



Swiss Re's *Term and Health Watch 2013* finds a stable UK protection market in 2012

Contact:

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

- **1% decrease in new individual term assurance sales, growth in mortgage related sales**
- **Strong growth of 8.7% in income protection sales, trend towards limited benefit products**
- **Individual critical illness covers stable, 1.7% increase in new sales for the year**
- **Individual whole life sales drop 14.1%, reflecting changing marketing practices from key market players**

London, 8 May 2013 – Swiss Re's *Term and Health Watch 2013* finds that the UK individual protection market remained overall stable despite the difficult economic background in 2012. Income protection provides the highlight for the year with a strong 8.7% growth in new sales. The report also finds that the industry generally coped well with the impact of gender-neutral pricing, the changing tax basis for life products and that there is a positive industry feeling towards developing simple products.

Term and Health Watch is Swiss Re's annual snapshot of the UK protection market. This year's report is based on comprehensive data from 27 insurance providers representing close to 100% of all individual protection sales. The report covers the individual term assurance, critical illness, income protection and whole life markets.

"The market has generally remained stable despite quite difficult economic conditions in 2012," says Sally-Anne Etienne, Swiss Re Market Head for Life and Health in the UK. "The growth in income protection and mortgage-related sales is very promising. The Mortgage Market Review will be introduced in 2014 and this is expected to make the advice process more professional, making more people aware that they need to protect their loans."

Individual term assurance figures for 2012 were stable. Overall there was a slight decline of 1% compared to 2011. However, this result included a significant jump in new mortgage related sales of 7.9%. Average new annual premium showed a slight increase of 3.6%, reversing the negative trend of the last four years.

Income protection was the big winner for the year, with a substantial increase in new sales of 8.7% compared to 2011. This was driven by a move to limited benefit payment policies, which accounted for 25.2% of new sales.



The individual critical illness market showed little change compared to 2011, with a 1.7% increase in new sales. For individual whole life, the report finds that a change in marketing emphasis by some providers led to a 14.1% decrease in the number of new policies.

Ron Wheatcroft, Swiss Re expert on the UK individual protection market and co-author of the report, says: "The protection market had a lot to cope with in 2012. The results show a slight trend towards disability covers with increases in both new income protection and critical illness business. Disability cover will become even more important as welfare reforms bite; consequently, we are optimistic that this will be a strong base from which concerted rapid growth will emerge."

Term and Health Watch also contains a survey of 48 market participants. Sally-Anne Etienne says: "Many respondents stressed the need to communicate better with consumers, particularly if they are not engaging with the market through an adviser. It is important that we are transparent in our propositions. The findings indicate that while most people believe that publishing claims data can be useful, appropriate case studies give important insights into how our products can meet their needs."

Key figures from Term and Health Watch 2013

(number of new sales)

Product Type	2010	2011	2012	% change 2012/2011
Term assurance	1,540,798	1,488,106	1,473,404	-1.0%
Critical Illness	534,561	551,382	560,911	1.7%
Income Protection	110,743	110,472	120,094	8.7%
Whole Life	371,467	400,682	344,110	-14.1%

Notes to editors

Copies of *Term and Health Watch* 2013 are available on request.

To obtain copies of the report or to speak to Swiss Re's experts on the UK protection market, please contact Swiss Re Media Relations: media_relations@swissre.com or +41(0)43 285 7171.

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).

Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans objectives, targets and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re's actual results of operations, financial condition, solvency ratios, liquidity position or prospects to be materially different from any future results of operations, financial condition, solvency ratios, liquidity position or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- further instability affecting the global financial system and developments related thereto, including as a result of concerns over, or adverse developments relating to, sovereign debt of euro area countries;
- further deterioration in global economic conditions;
- Swiss Re's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of Swiss Re's financial strength or otherwise;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on Swiss Re's investment assets;
- changes in Swiss Re's investment result as a result of changes in its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on Swiss Re's balance sheet equivalent to their mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that Swiss Re's hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting Swiss Re's ability to achieve improved ratings;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- policy renewal and lapse rates;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies, and the interpretation of legislation or regulations;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;



- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

These factors are not exhaustive. Swiss Re operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.