



UK Insurance & Long-Term Savings Key Facts



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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.

The UK insurance industry is the largest in Europe and the fourth largest in the world. It is an essential part of the UK's economic strength, managing investments of £1.8 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.

Each year the ABI publishes a summary booklet of the UK insurance industry. This booklet provides facts and figures on 2017 (unless otherwise stated and where available) about UK insurance¹ and its significant contribution both to the economy and society.

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Top 10 Key Facts



1

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

2
£29.5bn

UK insurers contribute £29.5bn to the UK economy

3
£1.8trn

ABI Members hold over £1.8trn invested assets

5
£43.3m

£43.3m was paid out each day in motor & property claims



6

Travel insurers paid out **£385m** claims to travellers who needed help whilst they were abroad

4
303,500

There are 303,500 people employed in the UK insurance industry

8
15m

Over 15 million employees contributed to a workplace pension in the UK in 2015



7

£5.7bn was withdrawn from pensions

10
£1.3bn

£1.3bn fraudulent claims detected

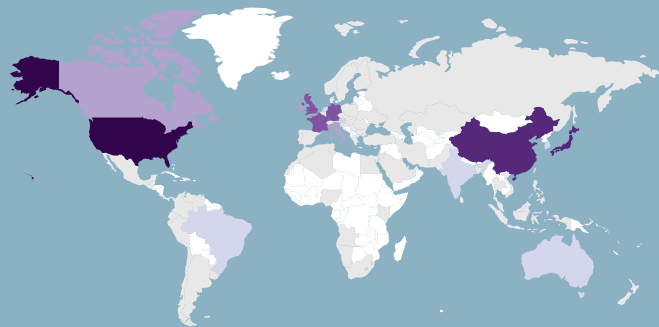


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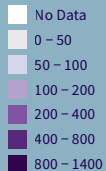
98% of protection claims presented were paid out

Insurance & long-term savings: a UK success story

Breakdown of worldwide premium income by country, 2017



Total Premium Volume 2017 (USD billions)



1st

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

23.4%

The UK insurance and long-term savings industry generates just under a quarter of total EU premium income.³

² Source: Swiss Re, Sigma No 3/2018

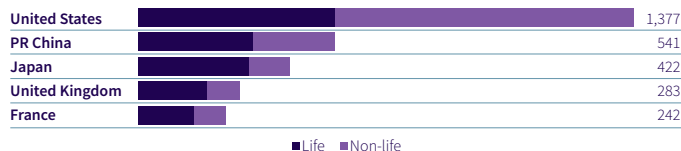
³ Source: Insurance Europe, European Insurance Key Facts 2018



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Total Premium Income, \$bn, 2017



337⁴

Long-term savings providers

Number of authorised life insurance companies in the UK, of which 159 are UK authorised and 178 are headquartered in another European country and passport in under Freedom of Services.

872⁴

General insurers

Number of authorised general insurance companies in the UK, of which 281 are UK authorised and 591 are headquartered in another European country and passport in under Freedom of Services.

303,500⁷

employees

In the UK, 94,200 are directly employed by insurance companies and 209,300 are employed in auxiliary services to insurance and pension funding; such as broking, & third party services.

£11.8bn⁶ £29.5bn⁵

taxes paid

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

contribution to the economy

In 2016 the UK insurance industry contributed £29.5bn to the UK economy.

⁴ Source: Bank of England, July 2018

⁵ Source: Blue Book 2018, 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" 2017

Insurance & long-term savings: households and types of products

Of the 26.6 million households in the UK in 2016-17:

- 19.6 million had contents insurance
- 20.1 million had motor insurance
- 16.9 million had buildings insurance
- 3.1 million had mortgage protection
- 1.9 million had private medical insurance

And for long-term savings products:

- 5.3 million had whole of life assurance
- 2.2 million had a personal pension
- 0.5 million had term life assurance
- 0.3 million had income protection



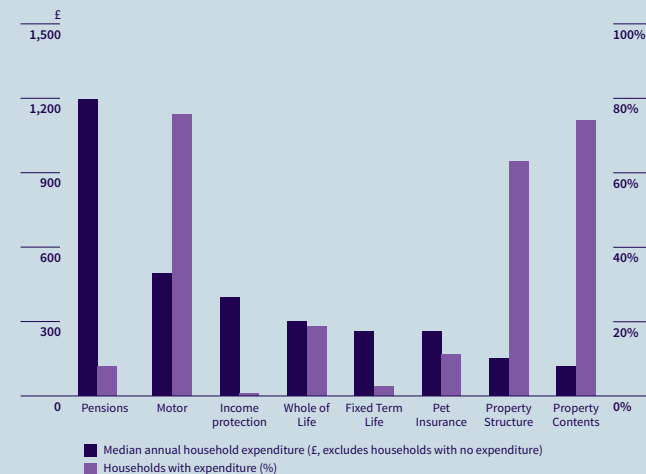
⁸ Source: ABI Analysis, Office for National Statistics, Department for Environment, Food and Rural Affairs. (2018). Living Costs and Food Survey, 2016-2017. Note that the 'personal pensions' figure excludes any occupational pensions.

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Household holdings & expenditure on insurance and long-term savings products, 2015-16



General Insurance Statistics

MOTOR INSURANCE

£269m

underwriting profit

The £269m underwriting profit in 2017 was a significant increase on the £909m underwriting loss in 2016, and the third time that the UK motor insurance market made a profit since 1994.

98.4%

claims acceptance

In private motor, 98.4% of the total number of claims made were accepted in the 2016/17 period, similar to the previous year

£29m

paid per day

Insurers paid out £29m per day in motor claims of which £21.7m was for domestic claims and £7.3m related to commercial claims.

£10,347

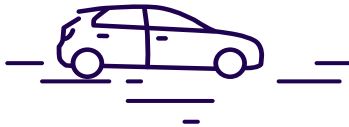
average Bodily Injury claim

Whilst average claims for bodily injury are high, the overall average for all types of private car claims was £2,952.

£471

average premium

By Q3 2018 the average motor premium for private motor had fallen from its all-time high of £495 (Q4 2017) to £471.

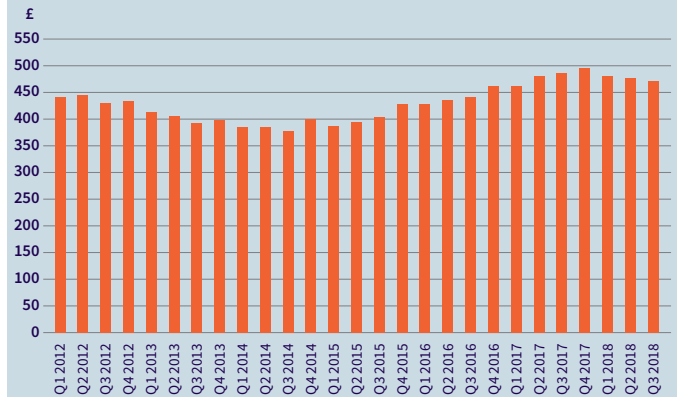


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Average premium paid for private motor insurance*



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

PROPERTY INSURANCE

£420m

underwriting profit

Following benign weather, the UK property insurance market made its sixth underwriting profit since 2011.

£14.3m

paid per day

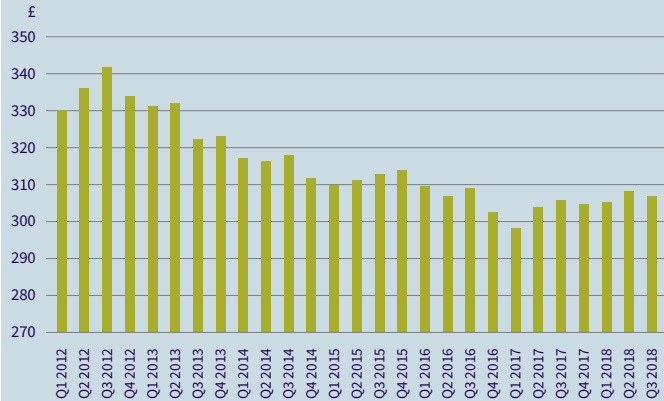
Insurers paid out £14.3m per day in property claims of which £7.8m was for domestic claims and £6.5m related to commercial claims.

£307

average premium

In Q3 2018 the average premium for a combined building and contents policy was £307, compared to £306 in Q3 2017.

Average premium paid for domestic property insurance*



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

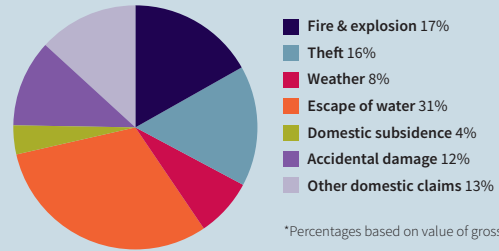


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Domestic Property Insurance Claims, by type of Claim



*Percentages based on value of gross claims incurred

TRAVEL INSURANCE

£1.1m

paid per day

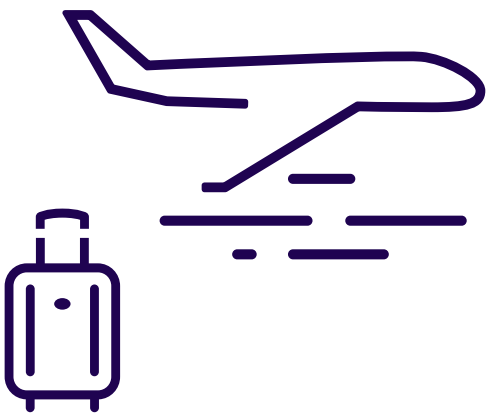
In 2017, travel insurers paid out £385m for 510,000 claims to travellers who needed help whilst they were abroad. £201m of this was to cover the cost of emergency medical treatment, and £145m for cancellations.

MEDICAL EXPENSE INSURANCE

£3.3bn

GWP

The Gross Written Premium of ABI members' Medical Expense Insurance for 2017 was £3.3bn.



LIABILITY INSURANCE

£57m

underwriting profit

The liability insurance market made an underwriting profit of £57m in 2017, a big improvement on the £176m loss in 2016.

£7.5m

paid per day

Every day, liability insurers paid out claims of £7.5m, of which £1.57m was for employer's liability.

PET INSURANCE

3.8m

customers

Around 96% of pet insurance is for cats and dogs.

£757

average claim

£2.1m

paid per day

TRADE CREDIT

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

12,842

policies

£617k

paid per day in claims

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



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HOME

£307 a year

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

£7.8m per day

The average property insurers pay out to repair homes and replace contents.



PET

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

£2.1m per day

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



TRAVEL

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

£550k a day

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

LIABILITY

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

£7.5m every day

amount liability insurers pay out to protect businesses.



RETIREMENT

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.

23.9m

number of individual pension policies in force.



MOTOR

Lauren renews her car insurance at an average cost of

£471 a year

£10,347

The average bodily injury claim following an accident.



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.

£13.9m every day

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



General Insurance Fraud

£1.28bn

detected fraud

Over 112,000 detected cases of attempted claims fraud in 2017 - an 8% decrease in volume compared to 2016.

£775m

motor fraud

Fraudulent motor claims were the most common, over 67,000 in 2017, and valued at £775m.

£386m

liability fraud

Volume of fraudulent liability claims is down 27% in 2017, with 19,000 detected, and valued at over £386m.

Detected Fraud - Value of Cases



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Long-term Savings and Life Statistics

PENSIONS

23.9m

policies

Half of individual pension policies were workplace pensions.

73%

contributing employees

73%⁹ of employees were contributing to a workplace pension in 2017. This has increased from 68% in 2016.

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.

21.2m¹⁰

members of qualifying schemes

By the end of July 2018 there were 21.2m employees in qualifying schemes, with 9.9m of these automatically enrolled.

4.1m

policies sold

Just over 4.1 million pension policies* were sold in 2015.

⁹ ONS Annual Survey of Hours and Earning pension tables, UK: 2017 provisional results

¹⁰ The Pensions Regulator, Declarations of Compliance July 2018

*Includes personal and work-based individual pensions, master trusts and investment only pensions.

RETIREMENT INCOME

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

£5.7bn

withdrawn

An estimated £5.7bn was withdrawn from pension pots through both drawdown payments and cash withdrawals in the year from April 2017.



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INCOME DRAWDOWN

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

£9.2bn

invested in drawdown

In 2017 £9.2bn was invested in Income Drawdown products, with 102,000 new contracts, this is an average of almost £90,000 invested. This compares to £6.5bn and 85,000 contracts sold in 2016.

ANNUITIES

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

6.7m

pension annuities in force

In 2017, £14.7bn in payments were made.

69,000

annuity sales

There were 69,000 annuity sales in 2017, decreasing from 75,000 in 2016. The total value of annuity sales has increased slightly to £4.4bn.

48%

bought from existing provider

INVESTMENT AND SAVINGS

Investment and savings products include investment bonds and endowments.

6.3m
policies in force

£44m
paid per day

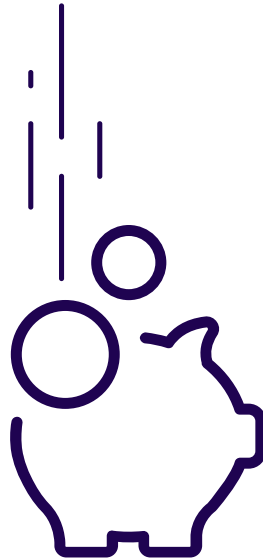
88,000
new policies
2017 saw 88,000 new savings and investment policies sold.

LONG-TERM CARE

26,000
policies in force

ISAs

236,000
new ISA policies in 2017



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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.

25.2m
policies in force

There were 25.2m individual term, whole of life, income protection and critical illness insurance policies in force. In addition, there were 535,000 collective life policies.

12.1m
members

There were 12.1m members of group life cover, group income protection and group critical illness schemes, of which 9.1m were life cover. Group cover is provided by employers for the benefit of their employees.

2.1m
new policies

Around 2.1m new individual and group protection products were taken out in 2017.

98%
claims acceptance

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

£13.9m
paid per day

£5.1bn was paid to 173,000 customers or families as a result of claims on protection insurance policies, an average of £13.9m 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 (60%) and a quarter of personal property insurance (27%) 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. 83% 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.

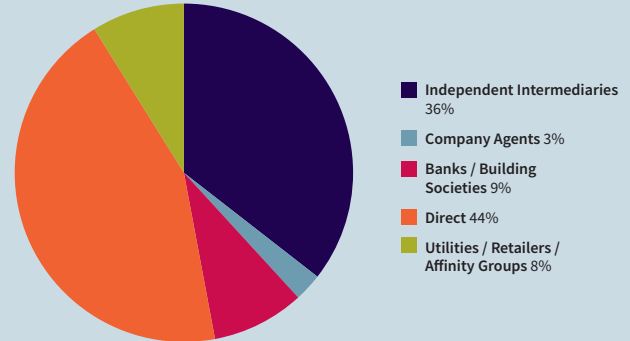
Independent advice was taken by 74% of consumers in selecting a pension product. For protection products it was 68%.



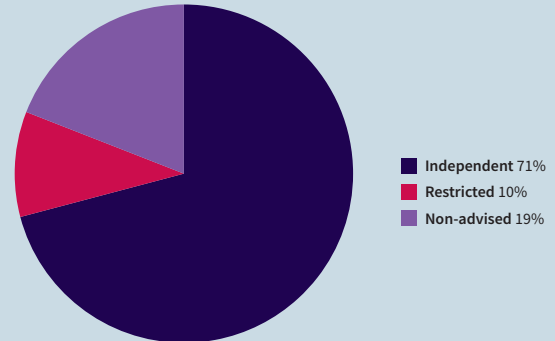
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Distribution of personal lines, general insurance



Distribution of long-term products, by advice channel




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.

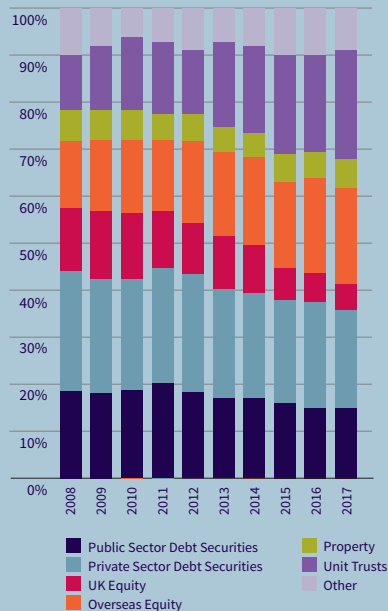
At the end of 2017, ABI members held £1.8trn of assets, of which £1.66trn was held by life insurance companies.

UK Equity holdings have decreased from 14% of the total in 2008 to only 5% today, a decrease counterbalanced by an increase in Overseas Equity. Unit Trust business has increased significantly over the same period, and in 2017 reached holdings of £424bn.

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Chart of invested assets by asset class



Further Data

To purchase detailed ABI statistics visit <https://www.abi.org.uk/data-and-resources/industry-data/industry-data-and-subscriptions/>

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About the ABI

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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.



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