



Swiss Re sees huge private protection gap among European consumers:
Life insurance products should become more attractive, more affordable and easier
to understand

Contact:

Communications Europe, Munich
Telephone +49 89 3844 1234

Media Relations, Zurich
Telephone +41 43 285 7171

Swiss Re Ltd
Mythenquai 50/60
P.O. Box
CH-8022 Zurich

Telephone +41 43 285 2121
Fax +41 43 285 2999
www.swissre.com

Munich, 19 September 2012 – Swiss Re will today publish the European Insurance Report 2012 highlighting potential gaps between the insurance industry's product offerings and current consumer demand. The report includes the results of a survey commissioned by Swiss Re among 15,000 consumers in 14 European countries, and comes up with the following key findings:

- The main reason for the insufficient market penetration of life insurance is that consumers consider it to be too expensive
- The industry should look to develop products to fill the gaps taking into account the consumers' price sensitivity
- The insurance industry and governments should work together and build awareness to the benefit of consumers

Europe's consumers under-insured by EUR 10 000 billion

Swiss Re has calculated a mortality protection gap amounting to sums assured of more than EUR 10 000 billion across all 14 European countries featured in the report. The gap is the difference between the money needed by dependents in the event of the untimely death of a breadwinner and the financial provisions put in place should the unexpected occur.

The financial crisis and related savings programmes have had a serious impact on public trust in state pensions and benefits, and consumers have grown aware of the necessity for private provision. Even so, they are reluctant to buy insurance products for the following main reasons:

Cost – insurance cover is considered too expensive

The report reveals a huge need for protection, and the Life & Health insurance industry is in a unique position to close this gap at affordable prices for consumers.

The main reason for the insufficient market penetration of life insurance is that many consumers cannot afford it. But the survey also shows that for countries in the Eurozone, where level term life insurance is a relatively well-known product, consumers are willing to pay between 22 and 30 Euros a month for life insurance cover of EUR 100,000.



The industry should highlight that even a low level of cover is better than none. Consumers are often willing to put aside small amounts to provide for difficult situations in the future.

Making products easier to understand

There are two main items for insurers to consider regarding complexity. The first is the formulation of insurance terms and conditions and product details, the second one concerns the actual application process. Both aspects provide a touch point at which consumers can withdraw from a potential sale.

Simple and transparent products, and a smooth buying process are essential for successful distribution.

Access – trust is the key

The way in which a product is distributed has a strong bearing both on how comfortable consumers are when taking out life insurance and on their confidence in the actual product.

Surprisingly, the internet is the most trusted source of advice, followed by the insurance company itself. Banks are ranked fifth, indicating a relative lack of trust which is likely to be a consequence of the financial crisis.

Most consumers would be very or fairly comfortable taking out cover through comparison websites on the internet or through their employer, followed by traditional sales channels such as independent advisors and insurance sales staff.

Partnering to close the welfare gap

The insurance industry needs to become the first port of call in those areas where the state decides to cut back. In order to achieve this, insurers need to work in unison with the state to educate consumers and highlight alternative ways to fill the gap between state provisions and consumers' needs.

European Insurance Report 2012: Customers for Life

The findings in the full report entitled *European Insurance Report: Customers for Life* will be presented today at a major Swiss Re European Life and Health conference hosted in Munich. Senior representatives of Europe's leading life companies will attend the event.

Bruce Hodkinson, Head of Swiss Re's Life and Health Continental Europe business says: "We need to educate consumers in the area of life insurance and make sure that they know where changes in the welfare system could impact their own circumstances. This will ensure



that they have the necessary information to seek complementary solutions."

"The industry should also look to develop products to fill the gaps. It is important that there is focus first on understanding consumer needs and then on providing a value for money proposition to meet these needs."

"This is an opportunity for our industry to increase our visibility with the general public and to prove our potential."

Notes to editors:

Swiss Re's consumer survey on finance, social security, the insurance industry and its products covers Austria, Belgium, Denmark, France, Finland, Germany, Italy, the Netherlands, Norway, Poland, Spain, Sweden, Switzerland and Turkey.

To get a copy:

The full report *European Insurance Report 2012: Customers for Life* is available at www.swissre.com/publications.

Swiss Re

The Swiss Re Group is a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Dealing direct and working through brokers, its global client base consists of insurance companies, mid-to-large-sized corporations and public sector clients. From standard products to tailor-made coverage across all lines of business, Swiss Re deploys its capital strength, expertise and innovation power to enable the risk-taking upon which enterprise and progress in society depend. Founded in Zurich, Switzerland, in 1863, Swiss Re serves clients through a network of over 60 offices globally and is rated "AA-" by Standard & Poor's, "A1" by Moody's and "A+" by A.M. Best. Registered shares in the Swiss Re Group holding company, Swiss Re Ltd, are listed on the SIX Swiss Exchange and trade under the symbol SREN. For more information about Swiss Re Group, please visit: www.swissre.com or follow us on Twitter [@SwissRe](https://twitter.com/SwissRe).