Intermediary market definitions

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**Issues and Insights**

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- The facts
- The implications
- Greater segmentation can give life insurance a more relevant feel

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The facts

The implications

The Market – What You Need to Know

Period of inconsistent growth continues ...
... driven by the non-mortgage related market
The non-advised market goes from strength to strength
Average term assurance payout reaches record high

Market Size and Forecast

Growth continues to fluctuate in the term assurance market
Figure 11: New individual term assurance sales and average annual premiums, 2014-18

2017 sees the number of in-force polices rise to pre-2014 levels

Growth in the direct-to-consumer market will drive future sales
Figure 12: Forecast of new individual term assurance volume sales, 2014-24
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Forecast methodology

Market Segmentation

Mortgage-linked policies lose their market share

Technology could drive more mortgage-linked sales in future
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Premium gap continues to widen
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Scope for greater cross-selling of critical illness cover
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Channels to Market

Mortgage term market remains reliant upon independent advice
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Non-advised market continues to grow
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Bancassurance market remains flat
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Average term assurance payout reaches record high
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Average sum assured falls in 2018
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Growth stalls in the housing market
Figure 22: Volume of house purchase loans, by type of borrower, 2012-18

FCA focuses on the ‘uninsurable’
Smokers and regular drinkers are on the decline

Insurers turn to wearable tech to mitigate risk and encourage healthy living

Companies and Brands – What You Need to Know

- AIG Life term assurance sales increase by over 60%
- Brands are increasingly targeting specific segments of the market
- New partnerships and open banking can improve access to cover
- Beagle Street tops life insurance adspend

Market Share

- Legal & General continues to dominate market ...
  - while AIG Life sees new sales increase dramatically

Competitive Strategies

- New technology and partnerships support growth of the direct to consumer market
- Through Open Banking ...
  - and new channels to market
- New products and services look to target specific segments of the market
- Scottish Widows is looking to more simplified terminology to improve engagement
- Through new partnerships AIG is looking to extend its reach
- To the mortgage market ...
  - and to those looking to improve their health and wellbeing
- Aviva improves its bereavement support offering

Advertising and Marketing Activity

- Over-50s plans continue to dominate life insurance advertising spend
- Beagle Street tops total spend for the second year running
- Vitality boosts adspend as it promotes exercise-linked benefits
- New gender-specific brands enter the top 10

The Consumer – What You Need to Know

- Scope for greater penetration in the life insurance market
- Only one in five are likely to take out life insurance
- Consumers favour direct channels when arranging life cover
- Fast and simple life insurance applications appeal but consumers also want more guidance
- People can be persuaded to share data for personalised recommendations
- Over-reliance upon savings as an alternative to life insurance
- Providers are missing an opportunity during the mortgage application process
Protection Product Ownership

Over 60% do not have any form of life cover
  Figure 27: Ownership of life insurance and other protection products, March 2019

Over half of mortgage owners have life insurance

Opportunity for greater targeting of renters
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13% are unsure about the type of cover they hold
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Likelihood to Consider Life Insurance

Just 21% are likely to take out life insurance

Opportunities exist to take a new approach to cover
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Consumers prefer to arrange their policy directly

Interest in banks is not reflected in the market
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… and can reinvigorate the bancassurance channel
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Insurers are missing out on a large proportion of the mortgage market ...
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Figure 41: Non-ownership of life insurance among mortgage owners, March 2019

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Abbreviations

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Forecast methodology