

CONSUMERS AND HEALTH INSURANCE – UK – 2023

Interest in health insurance has been boosted by NHS backlogs, but insurers still face challenges in proving value for money.



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Consumers And Health Insurance - UK - 2023

This report looks at the following areas:

- The size of the health insurance market and a five-year forecast for PMI.
- Market share for the PMI and HCP markets.
- Competitive strategies, launch activity and innovation in the market.
- Ownership of insurance products.
- Impact of the rising cost of living on ownership behaviours.
- Factors that would influence health insurance purchase.
- Levels of satisfaction with health insurance policies.
- Attitudes towards health and health insurance.



Interest in health insurance has been boosted by NHS backlogs, but insurers still face challenges in proving value for money.

Overview

Cost of living crisis has minimal impact on current owners, but has increased affordability concerns for non-owners

Half of PMI holders are not looking to make any changes to their current cover, although some are looking to downgrade their cover or look for cheaper alternatives. In times of economic uncertainty, people are reluctant to take on additional financial commitments, but lower-cost PMI could persuade some to take out health insurance.

The rise in self-pay means insurers must promote savings attached with PMI cover

The increase in self-pay treatments has been supported by packaged pricing and marketing initiatives of private hospitals and providers. Insurers need to promote the savings attached

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with PMI to combat the rise in self-pay, highlighting the additional benefits included in policies.

Expansion of digital services will entice target market

With younger consumers registering a higher interest in PMI ownership and [being the most likely to contact a financial provider via a digital channel](#), a multichannel service offering could be vital in insurers maximising sales opportunities from this target group.

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Report Content

Key issues covered in this Report

- Overview

EXECUTIVE SUMMARY

Opportunities for the health insurance market

- Greater communication and promotion of low-cost products still required
- Offer NHS waiting list policy option to give people greater choice and promote healthcare accessibility
- Promote corporate PMI and wellbeing offerings to help reduce sickness absences and improve mental health

Market dynamics and outlook

- The five year outlook for health insurance
- Value of new PMI sales expected to rise by 14% by 2028
- Subscribers and people covered rise by 7% in 2022
 - Graph 1: number of subscribers and people covered on PMI, 2018-22
- Bupa and Simplyhealth dominate PMI and HCP markets
 - Graph 2: estimated market shares of HCP providers, based on GWPs, 2022
 - Graph 3: estimated market shares of largest PMI providers, based on GWPs, 2022

What consumers want and why

- One in five have some form of health cover
 - Graph 4: insurance product ownership, 2023
- Almost half of owners not seeking to change current level of cover
- Cost of premiums and NHS services key to new PMI sales
- Cost of premiums and NHS services key to new PMI sales
 - Graph 5: new health insurance purchase drivers, 2023
- Location choice and cover level provide highest satisfaction
 - Graph 6: any satisfaction with aspects of health insurance product – net, 2023
- High concern over NHS treatment access, but doubts remain over PMI value
- High concern over NHS treatment access, but doubts remain over PMI value
 - Graph 7: agreement with attitudes towards health and health insurance, 2023

Innovation and marketing

- National Friendly's My PMI added to Rapid Quote
- Bupa adds family health product to range
- Vitality moves forward with healthier lifestyles

MARKET DYNAMICS

Market size and performance

- PMI boom expected to continue...
 - Graph 8: market size for PMI – gross earned premiums, 2019–23
- ... with strong growth in 2023
- Number of PMI subscribers and people covered reach record highs
- Subscribers and people covered rise by 7% in 2022
 - Graph 9: number of subscribers and people covered on PMI, 2018–22
- PMI treatment up 20% in H1 2023

Market forecast

- Value of new PMI sales expected to rise by 14% by 2028...
- Preventative healthcare services set to drive growth
- Learnings from the last income squeeze
 - Graph 10: value of PMI gross earned premiums, 2004–14
- Forecast methodology

Market segmentation

- Sub-inflation rises seen in average annual premiums
 - Graph 11: average annual premium for health insurance products, 2018–22
- Corporate subscribers and people covered rise by 8%...
- ... as firms look to reduce sickness absence
 - Graph 12: gross earned premiums for corporate PMI, 2018–22
 - Graph 13: number of subscribers and people covered on corporate PMI, 2018–22
- People covered by individual policies reach highest level since 2010...
- ... whilst subscription number reaches eight-year peak
 - Graph 14: gross earned premiums for personal PMI, 2018–22
 - Graph 15: number of subscribers and people covered on personal PMI, 2018–22

Claims activity

- Average claims value falls...
 - Graph 16: total number and average value of PMI claims, 2018–22
- ... despite a rise in claimants
- Post-pandemic services recovery drives claim demand
- Musculoskeletal conditions are the most common claim type
 - Graph 17: proportion of PMI claimants, by condition, 2022

Alternatives to PMI

- HCP growth rebounds in 2022...
- ... as subscriber numbers reach five-year high
- People covered on healthcare trusts hits a four-year low...
- ... while premiums remained broadly stable
- PMI providers need to promote wider benefits in comparison to self-pay

Market share

- Bupa dominates PMI market
 - Graph 18: estimated market shares of largest PMI providers, based on GWP, 2022
- Simplyhealth maintains position as HCP market leader
 - Graph 19: estimated market shares of HCP providers, based on GWP, 2022
- Aviva achieves highest premiums growth rate in 2022

Macro-economic factors

- NHS backlog reaches record-high...
- ... with the number waiting over a year still at an elevated level
 - Graph 20: total number of people waiting for NHS services in England, 2020-23
- Inflation is still the key factor affecting consumers' finances
 - Graph 21: CPI inflation rate, 2021-23
- Stubborn inflation adding to affordability concerns...
- ... with high interest rates dampening disposable incomes
- Consumers' financial wellbeing shows signs of recovery...
- ... but remains below 2021 levels
 - Graph 22: financial confidence index, 2018-23

Social, environmental and legal factors

- Consumer Duty adds regulatory burden but should improve policyholder outcomes
- Insurers support collaborative approach to CMA order

WHAT CONSUMERS WANT AND WHY

Product ownership

- One in five people have health cover
 - Graph 23: insurance product ownership, 2023
- PMI is the most common form of health cover
- 61% pay for health insurance themselves or through their partner
 - Graph 24: health insurance payees amongst consumers with household income over £50,000, 2023
- PMI ownership rises alongside household income level...

- ... although a third of higher earners' employers pay for it

Cost of living impact on policies

- Almost half of policyholders are not looking to change current cover
 - Graph 25: health insurance actions policyholders are considering in the next 12 months, 2023
- A third are open to looking for a cheaper product...
- ... although a fifth would remain with the same provider
- Increased product list on price comparison sites could boost uptake

New ownership factors

- Cost of premiums and NHS services key to new PMI sales
 - Graph 26: factors that would persuade consumers to buy health insurance, 2023
- Cheaper premiums would drive new sales
- Further deterioration in NHS services would peak interest in PMI...
- ... but a third of consumers would never buy health insurance
- Providers can boost appeal to younger consumers by offering additional benefits...
 - Graph 27: additional benefits/perks as a new purchase driver, by age, 2023
- ... and effectively promoting these initiatives

Satisfaction with health insurance products

- Location choice and cover level provide highest satisfaction
 - Graph 28: satisfaction with aspects of health insurance product – net, 2023
- Consumer Duty provides chance to enhance level of policy understanding
- Nine in 10 policyholders satisfied with policy overall
 - Graph 29: overall satisfaction with health insurance policy, 2023

Key driver analysis for consumers and health insurance

- Cost, claims process and digital offering leave room for improvement
- Providers must expand digital service offering
- Simplified claims process will boost customer experience
- Improve cost transparency and flexible products to dampen affordability concerns

Attitudes towards health and health insurance

- High concern over NHS treatment access, but doubts remain over PMI value
 - Graph 30: attitudes towards health and health insurance, 2023
- Over three quarters are concerned about treatment access due to NHS waiting lists
- Confusion remains when comparing health cover products...
 - Graph 31: consumers who find it confusing when comparing health cover products, by age, 2023
- ... peaking among under-45s
- Value for money declines with age

– Graph 32: cost perception of health insurance, by age, 2023

INNOVATION AND MARKETING TRENDS

Competitive strategies

- Vitality adds private healthcare to its protection policy offerings
- SimplyBiz partners with Usay Compare to offer PMI referral service
- Aviva makes final COVID-19 rebate payment
- Bupa replaces Axa as Saga's health insurance provider...
- ... and partners with Ascenti to offer physiotherapy services
- National Friendly's My PMI added to Rapid Quote

Launch activity and innovation

- Axa Health introduces modular health insurance plan...
- ... and extends menopause service to all members
- Cigna launches over-60s IPMI plan
- Bupa adds family health product to range
- WPA offers plan with no claims discount and excess options
- Simplyhealth launches rapid scanning referral service

Advertising and marketing activity

- Above-the-line advertising spend rises in 2022/23
 - Graph 33: total above-the-line, online display and direct mail advertising on private healthcare insurance, 2018/19–2022/23
- Ad spend dominated by four providers
- Vitality moves forward with healthier lifestyles
- Benenden Health launches campaign to tackle market preconceptions
- Bupa links good health with sustainability in strategy refresh

BRAND RESEARCH

- Aviva enjoys high awareness and usage
 - Graph 34: key brand metrics for selected health cover brands, 2023
- Bupa seen as offering the best customer experience and is highly recommended...
- ... and is the most differentiated
 - Graph 35: attitudes towards and usage of selected health cover brands, 2023
- ... and has the best reputation that is worth paying more for
 - Graph 36: attitudes towards selected health cover brands, 2023
- Bupa is viewed as a prestigious brand

- Graph 37: reputation and premium value in selected health cover brands, 2023
- Health cover brands are seen as reliable, helpful and competent
 - Graph 38: brand personality in selected health cover brands – micro image, 2023
- VitalityHealth leads the way in terms of loyalty rewards...
 - Graph 39: loyalty rewards in selected health cover brands, 2023
- ... but there remains room for all brands to improve rewards
- Bupa is the most ethical brand
 - Graph 40: brand personality in selected health cover brands – macro image , 2023

APPENDIX

Market forecast data and methodology

- Market forecast and prediction intervals
- Forecast methodology

Report scope and definitions

- Market definition
- Market definition (cont.)
- Abbreviations and terms

Methodology

- Consumer research methodology
- Key driver analysis
- Key driver analysis – methodology data
- Nielsen Ad Intel Coverage

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