New analysis debunks the myth that “insurers don’t pay out” as vast majority of protection claims paid in 2021

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New analysis by financial protection experts I’m Insured has revealed that the UK’s leading insurers paid out the overwhelming majority of personal protection claims in 2021.

The research goes a long way to debunking the common myth that “insurers don’t pay out”, with seven of the most popular providers paying out more than £3 billion to hundreds of thousands of families and businesses.

I’m Insured
analysed the claims data of seven of the country’s biggest insurers and can reveal that more than 9 in 10 of all personal protection claims were paid in 2021. When it comes to life insurance the figures were even higher, with Aviva, for example, paying an incredible 99.4% of all life insurance claims.

Commenting on the analysis, Jim Stamp from I’m Insured says: “One of the common misconceptions people have is that insurers will do whatever they can to get out of paying claims. However, our analysis shows this simply isn’t the case.

“Looking at the data from seven of the UK’s leading insurers shows that around 49 in every 50 life insurance claims are paid, 9 in 10 Critical Illness claims, and around the same number of income protection claims.”

Key findings include:

- Aviva paid 98% of all protection claims in 2021, totalling more than £1 billion
- Legal & General paid out almost £800 million, including £73 million of life insurance for Covid-19 related deaths
- LV= paid a record £119 million in claims in 2021
- Royal London paid 99.5% of all protection claims, providing £632 million of financial support
- Scottish Widows paid 98% of all claims, equivalent to £821,772 every working day.

The I’m Insured
analysis also looked into the reasons why insurers didn’t pay a small number of claims, and found there were three main reasons:

1. Applicants had failed to disclose information during the application process. This was often not mentioning existing medical conditions or misstating their alcohol usage.
2. Customers had stopped paying their premiums and a claim was made after the policy had lapsed.
3. Claims did not meet the definitions of the policy. For example, an illness may not have met the minimum threshold for payment, or a customer had sadly taken their own life within the first 12 months of their plan.

Jim Stamp from life insurance and Critical Illness cover experts I’m Insured adds: “These seven insurers paid out more than £3 billion in 2021, providing a valuable sum when individuals and their families needed it most.

“Whether it was a life insurance payout for an individual who had passed away due to Covid-19, or a significant payout when a child was diagnosed with a critical illness, protection has supported hundreds of thousands of families during the most difficult times.

“What this analysis has proved is that people can rely on their protection and can be reassured that insurers will treat claims fairly and sympathetically.”

About I’m Insured

I’m Insured is an independent insurance brokerage that helps to find customers the best quotes online and to reduce the cost of their monthly insurance premiums.

They can compare life insurance, Critical Illness cover and income protection from the UK's most reputable providers.

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The service is fast, free and secure and customers have rated then 4.9 out of 5 on Feefo, the independent review service.

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