

News release

Group risk insurance continues to show strong growth in the UK, says Swiss Re's *Group Watch 2015*

- 200,000 more people received life and disability insurance cover arranged by their employers in 2014, adding to the very strong growth of 300,000 new people last year
- Since 2010, the number of people insured under group risk schemes has grown by almost 1.25 million
- Good premium growth of 7.9% across all lines; 8.9% increase in in-force death benefit premiums, 6% in long-term disability income premiums, and 7.8% increase in critical illness premiums
- Excepted group life premiums grew 27.9% and benefits by 29.4%, reflecting the response to changes to the lifetime allowance
- Number of new schemes grew as more employers set up excepted group life policies and critical illness schemes, but long-term disability income schemes continue to decline

London, 7 April 2015 – The excellent growth in the UK group risk insurance market continued in 2014, according to Swiss Re's *Group Watch 2015*. Premiums were higher in all product areas, with an overall growth of close to 8% for the year. Importantly, over 200,000 more people are now benefitting from life and disability insurance products arranged through their employer. The report finds that the market is resilient, but that there are still challenges, most particularly where the number of new to market disability income schemes remains disappointing.

"These are good figures for the group risk market – but they hide the fact that this industry is at a crossroads," says Russell Higginbotham, CEO Swiss Re UK & Ireland. "The welfare state cannot continue to fund at current levels and the next Government will have to make cuts to the welfare budget. Insurers need to be ready to step up and adapt to that new reality. If we don't, we may find existing models under threat in the same way that reforms have reconfigured pension provision."

Group Watch 2015 reported steady growth across most lines of products. Premium growth was again very strong in the group death benefits sector with GBP 1.25 billion in-force premiums reported for 2014. This strong

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growth continues the trend from previous years, and is the first time the market recorded annual growth in excess of GBP 100 million.

As in 2013, excepted group life premiums performed very well, with premiums growing by 27.9%. The move reflects the reduction of the lifetime allowance, which imposes a cap on pension savings of GBP 1.25 million. With the limit set to be reduced further to GBP 1.0 million from April 2016, employers are likely to continue preferring the simplicity this option presents.

The number of people insured for long-term disability income protection through their employers increased by 1.9% for 2014, building on the important milestone of two million people insured which was reached in 2013. In-force premiums were up 6.0% to nearly GBP 634 million. There was a decrease in the number of in-force schemes of 0.4% to 17,119.

Critical illness covers again experienced strong growth. In 2014, almost 475,000 people were covered, an increase of more than 90,000. In-force premiums increased by 7.8% and sums assured by 15.2%. The number of in-force schemes increased by 7.0% to 2,840.

"The results show solid growth once again but we need to decide if we want to carry on as we have done for the past few years or offer something more ambitious," says Ron Wheatcroft, author of the report. "Auto-enrolment could be the way to increase coverage if we are unable to deliver growth to begin to fill the gap which will be left by declining state provision. Employees tell us that they would value greater workplace access to products and services but, somehow, this hasn't translated to more coverage."

Key figures from Group Watch 2015 (in GBP millions)

Total In-force premiums at end of year

Product Type	2009	2010	2011	2012	2013	2014
Death benefits	897	919	956	1,055	1,149	1,250
Long-term disability income	568	517	518	563	598	634
Critical Illness	48	50	55	60	67	73

Notes to Editors

Group Watch 2015 analyses and summarises group risk business results at the end of 2014. It also uses a qualitative survey among 34 insurers and intermediaries in the group risk market, conducted in February 2015.

To receive a copy of Group Watch 2015, please contact Swiss Re Media Relations: +41 43 285 7171 or Media_Relations@Swissre.com

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