



Swiss Re's *Group Watch 2013* finds very strong growth in the UK Employee Benefits sector

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

- **UK group risk market shows very strong growth of 9.7% for in-force premiums in 2012**
- **Growth driven by some hardening of rates, increases in number of lives and schemes**
- **First effects of auto-enrolment visible, but bigger impact expected in 2013 and 2014**

**London, 24 April 2013 – In-force group risk premiums in the UK rose by 9.7% in 2012, confirming the turn around in the market seen in 2011. There were some increases in rates, but also in the overall numbers of lives and schemes covered. The effects of the the introduction of auto-enrolment are still to have an impact on the market. The total cover provided by employer sponsored death benefits arrangements topped £1 billion in 2012 – a milestone for the industry.**

Swiss Re's Group Watch 2013 has shown very strong premium growth in in-force premiums for death benefits, long-term disability income and critical illness protection in the UK market. Group death benefit premiums increased by 9.8% with Excepted Group Life premiums increasing by 14.8%. Long-term disability and critical illness premiums also showed very strong growth of 8.7% each for the year.

"Growth of around 10% is extraordinary considering that the group market was in decline only two years ago," says Russell Higginbotham, CEO Swiss Re UK. "This shows that the market is getting it right in the face of tough economic conditions and legislative changes."

The report finds that some growth was driven by premium increases. 80% of industry respondents to Group Watch's qualitative survey reported hardening rates in the group death benefits sector. However, improvements in the market were also supported by a positive increase in the number of lives and number of schemes in the market.

"The fact that all aspects of the market have grown despite rate increases is a pleasing result for the sector," says Ron Wheatcroft, Swiss Re expert on the UK group life market and author of *Group Watch 2013*. "It is also positive to see that a large number of survey respondents are upbeat on the growth prospects for other key factors, such as the number of lives covered. The figure of £1 billion in premiums for the group death benefits sector is a milestone for the industry."



There were few negatives in this year's *Group Watch 2013* report. The number of lives covered under widows' and dependants' death in service pensions fell by 3.1% with a 2.5% decrease in the number of schemes. This is largely attributable to the low interest rate environment which has resulted in the provision of lump sum cover becoming more attractive.

The report finds that further legislative changes will place a greater emphasis on high quality advice to finding the most appropriate benefit packages for employers and their workforces. For example, further reductions in Annual Allowance and Lifetime Allowance from April 2014 may increase demand for non-pension linked death benefits, accelerating a trend which is already being seen in the growth of excepted group life cover.

### Key figures from Group Watch 2013 (in GBP millions)

Product Type	2009	2010	2011	2012
Death benefits	897	919	956	1,055
Long-term disability income	568	517	518	563
Critical Illness	48	50	55	60

### Notes to editors

Copies of Group Watch 2013 are available on request. To obtain copies of the report or to speak to Swiss Re's experts on the UK group life market, please contact Swiss Re Media Relations: [media\\_relations@swissre.com](mailto:media_relations@swissre.com) or +41 (0)43 285 7171.

Group Watch 2013 is an analysis of in-force data covering group life, group long-term disability income and group critical illness cover in the UK market. Group Watch 2013 is the partner publication to Swiss Re's review of individual business, Term & Health Watch, which will be published in late May.

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