

Financial Services Authority

# 2011 Survey of the persistency of Life and Pensions policies

October 2011



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**Annex:** Results of the 2011 survey

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# 1 Introduction

- 1.1 Persistency is an important area to the FSA for several reasons and we are pleased to present our annual survey of trends in industry persistency.
- 1.2 Although there are some significant issues in interpreting the data provided, we consider persistency to be one of several measures of the quality of sales. So it is something that we expect all firms to collect data on and monitor closely – both by product providers for their own single tie representatives and also by independent advisers and cross-market advisers for the sales that they undertake.
- 1.3 Our interest in persistency is not confined to issues around how firms deal with their advisory clients and/or policyholders. For product providers, it is equally important for the firm's prudent financial management that senior managers are aware of the risks that they are undertaking, and lapses are often a significant risk. Our Individual Capital Assessment regime considers this in more detail. In addition, our changes to Pillar 1 reserving requirements made lapses for some products an area requiring greater attention (see our Policy Statement PS06/14). Solvency II and the Own Risk and Solvency Assessment will focus senior management attention further.
- 1.4 The improvements in persistency rates this year for some classes of business are consistent with other information that we have seen from firms. They perhaps reflect the greater concern for lapses that firms have shown in the last few years, given that high and/or rising levels of lapses are a potential concern, possibly indicating problems in the quality of advice.
- 1.5 It is important to remember, however, that there are still many consumers who stopped paying their premium into their regular premium contracts within the first four years. Regular premium contracts are primarily designed as medium to long-term investments. There are several rational reasons people may let a policy lapse, which are explored in Section 3. In other cases, it may be that the choice of product or the decision to let it lapse were poorly informed. Part of the work undertaken by the Money Advice Service, through its health check, for example, is to help consumers make better financial decisions, increase their understanding of the risks they face and build healthy financial habits to meet their short-term goals and long-term needs. This

information should help raise consumers' awareness of the consequences of stopping paying into longer term policies early on.

# 2 Background

- 2.1 Since 1995, regulated firms have been required to submit returns to us each year giving information about the persistency of their life assurance and pensions business. Persistency is calculated as the proportion of investors who continue to pay regular premiums to their life and pensions policies, or who do not surrender their single premium policy.
- 2.2 In this report, we summarise the results of the 2011 persistency survey. We gathered data on policies written from 2006 to 2009.
- 2.3 We include a summary of overall persistency in the first four years of a policy's life for the individual product categories. The data are further split by method of sale and whether it is regular or single premium.
- 2.4 We expect that the results from this survey will:
- help consumers, advisers and industry commentators make informed judgements about trends in persistency over time; and
  - help firms measure their experience against the averages in the market.
- 2.5 The data shows, in most areas, similar levels of persistency to those reported in recent years. However, for personal pensions, persistency continues to fall. Reasons for this might include:
- continued negative publicity, which has caused consumers to lose confidence in pension provision;
  - lack of confidence in equity-based products owing to volatile share prices; and
  - anticipating the changes arising from the Pensions Act (now in place).
- Overall, the experience for 2010 appears to indicate that persistency levels are stabilising, apart from pensions, albeit at lower levels than has historically been the case.
- 2.6 **This report is unlikely to be relevant to most individual consumers. We would expect it to be of interest to product providers of life assurance products and to life industry commentators.**

## Scope

- 2.7 Returns are limited to a period of four years from the start of the policy, and we have analysed the data by premium frequency (single or regular), by sales channel and by different product category. These categories are:
- endowment assurances;
  - whole of life assurances;
  - other life business, including all regulated life policies not falling into the two previous categories;
  - personal pensions, including both individual and group personal pensions; and
  - other pensions, including FSAVCs and transfer plans.
- 2.8 We have not collected data for non-regulated temporary assurances, occupational pension schemes or for personal pensions arising from opting out of the state second pension SERPS/S2P (where there would be problems over definitions and the timing of payments).
- 2.9 The data has been separated into sales through a number of different channels, which were adapted from those outlined in our Handbook (in SUP 16.8.24) during 2005 to reflect the depolarisation changes that year into:
- single tie representatives;
  - independent intermediaries plus cross market advisers post depolarisation;
  - direct offer promotions; and
  - otherwise.
- 2.10 Single premium products are regarded as ‘in force’ at the first, second, third or fourth anniversary of the start date of the policy if they have not been surrendered. For regular premium products, the policy is defined as ‘in force’ at an anniversary if the first premium due in the following policy year has been paid. Single premium endowments written for terms of less than five years are excluded because the presence of maturity dates would affect the results.
- 2.11 We have again collected data this year for mortgage endowment policies, group personal pension policies and income drawdown policies.
- 2.12 In view of the falling volumes of Insurance ISAs, we no longer consider that there are sufficient volumes of business sold to make continuing publication of the results appropriate.
- 2.13 We have published the results since 2004 on our website in the other Publications: Persistency Survey section. A summary of results from the 2003 survey appeared in Occasional Paper Series 21, *Stopping short: why do so many customers stop*



*contributing to long-term saving policies.*<sup>1</sup> We also published the 2002 survey, *Persistency of life and pensions policies – eighth survey*<sup>2</sup> in November 2002.

## **Structure of this report**

- 2.14 In Chapter 3 we discuss the general reason why consumers let their policies lapse.
- 2.15 In Chapter 4 we analyse the results of this year's survey and consider the specific factors that may have caused this year's observed trends.
- 2.16 Annex A sets out the results of this year's survey.

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1 [www.fsa.gov.uk/pubs/occpapers/OP21.pdf](http://www.fsa.gov.uk/pubs/occpapers/OP21.pdf)

2 [www.fsa.gov.uk/pubs/other/persistency\\_8.pdf](http://www.fsa.gov.uk/pubs/other/persistency_8.pdf)

# 3 Reasons why consumers let their policies lapse

- 3.1 This section discusses some of the factors that might drive persistency over time. The quality of the sales process is likely to be only one factor that affects whether consumers let their policies lapse.
- 3.2 Buying a regular premium life assurance or pension policy involves a long-term commitment by the investor. The charging structure of some policies means that stopping premiums early can result in financial loss to the investor.

## **Suitability and affordability**

- 3.3 If investors buy policies on the basis of good advice, they would not normally be expected to give them up, unless unforeseeable changes in their personal circumstances meant they genuinely felt that they had no alternative. For example, they might need additional cash immediately. Investors are more likely to want to continue paying premiums to a policy that is affordable and transparently continues to meet the needs established at the start. Where investors have been sold a contract that turns out to cost more than they can afford, they may feel that they have no option but to cease or reduce the premiums.

## **Product performance**

- 3.4 Product performance is another factor in understanding why people let their policies lapse, for example some policyholders let their policies lapse because product performance was not as good as expected.
- 3.5 For some people, stopping contributions to a personal pension or mortgage endowment might be the right thing to do in the face of falling share prices, and the move to more flexible products will make it easier for them to do this. But it is important that consumers are fully aware of the risks when they take out a policy and they are aware that the performance of equity-based products can only be judged over the long term.

## **Changes in personal circumstances**

- 3.6 A policy may become unaffordable or unsuitable because of changes in an investor's circumstances that cannot be foreseen at the time of sale. For example, unexpected changes to an investor's income because of unemployment or divorce will affect whether they can afford regular premium products. A change in jobs can also affect persistency if, for example, someone moves to an employer offering an occupational pension scheme and so lets their personal pension lapse.
- 3.7 Moving house is likely to affect the persistency of endowment policies, while changes in family circumstances (divorce or having children) can affect the suitability of life policies designed for particular needs – or the affordability of regular premium policies more generally. For these reasons, we would not expect 100% persistency on regular premium policies.
- 3.8 These factors are important in practice. In the research carried out for us, nearly a third of those who let a policy lapse cited changes in their circumstances as the most important reason for discontinuing. Changing employment or income was the single most important factor.

## **Changes in product design**

- 3.9 More regular premium contracts now have flexible terms (particularly for pension policies). This means that some investors, as long as they continue saving, will not suffer detriment from lapsing their policy and may actually gain by switching to a better value contract.
- 3.10 Product features significantly affect the costs associated with lapsing a product. For example, single premium policies are usually designed as investment vehicles, either over a fixed term or allowing the investor access to the money at almost any time.
- 3.11 With more flexible products, it is easier for consumers to take contribution breaks without a cost. Also, if the original contract does not have significant exit penalties, an investor may gain by switching to a better value contract. So, we would expect more flexible products to result in lower rates of persistency without necessarily causing detriment.

## **Sales channel**

- 3.12 The results again showed, apart from personal pensions, that there was generally a higher frequency of lapses for policies sold by single tie representatives than those sold through independent financial advisers and by direct offer advertisements. Reasons for this may include:
- independent intermediaries tend to advise those on higher incomes who may be more able to better afford the policies sold at the time and over time;

- policies selected from the whole of the market by an independent intermediary or by the investor (in the case of direct offer sales) have a better chance of meeting the needs of the investor – i.e. there is a better match between product and investor;
- higher turnover of single tie representatives, with consequentially less encouragement to be loyal to the original life office or friendly society; and
- in the case of direct offer contracts, investors have chosen the terms of the contract for themselves (as opposed to being sold it).

## **The background economic environment**

- 3.13 In addition to personal circumstances, persistency may be affected by the overall economic environment. So, where economic growth and employment levels are high, fewer policyholders will be under the kind of financial pressure that would cause them to lapse their policy.
- 3.14 Whereas if economic conditions are difficult and unemployment is increasing, more policyholders will be under financial pressure, and savings and protection policies may be lapsed or surrendered to obtain cash or to reduce financial outgoings.

# 4 Commentary on the 2011 survey

- 4.1 The UK economy saw positive growth in 2010, with GDP 1.4% higher than in 2009. This low positive growth continued into the first half of 2011. The unemployment rate remained fairly steady throughout 2010 and into 2011 at around 7.8% and there are currently around 2.45 million people unemployed. Those aged 16 to 24 account for 37% of these. While this is high, of more probable relevance to persistency rates is the increasing number of those over 25 years old who have been unemployed for over 12 months and who currently account for around 25% of total unemployed. Unemployment rates are higher in the North East, Yorkshire and West Midlands, areas vulnerable to fiscal consolidation, where employment appears to be contracting in the public and private sectors. At the national level, private sector employment growth has more than offset public sector job losses. However, the bulk of the losses will not be seen until 2013.
- 4.2 The low interest rate environment continues, which with all else equal could have increased the relative appeal of other forms of saving, such as pensions, or investing in equities over bank deposits.
- 4.3 Prospects for growth remain modest and much uncertainty remains. Consensus expectations for 2011 are for GDP growth of 1.5%, and for the unemployment rate to remain at around current levels.
- 4.4 For regular premium policies, the results generally show a continuation in lower levels of persistency at longer terms. One of the lowest figures, the persistency for personal pensions, has improved slightly this year, with the four-year persistency of IFA personal pensions being up from 44.3% to 45.2%, while the company representative figure rose from 41.6% to 47.5%.
- 4.5 Another cause is the sustained rise in recent years in the proportion of group personal pension business, which for IFAs is now 74% (same as last year). As this is linked to a particular employment, many policies will lapse when this changes and so it is not unexpected that this has lower persistency. For policies which began in 2006, the rates for persistency after four years sold through IFAs are 47.3% for individual policies but 42.3% for group policies. Although similar to the last few years, this gap is narrower than in earlier years as a result of the more rapid decline in individual persistency.

- 4.6 For most policy types, the persistency for business from IFAs used to be better than that for company representatives, although this is not now the case for personal pensions, including stakeholder pensions, group personal pensions (GPPs) and income drawdown. It is also noticeable that the IFA persistency has generally been falling more rapidly. This may be explained by the higher proportion of pension policies written for groups of employees – and there has been a significant fall in the persistency of GPPs, with the four-year figure having fallen from 55.1% for policies written in 1996 to 42.0% for policies written in 2004 or 2005, although this has improved subsequently. This suggests other factors such as high levels of changes in employment may also be responsible.
- 4.7 The persistency for stakeholder pensions does seem to be comparable to personal pensions. However, this has to be treated with care because of the experience of one major provider, which sells to building and construction workers. Historically, this industry tends to have a high turnover caused by the nature of its work.
- 4.8 For single premium pension policies, the persistency rates generally show small falls. However, for pensions, the persistency rates are generally the lowest reported, so that for IFA sales only 82.4% of contracts are still in force after four years from 2006, compared with over 94.6% for policies that started in 1993.

## Annex: Results of the 2011 Survey

Regular premium persistency									
Policy Type	Year	Company representatives				Independent financial advisers			
		After 1 year (%)	After 2 years (%)	After 3 years (%)	After 4 years (%)	After 1 year (%)	After 2 years (%)	After 3 years (%)	After 4 years (%)
Endowment	1993	91.7	86.0	80.9	76.7	94.4	90.8	87.0	83.8
	1994	91.8	86.6	81.5	76.9	94.6	91.2	87.3	83.6
	1995	92.2	87.0	81.6	76.4	94.8	90.7	86.3	81.9
	1996	93.3	87.6	82.1	76.8	95.1	90.5	85.6	81.2
	1997	93.1	87.1	81.2	74.4	95.8	91.5	87.1	81.9
	1998	92.4	86.0	78.4	69.3	95.5	90.6	84.9	78.4
	1999	91.8	83.8	74.7	64.3	95.4	89.1	81.7	72.9
	2000	91.9	83.8	75.3	65.7	94.3	87.5	81.2	71.2
	2001	91.1	81.4	78.2	67.6	94.9	90.2	81.7	74.9
	2002	94.8	89.6	82.5	75.9	95.5	87.9	81.2	75.1
	2003	95.7	88.0	80.6	78.0	94.2	87.1	80.8	74.8
	2004	92.0	87.1	82.5	78.2	95.4	89.7	83.7	78.6
	2005	92.0	88.4	81.9	77.2	95.4	91.4	86.7	81.3
	2006	91.4	87.0	81.2	74.7	95.4	91.3	85.3	81.3
	2007	89.3	84.2	80.3		95.4	90.3	86.0	
	2008	86.9	83.8			94.4	90.7		
	2009	95.2				95.8			
Whole life	1993	85.0	75.0	66.7	60.2	92.4	87.2	81.2	76.8
	1994	86.0	76.6	69.7	62.4	93.2	87.3	81.7	76.4
	1995	87.9	79.1	71.1	64.3	93.8	88.5	82.6	77.1
	1996	89.3	80.1	71.7	65.1	94.9	89.3	83.6	78.1
	1997	89.4	79.8	72.2	65.1	94.7	89.6	84.1	79.3
	1998	89.6	80.5	71.8	64.0	95.3	90.2	85.0	79.4
	1999	89.8	80.0	70.4	63.0	94.8	89.9	84.4	80.9
	2000	89.0	77.5	70.8	59.2	94.1	88.4	85.3	76.0
	2001	89.7	83.3	75.1	67.7	93.1	91.9	82.2	78.8
	2002	94.1	88.1	79.7	77.3	96.1	89.7	85.7	81.3
	2003	94.4	88.2	83.5	79.7	94.7	89.0	86.3	82.7
	2004	93.9	89.3	84.8	79.3	94.8	90.0	77.0	81.4
	2005	94.1	88.2	81.0	74.0	94.6	82.1	86.1	81.0
	2006	94.6	85.2	77.5	65.0	92.1	91.1	85.9	82.1
	2007	92.9	84.4	72.0		95.0	90.1	86.2	
	2008	92.8	84.4			94.0	89.8		
	2009	92.1				93.0			
Other life	1993	85.5	74.2	65.1	57.3	91.5	83.8	75.1	67.9
	1994	87.1	76.7	67.7	59.8	92.5	86.0	78.4	72.8
	1995	88.3	78.1	68.1	59.0	92.2	84.6	78.1	71.7
	1996	89.8	79.9	70.1	61.5	93.4	86.9	79.4	72.0
	1997	89.8	79.1	68.6	58.8	94.0	86.9	79.0	71.6
	1998	89.4	78.4	66.3	55.2	93.7	86.5	78.5	69.2

## Regular premium persistency

Policy Type	Year	Company representatives				Independent financial advisers			
		After 1 year (%)	After 2 years (%)	After 3 years (%)	After 4 years (%)	After 1 year (%)	After 2 years (%)	After 3 years (%)	After 4 years (%)
Other life	1999	88.8	76.3	62.0	50.6	94.0	86.4	76.1	66.0
	2000	86.5	71.1	55.9	46.0	93.5	83.9	71.7	65.3
	2001	85.9	70.8	56.9	48.2	92.8	82.5	74.6	64.6
	2002	86.3	73.8	60.8	50.0	87.5	80.5	72.7	64.2
	2003	87.0	73.3	56.9	47.8	91.9	75.6	71.0	67.5
	2004	85.8	69.4	54.8	47.4	88.2	76.5	71.6	64.8
	2005	84.1	72.7	63.3	50.1	91.4	81.1	70.8	63.3
	2006	86.4	76.6	61.0	51.0	91.9	81.9	72.0	63.7
	2007	87.9	72.2	61.0		91.0	79.7	70.1	
	2008	85.4	74.4			87.2	78.4		
	2009	86.5				86.3			
Personal pensions	1993	84.1	72.3	63.6	56.7	91.5	83.3	76.6	70.5
	1994	83.7	72.6	64.2	57.1	90.9	81.2	73.6	66.9
	1995	85.4	74.7	65.4	57.8	90.2	80.6	72.1	64.7
	1996	86.4	74.6	65.1	57.2	89.8	79.8	69.8	62.3
	1997	85.6	73.7	64.0	57.2	90.2	78.5	69.3	60.7
	1998	85.2	73.6	64.1	56.8	88.3	75.8	64.7	53.9
	1999	84.7	71.8	62.3	53.0	87.2	72.3	59.5	51.3
	2000	84.7	73.4	63.6	57.3	83.8	68.1	56.0	48.0
	2001	84.5	69.8	60.2	50.8	83.8	68.6	56.6	45.9
	2002	81.8	68.8	52.4	45.1	83.6	66.8	51.4	40.6
	2003	84.3	67.4	56.5	43.5	81.1	64.0	51.5	43.6
	2004	82.9	70.4	53.1	46.4	79.4	64.0	51.4	43.7
	2005	82.9	64.0	52.9	41.6	81.5	66.0	54.5	44.3
	2006	82.8	66.2	52.9	47.5	82.3	67.5	53.9	45.2
	2007	80.8	64.5	54.8		82.9	65.7	55.0	
	2008	80.8	71.1			80.4	66.8		
	2009	86.9				84.3			



## Regular premium persistency

Policy Type	Year	Direct offer advertisements			
		After 1 year (%)	After 2 years (%)	After 3 years (%)	After 4 years (%)
Endowment	1993	94.2	89.5	85.5	82.4
	1994	93.9	89.5	85.6	82.3
	1995	95.0	91.0	87.3	83.0
	1996	95.5	91.6	87.2	83.7
	1997	95.4	91.3	87.4	82.4
	1998	95.4	91.7	87.2	83.1
	1999	94.8	90.3	86.1	80.8
	2000	94.2	89.7	84.9	80.7
	2001	93.4	88.5	83.8	77.7
	2002	91.3	85.3	79.7	74.1
	2003	87.9	80.3	73.5	66.9
	2004	92.1	84.0	80.2	75.3
	2005	92.9	87.2	80.9	75.1
	2006	95.4	90.0	83.8	79.4
	2007	95.3	89.4	84.2	
	2008	94.5	89.6		
	2009	94.5			
Whole life	1993	89.8	86.0	83.7	81.7
	1994	89.7	85.4	82.6	80.4
	1995	91.1	87.2	84.4	82.1
	1996	91.2	87.1	84.4	81.9
	1997	91.1	86.8	83.7	81.2
	1998	90.8	86.4	83.4	80.9
	1999	91.3	86.9	83.5	80.5
	2000	90.5	85.6	82.2	77.6
	2001	90.5	85.8	80.9	77.9
	2002	90.3	84.4	81.1	79.9
	2003	88.7	83.6	81.3	76.9
	2004	87.5	83.8	77.9	74.5
	2005	87.1	79.8	75.7	72.2
	2006	86.0	80.1	76.3	73.1
	2007	82.5	75.5	71.3	
	2008	80.7	74.3		
	2009	81.5			

## Single premium persistency

Policy Type	Year	Company representatives				Independent financial advisers			
		After 1 year (%)	After 2 years (%)	After 3 years (%)	After 4 years (%)	After 1 year (%)	After 2 years (%)	After 3 years (%)	After 4 years (%)
All other life (incl. whole life)	1993	96.7	90.4	85.0	79.5	97.7	93.2	88.2	83.6
	1994	96.7	92.6	87.7	82.9	97.5	93.4	88.7	83.0
	1995	98.1	95.2	91.7	88.0	98.5	96.1	93.3	89.8
	1996	98.3	95.3	91.8	88.2	99.1	97.4	95.0	92.2
	1997	98.2	95.1	91.7	88.2	99.2	97.6	95.4	91.2
	1998	98.3	95.5	91.8	87.6	99.0	97.2	94.2	92.0
	1999	98.7	95.6	91.4	87.8	99.2	97.3	95.3	92.7
	2000	98.5	95.2	91.7	86.5	98.8	97.6	94.8	92.2
	2001	98.6	95.6	91.7	84.1	99.0	97.7	94.4	88.5
	2002	98.4	95.5	90.2	84.1	98.9	96.2	90.2	83.7
	2003	98.4	95.3	90.7	86.6	97.8	95.5	91.8	86.7
	2004	98.4	94.2	91.2	88.6	98.6	95.9	92.9	87.1
	2005	97.9	95.1	90.9	86.0	97.9	96.1	91.5	85.0
	2006	97.2	94.5	90.7	85.0	96.5	93.5	90.4	85.7
	2007	98.1	95.3	91.5		98.1	94.5	91.0	
	2008	98.9	96.6			98.0	95.4		
	2009	99.0				99.1			
Pensions (incl. other pensions)	1993	99.5	99.0	98.2	97.1	99.0	97.7	96.3	94.6
	1994	99.3	98.7	97.5	96.1	98.7	97.1	95.0	92.6
	1995	99.2	98.2	96.7	94.2	98.3	96.5	94.1	91.9
	1996	99.2	98.0	95.9	94.1	98.2	96.2	94.4	91.4
	1997	99.0	96.6	94.9	93.0	98.4	96.1	93.1	90.7
	1998	98.7	97.1	95.3	92.1	98.2	96.1	93.7	91.8
	1999	97.9	96.2	93.1	89.2	98.0	96.1	93.8	90.6
	2000	98.1	96.0	93.2	91.5	98.1	95.9	91.5	88.7
	2001	98.3	96.2	93.5	91.0	98.0	95.0	91.8	87.6
	2002	97.7	96.0	94.0	89.7	96.7	94.0	91.5	82.3
	2003	98.0	96.1	91.6	87.3	96.9	94.7	90.6	85.7
	2004	98.2	95.1	91.9	86.9	97.0	94.0	87.8	82.7
	2005	98.2	95.9	92.3	88.7	97.6	93.7	88.2	82.6
	2006	98.2	94.4	91.4	86.4	97.5	93.7	88.5	82.4
	2007	98.7	96.3	92.1		97.4	93.5	88.2	
	2008	98.6	96.1			97.0	92.8		
	2009	98.5				96.6			

### Notes:

1. Insufficient policies were reported in other categories to show meaningful results. In particular this applies to endowment policies.
2. The last figures in each column show the figures supplied by firms this year. Some of the other information in the tables has changed from that shown last year due to firms revising their figures.
3. The 2009 Company Representative Endowment one-year figure has been affected by a significant change in the composition of firms selling this business and included in the report.

## Policies lapsing in each year

	Regular premium (%)	Single premium (%)
Policies started in 1998		
Lapse 0-12	9.6	1.3
Lapse 12-24	8.2	2.1
Lapse 24-36	8.4	3.3
Lapse 36-48	7.1	2.7
In force at 48 months	66.7	90.6
Policies started in 1999		
Lapse 0-12	9.8	1.1
Lapse 12-24	9.5	2.3
Lapse 24-36	8.5	2.8
Lapse 36-48	8.0	3.2
In force at 48 months	64.2	90.6
Policies started in 2000		
Lapse 0-12	11.6	1.3
Lapse 12-24	9.9	2.2
Lapse 24-36	8.3	3.3
Lapse 36-48	8.1	3.8
In force at 48 months	62.1	89.4
Policies started in 2001		
Lapse 0-12	12.2	1.3
Lapse 12-24	9.7	2.3
Lapse 24-36	10.3	3.5
Lapse 36-48	7.7	5.9
In force at 48 months	60.1	87.0
Policies started in 2002		
Lapse 0-12	11.5	1.7
Lapse 12-24	10.8	3.0
Lapse 24-36	9.6	6.1
Lapse 36-48	6.7	5.6
In force at 48 months	61.4	83.6
Policies started in 2003		
Lapse 0-12	12.6	2.5
Lapse 12-24	11.0	2.5
Lapse 24-36	8.1	4.1
Lapse 36-48	8.1	4.4
In force at 48 months	60.2	86.5
Policies started in 2004		
Lapse 0-12	13.0	1.9
Lapse 12-24	10.3	3.5
Lapse 24-36	10.6	3.8
Lapse 36-48	6.2	5.2
In force at 48 months	59.9	85.6

## Policies lapsing in each year

	Regular premium (%)	Single premium (%)
Policies started in 2005		
Lapse 0-12	11.9	2.4
Lapse 12-24	11.4	2.7
Lapse 24-36	8.6	4.8
Lapse 36-48	8.4	5.8
In force at 48 months	59.7	84.3
Policies started in 2006		
Lapse 0-12	12.3	2.9
Lapse 12-24	10.4	3.4
Lapse 24-36	10.9	4.2
Lapse 36-48	7.8	5.4
In force at 48 months	58.6	84.1
Policies started in 2007		
Lapse 0-12	12.8	2.4
Lapse 12-24	12.6	3.6
Lapse 24-36	7.7	4.4
In force at 36 months	66.9	89.6
Policies started in 2008		
Lapse 0-12	15.7	2.8
Lapse 12-24	9.5	3.3
In force at 24 months	74.8	93.9
Policies started in 2009		
Lapse 0-12	13.9	2.4
In force at 12 months	86.1	97.6

## Regular premium policies lapsing each year – by sales channel

	Company representative (%)	Independent financial advisers (%)	Direct offer (%)
Policies started in 1998			
Lapse 0-12	10.1	8.2	7.5
Lapse 12-24	8.8	8.9	4.5
Lapse 24-36	9.1	8.5	4.6
Lapse 36-48	9.0	8.1	3.5
In force at 48 months	63.0	66.3	79.9
Policies started in 1999			
Lapse 0-12	10.6	8.5	7.7
Lapse 12-24	10.4	10.4	5.3
Lapse 24-36	10.5	9.6	4.2
Lapse 36-48	10.2	7.7	4.8
In force at 48 months	58.3	63.8	78.0
Policies started in 2000			
Lapse 0-12	12.1	12.1	8.7
Lapse 12-24	11.7	12.1	4.8
Lapse 24-36	11.4	9.2	4.8
Lapse 36-48	8.7	9.9	3.5
In force at 48 months	56.1	56.7	78.2
Policies started in 2001			
Lapse 0-12	13.1	13.4	8.7
Lapse 12-24	12.7	10.1	5.5
Lapse 24-36	10.7	12.7	4.1
Lapse 36-48	8.5	9.0	5.1
In force at 48 months	55.0	54.8	76.3
Policies started in 2002			
Lapse 0-12	12.3	11.9	9.9
Lapse 12-24	10.0	13.9	6.4
Lapse 24-36	13.2	10.2	5.7
Lapse 36-48	7.6	8.6	3.3
In force at 48 months	56.9	55.4	74.7
Policies started in 2003			
Lapse 0-12	11.5	14.0	12.1
Lapse 12-24	14.8	11.2	7.6
Lapse 24-36	8.9	10.8	4.6
Lapse 36-48	18.3	8.9	6.1
In force at 48 months	56.5	55.1	69.6
Policies started in 2004			
Lapse 0-12	11.7	15.1	10.7
Lapse 12-24	11.2	12.9	6.0
Lapse 24-36	12.5	11.5	4.8
Lapse 36-48	12.9	7.5	8.9
In force at 48 months	61.7	53.0	69.6

## Regular premium policies lapsing each year – by sales channel

	Company representative (%)	Independent financial advisers (%)	Direct offer (%)
Policies started in 2005			
Lapse 0-12	11.5	14.4	10.2
Lapse 12-24	10.1	12.3	6.6
Lapse 24-36	7.4	11.3	5.9
Lapse 36-48	8.8	10.2	5.1
In force at 48 months	62.2	51.8	72.2
Policies started in 2006			
Lapse 0-12	10.7	13.7	9.8
Lapse 12-24	9.4	12.6	6.5
Lapse 24-36	11.1	13.0	5.0
Lapse 36-48	10.6	8.4	4.3
In force at 48 months	58.2	52.3	74.4
Policies started in 2007			
Lapse 0-12	10.3	13.5	12.7
Lapse 12-24	11.6	15.4	7.2
Lapse 24-36	11.2	9.9	4.6
In force at 36 months	66.9	61.2	75.5
Policies started in 2008			
Lapse 0-12	11.1	17.0	14.6
Lapse 12-24	9.1	11.5	6.1
In force at 24 months	79.8	71.5	79.3
Policies started in 2009			
Lapse 0-12	9.7	14.6	14.1
In force at 12 months	90.3	85.4	85.9

### Notes:

1. For single premium business, there is little difference between the persistency rates for the company representative and IFA sales channels that are responsible for the bulk of this business.
2. The mix of business written through each sales channel is different. A direct comparison between the persistency rates for each sales channel may therefore be inappropriate.

## Mortgage endowment persistency

	Company representatives (%)	Independent financial advisers (%)
Policies started in 1997		
After 36 months	80.4	85.2
After 48 months	71.4	78.7
Policies started in 1998		
After 24 months	85.7	90.4
After 36 months	75.7	83.5
After 48 months	65.3	74.9
Policies started in 1999		
After 12 months	91.6	95.9
After 24 months	81.9	88.7
After 36 months	70.1	80.2
After 48 months	56.8	67.4
Policies started in 2000		
After 12 months	91.4	93.9
After 24 months	79.4	84.5
After 36 months	65.5	72.0
After 48 months	51.8	60.8
Policies started in 2001		
After 12 months	88.6	92.2
After 24 months	70.0	80.1
After 36 months	58.5	66.9
After 48 months	43.7	54.4
Policies started in 2002		
After 12 months	87.8	90.4
After 24 Months	75.0	78.0
After 36 months	59.9	62.5
After 48 months	53.4	51.6
Policies started in 2003		
After 12 months	89.4	90.8
After 24 months	78.9	75.7
After 36 months	69.6	61.6
After 48 months	63.2	49.7
Policies started in 2004		
After 12 months	87.3	88.8
After 24 months	79.1	74.7
After 36 months	70.6	61.0
After 48 months	65.6	48.7

## Mortgage endowment persistency

	Company representatives (%)	Independent financial advisers (%)
Policies started in 2005		
After 12 months	91.1	88.4
After 24 months	84.8	82.5
After 36 months	77.6	73.1
After 48 months	66.8	64.1
Policies started in 2006		
After 12 months	90.7	94.4
After 24 months	82.4	75.5
After 36 months	71.2	68.5
After 48 months	63.2	66.3
Policies started in 2007		
After 12 months	92.4	89.1
After 24 months	89.8	84.7
After 36 months	83.3	81.0
Policies started in 2008		
After 12 months	97.7	88.2
After 24 months	95.7	87.9
Policies started in 2009		
After 12 months	97.8	98.0

### Notes:

1. We started collecting data on mortgage endowment policies for the first time in 2001. These figures are a sub-set of the total endowment persistency shown earlier.



## Stakeholder pensions

Stakeholder pensions were introduced on 6 April 2001. This table shows the persistency for policies begun since then.

	2001 One-year Stakeholder pension persistency factor (%)	2001 Two-year Stakeholder pension persistency factor (%)	2001 Three-year Stakeholder pension persistency factor (%)	2001 Four-year Stakeholder pension persistency factor (%)
<b>Regular premium</b>				
Company representatives	85.2	74.0	66.4	60.2
Independent financial advisers	88.0	77.3	66.4	58.5
Direct offer adverts	75.4	57.8	46.1	38.0
Other	81.2	79.1	58.5	64.7
<b>Single premium</b>				
Company representatives	98.6	98.2	95.9	93.9
Independent financial advisers	98.6	96.1	92.8	88.2
Direct offer adverts	99.4	97.9	95.2	90.9
Other	99.3	95.9	96.3	95.6

	2002 One-year Stakeholder pension persistency factor (%)	2002 Two-year Stakeholder pension persistency factor (%)	2002 Three-year Stakeholder pension persistency factor (%)	2002 Four-year Stakeholder pension persistency factor (%)
<b>Regular premium</b>				
Company representatives	82.4	72.1	65.1	59.0
Independent financial advisers	89.1	75.7	66.7	60.1
Direct offer adverts	64.9	56.1	42.9	39.2
Other	92.0	76.8	70.2	61.1
<b>Single premium</b>				
Company representatives	98.8	97.0	94.5	91.4
Independent financial advisers	97.7	96.2	94.1	91.2
Direct offer adverts	96.9	94.3	91.9	91.1
Other	98.3	97.7	96.8	94.6

	2003 One-year Stakeholder pension persistence factor (%)	2003 Two-year Stakeholder pension persistence factor (%)	2003 Three-year Stakeholder pension persistence factor (%)	2003 Four-year Stakeholder pension persistence factor (%)
<b>Regular premium</b>				
Company representatives	82.4	76.1	65.4	60.4
Independent financial advisers	86.3	75.7	66.1	59.3
Direct offer adverts	63.1	43.4	31.6	22.0
Other	84.6	71.6	65.8	55.3
<b>Single premium</b>				
Company representatives	98.4	96.2	91.9	90.1
Independent financial advisers	97.6	94.8	91.1	86.2
Direct offer adverts	95.9	90.8	91.6	89.7
Other	98.0	97.2	95.3	93.9

	2004 One-year Stakeholder pension persistence factor (%)	2004 Two-year Stakeholder pension persistence factor (%)	2004 Three-year Stakeholder pension persistence factor (%)	2004 Four-year Stakeholder pension persistence factor (%)
<b>Regular premium</b>				
Company representatives	83.5	74.3	66.0	58.5
Independent financial advisers	84.9	74.6	63.8	62.1
Direct offer adverts	58.8	41.1	32.6	26.1
Other	77.0	68.7	60.0	56.7
<b>Single premium</b>				
Company representatives	97.6	94.9	93.7	87.9
Independent financial advisers	97.7	93.0	89.6	85.9
Direct offer adverts	97.9	95.9	97.2	95.8
Other	97.0	95.1	92.7	92.1

	2005 One-year Stakeholder pension persistence factor (%)	2005 Two-year Stakeholder pension persistence factor (%)	2005 Three-year Stakeholder pension persistence factor (%)	2005 Four-year Stakeholder pension persistence factor (%)
<b>Regular premium</b>				
Company representatives	84.4	72.9	63.3	54.5
Independent financial advisers	83.9	74.2	66.6	57.2
Direct offer adverts	60.9	42.3	35.7	32.8
Other	67.4	47.1	40.9	38.9
<b>Single premium</b>				
Company representatives	94.8	96.2	91.9	88.7
Independent financial advisers	96.4	93.5	89.2	84.0
Direct offer adverts	94.5	94.8	93.7	92.8
Other	96.7	93.6	90.9	89.6

	2006 One-year Stakeholder pension persistence factor (%)	2006 Two-year Stakeholder pension persistence factor (%)	2006 Three-year Stakeholder pension persistence factor (%)	2006 Four-year Stakeholder pension persistence factor (%)
<b>Regular premium</b>				
Company representatives	83.2	71.3	62.8	55.0
Independent financial advisers	87.3	76.4	65.2	59.0
Direct offer adverts	62.1	48.8	37.1	30.0
Other	69.7	65.6	53.9	50.9
<b>Single premium</b>				
Company representatives	97.8	94.0	91.4	86.9
Independent financial advisers	97.6	94.0	91.1	85.3
Direct offer adverts	98.7	96.6	94.8	92.6
Other	96.1	92.1	91.6	86.1

	2007 One-year Stakeholder pension persistency factor (%)	2007 Two-year Stakeholder pension persistency factor (%)	2007 Three-year Stakeholder pension persistency factor (%)
<b>Regular premium</b>			
Company representatives	82.8	72.6	65.8
Independent financial advisers	87.4	75.0	67.1
Direct offer adverts	60.5	42.1	30.7
Other	67.1	55.1	50.3
<b>Single premium</b>			
Company representatives	97.7	94.7	89.6
Independent financial advisers	97.3	93.8	89.3
Direct offer adverts	97.7	95.2	90.4
Other	93.8	91.2	86.1

	2008 One-year Stakeholder pension persistency factor (%)	2008 Two-year Stakeholder pension persistency factor (%)
<b>Regular premium</b>		
Company representatives	82.2	71.8
Independent financial advisers	83.9	71.7
Direct offer adverts	68.0	51.5
Other	76.0	70.6
<b>Single premium</b>		
Company representatives	97.9	94.1
Independent financial advisers	96.1	92.5
Direct offer adverts	97.9	95.6
Other	95.5	91.5

	2009 One-year Stakeholder pension persistency factor (%)
<b>Regular premium</b>	
Company representatives	86.2
Independent financial advisers	88.9
Direct offer adverts	76.1
Other	95.7
<b>Single premium</b>	
Company representatives	97.0
Independent financial advisers	93.2
Direct offer adverts	97.4
Other	96.4

## Group personal pensions (GPPs)

### Comparison of group personal pension and individual pension persistency

	Company representatives			Independent financial advisers		
	Group persistency factor (%)	Individual persistency factor (%)	% of Group business	Group persistency factor (%)	Individual persistency factor (%)	% of Group business
Policies started in 1995						
After 48 months	51.1	59.2	6	58.6	68.5	39
Policies started in 1996						
After 36 months	54.7	66.1	8	63.9	74.7	46
After 48 months	46.8	58.2	9	55.1	68.4	46
Policies started in 1997						
After 24 months	68.2	74.3	10	75.8	82.8	62
After 36 months	57.5	64.7	10	66.5	74.0	62
After 48 months	48.0	58.2	10	56.9	67.1	63
Policies started in 1998						
After 12 months	82.7	85.5	12	86.0	91.6	59
After 24 months	68.1	74.3	12	72.3	80.9	60
After 36 months	55.3	65.1	11	59.8	71.8	59
After 48 months	45.1	58.1	10	48.1	61.6	57
Policies started in 1999						
After 12 months	82.8	85.0	14	85.4	90.7	66
After 24 months	66.4	72.7	13	69.0	78.6	66
After 36 months	52.8	63.6	12	55.3	67.0	64
After 48 months	40.3	54.8	12	46.0	59.0	59
Policies started in 2000						
After 12 months	81.4	85.3	17	81.8	89.7	74
After 24 months	63.1	75.2	15	65.1	75.7	72
After 36 months	48.6	66.9	18	52.9	62.7	69
After 48 months	40.8	61.2	19	43.1	59.8	71
Policies started in 2001						
After 12 months	80.4	87.1	40	83.1	85.1	66
After 24 months	60.3	76.6	42	67.5	73.2	81
After 36 months	49.1	70.3	48	53.8	66.9	79
After 48 months	43.7	54.3	49	44.5	47.0	79
Policies started in 2002						
After 12 months	75.0	87.0	44	81.1	90.7	73
After 24 months	57.7	68.8	50	63.5	67.0	76
After 36 months	46.7	59.6	50	49.2	53.1	77
After 48 months	36.8	49.5	51	40.0	44.1	78

## Group personal pensions (GPPs)

### Comparison of group personal pension and individual pension persistency

	Company representatives			Independent financial advisers		
	Group persistency factor (%)	Individual persistency factor (%)	% of Group business	Group persistency factor (%)	Individual persistency factor (%)	% of Group business
Policies started in 2003						
After 12 months	77.5	79.3	40	79.3	88.7	80
After 24 months	60.4	63.1	61	63.1	64.8	85
After 36 months	47.3	60.5	46	50.6	53.9	81
After 48 months	36.1	47.7	56	41.7	45.1	80
Policies started in 2004						
After 12 months	78.3	85.6	57	79.0	79.6	81
After 24 months	66.0	72.7	52	63.3	65.8	82
After 36 months	49.7	55.5	71	49.8	52.7	81
After 48 months	43.6	48.5	74	42.0	45.1	83
Policies started in 2005						
After 12 months	82.0	84.1	51	81.1	82.4	81
After 24 months	61.5	66.0	76	64.8	67.0	80
After 36 months	50.1	55.0	75	52.5	56.1	80
After 48 months	38.5	43.9	77	42.0	46.1	80
Policies started in 2006						
After 12 months	80.3	84.1	53	82.4	82.2	77
After 24 months	62.2	68.4	54	65.4	69.1	77
After 36 months	48.0	55.6	53	51.4	55.9	77
After 48 months	42.2	50.3	53	42.3	47.3	77
Policies started in 2007						
After 12 months	77.9	82.3	49	81.8	83.8	74
After 24 months	60.5	66.5	49	63.2	67.5	74
After 36 months	49.2	57.5	49	51.9	57.2	73
Policies started in 2008						
After 12 months	78.0	82.2	49	79.3	81.2	74
After 24 months	67.3	73.0	48	64.5	68.5	74
Policies started in 2009						
After 12 months	84.7	87.6	31	83.8	84.8	74

#### Notes:

1. The 2009 12 months company representative group percentage figure has fallen because of a significant change in the composition of firms operating in this segment of the market.

## Income drawdown persistency

	Company representatives (%)	Independent financial advisers (%)
Policies started in 1995		
After 48 months	85.6	92.8
Policies started in 1996		
After 36 months	89.5	94.6
After 48 months	85.4	89.9
Policies started in 1997		
After 24 months	93.4	96.1
After 36 months	90.6	94.1
After 48 months	83.6	90.5
Policies started in 1998		
After 12 months	97.7	97.6
After 24 months	95.6	96.2
After 36 months	89.3	94.8
After 48 months	66.9	91.3
Policies started in 1999		
After 12 months	99.0	98.5
After 24 months	95.2	97.4
After 36 months	74.0	94.9
After 48 months	90.5	91.9
Policies started in 2000		
After 12 months	97.4	98.8
After 24 months	80.1	97.3
After 36 months	92.6	94.7
After 48 months	92.6	91.0
Policies started in 2001		
After 12 months	99.0	98.5
After 24 months	92.8	96.1
After 36 months	93.1	93.4
After 48 months	90.1	88.3
Policies started in 2002		
After 12 months	96.4	97.7
After 24 months	96.6	88.1
After 36 months	92.2	87.0
After 48 months	86.8	82.4
Policies started in 2003		
After 12 months	99.1	89.0
After 24 months	94.5	87.4
After 36 months	93.7	83.7
After 48 months	88.3	80.2



## Income drawdown persistency

	Company representatives (%)	Independent financial advisers (%)
Policies started in 2004		
After 12 months	99.2	91.8
After 24 months	96.0	87.5
After 36 months	90.5	82.4
After 48 months	86.1	75.8
Policies started in 2005		
After 12 months	99.2	92.6
After 24 months	95.3	89.0
After 36 months	92.9	81.3
After 48 months	88.4	71.5
Policies started in 2006		
After 12 months	98.5	96.8
After 24 months	96.1	91.9
After 36 months	91.6	83.8
After 48 months	85.4	76.9
Policies started in 2007		
After 12 months	98.5	95.9
After 24 months	95.3	89.9
After 36 months	89.6	84.0
Policies started in 2008		
After 12 months	98.2	92.6
After 24 months	94.3	87.8
Policies started in 2009		
After 12 months	96.5	93.6