



Swiss Re's annual *Group Watch* report shows positive growth in the UK Employee Benefits sector

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- **Group Watch 2012 reports 2.9% new premium growth for Group Risk in the UK in 2011**
- **Introduction of auto-enrolment to begin to impact the industry in 2012**
- **Group risk benefits and the employer channel continue to play a strong role in UK benefit provision with 40% of all insured death benefits and 75% of long-term disability income benefits provided through insured schemes**

London, 24 April 2012 – In-force group risk premiums rose by 2.9% in 2011, reversing the negative trend of the past two years according to *Group Watch 2012* report, which Swiss Re releases today. In-force sums assured across all product lines increased and there was growth in key areas, most noticeably "flex" and voluntary cover. The report, which also analyses views on key issues from all major product providers and intermediary firms, highlights changing employer roles, regulatory changes and the implementation of auto-enrolment as influencing factors on the sector in 2012 and 2013.

Positive Premium Growth in 2011

Swiss Re's *Group Watch 2012* report has returned a mostly positive view of the group risk market with the key finding that the negative trend of the past two years in group risk premiums has been reversed. 2011 saw premium growth of 2.9% compared to a fall of 7.7% in 2009 and 1.8% in 2010.

"It is good to see market growth again after two very difficult years of continuing financial pressures on businesses," says the report's author, Technical Manager, Ron Wheatcroft. "However, the group risk market continues to be tough with pressures on employers to control or reduce their costs."

All three main product areas surveyed, death benefits, long-term disability and critical illness premiums rose in 2011. Critical illness premiums grew 9.4%; premiums for death benefits were up 4.1%; and, long-term disability saw a marginal growth of 0.1%.

Shifting role of employers

The report highlights the gradual shift in the role of employers and the impact this change is having on members purchasing additional cover. The data show that premiums for long-term disability income "flex" benefits increased by 42.3%. "Flex" or voluntary cover is now 10% of total in-force premiums.



Wheatcroft says: "the growth of 'flex' and voluntary cover may be an indicator of a gradual change in the role of the employer from benefit provider to facilitator as businesses seek ways of sharing costs and providing greater employee choice."

Auto-enrolment as opportunity

Looking to the likely issues and opportunities for 2012 and 2013, one big challenge for group risk will be the consequences of the beginning, for larger employers, of auto-enrolment into qualifying pension schemes.

Russell Higginbotham, Swiss Re's UK CEO, says: "With auto-enrolment we may see some existing risk schemes grow as employees who are not currently pension scheme members are enrolled. This will have varying effects on scheme costs depending on the additional take up of pension provision. It is imperative that we make the implementation of this change as simple as possible for employers and employees alike."

Growth in the sector is a positive sign that group risk cover is continuing to play an effective role in addressing the Life Assurance and Income Protection Gaps. The report found that group life schemes currently provide 40% of all insured death benefits in-force in the UK, while group long-term disability income schemes have increased their share from 70% to 75% of all insured cover since 2002.

"As the welfare state withdraws from universal provision, the importance of the ongoing role of the private sector in protection cannot be over-estimated" says Higginbotham. "A robust group risk sector is therefore indispensable, and the growth we are seeing is an encouraging sign for the future."

In-force premiums for the three product lines for 2009 to 2011:

Product Type	2009	2010	2011
Death benefits	£897,285,169	£918,635,231	£956,074,087
Long-term disability income	£567,971,284	£517,385,394	£517,995,843
Critical Illness	£48,393,386	£50,252,281	£55,005,102

Notes to Editors

For more information on *Group Watch 2012* and/or access to experts and managers related to this release please contact Swiss Re media relations: media_relations@swissre.com or +41(0)43 285 7171.

Group Watch 2012 is an analysis of in-force data covering group life, group long-term disability income and group critical illness cover in the UK market. Group Watch 2012 is the partner publication to Swiss Re's review of individual business, Term & Health Watch, which will be published in late May.

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