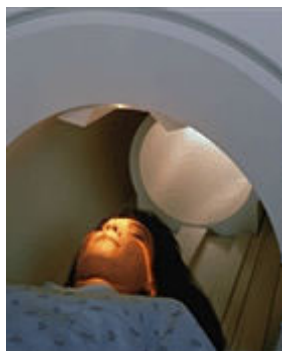


Critical Illness policy sales in the UK top three quarters of a million

25 May 2000 CET



Swiss Re Life & Health's HealthWatch warns of growing reliance on mortgage business.

New policy sales for critical illness grew to 783,166 rising by 12.8% in 1999, continuing the upward trend which has seen sales triple since 1994.

HealthWatch, the leading annual market survey of sales of individual health care products in the UK, also reveals an encouraging growth in income protection business.

Ron Wheatcroft, Technical Manager at Swiss Re Life & Health in the UK, sounds a note of caution, however, "Once again this years growth is linked to the buoyant mortgage market and there is concern that a downturn in mortgage-related business will result in a fall in new health protection sales.

Increasing consumer awareness of the need for self-provision and to provide income replacement is now being reflected in sales figures and there is a clear challenge here for product providers to extend their repertoire."

HealthWatch takes on a new format this year with the inclusion of health insurance related articles. These include a review of the impact of the Office of Fair Trading's report into health insurance and an analysis of product development and pricing in the light of medical advances and recent health and welfare reforms.

Highlights of the individual critical illness survey are:

new policy sales exceed three-quarters of a million, rising by 12.8%

- sales by independent financial advisers rise by 22.5% giving IFAs a market share of 34.5% (against 31.8% last year)
- mortgage-related sales now account for 63.8% of the total market.

The average sum assured for a non-mortgage related critical illness policy in 1999 was £76,140 against £47,144 for mortgage-related sales.

Highlights of the individual income protection survey are:

- new policy sales up by 21% to nearly £190 million
- direct sales forces and appointed representatives increase market share to 67%
- expenditure-related sales increase to over 36% of total new policies.

CGU topped the sales league for critical illness sales, followed by Legal and General and HSBC Life. The top three writers of income protection business in 1999 were: Lloyds TSB, Legal and General and Friends Provident.

Added Ron Wheatcroft, "The UK critical illness and income protection markets are becoming increasingly sophisticated and the impact of medical advances and improved diagnostic techniques will call for a sharpening of risk management and pricing skills."

Press enquiries to:

Ron Wheatcroft