



UK Insurance & Long-Term Savings Key Facts

December 2019



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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 insurance¹ 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 **£29.1bn**

UK insurers contribute £29.5bn to the UK economy

3 **£1.74trn**

ABI Members hold over £1.7trn invested assets

5 **£45.3m**

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



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

4 **307,000**

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

8 **76%**

76% of employees pay into a workplace pension



Customers withdrew **£6.8bn** from their pensions

10 **£1.2bn**

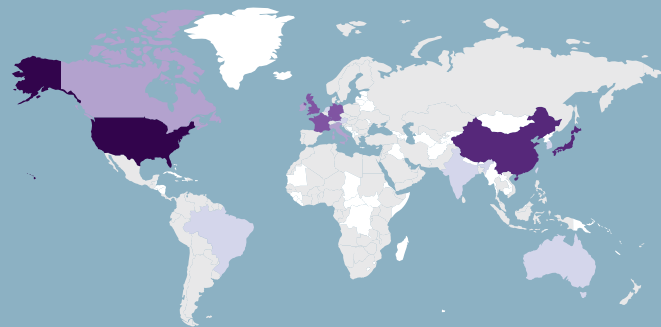
£1.2bn fraudulent claims detected



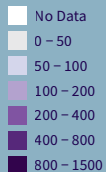
98% of protection claims were paid out

Insurance & long-term savings: a UK success story

Breakdown of worldwide premium income by country, 2018



Total Premium Volume 2018 (USD billions)



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

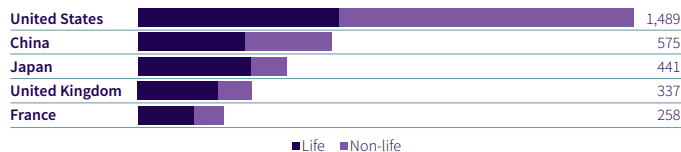
³ Source: UK trade in services: service type by partner country, non-seasonally adjusted, July 2019



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Total Premium Income, \$bn, 2018



332⁴

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.

927⁴

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.

307,000⁷

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.

£11.8bn⁶ £29.1bn⁵

taxes paid

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

contribution to the economy

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

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



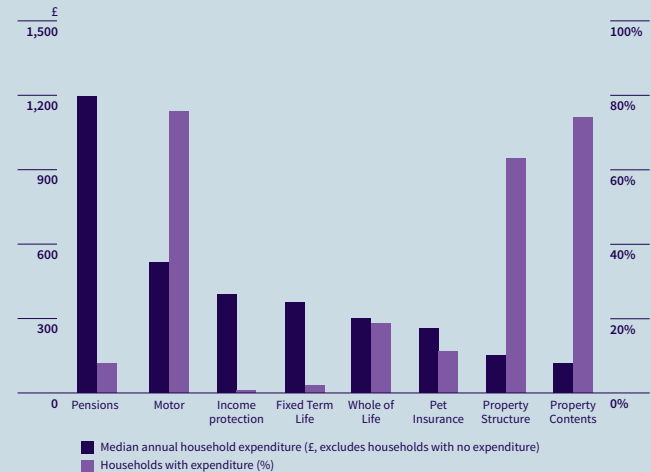
⁸ Source: ABI Analysis, Office for National Statistics, Department for Environment, Food and Rural Affairs. (2018). Living Costs and Food Survey, 2017-2018.



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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 (%)

General Insurance Statistics

MOTOR INSURANCE

£515m

underwriting profit

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

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.

£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.

£10,454

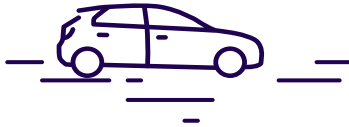
average Bodily Injury claim

Whilst average claims for bodily injury are high, the overall average for all types of private car claims was £3,082.

£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.



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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

£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.

£17m

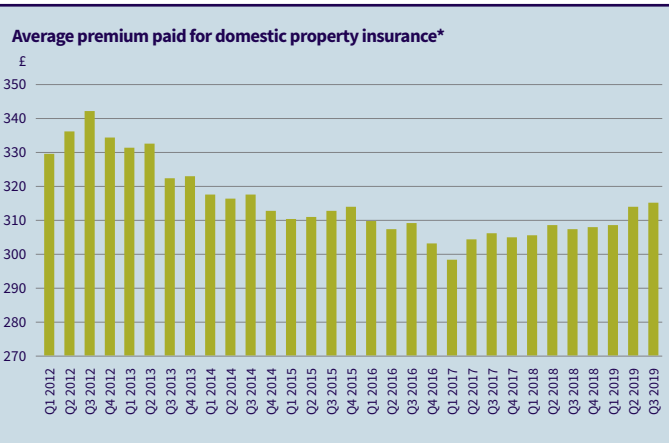
paid per day

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

82.8%

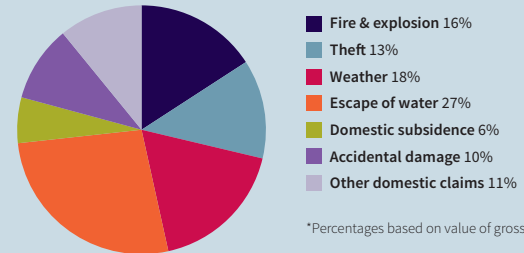
claims acceptance

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.



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

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



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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.

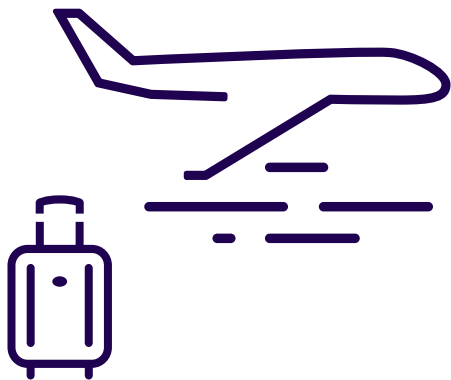
MEDICAL EXPENSE INSURANCE

£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.

£793

average claim

The average pet insurance claim was nearly £800.

£2.15m

paid per day

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

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



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HOME

£307 a year

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

£8.9m per day

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



MOTOR

Lauren renews her car insurance at an average cost of

£468 a year

£10,454

The average bodily injury claim following an accident.



PET

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.



TRAVEL

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.



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.

25.1m

number of individual pension policies in force.



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.

£14.5m every day

amount insurers pay 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.

£6m every day

amount liability insurers pay out to protect businesses.

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

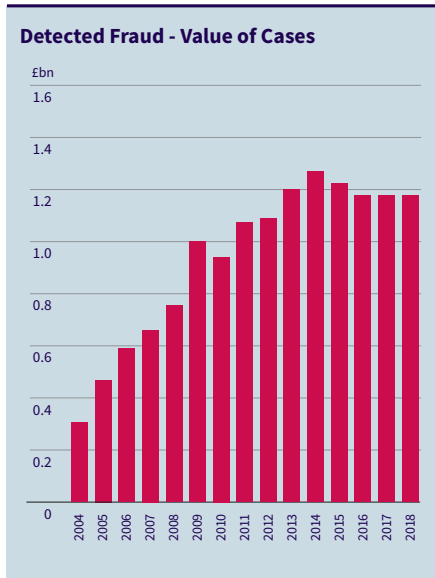
motor fraud

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.



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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.

21.7m¹²

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.

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.

RETIREMENT INCOME

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

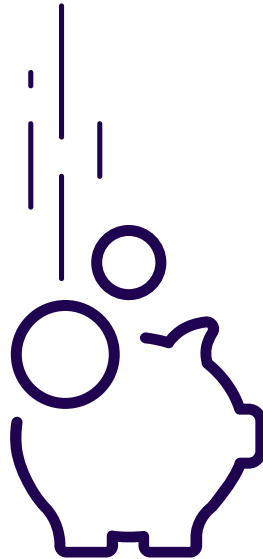
77,000
new policies
2018 saw 77,000 new savings and investment policies sold.

LONG-TERM CARE

24,000
policies in force

ISAs

200,000
new ISA policies in 2018



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.

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.

2.5m
new policies

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

98%
claims acceptance

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

£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.

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 (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.

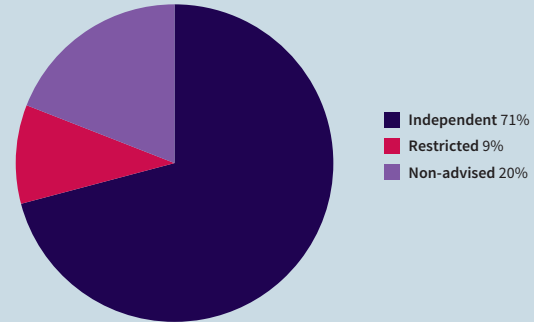
Independent advice was taken by 71% of consumers in selecting a pension product. For protection products it was 67%.



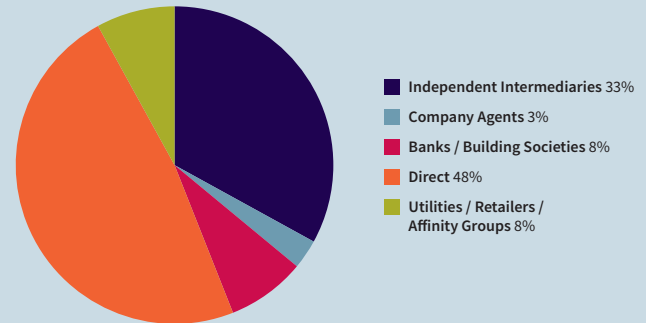
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Distribution of long-term products, by advice channel



Distribution of personal lines, general insurance



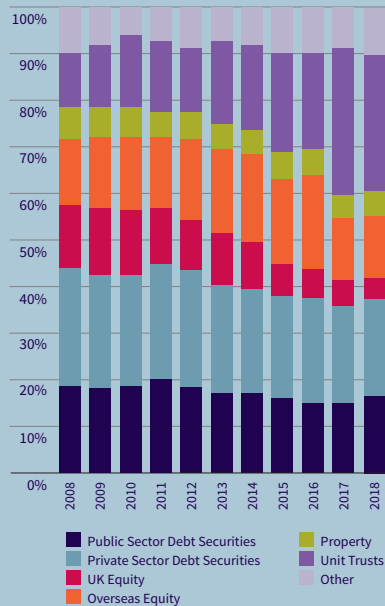
Insurance & long-term savings: Important role as investors

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 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.

Chart of invested assets by asset class



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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

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.



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