

Schroders

Zero commission personal protection proposal



Key findings

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Project details

PROJECT NUMBER	OP15978
PROJECT NAME	Zero commission personal protection
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SAMPLE	2,001 UK adults weighted to be nationally representative of the UK population
FIELDWORK DATES	29 th January – 2 nd February 2021

Personal protection insurance and the pandemic

28% Brits own personal protection insurance, but COVID-19 may persuade more

Whilst only 28% of UK adults currently have some form of personal protection insurance, COVID-19 has changed people's attitudes towards it somewhat. 3 in 10 of those living without it say that the pandemic has made them more likely to consider it (29%), rising substantially to 53% among those who earn over £50,000 per year.

% OF UK ADULTS WITH PROTECTION INSURANCE

1. Income protection	7%
2. Critical illness	10%
3. Life insurance	24%

Unsurprisingly life insurance proves to be the most popular form of personal protection insurance among Brits, with one quarter of UK adults (24%) already owning it. This figure drops quite significantly for critical illness insurance and income protection, which are only owned by 10% and 7% of Brits respectively.

Motivators for choosing protection

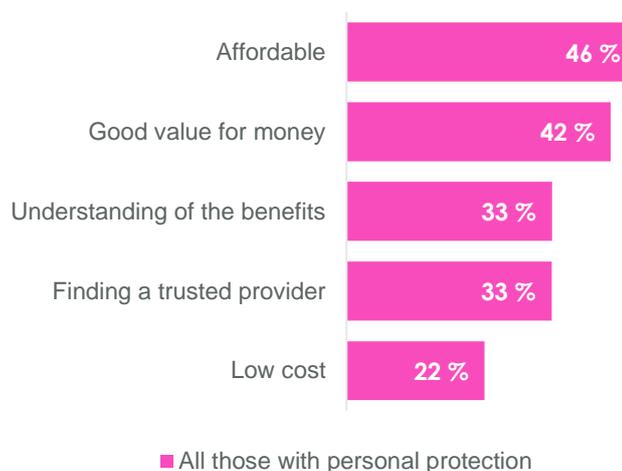
Value for money is a top priority among those who already have it, and those considering it

Amongst those who already have personal protection insurance, 46% said that affordability ranked in their top 3 priorities when choosing the policy that they currently take out. Similarly, 42% prioritised good value for money, whilst finding a trusted provider and understanding the benefits of the policy were ranked in the top 3 priorities among a third of policy owners (33%).

Despite trust in the provider ranking so highly, only 6% of personal protection policy owners identified finding a mutual / not for profit provider as a priority. Perhaps comfortable to outsource the handling of matters, only 8% prioritised advice from the provider when making their decision.

Similarly looking at those who may consider personal protection, 42% say that they would look for good value for money when choosing a potential provider, with 39% suggesting they would look for affordability. Trust in the provider also remained a priority with 35% noting it as something they would chase. This group are also particularly interested in finding a low-cost provider, with 3 in 10 (30%) saying they would do so. However, this was more of a case among low – middle income individuals, with only 13% of those earning over £50,000 saying they would look for a low-cost provider.

Top priorities when choosing a personal protection policy



As new life stages bring new responsibilities, people are more inclined to take out protection

Given that half of Brits with personal protection insurance say they chose to take it out for peace of mind (50%), and one fifth (20%) because they had more responsibilities, it is unsurprising that people see certain major life events as more of a reason to take out personal protection.

Just under 4 in 10 people agree that buying your first home, or having a baby are good reasons to take out personal protection, (37% and 36% respectively). Whilst in addition, just under 3 in 10 people (27%) also believe that getting married is a suitable motivation for doing so. These life events hold relatively consistent across income brackets, however those earning over £50,000 per year are more inclined to agree that children starting paid education is a reason to take out protection, with 26% agreeing so vs only 17% of the general population.

Barriers to taking out protection

People look for value for money, but have little idea as to what that is

Whilst value for money and affordability rank as key factors as to the personal protection people look to take out, even for life insurance, the most popular personal protection insurance, a third of people (32%) said they don't know approximately how much it would cost on a monthly basis. These figures rose higher when considering critical illness insurance (36%) and income protection (38%).

Amongst those without personal protection, who would consider it, when asked how much they would be *willing* to pay on a monthly basis, around 1 in 5 said they don't know for protection (19%), critical illness insurance (22%), and life insurance (21%). However, of those who gave an estimate, the average for the group came to £33.80 per month for income protection, £32.00 for critical illness insurance, and £34.20 for life insurance.

The general uncertainty may be rather understandable given the number of UK adults who say that they have no idea how various forms of personal protection are priced. Just under 2 in 5 people (37%) said they have no understanding how income protection is priced, while 34% said the same for critical illness insurance, and 27% for life insurance. Despite this the majority have at least some idea, given that 63% of Brits have at least some understanding of how income protection is priced, with 66% saying so for critical illness cover, and 73% for life insurance.

Lack of knowledge, trust and financial concerns are major barriers to personal protection uptake

Amongst Brits without protection, 34% said that cover being too expensive was a reason for not having any, whilst 20% said that not having confidence that the provider would pay out contributed, while 19% said that they don't have enough knowledge about it, the same proportion of people as those who feel they do not need it.

The lack of confidence shown in providers is unsurprising given that 53% of Brits say that they do not trust the claim statistics that insurance companies provide. This lack of faith highlighted by the fact that only 22% of people think that most claims are paid out, whilst 31% say that they are not, and a further 47% say that they don't know.

Having said this, trust in insurance providers appears to share a relationship with income, given that among those earning over £50,000 per year, 71% say that they trust insurance providers' claim statistics, and 36% of them believe that the majority of claims are paid out versus the 22% of the general population that say the same.

Promisingly, those with personal protection are more likely to trust that providers will pay out too, with 70% of those with income protection, 63% with critical income and 69% with life insurance reporting this.

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