**Press release**

**STRICTLY EMBARGOED UNTIL MIDNIGHT 30 JULY 2020**

**£57m paid to bereaved families from employer-sponsored group life insurance policies because of COVID-19**

GRiD today announces that the dependants of employees with group life benefits have been paid benefits valued at a total of £56,709,154\* as a result of COVID-19 between 1 January and 30 June 2020. This represents 475 lump sum death benefit claims, plus the capitalised value of seven dependants’ pension claims where COVID-19 has been recorded as the primary or secondary cause of death on the death certificate or reported on the claim form. The average lump sum death benefit payment was £110,285 and the average capitalised value of the dependants’ pensions was £617,771.

The average regular pay for employees in Great Britain is £504 a week\*\* so, the average lump sum death benefit paid by group risk insurers would keep the average earner's family and dependants going for over 4 years (218 weeks). This further demonstrates the significant value of employer-sponsored group life benefits which support people of working age who often have the most financial responsibilities.

Since the pandemic struck, the value of group risk benefits (employer-sponsored life assurance, income protection and critical illness) has come to the fore, and these figures highlight why. The significant financial payment that is made via a group life policy to dependants when someone dies is a huge burden lifted for both employers and dependants. Dealing with the death of a loved one is incredibly difficult on many levels, but the financial benefits that come with group life assurance is a tangible way that employers can support dependants of their workforce through such a difficult time.

At a time when the last thing people want to think about is finances, this gives them the breathing space to deal with the myriad of other issues and challenges they have to face. When a family is grieving and working out how their lives will move forward, the value of the financial support provided has so much more significance, it takes away a major potential concern, and gives a family a chance to focus on their own needs and each other without the immediate worry of finances.

**Katharine Moxham, spokesperson for GRiD said**: “These figures demonstrate exactly what our industry is here for. Group life is one of the unsung heroes of the employee benefits world, that is, until it’s needed. Being supported in such a practical and tangible way, during one of the biggest challenges we’ve faced as a nation, will have been a great comfort to these families.”

Many employers want to be supportive when a member of staff dies. Indeed, group life assurance is the most popular group risk benefit that is offered to staff, provided to 9.7 million employees\*\*\*. It typically pays a multiple of salary, such as one, two, three, or four times salary. It is paid under discretionary trust which means it falls outside of probate and inheritance tax, so can be paid quickly.

The average time to notify an insurer of a COVID-19 related death claim was 22.4 days and the average time taken to pay the claim after that was 12.5 days. When dependants have so many challenges to face following a bereavement, this can be literally a financial lifeline.

GRiD issues group risk claims statistics annually each year, but issuing them now in direct relation to paying out to dependants who have lost a loved one to COVID-19 brings home what paying such claims means in practice.

**Katharine Moxham continued**: ‘Publicising the claims that have been paid demonstrates how the group risk industry is categorically there to support people in their hour of need. There have been no exclusions imposed for COVID-19, and there’s no intention to do so. We are absolutely here to support people at times of death, illness or injury. Dependants of those employees who had group life assurance could not have been better financially supported by their loved one’s employer.’

Some employers may look to fund such support directly themselves but most would be unable to afford to make such substantial payments without relying on insurance, especially since group life assurance can be put in place for, on average, as little as £133 per employee\*\*\*\*.

**Moxham concluded**: ‘Group life assurance is one of the most affordable benefits for employers to offer, and at the times it’s needed most, such as these, it is one of the most valuable.’

NB: The notification periods may have been impacted by issues for employers such as working remotely or with reduced capacity. GRiD wants to remind employers of the importance of making sure that their employees have kept their nomination/expression of wish forms up to date and to move quickly on receipt of the insurance payment to distribute the death benefit appropriately.

* Ends -

\*GRiD mid-year COVID-19 Claims Survey 2020

\*\*<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/july2020>

\*\*\*Swiss Re Group Watch 2020

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**About the data**

***Lump sum benefits***

475 lump sum death benefit claims have been paid where COVID-19 has been recorded as a cause of death. A total of £52,385,178 was paid, the average payment being £110,285.

***Dependants death in service pensions***

Seven dependants'death in service pension claims have been paid where COVID-19 has been recorded as a cause of death.

The value of the claims has been capitalised using a figure of 40 in line with the annual GRiD claims surveys.

The capital value of the claims is £4,323,976 with an average value per claim of £617,711.

**About the survey**

Swiss Re collected data on behalf of GRiD from group life providers identifying COVID-19 claims in the period from 1January to 30 June 2020 and this represents a comprehensive analysis of the whole market.

Turnaround of the data by insurers has been very rapid. Consequently, it is probable that more claims have been seen or are still to be reported where death occurred during the period up to the end of June 2020.

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**Notes for editors**

**About GRiD**

Group Risk Development (GRiD) is the industry body for the group risk 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, intermediaries and those operating in (or with other interests in) the UK group risk market. Together this forms a collective wealth of experience built over many years. Under the chairmanship of Steve Bridger (managing director, Aviva Health UK) 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