

## CONSUMERS STRUGGLE TO SEE VALUE IN PROTECTION PRODUCTS

A new report into the protection industry from The Syndicate, a research initiative focused on the UK life and health market, has found that many consumers find it hard to see a value in purchasing and retaining protection products.

The survey of over 2,000 adults in the UK showed confusion around protection insurance products, and that a lack of contact or engagement from insurance providers is making it easy for people to prioritise their spending on other more immediately tangible products.

However, when asked which insurance policies are most important to them, from a list including mobile phone insurance, appliance cover, pet insurance and private medical insurance, life insurance was cited as the most important product (26%) followed by travel insurance (13%). Critical illness and income protection were rated as the most important product by just 6% of people. Disappointingly, the greatest percentage of people stated that none of the insurance products listed were of importance to them (31%), showing that as an industry we are dealing with a disenchanted audience, who discount the potential risks they face with a high 'it will never happen to me' level of optimism.

The extensive report, titled 'Consumer Emotion: Measuring Trust, Value and Loyalty in the Protection Arena' also found that:

- Price is by far the most important factor to consumers when buying protection (41%), ahead of having easy to understand information (19%) and receiving professional advice to help make a decision (11%).
- Over half of people (57%) research protection cover on the internet as their primary source of information.
- When descriptions of what different protection policies cover were given to consumers, income protection was deemed the most useful (37%). In contrast just 7% of those surveyed hold an IP policy (versus 37% with life cover and 11% with critical illness).
- Consumer perception of the cost of protection is unrealistic, among 18-24 year olds in particular, believing life cover will cost £105 a month on average (the overall mean was £66). In contrast, for someone aged 18-24 taking out £150,000 of life cover over 25 years the average premium would be under £10 a month.

- People deemed savings as a better way of achieving financial security than having a protection policy in place.

**Commenting on the research findings Peter Le Beau, Co-Chairman of The Protection Review said:** “One of the most frustrating things for industry insiders is when the British public reject a need which we can perceive very clearly. This tends to make us concerned that they are putting their world at risk. In truth, we are failing to get our message across by not engaging enough people in an effective way. This must change if the industry is to succeed in more people seeing the relevance of financial protection”.

**Kirsteen Grant, Marketing & Communications Manager at Hannover Re UK Life Branch said:** “It is perhaps not too surprising that in such a material world it is difficult to get people to focus on buying something that they hope never results in a payout. It is perhaps too simplistic to call insurance a ‘grudge purchase’, although undoubtedly for many people it is. The fact that insurance is often pushed down the priority list would suggest that the potential benefits of cover are not keenly felt by policyholders, who find it hard to value their cover as a result. We need to create tangibility so that insurance is felt and not forgotten.”

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### **Notes to Editors**

Research conducted online by ICM on behalf of The Syndicate, between 28-30 September 2013, amongst a nationally representative sample of 2000 GB adults aged 18+.

Reference:

The Syndicate Report – Consumer Emotion: Measuring Trust, Value and Loyalty in the Protection Arena

- Chapter 1 – Trust
- Chapter 2 – Insurance: The why and the why not
- Chapter 3 – Values and benefits
- Chapter 4 – Price and value: When value is linked to money
- Chapter 5 – Financial security

The information contained in The Syndicate press releases is intended solely for journalists and should not be used by consumers to make financial decisions.

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### **About The Syndicate**

The Syndicate is an innovative research partnership between Protection Review and Hannover Re UK Life Branch, offering membership across the industry with the aim of sharing wider perceptions and ideas by monitoring consumer trends. Key members include Ageas Protect, Beagle Street, PruProtect and Zurich Life.

The focus of the research programme is to gain insights into consumer thinking, attitudes and behaviour to understand the differences and complexities of today's consumer. ICM conducted two studies on behalf of The Syndicate.

**About Hannover Re UK Life Branch**

Hannover Re UK Life Branch is a leading life and health reinsurer. As part of the Hannover Re Group we benefit from the security of the third largest reinsurer in the world, with rating agencies Standard & Poor's and A.M. Best awarding the group a rating of AA- (Very Strong) and A+ (Superior) respectively. We also share ideas and resources throughout this global network to provide the best possible services to clients.

**About Protection Review**

Protection Review is the definitive review of the UK's multi-billion pound health and protection insurance industry. Protection Review was established in 2003 by its then co-directors Peter Le Beau and Andy Couchman. In 2010 Kevin Carr joined as chief executive.