Swiss Re

Term & Health Watch 2025

Contents

Introduction

Welcome to Term & Health Watch 2025, Swiss Re's analysis of new individual long-term life and health protection sales in the UK. In this Report, we present the results for individual Mortality, Critical Illness, and Income Protection sales in 2024.

2024 was another unpredictable year, with a change of UK Government and rising geopolitical tensions further afield. UK growth stalled towards the end of the year, driven by a combination of factors:

- Monetary policy started to ease in the second half of 2024, but still restrictive borrowing conditions continued to weigh on economic activity.
- The UK economy grew 1.1% in real terms in 2024. The service sector contributed positively to growth, while manufacturing output declined.
- Sticky but gradually declining inflation throughout the year, with core prices falling to 3.7% (6.2% in 2023). Headline inflation was 2.5% in 2024 (7.3% in 2023).
- Weaker growth than anticipated in the Autumn Budget eliminated a thin fiscal headroom, fragilizing government plans to increase growth potential through investments and ambitious economic reforms. Gilt market volatility followed.
- With slowly declining borrowing rates, the mortgage market improved in 2024 after a difficult 2023. The value of new mortgage commitments increased by 4.9% in Q4 2024, the highest since Q3 2022 and was 50.7% higher than a year earlier.
- Consumer spending was lower in 2024 than the previous year and the recovery will likely be somewhat hampered by new rising inflation and the remortgaging cycle.
- Uncertainty sentiment arising from global policy shifts weighs on the 2025 outlook.
- The Report delves into the UK economic context in more detail in the final chapter.

In 2024, 2,041,428 new Term Assurance, Whole Life, Critical Illness and Income Protection policies were sold, an increase of 2.2% compared to 2023. Most lines of business grew but there were some which did not fare so well.

- Total Term Assurance sales decreased with a sustained drop in Level Term Assurance sales. Decreasing Term Assurance and Relevant Life sales, however, saw growth. Sales of Term assurance with Critical Illness continued to fall, predominantly Decreasing Term with Critical Illness policies.
- Income Protection sales continue to grow. There was impressive growth in sales of "full term" Income Protection and one- and two-year Limited Payment Term products.[1]
- Sales of Guaranteed Acceptance Whole Life numbers declined slightly. This market is yet to recover from the substantial drop in 2022.
- Underwritten Whole Life sales also dropped after several years of consistent growth.

Many thanks go to the twenty product providers who contributed the data for this year's Report. It enables Swiss Re to provide detailed insights into the trends of the UK protection market each year.

Market Changes

Consolidation remained a hot topic throughout 2024. It was featured in the Financial Conduct Authority's (FCA) market study into pure protection products (PPMS) announced in August 2024.

Aviva completed its acquisition of AIG Life's UK protection business in April.[2] One other provider closed to new UK business last year and therefore is not included in the Report.

Guest Contributors

Once again, we are grateful to iPipeline for its contribution to this Report by sharing analysis and data. In 2024, it's estimated that over 45% share of directly-authorised and tied business was processed through the system, from over 30,000 users.

[1] "Full term" income protection has a benefit that will pay out to the insured's normal retirement age (NRA).
[2] Aviva completes acquisition of AIG's UK protection business – Aviva plc

Key themes in 2024

Guest contribution

"

Purposeful protection | Sharing value in a changing market[3]

Charlie Dellar
Data Scientist, iPipeline

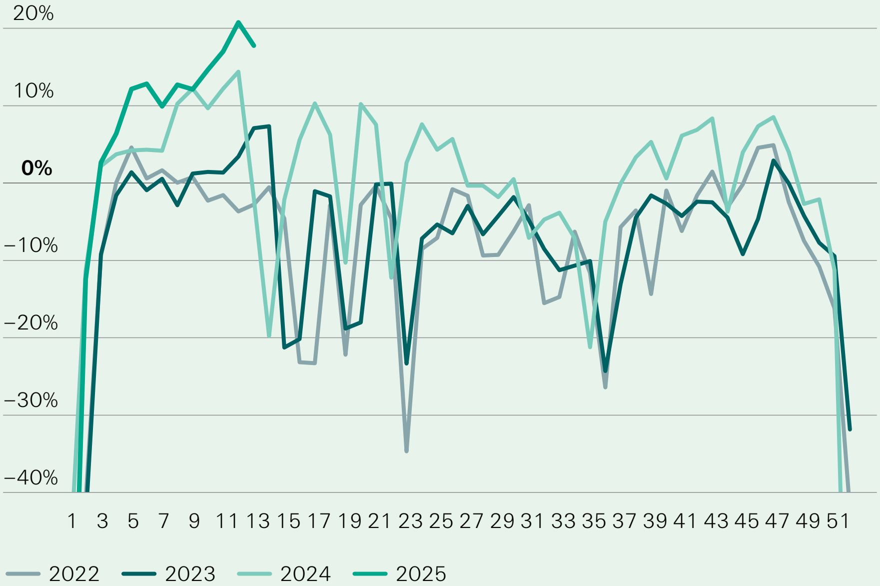
For many, spring marks a fresh start with renewed growth and momentum. So, whilst analysing iPipeline's quote and apply data, we're intrigued to see whether new season growth was evident in the data too.

It's fair to say that the intermediated, advised protection market continues to show a fair degree of growth in certain areas, resilience and success stories. 2024 was no exception. Good.

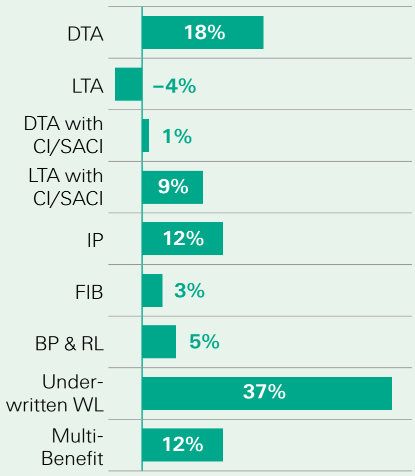
The headlines:

- New business applications were up 7.7% in 2024 YoY, a growth trend that continued to hold pace into 2025.
- The 'late bloomer', Income Protection, continues to deliver the kind of growth many have championed for so long, with another 15% growth during 2024 when considering standalone and multi-benefit policies.
- Multi-benefit policies continued to grow in popularity as advisers search for increased efficiency and product density. Applications increased by 12% and now make up over a third of all applications.
- Underwritten Whole Life saw strong gains again in 2024, with impressive growth of 37% – mirroring the recent trajectory of annuities – with a demand for more resilient plans and certainty in later life. This application data, however, shows the opposite trend in the sales data reported by Swiss Re which could suggest fewer people completed a sale.

iPipeline New Business Applications by Week (benchmark vs Feb 2022)



iPipeline Growth by Product Type Jan 2025 YoY



[3] The following chapter contains external observations from iPipeline

Beneath the headline story: how is the market moving and shaping, what are the data telling us about protection in 2024 that we didn't already know? Well, it's been getting more and more vivid as we progressed our analysis: A single word. Value.

Value is defined as *"the regard that something is held to deserve; the importance, worth, or usefulness of something."* Signs of the focus on *value* emerge throughout the data. In a market with different stakeholders, value will mean different things to different people – but the data could indicate the value of protection is shifting: let's explore how.

Advisers finding more value

The data from 2024 are beginning to illustrate an adviser community which is once again valuing protection as a key component of its advice process.

In terms of adviser segmentation, we've noted a small but important shift to general IFAs – who are now responsible for 36% of all protection applications, an identical growth to previous years and perhaps a trend towards a more 'holistic' advice model.

There has been a decline in the proportion of applications submitted by protection specialists and mortgage advisers – although for the latter a small decline post COVID-19 bounce back. We have equally noted a change in the scale or profile of adviser firms, with a growing proportion of business submitted by operationally larger adviser firms. This indicates a push towards greater efficiency, and client confidence and trust in the protection recommendation and buying process.

Not only is iPipeline's user base of advisers growing, up 1% during 2024, but these advisers are also recommending higher value protection. Over the course of the year the 7.7% increase in applications YoY resulted in an 11% increase in APE across all products. Yes, this is to be expected during periods of higher-than-average inflation, but it also comes against the backdrop of a continued fall in pricing – more on that later.

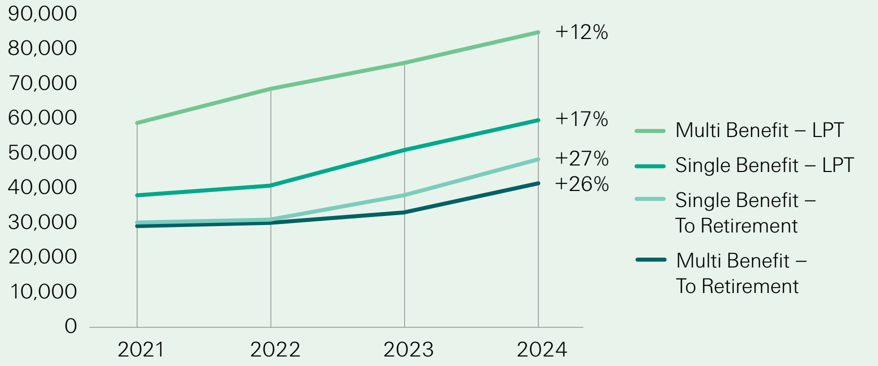
And recommending more valuable cover

2024 saw the continuation of everyone's favourite trend from the last few years with continued growth in Income Protection – total applications increasing 18% on 2023.

However, despite the continued pressures on household incomes, this growth wasn't driven by the most affordable cover options. In fact, the data show another trend line pointing to advisers seeing and recommending more value in protection – in 2024 we observed a 26% growth in income protection plans with full term payment periods. This would inevitably have impacted premiums paid, and delivered greater APE to providers, but it also again seems to point to consumers who may be happier to spend more on protection when times are tight.

Could it be that a lack of consumer confidence is the best driver of deeper protection planning? That when times are tight and finances feel more precarious, consumers are more inclined to spend their hard-earned money in less glamourous ways – for example by fully protecting themselves?

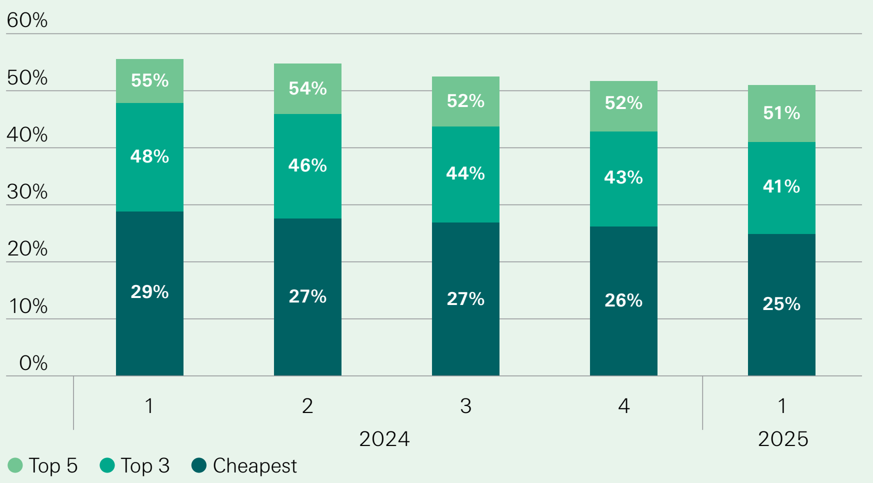
iPipeline Income Protection Applies by Single vs Multi Benefit and Payment Term 2024 YoY Growth %s



So, if Income Protection sales grow most at what many would describe as the quality end of the market, as opposed to plans with short term payment periods, did we observe a similar trend elsewhere?

Within Critical Illness sales we did notice a similar trend – in that price alone seemed to be a driving factor in a diminishing number of product selections. There was a steady decline of Critical Illness applications being linked to the cheapest quote, indicating more comprehensive cover being selected, more often. Is quality beginning to trump pounds and pence?

iPipeline CI Applies % by Price Position (where at least 7 providers on panel)



Multi-benefit continues on its, so far, one-way journey to popularity, with advisers recommending a multi-benefit plan in over a third of all recommendations more recently.

Whilst we continue to debate the relative priority of different protection products, and rightly so – it is encouraging to see product density per client, increasing. What most in the industry will agree on, is that two types of protection cover are better than one – and only topped by the full house – life, CI and IP.

This trend also evidences advisers' thirst for increased efficiency through the sale and recommendation process – protection remains a time consuming and emotive purchase for many, and we must remember that advisers are far more than just order takers, more often than not – they introduce, engage and overcome objections before making a recommendation.

It is hugely encouraging to see this recommendation increasingly going deeper than a single product line. This is sure to be aided by technology, which has helped package and bundle cover types more easily. Advisers have continued to positively embrace this approach.

Is there value for everyone?

So, these trends paint a picture of a protection market which is functioning even better for advisers. They're making recommendations increasingly based on quality across different products. They're increasing product density. They're converting a higher proportion of quotes to applications.

But what about providers? Surely this growth drives more value for them too.

The answer isn't clear cut. Yes, higher APE is welcome news for actuaries. But past this headline pricing competition continues to intensify across all cover types. This delivers value to customers, who pay less, it delivers value to advisers, who will likely convert more as a result. But is it delivering value to providers?

This isn't for me to answer, but it is likely that increasing competition and decreasing premiums will be continuing to challenge provider margins. It could and should be that providers are continuing to make cost savings through digitation and process efficiency – through automation of processes, for example in underwriting – but again we also know that legacy technology continues to hamper some.

However, this intense price competition goes some way to answer the questions that exiting insurers will mean a diminished market which delivers less for the end user. At least, the early evidence suggests not.

By monitoring a consistent set of price points over 2024 we saw the cost of Level Life steadily decrease by –5.7%, Decreasing Life by –2.0%. Critical Illness pricing saw smaller decreases through mid-year but started to return by year end.

Where does value opportunity remain?

There are pockets of the market which offer providers opportunity, where competition is less fierce and where the race for most competitive premiums is not quite so intense, or deep. For providers, the opportunity to gain share here is clear, so long as they can identify where.

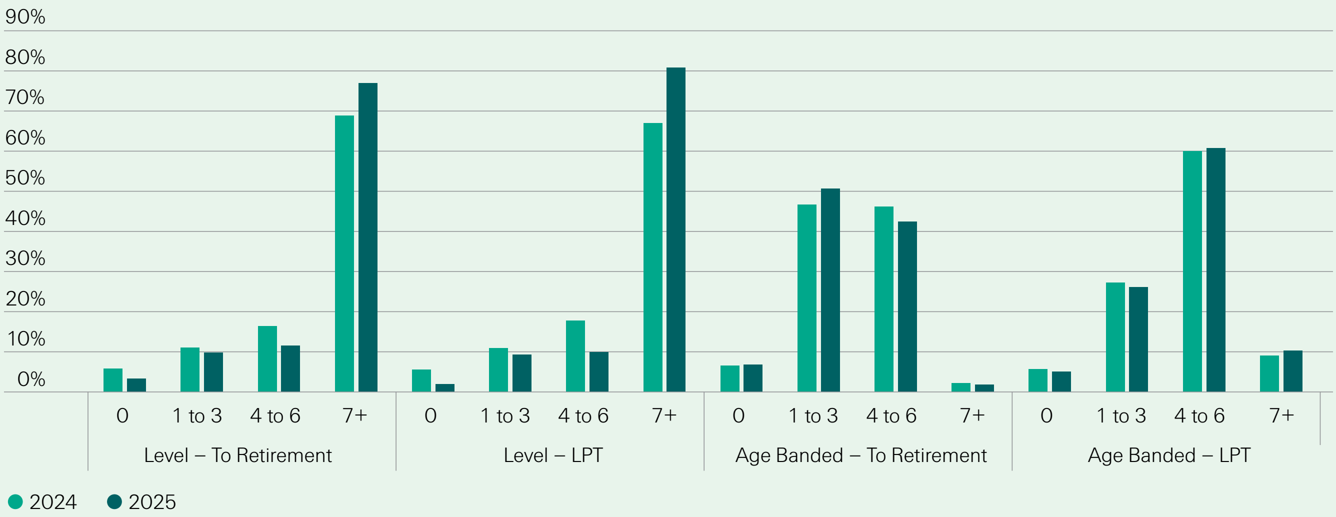
These instances, with three or fewer providers quoting, are pockets of valuable opportunity for providers due to the low saturation. iPipeline data show top reasons for not quoting in these instances for Term and CI are typically related to expiry age and requests for Fracture Cover and, for Whole Life, entry age particularly if adding a Waiver of Premium benefit. And for Income Protection, occupation, deferred Period and expiry age combinations, and sum assured limits are the main reasons for providers not quoting.

For clients who fall within these pockets, it may be that choice is more limited.

However, our analysis of Term, CI and Whole Life data showed, despite market consolidation last year, there were very minor increases to the proportion of cases with only three or less providers quoting. This is expected to bounce back swiftly, with two new term entrants joined or preparing to this year.

Looking to our Income Protection data, we've noted a marked improvement in customer choice and a halving of instances with no providers quoting for level-premium products. This can be attributed to new entrants and product innovation, offsetting the market consolidation.

iPipeline IP Comparisons % by Providers Quoting, Premium Type and Payment Term
(sample where at least 7 providers on panel)



The market at a glance

In 2024, **2,041,428** new term assurance, whole life, critical illness and income protection policies were purchased, an increase of 2.2% compared to 2023.

Product type by sales volume

−0.8%

New individual term assurance sales including accelerated critical illness

	2021	2022	2023	2024	% change 2023/2024
Total new term and CI sales	**1,698,252**	**1,598,809**	**1,433,089**	**1,421,512**	**−0.8**

New individual critical illness sales

	2021	2022	2023	2024	% change 2023/2024
Accelerated policy-term assurance	484,110	448,833	417,843	406,554	−2.7
Accelerated policy-whole life	3,122	4,992	4,059	4,258	4.9
Stand-alone policy	94,426	95,602	109,959	134,439	22.3
Total new sales	**581,658**	**549,427**	**531,861**	**545,251**	**2.5**

+18.4%

New individual income protection sales

	2021	2022	2023	2024	% change 2023/2024
Total new sales	**176,965**	**180,547**	**198,566**	**235,063**	**18.4**

New whole life assurance sales

	2021	2022	2023	2024	% change 2023/2024
Guaranteed acceptance	300,217	206,802	222,802	219,561	−1.5
Underwritten WL	23,795	27,807	28,975	26,595	−8.2

Top five product providers, measured by number of new term assurance sales, with and without CI, 2023 – 2024

2024 position	Product provider	Sales	2023 position
1	Aviva	359,714	2
2	Legal & General	309,748	1
3	Royal London	132,706	4
4	Zurich	125,947	5
5	Vitality	119,475	–

Top five product providers measured by number of new CI sales, 2023 – 2024

2024 position	Product provider	Sales	2023 position
1	Aviva	149,648	1
2	Legal & General	91,444	2
3	Royal London	59,971	4
4	Vitality	58,661	5
5	Zurich	52,158	–

Top five product providers measured by number of new income protection sales, 2023 – 2024

2024 position	Product provider	Sales	2023 position
1	Aviva	68,988	1
2	Legal & General	50,405	2
3	Vitality	21,058	5
4	LV=	20,438	3
5	Royal London	19,144	4

Top five product providers, measured by number of new guaranteed acceptance whole life sales, 2023 – 2024

2024 position	Product provider	Sales	2023 position
1	SunLife	119,352	1
2	Aviva	54,079	–
3	OneFamily	15,819	4
4	Legal & General	10,268	5
5	iptiQ	9,176	–

Top three product providers, measured by premium for new term sales, with and without CI, 2023 – 2024

2024 position	Product provider	2024 premium (£)	2023 position
1	Aviva	143,267,355	2
2	Legal & General	123,666,682	1
3	Vitality	55,042,539	–

Top three product providers, measured by premium for critical illness sales, 2023 – 2024

2024 position	Product provider	2024 premium (£)	2023 position
1	Aviva	64,496,184	1
2	Legal & General	50,120,622	2
3	Vitality	33,604,517	–

Top three product providers measured by premium for new income protection sales, 2023 – 2024

2024 position	Product provider	2024 premium (£)	2023 position
1	Aviva	27,129,864	2
2	Legal & General	21,892,546	1
3	LV=	12,123,803	3

Distribution by product line, % market share, 2024

2024	Directly-authorised	Tied	Banc-assurance	Direct
Term	81.2	7.1	4.5	6.1
Critical Illness	79.9	9.6	4.2	6.3
Income Protection	89.1	10.2	0.4	0.4
Underwritten WL	66.0	22.9	1.7	8.7

The distribution is split as follows:

- Directly-authorised – where regulatory responsibility for product advice and sales lies with the distributor (this includes Independent Financial Advisers, limited panels and providers which are directly-authorised and arrange products on a non-advised basis).
- Tied – where the product provider has responsibility for the sales channel.
- Bancassurance – where a bank has responsibility for the sales channel.
- Direct – this includes internet, direct mail and telesales made directly by a product provider.

Please see the Distribution section for a further breakdown of business reported as directly-authorised.

2024 in more detail

The number of new term assurance only policies decreased by 0.03%

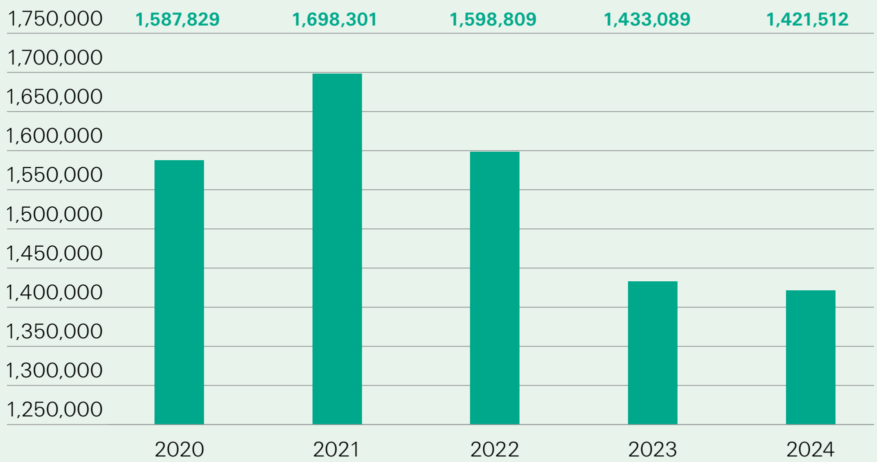
The number of new term assurances with critical illness insurance decreased by 2.7%

New term assurance sales with a CI benefit represent 29% of total new term sales

Term assurance and critical illness

Total new Term assurance sales in 2024, including those with a Critical Illness (CI) benefit decreased by 0.8%. This was similar to 2023 where sales dropped to their lowest level since 2016. The number of Term assurance-only new policies remained flat.

Total new term policy sales numbers, with and without a CI benefit, 2020 – 2024



The number of new Term-only sales remained flat, decreasing by 0.03% to 1,014,958 in 2024.

New Term assurance sales with a CI benefit represent 29% of total new Term sales, the same as in 2023. The split of total new individual Term assurance sales by product type is as follows:

Total new term assurance and term assurance with CI sales split by product type, 2020 – 2024

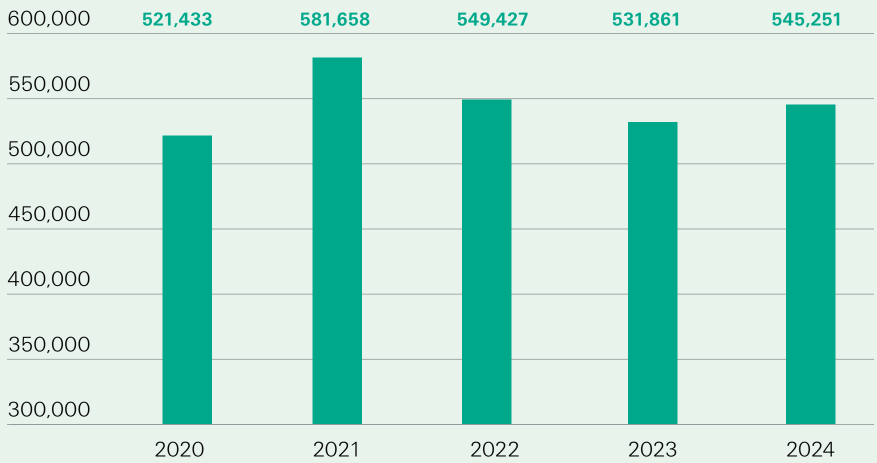
Product type	2020	2021	2022	2023	2024	% change 2023/2024
LTA	790,335	825,857	751,187	658,470	644,478	–2.1
RLP	23,521	23,405	22,292	24,838	27,738	11.7
LTA with CI	248,250	290,668	279,683	270,813	266,179	–1.7
DTA	315,686	335,077	348,405	306,266	317,149	3.6
DTA with CI	179,134	192,302	168,342	146,584	140,097	–4.4
FIB	29,540	29,853	28,092	25,672	25,593	–0.3
FIB with CI	1,363	1,141	808	446	278	–37.7
Total	**1,587,829**	**1,698,301**	**1,598,809**	**1,433,089**	**1,421,512**	**–0.8**

Additional sales of CI cover on a stand-alone basis and those linked to a Whole Life policy can be found below.

Product type	2020	2021	2022	2023	2024	% change 2023/2024
SACI	83,173	94,426	95,602	109,959	134,439	22.3
WL with CI	9,513	3,122	4,992	4,059	4,258	4.9

The total number of new CI policies, attached to life cover and stand-alone combined, increased by 2.5%, to 545,251. This was driven by a steep increase in stand-alone critical illness sales (SACI). It would suggest that CI sales are slowly becoming less tied to the sale of mortgages as the main distribution channel. For the first time, sales of SACI have outgrown sales of Decreasing Term with CI.

Total new individual CI policy sales, 2020 – 2024

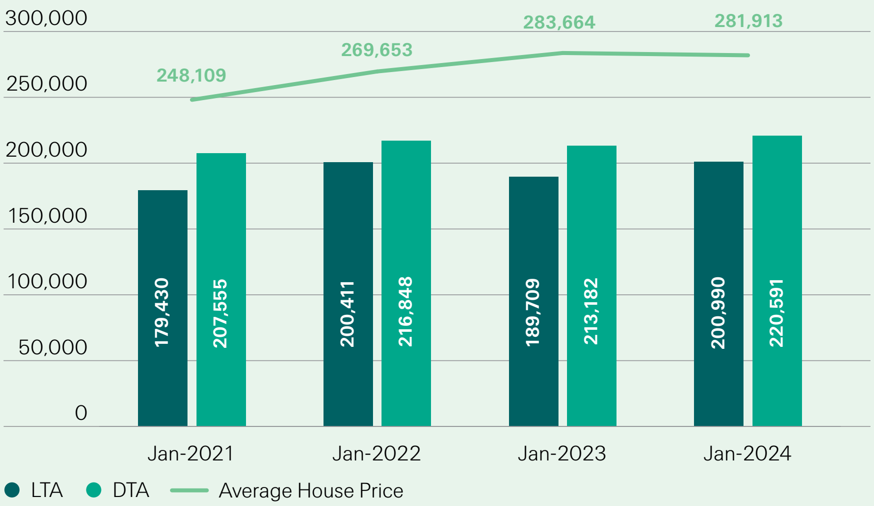


Average new sums assured

The average sum assured for all new Term assurance sales, including Term assurance with a CI benefit was £180,252 (an increase of 1.5% on 2023). The largest percentage changes were with level term assurance (LTA) without CI (increased by 5.9%), Relevant Life (increased by 3.3%) and SACI (decreased by 1.6%) – see full table below.

After peaking in 2022 due to the high inflationary environment, average sums assured for all term assurance products fell in 2023 from £177,665. The combined average sums assured for all term products recovered slightly, but not to 2022 levels. Decreasing Term assurance and SACI average sums assured fell. This could be linked to the drop in average house prices, shown in the chart below.

Average sum assured for LTA and DTA vs Average house price (£)



The average new sum assured breakdown by product type is:

Average new sum assured (£) by policy type, all term assurance, with and without CI and stand-alone CI, 2021 – 2024

Product	Average new sum assured, 2021	Average new sum assured, 2022	Average new sum assured, 2023	Average new sum assured, 2024	% change 2023/2024
LTA, excluding RLP	179,430	200,411	189,709	200,990	5.9
RLP	472,010	575,568	494,620	511,049	3.3
LTA with CI	73,163	78,953	81,216	83,127	2.4
DTA	207,555	216,848	213,182	220,591	3.5
DTA with CI	131,424	133,433	138,050	141,757	2.7
FIB	17,724 p.a.	20,167 p.a.	21,160 p.a.	22,224	5.0
FIB with CI	16,309 p.a.	17,518 p.a.	18,307 p.a.	19,448	6.2
SACI	45,314	61,309	48,204	47,443	–1.6

Green shoots for the mortgage market

The mortgage market improved in 2024 after a difficult 2023. The value of new mortgage commitments increased by 4.9% in Q4 2024, the highest since 2022 Q3, and 50.7% higher than a year earlier.[4]

This was reflected in the rise of decreasing term sales which can be used as a proxy for mortgage-related term. Decreasing Term sales without CI increased by 3.6%, compared to a 12.1% fall in 2023. However, the number of Term assurance sales with CI cover fell by 2.7% – this was driven by a 4.4% reduction in decreasing term assurance with CI.

This could signal that customers are keen to secure some mortgage-related cover but could be limited by price due to elevated mortgage interest rates and the additional costs associated with attaching CI to a term policy; the average annual premium for a Decreasing Term policy was £285 compared with £684 for Decreasing Term with CI.

See the final chapter for further analysis on Swiss Re's 2025 projections for the mortgage market.

Average new premiums

The average annual premium for all new Term assurance sales, including Term assurance with a CI benefit was £401 (£383 in 2023).

The average new premium by product type is:

Average new annual premium (£) by policy type, all term, with and without CI, and SACI, 2021 – 2024

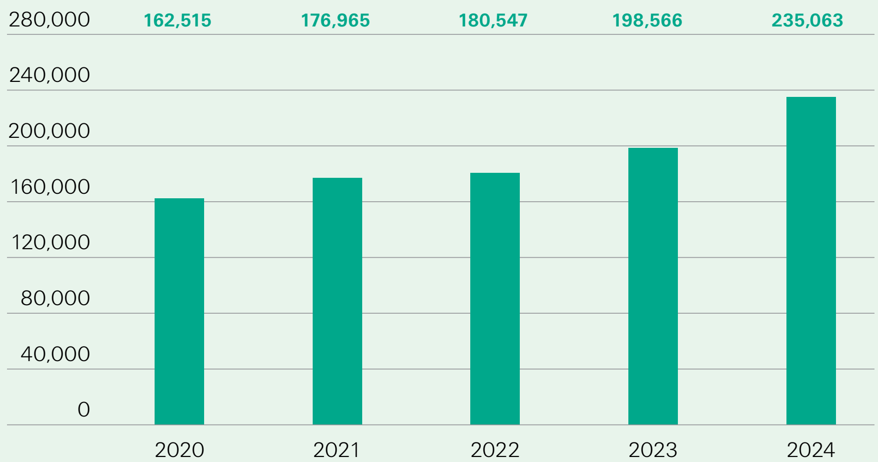
Product	Average new premium, 2021	Average new premium, 2022	Average new premium, 2023	Average new premium, 2024
LTA	323	342	358	375
RLP	859	919	890	926
LTA with CI	369	384	392	412
DTA	268	272	275	285
DTA with CI	613	632	644	684
FIB	217	231	236	251
FIB with CI	847	969	933	1,016
SACI	312	364	352	348

[4] Commentary on Mortgage lending statistics Q4 2024 | FCA

Income protection

Income Protection (IP) sales grew again in 2024 – new sales increased by 18.4%, following a 10% rise in 2023. The five-year breakdown of new IP sales is as follows:

Total new individual IP policy sales, 2020 – 2024



16.6% of new policy sales were from smaller specialist mutuals compared with 15.1% in 2023, 15.8% in 2022, and 15.3% in 2021.

New income protection policy sales, by maximum benefit payment term, 2021 – 2024

Maximum benefit payment term	2021	2022	2023	2024
All, excluding LPT policies	89,862	78,397	88,211	120,558
One-year LPT	14,112	13,940	11,529	14,549
Two-year LPT	70,123	86,309	96,817	98,048
Five-year LPT	2,762	1,901	2,009	1,908
'Other' payment term	105	–	–	–

49% of new policies sold in 2024 had a limited payment term (LPT). New policies sold with a limited benefit payment period decreased from 56% in 2023 (57% in 2022).

Over recent years, we have seen a growing trend towards LPT policies. This trend to reduced payment terms has also been observed and reported upon in our Group Watch market reports.

While new two-year LPT policies increased by 1.3% in 2024 (12.2% in 2023), new policies potentially paying benefit up to the policy expiry term increased by 36.7% (12.5% in 2023). Sales of one-year limited payment term products also increased but represent a fraction of total sales.

New average benefit, £ per annum, to selected policy expiry age and maximum two-year benefit payment period, 2021 – 2024

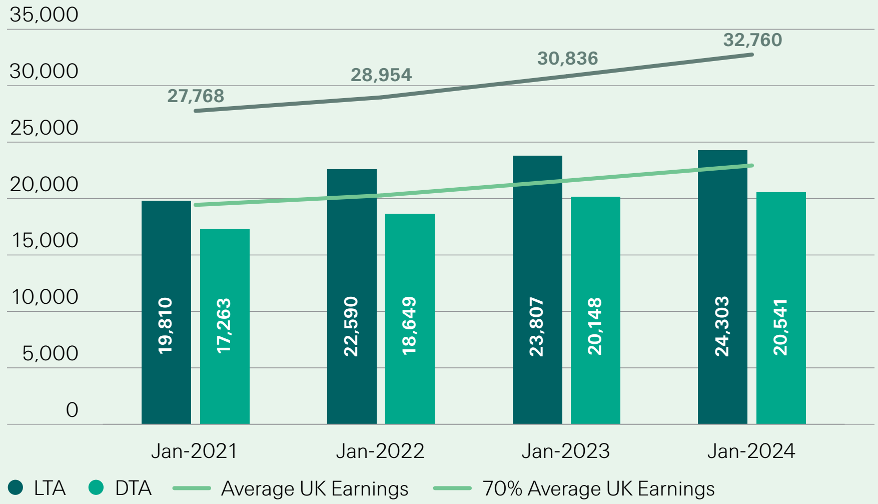
Maximum benefit payment duration	2021	2022	2023	2024	% change 2023/2024
Two-year LPT	17,263	18,649	20,148	24,303	2.1
To selected policy expiry age	19,810	22,590	23,807	20,541	2.0

The average benefit per annum for both two-year LPT products and those which could be paid to retirement increased by 2.1% and 2.0% respectively. This in line with the growth in average annual earnings (5.9%), however, when this is adjusted for inflation, that was only 2.2%.[5]

As IP typically covers a percentage of the policyholder's income, a benefit of 70% of earnings may be enough to cover an average salary which is illustrated in the chart below. The lower amounts could be due to affordability or that these products reach a different consumer demographic with lower average incomes.

It questions whether customers are sufficiently insured to cover their earnings if they were to fall sick and be out of work. The graph suggests that those who take out a product which pays to normal retirement do match average earnings, but the benefit of a two-year LPT would not unless the profile is very different.

Average IP benefit vs. Average UK earnings (annual, £)



+2.2%

The average new premium for policies providing benefits payable up to a selected policy expiry age and for a maximum two-year LPT is as follows: Premiums for two-year LPT products grew by 2.2%, and those which pay to normal retirement age decreased by 8.1%. Please note that age-banded products, with premiums rising throughout the policy term, may distort these figures.

New average premium, in £, to selected "policy expiry age" and maximum two-year benefit payment period, 2021 – 2024

Maximum benefit payment duration	2021	2022	2023	2024
To selected policy expiry age	485	606	583	536
Two-year LPT	290	290	305	312

[5] Average weekly earnings in Great Britain – Office for National Statistics

Business protection

In 2024, new Life assurance policies purchased to protect a business risk grew by 1.0% (0.7% in 2023).

The number of new Term assurance policies, with and without a critical illness (CI) benefit used for business protection purposes is:

Total number of new business protection policies, with and without a CI benefit, 2021 – 2024

Product	2021	2022	2023	2024	% change 2023/2024
LTA	7,923	9,132	9,116	9,370	2.8%
LTA with CI	4,290	4,773	4,887	4,735	–2.4%
Total	**12,213**	**13,905**	**14,003**	**14,142**	**1.0%**

The average sum assured for new LTA policies in 2024 was £706,367 (£678,380 in 2023, £694,403 in 2022 and £602,782 in 2021).

Average new sums assured for Level Term key person policies with a CI benefit increased by 0.03% to £280,913 (£280,832 in 2023).

The number of new individual Income Protection policies used for business protection was as follows.

Total number of new IP policies used for business protection, 2021 – 2024

Product	2021	2022	2023	2024	% change 2023/2024
IP	1,354	1,629	2,473	2,827	14.3

Total premiums for Income Protection used for business protection purposes were £2,878,418 in 2024 (£2,645,287 in 2023) with an average annual premium of £1,018 (£1,070 in 2023).

Average new annual benefits were £43,475 (£46,266 in 2023).

Whole life assurance

This chapter shows new sales figures for underwritten policies, such as those used to fund an inheritance tax liability and guaranteed acceptance plans, usually – but not always – targeted at the over 50s market with the express purpose of paying for a funeral or expenses on death.

The number of new Underwritten Whole Life policies without a CI benefit decreased by 8.2%.

New fully underwritten whole life policy sales, 2020 – 2024

Product type	2020	2021	2022	2023	2024
Underwritten WL	10,968	20,673	27,807	28,975	26,959

As with previous Reports, the policies with a CI benefit reported below were written by one product provider. This section shows new sales covering the period from 2020 to 2024 with no breakdown of sums assured and premiums.

New underwritten whole life with CI policy sales, 2020 – 2024

Product type	2020	2021	2022	2023	2024
Underwritten WL with CI	9,513	3,122	4,992	4,059	4,069

The average sum assured and premium for new Underwritten Whole Life policies (excluding those with a CI benefit) was:

New average sum assured and premium (£), underwritten whole life policies, 2020 – 2024

Product type	2020	2021	2022	2023	2024
Sum assured	103,984	149,803	126,392	102,533	128,218
Premium	1,425	986	849	1,006	1,224

The results show that the average new sum assured and premium can be impacted year on year by a number of policies with much higher sum assured than the market average. This is due to the range of average sums assured, of which there is a gap of almost £300,000 from the lowest to the highest.

The number of new guaranteed acceptance plans decreased by 1.5%.

New guaranteed acceptance plans, 2020 – 2024

Product type	2020	2021	2022	2023	2024
Guaranteed acceptance	303,265	300,217	206,802	222,802	219,561

The average new sums assured and premium for new Guaranteed Acceptance plans were:

Average new sum assured and premium (£), guaranteed acceptance plans, 2020 – 2024

	2020	2021	2022	2023	2024
Sum assured	4,232	4,372	3,877	3,939	4,069
Premium	252	261	256	273	290

The average cost of a funeral reached an all-time high of £4,285 in 2024, according to SunLife's Cost of Dying 2025 Report. Including professional fees and send-off costs, this reaches £9,797.[6] While not all guaranteed acceptance whole life plans will be used to cover a funeral, it is a common use for the proceeds. While the average sums assured of these policies (£4,069 in 2024) has broadly kept up with the average cost of a funeral, it falls short of the total costs associated with dying.

[6] Funeral Costs – Cost Of Dying Report 2025 | SunLife

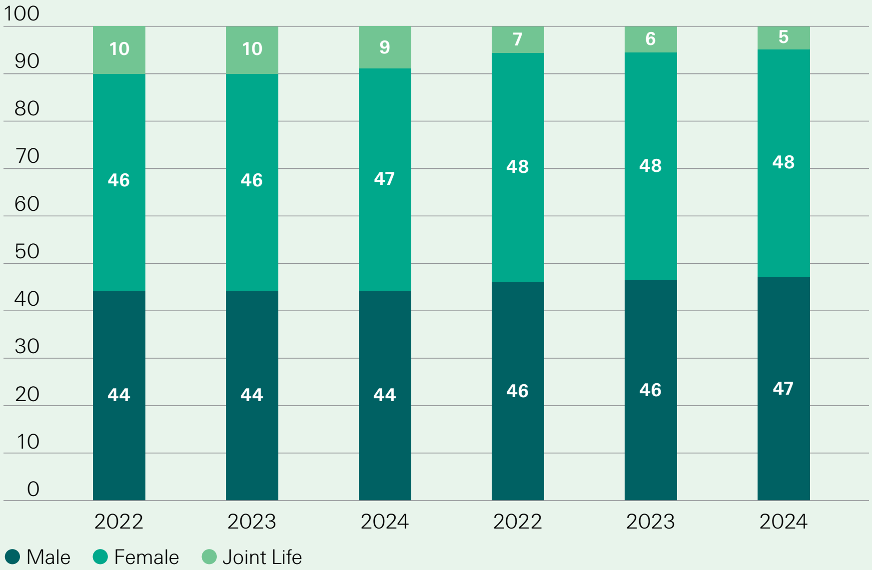
Gender

In this chapter, we examine the gender splits for new term assurance and income protection policies. We have concentrated on new LTA and Decreasing Term Insurance (DTA) data as this is where most purchases were made.

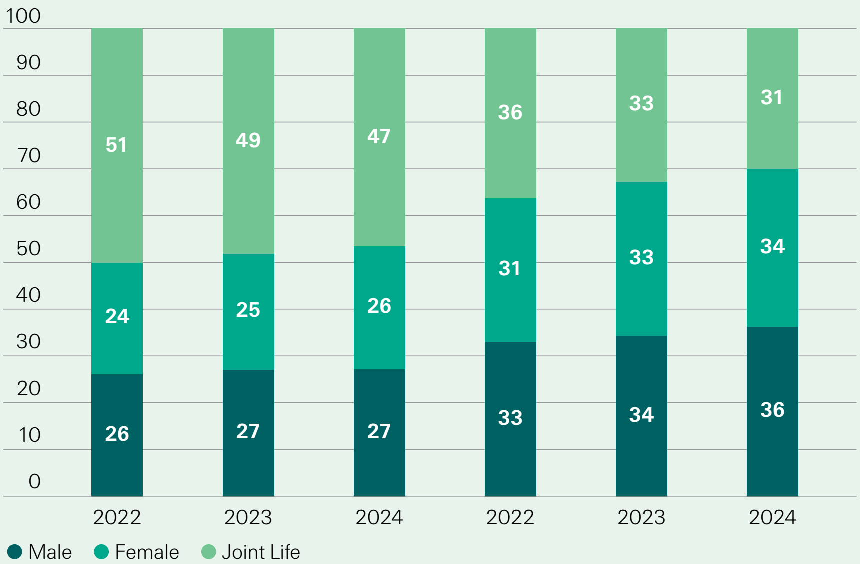
New LTA and DTA, split by gender, 2022 – 2024

The proportion of total new LTA and DTA with and without CI sales, split by gender, is as follows.

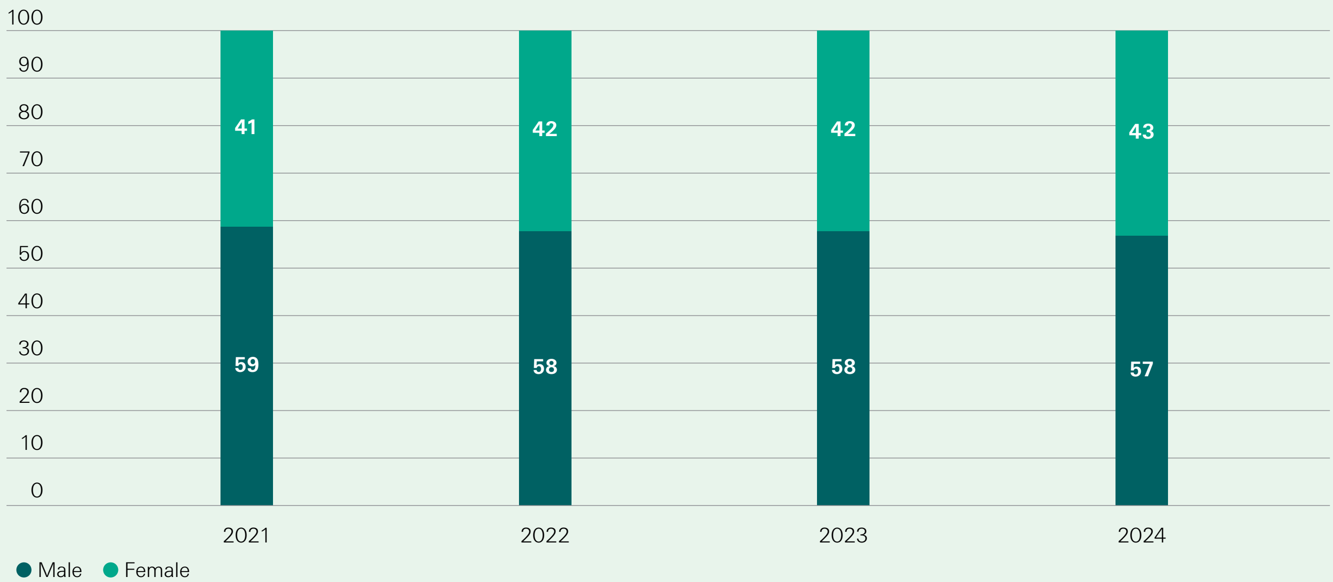
Gender split of new LTA sales, with and without CI, (%) 2022 – 2024



Gender split of new DTA sales, with and without CI, (%) 2022 – 2024



Gender mix, new income protection sales, 2021 – 2024



Average new sums assured – life and CI

The average sum assured for a new Level Term purchased by males is 19.3% higher than the equivalent purchased by females (23% higher in 2023). The equivalent annual premium is 25% higher (31% higher in 2023).

The average new Decreasing Term without CI sum assured purchased by males is 9.5% higher than the equivalent purchased by females (10% in 2023). The equivalent annual premium is 16% higher (22% in 2023).

For new Decreasing Term with CI, the difference in average new benefits purchased is now 8% higher for men (9% in 2023). The gap here could be narrower as the sum assured and premiums will be linked to the mortgage loan amount and is less relevant to the earnings of the policyholder.

Average new sum assured, split by gender, £, 2021 – 2024, males and females

	Males, 2021	Males, 2022	Males, 2023	Males, 2024
LTA	183,296	218,543	206,164	217,475
LTA with CI	88,314	88,244	88,677	89,968
DTA without CI	180,501	206,315	207,315	210,279
DTA with CI	130,433	132,406	137,700	139,612

	Females, 2021	Females, 2022	Females, 2023	Females, 2024
LTA	163,413	168,645	167,714	175,529
LTA with CI	63,973	68,534	71,910	73,617
DTA without CI	177,331	189,073	188,081	190,366
DTA with CI	118,629	125,391	125,949	129,065

Average new premium, split by gender, £, 2021 – 2024, males and females

	Males, 2021	Males, 2022	Males, 2023	Males, 2024
LTA	394	381	397	416
LTA with CI	416	391	439	459
DTA without CI	230	238	246	256
DTA with CI	519	540	551	584

	Females, 2021	Females, 2022	Females, 2023	Females, 2024
LTA	269	280	302	313
LTA with CI	291	268	316	340
DTA without CI	197	198	201	214
DTA with CI	200	192	181	192

Average new sums assured and premiums for Joint Life policies are as follows:

Average new sum assured, £, 2021 – 2024, joint lives

	Joint life, 2021	Joint life, 2022	Joint life, 2023	Joint life, 2024
LTA	206,244	241,769	221,008	252,216
LTA with CI	87,917	89,862	97,521	108,624
DTA without CI	229,156	235,091	229,194	242,042
DTA with CI	144,031	145,276	150,441	157,224

Average new premium, £, 2021 – 2024, joint lives

	Joint life, 2021	Joint life, 2022	Joint life, 2023	Joint life, 2024
LTA	418	449	458	488
LTA with CI	569	611	624	641
DTA without CI	319	323	328	338
DTA with CI	817	929	898	954

Average new benefit – income protection

Last year, for the first time, we reported that the average new IP benefit was higher for females than for men (a difference of £64), but that the average new premium remained lower.

New average income protection benefits per annum, split by gender, 2021 – 2024, in £

Year	Males, 2021	Males, 2022	Males, 2023	Males, 2024
Benefit p.a	19,275	20,851	19,900	23,178

Year	Females, 2021	Females, 2022	Females, 2023	Females, 2024
Benefit p.a	16,896	18,359	19,964	20,485

New average income protection premium, split by gender, 2021 – 2024, in £

Year	Males, 2021	Males, 2022	Males, 2023	Males, 2024
Premiums p.a	415	465	461	464

Year	Female, 2021	Female, 2022	Females, 2023	Females, 2024
Premiums p.a	330	373	385	380

Distribution

This chapter shows a detailed split of the business classed as "directly-authorised", split between aggregator sites, independent financial advisers (IFAs) and networks, and execution-only sales.

Term assurance with and without critical illness

The split of new Term Assurance policy sales by distribution channel is shown below.

Total new term assurance policy sales by distribution channel, 2021 – 2024

Distribution channel	2021	2022	2023	2024
Directly-authorised	1,406,255	1,295,944	1,160,877	1,154,092
Tied	74,837	66,853	90,833	100,326
Direct	139,027	134,459	115,818	103,804
Bancassurance	78,182	79,261	65,561	63,290
Total	**1,698,301**	**1,576,517**	**1,408,251**	**1,421,512**

The split of new SACI sales by distribution channel is shown below.

New stand-alone CI policy sales, by distribution channel, 2021 – 2024

Distribution channel	2021	2022	2023	2024
Directly-authorised	60,984	59,948	62,772	69,773
Tied	11,287	9,359	23,246	34,924
Direct	20,320	23,021	20,124	22,755
Bancassurance	1,835	3,274	3,817	6,987
Total	**94,426**	**95,602**	**109,959**	**134,439**

The proportions for 2024 in percentage terms and by product type (2023 shown in brackets), are:

Percentage split of distribution channel, by policy type, 2024 (and 2023)

	Directly-authorised	Tied	Direct	Bancassurance
LTA	74.9 (75.5)	8.9 (7.5)	11.5 (11.8)	4.7 (5.2)
RLP	96.6 (96.9)	2.9 (2.7)	0.5 (0.4)	– (–)
LTA with CI	93.3 (91.8)	4.2 (3.5)	1.8 (3.6)	0.7 (1.1)
DTA	80.1 (79.6)	7.8 (7.7)	6.8 (7.9)	5.4 (4.8)
DTA with CI	83.8 (83.4)	4.3 (4.8)	1.8 (2.4)	10.1 (9.3)
FIB, with and without CI	96.1 (95.9)	1.3 (1.6)	2.0 (2.1)	0.6 (0.4)
SACI	51.9 (57.1)	26.0 (21.1)	16.9 (18.3)	5.2 (3.5)

Percentage of "directly-authorised" sales split between aggregator sales, IFAs and networks and execution only, by policy type, 2024[9]

	Aggregator sites	IFAs and networks	Execution only
LTA	8.2	62.5	4.2
RLP	0.1	96.4	0.1
LTA with CI	3.1	88.2	2.0
DTA	8.0	70.4	1.7
DTA with CI	3.0	80.3	0.6
FIB, with and without CI	0.2	95.8	0.1
SACI	10.8	40.7	0.5

[7] This is the breakdown of the "directly authorised" column in the table above, therefore the percentages will not add up to 100%.

The split of advised and non-advised, based on all new Term Assurance policy sales, including policies with a CI benefit for 2023 and 2024 is as follows:

New advised and non-advised policy sales, 2023 and 2024

	Total, 2023	Non-advised, 2023	% sales	Total, 2024	Non-advised, 2024	% sales	% change, 2023/2024
LTA	658,470	229,082	35	644,478	214,101	33	–6.5
LTA with CI	270,813	41,839	15	266,179	37,791	14	–9.7
DTA	306,266	60,570	20	317,149	60,225	19	–0.6
DTA with CI	146,584	10,501	7	140,097	9,832	7	–6.4
RLP	25,672	3,056	12	27,738	2,943	11	–3.7
SACI	109,959	32,482	30	134,439	35,391	26	9.0

In 2024, non-advised purchases represented 33% of new LTA business with a 6.5% drop in non-advised purchases from the previous year (27.7% drop in 2023). Total market LTA purchases dropped by just 2.1%. Further analysis of the directly-authorised data for 2023 and 2024 shows the split between aggregators, IFAs and networks, execution only and others as follows.

The following table breaks down directly-authorised new sales further between those concluded directly from an aggregator site and those reported as from IFAs and networks or on an execution only basis.

New "directly-authorised" sales split by aggregator sites, IFAs and networks, and execution only, 2023 and 2024

	Aggregator sites, 2023	IFA and network, 2023	Execution only, 2023	Aggregator sites, 2024	IFA and network, 2024	Execution only, 2024
LTA	51,520	387,116	38,209	54,781	419,427	28,095
RLP	17	23,675	51	24	26,746	41
LTA with CI	7,659	225,672	7,315	8,197	235,176	5,452
DTA	23,431	212,390	6,260	25,906	229,518	5,420
DTA with CI	3,473	114,366	722	4,191	113,310	825
FIB	56	23,741	27	60	23,904	22

Income protection

Directly-authorised providers remain the main distribution method for IP policies with 89.1% (87.8% in 2023) of new purchases through this channel.

New individual income protection sales split by distribution channel, 2020 – 2024

Distribution channel	2020	2021	2022	2023	2024
Directly-authorised	140,663	153,523	158,271	174,337	209,373
Tied	19,370	21,316	20,027	22,183	23,916
Direct	903	1,061	1,107	1,075	912
Bancassurance	1,579	1,065	1,142	971	862
Total	**162,515**	**176,965**	**180,547**	**198,566**	**235,063**

Non-advised IP sales have increased but remain a steady proportion of growing total new sales (between 7–8%).

New individual income protection sales, advised and non-advised, 2021 – 2024

	Number of new policies		
	Total	...of which is non-adviced	% non-advised
2021	176,965	13,626	8
2022	180,547	12,923	7
2023	198,566	15,153	8
2024	235,063	15,005	6

Putting the results into perspective

A new government and new economic challenges

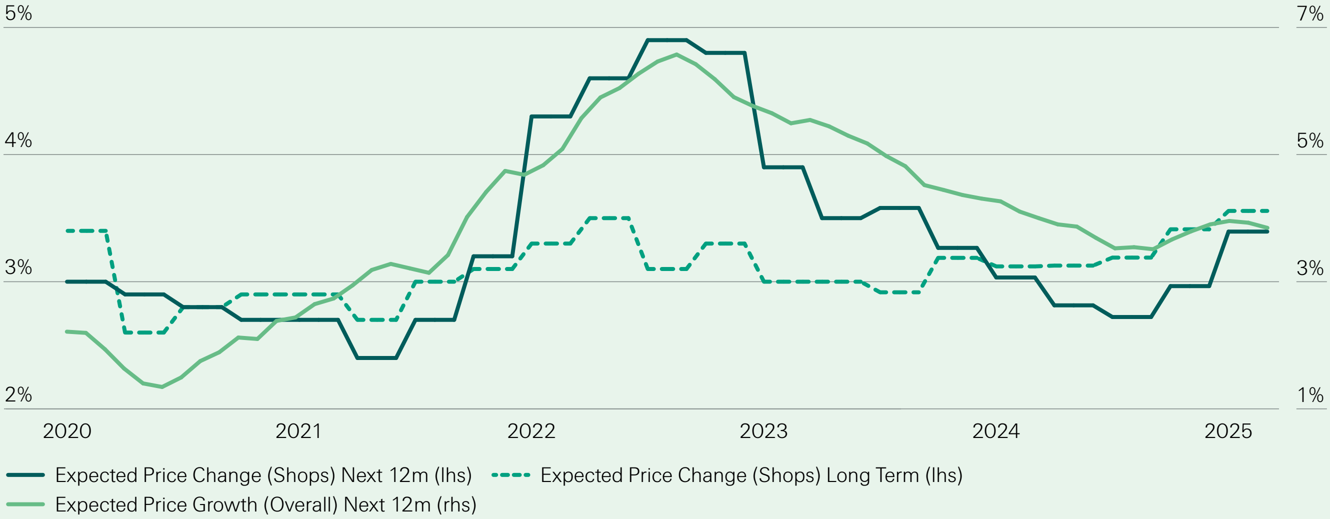
2024 was another busy year in the UK, both politically and economically. In July, after 14 years of Conservative Party leadership, the Labour Party achieved a landslide General Election victory and swiftly got to work on its mandate for change: firstly, through announcing changes to fiscal policy in October.

Despite kickstarting growth being its first of five “missions” to guide the new government, it had a tricky start demonstrating this in the short term. The Autumn Budget announcements coupled with a challenging geopolitical environment led to sluggish economic growth in the final quarter of 2024 and into 2025.

The Swiss Re Institute forecasts still subdued UK economic growth in 2025 on the back of slower global growth. The trade policy uncertainty introduced by global US policy shifts is weighing on consumption and business confidence, including for most of the UK’s trading partners. Although the recent trade deal with the US removes some of the uncertainty drag, the UK is still subject to more elevated trade tariffs than before and exposed to a global growth slowdown. We expect above-potential growth in 2026–27.

Inflation should reaccelerate in the UK this year, driven by the implementation of the 2024 Autumn Budget measures and higher utility bills. The increase to employer NICs taking effect from April will be a challenge for employers together with the rise in the National Living Wage (NLW) which is likely to increase inflation in low-wage, low-margin service sectors such as hospitality and leisure. Disinflation should resume in 2026 but tight labour markets and the indexation of some core services to the former year's prices will keep the process sticky.

United Kingdom: Short and long-run inflation expectations rising but not de-anchoring

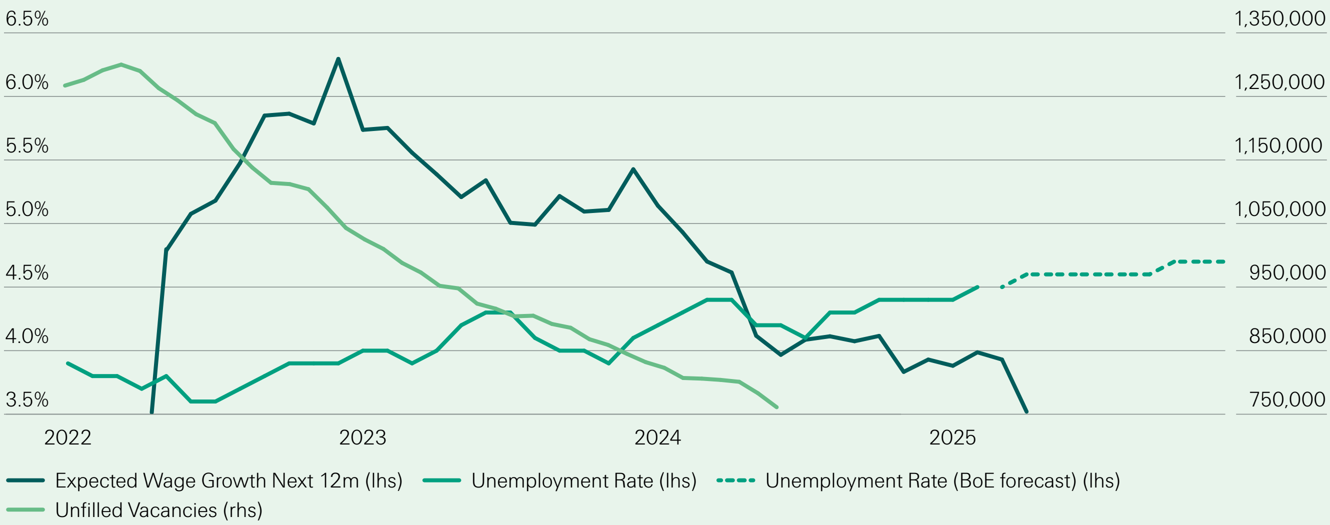


Note: Overall price growth is a 3-months average leading indicator for realised price growth by the BOE. Changes in shop prices show median changes in expectations. Source: BoE, Macrobond, Swiss Re Institute.

Although we might expect to see more of an impact in the workplace protection market with the pressure on employers – see our Group Watch 2025 Report for more information – there could still be a trickle-down impact on individual cover, especially for Relevant Life and business protection sales as businesses are more financially pressed.

On the labour market, cooling pay growth, limited employment growth and softening labour demand all point to some labour market loosening this year. The increase in employers' NICs from April will dampen employment and pay growth, leading to a combination of smaller pay rises and lower headcount. A large part of the increase in NICs comes from lowering the threshold at which firms start paying the tax, suggesting lower-paying jobs will be particularly vulnerable.

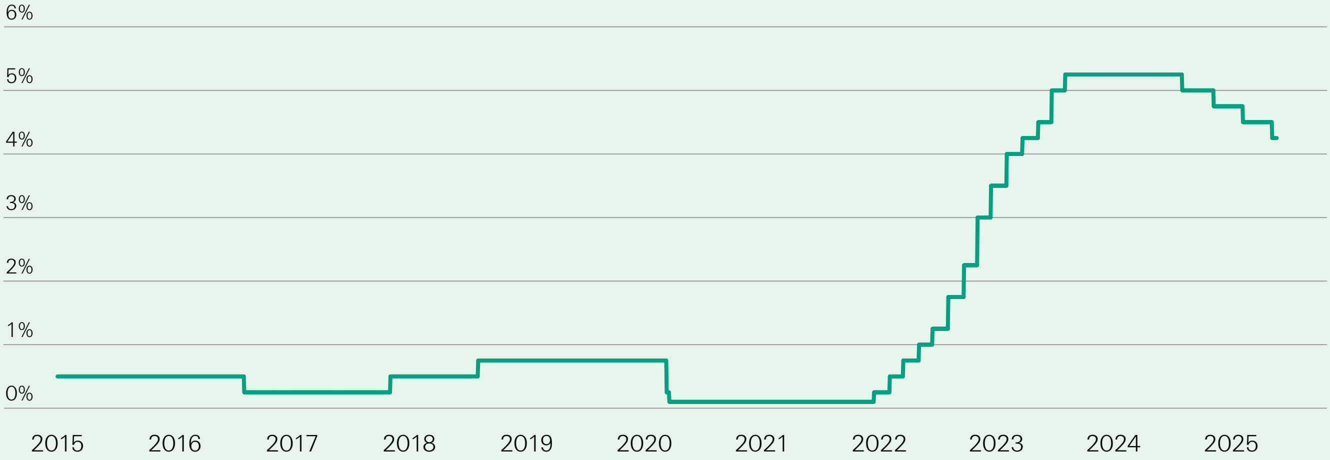
United Kingdom: The labour market is loosening



Source: ONS, BoE, Macrobond, Swiss Re Institute.

With much of the rise in prices momentum resulting from administrative or index-linked cost increases, the Bank of England should look though near-term price rises in 2025 and continue to loosen monetary policy very gradually until disinflation resumes in 2026. Although the strong economic growth print in the first quarter of 2025 may temporarily relieve concerns on the government's fiscal headroom, Gilt yields should stay elevated in the medium-term on higher long-term inflation expectations and a still tight fiscal buffers, keeping a lid on any new fiscal loosening.

United Kingdom: Policy Rate



Source: BoE, Macrobond, Swiss Re Institute.

Welfare reforms

The Chancellor announced a series of reforms to the welfare system in the 2025 Spring Statement, as part of the Keep Britain Working agenda. This aims to address issues that were exacerbated by the pandemic, mainly that spending on incapacity and disability benefits have skyrocketed. Spending on these benefits has increased by over 40%, to reach £64.7 billion since 2013 and is projected to rise to rise to £100.7 billion by 2029–30.[8] Worryingly, more than half of these new claims relate to a mental health condition and a significant proportion are from young people. The government wants to encourage people back to work to boost growth and tackle the spiralling benefits bill.

The Keep Britain Working review, led by Sir Charlie Mayfield, shines a light on the role of employers and what they can do but not everybody has access to all the additional support that comes with insurance products and may rely on Statutory Sick Pay alone. Income protection insurance, in particular, can support people both financially and medically back to work which places less of a burden on the State.

This highlights a recurring challenge for the industry: ensuring that an IP benefit supplements rather than reduces any state benefits, especially for renters.

Currently, Universal Credit (UC) entitlement is reduced pound for pound if a claimant was to receive an individual IP benefit simultaneously unless they can demonstrate that it was used for a mortgage payment. This leaves renters at a disadvantage,

[8] Urgent action needed to tackle the spiralling costs of the health benefit trap – Committees – UK Parliament

however, as their access to UC would be reduced pound for pound if they are an IP claimant. As the government looks to reform welfare benefits, the industry should advocate for insurance products to complement any state benefits, so ensure that customers are adequately protected.

Inheritance tax: a growing liability?

Changes to the inheritance tax (IHT) regime announced in the Autumn Budget coupled with rising asset values and frozen thresholds have brought estate planning into the forefront of people's minds.

- The Chancellor announced a series of changes to the IHT rules in the in the Autumn Budget 2024:
- From April 2026, Agricultural Property Relief will be capped at £1m per estate: any excess will be taxed at 20%.
- Similarly, with Business Property Relief, the first £1m of qualifying business assets will be fully exempt and the remaining will be taxed at 20%.
- From April 2027, unused pension pots will be included in as part of an estate and so will be part of the assessment to IHT.

The IHT nil-rate band has remained frozen since 2009 at £325,000 (increasing to £500,000 using the Residence nil-rate band). The thresholds are frozen for another five years, to 2030. This, combined with a 70% rise in house prices from 2009 – 2022, has pushed many peoples' estates over the thresholds, as evidenced by the ever-increasing IHT receipts.[9]

- The total IHT receipts for April 2023 to February 2025 were £7.6 m, £800 m higher than the same period 12 months before.[10]
- The Office for Budget Responsibility (OBR) expects that IHT will raise £8.3 million in 2024 – 2025 – a significant uplift from ten years ago where receipts were £3.8 billion.

IHT planning can be complex; this represents a significant opportunity for the industry (both advisers and insurers) to meet an increasing customer need to cover this liability, especially if they had not previously expected to, due to tax changes and rises in asset values.

This also emphasises the importance of setting up all life policies either in a trust, with nominated beneficiaries or on a Life of Another basis, so that a death claim can be paid quickly and remain outside of the deceased's estate and consequent liability to IHT.

We will return to this topic later this year.

[9] Ibid.
[10] HMRC tax receipts and National Insurance contributions for the UK (monthly bulletin) – GOV.UK

Mortgage market: the new normal

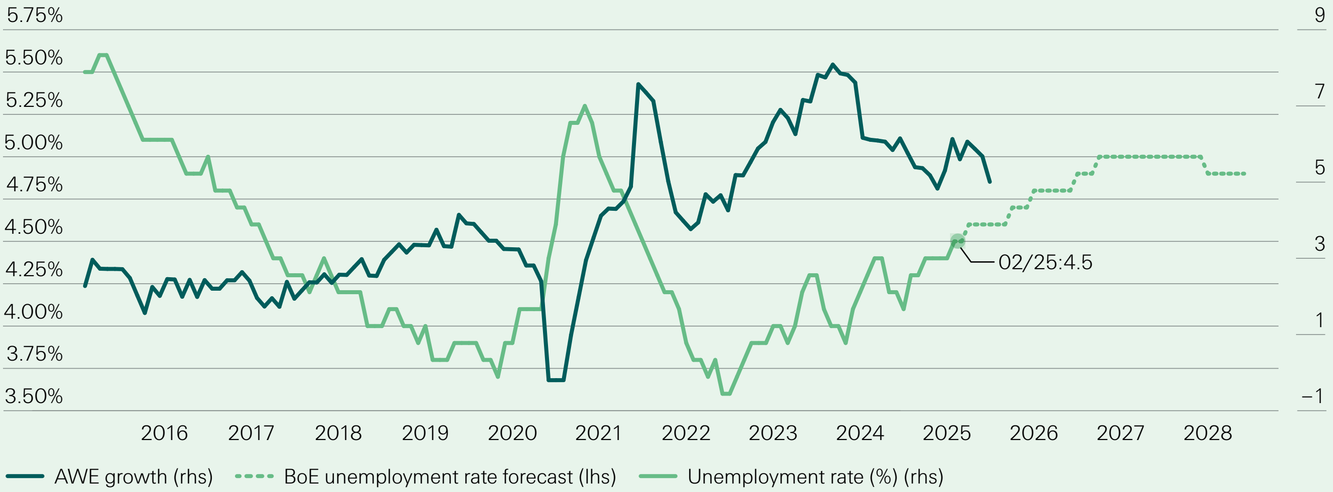
Looking forward, mortgage rates in the UK in 2025 are likely to remain elevated in historic terms, despite gradual interest rate cuts by the BOE. Mortgage rates of around 4% should be expected as the new normal (compared to historical lows of around 1%).

A defining feature of the second half of 2025 will be the maturing mortgages from the Covid-19 pandemic house buyers' cohort. The remortgaging cycle should last for 12 – 18 months, with many borrowers looking to refinance cheap fixed-rate deals taken out before mid-2022. This will re-fix multi-billions of five-year fixed rates mortgages that were originated in 2020 and 2021 when the average rate was around 2%. As a result, borrowers could face an increase in their mortgage rate of 200bps –2 50bps. Costlier fixed-rate mortgages should more than offset the impact of cheaper variable-rate mortgages.

The changes to stamp duty which came into force this April will also have an impact on affordability in 2025. These factors could hamper some of the growth we saw in 2024 with mortgage-related term sales.

The underpinning issue of the UK housing market remains the ongoing demand for housing. Demand continues to outstrip supply, and that will remain a significant challenge throughout the medium-term. The government has pledged to implement ambitious reforms to the UK planning system that could support new build properties and ease the housing supply side, but this will likely take some time.

United Kingdom: Real estate prices and sentiment



Source: BoE, Macrobond, Swiss Re Institute.

Regulatory developments in the protection market

It would be remiss not to mention conduct regulation in a Report examining the protection market in 2024. In August 2024, the Financial Conduct Authority (FCA) announced that it would be conducting a market study into the pure protection market (PPMS). The final scope for this was published in March 2025.

The PPMS focuses on the distribution of four pure protection products – term assurance, critical illness, income protection and whole of life (including underwritten and guaranteed acceptance). It will look at whether competition is working in the interests of customers and the incentives created by commission.[11]

Data in the last two years have suggested a flight to quality in recent years, evidenced by the shift towards purchases made following financial advice. This is not to say that an advised sale always guarantees a good quality sale, but rather that is important that consumers receive this whichever distribution channel they pick.

[11] FCA to scrutinise whether pure protection market provides fair value to consumers | FCA

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Jo plays a pivotal role in raising Swiss Re's market profile as a technical thought leader in the UK&I reinsurance space. Her responsibilities include authoring market reports, overseeing industry events, and representing Swiss Re externally on key industry topics. Joanna also leads the development of responses to government and regulatory policy changes.

Jo joined Swiss Re in May 2022 from the Association of British Insurers, where she was a Senior Policy Adviser in Health and Protection. She advised on various policy issues, including leading on key areas such as mental health in insurance. Outside of work, she likes to explore the wide variety of restaurants across London and then try to recreate new dishes at home (with varying degrees of success) and has recently adopted a kitten called Frank (Lampard).

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Loïc joined Swiss Re as an Economist in 2021. Currently focusing on Europe, he conducts macroeconomic and re/insurance market analysis for the Group. Loïc is a regular author of our Sigma publications: he provides in-depths insights on the macro-financial developments impacting our sector and collaborates with our partners to advance Swiss Re's goals. Previously, Loïc worked at the International Monetary Fund and the World Bank Group in Washington, D.C. from 2017 to 2021. From there, he brings experience in macro-surveillance activities, banking sector analysis and policy advisory for economic development. Loïc holds a Bachelor's degree in Economics from the University of Geneva and a Master's degree in International Economics from the Graduate Institute of International and Development Studies in Geneva.

He is based in Zürich. In his free time, Loïc enjoys cross-country skiing and hiking in the Swiss Alps. He is a former rower athlete and participated several times in the Thames Head of the River Race.

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Charlie joined iPipeline's Data Analytics team in 2021 to focus on data product innovation for our existing and new clients. Outside of data, Charlie enjoys travelling, food and cooking, and trying to make par on the golf course.

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