



## Swiss Re survey shows modest rise in UK group life, income protection and critical illness business in 2007

Contact:

Corporate Communications, London  
Telephone +44 20 7933 3445

Swiss Reinsurance Company  
Mythenquai 50/60  
P.O. Box  
CH-8022 Zurich

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

**London, 24 April 2008: Swiss Re today launches a new report covering the latest trends in the UK group risk market and providing recommendations to market participants to encourage its future growth. Based on data contributed to Swiss Re by the UK's leading group risk providers, *Group Watch 2008* provides an authoritative snapshot of the level of in-force and new group business. The survey points to a modest rise in the levels of UK group life, income protection and critical illness business in 2007.**

### **UK group risk market – key facts, figures and trends**

- Annual market premiums across all three types of group risk business have risen by 5.2%, from GBP 1.51 billion in 2006 to GBP 1.59 billion in 2007
- In-force market premiums for group death benefits totalled GBP 910.8 million in 2007, up 5.5% compared with 2006; group life schemes provide nearly 40% of all life cover held in the UK
- For group income protection cover, in-force market premiums totalled GBP 641 million, an increase of 4.7% over the previous year; group income protection schemes provide more than 70% of all insured long-term income protection benefits
- 2007 in-force premiums for group critical illness cover amounted to GBP 37.2 million, up 7% compared with 2006; this growth comes mainly through flexible benefits schemes where employees actively choose to purchase the cover

### **UK welfare reform will provide market opportunities**

As a major part of its research for this year's *Group Watch*, Swiss Re conducted a qualitative survey among product providers and intermediaries in the group risk market, providing valuable insights into how the market is seen by its key participants.

Providers and intermediaries say they are positive about the reforms to incapacity benefits to be introduced by the UK Government in October

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2008. Meanwhile, according to *Group Watch*, the market should continue to press the Government for workable solutions to bring more certainty for employers in meeting their requirements under the age discrimination regulations introduced in the UK in October 2006.

Ron Wheatcroft, co-author of the report, comments: "It is vital that the market responds to the opportunities presented by the upcoming welfare reforms. In particular, this means adapting the design of income protection products, along with making clear to employers how group risk can present affordable solutions for the ultimate benefit of employees. While welfare reform could grow the market, it would be ironic if the age discrimination rules were to result in scheme withdrawal and lesser benefit provision in the private sector."

### **Increasing the attraction of group life cover**

The biggest challenge facing the industry, says the report, is to make the group risk proposition attractive to employers and employees. This is essential in order to arrest or reverse the net decline in the number of group death benefit and income protection schemes in force.

To boost the growth of the market, *Group Watch* urges that far more should be done in communicating the value of employee benefits. Doing so will be particularly crucial if employers' cost pressures become more acute over the coming year due to a deteriorating economic climate. Business from small/medium enterprises (SMEs) is seen by Swiss Re as an important component of any market growth.

### **Notes to editors**

#### **Copies of the report**

*Group Watch 2008* is distributed to Swiss Re's treaty clients in the UK and is offered to journalists and other parties on a case-by-case basis. It is not available to the general public and is therefore not published on Swiss Re's internet site.

#### **Swiss Re**

Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 25 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA-" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best.

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- the occurrence of other unanticipated market developments or trends;
- the ability to maintain sufficient liquidity and access capital markets;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, currency values and other market indices ;
- expected changes in our investment results as a result of the changed composition of our investment assets or changes in our investment policy;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- changes in rating agency policies or practices;
- the lowering or loss of one of the financial or claims-paying ratings of one or more of our subsidiaries;
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- the impact of significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

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