**Press release**

**Strictly embargoed until 7 May 2020 at 00.01**

**Employees benefit as Group Risk industry pays record amount in claims during 2019**

* **UK Group Risk industry paid out a record £1.76bn in claims in 2019, equivalent to £4.82m a day**
* **5,248 people were helped back to work after a period of sick leave**
* **74,707 interactions with the additional help and support services funded by Group Risk insurers**
* **Cancer: main cause of claim across all Group Risk products**

Industry data compiled and published today by Group Risk Development (GRiD) shows that once again, employers utilised group risk protection to provide financial support to a huge number of employees and their families during 2019. A total of £1.76bn was paid out by the group risk industry during 2019, an increase of £75 million over 2018. Thousands of UK employees and families (26,433) were helped to avoid financial hardship during the worst of times for them - after the death, illness or disability of a loved one.

Group risk insurers help people in many practical ways as well as making financial payments as illustrated by Phil’s and Sue’s stories below. In total 5,248 employees were helped back to work after a period of sick leave and there were 74,707 interactions during 2019 with the additional help and support services that are funded by group risk insurers.

**Total benefits paid**

Group life assurance policies paid out total benefits to the value of £1.171 billion (an increase of £53.7 million over 2018); group income protection policies paid out a total of £492.98 million (an increase of £10.28 million compared with 2018); group critical illness policies paid out benefits totalling £93.6 million (an increase of £11.2 million over 2018).

The average new claim amounts (£125,762 for group life; £26,430 p.a. for group income protection; £69,411 for group critical illness) evidence the fact that these benefits should not just be seen as perks for the higher paid but that they throw a vital financial lifeline to people regardless of their salary, age or position.

**Total claims paid and average new claim amounts**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Benefit | No. of claims | Value of claims paid\* | Average new claim amount | % of new claims paid for 2019 |
| Group Life Assurance | 9,311 | £1,170.9m | £125,762 | 99.9% |
| Group Income Protection | 15,773\*\* | £492.98m\*\* | £26,430 pa\*\*\* | 82.5% |
| Group Critical Illness | 1,349 | £93.6m | £69,411 | 78.8% |
| **Totals** | **26,433** | **1,757.48m** |  |  |

\* All values are rounded

\*\*Total number of claims paid (new and existing) during 2019 and value of claims in payment as at 31 December 2019, including any claims paid for part of 2019. Group income protection claims are often paid for several or many years so the ultimate value of these benefits will be much higher.

\*\*\*During 2019 there were 5,312 new group income protection claims, totalling £140.4m pa and averaging £26,430 pa.

**Return to work facilitated for 5,248 employees within 2 years**

For group income protection, as well as the claims paid, there are a material number of cases each year where employees are helped back to work both before and after a claim becomes payable, often with the support of the insurer, the employer or both.

GRiD has captured details of the cases where the insurer supported a return to work with active early intervention (such as fast-track access to counselling or physiotherapy, funded by the insurer) before that employee was eligible for a monetary payment. 3,415 people (34.7% of all claims submitted, down slightly by 1.6 percentage points on 2018) were able to go back to work during 2019 because of such early intervention (of which, 57% had help to overcome mental illness and 13% had support overcoming a musculoskeletal condition).

GRiD has again captured details of cases to demonstrate that once a claim is in payment, help and support back to work is still given and employees are not forgotten. Of the new group income protection claims that went into payment during 2018, 1,833 people were helped by the insurer to make a full return to work during that year or during 2019.

**Help and support**

As well as paying claims and helping employees back to work, group risk insurers give access to everyday services that can be used to help and support a workforce on a day-to-day basis. This is via a number of ways, including:

* An associated Employee Assistance Programme
* Facilitating a second medical opinion
* Fast-track access to counselling, physiotherapy or other treatment
* Liaison and mediation
* Bereavement support and help with probate
* Access to healthcare apps and virtual GPs

In total, there were 74,707 interactions during 2019 with the additional help and support services that are funded by group risk insurers, giving daily value to employers regardless of whether or not a claim was made under their policy. Of these interactions, 37% involved access to counselling and 12% were related to family issues and 12% to employment matters.

**Main cause of claim**

Cancer was the main cause of claim across all three products during 2019.

**Main causes of claim across all group risk products**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Benefit | Main cause of new claims | % | Second main cause of new claims | % |
| Group Life Assurance | Cancer | 42% | Heart Disease | 14% |
| Group Income Protection | Cancer | 27% | Mental Illness | 22% |
| Group Critical Illness | Cancer | 65% | Heart Attack | 9% |
|  |  |  |  |  |

**Paying claims**

Group risk insurers always look for reasons to pay claims and have a proactive philosophy in supporting those they insure in the workplace. In essence insurers look to pay all valid claims, only valid claims and, in the case of group income protection, for the period of their validity. It's important and in the interests of all policyholders that only valid claims are paid, in the same way as it is for (say) motor insurance. Paying non-valid claims could have a detrimental impact on an employer’s scheme experience and on the wider customer portfolio and so to ensure that group risk remains affordable, and schemes remain insurable, diligence on every claim is needed.

Whilst very few claims are declined for group life assurance; on the surface, for group income protection and group critical illness claims, the numbers declined appear much higher. The group risk market has an additional layer of complexity as the employer is the policyholder and it can sometimes be hard for an employer to be sure that the claim an employee wants to make is either genuine or something that is valid under the policy as they may not know the detailed health situation of the employee.

Similarly, although employees (or their dependants) are the end recipients of group risk benefits, this is via the employment relationship and employees may not always fully understand the benefits they have in place.

Other factors can come into play too. For example, a poor manager/employee relationship or capability/disciplinary issues can be a contributory factor for a sickness absence and an employee putting in a claim for either group income protection or group critical illness benefit. Although purely work-related issues are not in themselves a valid reason for claiming under a group income protection on group critical illness policy, the guidance given to employers generally by their advisers is to submit the claim for the group risk insurer to consider. In these circumstances, the employer can then uphold their role and meet their obligations as the employee’s advocate and as the policyholder.

Such claims are captured as declined in GRiD’s reporting, even where there would have been no real expectation on the employer’s (and often the employee’s) part that the claim would be paid.

It should also be noted that, in times of uncertainty (such as has been the case with Brexit and now with the Covid-19 pandemic), there is an expectation that the industry will see far more of this kind of “try it and see” claim submissions so there will be a corresponding increase in declined claims, as was the case in 2018 and again in 2019.

For group income protection, the reason for providers not being able to pay claims in the vast majority of cases during 2019 was because the employee did not meet the definition of disability under the policy terms (i.e. they were still capable of doing their own job despite their reason for absence). An example of this would be someone unable to work because of caring responsibilities but not being ill themselves. Or where medical evidence doesn’t support that someone’s medical condition is severe enough to prevent them being able to perform the duties normally required for their job (or suitably modified duties made as “reasonable adjustments” under the Equality Act 2010).

For group critical illness, the main reason for turning down claims during 2019 was the employee’s condition not meeting the definition of critical illness being claimed for. An example of this might be someone claiming for a heart attack when they had only had angina.

The table below highlights the main reasons for declining claims during 2019 across all three group risk products.

**Main reasons for declining claims across all group risk products**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Benefit | Main cause of declining claims | Number (%) | Second main cause of declining claims | Number (%) |
| Group Life Assurance | Claim did not comply with policy terms | 4 (66%) | Claimant did not meet actively-at-work conditions | 1 (16%) |
| Group Income Protection | Not meeting definition of disability | 987 (87%) | Claim did not comply with policy terms | 34 (3%) |
| Group Critical Illness\*\*\*\* | Not meeting definition of critical illness being claimed for | 189 (52%) | Claim was for a pre-existing or related condition excluded under the policy | 160 (44%) |
|  |  |  |  |  |

\*\*\*\*There were also 11 notifications where a member requested payment for an illness or condition that was not insured under the policy.

**Katharine Moxham, spokesperson for GRiD, commented:** “As always, it’s great to be able to bring these numbers to life and to show the value of group risk benefits for employers, HR professionals, line managers and their people. The group risk industry has again demonstrated that it supports people through the most difficult of times, giving financial, emotional and practical help to employees and their families when they need it most.

“2019 was a year of political uncertainty but creating supportive workplaces and closing the disability employment gap continues to feature on the Government’s agenda. Group risk protection products can specifically help with this as the embedded support services that come with them can give employers a way of extending the help they can give to their people, especially for mental health.”

**Note: For collated claims data including those from the individual protection market, please refer to the** [**ABI’s website**](https://www.abi.org.uk/news/news-articles/2020/05/record-98.3-of-protection-claims-paid-out-in-2019/)**.**

**ABI’s website**

**-Ends-**

**CASE STUDIES**

**Phil’s story (not his real name)**

Phil works for a manufacturing company in a physically demanding role which requires lifting, driving and using machinery. Phil was diagnosed with Parkinson’s disease in November 2018 and, as a result of his illness, he had developed mobility issues which meant there were times when he was unable to do his job effectively.

Phil had been absent from work for a month when his employer contacted their group income protection (GIP) provider. He’d also had some linked absence in 2018 due to symptoms.

Phil wanted to go back to work and his employer wanted him to as well, but they didn’t know if it was safe for him to do so. During the course of his absence Phil’s medication was reviewed and resulted in his symptoms reducing and helped him to feel much better, but for reassurance the company wanted an expert opinion on his ability.

The GIP provider arranged and funded a Functional Capacity Assessment (FCA) and rehabilitation. The FCA helped to determine what Phil was able to do safely, if returning to work. During the FCA all the demands of Phil’s role were considered and tested, and evidence was given to Phil’s employer that he was functionally capable and safe to return to work.

The GIP provider’s vocational rehabilitation specialists (VCRs) then worked with Phil and his employer to develop a return-to-work plan. The VCRs recommended a phased return to work, refresher training, reasonable adjustments and accommodating a 10% reduction in work speed. This ensured that Phil was able to return to work safely and avoid elements which could be a risk to him or others.

Despite the challenges of the physically demanding role and his degenerative physical condition, the support provided to Phil enabled him to return to work, which was positive for his psychosocial wellbeing and enjoyment of his role. Phil’s employer had expert guidance from the GIP provider on how to support him for a safe return, along with the tools to refer to for help when required. The GIP provider supported benefit for 2 months to assist with Phil’s return to work.

Phil has been back at work full time for almost 12 months now.

**Sue’s story (not her real name)**

Sue is employed in the city of London as a finance business partner. Sue had been absent from work since February 2016 and in receipt of group income protection (GIP) benefits since August 2016.

Sue has a long-standing history of Bipolar Disorder, which had been treated with a combination of medication, talking therapy and consultant psychiatric care, including inpatient care when necessary. She had had re-current episodes of absence prior to this one, but this absence was prolonged and more severe following a bereavement and other contributory personal factors.

By September 2018 Sue was keen to try a phased return to work and the GIP provider’s vocational rehabilitation consultant (VRC) was brought in to help by the GIP provider’s claims management consultant responsible for Sue’s GIP claim.  Tentative plans for a return to work were explored by the VRC with Sue’s employer, being mindful of previous unsuccessful returns to work, and the negative impact of this on both Sue’s and her employer’s perceptions of future success.

Plans were discussed in depth over a period of three months to provide further reassurance for Sue and her employer in preparation, and medical endorsement for the proposed return to work plan put forward by the VRC was provided by Sue’s treating psychiatrist in November 2018.

This was followed by a facilitated meeting organised by the VRC, which included HR, Sue and her line manager and after further guidance from the VCR on the extra support Sue needed, Sue started a phased return to work in January 2019, whilst continuing with her psychological support and specialist review on a regular basis.

However, by March 2019 it became apparent that Sue was unable to continue with the return to work plan due to an acute mental health deterioration. Being concerned for Sue’s welfare the VRC made immediate contact with her and engaged in discussion with Sue’s treating physicians, following which, an action plan to manage an acute episode of depression was instigated. Sue’s employer was also given reassurance and Sue became absent from work again and her full GIP benefit was reinstated immediately.

The VCR maintained contact with Sue and by December 2019, Sue had made considerable progress following regular consultation with her psychiatrist, a change in medication and talking therapy.

The VRC re-engaged with the employer and explored a proposed rehabilitation programme with Sue’s new line manager and her employer’s new HR advisors. A new return to work plan was mapped out to include specific goals for preparing for the return, and adjustments and recommendations to optimise the chances of a successful return to work over a proposed 13-week period. Again, medical endorsement for the plan was given by Sue’s treating specialist.

Sue started her return to work in February 2020 and is now back at work full time.

The VCR stayed in regular touch with both Sue and her employer during her phased return to work in order to circumvent any potential challenges to Sue achieving a sustainable return to work in the longer term. Rehabilitation benefits were paid by the GIP provider during the duration of Sue’s return to work periods.

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**Notes for editors**

**About GRiD Claims Data**

The GRiD claims data survey was undertaken among its provider members and the figures provide an accurate representation of the current Group Risk market. Respondents provided figures for Group Life, Group Income Protection and Group Critical Illness claims for 2019.

**About GRiD**

Group Risk Development (GRiD) is the industry body for the group risk protection sector, promoting the value to UK businesses of providing financial protection for their staff, enhancing their wellbeing and improving employee engagement. Our membership includes insurers, reinsurers and intermediaries who have a collective wealth of experience built over years of operating in the group risk protection market. Under the chairmanship of Steve Bridger (Managing Director Group Protection, Aviva UK Insurance - Corporate) GRiD aims to promote group risk through a collective voice to Government, policymakers, stakeholders and employers.

GRiD works with government departments and regulators involved in legislation and regulation affecting group risk benefits, and with other organisations involved in the benefits and financial protection arenas. GRiD also seeks to enhance the industry's standing by encouraging best practice and by participating in industry-wide initiatives such as the professional qualification in group risk managed jointly with the Chartered Insurance Institute.

GRiD’s media activity aims to generate a wider awareness and understanding of group risk products and their benefits for employers and employees.

GRiD's dedicated spokesperson, Katharine Moxham, provides expert media comment on a full range of group risk issues.

[www.grouprisk.org.uk](http://www.grouprisk.org.uk)

Follow Katharine Moxham on Twitter @KMoxham