



## Legal & General pays record £764m in UK claims

- **Legal & General paid out a record 43 personal protection claims every day in the UK during 2020, totalling more than £763m**
- **15,855 customers and their families benefitted from an average pay out of £48,186**
- **The life insurer paid 96% of personal protection claims and is working with partners and distributors to help minimise misrepresentation to support even more customers in 2021.**

Legal & General paid out a record 43 personal protection claims every day in the UK during 2020, totalling £763.9 million – an increase of £32 million from 2019 – and benefitting 15,855 customers and their families

The UK's number one individual life insurance provider has paid out more than £3.2 billion in claims over the past five years across its Life, Critical Illness Cover, Terminal Illness Cover and Income Protection insurance products.

### 96% of claims were paid

Overall, Legal & General paid 96% of personal protection claims. However, unfortunately, more than nine in ten of those claims that were not paid were as a result of 'deliberate or reckless misrepresentation'. Of these, more than half of Life Insurance claims (53%) were misrepresentation of a condition related to the cause of death, while for Critical Illness claims, 73% of misrepresentations were about a condition related to the cause. Misrepresentation around lifestyle – most commonly alcohol consumption and smoking – was the second most common reason for non-payment of claims.

While Legal & General is incredibly proud to have paid out 96% of claims this year, it is continuing to work closely with partners and distributors to help minimise misrepresentation to support even more customers in 2021.

### David Banks, Director of Claims and Underwriting said:

"We are very aware that when we are unable to pay a claim in full – or at all – it can have a significant impact on our customers and their families. That is why we are working hard to improve the underwriting process and the questions we ask to make sure we are as transparent as possible about the information we need and most importantly, why we need it.

"We want to encourage intermediaries and distributors to make sure customers understand that we need to know about their general health and lifestyle to assess their risk and that is why we ask questions around pre-existing conditions, height, weight etc. Because, if there is a claim and misrepresentation is discovered, it can effect the claim pay-out, and have a potentially devastating impact on those customers relying on the money at their moment of need.

"We will therefore continue working with our partners, distributors and customers on ensuring all those involved in the process understand the consequences of misrepresenting their health so that we are able to pay more claims."

## The impact of Covid-19

This year's claims data was heavily affected by the pandemic; one in ten death claims were Covid-19 related. Legal & General paid out 99% of the 1,214 Covid-19 death claims at an average of £32,287 per claim and a combined total of more than £39 million.

While overall, 60% of Legal & General Life Insurance claims are for men, this increased to 70% for Covid-19 related deaths mirroring official figures which show that men are more likely to die from Covid-19 than women. Overall, 54% of all Covid-19 deaths in the UK have been men, rising to 64% in the 45-64 age group\*.

The insurer's 2020 figures also suggest other protection claims have been impacted by the pandemic - there was a 2% drop in cancer critical illness claims, and 155 fewer Terminal Illness (TIC) claims. The vast majority (94%) of TICs were because of a cancer diagnosis, which is unchanged from last year, however, due to the fact there were fewer overall TICs in 2020, the total number of cancer related claims fell from more than 1,000 in 2019 to 856 in 2020.

Cancer diagnoses and treatment fell dramatically during the pandemic due to mounting pressure on the NHS, which is likely to have been a factor in this drop in claims.

Legal & General paid out 216 Income Protection (IP) claims in 2020, an increase of 39% compared to 2019. At a monthly average of £872 per claim, that is a total of £2.2 million. The main cause of IP claims was musculoskeletal disorders (32%), followed by cancer (17%).

All IP products include Legal & General's Rehabilitation Support Service, which gives customers access to an in-house team of healthcare professionals who support them with a wide range of physical and mental health concerns at no extra cost.

In 2020, 12% of IP claims were for mental health – one and a half times higher than in 2019 – which may have been impacted by the pandemic as estimates suggest that around 20% of the population will need either new or additional mental health support as a direct consequence of the crisis.\*\*

## Cancer and mental health claims likely to rise

With the Covid-19 vaccine roll out now well underway and cases falling across the UK, Covid-19 claims are likely to fall towards the latter part of 2021. However, as the indirect effects of the pandemic are realised, Legal & General expects claims related to mental health and more serious illnesses to rise, [as David Banks explains](#):

“The pandemic has put the NHS under huge pressure, reportedly causing significant, but understandable, delays in the treatment and diagnoses of cancer. Despite the best efforts of GPs and NHS staff who have worked hard throughout these unprecedented times, it's likely claims will rise as many of these cases become more advanced. We also expect a rise in claims for long-Covid, for which we have our [long-Covid support programme](#), while there's also potential concerns surrounding the longer-term impacts of the crisis on people's mental health. It's vitally important that customers continue to use the NHS as well as the support they have via their cover to ensure they get the appropriate help and treatment they need, helping to lessen any long-term impacts.”

## The importance of protection

### David Banks, Director of Claims and Underwriting concludes:

“If 2020 has taught us anything it is that protection has never been more important. One in ten of all death claims were paid out because of Covid-19, something that wasn't even on our radar 18 months ago, which further emphasises the benefits of insurance.

“It also reiterates the importance of seeking help; early intervention is key, which is why our IP protection includes help and support for customers to access as soon as they're ill, because the sooner we know, the sooner we can help prevent their health problem from progressing.

“Paying claims is at the heart of what we do, but for us it has always been about the people behind the claims. The past 12 months has highlighted those individual stories more than ever, and we have adapted our offering – including the launch of our [long-Covid support programme](#) – so we are able to be even more focussed on giving our customers and their loved ones the financial support they need, when they need it the most.”

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## Notes to editors

The information contained in this press release is intended solely for journalists and should not be relied upon by private investors or any other persons to make financial decisions.

### Sources

\*[ONS data](#)

\*\*[https://www.centreformentalhealth.org.uk/sites/default/files/publication/download/CentreforMentalHealth\\_COVID\\_MH\\_Forecasting3\\_Oct20\\_0.pdf](https://www.centreformentalhealth.org.uk/sites/default/files/publication/download/CentreforMentalHealth_COVID_MH_Forecasting3_Oct20_0.pdf)

### About Legal & General

Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor. With almost £1.3 trillion in total assets under management at 31 December 2020, we are the market leader in the UK for workplace pensions, pension risk transfer and individual life insurance products. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

### About Legal & General Insurance (LGI)

Legal & General Insurance (LGI) has been offering life insurance cover since 1836 and is the UK’s number one individual life insurance provider. Our group protection business in the UK offers life insurance and income protection products to individuals through their employers and we offer term-life insurance in the US. We now have over four million UK life insurance policyholders, over two million people in group protection schemes and approaching 1.4 million US term-life insurance policyholders.

Here in LGI, we protect our customers and their loved ones throughout life and death.

Life cover: <https://www.legalandgeneral.com/life-cover/>

## Further information

**Name:** Matt Morris  
**Role:** Director  
**Division:** Carr Consulting & Communications  
**Tel:** 07717 420693  
**Email:** [matthew@carrcandc.co.uk](mailto:matthew@carrcandc.co.uk)

**Name:** Nicola Hussey  
**Role:** PR & Communications Director  
**Division:** Legal & General Insurance  
**Tel:** 07385 411422  
**Email:** [nicola.hussey@landg.com](mailto:nicola.hussey@landg.com)