A 10-year vision for ***prosperous*** and ***secure*** households, businesses, and communities

A report for the ABI by WPI Economics

February 2025

About WPI Economics

We are an economics, data insights, policy and impact consultancy, but one that is a little different to many others. We draw on backgrounds in government and the private and charitable sectors to produce work designed to make a difference. We do not do research for research's sake. We are committed to ensuring that everything we do has an impact - which is part of the reason why we recently became a verified B Corporation.

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Foreword

The ABI has been the voice of the insurance and long-term savings industry for 40 years. Anniversaries are an important moment for reflection. For what's been achieved and, with equal importance, what is yet to come.

Over the past four decades we have witnessed monumental change. Technology has revolutionised communication. New potential systemic risks have emerged. Data, AI and personalisation have reshaped the consumer experience. Through it all, our world-leading sector continues steadfastly to provide a vital safety net offering peace of mind and security in retirement.

With the UK government keenly focused on delivering economic growth, this moment presents a timely opportunity for us to look up and look ahead at what the future might bring. Together, our industry has an important role to play in supporting the government's growth mission. As employers, we support over 300,000 people across the UK. As investors, we provide capital for the infrastructure needed to transition to net zero. As insurers, we enable businesses to take risks and help their workforces to be healthy and productive.

To explore how the industry can continue to play this vital role in driving growth and boosting resilience over the next ten years, we commissioned WPI Economics to speak to senior leaders across the industry, both inside and outside of the ABI's membership. This report captures those insights – along with the customer perspective - to spark debate and consider the role the ABI can take in leading the way forward.

As ever, addressing these significant prospects and challenges can't be done alone. We believe deeply in the power of collaboration and the importance of working with government, regulators and other industries to truly make a difference.

We are immensely proud of the ABI's role in supporting this great industry to evolve, grow and thrive. We remain at the side of our members, ready to evolve and adapt to embrace the opportunities that change presents.

Hannah Gurga
Director General, ABI

Executive summary

Change is always with us – but its pace and the extent of its potential to reconfigure the world as we know it will be significant over the next decade. WPI Economics was commissioned by the ABI to look at the industry's role in this 'big change' context, including what it needs to be able to do to encourage greater prosperity and security for households, communities and businesses nationwide.

Bill Gates once said that most people overstate what they can achieve in a year and understate what they can achieve in 10 years.[i] The next decade may be one of the most transformative and challenging that humanity has faced. That is not hyperbole: we face a wave of economic, demographic, ecological, and technological forces combining to change the world we live in. One common thing these myriad changes bring is uncertainty – something the insurance and long-term savings industry has more expertise than many in managing. The task now is to apply this strength to get ahead in a decade that will change the fabric of the sector and the world it operates in.

Based on research, expert interviews, consumer polling and business engagement, WPI Economics has identified five key priorities where the industry – working with its partners – has a central role to play.

Together, driving change to protect and build a thriving society.
A 10-year vision for prosperous and secure households, communities and businesses

An insurance and long-term savings industry that underpins the economic growth and resilience the UK needs over the next decade means:

- Tackling changing risks
- Building household financial resilience
- Supporting business and growth
- Future-proofing the UK's workforce
- Leveraging technology and data for good

This report dives into each area to explore what the future might ask of the industry. It is clear that the next decade will demand ever more proactive and innovative ways to help consumers, businesses and society stay ahead of complex and interconnected risks. This report is intended to spark debate about where to place the greatest focus and to build the case for a strategic response.

To ensure that the sector can play its crucial role, partnership with government and agile responses from the regulators is vital. This would enable the vision below to be achieved.

Tackling changing risks	Responding effectively to the risks of the future, supported by innovation and close collaboration with industry and government.
Building household financial resilience	Resilient households with the safety nets they need to manage financial shocks now and for security in retirement.
Supporting business and growth	Businesses that can hire, invest and grow, and seize the opportunities of the future.
Future-proofing the UK's workforce	Insurers at the heart of delivering 'good work' for all.
Leveraging technology and data for good	Technologies of the future drive better outcomes for the sector and consumers alike.

For this to be possible, a key objective for the industry and its partners was identified for each priority. Later in the report, more detail is provided for each priority and the top three actions needed. The most critical are drawn out below:

Tackling changing risks: Climate change, AI-bolstered cyber threats, increasing geopolitical risks, people living longer and continued pressures on household finances – these all present challenges that the industry, regulators and government will have a significant role in responding to. The key challenge for the sector to rise to here is to **secure greater collaboration to address systemic risks**. To address this, industry, regulators and government must work together to build a framework that futureproofs households and businesses from such risks. This is critical to retaining the UK's reputation for being at the frontier of insuring complex and evolving risks, building on the example set by Flood Re and Pool Re. As a starting point, a key objective should be identifying how collaboration can improve the management and insurability of perils involving state-based actors.

Building household financial resilience: The pressure on household budgets risks leaving many exposed to financial shocks, particularly the uninsured or underinsured and those with limited pension savings. The economic challenges that households will face over the next decade further underlines the importance of improving financial resilience, and the industry can play an important role in partnership with government to better protect society and the taxpayer from future shocks. The key challenge for the sector to respond to here is to **deliver a roadmap to saving more**. This means making a successful case for increasing pension savings in difficult times, which is dependent on the following: having the right safeguards in place; connecting this increased saving to investment and growth; and embracing an open debate on how pension savings sit alongside shorter-term saving needs. The aim here should be for the minimum auto-enrolment savings rate to be at 12% of salary by 2035 in a more flexible system that also supports short-term savings and low-income savers. Seizing the opportunities of new technology will also be key to roll out personalised support and advice to the mass market, helping everyone confidently take decisions about savings, insurance and retirement.

Supporting business and growth: Sustained low economic growth rates currently create challenges for UK incomes, safety nets, and public services. Delivering higher investment across the economy will be vital for addressing this challenge. In particular, the drive to net zero has been described as the greatest economic opportunity of the 21st century, and the UK could be well placed to secure more of the global market for green goods.[ii] In addition, the export of commercial and specialty insurance to the rest of the world is a competitive advantage for the UK and one that can be further harnessed to deliver growth. The key action here is to **secure this competitive edge**, doubling down on the competitiveness agenda to keep the UK as a global insurance centre for decades to come. The sector cannot do this on its own – it demands an agile regulatory system, which can support growth. The target should be for the UK's commercial and specialty sector to be growing faster than its major rivals by 2035.

Futureproofing the UK's workforce: An ageing population, rising levels of mental ill health and the aftermath of the pandemic have all resulted in a UK workforce health crisis. Over the next decade, it will be critical to identify how the sector can protect more people so they can be given appropriate treatment and practical support to remain in work. The sector should support the **harnessing of the role of employers** so that all employees have access to appropriate health and financial support when they fall ill. This means stronger employer responsibilities, such as moving to a higher rate of sick pay for employees over time. It also means co-investment from government, including targeted financial support for employers who put in place a financial safety net and preventative health support for their staff. Ultimately, the aim should be for the vast majority to have this support in place by 2035.

Leveraging technology and data for good: Data is at the heart of everything the sector does. Innovation has the potential to deliver benefits to the industry's customers via better services, wider coverage and lower premiums. To put this in context, 81% of insurance CEOs put Generative AI as a top investment priority in 2024.[iii] To ensure insurance remains relevant for all of society, the key action for the industry is to embrace **continuously reinventing insurance**, which means harnessing AI and connected technologies to better tailor support, using data to paint an even more granular picture of customer needs, and by offering targeted pricing and product design. Underpinning this should be a vision for the industry around the greater portability of data, building on the success of Open Banking.

Although the challenges outlined here are significant, it is within the grasp of the industry, government and the regulatory system to meet them. At the heart of achieving this is deciding how best the industry can work with government and others to harness the opportunities and tackle the risks and challenges that lie ahead.

Introduction

‘Whether it’s corporate or personal, transferring risk from their own balance sheet to ours allows people to live more predictable, safer and better lives.’

Nick Turner, Group Chief Executive, NFU Mutual

Insurers and the long-term savings industry provide products that are a cornerstone of our economy and society, and these products play a major part in our everyday lives. Right across the UK, businesses and individuals rely on support from insurers to cope when things go wrong and, in the face of uncertainties around health and longevity, the industry brings peace of mind to millions of savers and retirees.

The industry also goes well beyond these core functions. By supporting people and businesses to better understand and manage their risks and finances, the industry plays an ever-greater role in driving up economic performance and improving living standards. As the third largest insurance and long-term savings market in the world, and with ABI members managing £1.4 trillion of invested assets, the industry is at the heart of the UK’s position as a ‘services superpower’.[iv]

Overall, this means that the industry is vital to securing the jobs, living standards and wellbeing of individuals, families and communities up and down the country.

84% of UK adults have some form of insurance. More than two thirds of These (68%) said that insurance makes them feel protected, secure or safe.[v]

In 2023, the insurance industry paid out £52.5 billion in non-life insurance claims – equivalent to £144 million a day.[vi]

22.3 million people are saving for retirement through a workplace pension – 80% of all workers.[vii]

Building on these foundations, this report asks what the next 10 years look like for the industry, and what it needs to continue this vital role. The context is an ever-more connected world, where new individual and systemic risks are emerging and existing risks are growing. In this evolving world, in addition to significant opportunities for growth and improved support, advances in technology are also making people’s lives and finances more complex. Moreover, shifts in the global economic and geo-political landscape require changes to how we all live and work to secure increased growth and living standards.

The conclusion, both from our interviews with leaders across the industry, consumer groups and policymakers and from our research with consumers, is that the insurance and long-term savings industry can and must play a key role in helping all of us to manage these changing risks. It can achieve this by providing the products and support that businesses and individuals need to secure their financial resilience in an increasingly complex and volatile world.

'Consumer issues need to be at the forefront of the industry's thinking. The next 10 years are crucial and the challenges ahead mean insurance, protection and long-term savings are more essential than ever for financial resilience. We need to ensure as many people as possible can access these products.'

Sacha Romanovitch, ABI Independent Non-Executive Director

Based on these interviews and research, this report focuses on five priorities where the industry will have a significant role to play. In each priority, we identify the decade's key likely challenges and the opportunities that, if grasped, could make us more resilient, strengthen our economy and improve living standards.

We show that meeting these challenges and making the most of these opportunities will require the industry to innovate and adapt. We also show that the industry is well placed to do so. From schemes like Flood Re (see chapter 1) and new products to support firms' cyber resilience to the introduction of auto-enrolment in pensions and new products for those retiring, the industry has repeatedly shown that it is capable and willing to adapt and innovate to meet changing needs.

By being adaptable and innovative, and by working with government and other stakeholders, the industry can ensure that its products and services continue to meet business and individual needs and play its vital role in the UK's economy and society.

Exploring the consumer perspective

Consumers are at the heart of the insurance and pensions industry. The sector has a social licence to operate because of the role it plays in helping people deal with financial shocks and prepare for retirement. We polled 2,000 UK consumers about their experience of insurance and long-term savings, and about their concerns for the future. They told us how important insurance and pensions are for their day-to-day lives, but that they worry about being financially vulnerable in the future.

When asked about the future, 58% of UK consumers were concerned the world is becoming more complex and uncertain.[viii]

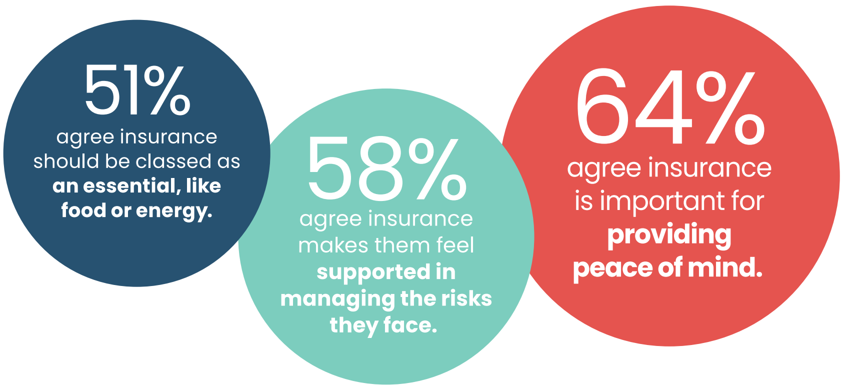
Technology and access to health and social care top the list of consumers' concerns for the future.

When asked about a range of future risks, consumers are most concerned about:

1. How their personal data is used and **greater risks to their privacy and data security** in the future (50%).
2. Not **being able to afford good quality social care** for themselves or their families (45%)
3. **Cyber-attacks** impacting the businesses they engage with (39%).
4. Funding their and their families' **healthcare in the future** (36%).
5. **Climate change** putting their homes at risk of flooding (30%).

Looking at insurance, 84% of UK consumers hold at least one form of insurance. [xi]

Insurance makes people feel secure, safe and protected:[x]



47% would like more support from insurers to understand how to reduce the risk of having to make a claim.[xi]

Insurance ownership is less common for lower-income households and younger age groups.

24% of 18- to 24-year-olds own no form of insurance, nor do 37% of consumers with a household income below £15,000 a year. [1]

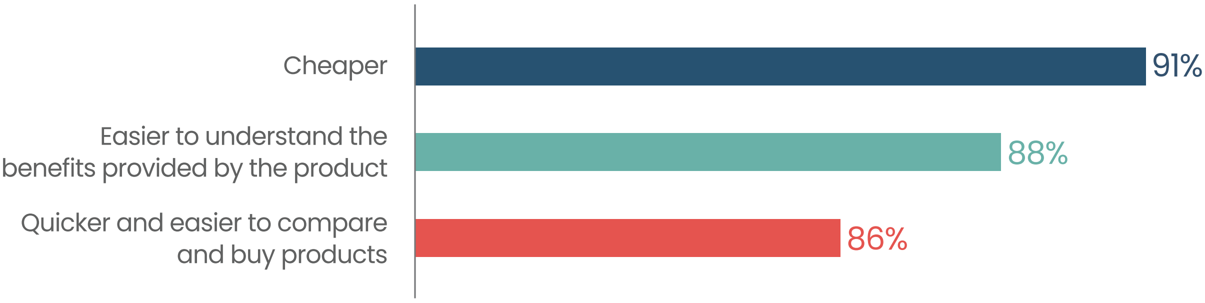
[1] Note – not all consumers in these groups will require insurance products.

We asked whether insurance should be priced exactly according to risk or have a greater degree of risk pooing? Consumers are split:

Everyone should pay for their insurance exactly according to their level of risk.	60%	The cost of insurance should be spread across customers so that insurance is less expensive for those at higher risk.	40%

Two in three UK consumers are comfortable about the choices they have made about insurance. But nine in 10 would like to buy - or are thinking about buying - additional insurance. [xii]

Consumers would be more likely to buy additional insurance if it were:



One in two is worried about how they would cope financially if they or a family member were off work because of ill-health.[xii]

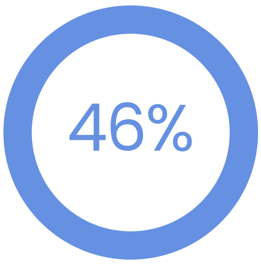
Only 5% have purchased **income protection insurance**. Only 18% have **insurance provided by an employer**. 22% do not think their employer has the right **practices in place to support their health**. [xiv]

Turning to pensions, seven in 10 agree the right products and tools are available to help them save for their retirement.

However, consumers would like more support to help them prepare for retirement:

50% of UK consumers are worried they are not saving enough for retirement.[xv]

65% worry that their retirement will be less secure than it was for previous generations.



46% of workers would like more support to understand what they need to save for a good standard of living in retirement.

This perspective from consumers has framed the discussions with industry specialists and stakeholders throughout our research. Listening to consumers' voices grounds the vision and recommendations for the sector in the needs of its customers. This is a principle which, we have heard time and again from those we have spoken to, is crucially important and something the sector must continue to meet evolving needs and maintain its relevance.

Tackling changing *risks*

1. Tackling changing risks

Vision for the future: Responding effectively to the risks of the future, supported by innovation and close collaboration with industry, regulators and government.

What's needed?	Vision	Action
1. Greater collaboration to address systemic risks	Together, industry, regulators and government build a framework to futureproof households and businesses from the risks of the future.	The industry, regulators and government collaborate to retain the UK's reputation for being at the frontier of identifying, managing and insuring complex and evolving risks.
2. Active risk management	The industry supports its customers to get ahead of changing risks by proactively helping them to be more resilient.	The industry fully embeds active risk management and proactively supports customers to be more resilient.
3. Facing the future	Together, insurers and regulators revolutionise how the sector underwrites to protect households, businesses, and communities against less understood risks.	An evolution in the approach to underwriting as historical data becomes a less reliable guide. Working with the regulators is key to addressing barriers to new approaches so that protection can meet future risks.

In 10 years' time, climate change and AI-bolstered cyber threats will have radically changed the nature of the risks faced by households, communities and businesses. Combined with increasing geopolitical risks, greater longevity and continued pressures on household finances, households across the UK will be facing an insecure future. The insurance and long-term savings sector has a critical role to play here, and there is a big task ahead to make sure the industry stands ready to meet that challenge. This will provide resilience and security when it's needed most and help prevent many of the catastrophic risks on the horizon.

Where are we now?

'The UK's insurance sector is no stranger to change and has always risen to the challenges we've faced. From developing new products that work for our customers' changing needs through to world-leading innovations like Flood and Pool Re, we ensure millions of consumers and businesses continue to access the protection they need every day despite the changing world around them.'

Dougie Barnett, Director, Commercial Customer Risk Management and Sustainability, AXA UK

Over the centuries, the role of insurance in managing risk has evolved as the sector has adapted to technological, social and economic change. In 2025, it is hard to think of a major event or commercial transaction that is not underpinned by an insurance contract. In the UK, the sector paid £144 million in claims each day across non-life insurance claims in 2023. [xvii]

Recent innovations show the sector's track record in responding to changing risks, both on its own and with partners:

- **Cyber insurance** - the biggest risks many businesses face are now digital in nature. From data breaches through to malware, cyber threats now present a major risk to companies' ability to trade. Over the past two decades, cyber insurance has gone from a previously non-existent product in the UK to one that is now held by an estimated four in 10 companies.[xviii] This shows the ability of the insurance industry to design and scale solutions that respond to new threats faced by society.

- **Flood Re** - as a collaboration between insurers and the government, this ensures the availability of flood cover for those at the highest risk. Before Flood Re existed, just 9% of households who had made flood claims previously could get quotes from two or more insurers; this is now 100% of households.[xix] Flood Re demonstrates the ability of insurers, working with government, to respond to increasing flood risk and ensure those most vulnerable to flooding can still get insurance. However, as a time limited scheme, there is a continued need for engagement over the next decade to ensure sufficient investment in flood defences and an effective planning and building regulatory framework for resilient homes in the future.

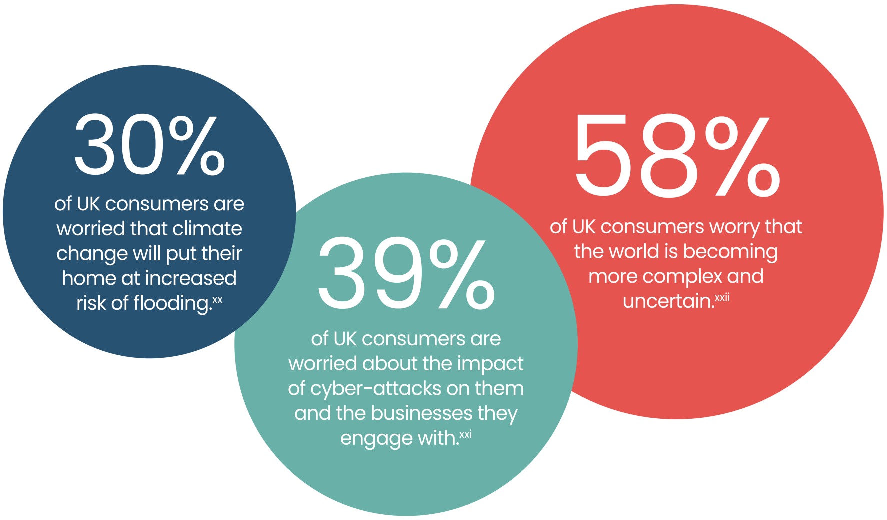
The industry has a history of reshaping and remoulding for the needs of the day and for what is to come on the horizon. The next decade will provide new and more complex challenges for the sector to rise to as it supports its customers.

What does the future look like?

'Individuals, businesses and communities are already experiencing the impacts of a changing world, with weather patterns becoming more erratic and global uncertainty bringing new and emerging risks. Building and encouraging financial and property-level resilience is vital in helping people to get ready, adapt and prepare for the challenges the future may bring.

Jason Storah, CEO UK & Ireland General Insurance, Aviva

Over the next decade new, emerging and systemic risks are expected to present an even greater challenge for households, communities and businesses. Many of these are already recognised by those that will be affected. For example:



These risks are already front of mind for senior executives and thought leaders globally (see chart below). In developing a response, a further challenge is that, driven by rapid technological change, our daily lives, infrastructure, business activity and society are becoming increasingly interconnected. This means that single events – whether triggered by climate change or cyber-attacks – can have a significant impact across large parts of society at any given time. This threatens the traditional insurance model, which is based on the many paying premiums to fund the claims of the few at any particular time. As a result, continuing to protect society from these risks requires bold, new and innovative approaches, as exemplified by Flood Re and Pool Re.

Global risks ranked by severity over the short and long term

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period"

Risk categories: Economic, Environmental, Geopolitical, Societal, Technological

Rank	2 years	Rank	10 years
1st	Misinformation and disinformation	1st	Extreme weather events
2nd	Extreme weather events	2nd	Critical chane to Earth systems
3rd	Societal polarization	3rd	Biodiversity loss and ecosystem collapse
4th	Cyber insecurity	4th	Natural resource shortages
5th	International armed conflict	5th	Misinformation and disinformation
6th	Lack of economic opportunity	6th	Adverse outcomes of AI technologies
7th	Inflation	7th	Involuntary migration
8th	Involuntary migration	8th	Cyber insecurity
9th	Economic downturn	9th	Societal polarization
10th	Pollution	10th	Pollution

Source: World Economic Forum Global Risks Perception Survey 2023-2024

Some of the key risks identified, and how they are expected to evolve over the coming decade, are set out below:

Climate – The world has only a 50% chance of locking in 1.5°C of warming before 2030 and urgently needs rapid carbon dioxide emission reductions.[xxii] To meet its climate targets, the UK requires a reduction in emissions of 78% by 2035 relative to 1990 levels, a 63% reduction from 2019. It is highly likely that by 2030 we will experience a new warmest year on record.[xxv] The result of rising temperatures for the UK is higher levels of flooding, more forest fires, storms and subsidence, and a resulting increase in insurance claims.

Cyber – AI will transform the cyber risk landscape beyond recognition over the next 10 years. 56% of executives and thought leaders surveyed think generative AI will provide an overall cyber advantage to attackers in the next two years – of particular concern is the advance of adversarial capabilities like phishing, malware and deepfakes.[xxvi]

Longevity – Between 2019 and 2040, the UK population is projected to grow by 3.5 million, with 3.3 million of this being among those aged 70 and over. Average life expectancy is projected to increase to 83.1 years from 81.7, but over 12 of those years are expected to be lived with major illness.[xxviii] The UK has higher than average variation in age at death than other countries; and geographical inequality in life expectancy is higher in the UK than in some other comparable countries. This has major implications for healthcare, social care, pensions, and workplaces.

Risks to supply chain – The Bank of England has highlighted that the UK is particularly exposed to supply shocks in China, the largest individual supplier country for half of UK manufacturers[xxix] The combination of climate change, demographic shifts, and geopolitical tensions could increase the risks of a mismatch between the supply and demand of labour in the coming years, leading to increasing skills shortages in key sectors.[xxx] Furthermore, progress being made by companies to improve their supply chain resilience in the aftermath of the Covid pandemic is now beginning to slow.[xxxi] Potential escalation in trade wars between the US and its major partners could be a major source of supply chain instability in the coming decades.

Each of these requires innovation and adaptability from the insurance and long-term savings sector. The next section sets out our overarching vision for the sector's role, and the steps required to get there.

How do we get there?

'The insurance sector has a key role to play in supporting individuals, businesses and government to be more resilient in the face of future risks like climate and cyber. The capacity and capability within the UK is world-leading. Harnessing this will help us face the future.'

Tim Bailey, former UK CEO, Zurich and ABI President (2023-2025)

The UK needs an insurance and long-term savings sector that can navigate the complexity and interconnectedness of future risks, working in close collaboration with UK industries, government and global partners.

If the insurance and long-term savings sector is unable to adequately respond, this could have disastrous consequences for households, communities and businesses. There are many reasons to have confidence that the sector can rise to meet the challenge. There are three important areas where the UK's world-leading insurance and long-term savings sector, working with its partners, can drive progress in responding to these risks over the next decade.

1. Greater collaboration to address systemic risks

Vision: Together, industry, regulators and government build a framework to futureproof households and businesses from the risks of the future.

The last 30 years have shown the industry's ability to work with partners to deliver solutions that address challenges of affordability and availability of cover. This will be more relevant than ever over the next decade. For example, Flood Re and Pool Re show how, by working with government, the industry has helped improve insurability and enabled coverage of flood and terrorism risks respectively - providing, in turn, significant benefits to those covered and to society more generally.

These are both examples of Protection Gap Entities (PGEs) that socialise risk, either between different policyholders (Flood Re) or from policyholders to the taxpayer (Pool Re). This sort of approach will remain an important tool in the toolbox for managing systemic risk, but it will not be the best solution in every circumstance.[xxxii] This means that the sector and government will need to work together to innovate once again to meet the growing challenge of systemic risks.

It is important that this work becomes more future-looking in nature. Flood Re and Pool Re were developed reactively, when coverage had already disappeared or been severely restricted. Government and insurers must collaborate more proactively to help coverage be maintained and ensure that more nascent insurance markets, such as cyber, can continue to grow. A front-footed approach will also ensure that the UK retains its historic status (and competitive advantage) of being at the frontier of specialty insurance - offering cover of a level and quality which cannot be obtained in other markets.

One area for further exploration is the impact of the activity of state-based actors on businesses and households in the UK – such as around supply chains, cyber-attacks, and misinformation. Risks involving state-based actors are sometimes not considered to be in the scope of insurance contracts, but they have led to increasing levels of economic and social disruption in the UK in recent years. Insurers and government could explore how together they might improve the management and insurability of these risks.

2. Active risk management

Vision: The industry supports its customers to get ahead of changing risks by proactively helping them to be more resilient.

As well as paying claims, insurers will have an increasing role in helping people and companies to be more resilient to new, emerging and systemic risks. Our polling found that 47% of UK consumers would like more support from insurers to understand how to reduce the risk of having to make a claim.[xxxiii] Newer product lines like cyber insurance show the art of the possible here, with cyber security advice as well as incident support being available in many cyber insurance policies as standard. Health and protection insurance products increasingly take a proactive approach to supporting the health of policyholders by offering access to treatments like mental health consultations and physiotherapy.

Insurers are experts in identifying and managing risk, so they can add considerable value to customers with these kinds of offerings. Insurers should identify how they can support customers to better protect themselves from climate-related threats such as flooding or subsidence, or other rising risks like fraud and financial crime. Small and Medium-sized Enterprises (SMEs) in particular want more support to navigate the greater risks they face, and insurers have the potential to significantly increase their value add to these types of customers in the coming decade. Ultimately, this kind of offering should become the norm for how insurers support their customers.

There are challenges here – in particular, ensuring these products remain competitively priced for customers in a world of wider cost pressures. However, the prize for the industry is significant: building up levels of consumer trust and securing the relevance of insurance to its customers in the future.

Beyond customer support, given their long-term view, insurers are also in a unique position to advise government on risks that present themselves beyond normal political cycles, such as the long-term infrastructure investment required to mitigate and adapt to climate change.

3. Shaping the future

Vision: Together, insurers and the regulators revolutionise how the sector underwrites to protect households, businesses, and communities against less-understood risks.

Insurers mainly use historical data sources, including claims data, to develop models that they rely on for underwriting, pricing, and reserving. This requirement is also underpinned by prudential regulation, which requires insurers to be capitalised against a one in 200-year loss event according to Solvency UK rules.

New and emerging risks question this paradigm, as there is sometimes a lack of reliable historical data on which to base underwriting decisions. For example, green technologies such as Carbon Capture, Usage and Storage (CCUS) or green hydrogen have not yet been deployed at scale, so there is limited data on potential risks associated with their use. In addition, while there is significant cyber insurance claims data now available, AI may change the nature of cyber risk in a way that limits the potential usefulness of historical claims data.

Case study: Escape of Water Insight by Verisk

Verisk - a data analytics and strategic consultancy partner for the insurance industry - has developed Escape of Water Insight, an analytical model that uses machine-learning algorithms to predict the likelihood of Escape Of Water (EOW) claims due to non-freeze events in residential properties across the UK. Escape of Water Insights has full coverage of UK residential properties with address- and postcode-specific data validated against five years of relevant claims history, and the model is able to rank properties by risk level. The model contains more than six million building control applications collected from around 200 councils in a five-year period — and over 18 million Energy Performance Certificate (EPC) records. As a result, insurers are able to price risk more accurately and have a clearer understanding of the exposure of flats based on their location, floor number, and property attributes.

Insurance will play a central role in providing the assurance and protection businesses need to push the frontiers of innovation. Therefore, being able to evolve their approach to underwriting is vital for securing the industry's future relevance. As a result, insurers should work closely with the regulators so the industry can address barriers to new approaches to underwriting and therefore preserve and enhance the levels of protection available against future risks.

Building Household Financial *Resilience*

2

2. Building Household Financial Resilience

Vision for the future: Resilient households with the safety nets they need to manage financial shocks now and for security in retirement.

What's needed?	Vision	Action
1. A roadmap to saving more	Together, increasing pension contributions in a sustainable way to support savers, businesses and the economy.	Making a successful case for increasing pension savings in difficult times, which is dependent on the following: having the right safeguards in place; connecting this increased saving to investment and growth; and embracing an open debate on how pension savings sit alongside shorter-term saving needs.
2. Meeting the needs of the many	An insurance and long-term savings sector built around supporting a broad range of savers and policyholders.	There is a critical role for the industry to ensure advances in technology do not lead to the exclusion of increasing numbers of vulnerable people.
3. Tech for engagement	Everyone can access affordable, appropriate support to take decisions about insurance, savings, and retirement.	It is incumbent on the industry and its partners to seize the opportunity created by new technology to improve access to tailored support, and to encourage their take-up by savers.

Insurance and pensions provide tens of millions of people with financial security and resilience throughout their working lives and into retirement. The continuing squeeze on household incomes, especially for low- to middle-earners, will see more households taking decisions around insurance and savings that put them at risk when financial shocks come. Auto-enrolment has been an extraordinary success in increasing participation in workplace pensions, but it will not deliver the retirement outcomes needed without urgent action to increase saving levels and engagement with individuals now responsible for their own decision-making. Technological developments in the future, while delivering efficiency benefits, could break down the risk-pooling role of insurance without efforts to prevent this.

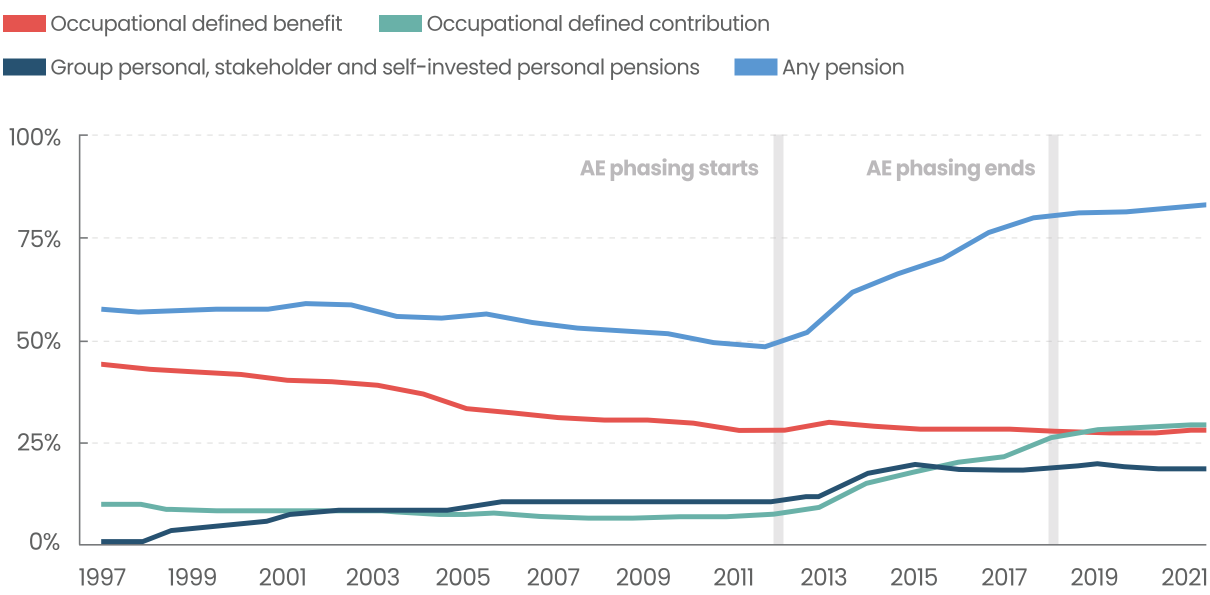
Where are we now?

Many UK insurers can trace their roots back to the mutuals and friendly societies that were set up centuries ago. From the start, these were established to help people to pool risk and resources to cope with the financial impact of illness and old age. Today, the fundamental role of the industry is no different – enabling customers to withstand financial shocks throughout their lives and build up savings for retirement. There are 12.7 million people receiving an income from a private pension in retirement today. [xxxiv] The challenge the sector faces is to ensure the products and services remain tailored to the financial challenges of the modern world and continues to support the broadest possible range of people across society.

In this respect, significant progress has already been made, with the sector working with partners to address challenges around financial inclusion. In the past decade, auto-enrolment has been transformative for pension savings participation in the UK, particularly boosting savings levels for under-pensioned groups like those on low incomes and women.

However, gaps in pension coverage and adequacy remain. Proposals to incorporate low earners into pension saving have not been adopted, and the self-employed remain out of scope; these gaps may increase as the labour market evolves. Furthermore, pension savings will not always be the best solution and there are important trade-offs to make between the short term and long term to maximise overall financial wellbeing.

Percentage of employees with a pension by type



Source: *Office for National Statistics Employee workplace pensions in the UK 2022*

Beyond pensions, extending take-up can be challenging - insurance take-up remains low among certain groups, and 37% of those with a household income of less than £15,000 a year have no insurance products. Without insurance, people can be pushed into costly financial decisions and a lack of insurance can impact on mental health.

Overall, significant progress has been made. However, take-up and savings adequacy remain a real challenge, particularly amongst some groups. The economic challenges that households will face over the next decade will also place further strains on financial resilience.

Of those who did not have life insurance, **27%** said this made them feel at risk, insecure or vulnerable.

Of those who did not have contents insurance, **31%** said this made them feel at risk, insecure or vulnerable.

Each year, **400,000** people in poverty experience an insurable loss without having insurance cover – meaning they often have to turn to high-cost credit or go without.[xxxv]

Source: Top two stats - *Censuswide polling for WPI Economics November 2024.*

What does the future look like?

Household finances are likely to come under significant further pressure over the next decade, with Real Household Disposable Income per person (RHDIpp) forecast to rise only half a percent per year up to 2029-30. This comes after a record-breaking period of stagnant earnings growth, meaning that nine million young workers have never worked in an economy with sustained average wage rises. [xxxvii]

These pressures will also be felt unequally by different groups. Households in the bottom two income deciles are set to be poorer in 2030 in real terms than in 2023. Absolute poverty is projected to remain static over this period, which would make this the only post-war Parliament in which absolute poverty did not fall overall. [xxxviii]

In the context of take-up and engagement that is already low for some of these groups, these further challenges will make it even more difficult for people to put a financial safety net in place, whether through savings or insurance. The risk is that this further reduces already-fragile levels of financial resilience.

These issues also store up problems for future retirees. As the shift to Defined Contribution (DC) pensions continues, there is broad consensus that while auto-enrolment has successfully extended the coverage of pensions to most workers, for many of these, current levels of savings will not provide an adequate retirement income. This is exacerbated by other pressures future retirees will face:

- People are living longer. The average 45-year-old woman today has around a 25% chance of reaching 96.[xxxix] A 30-year-plus retirement has big implications for the level of pension savings people require and how they use this to secure a retirement income.
- Related to this, many more people will need to pay for care costs in retirement due to worsening health and cognitive decline in later life. The average cost of care for an over 65-year-old today is £43,800 a year. [xl]
- Changes in patterns of home ownership will mean more retirees live in the Private Rented Sector (PRS) or retire with outstanding mortgage debt. This risks putting an extra 145,000 pensioners in poverty and increasing spending on housing benefit by £3.5bn a year. [xli]

'The biggest single shift in the next decade will be the decline in adequacy of the pensions people will retire with - far more people will also retire without owning their home and will need social care. We need to reinvent ourselves as customer-facing businesses, not product manufacturers, and push for reforms that will achieve the right outcomes for our customers.'

Andy Briggs, CEO of Phoenix Group and ABI President

Nearly two in three people (65%) believe that their retirement will be less secure than in previous generations.[xlii]

It is projected that nearly three quarters of households (74%) will be below a 'moderate' standard of living in retirement. [xliii]

Individuals are also facing the need to make decisions and take on the related risk themselves. Pension Freedoms, which allow people the choice how to use their pension pot, and the shift to DC from Defined Benefit (DB) are both key examples of this, as they transfer retirement decision-making and savings and investment risks to individuals. This is concerning, as many working-age people do not feel equipped to be able to make good decisions - 46% would like more support to understand what they need to save in order to have a good income in retirement.[xliv]

How do we get there?

In the face of these headwinds, the UK population urgently needs to save more and become more resilient. The insurance and long-term savings industry is at the heart of this challenge. It will need to build on both tried-and-tested approaches and new innovations to ensure that as many people as possible can access the right insurance and long-term savings products. It also needs to continue its important role in supporting and driving economic growth, as discussed in chapter 3.

1. A roadmap to saving more

Vision: Together, increasing pension contributions in a sustainable way to support savers and the economy.

Most people are not saving enough for retirement, and therefore increasing the minimum contribution rate in auto-enrolment is the only effective means of boosting levels of pension savings across the population.[xlv] However, increasing pension savings will reduce earnings in the short-term and increase costs for employers. It is therefore critical that the industry makes an effective case for increasing pension savings in difficult economic times. There are three key elements to this.

- Firstly, safeguards need to be put in place to ensure contributions do not rise at the most difficult times for households and businesses. The government should set out a roadmap for increasing minimum contributions, and then adopt a series of tests around household income and labour market indicators to potentially stage and pause increases in contributions at times of heightened pressure on the economy. [xlvi]

- Secondly, the industry needs to make the case that higher levels of pension saving are central to investment and growth. The UK's low savings rate is a key reason behind its poor levels of investment, [xlvii] and higher contributions will deliver greater scale in DC funds needed to increase investment in more sophisticated asset classes like venture capital and infrastructure.

- Thirdly, as well as calling for an increase in contributions, the industry has already begun to embrace a degree of flexibility in the auto-enrolment system. This includes ideas such as the ability to 'opt down' instead of opting out, and workplace cash savings (so-called 'sidecar savings') alongside pensions for emergency short-term needs. The industry should welcome an open debate on better aligning pensions with short- and long-term saving needs, including for housing, and take a leading role in articulating how this can be delivered in practice.

By building a roadmap according to these principles, the long-term savings sector should aim for minimum contributions to rise to 12% of salaries by 2035 in a more flexible system that also supports short-term savings and low-income savers. This would support more secure retirements for future cohorts and provide the investment needed to supercharge the British economy.

2. Meeting the needs of the many

Vision: An insurance and long-term savings sector built around supporting the mass market of savers and policyholders.

The insurance and long-term savings sector plays an important societal role by protecting household finances. Fulfilling this role in a meaningful way means that take-up of products and breadth of coverage should be as wide as possible, rather than being focussed on providing a safety net for the already financially secure. Unless the economy's prospects improve dramatically, this protection of household finances is particularly important given the difficult times that people on low and middle incomes are likely to face over the coming decade, as well the higher overall levels of risk as discussed in chapter 1.

The pooling of risk and resources is at the heart of how the sector works, with the premiums of the many paying for the small number claiming at any one time. Risk-based pricing is a central part of this, allowing insurers to build a pool of risks in a sustainable way, pricing and reserving according to their exposure to claims.

Advances in technology, including AI, could deliver efficiency benefits to the sector, but these advances also risk enabling a level of underwriting precision that could mean more high-risk people are declined insurance cover, narrowing the risk pool. To prevent technological innovation from narrowing coverage, the industry must work with partners to place guardrails around the use of AI that prevent the exclusion of increasing numbers of vulnerable people from the risk pool.

The industry also needs to ensure that the sector broadens its coverage to more people, just as there are already mechanisms in place to support the greater pooling of risk and achieve coverage at scale. For example, initiatives like Flood Re and the Code on Genetic Testing [xlviii] ensure that high-risk people can still access cover. Group Risk products can cover all but the highest-paid employees without any medical underwriting, but they are underutilised across the workforce at present. Other routes to widening take-up could be explored, such as auto-enrolling social housing tenants into contents insurance as part of their rent payment. In social care, where costs of care are high and propensity to plan is low, the industry can work with the government to help ensure people can access the care they want and need. This includes all parties being clear on where the state needs to provide support, the extent to which the industry can serve a wider market, and the role of tax and benefits in providing incentives and removing disincentives.

'We need a breakthrough in the advice-guidance boundary. People with relatively small pots of money are pretty much left out in the cold. We are making their assets work as hard as possible, but pensions are not high enough up people's list of priorities. Technology and AI will bring a digital revolution that can help us offer widespread customisation and give members a better experience, and ultimately better outcomes.'

Ian Cornelius, Interim CEO, NEST

3. Tech for engagement

Vision: Everyone can access affordable, proportionate support to take decisions about insurance, savings, and retirement.

Price comparison websites (PCWs) help consumers compare products and select the ones best suited to their needs. However, when it comes to more in-depth advice, currently, tailored support to help people with financial decision-making is mostly geared towards the very wealthy. Only one in 12 people received financial advice in 2022, but this rises to one in three of those with investable assets over £100,000.[xlix] Given the complex decisions people will need to make about overall savings needs, housing, work, and retirement incomes, there is a clear gap in the support available to those on middle incomes. This gap is particularly present for those who have limited safety nets, such as the self-employed.

Innovations like pensions dashboards, Open Finance and AI-assisted advice and guidance could help roll out personalised support to the mass market. Regulatory initiatives like the proposals on targeted support and the new Financial Conduct Authority (FCA) requirement to 'have regard' for financial inclusion in its decision-making could further enable the scaling-up of these solutions. Recent innovations show the art of the possible here:

Case study: Moneyhub

Moneyhub's Smart Saving API Recipe makes use of AI and Open Banking alongside behavioural economics to help consumers save. Bringing these three components together, Smart Saving allows customers to more accurately set achievable financial goals by informing them when they may have excess budget to save. It does so by using AI-driven data analysis and insights to provide customers with a real-time overview of their incomings and outgoings, highlighting the amount of money typically remaining each month and their savings potential. AI assistance also informs Smart Saving's nudge function - this triggers action at the most appropriate time and builds financial resilience and good saving practices. Smart Saving can be combined with Saving Goals, another Moneyhub API Recipe, to help personalised saving for set purposes.

The first pensions dashboards are expected to go live early in this 10-year period, which only underlines that it is incumbent on the industry and its partners to seize the opportunity created by new technology to improve access to tailored support, and to encourage their take-up by savers.

3 Business and *growth*

3. Business and growth

Vision for the future: Businesses that can hire, invest and grow, and seize the opportunities of the future.

What's needed?	Vision	Action
1. A competitive edge	Doubling down on the competitiveness agenda to keep the UK as a global centre for insurance for decades to come.	An agile regulatory system can support the UK in doubling down on competitiveness in financial services to continue growing its share of the global insurance market and maintaining its long-standing specialisms.
2. Bolstering the economy	Improve the impact of investments to unleash benefits for savers, the economy, and wider society.	Building on existing measures to maximise the benefits of how pension assets are invested. Many high-growth sectors have significant funding needs. There are several key principles set out in chapter three that underpin the approach to improving how this is delivered.
3. Insurance as a service	Helping UK businesses of all sizes to navigate the future's challenges, to innovate and to grow.	Beyond ensuring the sector can provide insurance on competitive terms, it will also support businesses to rise to the challenges of the future and growth via innovation; for example, by supporting new enterprises at an early stage to enable the insurability of future products and technologies.

The UK faces continued low growth in the coming decade, creating challenges for incomes, safety nets, and public services. The insurance and long-term savings sector can play a critical role in addressing this by helping businesses manage risk, investing in high growth businesses, and exporting specialty insurance to international markets. A better approach to regulation, investment and sector innovation can help to maximise its contribution to economic growth.

Where are we now?

'The pensions and long-term savings sector is the heartbeat of the UK's economy, investing over £1 trillion directly in UK assets on behalf of tens of millions of savers. It employs hundreds of thousands of workers and contributes to the UK's strong international reputation for financial services. The economic footprint from that is spread in lots of places – not just in London but in Manchester, Leeds, Bristol and Edinburgh and elsewhere. There is lots more scope to develop regional centres of excellence that become big regional employers.'

Joe Dabrowski, Deputy Director – Policy, Pensions and Lifetime Savings Association

The insurance and long-term savings industry plays a vital economic role in three ways:

De-risking business activities – all businesses, whether large or small, must take risks. Insurance allows businesses to manage these by helping to protect against a wide range of perils such as flood, fire, customer insolvency, cyber-attacks, and to de-risk pension liabilities. However, research suggests 80% of SMEs are underinsured and would benefit from increased take-up of insurance products.[l]

Providing debt and equity finance – by investing premiums and savings into bonds, listed equities, venture capital, infrastructure and other assets, the industry makes a major contribution to economic growth. ABI members held a combined £1.4 trillion in investments in 2023.[li] The industry is committed to investing £100 billion in productive infrastructure and the transition to net zero as a result of the Solvency UK reforms over the next decade.[lii]

The heart of the UK's services superpower – the UK has a longstanding competitive advantage in insurance and delivered exports valued at £28.5 billion in 2023.[liii] Services have become a major part of the UK's economy, and insurance is a vital pillar supporting the UK's Gross Domestic Product (GDP). The sector is also a major provider of high-quality employment, with 300,000 people employed in the UK insurance industry in 2023.[liv]

The industry is investing billions (£) into the UK Economy

The UK is the **3rd largest** insurance and long-term savings market in the world and the largest in Europe.

Swiss RE

UK insurance and long-term savings industry contributed **£42 billion** to the UK economy in 2022.

ONS

£18.5 billion paid by ABI members in tax in 2023-4. This was approximatley **2%** of total government reciepts.

ABI

ABI members held **£1.4 trillion** of invested assets in 2023.

ABI

Services exported by UK insurance and long-term savings industry valued at **£28.5 billion** in 2023.

ONS

There were more than **300,000** people employed in the UK insurance industry in 2023.

ONS

Without these key roles the sector performs - insuring, investing, and exporting - the UK economy would rapidly grind to a halt. If the industry, policymakers and regulators take the right approach, then the insurance and long-term savings industry can play a key role in addressing the UK's poor economic performance.

What does the future look like?

The UK has faced low levels of growth since the financial crisis of 2008, lagging behind other developed economies in the Organisation for Economic Cooperation and Development (OECD) and the Group of Seven (G7). Based on current projections, growth does not look likely to improve in the short- to medium-term fiscal forecast. Current Office for Budget Responsibility (OBR) projections suggest growth will only be 1.5% a year by 2030.[lv] Businesses face a whole set of headwinds, including a tight labour market, high energy costs, and low consumer sentiment.

Furthermore, the economic divide between Britain's north and south has continued to widen. In 2010, 38.9% of all jobs were in the Greater South East, but in 2022 this had risen to 40.9%[lvi] The economic underperformance of large cities outside London relative to other large cities in developed economies is a key driver of this, and this does not look set to change. The insurance and long-term savings industry has regional hubs and is a major employer in cities like Edinburgh and Manchester, which makes it well-positioned to support regional growth across the UK in the surrounding areas.

Low and stagnant growth has real and meaningful consequences for society. It reduces disposable incomes, makes it harder for households to put in place safety nets and save for retirement, and squeezes the funding available for public services.

Higher growth requires an increase in productivity. Supporting competitive, innovative, and fast-growing sectors is vital for achieving this, as the UK Government set out in its Modern Industrial Strategy.[lvii] There are several new and emerging sectors in the UK that have rapidly grown in recent years:

UK high growth sectors:

#	Sector	Turnover Growth (2019-2023)	Turnover (2023)[2]	Funding (2019-2023)
1	Software as a Service (SaaS)	152%	£75,859,288,964	£21,896,299,984
2	Artificial Intelligence	127%	£71,969,726,595	£14,485,990,000
3	FoodTech	116%	£45,290,303,912	£1,742,800,016
4	AdTech	113%	£78,547,003,115	£1,248,530,000
5	Software Development	98%	£17,093,304,997	£7,431,889,728
6	FinTech	95%	£225,068,770,337	£44,360,340,176
7	E-Commerce	76%	£9,632,455,641	£60,820,000
8	Energy Generation	75%	£127,890,191,363	£3,385,440,000
9	Data Infrastructure	70%	£118,466,083,555	£27,647,999,760
10	CleanTech	66%	£236,688,852,427	£5,677,990,000
11	MedTech	60%	£36,411,462,900	£3,312,930,016
12	Agency Market	52%	£13,895,716,969	£1,703,280,000
13	Supply Chain Logistics	52%	£51,937,943,177	£10,114,200,096
14	Pharma	49%	£161,844,305,832	£14,004,649,984
15	NetZero	49%	£1,044,426,928,180	£19,893,399,856

Source: *The Data City*

[2] Based on projected not measured

The contribution that the insurance and long-term savings sector makes to the UK economy is also likely to change significantly. The UK Government plans massive consolidation in the DC pensions space, aiming for the market to comprise a handful of funds with a minimum Assets Under Management (AuM) of £25bn.[lviii] This will have big implications for savers, and how the sector invests in the wider economy. Markets like cyber and bulk annuities are likely to continue their rapid growth trajectory, helping more businesses manage risk and supporting them to invest and grow.

The UK is a major exporter of commercial and specialty insurance to the rest of the world, especially the US. Analysis of global export data suggests that insurance and pensions are one of the biggest areas of comparative advantage of any UK sector[lix], even in the face of stiff competition from Bermuda, Singapore and the US. The UK's commercial and specialty insurance sector is also well-placed to capture the market for the new and emerging risks discussed in chapter 1.

Another significant challenge for the sector to remain competitive is its ability to attract and retain staff over the coming decades - this is so it can replace the many thousands of staff approaching retirement. This means the sector needs to position itself better as a destination career for graduates and apprentices and take steps to update the sector's image as a more modern and inclusive employer. It will require an ambitious partnership approach between government, industry and the regulator to fully harness the potential of the insurance and long-term savings sector to improve the UK's growth and productivity.

How do we get there?

Improving economic growth can help to deliver a range of societal benefits including higher wages and living standards, improving savings levels, and building the infrastructure needed to make the UK more resilient. A number of actions for the sector and its partners can help to maximise its contribution to boosting growth over the next decade.

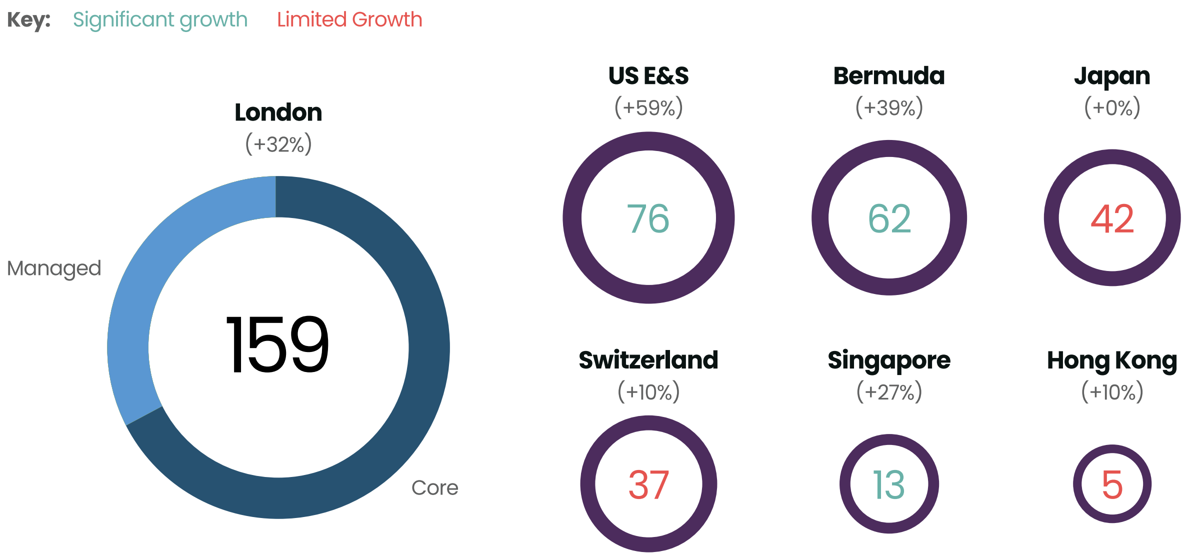
1. A competitive edge

Vision: Doubling down on the competitiveness agenda to keep the UK as a global centre for insurance for decades to come.

The UK government has rightly grasped the competitiveness agenda. London's insurance market continues to grow, but it faces fierce competition from Bermuda, the US and Singapore.[lx] Given how central the industry is to the UK economy, and its greater potential than almost any other sector to be a source of export growth in the coming decade, any comprehensive strategy for growth must include a plan to support the sector to be competitive.

The London market's growth is behind US E&S and Bermuda

Global hubs premium in 2022, $bn (% absolute growth since 2020)



Source: *London Market Group 2024*

At times, the UK's regulatory system has been slow and lacking agility, preventing the UK from seizing more of the global market for commercial and specialty insurance. For example, the UK urgently needs a captive insurance regime to take advantage of the growing global demand by corporates.[3] Insurance Linked Securities (ILS) have also failed to take off in the UK at scale - instead, much of this market has gone to Singapore with its more permissive regulatory regime.

The UK needs to double down on competitiveness for financial services to continue to grow its share of the global insurance market. This, in turn, will ensure the UK's long-standing strong reputation for commercial and specialty insurance can continue for decades to come. This means that industry and government should hold regulators accountable for ensuring the UK's regulatory environment supports a growing and thriving insurance sector. Underpinning this should be a target for the UK's commercial and specialty insurance sector to have a faster growth rate than its major competitors by 2035.

2. Insurance as a service

Vision: Helping UK businesses of all sizes navigate the future's challenges, innovate and grow.

In a globalised world, the impact of the risks presented by climate change, cyber, armed conflicts and economic uncertainty will be widespread. Businesses across the UK, therefore, whether large or small, will need help navigating the tremulous decade ahead – especially to grow in such a challenging time. The core offering of insurers remains de-risking and risk transfer, so ensuring that the sector can offer insurance on competitive terms is key. However, businesses' needs are evolving and insurers have two crucial roles to play in helping businesses rise to the challenges of the future:

[1]A captive insurer is typically a large multi-national company that insures or reinsures the risk of other companies within the same group.

- **Helping UK businesses prevent and mitigate the risks they face**, especially from growing concerns like cybersecurity and the impacts of climate change. Take-up is a key issue, particularly for new types of insurance like cybersecurity. Businesses do not adequately understand the risks they are exposed to or may struggle to understand the added value of coverage.

- **Unlock innovation and growth by supporting new enterprises** and businesses developing new products and services. Early-stage collaboration between insurers and businesses can help guarantee the insurability of future products and technologies needed to help tackle society's biggest challenges. Where historical data does not exist for new forms of technology or business operations, insurers need to take a more forward-looking approach to underwriting to facilitate innovation that can grow new world-leading British industries.

Insurance can no longer simply be a product that businesses buy – instead, the industry needs to evolve a B2B service offer. This is already a strength of the UK's insurance sector when providing specialist commercial products. The rapid change in both technology and new forms of risk means businesses of all sizes will increasingly need insurers' expertise and advice. Proactive risk management services, informed by insurers' data, must play a powerful role in helping UK businesses to build resilience and seize opportunities in a globalised and changing economy.

Working with brokers, insurers have a key role to play in helping to provide advice and support - especially for SMEs - to identify the insurance products needed to weather the changing risks they face. These will not be one-size-fits-all products, and different approaches will be needed to engage with businesses of different shapes and sizes to ensure they understand the products on offer. It will be important for insurers to also make sure they understand the needs of businesses in all nations and regions of the UK and - as these needs change over the next decade and beyond - to innovate their product offerings.

3. Bolstering the economy

Vision: Improve the impact of investments to unleash benefits for savers, the economy, and wider society.

Both the previous and current governments have taken measures to maximise the benefits of how the UK's more than £3 trillion in pensions assets are invested. There is a strong case for this – for example, investment of DC pensions in private markets provides diversification and can deliver better returns for savers in the right circumstances. In addition, the UK's strong bulk annuities market can help provide a source of valuable long-term patient capital.

There are wider benefits to improving the investment available for venture capital, private equity, private debt and infrastructure. Many of the high-growth sectors we identified in the previous section have significant funding needs. In addition, institutional investors like pension funds need to make a major contribution to financing the infrastructure needed for net zero, which by 2030 needs to rise to £50 billion a year to achieve our emissions targets.[lxi] The drive to net zero has been described as the greatest economic opportunity of the 21st century,[lxii] and the UK needs to get on the front foot to secure the benefits of this.

There are several key principles that should underpin any approach by industry, regulators and government to improving investment in infrastructure and private assets.

- **Savers first** – as well as delivering benefits to the economy and the environment, sustainably improving financial returns for savers must be paramount.
- **Creating the conditions** – pull factors, such as reforming the planning system and creating a more stable economic environment, are the most important drivers of more investment in UK infrastructure, rather than push factors like targets or regulations.
- **Investor independence** – insurers and pension funds must have autonomy to make their own decisions to ensure that investments are appropriately diversified and to avoid a rush of capital to certain classes which could result in asset price inflation.
- **Matching opportunities to the most suitable investor** - so that projects that need stable, long-term investment are matched to investors who offer this, such as annuity providers.

Together, these principles can help unlock investment that is both beneficial for savers and the UK economy alike. This mutual benefit is vital in the face of concern about the UK's lagging growth rate, as well as the future adequacy of retirement incomes.

Futureproofing the UK's *workforce*

4. Futureproofing the UK's workforce

Vision for the future: Insurers at the heart of delivering 'good work' for all.

What's needed?	Vision	Action
1. Harnessing the role of employers	All employees have access to appropriate health and financial support when they fall ill.	Stronger employer responsibilities, such as a higher-rate sick pay for employees over time. It also means co-investment from government, which brings benefits that include harnessing savings from better workplace health to offer targeted financial support for employers to encourage the take-up of Group Income Protection.
2. New technologies for healthier behaviours	Innovation in autonomous technologies supports healthier lifestyles and means fewer people develop chronic conditions.	A stronger emphasis on prevention, supported by smarter analysis of health data and better tailoring of advice and help to individuals. Better sharing of data between the NHS and private sector can help to unlock benefits here.
3. Innovation that widens coverage	Health and protection insurers use innovation to broaden, and not narrow, the proportion of the population they serve.	It is vital that the industry continues to use existing tools for risk pooling to maximise levels of cover for all, and that the industry commits to working with groups representing those with health conditions so the vast majority can continue to obtain health and protection cover.

Where are we now?

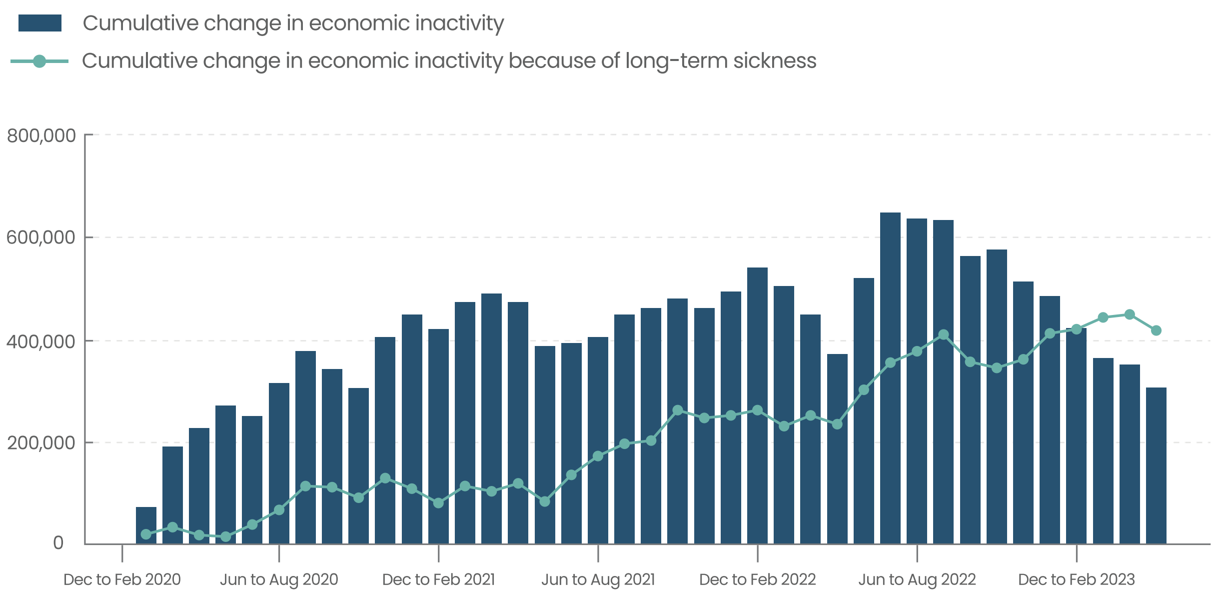
Health and protection insurance supports an increasing number of people with their physical, mental and financial wellbeing. In 2022, 1.2 million customers accessed a mental health consultation and 1.4 million customers accessed a virtual GP appointment through insurance policies.[lxiii] These services deliver big economic and societal dividends – in 2021, they provided £6.1bn in benefits across business, the wider economy, and the Exchequer.[lxiv]

'By focusing on prevention, we are making people healthier. We want to see employee wellbeing become a business objective for all UK businesses. When employees are healthier and have the right support, that will show on the bottom line for businesses and turn around the UK's productivity problem.

Dr Katie Tryon, Commercial Director, Vitality Health

An ageing population, rising levels of mental ill health, and the aftermath of the pandemic have all resulted in a crisis in workforce health, meaning the benefits delivered by health and protection insurance are more important than ever. Ill health-related inactivity has skyrocketed since the beginning of 2020 and still continues to rise today, with more than 2.5 million people currently inactive due to long-term sickness.[lxv]

Culmulative change in economic inactivity (seasonally adjusted), people aged 16 to 64 years, December to February 2020 to March to May 2023



Source: *ONS Labour Force Survey*

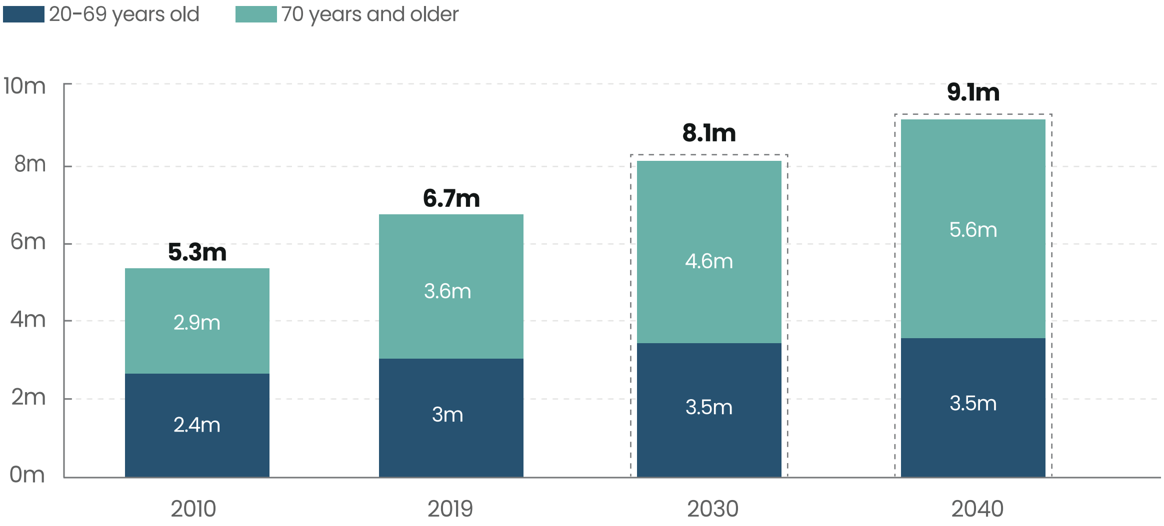
Ill health-related inactivity creates big problems for individuals, families, businesses and the wider economy. The shortage of workers faced by many sectors is holding back economic growth according to business groups.[lxvi] In addition, the staggeringly high bill for ill health-related benefits and lost tax revenue, and pressures on the NHS, mean a higher tax burden for those in work and less money for public services.

In this context, it is critical to identify how the sector can protect more people than it does today, so that more people can be given appropriate treatment and practical support to remain in work when they fall ill. This will require a partnership approach between industry, government, the third sector, employee representatives, and the wider business community and complements the role the sector already plays in supporting the financial inclusion and resilience of all households, whether in work or not, as discussed earlier.

What does the future look like?

Worsening health and an ageing population over the coming decades store up even bigger problems for the health of the workforce. Projections show that there will be around another 500,000 working-age people living with major illness in England by 2040, and another 2 million over-70s with major illness.[lxvii] Mental ill-health is also rising among younger workers. More than two-fifths of employees aged 16-25 either had a pre-existing mental health condition or challenge when recruited to their most recent job, or they began experiencing one after they started their role.[lxviii]

The estimated number of people living with major illness in England, past and projected



Source: *Analysis of linked healthcare records and mortality data conducted by the REAL Centre and the University of Liverpool*

One of the groups in which mental ill health is rising fastest is children. The proportion of children aged between eight and 16 with a probable mental health disorder rose from 12.5% in 2017 to 20.3% in 2023.[lxix] As well as causing significant distress during a child's early years, this will likely mean this cohort will need greater support when they enter work.

These changes all underline the importance of better support for health in the workplace. Important to this is the culture and practices adopted by employers, ensuring workplaces are inclusive and provide dignified work for people of all backgrounds, including those with disabilities and long-term health conditions. This is particularly important for employers in the insurance and long-term savings sector, given their own future challenges around ensuring a pipeline of recruitment to replace the large numbers of people projected to retire.[lxx]

There is evidence that employer practices are heading in the right direction. Our polling found that, of those in full- or part-time work:

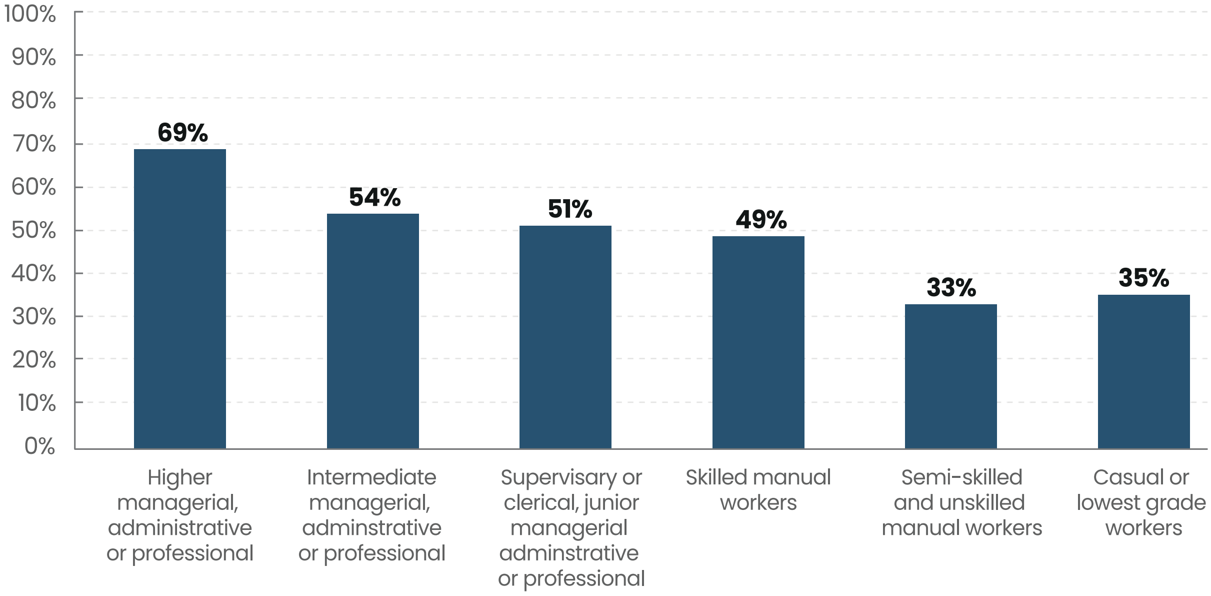
- 52% agree their employer values their health and wellbeing
- 49% agree their employer would help them get better if they needed to take time off sick
- 50% agree their employer has the right practices in place to support their mental health
- 47% agree their employer has the right practices in place to support their physical health

However, 22% disagreed that their employer had the right practices in place to support their health (mental and/or physical health. See graph below).

There is inequality in these outcomes, however, as the results are highest for those in higher-level professional positions, and lowest for manual workers. A key consideration here is ensuring that employees have access through the workplace to evidenced interventions like vocational rehabilitation which can reduce the length and frequency of sickness absence. By intervening early, people can be supported to remain in work, which leads to better health, protects incomes, and delivers psychosocial benefits.

'My employer values my health and wellbeing'

Proportion of employees that agree or strongly agree with statement by social grade



Source: *Censuswide polling of 2,000 consumers commissioned by WPI Economics, November 2024*

Case study: Vocational rehabilitation

Vocational rehabilitation can often be a better alternative than occupational health to helping people remain connected to the workplace. An ABI analysis of more than 16,000 people who accessed insurance-provided vocational rehabilitation services between 2019-2021 found that 86% remained in the workforce in some capacity. [lxxi] *Nearly two-thirds (65%) returned to work after an absence, while more than a fifth (21%) stayed in work while receiving their rehabilitation. Vocational rehabilitation was especially effective in supporting those with longer-term absences. 78% of those with absences between nine months and a year returned to work - 15% more than the general population. This was also the case for those returning to work after more than a year: 65% of those who accessed insurance-provided vocational rehabilitation returned, compared to 54% of the general population.*

How do we get there?

Insurance is an underutilised route to better access to interventions that support health at work. It is critical for the sector to grapple with how the benefits of coverage can be felt by more people, and how new technology can deliver even greater benefits to those covered.

'Insurance is a leading force for good in promoting positive workplace practices. We're in a time of rapid digital evolution and, as providers, we need to embrace this to support employers in preparing for their future challenges. By staying customer-focused, we can ensure that employers have the most relevant and impactful benefits for their businesses.'

Mark Till, CEO, Unum UK

1. Harnessing the role of employers

Vision: All employees have access to appropriate health and financial support when they fall ill.

Employers can play a vital role in the health of their employees. This includes everything from providing a working environment that supports health and wellbeing to facilitating access to services such as mental health consultations and virtual GPs, which can be provided through an insurance policy. There are significant dividends attached to employers playing a bigger role in workforce health, not least in terms of higher productivity and better recruitment and retention of staff. 80% of workers report being more productive at work when they are feeling healthy and happy.[lxxii]

As a result, putting in place the incentives to encourage this is key. There are two central elements to this approach:

- **Stronger employer responsibilities** – for example, increasing the rate of Statutory Sick Pay (SSP) and mandating return-to-work plans when someone goes off sick, which would improve the business case for employers to invest in a more proactive approach to health at work. The UK economy would benefit from a boost of up to £4.1 billion if every worker relying on SSP received a higher rate of employer sick pay from day one.

- **A culture change of employer transparency about workplace health** – to nudge employers across the economy towards making better health and wellbeing provision for their employees (including health and / or protection insurance), a transparency measure could be adopted. This would see a requirement on all employers to make their employee health and wellbeing support publicly available on an easily accessible part of their website. This transparency would make employers' health and wellbeing offer a part of competition for talent, thereby helping to drive up standards over time.

- **Co-investment from government** – alongside this, government could reinvest some of the savings of better workplace health into offering targeted financial support for employers who offer products like Group Income Protection (GIP), which provide a stronger financial safety net alongside vocational rehabilitation.[lxxiii]

In the longer term, the scale of the health challenge the UK faces - and the impact this has on people, the economy and society - requires a much more radical approach. It should become the norm for employers to provide a financial safety and preventative support to all their staff. This will help to futureproof the UK against a repeat of the workforce health crisis we face today, and it will also therefore protect the economy, people's health, and deliver savings to the Exchequer.

2. New technologies for healthier behaviours

Vision: Innovation in autonomous technologies support healthier lifestyles and means fewer people develop chronic conditions.

By 2034, continued stagnation in the nation's health is anticipated to increase NHS expenditure by £18 billion per year.[lxxiv] Key to managing demand for NHS services is serious ill health prevention by supporting people to have healthier lives. This requires a new paradigm for thinking about healthcare; not as something that just happens in hospitals and other clinical settings, but a broader approach to improving health outcomes covering all our lives.

One element of this is ensuring that the wider environment that people live in supports better health.[lxxv] Factors like housing, air quality and good employment all play an important role, and they explain why health inequalities are so stark across the UK. Lifestyle changes like getting more exercise can also bring significant benefits, with the NHS estimating that this can reduce the risk of a range of major illnesses by 30%.[lxxvi]

Apps and services offered as part of health and protection insurance can encourage better health behaviours - one example of these is Help@Hand from Unum.

Case study: Help@hand
Help@hand from Unum is a health and wellbeing support service, available via an app to every Unum Group Income Protection, Group Life and Group Critical Illness policyholder. It includes unlimited mental health consultations, 24/7 remote GP appointments, a 24/7 helpline for practical support and even extensive savings and discounts, all in one place. The feedback on services is overwhelmingly positive - 93% of Help@Hand users in 2024 felt their concerns were dealt with during their consultations. The services are also able to meet the needs of working people, with almost a fifth (19%) of appointments conducted out-of-hours (weekdays 8pm-8am and weekends) in 2024.

Autonomous technologies like AI and machine learning can improve the effectiveness of health support by allowing for smarter analysis of health data and better tailoring of advice and help to individuals. Insurers should aim to fully harness the benefits of new technology, while not losing sight of the need for empathy and understanding of the individual when dealing with the sensitive topic of someone's health.

Better data sharing, with an individual's consent, between the NHS and private sector can help to unlock benefits here. To achieve this, there is a need to address historically risk-averse practices around data sharing – while, crucially, still being compliant with GDPR regulations - given the health crisis the UK faces.

3. Innovation that widens coverage

Vision: Health and protection insurers use innovation to broaden - and not narrow - the proportion of the population they serve.

Risk pooling is at the heart of the protection and health insurance sector. Group risk products, in particular, can enable anyone in a workplace to be covered without any medical underwriting. In addition, initiatives like the Genetics Code place guardrails around how the industry uses predictive genetic testing in underwriting, ensuring that some of the highest-risk people can access life and critical illness insurance.

However, there is a risk that, by better predicting health outcomes and enabling more granular underwriting, autonomous technology could mean that more people at greater risk of claim could find it harder to find cover. It is vital that the industry uses existing means of risk pooling like group cover to continue to expand levels of coverage, and that it commits to working with groups representing those with health conditions so the vast majority can continue to obtain health and protection cover. In particular, there needs to be a focus on innovating products and services in a way that maximises coverage among historically under-served groups like the self-employed and renters.

A much broader take-up of health and protection insurance products, which would deliver a range of benefits as set out earlier in the chapter, will increase calls for a greater pooling of risk. If the industry is successful in forming part of the policy solution to tackling long-term sickness, then it must demonstrate it can be as inclusive as possible in its products and coverage. The industry should get on the front foot of this debate as soon as possible, and it should set out how coverage can be increased among groups who are currently less likely to have access to health and financial wellbeing support.

5

Leveraging technology and data *for good*

5. Leveraging technology and data for good

Vision for the future: Technologies of the future drive better outcomes for the sector and consumers alike.

What's needed?	Vision	Action
1. Continuously reinventing insurance	Innovation keeps insurance relevant for all of society.	Harnessing AI and connected technology to better tailor support to the needs of individual customers. This is through the ability to use data to paint an even more granular picture of customers' needs, and by offering targeted pricing and product design.
2. Fostering transparency and trust	Innovation builds consumer trust in insurance and long-term savings providers.	The sector needs to get on the front foot to explain how new technology delivers better outcomes for customers and society, as well as being more transparent in how and why certain data is used.
3. A regulatory framework that supports innovation	Regulation happens in a way that maximises consumer outcomes from technological innovation.	To ensure the benefits of new technology are harnessed, a proportionate regulatory approach will be needed on the use of AI in insurance and pensions – one which seeks to maximise benefits to consumers.

The technological changes in the next 10 years will be huge, and in 2030 the world could be on the verge of technological capabilities we can scarcely comprehend today. This will be a considerable disrupting force on the way insurance and pensions operate today. While there are huge potential benefits to customers and society available, getting the digital transformation of the insurance sector right is pivotal. To realise these benefits, and to build on the innovation already happening in the sector, the industry must work with its partners to ensure that change happens in way that builds trust with consumers, is underpinned by proportionate regulation, and supports better tailoring of products to customers' needs. Without both embracing innovations and keeping consumers' interests at the forefront, the relevance and social licence of the sector will come into focus.

Where are we now?

'AI can revolutionise all aspects of pensions, but much of the industry is behind compared to other sectors. As the primary source of consumer data for workplace pensions comes via employers, most in the market do not yet have enough insight to be able to understand their consumers fully and make the most of new technologies. Additionally, many customers are uncomfortable with how their data could be used and regulatory restrictions and legacy systems are limiting forward thinking. Innovation is a good thing and much needed to deliver more value for customers.'

Jamie Fiveash, CEO, Smart Pension

Data underpins every decision that insurers make, whether in underwriting, risk management or everyday operations, and is the one of key bases on which they compete with another. As a result, the ongoing revolution in autonomous technology – particularly generative AI – has the potential to radically change the insurance market.

The sector is often perceived as a slow adopter of new technology, and many providers remain hampered by legacy IT systems. But insurance is no stranger to technological change. Data and online sales have revolutionised the sector in the past 20 years, with PCWs sweeping away a previous set of large incumbent insurers and bringing in some of the players that dominate the market today. AI has also been used by some in the sector for several decades and is now commonplace.

Innovation has the potential to generate dividends to the industry's customers through better services, wider coverage and lower premiums. As a result, over the next decade the industry and its partners should focus on getting right the transition to an AI-enabled insurance sector.

Using digital technology and AI to improve access to healthcare

Simplyhealth uses AI to improve response times and claims processing. They were a market leader in using generative AI to respond to customer FAQ emails, which has led to the reduction in customer response times from 12 minutes to one minute. Their AI voice assistant enables their agents to handle high-volume, routine FAQs immediately, so internal teams can focus on handling more complex customer interactions and pay claims faster, in an average of 1.2 days.

Simplyhealth's new Digital Mental Health Solution, powered by Spectrum.Life, has also seen strong results. It was introduced to remove barriers to access for their members looking to make that critical first step in accessing care. Within a year period, Spectrum.Life saw video counselling consultations increase by over 55%, WhatsApp usage surge by 36%, and live chat contacts rise by 25%.

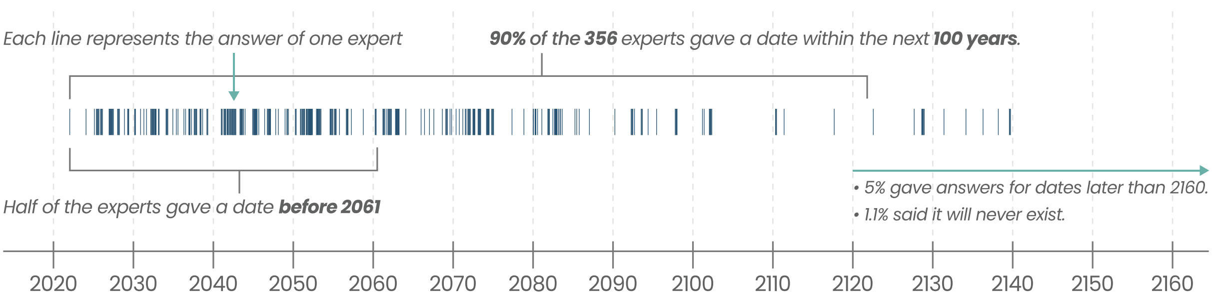
What does the future look like?

AI is set to radically transform many aspects of our lives, but there is no consensus on exactly how and when this will happen. As a result, it is potentially the biggest force for transformative change over the next 10 years, but also one with the greatest level of underlying uncertainty.

At the extreme end of this transformation, the chart below shows the wide range of expert predictions as to when human-level AI will exist, defined as when *'unaided machines can accomplish every task better and more cheaply than human workers'*. The median answer was 2061, but some of the more ambitious predictions are within the timeframe considered by this report, namely, before 2035.[lxxvii] Overall, by 2035 we will very likely have a much stronger and clearer view of the extent of the transformation that AI will bring to society.

"When will there be a 50% chance that Human-level Artificial Intelligance exists?"

Timelines of 356 AI experts, surveyed in 2022 by Katja Grace and colleagues.
The experts were asked when unaided machines will be able to accomplish every task better and more cheaply than human workers.



Data from Zach Stein-Perlman, Benjamin Weinstein-Raun, Katja Grace – 2022 Expert Survey on Progress in AI.
Licensed under CC-BY by the author's Charlie Gianttino and Max Roser

Generative AI has already changed the sector, and it will continue to revolutionise many business functions in the insurance industry – it will be the norm by 2035. For insurers, the analysis and application of data is at the heart of how they operate their businesses, and as a result 81% of CEOs put Generative AI as a top investment priority in 2024. [lxxviii] There are several potential use cases for AI in insurance and long-term savings, including:

- **Automating processes** – administrative tasks, policy management and finances can be more automated, delivering efficiency benefits to insurers and their customers. [lxxix]

- **Claims** – some claims processing could be automated. For example, an AI tool developed by Swiss Re analyses 200 million historical data points and data from 90,000 flights per day to predict flight delays, instantly paying out to affected customers without them needing to claim. Furthermore, AI could be used to better detect behaviour which could help to predict fraud.[lxxx]

- **Underwriting** – AI can analyse data faster and more efficiently than humans, allowing more granular underwriting. Increasingly-connected technology, such as connected vehicles or water sensors, can feed real-time data into the process, further aiding the granularity and personalisation of underwriting.

- **Personalised support for customers** – AI could analyse data to help create tailored recommendations about savings, retirement options and other financial decisions more accurately and at a much lower cost than available via current solutions. The effectiveness of AI depends on the data it can access. The future development of pensions dashboards and Open Finance will need to consider both the opportunity and the consumer safeguards it will require.

All of these changes have implications for the insurance workforce. The automation of certain activities could reduce the size of workforces in certain areas, such as call centres. However, it will also increase the demand for those with more specialist skillsets, such as data scientists, which help to realise the benefits of innovation. Insurance and pensions will be a target for disruptors looking for opportunities to compete with innovative and agile offerings, and new industries to which they can apply the capabilities of their highly-skilled workforces.

Technological change has the potential to deliver real and meaningful benefits to consumers, but there are also risks attached. Firstly, the sheer volume of data being used as part of these processes will inevitably raise concerns about data quality and security. Secondly, more granular use of data for underwriting may heighten concerns about customers at a higher risk of claiming being priced out of the market or denied coverage. This echoes concerns around the 'poverty premium', whereby low-income insurance customers in particular may end up paying higher premiums which they could be less able to afford. These scenarios risk greater consumer distrust in insurance, or could lead to increased levels of social exclusion in insurance.

The insurance and long-term savings sector, working with partners, must work to ensure it can secure the benefits of AI adoption - doing so in a way that builds consumer trust and maximises the pool of consumers who can benefit.

How do we get there?

There are major dividends to new technologies like AI, but there are also risks to be managed. It is critical for the insurance and long-term savings sector and its partners to collaborate for them to achieve the vision of new technology creating more prosperous and secure households, businesses and communities.

'Consumer issues need to be at the forefront of the industry's thinking. The next 10 years are crucial and the challenges ahead mean insurance, protection and long-term savings are more essential than ever for financial resilience. Government, industry and consumer groups need to work together to ensure as many people as possible can access these products.'

Adam Winslow, CEO, Direct Line Group

1. Keeping insurance relevant

Vision: Innovation keeps insurance relevant for all of society.

One of the main challenges the sector faces over the coming decades is continued relevance - ensuring that the products and services they offer keep pace with both how the needs of society evolve and new technological capabilities. Recent innovations show the potential in this space, including insurance that supports the sharing economy (such as short-term car insurance), the growth of digitally-based pension and retail investment products, and the adoption of app-based services like Virtual GP and mental health consultations as part of health and protection products.

At a minimum, innovative new products can better meet the needs of different kinds of customer, including by offering support in managing risk. AI and connected technology have the potential to better tailor support to the needs of individual customers by using data to paint an even more granular picture of customer needs, and by offering targeted pricing and product design. In particular, this can include advice and services that improve resilience by preventing the need for claims even arising.

Insurers must be at the cutting edge of large-scale innovations. The nature and scale of the change that can be realised by autonomous technology is limited by the quality and extent of the data available. The data generated by Open Banking has powered a revolution in the provision of financial and other products, widening access, allowing more tailoring of products and terms, and improving consumer engagement. To build on this success, and to fully unlock the benefits that autonomous technology can bring to the sector and consumers, the insurance industry should produce a plan for greater portability of customers' insurance data, with their consent and robust controls, including through the development of common data standards as in Open Banking. This could power a revolution in dashboards and other digital tools which could both radically improve levels of customer engagement with insurers and help unlock the ways in which insurers can add greater value to customers' lives.

2. Fostering transparency and trust

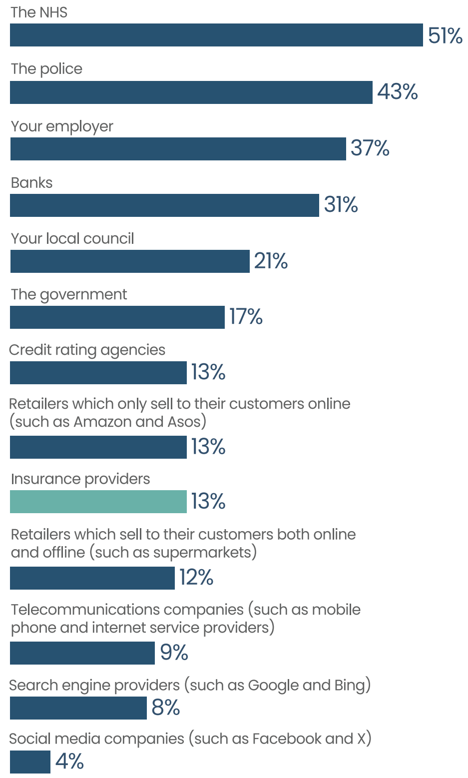
Vision: Innovation builds consumer trust in insurance and long-term savings providers.

For the insurance industry to fully realise the benefits of the use of AI and data sustainably, it must do this in way that builds greater public trust. At present, data on public opinion suggests a nuanced picture of views around how insurers use data. Insurers are less trusted to use information and data in consumers' best interests than their employer, the NHS or the government, but more trusted than search engine providers or internet service providers (see chart right). Overall, most people want to be priced based on their risk, but there is a lack of understanding about why some less intuitive factors are used when calculating premiums.[lxxxi]

Greater use of AI and connected technology in underwriting will bring these debates and tensions into focus. The sector needs to get on the front foot to be able to explain the role of new technology in delivering better outcomes for customers and society, as well as being more transparent in how and why certain data is used.

"How far do you trust or distrust these organisations to use your information and data in your best interests"

Showing % who select 8-10, where 0 is 'do not trust at all' and 10 is 'completely trust'



Base: All respondents (n=2,19)

Source: *BritainThinks*

3. A regulatory framework that supports innovation

Vision: Regulation happens in a way that maximises consumer outcomes from technological innovation.

AI and autonomous technology can deliver major efficiency benefits to the sector which, in turn, can deliver better service and cheaper product offerings to consumers. There will be a need to update and modernise legacy IT systems that could otherwise prevent the sector from being agile in embracing innovation. The industry will likely also face challenges from new firms and disruptors in the sector not encumbered by outdated infrastructure. In addition, more appropriate and affordable coverage for individuals and businesses can help to realise the other visions set out in this report, including growing the economy and improving household financial resilience.

To facilitate this growth in the sector and beyond, it is important that a proportionate regulatory approach is taken to the use of AI in insurance and pensions. This means focusing on – and maximising - the potential benefits of technology adoption to consumers, rather than taking an approach that is only focussed on the potential risks of consumer detriment attached to technology adoption.

Conclusion

Economic, social and technological changes bring opportunities to the UK, but also new challenges to face and risks to be protected against. The insurance and long-term savings industry cannot – and, based on experience to date, will not – shy away from its critical role in helping society to face the future. Whether it is powering the growth the UK economy desperately needs, enabling the technology and infrastructure needed to mitigate against climate change, or supporting those with ill health back to work, the sector will play a vital role in achieving greater prosperity and security for all over the next decade.

However, given the sheer scale and breadth of the challenges ahead, the sector cannot fulfil its role alone, which means that partnership working with government, business and communities will be essential. In many places, collective action is needed to ensure that the industry can achieve the five visions we have set out. Policymakers and regulators can be important partners and enablers of the social value the sector creates.

Successful partnership will ensure that innovation, regulatory change and public policy are all focussed on providing the insurance market and products that are needed to secure businesses and individual people against the challenges of a changing world.

As this crucial decade unfolds, to stay ahead of the curve the insurance and pensions sector should focus on:

1. A workforce strategy that ensures their business has the tech know-how and new talent needed to blend with their deep experience for the challenges of the future.

2. A long-term strategy for technological innovation that looks beyond the short-term evolution of current systems to the technologies that will be the norm in the future.

3. Feedback loops to understand and innovate product offerings to the evolving needs of customers (including businesses) and spot protection gaps.

4. Frameworks for collaboration with industry, regulators and governments to be able to respond to new forms of systemic and specialist risks as they arise, and to support new industries that will drive economic growth and respond to society's biggest challenges.

5. The influence they have as businesses to champion the needs of their customers and ensure the sector's offering remains relevant for all of society.

The industry has repeatedly shown that it is capable and willing to adapt and innovate to meet changing needs. The task for the industry now is to grasp these opportunities, working with government and other stakeholders, to ensure products and services continue to support prosperous and secure households, communities and businesses over the turbulent decade ahead. The ABI will help the sector play its vital role in the UK's economy and society, harnessing the collective energy to see a UK that is more resilient, competitive and headed towards lasting growth that can support improved living standards.

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[ix] Censuswide polling for WPI Economics November 2024. Including: motor, home or buildings, contents, travel, life (either bought by them or provided by their employer), pet, private health (either bought by them or provided by their employer), crit-ical illness, income protection (either bought by them or provided by their employer), insurance for a specific high-value item not covered by another policy, or other.

[x] Censuswide polling for WPI Economics November 2024. Percentage of respondents that answered 'strongly agree' or 'some-what agree' to the statements 'Insurance policies are important for providing peace of mind for me and my family', 'Insurance makes me feel like I am supported in managing the risks I face', and 'Insurance should be classed as an essential, like food or energy'.

[xi] Censuswide polling for WPI Economics November 2024. 64% of respondents answered 'strongly agree' or 'somewhat agree' to the statement 'I am comfortable with the choices I have made about insurance'. 89% of respondents answered that they 'would like' or 'am thinking about buying' at least one of the following types of insurance: motor, home or buildings, contents, travel, pet, private health, life, income protection, critical illness, or specific insurance for a high-value item.

[xii] Censuswide polling for WPI Economics November 2024. 47% of respondents answered 'strongly agree' or 'somewhat agree' to the statement 'I'm worried about how I would cope financially if I or another family member were unable to work because of ill health'.

[xiv] Censuswide polling for WPI Economics November 2024. Including: life, income protection or private health insurance.

[xv] Censuswide polling for WPI Economics November 2024. 67% of respondents answered 'strongly agree' or 'somewhat agree' to the statement 'The right products and tools are available to help me save for my retirement', and 50% to 'I am worried that I am not saving enough to have a good quality of life in retirement'.

[xvi] Censuswide polling for WPI Economics November 2024. 28% of respondents who are retired answered 'strongly agree' or 'somewhat agree' to the statement 'I am worried that I will run out of money during my retirement'.

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