

PRESS RELEASE

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68% OF GUARDIAN'S LIFE INSURANCE POLICIES HAVE USED BENEFICIARY NOMINATION

Guardian has today released information about the take-up of its beneficiary nomination tool, Payout Planner, which it first brought to market in 2018. According to the protection challenger brand, policies with Payout Planner in place accounted for 68% of its life insurance book at year-end 2023 and 74% of its life insurance claims paid during 2023.

These figures are in stark contrast to the reported take-up of trusts according to Swiss Re's October 2023 report 'Life claims: a beneficial direction'. In the report, written in conjunction with Insuring Change, the reinsurer stated that only 17% of all new term policies were written in trust in 2022 and as a result a so-called 'beneficiary gap' exists of roughly four in five single own life policies.

Beneficiary nomination plays a vital role in directing the money to the right recipient where the intended beneficiary is an unmarried partner. It does this by giving legal entitlement of the death benefit proceeds to the beneficiary and keeping the payout out of probate. In the absence of a named beneficiary the death benefit proceeds will go through probate and because an unmarried partner has no legal entitlement to receive the payout, it risks being directed to an unintended recipient. This has the potential to be an increasing problem under Consumer Duty given that ONS 2020 data and 2021 census data shows the trend for unmarried cohabiting is growing.

By bypassing probate, beneficiary nomination also plays an important role in avoiding probate delays and helping families receive the money quicker. According to the UK Parliament Justice Committee's November 2023 inquiry into probate amid concerns over delays and consumer protection, probate can take up to 11 months. The inquiry also showed that in the first quarter of 2023, the average time from application to grant of probate of administration in England and Wales had increased five-fold compared to 2018. These delays can leave families without access to their life insurance payout for that period unless either beneficiary nomination or a trust has been put in place.

Phil Deacon, Head of Claims, Guardian, said: "Now with five years of claims behind us, we've many examples that show our beneficiary nomination tool, Payout Planner, plays an important role in improving outcomes. We've experienced first-hand how it has helped us pay the money to the right person in claims where the couple were not married and there was no will in place. We've also seen how probate can hold up a payout. On average for those claims where the policy was not in Payout Planner or a trust, we've had to wait 7 months between asking the claimant for the grant of probate and receiving it. Put simply, Payout Planner allows us to bypass this delay which removes an unnecessary cause of potential anguish for a policyholder's family."

Ruth Gilbert, Insuring Change, said: "It's really encouraging to see a high rate of take-up within Guardian of its beneficiary nomination. Because it forms part of the application process it's easier to put in place than a trust, and it really makes sense as the default option when available to ensure the money gets to the right people. For clients with more complex cases or where IHT planning is the priority, a trust remains the best option, but for the vast majority beneficiary nomination is the simplest option to achieve the desired outcome. We hope to see more providers put this in place to catch the many life insurance claim payouts that would otherwise be directed to probate."

Guardian's Payout Planner allows policyholders to nominate up to 9 beneficiaries when applying for their life insurance policy. It's easy to put in place and forms part of the application form. It also provides ongoing flexibility as these beneficiaries can be changed at any time.

-Release ends-

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Sources:

- ONS Q1, 2020 data, shared in Swiss Re, Life Cover Payout- under the microscope, February 2023
- ONS census data for England and Wales, 2021, shared in Swiss Re, Life Cover Payout- under the microscope, February 2023
- Swiss Re, Life Cover Payout- under the microscope, February 2023
- Guardian Payout Planner usage (5 years), 1 January 2019 - 31 December 2023
- Guardian claims statistics, 1 January 2023 – 31 December 2023.

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Guardian, the life and protection insurance business, launched in 2018 and pledged to grow the protection market. The brand promise of 'Life. Made Better.' reflects the company's commitment to rethink and reinvent protection for the better; making sure customers get cover that's easier to understand, simple to buy and designed to never let them down.

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