



## Swiss Re reveals modest growth in UK group death benefits and income protection, and substantial growth in critical illness in 2008

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**London, 23 April 2009: Today, Swiss Re launches a new report covering the latest trends in group risk business in the UK. Based on data contributed to Swiss Re by the UK's leading group risk providers, *Group Watch 2009* provides an authoritative snapshot of the level of group risk business in the market. The survey points to a modest rise in the UK group death benefits and income protection market and a more substantial growth in critical illness business in 2008. Uncertainty over regulation continues to be a challenge for the market and, given the economic climate, promoting the value of group risk benefits has never been more important.**

### **UK group risk market – key figures and outlook**

- Across all three types of business, 2008 saw a growth in group risk premiums. Overall in-force premiums have risen by 3.1% to GBP 1.64 billion, compared with 1.59 billion at the end of 2007.
- In-force market premiums for group death benefits totalled GBP 945.2 million in 2008, an increase of 3.8% compared with 2007.
- For group income protection cover, in-force market premiums totalled GBP 648.9 million, up 1.2% over 2007, while in-force annual benefits increased by 4.7%. Expectations for market growth are pessimistic.
- 2008 in-force premiums for group critical illness cover amounted to GBP 45.4 million, up 22% compared with 2007. Growth in 2009 and beyond is expected to depend heavily on new business written via flexible benefits packages.

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## **Uncertainty over regulation continues to be a challenge**

One of the biggest factors influencing the market in 2007 and 2008 was the impact of legislation, in particular the uncertainty around the practical implementation of the regulations governing age discrimination in the workplace. While some legal certainty is beginning to emerge, there is still no clarity over what is acceptable under these regulations despite ongoing industry discussions with the Government to find workable solutions. In the report, Swiss Re urges the group protection industry to push for clarity so that employers can reach the best outcome for their business and employees.

## **Promoting group risk benefits has never been more important**

As well as presenting quantitative data, in this year's *Group Watch*, Swiss Re analyses the opinions from a qualitative survey conducted among product providers and intermediaries in the group risk market.

Based on their feedback, and against a difficult economic climate, the overwhelming issue was the cost for employers of providing benefit packages to employees – including some concern that sales via flexible-benefit arrangements will start to slow as employers focus more on core expenses.

Another key theme in the report is the need to promote the value of group risk better to employees, scheme members, the media, government and other policy influencers. Its authors are, however, encouraged that respondents are upbeat about the progress the group risk market is making in working together to spread its key messages.

*Group Watch 2009* author Ron Wheatcroft comments: "Market sentiment suggests that the group risk market must get its act together during 2009 if the negative expectations for market performance are not to become a self-fulfilling prophesy. As more employers offer flex packages the protection industry must engage better with employees so that they fully understand the value of the protection available through the workplace."

## **Notes to editors**

### **Copies of the report**

*Group Watch 2009* is distributed to contributors and is offered to journalists and other parties on request. It is not published on Swiss Re's internet site.

### **Swiss Reinsurance Company Ltd**

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- changing levels of competition; and
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