



MUTUALS PAID OUT ON 19 OF EVERY 20 INCOME PROTECTION CLAIMS IN 2019

-New research from AFM shows mutual providers continue to lead the way in paying claims-

With significant numbers still suffering from Covid-19, there is helpful news for policyholders of a mutual who need to claim on their income protection contract. Whilst mutual providers have seen a rise in claims, their commitment to serving customers well remains undiminished.

Research by the Association of Financial Mutuals into 10 member organisations* that offer income protection products shows they paid out over £26 million in claims to nearly 7,500 policyholders in 2019.

On a like-for-like basis, the volume of claims paid across AFM members has increased by 39% in just two years. This reflects an increase in demand for income protection from mutuals, alongside continued efforts to make it easier for policyholders to make a claim.

The results mean 95.1% of claims received were paid in the year, which is yet another increase in the proportion of claims paid, up from 94.4% in 2019. By comparison, the Association of British Insurer's industry data indicated 88.1% of all income protection claims were paid in 2018.

Of the 4.9% rejected claims, 41% were as a result of non-disclosure, highlighting the need for customers and intermediaries to provide full and frank information as early as possible. A further 29% of those rejected claims were where the claim was for an excluded condition or was outside the scope of the policy.

Income protection products typically pay an agreed amount to compensate the policyholder during a period of illness, and to replace lost wages.

Martin Shaw, Chief Executive of AFM added: "Due to coronavirus, people are more aware than ever before about the impact of being unwell and unable to work. These results are testament to AFM members' commitment to paying claims whenever possible and demonstrate how they are working hard to make income protection accessible and easier to make a claim on."

Other key claims statistics

Main reasons for claims:

1. Other general illnesses and injuries	24%
2. Musculoskeletal problems	22%
3. Accident/injury	20%
4. Mental health (claims have doubled since 2017)	10%
5. Chest/nose/throat conditions	9%

- The average value of claims paid in 2019 was £3,473, with neurological and cancer claims being the most expensive.
- The average claim ran for 15 weeks.

-Ends-

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About the Association of Financial Mutuals

We represent insurance and healthcare providers that are owned by their customers, or which are established to serve a defined community (on a not for profit basis). Between them, mutual insurers manage the savings, pensions, protection and healthcare needs of over 30 million people in the UK and Ireland, collect annual premium income of £19.6 billion, and employ nearly 30,000 staff.

The nature of their ownership and the consequently lower prices, higher returns or better service that typically results, make mutuals accessible and attractive to consumers, and have been recognised by Parliament as worthy of continued support and promotion.

* The following organisations are included in the data collected:

British Friendly	Metfriendly
Cirencester Friendly	PG Mutual
DG Mutual	Shepherds Friendly
Exeter Friendly	Transport Friendly
Holloway Friendly	Wiltshire Friendly

