



# UK Insurance & Long-Term Savings Key Facts

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## The UK insurance and long-term savings 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 £1.6 trillion and over £16 billion in taxes paid to and collected for the Government. It employs around 310,000 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 and long-term savings 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 and long-term savings industry. This booklet provides facts and figures on 2019 (unless otherwise stated and where available) about UK insurance and long-term savings<sup>1</sup> and its significant contribution both to the economy and society.

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## Top 10 Key Facts



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

2 **£32bn**

UK insurance and long-term savings industry contributed £32.0bn to the UK economy in 2018

3 **£1.6trn**

ABI Members hold £1.6trn invested assets

4 **310,000**

There are 310,000 people employed in the UK insurance and long-term savings providers

5 **£46m**

Claims processed each day in motor and property insurance



**£377m**

Travel insurers paid out £377m claims to travellers who needed help whilst they were abroad



**£6.9bn**

was withdrawn from pensions

8 **77%**

of employees pay into a workplace pension



**98%**

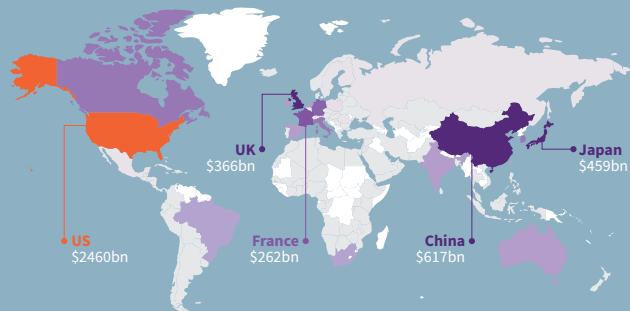
of Protection claims presented were paid out in 2019

10 **£1.2bn**

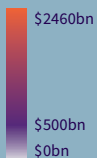
£1.2bn fraudulent general insurance claims detected in 2019

# Insurance & long-term savings: a UK success story

Total Premium Volume, \$bn, 2019



Total Premium Volume 2019 (USD billions)



## 1st

The UK has the largest insurance industry in Europe and the fourth largest in the world.<sup>2</sup>

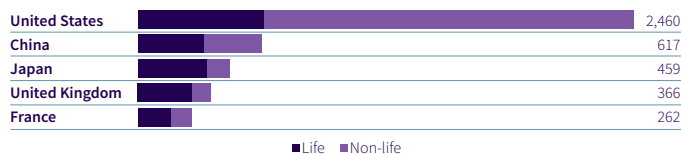
## £19.6bn

The UK insurance and long-term savings industry exported £19.9bn worth of services outside of the UK in 2019.<sup>3</sup>

2 Source: Swiss Re, Sigma No 4/2020

3 Source: UK trade in services: service type by partner country, non-seasonally adjusted, July 2020

Total Premium Volume, \$bn, 2019<sup>2</sup>



## 333<sup>4</sup>

### long-term savings providers

Number of authorised life insurance companies in the UK in October 2020, of which 145 were UK authorised and 188 were headquartered in another European country.

## 920<sup>5</sup>

### general insurers

Number of authorised general insurance companies in the UK in October 2020, of which 243 are UK authorised and 677 were headquartered in another European country.

## 310,000<sup>8</sup>

### employees

In the UK, 113,700 are directly employed by insurance companies and 196,300 are employed in auxiliary services to insurance and pension funding; such as broking, & third party services.

## £32bn<sup>6</sup>

### contribution to the economy

In 2018 the UK insurance industry contributed £32.0bn to the UK economy.

## £16.1bn<sup>7</sup>

### taxes paid and collected

In 2020 the sector paid or collected over £16bn in taxes to the UK government.

4 Bank of England "List of UK / EEA authorised insurers – October 2020" <https://www.bankofengland.co.uk/prudential-regulation/authorisations/which-firms-does-the-pra-regulate>

5 Ibid

6 ONS "The Blue Book" October 2020 – Supplementary Tables, Financial Corporations, Table 4.4.2 <https://www.ons.gov.uk/economy/grossdomesticproductgdp/compendium/unitedkingdomnationalaccounts/thebluebook/2020/supplementarytables>

7 PWC (2021) "Total Tax Contribution of the Association of British Insurers' membership in the UK"

8 ONS "Business Register & Employment Survey" November 2020 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/industry235digiticbusinessregisterandemploymentsurveybrestable2>

# 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

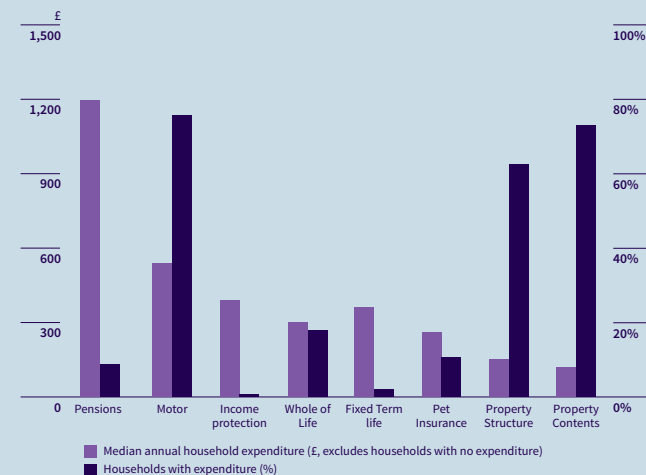
## And for long-term savings products:

- 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
- 77%<sup>9</sup> of employees were contributing to a workplace pension in 2019
- 22.5m<sup>10</sup> employees were participating in pension schemes, with 10.3m automatically enrolled



<sup>8</sup> Source: ABI Analysis, Office for National Statistics, Department for Environment, Food and Rural Affairs. (2018). Living Costs and Food Survey, 2017-2018. ONS – Annual Survey of Hours and Earnings (ASHE) The Pensions Regulator, Declarations of Compliance July 2020  
<sup>9</sup> ONS – Annual Survey of Hours and Earnings (ASHE)  
<sup>10</sup> The Pensions Regulator, Declarations of Compliance July 2020

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



# General Insurance Statistics

## MOTOR INSURANCE

### £31m

#### underwriting profit

The £31m underwriting profit in 2019 was a significant decrease from the £515m underwriting profit in 2018.

### 98.7%

#### claims acceptance

In private motor, 98.7% of the total number of claims made were accepted in the 2018/19 period, a slight increase from the previous year.

### £16.6bn

#### domestic and commercial premiums

Motor insurers wrote £16.6bn worth of domestic and commercial premiums in 2019 (gross of reinsurance).

### £10,676

#### average bodily injury claim

The average incurred claim for bodily injury was high compared to the overall average for all types of private car claim in 2019 at £3,414.

### £30m

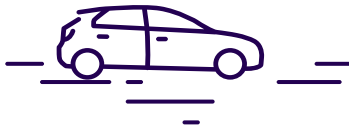
#### claims per day

Insurers processed the equivalent of £30m of claims per day (gross claims incurred) in motor claims of which £22m was for personal lines claims and £8m related to commercial claims.

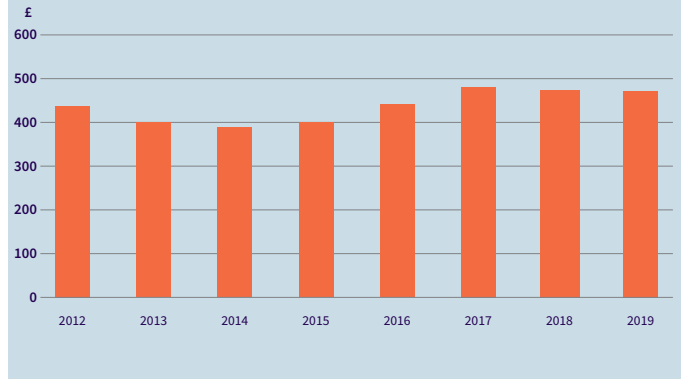
### £471

#### average premium

The average motor premium for private motor\* continued to fall reaching £471 in 2019 from £477 in 2018.



### 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

# £114m

### underwriting loss

The UK property insurance market made its fourth underwriting loss since 2010.

# £11.1bn

### domestic and commercial premiums

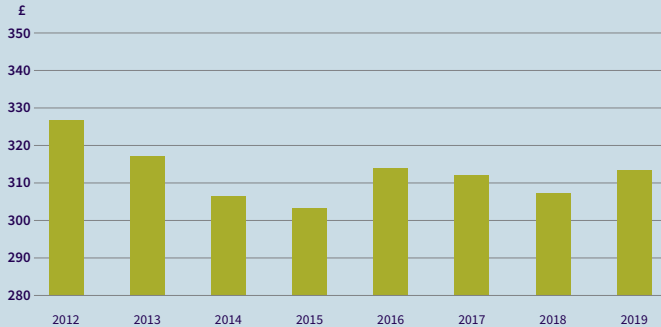
Property insurers wrote £11.1bn worth of domestic and commercial premiums in 2019 (gross of reinsurance).

# £313

### average premium

In 2019 the average premium for a combined building and contents policy was £313, compared to £307 in 2018.

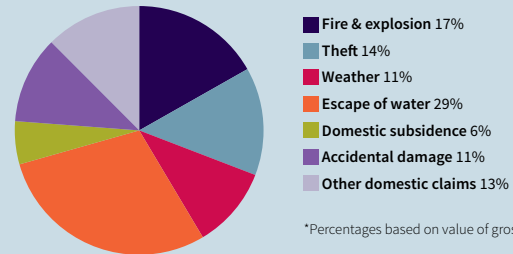
### Average premium paid for domestic property insurance\*



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

### Domestic Property Insurance Claims, by type of Claim

by type of claim (2019)



## CLAIMS ACCEPTANCE

# 82%

### claims acceptance

In domestic property, 82% of the total claims made were accepted in the 2018/19 period, a slight decrease on the previous year.

# £16m

### claims per day

Insurers processed the equivalent of £16m per day in property claims (gross claims incurred) of which £8m was for household claims and £8m related to commercial claims.



#### TRAVEL INSURANCE

## £1.03m

paid per day

In 2019, travel insurers paid 471,000 claims worth a total of £377m to travellers who needed help whilst they were abroad. £197m of this was to cover the cost of emergency medical treatment, and £141m for cancellations.

#### PRIVATE MEDICAL INSURANCE

## £8.7m

claims per day

Private medical insurers processed the equivalent of £8.7 million per day (gross claims incurred) of medical insurance claims in 2019.

ABI members wrote £4.73bn of Medical Expense Insurance premiums in 2019.



#### LIABILITY INSURANCE

## £5.9m

claims per day

Insurers processed the equivalent of £5.9m in claims per day in 2019 (gross claims incurred), of which £1.0m per day was for employer's liability.

## £297m

underwriting profit

The liability market made an underwriting profit of £297m in 2019, a decline from £415m in 2018.

#### PET INSURANCE

## £2.2m

claims per day

The equivalent of £2.2m worth of pet insurance claims were processed every day in 2019 (based on gross incurred claims).

## £822

average claim

The average pet insurance claim in 2019 was worth £822 (based on gross incurred claims).

## 3.4m

customers

Around 96% of animals covered by pet insurance are cats or dogs.

#### TRADE CREDIT

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

## 13,879

policies written

There were 13,879 trade credit insurance policies written in 2019.

## £861k

paid per day

Trade credit insurers paid the equivalent of £861k per day in claims in 2019.

Insurance &  
long-term savings:  
how they  
work for you

## HOME

**£313 a year**

Daniel makes sure the house and contents are protected by taking out property insurance.

**£8m per day**

The average value of claims processed by property insurers to repair homes and replace contents.



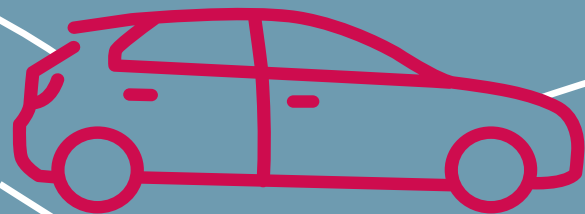
## MOTOR

Lauren renews her car insurance at an average cost of

**£471 a year**

**£10,676**

The average bodily injury claim following an accident.



## PET

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

**£2.2m per day**

The average pet insurers pay out for veterinary treatment for pets.



## RETIREMENT

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.

**18.4m**

number of individual pension policies in force.



## TRAVEL

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

**£540k a day**

The average travel insurers pay out to help people who need medical treatment abroad.

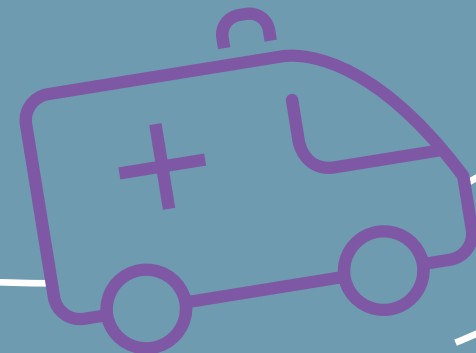


## PROTECTION

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.

**£15.8m every day**

amount insurers paid out for protection policies, including income protection, critical illness and life insurance.



## LIABILITY

Daniel owns a café in the town and makes sure he is covered with liability insurance should anything go wrong.

**£5.9m every day**

value of claims processed by liability insurers to protect businesses.





# General Insurance Fraud

## £1.2bn

### detected fraud

Over £1.2bn of general insurance claims fraud was detected/suspected in 2019.

Nearly 107,000 cases of confirmed/suspected claims fraud in 2019 - a 5% increase in volume compared to 2018.

## £605m

### motor fraud

Fraudulent motor claims were the most common, with over 58,000 in 2019 valued at £605m.

## £468m

### liability fraud

Volume of fraudulent liability claims is largely unchanged from last year, with nearly 19,000 claims, detected and valued at £468m, a slight decrease in value of claims detected last year.

Detected fraud - value of cases, £bn



# Long-term Savings and Life Statistics

## PENSIONS

## 18.4m

### individual pensions policies in force

39% of individual pension policies were workplace pensions.

## 77%

### employees contributing

77%<sup>9</sup> of employees were contributing to a workplace pension in 2019. This has increased from 76% in 2018.

## PENSION AUTO-ENROLMENT

Following the introduction of auto-enrolment, certain employees who are not already in a work place pension scheme will be automatically enrolled into one.

## 22.5m<sup>10</sup>

### members of qualifying schemes

By the end of July 2020 there were 22.5m employees in qualifying schemes, with 10.3m of these automatically enrolled.

## 4.2m

### pensions policies sold

Just over 4.2 million pension policies\* were sold in 2019.

\*Includes personal and work-based individual pension as well as trust based pensions, master trusts and investment only pension.

<sup>9</sup> ONS – Annual Survey of Hours and Earnings (ASHE)

<sup>10</sup> The Pensions Regulator, Declarations of Compliance July 2020

## RETIREMENT INCOME

The pension reforms announced in 2014 gave people more flexibility around how to access their pension pots at retirement.

# £6.9bn

**withdrawn**

An estimated £6.9bn was withdrawn from pension pots through both drawdown payments and cash withdrawals in the period April 2019 - April 2020.



## INCOME DRAWDOWN

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

# £9.25bn

**invested in drawdown**

In 2019 £9.25bn was invested in income drawdown products, with 116,000 new contracts – an average of almost £79,700 invested. This compares to £9.25bn and 111,600 contracts sold in 2018.

## ANNUITIES

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

# 6.1m

**pension annuities**

In 2019, £11.4bn in payments were made.

# 65,000

**annuity sales**

There were just under 65,000 annuity sales in 2019, decreasing from 70,000 in 2018. The total value of annuity sales fell slightly to £4.3bn.

# 49%

**of annuities bought from existing provider**

## INVESTMENT AND SAVINGS

Investment and savings products include investment bonds and endowments.

**5.2m**  
policies in force

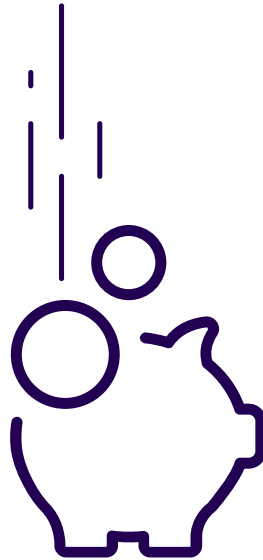
**£33m**  
paid per day

**67,000**  
new policies

2019 saw 67,000 new savings and investment policies sold.

## ISAs

**248,000**  
new ISA policies in 2019



## 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.

**20.7m**  
policies in force

There were 20.7m individual term, whole of life, income protection and critical illness insurance policies in force. In addition, there were 237,000 long-term care, collective life and relevant life policies.

**10.2m**  
members

There were 10.2m members of group life cover, group income protection and group critical illness schemes, of which 7.4m were life cover. Group cover is provided by employers for the benefit of their employees.

**2.65m**  
new policies

Around 2.65m new individual and group protection products were taken out in 2019.

**98%**  
claims acceptance

98% of protection claims were paid out, including 97% of term life insurance claims and 92% of critical illness claims.

**£15.8m**  
paid per day

£5.7 billion was paid to 315,000 customers or families as a result of claims on protection insurance policies, an average of £15.8m each day.

# How Customers Purchase Insurance Products

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 (62%) and nearly a third of personal property insurance (31%) is purchased directly by consumers\*.

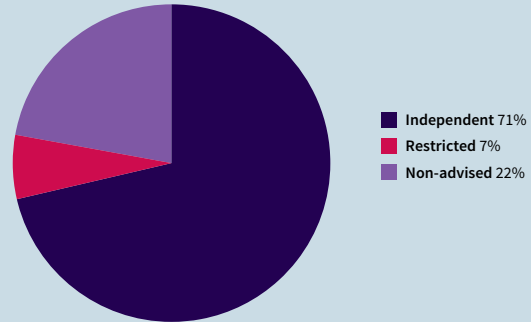
Long-term savings and investment products tend to be taken out with advice. 78% of customers who purchased a pension, protection or other long-term insurance product had some form of advice. Whether advice is taken depends on the product being purchased.

Independent advice was taken by 82% of consumers in selecting a pension product. For protection products it was 55%.

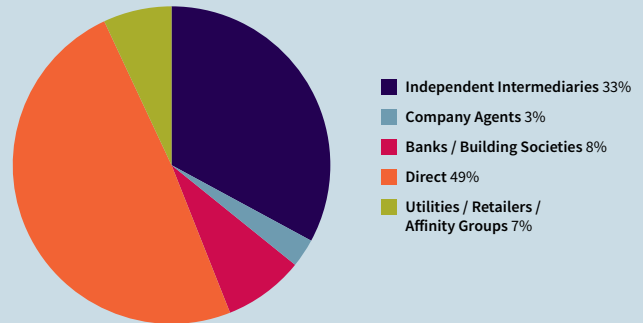


\* sales via price comparison websites can appear in direct or intermediated channels, depending on the nature of the sale.

Distribution of long-term products, by advice channel



Distribution of personal lines, general insurance



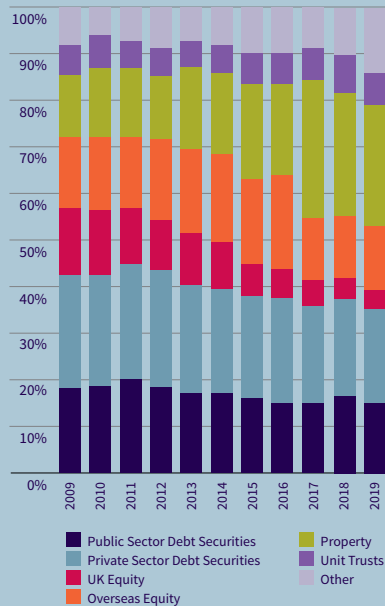
# Insurance & long-term savings: Important role as investors

**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 2019 ABI members held £1.6trn of assets, of which £1.48trn was held by life insurance companies.

UK Equity holdings have decreased from 15% of the total in 2009 to only 5% today. Overseas Equity has also decreased, falling two percentage points in the last 10 years. Property investments have however increased over the same period, and in 2019 reached holdings of £117bn.

Chart of invested assets by asset class



## Further Data

To purchase detailed ABI statistics visit [abi.org.uk/data](https://abi.org.uk/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.**

Our website 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.

\* [abi.org.uk](http://abi.org.uk)

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