



Swiss Re Life & Health reports record year for UK life and health sales

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London, 13 May 2003 – Swiss Re Life & Health has today published *Term & Health Watch*, its annual benchmark analysis of new life and health insurance sales to UK consumers. For 2002, the results show massive increases and set new records in sales of term assurance, critical illness and income protection:

- More than two million new term assurance policies sold in the UK - up 31% from 2001
- Over one million critical illness sales - an increase of 34%
- Almost 250,000 income protection policies - up 20%

Total new sales	2002	2001	% change
Individual term assurance	2,051,682	1,571,062	30.6
Individual critical illness	1,167,928	872,184	33.9
Individual income protection	245,063	204,379	19.9

High volume of sales are mortgage related

More than half of the new policies were mortgage related. According to *Term & Health Watch*, the mortgage market is a considerable source of sales of protection products. But the report also suggests that sales of life cover, critical illness and income protection depend too heavily on the UK housing market, warning that a downturn in the housing sector could have a negative impact on protection sales.

	2002	2001	% change
Individual term assurance sales			
Mortgage related	1,057,418	774,376	36.6
Non-mortgage related	994,264	796,686	24.8
Individual critical illness sales			
Mortgage related	572,234	502,741	13.8
Non-mortgage related	595,694	369,443	61.2
Individual income protection sales			
Expenditure/mortgage related	124,737	84,000	48.5
Non-expenditure/non-mortgage related	120,326	120,379	0

IFA sales represent major proportion

Product sales via independent financial advisers make a significant contribution to the overall figure.

IFA sales	2002	2001	% change
Individual term assurance	904,946	653,498	38.5
Individual critical illness	571,382	402,100	42.1
Individual income protection	116,302	98,138	18.5

Consumers prefer face-to-face sales

The results show that most consumers prefer a face-to-face consultation with an intermediary when buying protection insurance. In 2002, approximately 90% of new protection policies via all distribution channels were sold face-to-face.

'Protection Gaps' remain to be filled

Despite these encouraging figures, the number of new policies sold falls short of the overall level of protection that, according to Swiss Re Life & Health, is necessary to ensure that UK consumers are adequately protected. Swiss Re estimates that there is a gap of some £2 trillion between the amount of term assurance that UK consumers currently hold and the amount they should have in place¹. In respect of income protection cover, the gap is some £130 billion in annual benefit².

Commenting on the results, Mark Johnson, Head of Sales and Marketing at Swiss Re Life & Health, said: "Our report confirms that we have a dynamic and competitive market for long-term protection business with new sales at record levels. Intermediaries are clearly responding positively to difficult investment conditions by addressing consumers' most fundamental needs.

"But, there is still a long way to go to close the Protection Gaps that our research has identified," he warned.

¹ *Insurance Report - Whose risk is it anyway?*, Swiss Re Life & Health Limited, November 2002 (£2 trillion = £2,000 billion).

² Press release: 'Swiss Re warns of £130 billion shortfall in income protection insurance amongst UK consumers', 11 March 2003.

Notes to editors

Media copies of *Term & Health Watch*, and photographs of the chapter authors, are available from the contacts provided at the front of this release.

Please note that the report is not available to the general public, and Swiss Re respectfully asks publications covering its launch **not** to indicate otherwise.

Swiss Re

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