

Household spending on insurance in 2009

- **UK households on average spent £836 on general insurance premiums and £232 on long-term insurance premiums (excluding personal pensions) in 2009. In both cases this is slightly lower than household spending on insurance in 2008.**
- **Seventy-six percent of households bought contents insurance in 2009 (compared to 78% in 2008), while 75% of households had some expenditure on motor insurance.**
- **Five percent of households have mortgage related endowments in 2009 (Compared to twenty-six percent in 1999)**

Report from: ABI Research Department

1. Introduction

This report analyses the average annual household expenditure on various insurance products and the proportion of households with some expenditure on those products in the calendar year 2009. The report also analyses the proportion of households which are uninsured in the calendar year 2009.

Source of information

The Office of National Statistics (ONS) supplied the ABI with the household expenditure figures used in this report. The data are extracted from the Living Costs and Food Survey (LCFS) in which approximately 5,340 households from across the country participated in 2009. The 2009 LCFS data was published on the UK data archive in April 2011 (see <http://www.data-archive.ac.uk/> for further details). It is acknowledged that those who carried out the original collection and analysis of the data bear no responsibility for the further analysis or interpretation of the data¹.

2. Annual expenditure on insurance

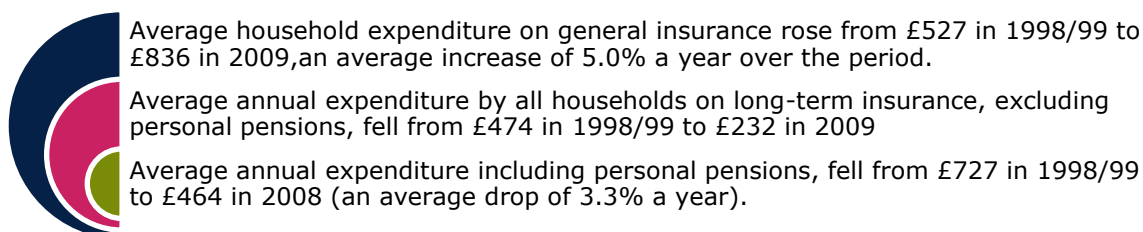
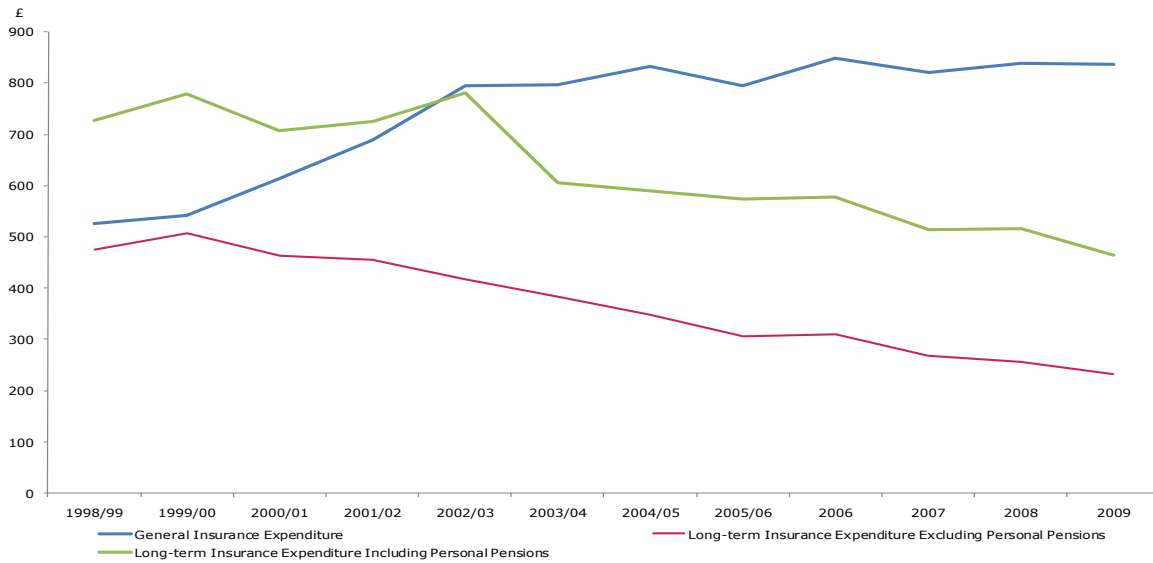


Figure 1 shows the average annual expenditure by all households on long-term and general insurance products between 1998/99 and 2009.

¹ Source: Office for National Statistics © Crown Copyright. If you intend to pass the LCFS data on to a third party, please contact the ONS Marketing and Sales Division (Tel: 0845 601 3034). Any person or company using the data must declare in any work, based in whole or in part on analysis of the data supplied from the survey, that those who carried out the original collection and analysis of the data bear no responsibility for the further analysis or interpretation of that data.

Figure 1 Average annual expenditure of all households in nominal terms



Source: ONS Living Costs and Food Survey 2009.

Note: Average annual expenditure is calculated across all households irrespective of whether a particular household has recorded expenditure on relevant type of insurance. Sample = 5,340 (All households weighted samples)

3. Expenditure on general insurance products



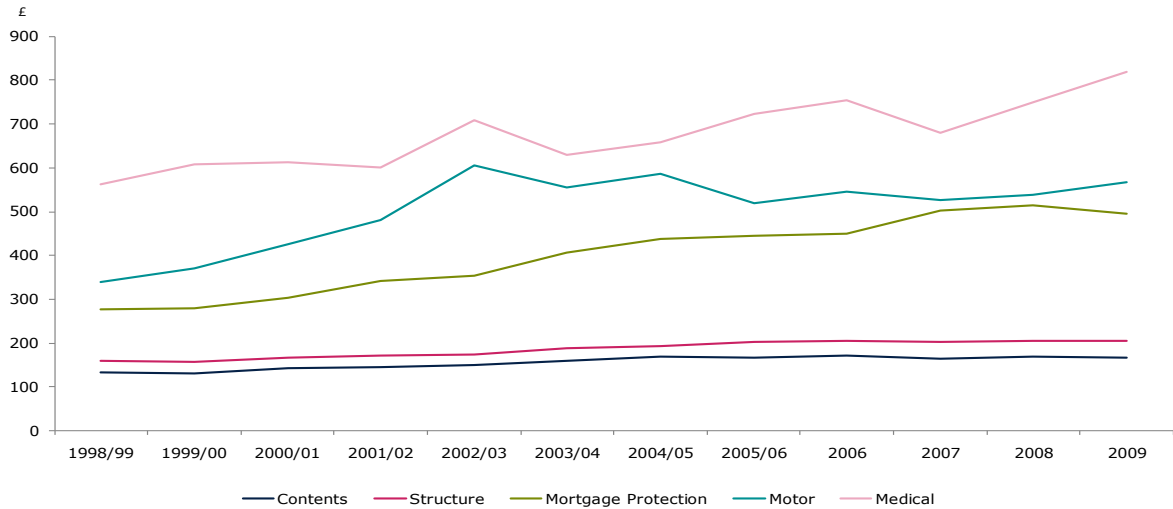
Average expenditure for those households with some expenditure, average spend on insurance of structure was £205 and on contents insurance was £170 in 2009.

Average annual expenditure by households holding mortgage protection cover was £496, household expenditure growth averaged 7.1% between 1998/99 and 2009

Average annual expenditure by households holding motor and medical insurance was £567 and £820 in 2009, with average growth of 6.1% and 4.2% between 1998/99 and 2009

Figure 2 shows, for all those with some expenditure on general insurance products, the average amount spent per household each year on these types of policies.

Figure 2 Average annual household expenditure on general insurance products in nominal terms

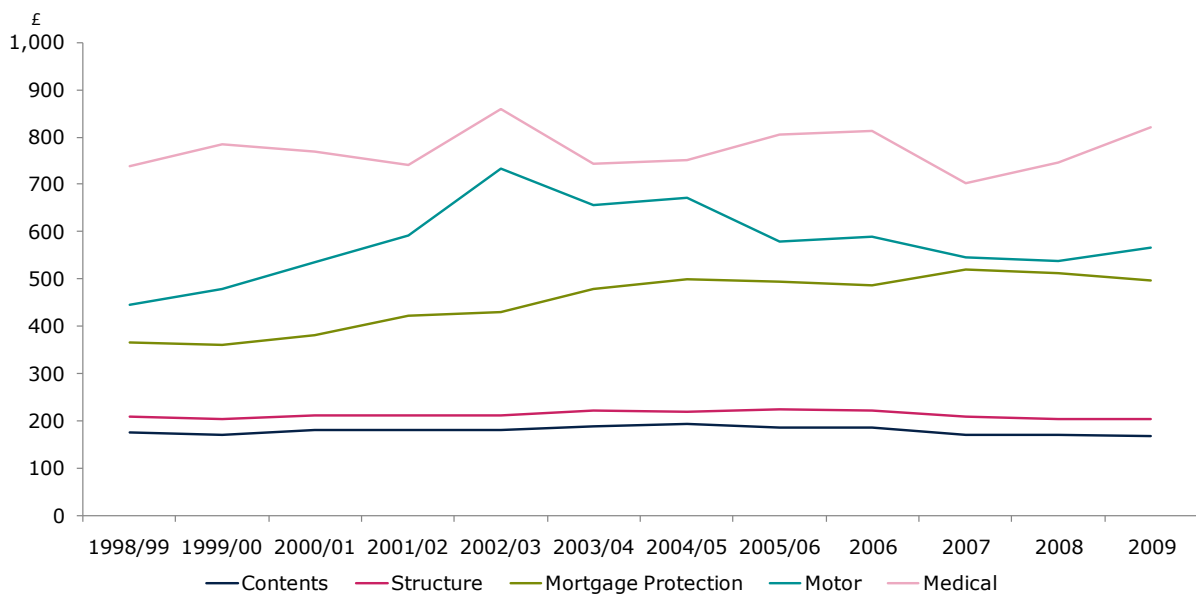


Source ONS Living Costs and Food Survey 2009.

Note: All households with expenditure on relevant type of insurance. Sample = 4,077 (Contents), 3,439 (Structure), 875 (Mortgage Protection), 2,870 (Motor), 535 (Medical).

In order to analyse household expenditure in real terms we adjust the nominal figures using the Retail Price Index – see Figure 3.²

Figure 3 Real annual expenditure on general insurance



Source: ONS Living Costs and Food Survey 2009.

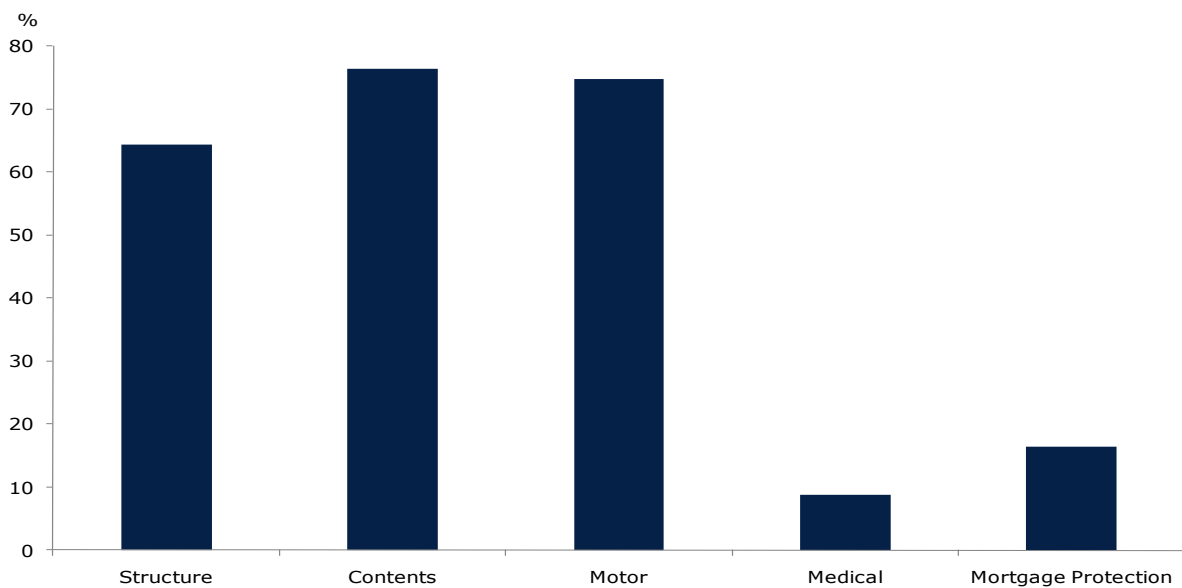
Note: All households with expenditure on relevant type of insurance. Sample = 4,077 (Contents), 3,439 (Structure), 875 (Mortgage Protection), 2,870 (Motor), 535 (Medical). Deflated using the RPI.

It is important to note that the figures refer to expenditure across households rather than individuals. For example, the motor figures may account for insurance expenditure

² Base year = 1998/99.

on one or more cars. In addition, if any insurance is paid on the household's behalf, for example by an employer or a landlord, these figures would not be included. This becomes significant for the categories of both medical and structure insurance, where the figures shown in Figure 4 may seriously underestimate the number of households covered by (as opposed to buying) these types of insurance. For medical insurance some people will be covered by schemes arranged through their employer, whilst there are a significant number of properties that will have structure insurance through landlords and housing associations that will not be covered by this survey. With this in mind, Figure 4 shows that contents insurance (76%) and motor insurance (75%) were the most common general insurance products bought by households in 2009. Sixty-four percent of households have structure insurance and this corresponds with ONS data (Social Trends, 2010) that shows 68% of homes are owner-occupied.

Figure 4 Percentage of households with some personal expenditure on general insurance products in 2009



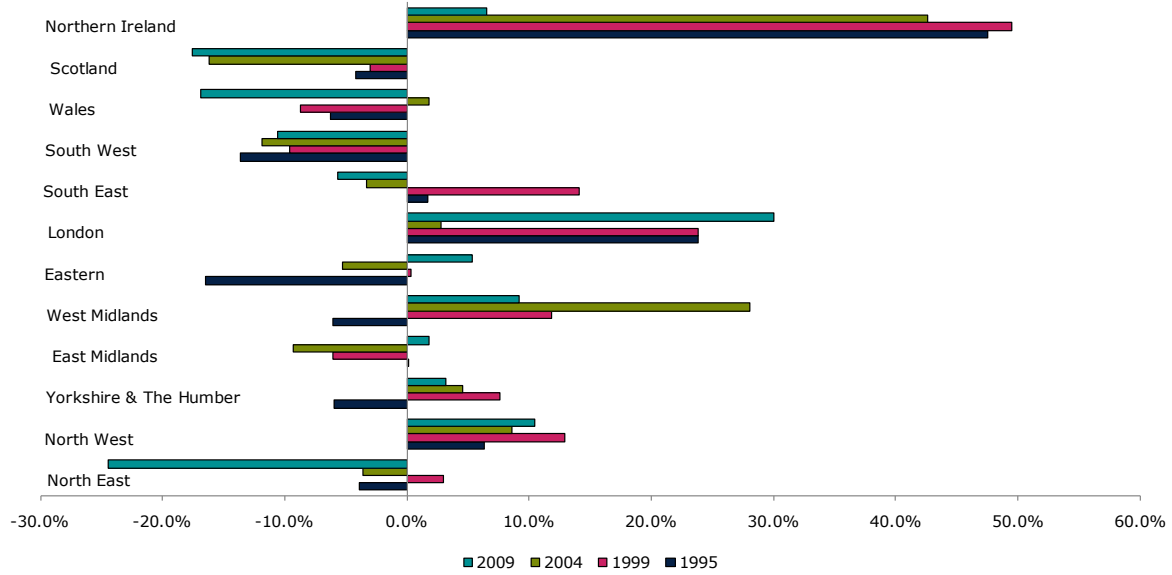
Source: ONS Living Costs and Food Survey 2009.

Notes: Sample = 5,340 (All households weighted sample).

The number of households with contents insurance has dropped by 1.4% from 2008 to 2009. In 1999 the number of households with contents insurance was 74.6%.

Figure 5 shows the percentage deviation from the average amount spent on motor insurance broken down by region.

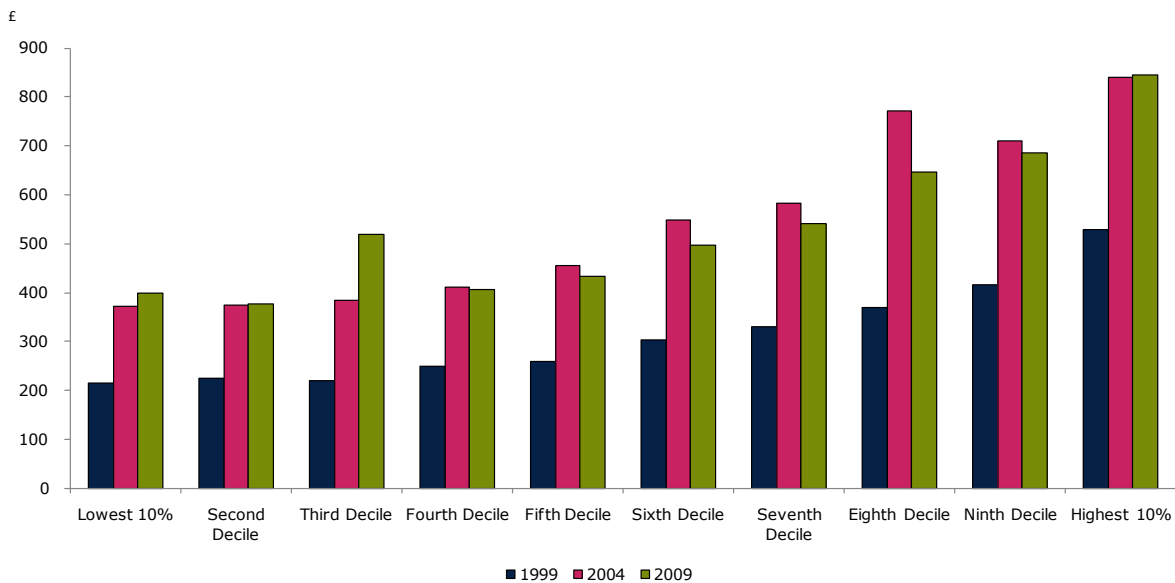
Figure 5 Time series of percentage deviation from the average for household expenditure on motor insurance



Source ONS Living Costs and Food Survey 2009, 2004, 1999 and 1995

The graph above shows that households Northern Ireland paid around 8% above the UK average in 2009; this has decreased from 1995 and 1999 by 48% and 50% above the UK average. Scottish and Welsh households have historically paid below the UK average for motor insurance. In England, households in the south west consistently pay below the UK average, while Londoners paid 30% above the average and have consistently paid above average for motor insurance.

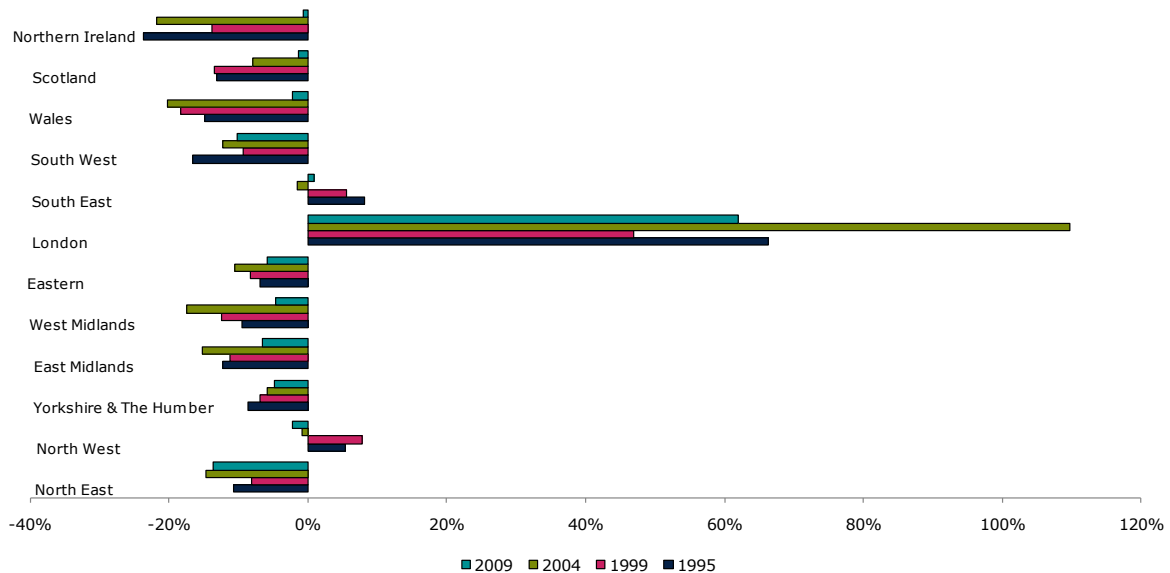
Figure 6 Average household expenditure on motor insurance by income deciles in 1999, 2004 and 2009



Source ONS Living Costs and Food Survey 2009, 2004, 1999

Household expenditure on motor insurance increased for all income deciles from 1999 – 2009. As expected, the survey shows that households in the highest income deciles have higher expenditure on motor insurance; however while the expenditure of households in the highest deciles has increased from 1999 to 2009 by 60%, households in the lowest deciles have experienced an increase of 85% over the same period.


Figure 7 Time series of percentage deviation from the average for household expenditure on contents insurance



Source ONS Living Costs and Food Survey 2009, 2004, 1999 and 1995

The graph above shows that households in London consistently pay above average for contents insurance. In 2004 Londoners paid 110% above the average and 62% above the average in 2009. Outside of London, the majority of regions have consistently paid less than the nationwide average for home insurance.

4. Expenditure on long-term insurance products

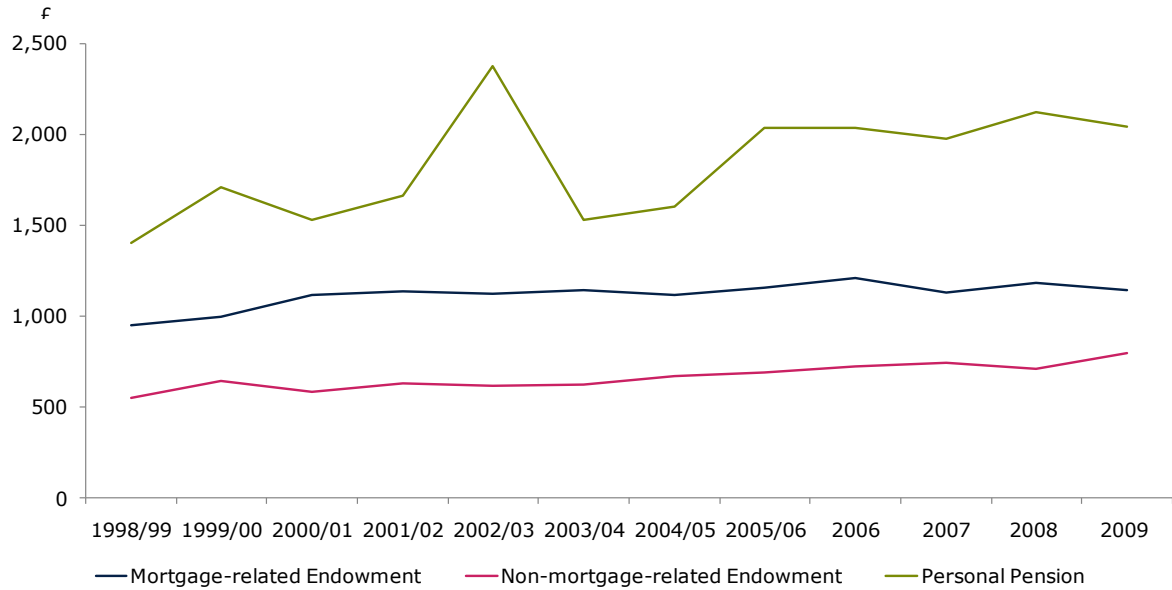


Average household expenditure by those having mortgage-related endowment policies was £1,145 in 2009, compared to £795 for non-mortgage-related endowments.

Average household expenditure on those holding personal pensions rose from £1,404 in 1998/99 to £2,045 in 2009. This is equivalent to an average increase of 4.2% a year over this period. However as noted earlier, caution should be taken when using the personal pension figures, as they are quite volatile and exhibit a high standard error (see Appendix 2).

Figure 8 shows the average annual expenditure by all households holding long-term savings over the period 1998/99 to 2009.

Figure 8 Average annual expenditure on long-term savings policies in nominal terms



Source: ONS Living Costs and Food Survey 2009.

Notes: All households with expenditure on relevant type of insurance. Sample = 291 (Mortgage-related Endowment), 366 (Non-mortgage related Endowment), 606 (Personal Pensions).

Figure 9 shows the average annual expenditure per household on long-term protection policies.

Figure 9 Average annual expenditure on long-term protection policies in nominal terms



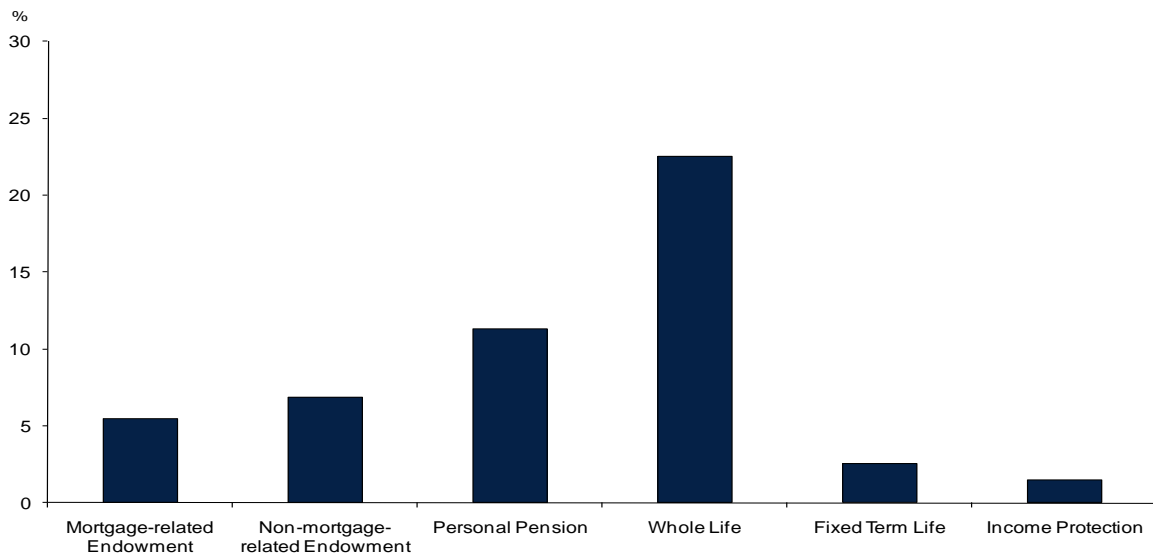
Source: ONS Living Costs and Food Survey 2009.

Notes: All households with expenditure on relevant type of insurance. Sample = 1,205 (Whole Life), 137 (Fixed Term Life), 10 (Income Protection).

Household expenditure on whole life policies increased by 6.3% a year on average between 1998/99 and 2009, reaching £422 per household in 2009. Household expenditure on income protection policies stood at £541 per household in 2009 (over the period as a whole, growth averaged 4.5% a year between 1998/99 and 2009). Average household expenditure on fixed term life products fell by 0.5% a year between 1998/99 and 2009.

Figure 10 shows the percentage of households with some expenditure on long-term insurance products. Again it is important to reiterate that the survey records expenditure by members of the household, and not by employers or others. Therefore additional payments into pension policies by employers will not be recorded, nor will income protection policies taken out by employers on behalf of their employees. In terms of pensions, the percent of households with some expenditure on pensions went from 12.3% in 2008 to 11.3% in 2009. The chart shows that 22.6% of households paid into whole life policies, while 5.4% of households had some expenditure on mortgage related endowments and 7% had some expenditure on non-mortgage related endowments in 2009. The proportion of households recording expenditure on endowments has fallen sharply. For example in 1998/99, 28% of households paid into mortgage-related endowments and 20% paid into non-mortgage-related endowments.

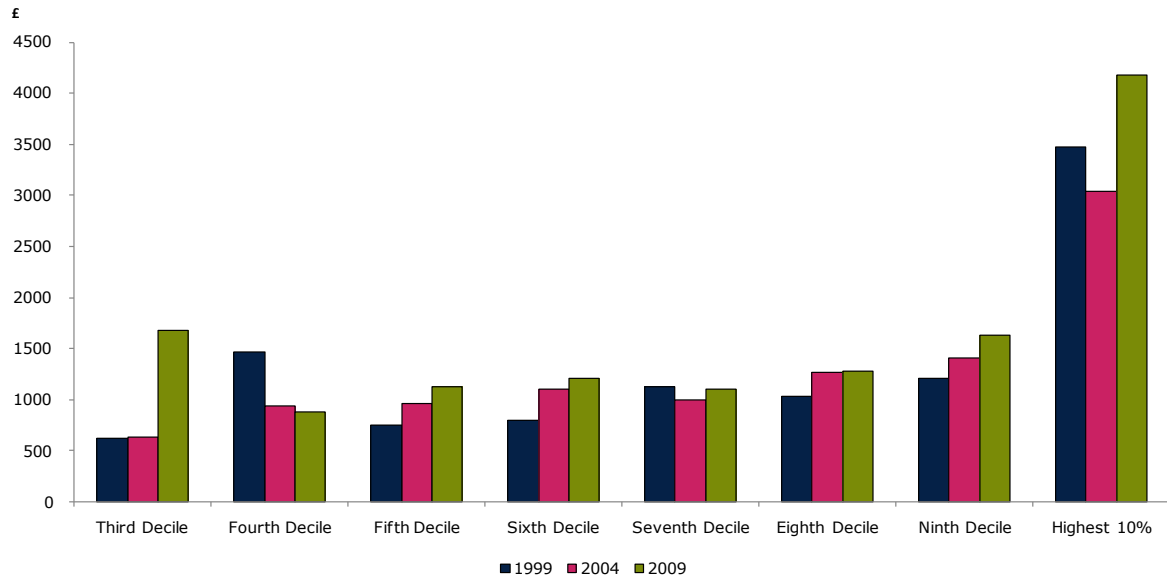
Figure 10 Percentage of households with some expenditure on long-term insurance products in 2009



Source: ONS Living Costs and Food Survey 2009.

Note: Sample = 5,340 (All households weighted sample).

Figure 11 Average household expenditure on personal pensions by income deciles in 1999, 2004 and 2009



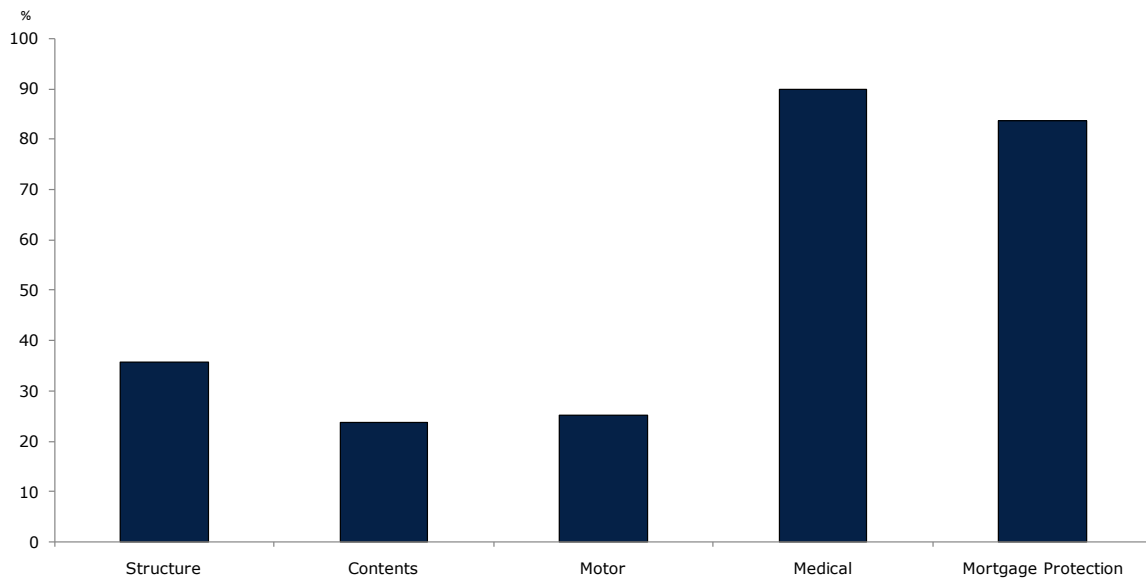
Source ONS Living Costs and Food Survey 2009, 2004, 1999

The above graph shows that low income households have the least expenditure on personal pensions; households in the first two income deciles have no expenditure on personal pensions.

5. Households with no general insurance products

It is also possible to look at households who have no insurance. It is common to assume that people buy insurance because they are risk averse; they are willing to pay to mitigate a potential loss. With that in mind, why then do some people not insure? Put simply, this may be because they feel that the costs of obtaining insurance outweigh the perceived benefits. Figure 12 shows the percentage of households with no general insurance products.

Figure 12 Percentage of households with no general insurance products



Source: Sample = 5,340 (All households weighted sample).

Note: ONS Living Costs and Food Survey 2009.

Figure 12 shows that the least popular general insurance products are medical and mortgage protection. Medical insurance is considered a luxury for many as medical care is available through the NHS. Mortgage protection is only purchased by a small proportion of owner-occupier households; the amount of income spent on this type of insurance has increased by 78% in the last 10 years. The proportion of households who have no contents insurance is 24%. This type of insurance is not purchased by people who are in low income households.

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Appendix 1 - Additional Data

Table 4 Estimated total number of households in the UK

	Number of Households (millions)
1997	23.8
1998	24.0
1999	24.1
2000	24.4
2001	24.5
2002	24.7
2003	24.8
2004	24.9
2005	25.1
2006	25.2
2007	25.5
2008	25.7
2009	25.8

Sources: Department of Communities and Local Government, Department for Social Development, General Register Office for Scotland & Welsh Assembly Government.

Tables 4 to 10 are extracted from the LCFS data, providing examples of the information on insurance expenditure within the survey. All data relates to 2009. Results are not shown if the sample size in a particular category falls below 20 households and such entries are marked with an asterisk (*). The amount (£) and percentage (%) figures relate only to those households with expenditure on the relevant type of insurance. Since the figures refer to expenditure by households and not individuals, they will also not include provision of cover by employers for example.

Table 5 Average yearly expenditure of all households on all forms of insurance

	£		
	General Insurance Expenditure	Long-term Insurance Expenditure	
		Excluding Personal Pensions	Including Personal Pensions
1998/99	527	474	727
1999/00	541	507	779
2000/01	613	463	707
2001/02	689	456	726
2002/03	794	418	780
2003/04	796	383	606
2004/05	832	348	590
2005/06	796	305	574
2006	850	310	578
2007	822	268	514
2008	839	256	516
2009	836	232	464

Table 6 Yearly expenditure on general insurance

	Structure		Contents		Structure & Contents		Motor		Medical		Mortgage Protection	
	£	%	£	%	£	%	£	%	£	%	£	%
1998/99	159	62.0	133	74.7	273	33.1	339	67.8	562	9.7	278	15.9
1999/00	158	61.3	132	74.6	277	34.9	370	66.5	608	8.9	278	16.6
2000/01	168	60.7	144	74.5	291	35.9	426	68.6	613	10.1	303	16.8
2001/02	171	62.7	146	77.7	287	39.6	481	70.8	600	10.3	342	19.2
2002/03	173	64.3	149	78.2	294	42.1	605	70.6	708	9.7	355	20.0
2003/04	188	63.5	159	77.4	321	42.8	556	72.2	630	11.3	407	20.5
2004/05	192	63.9	169	76.8	327	45.2	587	72.1	657	10.2	437	22.0
2005/06	202	63.3	166	75.2	339	46.7	519	72.0	723	11.1	445	19.9
2006	205	64.8	172	77.3	351	49.2	545	73.4	753	12.2	450	20.4
2007	202	63.6	165	76.3	342	49.7	527	73.8	679	12.5	503	18.5
2008	205	64.7	170	77.8	348	53.4	540	74.3	750	10.3	514	18.6
2009	205	64.4	167	76.3	350	53.7	567	74.7	820	8.8	496	16.4

Table 7 Yearly expenditure on long-term insurance

	All Life Insurance		Personal Pension		Income Protection	
	£	%	£	%	£	%
1998/99	816	57.4	1,404.0	18	361	1.7
1999/00	911	54.9	1,707.3	16	380	1.8
2000/01	855	53.6	1,529.4	16	321	1.4
2001/02	919	49.1	1,664.7	16	400	1.2
2002/03	828	50.0	2,378.8	15	279	1.4
2003/04	807	46.6	1,531.3	15	485	1.5
2004/05	772	44.0	1,603.8	15	469	1.8
2005/06	757	39.6	2,037.9	13	431	1.2
2006	779	39.3	2,036.5	13	324	1.3
2007	721	36.2	1,975.3	12	479	1.3
2008	740	33.9	2,119.8	12	430	1.2
2009	680	32.9	2,045.0	11	541	1.5

Table 8 Breakdown of yearly expenditure on life insurance

	Mortgage-related Endowment		Non-mortgage-related Endowment		Whole Life		Fixed Term Life		Other	
	£	%	£	%	£	%	£	%	£	%
1998/99	951	27.6	549	19.7	249	26.1	429	6.1	445	0.7
1999/00	995	26.0	642	16.9	320	25.5	577	5.4	941	0.7
2000/01	1,119	23.2	585	15.4	305	26.2	425	5.1	531	0.6
2001/02	1,139	22.5	629	13.4	330	23.6	541	4.3	1,155	0.3
2002/03	1,126	18.5	620	13.0	313	27.7	468	4.7	439	0.3
2003/04	1,141	16.1	622	12.2	362	25.7	445	4.1	*	*
2004/05	1,117	12.7	668	11.0	356	26.8	524	3.8	*	*
2005/06	1,159	10.0	689	10.1	391	24.9	486	2.8	*	*
2006	1,209	9.4	721	9.1	401	24.8	532	3.3	*	*
2007	1,130	7.5	747	8.1	415	23.7	451	3.0	*	*
2008	1,185	6.2	707	6.8	414	23.0	450	3.1	*	*
2009	1,145	5.4	795	6.9	422	22.6	406	2.6	*	*

Table 9 Analysis by type of tenure

	Structure		Contents		Structure & Contents		Motor		Medical		Mortgage Protection	
	£	%	£	%	£	%	£	%	£	%	£	%
Rented Unfurnished												
Local Authority	*	*	131	35.2	*	*	524	38.0	*	*	*	*
Housing Association	*	*	130	39.5	*	*	524	43.1	*	*	*	*
Other	*	*	162	42.9	*	*	606	66.8	*	*	*	*
Rented Furnished	*	*	154	26.8	*	*	773	50.4	*	*	*	*
Owner Occupied												
Being Purchased	216	91.5	178	92.8	367	76.3	598	89.6	632	11.6	497	44.8
Owned Outright	194	89.6	163	93.6	334	74.8	518	81.0	1,086	10.8	*	*
Rent Free	*	*	142	45.7	*	*	411	65.7	*	*	*	*

	Mortgage-related Endowment		Non-mortgage-related Endowment		Personal Pensions		Whole Life		Fixed Term Life		Income protection	
	£	%	£	%	£	%	£	%	£	%	£	%
Rented Unfurnished												
Local Authority	*	*	*	*	*	*	243	16.0	*	*	*	*
Housing Association	*	*	*	*	*	*	236	18.6	*	*	*	*
Other	*	*	*	*	1,536	7.4	380	15.9	*	*	*	*
Rented Furnished	*	*	*	*	*	*	314	8.2	*	*	*	*
Owner Occupied												
Being Purchased	1,146	14.9	678	9.7	1,689	18.8	473	32.2	404	4.2	509	2.3
Owned Outright	*	*	955	8.6	3,149	9.2	428	18.7	478	2.0	700	1.4
Rent Free	*	*	*	*	*	*	*	*	*	*	*	*

Source: ONS Living Costs and Food Survey 2009

Note: The amount (£) and percentage (%) relate only to those households with expenditure on relevant type of insurance.

Table 10 Analysis by region

	Structure		Contents		Structure & Contents		Motor		Medical		Mortgage Protection	
	£	%	£	%	£	%	£	%	£	%	£	%
North East	188	61.9	144	72.0	329	51.3	428	64.8	*	*	384	15.3
North West	196	63.6	164	72.7	341	51.9	626	72.3	618	8.2	382	12.0
Yorkshire & The Humber	195	66.1	159	73.8	347	57.4	584	73.1	551	6.6	445	17.4
East Midlands	189	69.7	156	82.7	328	60.3	577	77.9	617	7.1	451	19.3
West Midlands	198	67.4	159	80.6	337	54.5	619	78.2	828	10.8	523	18.4
Eastern	206	68.5	157	79.4	321	57.3	597	80.6	774	6.8	484	16.8
London	318	44.6	271	57.3	577	33.2	737	62.9	1,329	11.9	830	13.8
South East	215	69.8	169	79.7	363	57.5	535	84.5	949	14.6	490	20.0
South West	185	67.8	150	82.2	328	59.5	507	79.2	717	9.1	496	14.7
England	207	64.8	168	76.0	354	54.0	582	75.9	838	9.4	500	16.5
Wales	196	67.3	164	79.0	338	55.9	471	70.2	*	*	504	9.6
Scotland	196	61.2	165	78.7	329	50.9	467	70.0	623	6.3	497	17.8
Northern Ireland	170	57.5	166	72.5	313	54.2	603	64.2	*	*	392	20.8
United Kingdom	205	64.4	167	76.3	350	53.7	567	74.7	798	8.8	496	16.4

	Mortgage-related Endowment		Non-mortgage-related Endowment		Personal Pensions		Whole Life		Fixed Term Life		Income protection	
	£	%	£	%	£	%	£	%	£	%	£	%
North East	*	*	*	*	*	*	271	28.8	*	*	*	*
North West	983	4.3	1,892	6.5	2,548	10.5	368	20.3	*	*	*	*
Yorkshire & The Humber	*	*	436	5.8	1,466	9.9	394	20.7	*	*	*	*
East Midlands	1,063	5.6	518	9.7	1,301	13.2	449	21.1	*	*	*	*
West Midlands	953	5.1	556	7.4	2,144	11.8	343	21.4	516	4.0	*	*
Eastern	1,039	4.8	645	6.4	2,027	10.6	466	22.6	*	*	*	*
London	1,377	4.5	1,190	4.3	2,709	12.7	635	15.1	*	*	*	*
South East	1,695	6.4	913	6.8	2,249	13.1	517	25.0	398	3.1	*	*
South West	988	6.8	619	6.6	1,880	12.0	400	22.6	*	*	*	*
England	1,179	5.2	851	6.7	2,087	11.5	430	21.7	401	2.3	548	1.7
Wales	*	*	*	*	1,679	8.8	370	19.5	*	*	*	*
Scotland	1,077	8.3	631	10.1	1,940	10.8	382	30.5	433	5.1	*	*
Northern Ireland	*	*	*	*	*	*	471	24.2	*	*	*	*
United Kingdom	1,145	5.4	795	6.9	2,045	11.3	422	22.6	406	2.6	541	1.5

Source: ONS Living Costs and Food Survey 2009

Note: The amount (£) and percentage (%) relate only to those households with expenditure on relevant type of insurance

Table 11 Analysis by age of head of household

	Structure		Contents		Structure & Contents		Motor		Medical		Mortgage Protection	
	£	%	£	%	£	%	£	%	£	%	£	%
Under 30 Years	182	27.7	152	44.0	314	24.7	727	62.2	392	4.7	424	16.7
30 and Under 50 Years	223	64.3	184	75.2	382	54.3	621	81.1	621	9.0	529	30.3
50 and Under 65 Years	211	71.7	172	81.7	361	58.4	595	80.9	830	10.7	433	13.7
65 and Under 75 Years	179	70.3	149	83.2	305	57.7	388	72.7	1,096	8.9	*	*
Over 75	176	67.1	139	82.4	299	57.2	384	54.3	1,366	6.4	*	*

	Mortgage-related Endowment		Non-mortgage-related Endowment		Personal Pensions		Whole Life		Fixed Term Life		Income protection	
	£	%	£	%	£	%	£	%	£	%	£	%
Under 30 Years	*	*	*	*	1,256	6.9	288	12.2	*	*	*	*
30 and Under 50 Years	1,261	8.0	770	8.0	2,012	16.3	475	26.6	372	3.9	412	1.6
50 and Under 65 Years	1,029	8.2	894	11.7	2,248	15.9	437	23.6	411	3.1	706	2.2
65 and Under 75 Years	*	*	459	3.1	*	*	292	23.3	*	*	*	*
Over 75	*	*	*	*	*	*	398	15.0	*	*	*	*

Source: ONS Living Costs and Food Survey 2009

Note: The amount (£) and percentage (%) relate only to those households with expenditure on relevant type of insurance.

Table 12 Analysis by occupation of head of household

	Structure		Contents		Structure & Contents		Motor		Medical		Mortgage Protection	
	£	%	£	%	£	%	£	%	£	%	£	%
Large Employers & Higher Manual	264	84.2	218	89.9	463	68.4	839	89.9	617	21.1	633	32.4
Higher Professionals	261	78.9	212	88.3	443	63.9	741	88.6	1,040	17.9	566	24.0
Lower Managerial & Professionals	214	78.1	177	86.8	369	66.2	605	91.0	672	11.0	497	30.3
Intermediate	202	67.2	159	82.5	324	54.0	526	85.6	673	11.3	456	22.1
Small Employers & Own Account Workers	210	71.9	178	81.2	367	61.1	658	89.8	904	7.6	590	23.8
Lower Supervisory & Technical	199	68.5	170	82.5	340	59.0	570	89.1	*	*	416	34.1
Semi-Routine Occupations	193	51.9	160	64.9	329	41.0	570	73.6	769	5.9	389	14.3
Routine Occupations	184	56.3	155	65.8	311	47.8	661	78.6	*	*	440	22.7
Never Worked & Long-term Unemployed	*	*	*	*	*	*	568	23.5	*	*	*	*

	Mortgage-related Endowment		Non-mortgage-related Endowment		Personal Pensions		Whole Life		Fixed Term Life		Income protection	
	£	%	£	%	£	%	£	%	£	%	£	%
Large Employers & Higher Manual	1,738	13.0	813	13.8	2,516	26.3	664	33.2	*	*	*	*
Higher Professionals	1,387	9.4	2,010	10.6	4,675	21.1	688	29.6	*	*	*	*
Lower Managerial & Professionals	1,118	10.5	730	9.4	2,210	18.1	436	27.0	403	3.8	*	*
Intermediate	1,206	7.4	670	9.8	1,074	11.0	361	23.0	*	*	*	*
Small Employers & Own Account Workers	*	*	594	12.2	*	*	561	25.1	*	*	*	*
Lower Supervisory & Technical	777	7.4	735	9.7	973	16.0	318	26.4	*	*	*	*
Semi-Routine Occupations	*	*	489	6.4	840	8.9	296	21.7	*	*	*	*
Routine Occupations	*	*	*	*	856	13.2	308	25.1	*	*	*	*
Never Worked & Long-term Unemployed	*	*	*	*	*	*	*	*	*	*	*	*

Source: ONS Living Costs and Food Survey 2009

Note: The amount (£) and percentage (%) relate only to those households with expenditure on relevant type of insurance.

Table 13 Analysis by household composition

	Structure		Contents		Structure & Contents		Motor		Medical		Mortgage Protection	
	£	%	£	%	£	%	£	%	£	%	£	%
One Adult Non-retired	189	48.5	155	62.9	323	37.7	433	62.1	535	5.5	366	12.9
One Man One Woman Non-retired	208	72.3	174	84.3	357	61.2	544	85.9	834	12.4	464	20.5
One Adult, One or More Children	207	30.5	176	46.8	356	26.3	457	55.5	*	*	422	12.3
Two Adults, One or More Children	227	71.0	187	78.8	387	60.7	626	88.6	757	9.7	549	33.1
One Adult Retired	166	55.4	136	73.0	285	46.2	317	42.4	1,022	4.8	*	*
One Man One Woman Retired	180	79.3	145	90.7	306	65.8	364	79.9	1,149	9.8	*	*
All Other Households	230	69.9	186	78.3	393	58.1	934	85.4	737	9.9	531	20.7

	Mortgage-related Endowment		Non-mortgage-related Endowment		Personal Pensions		Whole Life		Fixed Term Life		Income protection	
	£	%	£	%	£	%	£	%	£	%	£	%
One Adult Non-retired	784	5.1	525	5.8	1,457	8.0	315	13.1	*	*	*	*
One Man One Woman Non-retired	1,136	5.9	1,144	9.9	1,907	17.7	411	25.3	419	3.8	481	1.9
One Adult, One or More Children	*	*	*	*	*	*	277	18.5	*	*	*	*
Two Adults, One or More Children	1,414	9.6	796	9.1	2,755	17.9	512	30.8	392	4.2	461	2.0
One Adult Retired	*	*	*	*	*	*	249	15.7	*	*	*	*
One Man One Woman Retired	*	*	*	*	*	*	370	21.5	*	*	*	*
All Other Households	1,040	8.7	628	9.9	1,666	17.5	520	25.9	381	3.2	*	*

Source: ONS Living Costs and Food Survey 200

Note: The amount (£) and percentage (%) relate only to those households with expenditure on relevant type of insurance.

Table 14 Analysis by household gross weekly income

	Structure		Contents		Structure & Contents		Motor		Medical		Mortgage Protection	
	£	%	£	%	£	%	£	%	£	%	£	%
Lowest 10%	157	28.2	131	42.0	262	22.1	400	32.4	*	*	*	*
Second Decile	159	40.0	131	57.8	270	33.6	376	42.8	*	*	*	*
Third Decile	173	51.7	142	67.7	297	41.8	519	59.6	654	3.9	318	4.6
Fourth Decile	174	59.6	143	73.0	299	50.9	406	72.4	593	5.7	387	8.7
Fifth Decile	182	65.7	152	78.5	311	55.0	434	78.0	961	6.1	349	11.4
Sixth Decile	191	70.5	163	80.3	327	59.2	496	84.5	841	8.3	417	17.7
Seventh Decile	200	74.3	169	87.2	339	62.6	542	88.5	768	9.5	432	24.5
Eighth Decile	201	79.7	164	88.1	335	66.9	646	94.9	786	10.8	487	30.0
Ninth Decile	220	82.2	181	91.1	384	69.8	685	94.2	697	14.5	549	32.5
Highest 10%	293	86.7	243	93.2	509	71.1	844	93.8	1,014	22.5	673	29.9

	Mortgage-related Endowment		Non-mortgage-related Endowment		Personal Pensions		Whole Life		Fixed Term Life		Income protection	
	£	%	£	%	£	%	£	%	£	%	£	%
Lowest 10%	*	*	*	*	*	*	318	8.6	*	*	*	*
Second Decile	*	*	*	*	*	*	240	12.9	*	*	*	*
Third Decile	*	*	*	*	1,683	3.9	224	21.1	*	*	*	*
Fourth Decile	*	*	501	4.3	884	5.7	268	22.2	*	*	*	*
Fifth Decile	1,225	3.5	488	4.8	1,127	6.9	306	18.2	*	*	*	*
Sixth Decile	844	6.1	627	6.5	1,207	11.8	496	18.5	*	*	*	*
Seventh Decile	823	7.5	595	8.3	1,104	16.6	440	26.9	*	*	*	*
Eighth Decile	1,095	7.1	574	11.0	1,275	16.1	413	29.7	*	*	*	*
Ninth Decile	1,104	10.4	670	11.4	1,625	20.7	468	36.9	*	*	*	*
Highest 10%	1,677	12.5	1,524	15.0	4,172	27.2	731	29.7	530	6.4	659	3.9

Source: ONS Living Costs and Food Survey 2009

Note: The amount (£) and percentage (%) relate only to those households with expenditure on relevant type of insurance.

Appendix 2 – Standard Errors

The ONS has changed the way it reports household expenditure data. In 2006 the survey switched from a financial year basis (April to March) to a calendar year basis (January to December). This means there is an overlap of three months between the financial year 2005/06 and the calendar year 2006.

The LCFS is a sample survey and therefore the results will not be a perfect representation of all UK households. The margin of error will depend on the range of the variation in the insurance purchased by different households. This 'sampling error' is smallest in relation to the average expenditure of large groups of households where the level of spending does not vary greatly between them. It is largest in relation to the average expenditure of small groups of households for which the level of spending varies considerably between them.

A numerical measure of the magnitude of such differences (between the sample estimate and the value of the entire population) is provided by the quantity known as the standard error. The ONS provides estimates of standard errors for each of the tabulations that are used as a measure of the precision of the average expenditures. However, even these standard errors do not give a true indication of the reliability of the statistics, since errors due to non-respondents also affect the results. The standard errors are shown in Table 11 for general and long-term business respectively. They give an indication of the reliability of the figures in charts and tables throughout the report.

The high standard errors recorded for personal pensions should be kept in mind when using any of these data. The high standard errors lead to a large range in the possible true value for the average annual expenditure, and that should be taken into account when looking at trends in expenditure over time.

Table 15 Standard errors

	Structure	Contents	Structure & Contents	Motor	Medical	Mortgage Protection
1998/99	1.95	1.84	6.09	3.50	23.51	10.22
1999/00	1.59	1.61	3.70	4.06	36.37	8.56
2000/01	2.45	2.49	6.20	5.45	27.73	9.43
2001/02	2.04	1.93	3.80	5.31	31.17	10.55
2002/03	1.74	1.69	3.44	12.07	28.71	9.75
2003/04	3.16	3.32	7.35	7.87	38.91	11.56
2004/05	1.93	11.03	3.47	18.30	32.16	11.36
2005/06	2.25	1.84	4.00	6.02	37.87	11.28
2006	2.33	2.24	4.75	7.10	38.00	11.44
2007	2.16	1.96	3.86	7.15	39.23	17.98
2008	2.59	1.54	3.92	7.69	46.10	19.16
2009	2.54	1.92	4.54	17.48	54.95	17.48

Household spending on insurance in 2009

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	Mortgage- related Endowment	Non- mortgage- related Endowment	Personal Pensions	Whole Life	Fixed Term Life	Income Protection
1998/99	17.62	22.27	84.16	10.70	37.07	**
1999/00	18.46	40.07	121.74	31.22	114.09	52.03
2000/01	37.85	22.26	112.11	11.06	32.27	34.81
2001/02	43.23	23.32	126.34	11.20	36.37	39.27
2002/03	39.02	26.08	116.14	11.08	33.44	36.08
2003/04	34.50	19.80	203.66	36.50	42.98	87.93
2004/05	54.24	27.19	94.42	10.97	49.08	68.63
2005/06	48.38	25.68	198.07	16.58	41.80	85.51
2006	57.74	44.22	248.55	16.22	57.19	35.39
2007	54.83	46.68	203.94	42.71	44.47	76.44
2008	77.49	45.96	231.54	19.99	41.80	77.80
2009	82.40	160.15	194.40	20.26	39.27	82.29

95% confidence intervals above and below the survey estimates can be calculated to show the degree of uncertainty.³ Table 12 shows the 95% confidence intervals for general and long-term insurance products for 2009.

Table 16 95% confidence intervals for average expenditure

	Average Household Expenditure	95% Confidence Interval	
		Lower Limit	Upper Limit
General Insurance			
Structure	205	200	210
Contents	167	164	171
Structure & Contents	350	341	359
Motor	567	532	601
Medical	820	712	928
Mortgage Protection	496	462	531
Long-term Insurance			
Mortgage Related Endowments	1,145	983	1,306
Non-Mortgage Related Endowments	795	481	1,109
Personal Pension	2,045	1,664	2,426
Whole Life	422	382	462
Fixed Term	406	329	483
Income Protection	541	380	702

³ These are given as 1.96 times the standard error on either side of the mean, because for a Normal distribution, 95% of values lie within 1.96 standard errors of the mean value. If it were possible to repeat the survey many times, 95% of these confidence intervals would contain the population mean. For example, the data behind Figure 2 shows that the average household expenditure on motor insurance in 2008 was £540, and the standard error shown in Table 11 is 7.69, hence the 95% confidence interval is:

$$£540 \pm (1.96 \times 7.69) \text{ i.e. between } £525 \text{ and } £555$$

Similar calculations can be carried out for other estimates of insurance expenditure.

Appendix 3 – Glossary of Terms

Contents insurance is a policy covering the contents of a home or other building against a number of different risks.

Fixed term life insurance is a policy that provides life cover for a specified number of years. The insurer only pays out a predetermined sum assured if the policyholder dies within the term of the policy.

General insurance covers: structure, contents, structure & contents, motor, medical and mortgage protection.

Income protection insurance is a policy that replaces part of a policyholder's income if they are unable to work due to a long-term illness or disability. This benefit is usually paid until the policyholder is able to return to work or retires.

Long-term insurance covers: mortgage related endowments, non-mortgage related endowments, personal pensions, whole life, fixed term and income protection.

Medical insurance is a policy that covers the cost of private medical treatment.

Mortgage Protection insurance is a type of creditor insurance that covers the policyholder against the inability to make repayments due to accident, sickness and/or unemployment.

Mortgage-related endowment is a savings policy purchased in conjunction with or to cover a mortgage. These policies are funded through regular premiums over an agreed term and payout a sum at the end of the term if the policyholder has survived. If the insured dies within the term of the policy, the insurer will pay a predetermined sum assured.

Motor insurance is a policy that covers the legal liabilities arising from the use of a motor vehicle. Comprehensive policies also cover damage to the vehicle.

Non-mortgage related endowment is a savings policy that is not purchased in conjunction with or to cover a mortgage. These policies are funded through regular premiums over an agreed term and payout a sum at the end of the term if the policyholder has survived. If the insured dies within the term of the policy, the insurer will pay a predetermined sum assured.

Personal pensions are contract-based individual pension schemes that are arranged without the involvement of an employer. Figures include only expenditure on personal pensions. They do not include payments made to occupational schemes.

Retail Price Index is the all-items index including mortgage interest payments. This is produced monthly by the ONS.

Structure insurance is a policy that covers a building against a number of different risks.

Structure & Contents insurance is where households have purchased structure and contents insurance as a combined policy. The figures for this product line are also included under the separate categories headed 'Structure' and 'Contents'.

Whole Life assurance is funded either through regular premium, which is paid for the rest of a policyholder's life or up to a specified age, or by a single premium. The insurer pays out a predetermined sum assured when the policyholder dies, whenever that occurs.