

MUTUALS PAY 94% OF INCOME PROTECTION CLAIMS IN 2017

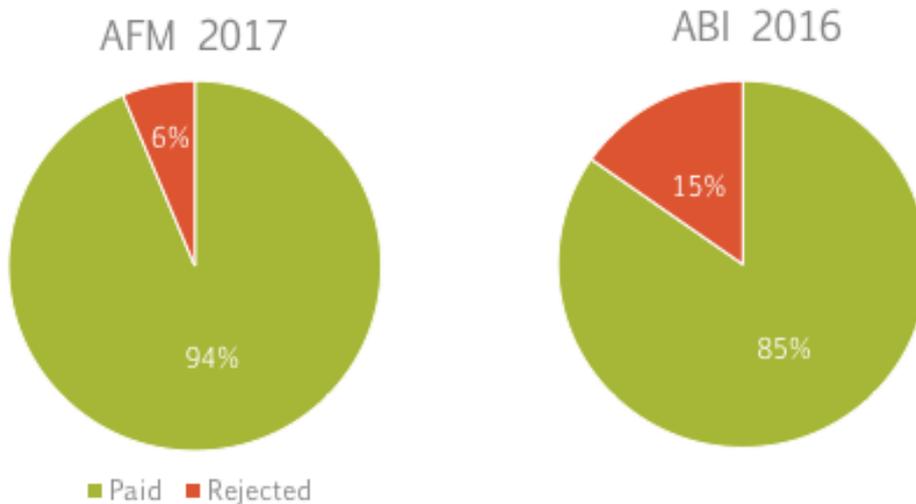
-New research from AFM shows mutual providers leading the way in paying claims-

“Our survey of nine income protection members of AFM showed that in 2017 they paid out on 93.7% of claims. That is significantly higher than the industry average, and clear evidence that policyholders can trust a mutual to support them in times of need.”

Martin Shaw, Chief Executive, The Association of Financial Mutuals

Research by the Association of Financial Mutuals into nine members* that offer income protection products shows that they paid out over £22 million in claims to 4,950 policyholders in 2017. This represents 93.7% of claims received: by comparison in 2016 ABI members reported paying 84.7% of income protection claims.

Proportion of new claims paid



The researched adopted the ‘ABI methodology’ for collecting claims data, which showed that musculoskeletal problems remain the key reason for claiming, and that mental illness now accounts for twice as many claims as cancer. The main reason for rejecting a claim was due to non-disclosure, either at application or during the claim.



Martin Shaw, Chief Executive of AFM added:

“Recent research by the Protection Review indicated that almost half of people do not trust income protection insurers to pay claims. Our own survey shows that policyholders of mutual providers are being fairly treated, but that the industry needs to work harder on communicating the benefits of income protection.

“Many AFM members specialise in providing cover for the self-employed and for SMEs. In March, AFM submitted a response to the Work and Pensions Committee’s inquiry into Universal Credit, calling for legislative changes to avoid the risk that people taking responsibility for protecting their wages during ill-health do not lose state benefits as a result.”

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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 provided data for this research:

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| British Friendly | Holloway Friendly |
| Cirencester Friendly | PG Mutual |
| Dentists' Provident | Shepherds Friendly |
| DG Mutual | Wiltshire Friendly |
| Exeter Friendly | |