

## Whole of Life Insurance - UK - July 2014

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“Funeral price inflation, coupled with the continued squeeze on household finances, is posing a challenge in the over-50s market. Guaranteed acceptance plans offering increasing premiums can help mitigate the uncertainty over the real value of policyholders’ future payouts.”  
– Chryso Kolakkides, Senior Financial Services Analyst

### This report looks at the following areas:

- Over-50s product reputation harmed by perceived poor value for money
- Guaranteed acceptance plans face the challenge of rising funeral costs
- Increasing premiums to tackle inflation can undermine consumers’ affordability of the product

While the overall whole-of-life insurance market was performing well until 2011, new business sales have been in decline since 2012. The simplicity and affordable premiums of guaranteed acceptance plans appeal to the mass market and have traditionally driven much of the sales growth in the whole-of-life market.

A growing ageing population in the UK provides an expanding target market for guaranteed acceptance plans, while persistent funeral inflation brings into focus the importance for the over-50s to ensure their families are not burdened by the rising funeral costs. Consequently, the appetite for over-50s whole-of-life insurance will remain and is likely to strengthen, returning the market to its growth trend.

The arrival of new providers such as British Seniors in the over-50s market has led to further direct sales as opposed to sales through partnership brands as well as greater product innovation.

This report examines the whole-of-life insurance market with particular focus on the over-50s guaranteed acceptance plan sector. Drawing on a range of information sources, it provides a comprehensive overview of how the market is evolving, as well as recent product provider activity. It also explores consumer behaviour with regards to product ownership, providing insight into the attitudes towards life insurance and financial planning by analysing the results of Mintel’s independently commissioned face-to-face consumer survey.

BUY THIS  
REPORT NOW

VISIT:  
[store.mintel.com](http://store.mintel.com)

CALL:  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

APAC  
+61 (0) 2 8284 8100

EMAIL:  
[oxygen@mintel.com](mailto:oxygen@mintel.com)

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

# Whole of Life Insurance - UK - July 2014

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Table of Contents

### Introduction

Report scope and definitions

Abbreviations

### Executive Summary

The market

Over-50s market to return to growth steadily

Figure 1: Forecast for total value of new guaranteed acceptance plans, 2010-19

New whole-of-life business on a downward path since 2012

Figure 2: Volume and value of new individual regular-premium whole-of-life insurance policies, 2006-13

Guaranteed acceptance plan business driven by non-advised distribution

Figure 3: Proportional distribution of new whole-of-life premiums, by sales channel, 2013

Market factors

UK's ageing population increases the target market

Large proportion of over-50s have low savings

Funeral costs continue to rise

Exit of banks and building societies from the over-50s market

European Gender Directive gives rise to gender-neutral pricing

ABI releases its Guidance on Over 50s Plans

Companies, brands and innovation

Top five players dominate the whole-of-life insurance market

Figure 4: Top five individual product providers, by number of new individual whole-of-life sales, 2013

Recent product developments

Adspend on over-50s life protection drops by 25% in 2014

The consumer

One in five over-50s have whole-of-life cover

Figure 5: Life insurance product ownership, March 2014

Financial protection for family is the principal trigger for life cover purchase

Figure 6: Life cover purchase triggers, March 2014

31% of policyholders consider brand strength as important

Figure 7: Factors influencing choice of life insurance plan, March 2014

29% without life insurance have no debts to pay off

Figure 8: Reasons for not having life insurance, March 2014

Nearly half believe funerals cost between £3,000 and £4,999

Figure 9: Awareness of funeral costs, March 2014

Just over one in four respondents are preparing financially for their funeral

Figure 10: Financial planning for funeral costs, March 2014

What we think

**BUY THIS  
REPORT NOW**

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Whole of Life Insurance - UK - July 2014

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Issues and Insights

Over-50s product reputation harmed by perceived poor value for money

The facts

The implications

Guaranteed acceptance plans face the challenge of rising funeral costs

The facts

The implications

Increasing premiums to tackle inflation can undermine consumers' affordability of the product

The facts

The implications

## Trend Application

Educating the over-50s to prepare for the worst

Established retail brands can enter the over-50s life cover market

Targeting the over-50s through cross-selling

## Market Drivers

Key points

UK's ageing population increases the target market

Figure 11: Trends in the UK total population, by age, 1992-2030

Large proportion of over-50s have low savings

Figure 12: Value of savings, by age, January 2014

Funeral costs continue to rise

Exit of banks and building societies from the over-50s market

Effect of RDR on the whole-of-life market

European Gender Directive gives rise to gender-neutral pricing

ABI releases its Guidance on Over 50s Plans

## Who's Innovating?

Key points

Over-50s guaranteed acceptance plans

Asda's Over 50s Life Cover offers capped premiums

British Seniors enters the market with increasing premium policy

Engage Mutual includes serious and terminal illness cover with its Over 50 Life Cover Plus

Underwritten whole-of-life insurance

Aviva's response to RDR for whole-of-life advisers

LV= widens its whole-of-life cover options in response to RDR

## Market Size and Forecast

Key points

New whole-of-life business on a downward path since 2012

Figure 13: Volume and value of new individual regular-premium whole-of-life insurance policies, 2006-13

**BUY THIS  
REPORT NOW**

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Whole of Life Insurance - UK - July 2014

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 14: Volume of new regular-premium whole-of-life business, by product type, 2010-13

Severe drop in post-RDR whole-of-life sales

Fall in new premiums is less severe

Figure 15: Value of new regular-premium whole-of-life business, by product type, 2010-13

Over-50s market to return to steady growth in value terms

Figure 16: Forecast for total value of new guaranteed acceptance plans, 2010-19

Figure 17: Forecast for total value of new guaranteed acceptance plans, at current and constant prices, 2010-19

Slow growth in number of new sales forecast in over-50s market

Figure 18: Forecast for total volume of new guaranteed acceptance plans, 2010-19

Figure 19: Forecast for total volume of new guaranteed acceptance plans, 2010-19

Forecast methodology

## Market Share

Key points

Top five players dominate the whole-of-life insurance market...

Figure 20: Top five individual product providers, by number of new individual whole-of-life sales, 2013

...but competition is increasing

Figure 21: Leading providers of over-50s guaranteed acceptance plans, May 2014

## Companies and Products

Sun Life Direct (AXA Wealth)

Company description

Whole-of-life insurance product range

Recent financial performance

Figure 22: Financial performance of AXA Life & Savings business (group level), 2012 and 2013

Recent activity

Aviva

Company description

Whole-of-life insurance product range

Recent financial performance

Figure 23: Financial performance of Aviva Plc Life Business (UK & Ireland), 2012 and 2013

Recent activity

LV=

Company description

Whole-of-life insurance product range

Recent financial performance

Figure 24: Financial performance of LV= life protection business, UK, 2012 and 2013

Recent activity

PruProtect

Company description

Whole-of-life insurance product range

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

## Whole of Life Insurance - UK - July 2014

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

### Recent financial performance

Figure 25: Financial performance of PruProtect business\*, 2012 and 2013

### Recent activity

Legal & General

Company description

Whole-of-life insurance product range

### Recent financial performance

Figure 26: Financial performance of Legal & General Assurance, 2012 and 2013

### Recent activity

Engage Mutual

Company description

Whole-of-life product range

### Recent financial performance

Figure 27: Financial performance of Engage Mutual Life Insurance Business, 2012 and 2013

### Recent activity

## Brand Communication and Promotion

### Key points

Adspend on over-50s life protection dropped by 25% in 2013/14

Figure 28: Total advertising expenditure on life protection products, by product category, 2009/10-2013/14 (year ending 30 April)

Sun Life Direct holds its position as top advertiser in the over-50s life insurance market

Figure 29: Top 10 advertisers of over-50s life insurance products, 2011/12-2013/14 (year ending 30 April)

Direct mail in the over-50s market accounts for over half of adspend

Figure 30: Proportional distribution of adspend on over-50s life insurance products, by media type, 2013/14 (year ending 30 April)

Negative publicity through the media

A note on adspend

## Channels to Market

### Key points

Guaranteed acceptance plan business driven by non-advised distribution

Figure 31: New individual regular-premium whole-of-life business, by sales channel, 2013

Figure 32: Proportional distribution of new whole-of-life premiums, by sales channel, 2013

Face-to-face advice still important for consumers...

Figure 33: Sources of advice on life insurance policies, March 2014

...but digital channels are likely to pick up

A note on the new adviser model categories now in effect

## Life Insurance Product Ownership

### Key points

Survey background

One in five over-50s have whole-of-life cover

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

## Whole of Life Insurance - UK - July 2014

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 34: Life insurance product ownership, March 2014

Over half of over-50s have no form of life cover

More than one in 10 over-50s are unsure about their policy

Affluence affects choice of whole-of-life cover

Figure 35: Life insurance product ownership, by household income, March 2014

Women are less likely to own whole-of-life cover

Figure 36: Life insurance product ownership, by gender, March 2014

Consumers tend to have one type of life insurance product

Figure 37: Number of life insurance products owned, March 2014

### Life Cover Purchase Triggers

Key points

Financial protection for family remains the principal trigger for life cover purchase...

Figure 38: Life cover purchase triggers, 2012 and 2014

...followed by mortgage cover

Figure 39: Life insurance product ownership, by purchase triggers, March 2014

Whole-of-life cover is largely triggered by funeral costs

Financial situation influences motivation to purchase life cover

Figure 40: Life cover purchase triggers, by household income, March 2014

### Factors Influencing Choice of Life Insurance Plan

Key points

31% of policyholders consider brand strength as important

Figure 41: Factors influencing choice of life insurance plan, March 2014

Role of gifts and celebrity endorsement rank very low

Nearly one in five value simplicity

Low monthly premiums are most important factor for guaranteed acceptance plan holders

Figure 42: Factors influencing choice of life insurance plan, by life insurance product ownership, March 2014

Recommendations are also highly influential

### Reasons for Not Having Life Insurance

Key points

29% without life insurance have no debts to pay off

Figure 43: Reasons for not having life insurance, March 2014

Figure 44: Reasons for not having life insurance, by age, March 2014

Some cannot afford life insurance

Figure 45: Over-50s who cannot afford to pay for life insurance, by age, March 2014

One in five prefer saving than paying life insurance premiums...

...and 17% claim to have made other plans

Retaining access to their money is important to the over-50s

### Consumer Awareness of Funeral Costs

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Whole of Life Insurance - UK - July 2014

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Key points

Nearly half believe funerals cost between £3,000 and £4,999...

Figure 46: Awareness of funeral costs, March 2014

...while funeral costs can easily reach the higher ranges

Rising funeral costs present an opportunity for over-50s plans...

...but also a major challenge

## Financial Planning for Funeral Costs

### Key points

Just over one in four respondents are preparing financially for their funeral

Figure 47: Financial planning for funeral costs, March 2014

Age impacts people's saving towards funerals

Figure 48: Financial planning for funeral costs, by age, March 2014

Figure 49: Value of savings and investments, by age, January 2014

Prepaid funeral plans stand as a rival to guaranteed acceptance plans

Figure 50: Life insurance product ownership, by financial planning for funeral costs, March 2014

## Appendix – Market Size and Forecast

Figure 51: Best- and worst-case forecast for total value of new guaranteed acceptance plans, 2014-19

Figure 52: Best- and worst-case forecast for total volume of new guaranteed acceptance plans, 2014-19

## Appendix – Channels to Market

Figure 53: Sources of advice on life insurance policies, by demographics, March 2014

Figure 54: Sources of advice on life insurance policies, by demographics, March 2014 (continued)

Figure 55: Sources of advice on life insurance policies, by demographics, March 2014 (continued)

## Appendix – Life Insurance Product Ownership

Figure 56: Life insurance product ownership, by demographics, March 2014

Figure 57: Life insurance product ownership, by demographics, March 2014 (continued)

Figure 58: Life insurance product ownership, by demographics, March 2014 (continued)

Figure 59: Number of life insurance product owned, by demographics, March 2014

## Appendix – Life Cover Purchase Triggers

Figure 60: Life cover purchase triggers, by demographics, March 2014

Figure 61: Life cover purchase triggers, by demographics, March 2014 (continued)

## Appendix – Factors Influencing Choice of Insurance Plan

Figure 62: Factors influencing choice of life insurance plan, by demographics, March 2014

Figure 63: Factors influencing choice of life insurance plan, by demographics, March 2014 (continued)

## Appendix – Reasons for Not Having Life Insurance

Figure 64: Reasons for not having life insurance, by demographics, March 2014

Figure 65: Reasons for not having life insurance, by demographics, March 2014 (continued)

Figure 66: Reasons for not having life insurance, by demographics, March 2014 (continued)

**BUY THIS  
REPORT NOW**

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

## Whole of Life Insurance - UK - July 2014

Report Price: £1750.00 | \$2834.04 | €2223.04

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

### Appendix – Consumer Awareness of Funeral Costs

Figure 67: Awareness of funeral costs, by demographics, March 2014

Figure 68: Awareness of funeral costs, by demographics, March 2014 (continued)

### Appendix – Financial Planning for Funeral Costs

Figure 69: Financial planning for funeral costs, by demographics, March 2014

**BUY THIS  
REPORT NOW**

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)