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## **LACK OF UNDERSTANDING LEADING TO POLICY LAPSES**

- **Affordability also big factor in plans being cancelled**
- **Cover often not replaced after leaving employment**

A lack of perceived value in protection policies is leading to cover being cancelled, according to a report from The Syndicate, the research arm of Protection Review.

When researching people who had held protection and health insurance products, many had subsequently cancelled their cover because they didn't see the benefit in them, felt they had better things to spend their money on, or had changed their mind during the cooling off period – all pointing towards them not seeing enough value in the cover they had purchased.

Of those who had ended their cover, life insurance to protect people's business had the highest proportion of policies being cancelled due to a lack of perceived value (40%), followed by critical illness cover (38%), income protection (36%), private medical insurance (25%), life insurance to protect the family (24%) and mortgage payment protection insurance (23%).

Another significant reason for people's insurance lapsing was that it ended when they left an employer, which is particularly relevant for private medical insurance (38%). Although this type of health insurance is appreciated as an employee benefit, it was rarely maintained when employment ceased.

Affordability also plays a part in people retaining or cancelling cover. Almost a quarter (22%) of those cancelling critical illness cover had done so for this reason, the highest of all products, followed by income protection (19%).

**Peter LeBeau, of The Syndicate commented:** "A recurring theme of this part of our research is that one way or another, the value of insurance is not being conveyed to those that hold it. To those who have protection, the products can feel expensive or benefits were not realised, which is leading to policies being cancelled. As long as the benefits and values that insurance can offer are not adequately conveyed at the point of sale, and reinforced throughout the life of the policy, this will continue to be the case."

For further information go to [www.protectionreview.co.uk/research](http://www.protectionreview.co.uk/research)

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### **Notes to editors**

Consumer research carried out online by Opinium on behalf of The Syndicate, amongst a nationally representative poll of 2002 people from 24<sup>th</sup> – 31<sup>st</sup> March 2016.

#### **About The Syndicate**

Established five years ago, The Syndicate is a research proposition from Protection Review which seeks to provide consumer insight for the industry to better equip providers, advisers, reinsurers and anyone involved in delivering protection solutions.

#### **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.