UK Insurance & Long-Term Savings
Key Facts
December 2019
The UK insurance industry is the largest in Europe and the fourth largest in the world.

It plays an essential part in the UK’s economic strength, managing investments of almost £1.7 trillion and paying nearly £12bn in taxes to the Government. It employs around 300,000 individuals, of which around a third are employed directly by providers with the remainder in auxiliary services, such as broking.

On behalf of its members, the ABI works with government, regulators and policymakers to create and maintain effective insurance markets for consumers, and represents the UK insurance market in the media. We provide consumers with general information on insurance and savings products and services, and promote best practice, transparency and high standards within the industry.

Each year the ABI publishes a summary booklet of the UK insurance industry. This booklet provides facts and figures on 2018 (unless otherwise stated and where available) about UK insurance and its significant contribution both to the economy and society.

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1 Unless stated, data is ABI data and covers ABI data providers only.
Top 10 Key Facts

1. The UK is the 4th largest insurance & long-term savings provider in the world and the largest in Europe

2. £29.1bn
   UK insurers contribute £29.5bn to the UK economy

3. £1.74tn
   ABI Members hold over £1.7trn invested assets

4. 307,000
   There are 307,000 people employed in the UK insurance industry

5. £45.3m
   £45.3m was paid out each day in motor & property claims

6. Travel insurers paid out £399m claims to travellers who needed help whilst they were abroad

7. Customers withdrew £6.8bn from their pensions

8. 76%
   76% of employees pay into a workplace pension

9. 98%
   98% of protection claims were paid out

10. £1.2bn
    £1.2bn fraudulent claims detected
Insurance & long-term savings: a UK success story

Breakdown of worldwide premium income by country, 2018

1st
The UK has the largest insurance industry in Europe and the fourth largest in the world.²

£19.6bn
The UK insurance and long-term savings industry exported £19.6bn worth of services outside of the UK in 2018.³

2 Source: Swiss Re, Sigma No 3/2019
3 Source: UK trade in services: service type by partner country, non-seasonally adjusted, July 2019
### Total Premium Income, $bn, 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>Life</th>
<th>Non-life</th>
<th>Total</th>
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<td>1,489</td>
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<td>United Kingdom</td>
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<tr>
<td>France</td>
<td>258</td>
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- Life
- Non-life

### Long-term savings providers
Number of authorised life insurance companies in the UK, of which 149 are UK authorised and 183 are headquartered in another European country and passport in under Freedom of Services.

### General insurers
Number of authorised general insurance companies in the UK, of which 255 are UK authorised and 672 are headquartered in another European country and passport in under Freedom of Services.

### Contributions

#### £11.8bn
In 2014 the sector contributed nearly £12bn in taxes to the UK government.

#### £29.1bn
In 2017 the UK insurance industry contributed £29.1bn to the UK economy.

#### 332
Long-term savings providers

#### 927
General insurers

#### 307,000
Employees
In the UK, 113,600 are directly employed by insurance companies and 193,400 are employed in auxiliary services to insurance and pension funding; such as broking, & third party services.

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4 Source: Bank of England, July 2019  
5 Source: Blue Book 2019, Office for National Statistics  
6 Source: PWC, Total Tax Contribution of the UK Insurance Industry, 2014  
7 Source: Office for National Statistics “Business Register and Employment Survey” 2018
Insurance & long-term savings: households and types of products

Of the 26.5 million households in the UK in 2018:

- 19.3 million had contents insurance
- 20.0 million had motor insurance
- 16.5 million had buildings insurance
- 2.8 million had mortgage protection
- 1.6 million had private medical insurance

And for long-term savings products:

- 4.8 million had paid towards whole of life assurance
- 2.3 million had contributed to a personal pension
- 0.6 million had paid towards term life assurance
- 0.2 million had income protection


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Household holdings & expenditure on insurance and long-term savings products, 2017-18

- **Median annual household expenditure (£, excludes households with no expenditure)**
- **Households with expenditure (%)**

- **Pensions**: £1,200 (80%)
- **Motor**: £900 (60%)
- **Income protection**: £600 (40%)
- **Fixed Term Life**: £300 (20%)
- **Whole of Life**: £1,500 (100%)
- **Pet Insurance**: £1,200 (80%)
- **Property Structure**: £900 (60%)
- **Property Contents**: £600 (40%)

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**Legend:**
- Black: Median annual household expenditure (£, excludes households with no expenditure)
- Purple: Households with expenditure (%)
MOTOR INSURANCE

£515m underwriting profit
The £515m underwriting profit in 2018 was a significant increase from the £258m underwriting profit in 2017.

£29m paid per day
Insurers paid out £29m per day in motor claims of which £22m was for personal lines claims and £7m related to commercial claims.

£468 average premium
By Q3 2019 the average motor premium for private motor had fallen from its all-time high of £491 (Q4 2017) to £468.

98.4% claims acceptance
In private motor, 98.4% of the total number of claims made were accepted in the 2017/18 period, identical to the previous year.

£10,454 average Bodily Injury claim
Whilst average claims for bodily injury are high, the overall average for all types of private car claims was £3,082.
Average premium paid for private motor insurance*

*the average amount paid for a fully comprehensive policy where the policy holder holds a full driving licence
PROPERTY INSURANCE

£316m underwriting loss
The UK property insurance market made its third underwriting loss since 2010.

£315 average premium
In Q3 2019 the average premium for a combined building and contents policy was £315, compared to £307 in Q3 2018.

Average premium paid for domestic property insurance*

*the average amount paid for a combined buildings and contents policy

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£17m paid per day

Insurers paid out £17m per day in property claims, of which £9m was for household claims and £8m related to commercial claims.

82.8% claims acceptance

In domestic property, 82.8% of the total number of claims made were accepted in the 2017/18 period, a slight increase on the previous year.

**Domestic Property Insurance Claims, by type of Claim**  
by type of claim (2018)

- Fire & explosion 16%
- Theft 13%
- Weather 18%
- Escape of water 27%
- Domestic subsidence 6%
- Accidental damage 10%
- Other domestic claims 11%

*Percentages based on value of gross claims incurred*
**TRAVEL INSURANCE**

£1.1m paid per day

In 2018, travel insurers paid out £399m for 498,000 claims to travellers who needed help whilst they were abroad. £209m of this was to cover the cost of emergency medical treatment, and £145m for cancellations.

87.6% claims acceptance

In travel, 87.6% of the total number of claims made were accepted in the 2017/18 period, a slight increase on the previous year.

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**MEDICAL EXPENSE INSURANCE**

£4.7bn GWP

The Gross Written Premium of ABI members’ Medical Expense Insurance for 2018 was just over £4.7bn.

Private medical insurers pay out £7 million per day, on average, on medical insurance claims.
LIABILITY INSURANCE

£422m underwriting profit

The liability insurance market made an underwriting profit of £422m in 2018, a considerable gain over the £57m profit in 2017, and the highest underwriting profit in 10 years.

£5.9m paid per day

Every day, liability insurers pay out £5.9m every day to protect businesses.

PET INSURANCE

3.6m customers

Around 95% of pet insurance is for cats and dogs.

£2.15m paid per day

Every day, pet insurers paid out over £2m in claims for ill and injured pets.

£793 average claim

The average pet insurance claim was nearly £800.

TRADE CREDIT

Businesses can take out trade credit insurance to protect themselves against financial distress of a trading partner.

13,727 policies

£689k paid per day in claims
Insurance & long-term savings: how they work for you
Daniel owns a café in the town and makes sure he is covered with liability insurance should anything go wrong.

£307 a year
Daniel makes sure the house and contents are protected by taking out property insurance.

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£10,454
The average bodily injury claim following an accident.

The Morgans make sure their pet dog Barney is looked after in case he needs medical treatment.

£2.15m per day
The average pet insurers pay out for veterinary treatment for pets.

Grandma Jane saved for her retirement throughout her working life. Earlier this year, she took some of her pension as cash and bought an annuity with the rest to ensure she has an income throughout her retirement.

25.1m number of individual pension policies in force.

The Morgans went on holiday to Spain recently and took out travel insurance to protect them whilst they were away.

£573k a day
The average travel insurers pay out to help people who need medical treatment abroad.

Lauren hurt her back a few months ago, but her employer has income protection insurance and paid her a salary when she could not work.

£14.5m every day
amount insurers pay out for protection policies, including income protection, critical illness and life insurance.
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**£2.15m per day**
The average pet insurers pay out for veterinary treatment for pets.
Daniel owns a café in the town and makes sure he is covered with liability insurance should anything go wrong. £6m every day is the amount liability insurers pay out to protect businesses.

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General Insurance Fraud

**£1.18bn**

*detected fraud*

Over 98,000 detected cases of attempted claims fraud in 2018 - a 6% decrease in volume compared to 2017.

**£628m**

*motor fraud*

Fraudulent motor claims were the most common, with over 54,000 cases in 2018, and valued at £628m.

**£416m**

*liability fraud*

Volume of fraudulent liability claims is largely unchanged from last year, with just over 19,000 detected, but valued at £416m. An almost 8% increase on the value of claims detected last year.
Long-term Savings and Life Statistics

PENSIONS

25.1m policies
54% of individual pension policies were workplace pensions.

76% contributing employees
76%\(^{11}\) of employees were contributing to a workplace pension in 2018. This has increased from 73% in 2017.

PENSION AUTO-ENROLMENT

Between 2012 and 2018 certain employees who are not already in a work place pension scheme will be automatically enrolled into one.

21.7m\(^{12}\) members of qualifying schemes
By the end of July 2018 there were 21.7m employees in qualifying schemes, with 10.1m of these automatically enrolled.

4.7m policies sold
Just over 4.7 million pension policies* were sold in 2018.

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\(^{11}\) ONS - Annual Survey of Hours and Earnings (ASHE)  
\(^{12}\) The Pensions Regulator, Declarations of Compliance July 2018  
*Includes personal and work-based individual pension as well as trust based pensions, master trusts and investment only pension.
The pension reforms announced in 2014 gave people more flexibility around how to access their pension pots at retirement.

£6.8bn withdrawn
An estimated £6.8bn was withdrawn from pension pots through both drawdown payments and cash withdrawals in the year from April 2018 to March 2019.
INCOME DRAWDOWN

Income drawdown contracts allow you to take an income from your pension pot while the rest remains invested.

**£9.46bn**

**Invested in drawdown**

In 2018 £9.46bn was invested in Income Drawdown products, with 111,600 new contracts this is an average of almost £84,800 invested. This compares to £9.22bn and 102,200 contracts sold in 2017.

ANNUITIES

An annuity can be purchased with a sum of money from a pension which will then provide an income during retirement.

**6.6m**

**Pension annuities in force**

In 2018, £14.9bn in payments were made.

**70,000**

**Annuity sales**

There were 70,000 annuity sales in 2018, increasing from 69,000 in 2017. The total value of annuity sales has remained the same at £4.4bn.

**49%**

**Bought from existing provider**
INVESTMENT AND SAVINGS

Investment and savings products include investment bonds and endowments.

5.8m policies in force
£40m paid per day
77,000 new policies

2018 saw 77,000 new savings and investment policies sold.

LONG-TERM CARE

24,000 policies in force

ISAs

200,000 new ISA policies in 2018

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PROTECTION

Protection products include term life, whole of life, relevant life, income protection, critical illness and collective life insurance, and provide financial security in the event of serious illness, accident or death.

23.7m
policies in force
There were 23.7m individual term, whole of life, income protection and critical illness insurance policies in force. In addition, there were 442,000 collective life policies.

2.5m
new policies
Around 2.5m new individual and group protection products were taken out in 2018.

£14.5m
paid per day
£5.3 billion was paid to 189,000 customers or families as a result of claims on protection insurance policies, an average of £14.5m each day.

11.6m
members
There were 11.6m members of group life cover, group income protection and group critical illness schemes, of which 8.6m were life cover. Group cover is provided by employers for the benefit of their employees.

98%
cclaims acceptance
98% of protection claims were paid out, including 97% of term life insurance claims and 92% of critical illness claims.
The relative simplicity of some household insurance products means that consumers are more likely to purchase them directly than they are longer-term insurance products. Over half of personal motor insurance (61%) and nearly a third of personal property insurance (30%) is purchased directly by consumers, which includes sales via a price comparison website.

Long term savings and investment products tend to be taken out with advice. 80% of customers who purchased a pension, protection or other long-term insurance product had some form of advice. Whether advice is taken depends on the product being purchased.

Independent advice was taken by 71% of consumers in selecting a pension product. For protection products it was 67%.
Distribution of long-term products, by advice channel

- Independent: 71%
- Restricted: 9%
- Non-advised: 20%

Distribution of personal lines, general insurance

- Independent Intermediaries: 33%
- Company Agents: 3%
- Banks / Building Societies: 8%
- Direct: 48%
- Utilities / Retailers / Affinity Groups: 8%
Insurance & long-term savings: Important role as investors

Insurers that provide long term savings and life insurance products ensure they meet their long-term liabilities by investing the premiums received in different types of investments.

At the end of 2018 ABI members held £1.74trn of assets, of which £1.60trn was held by life insurance companies.

UK Equity holdings have decreased from 15% of the total in 2009 to only 4% today. Overseas Equity has also decreased, falling 3% in the last 10 years. Unit Trust business has increased significantly over the same period, and in 2018 reached holdings of £502bn.
Further Data


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About the ABI

The ABI is the voice of the UK’s world leading insurance and long-term savings industry. A productive, inclusive and thriving sector, we are an industry that provides peace of mind to households and businesses across the UK and powers the growth of local and regional economies by enabling trade, risk taking, investment and innovation.

www.abi.org.uk – has all the latest news, views and key information about insurance and the ABI’s work on behalf of the industry.

The ABI produces detailed statistics on the industry, which are free to members and can be purchased by others for a fee.