



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 over £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.

Each year the ABI publishes a summary booklet of the UK insurance industry. This booklet provides facts and figures on 2016 (unless otherwise stated and where available) about UK insurance¹ 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 the EU

2

£35bn

UK insurers contribute £35bn to the UK economy

3

£1.7tn

ABI Members hold over £1.7tn invested assets

4

324,100

There are 324,100 people employed in the UK insurance industry

5

£46.2m

£46.2m was paid out each day on private motor & property claims

6



Travel insurers paid out **£369m** claims to travellers who needed help whilst they were abroad

7



£5.7bn was withdrawn from pensions in the second year after the introduction of the reforms

8

15m

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

9



98% of protection claims presented were paid out

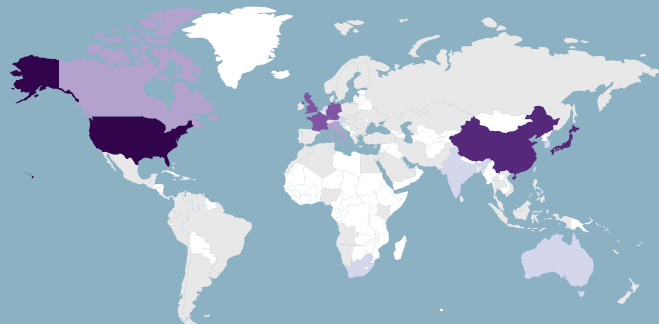
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£1.3bn

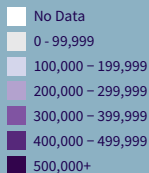
£1.3bn fraudulent claims detected

Insurance & long-term savings: a UK success story

Breakdown of worldwide premium income by country, 2016



Total premiums 2016
(USD billions)



1st

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

21.2%

The UK insurance and long term savings industry generates over a fifth of total EU premium income.³

² Source: Swiss Re, Sigma No 3/2017

³ Source: Insurance Europe, European Insurance Key Facts 2016

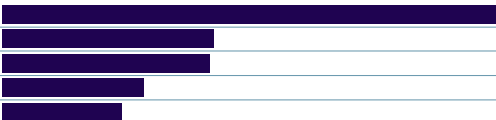


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Total Premium Income, \$bn, 2016

United States		1,352
Japan		471
PR China		466
United Kingdom		304
France		238

357⁴

Long-term savings providers

Number of authorised life insurance companies in the UK, of which 170 are UK authorised and 187 are headquartered in another European country and passport in under Freedom of Services.

925⁴

General insurers

Number of authorised general insurance companies in the UK, of which 301 are UK authorised and 624 are headquartered in another European country (or Gibraltar) and passport in under Freedom of Services.

324,100⁷

employees

In the UK, 105,000 are directly employed by insurance companies and 219,100 are employed in auxiliary services to insurance and pension funding (such as broking & third party services).

£11.8bn⁶

taxes paid

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

£35bn⁵

contribution to the economy

In 2014 the UK insurance industry contributed £35bn to the UK economy.

⁴ Source: Bank of England, June 2017

⁵ Source: Blue Book 2016, Office for National Statistics

⁶ Source: PWC, Total Tax Contribution of the UK Insurance Industry, 2014

⁷ Source: Office for National Statistics licensed under the Open Government Licence v3.0

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

Of the 27.2 million households in the UK in 2015-16:

- 19.7 million had contents insurance
- 20.2 million had motor insurance
- 16.6 million had buildings insurance
- 3.3 million had mortgage protection
- 1.7 million had private medical insurance

And for long-term savings products:

- 5.0 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 protection⁸



⁸ Source: ABI Analysis, Office for National Statistics, Department for Environment, Food and Rural Affairs. (2017). Living Costs and Food Survey, 2015-2016

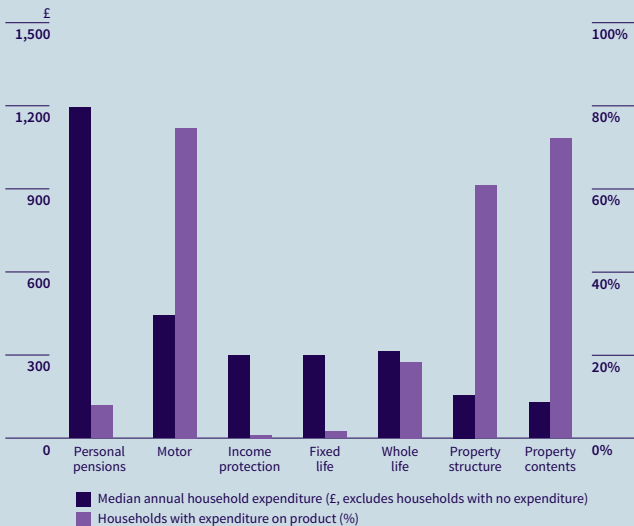


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Household holdings & expenditure on insurance and long-term savings products, 2015-16



General Insurance Statistics

MOTOR INSURANCE

£194m

underwriting loss

The £194m underwriting loss in 2016 was a significant decrease from the £33m underwriting profit in 2015, the first 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 in 2015/16 were accepted.

£33.3m

paid per day

Insurers paid out £33.3m per day in motor claims of which £23.6m was for domestic claims and £9.7m related to commercial claims.

£9,924

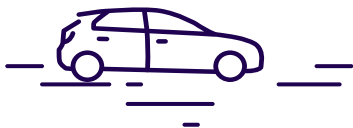
average Bodily Injury claim

Whilst average claims for bodily injury are high, the overall average for all types of private car claims was £2,839.

£485

average premium

By Q3 2017 the average motor premium for private motor had risen to £485, following the rise in IPT from 10% to 12%, as well as the Ogden discount rate change from 2.5% to -0.75%.

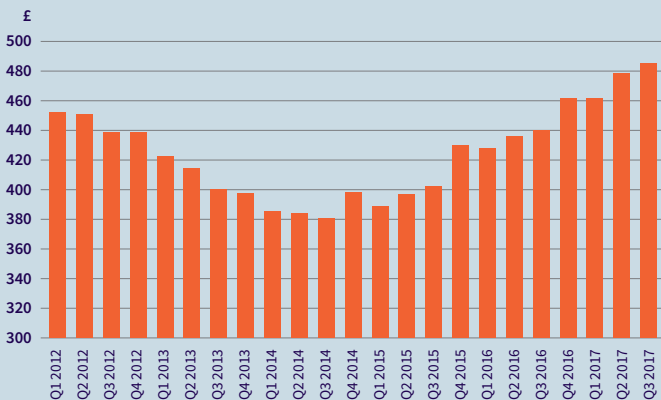


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Average premium paid for private motor insurance*



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

PROPERTY INSURANCE

£938m

underwriting profit

Following benign weather, the UK property insurance market made an underwriting profit after the first underwriting loss since 2010 was reported last year.

£12.9m

paid per day

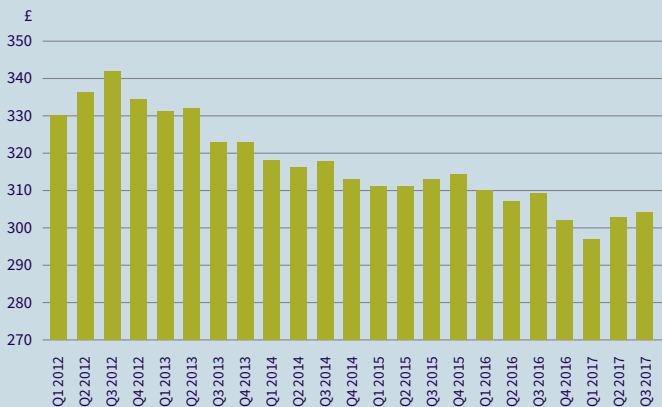
Insurers paid out £12.9m per day in property claims of which £7.4m was for domestic claims and £5.5m related to commercial claims.

£304

average premium

By Q3 2017, the average premium for a combined building and contents policy had fallen from £309 in Q3 2016 to £304, however had risen from £302 in Q2 2017.

Average premium paid for domestic property insurance*



*the average amount paid (including IPT) for a combined buildings and contents policy

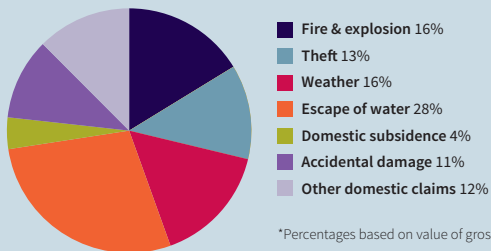


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Domestic Property Insurance Claims 2016, by type of Claim



TRAVEL INSURANCE

£1m

paid per day

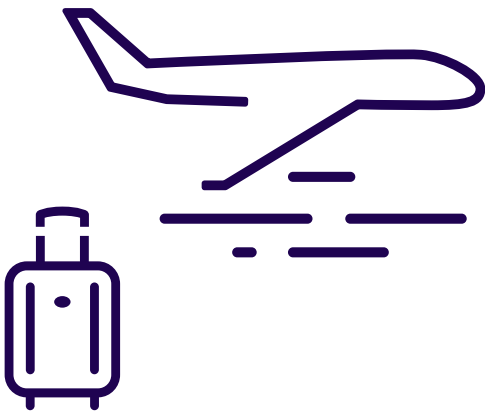
In 2016, travel insurers paid out £369m for 480,000 claims to travellers who needed help whilst they were abroad. £199m of this was to cover the cost of emergency medical treatment, and £130m for cancellations.

MEDICAL EXPENSE INSURANCE

£3.1bn

GWP

The Gross Written Premium of ABI members' Medical Expense Insurance for 2016 was £3.1bn.



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LIABILITY INSURANCE

£312m

underwriting profit

The liability insurance market made an underwriting profit of £312m in 2016.

£8.0m

paid per day

Every day, liability insurers paid out claims of £8.0m, of which £2.4m was for employer's liability.

PET INSURANCE

3.4m

customers

Around 97% of insurance being for cats and dogs.

£757

average claim

£1.9m

paid per day

TRADE CREDIT

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

12,000

policies

£574k

paid per day in claims

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

HOME

£302 a year

average cost of property insurance to make sure your house and contents are protected.

£7.4m per day

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





PET

£1.9m per day

average pet insurers pay out for veterinary treatment for pets.



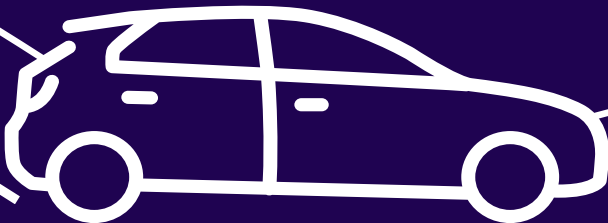
MOTOR

£485 a year

average cost of car insurance per household.

£9,924

The average bodily injury claim following an accident.





TRAVEL

£545k a day

Travel Insurers pay out to help people who need medical treatment abroad.



RETIREMENT

20.8m

number of individual pension policies in force.



LIABILITY

£8m every day

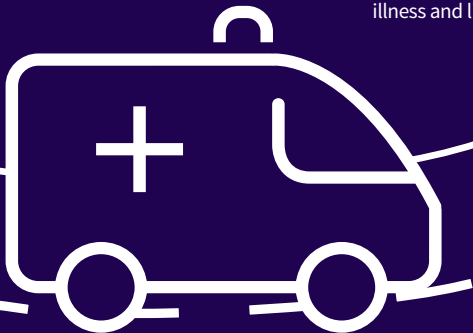
amount liability insurers pay out to protect businesses.



PROTECTION

£12.5m every day

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



General Insurance Fraud

£1.3bn

detected fraud

Over 125,000 detected cases of attempted claims fraud in 2016 - a 5% decrease in volume compared to 2015.

£780m

motor fraud

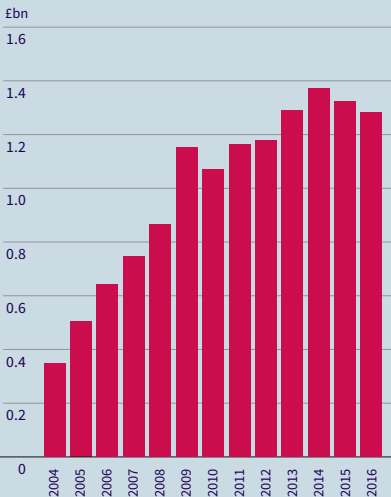
Fraudulent motor claims were the most common, with over 68,000 cases in 2016.

£372m

liability fraud

Volume of fraudulent liability claims is down 4% in 2016, with 25,000 cases valued at over £372m.

Detected Fraud - Value of Cases



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Long-term Savings and Life Statistics

PENSIONS

20.8m

policies

More than a third of individual pension policies were workplace pensions.

68%

contributing employees

68%⁹ of employees were contributing to a workplace pension in 2016. This has increased from 64% in 2015.

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.

18.8m¹⁰

members of qualifying schemes

By the end of August 2017 there were 18.8m employees in qualifying schemes, 8.7m were automatically enrolled.

3.5m

policies sold

Just over 3.5 million pension policies* were sold in 2015

⁹ Annual Survey of Hours and Earnings pension tables 2016 provisional results

¹⁰ The Pensions Regulator, Declarations of Complicance September 2017

*Includes personal and work-based individual pension as well as trust based 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

In the second year following the introduction of the reforms, an estimated £5.7bn was withdrawn from pension pots through both drawdown payments and cash withdrawals.



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INCOME DRAWDOWN

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

£6.5bn

invested in drawdown

In 2016 £6.5bn was invested in Income Drawdown products, with 85,000 new contracts this is an average of almost £77,000 invested. This compares to £5.5bn and 79,000 contracts sold in 2015.

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 force

In 2016, £14.5bn in payments were made.

75,000

annuity sales

There were 75,000 annuity sales in 2016, decreasing from 82,000 in 2015. The total value of annuity sales has remained consistent at £4.3bn.

52%

bought from existing provider

INVESTMENT AND SAVINGS

Investment and savings products include investment bonds and endowments.

5.3m
policies in force

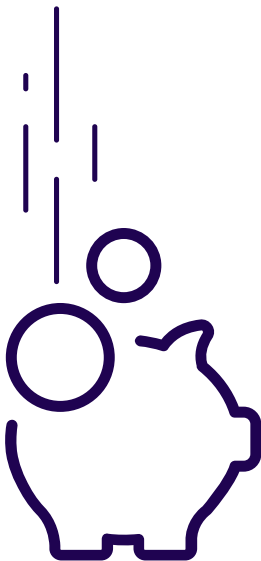
£45m
paid per day

121,000
new policies

2016 saw 121,000 new savings and investment policies sold

LONG-TERM CARE

21,000
policies in force



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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.

25.7m

policies in force

There were 25.7m individual term, whole of life, income protection and critical illness insurance policies in force. In addition, there were 725,000 collective life policies.

2m

new policies

Just under 2m new individual and group protection products were taken out in 2016.

£12.5m

paid per day

£4.6 billion was paid to 138,000 customers or families as a result of claims on protection insurance policies, an average of £12.5m each day.

10.9m

members

There were 10.9m members of group life cover, group income protection and group critical illness schemes, of which 8.3m were life cover. Group cover is provided by employers for the benefit of their employees.

98%

claims acceptance

98% of protection claims were paid out¹¹, including 98% of term life insurance claims and 92% of critical illness claims.

¹¹ Excludes Group Income Protection

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 (58%) and a fifth of personal property insurance (26%) is purchased directly by consumers, which includes direct sales via a price comparison website.

Long-term savings and investment products tend to be taken out with advice. 81% 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 70% of consumers in selecting a pension product. For protection products it was 71%.

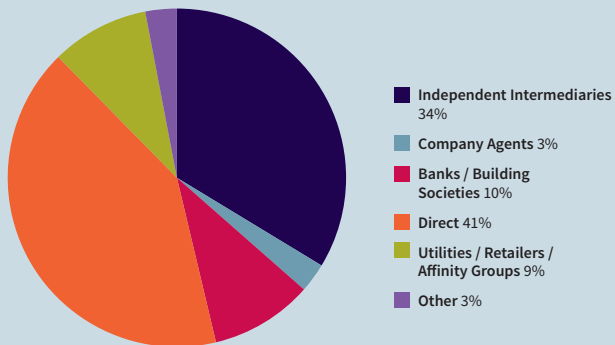


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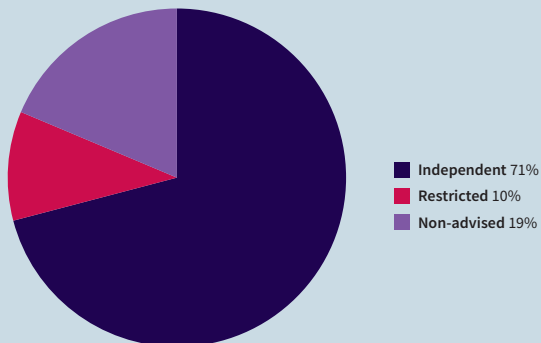


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Distribution of personal lines, general insurance



Distribution of long-term products, by advice channel



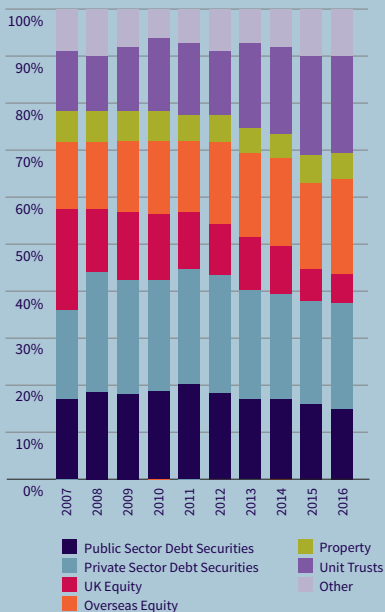
Insurance & long-term savings: Important role as investors

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 2016, ABI members held £1.7tn of assets, of which £1.6tn was held by life insurance companies.

UK Equity holdings have decreased from 22% of the total in 2007 to only 6% today, a decrease counterbalanced by an increase in Overseas Equity. Unit Trust business has increased significantly over the same period, and in 2016 reached holdings of £358bn.

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

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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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