

Commercial Non-Life Insurance Brokers in Europe

Report Prospectus

August 2016

Prospectus contents

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What is the research?

Finaccord's report titled *Commercial Non-Life Insurance Brokers in Europe*, plus the BrokerBASE™ and market data annexe that accompany it, investigate the importance of brokers in the distribution of non-life (P&C) insurance for business, public sector and not-for-profit customers in 20 countries in Europe. Brokers are the most important single distribution channel in this sector, and Finaccord's research indicates that fees and commissions earned by brokers from commercial lines insurance in Europe were worth EUR 11.54 billion in 2015. Moreover, brokers are increasing their share of this market in many countries, often at the expense of tied agents, and in most cases are expected to continue growing their overall share in future.

This report first provides unique data for the size, segmentation and growth of the commercial non-life insurance market itself in each of the 20 countries in scope, namely Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Spain, Sweden, Switzerland, Turkey and the UK. It then quantifies the share of this market that is intermediated by brokers and ranks the leading brokers in each country according to their revenues from commercial non-life insurance in 2015, excluding income from other activities. This analysis is based on an investigation covering 545 brokers in Europe, making it the most detailed and comprehensive study of this market ever published.

What methodology has been used?

Finaccord's investigation into commercial non-life insurance brokers in Europe was carried out between March and July 2016. The core of this research was an analysis of leading brokers in each country that combined phone interviews with senior executives with published information and company accounts. Reliable statistics concerning the market share of brokers do not exist in most countries, and in no cases whatsoever are revenues from commercial non-life insurance shown separately from personal lines, life and health insurance / employee benefits and wholesale insurance / reinsurance. Therefore, this study provides genuinely unique data to answer the following questions:

- what proportion of business was handled by brokers in 2015 and how has this changed since 2011?
- how do commercial lines broking revenues segment by size band of insured entity?
- who are the leading brokers in each market by commercial lines broking revenues?
 - *the BrokerBASE™ ranks the top ten to 70 commercial non-life brokers in each country, depending on the size and structure of the broking sector in that country;*
- how concentrated or fragmented are commercial lines broking markets?
- how significant is commercial non-life insurance to each of these brokers as opposed to other activities?
- how can commercial non-life insurance broking markets be expected to develop up to 2019 in terms of the distribution share of brokers and the revenues that they generate from commercial lines?

What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering rationale, description of methodology and some definitions.

2. *European Overview*: an overview of the market for commercial non-life insurance broking in Europe including: estimates for the size, segmentation and growth rate of the commercial non-life insurance market itself; data illustrating the share of this market that is distributed by brokers and how this has changed since 2011; analysis of the proportion of commercial lines broking revenues in each country that is due to each of micro, small, medium, large and very large clients; analysis of market concentration both in overall terms and specifically for Aon, Marsh & McLennan Companies and Willis Towers Watson; and future outlook for the commercial lines broking sector up to 2019.

3. *Austria*: an analysis of the market for commercial non-life insurance broking in Austria including: quantification and segmentation of commercial non-life insurance premiums from 2011 to 2015; brokers' share of this market and quantification of broker fees and commissions from commercial lines; analysis of broker market concentration; ranking of the leading brokers in Austria by commercial lines broking revenues; estimates for the business split of the same brokers between commercial lines, personal lines, life and health insurance / employee benefits and wholesale insurance / reinsurance, and forecasts for commercial non-life insurance premiums, brokers' market share and brokers' revenues up to 2019.

4 - 22: *the other 19 countries (structure as for Austria)*.

What does the BrokerBASE™ deliver?

Select broker

See change in
broker ranking,
2013 to 2015

Country	Broker	Total insurance broking revenues, 2015 (EUR million)	Commercial non-life broking revenues, 2015 (EUR million)	In-country ranking 2015	In-country ranking 2013	Commercial insurance	Personal insurance	EB / life / health insurance	Wholesale insurance / reinsurance
Germany	Marx & Marx	2.9	2.3	63	n/a	75-85%	8-13%	8-13%	0%
Germany	MRH Group	26.4	22.4	14	13	80-90%	0-5%	8-13%	0-5%
Germany	MRVV	6.8	6.5	36	37	95-100%	0%	0-5%	0%
Germany	Nordwest Assekuranz	39.1	33.2	11	14	80-90%	0-5%	6-11%	0-5%
Germany	nucleus	3.4	2.0	67	n/a	55-65%	18-23%	18-23%	0%

Select country

Appreciate size of broking
revenues from commercial
non-life insurance

View approximate
segmentation of
revenues by activity

Source: Finaccord BrokerBASE™

Note - The BrokerBASE™ also includes each broker's website and UHC (ultimate holding company) if relevant plus entries for whether they are affiliated to an international broker network or not and their total number of employees in 2015,.

What does the market data annexe deliver?

1) Size, segmentation and growth of the commercial non-life insurance gross written premiums, 2011 to 2015

EUR million	2011	2012	2013	2014	2015	Nominal CAGR	Real CAGR
Motor	4,393	4,733	5,665	5,532	5,382	5.2%	3.7%
Property	7,523	7,658	7,863	7,923	8,091	1.8%	0.3%
Liability	2,800	2,720	2,720	2,800	2,800	0.0%	-1.5%
MAT	1,100	1,000	1,100	1,000	1,000	-2.4%	-3.9%
Other	3,609	3,690	3,960	4,198	4,344	4.7%	3.8%
Total	19,425	19,801	21,307	21,454	21,617	2.7%	1.2%

For each country, the market data annexe provides the sample data shown to the left plus a list of the top ten brokers ranked by commercial non-life insurance broking revenues.

This annexe can be used as a convenient source of data already in Excel format which means that there is no need for users to re-enter data from the PDF report into their own Excel worksheets.

2) Size of the commercial non-life market, brokers' share of this market and revenues earned from it, 2011, 2015 and 2019

EUR million / %	2011	2015	2019	Nominal CAGR 2011-2015	Nominal CAGR 2015-2019
Commercial non-life premiums	19,425	21,617	23,954	2.7%	2.6%
Brokers' share of commercial non-life premiums	77.6%	76.4%	76.0%		
Brokers' revenue from commercial non-life insurance	1,847	2,031	2,212	2.4%	2.2%

3) Market concentration as measured by combined share of commercial non-life broking revenues of top three and top ten brokers, 2015

Share of broking market	2011	2015
Top three brokers	39.9%	40.3%
Top ten brokers	57.5%	72.2%

What are the key features of the research?

Key features of this research include:

- analysis of market size, growth and segmentation for commercial non-life insurance premiums: how much is the underlying insurance market worth in Europe and how does it break down?
- quantification of the share of commercial lines premiums distributed by brokers and the revenues that they earned from this activity in 2011 and 2015, plus a projection of these metrics in 2019;
- identification of the top ten to 70 brokers in each country specifically for commercial non-life insurance business, with estimates for the revenues that they generate from this sector alone and the proportion of their total revenues that this represents;
- detailed information concerning the structure of the broker market in each country, including market concentration for the top three and top ten brokers, and the position of Aon, Marsh & McLennan Companies and Willis Towers Watson plus other leading broking groups;
- availability of an accompanying BrokerBASE™ which provides key financial and other metrics for the leading brokers included in each country, plus a convenient, supporting market data annexe, both in Excel format.

How can the research be used?

You may be able to use this report in one or more of the following ways:

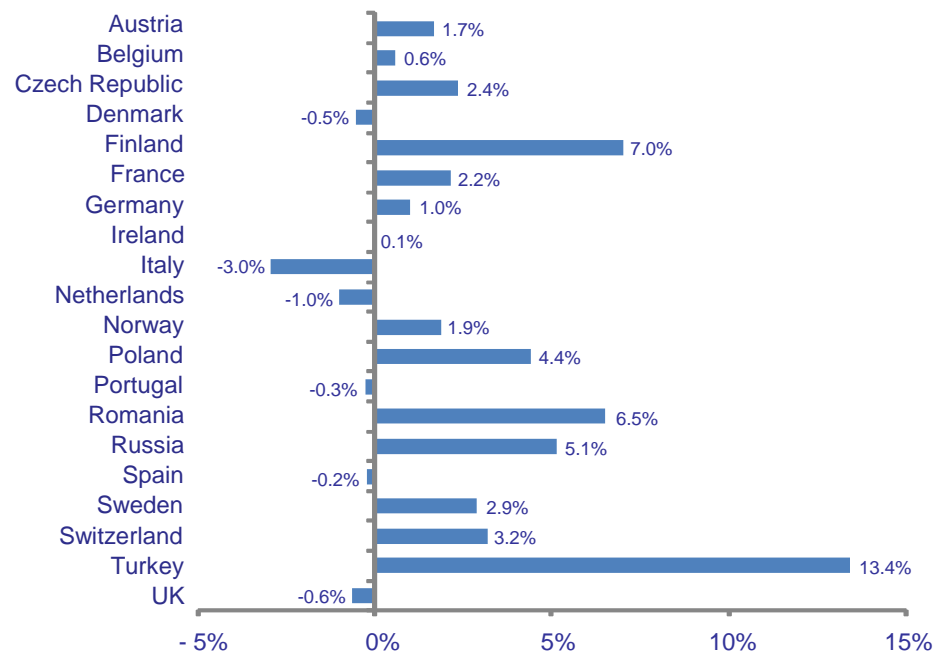
- evaluate the commercial lines broking market across 20 countries in Europe by means of a study that employs a uniform and standardised methodology to guarantee comparability;
- quantify the value of this market and how revenues from it in each country break down between micro, small, medium, large and very large entities;
- understand the competitive landscape in each country as defined by its market concentration, the position of international brokers and the members of international broker networks;
- identify the leading brokers in each country or across the European region as a whole, with coverage of competitors such as Arthur J. Gallagher, Ecclesia Gruppe, Filhet-Allard, Funk Gruppe, GrECo International, Howden Broking Group, JLT, Lockton, and Verspieren, as well as Aon, Marsh & McLennan Companies and Willis Towers Watson;
- gain insight into the likely future trajectory of the commercial lines broking market up to 2019 including its forecast value and the predicted distribution share of brokers in commercial non-life insurance that will generate that value.

Who can use the research?

1. *Insurers*: this report provides a unique analysis of the importance of brokers specifically for commercial non-life insurance, country by country. It will help you to judge if you have the right distribution strategy for your business in each geography, and to identify if you are acquiring an appropriate volume of business with each of the leading brokers.
2. *Brokers*: this report enables you to quantify your market share specifically for commercial non-life insurance, which cannot be done using any other published sources. Moreover, its coverage of 20 countries in the region helps you to plan international expansion or potential acquisitions, and to identify your main competitors.
3. *Technology companies*: the growing importance of online trading of commercial non-life insurance in certain European countries means that there are opportunities for specialised IT service providers to develop and promote systems that improve broker efficiency, service and broker-insurer interaction.
4. *Management consultancies*: are you helping an insurance broker or underwriter with its future strategy in commercial non-life insurance? Understand the current status of commercial non-life insurance broking in Europe, saving time and effort on researching the subject yourself.

What are some of the key findings?

1. In real terms (discounting inflation), total revenues from commercial non-life insurance broking grew in 14 of the 20 countries surveyed between 2011 and 2015

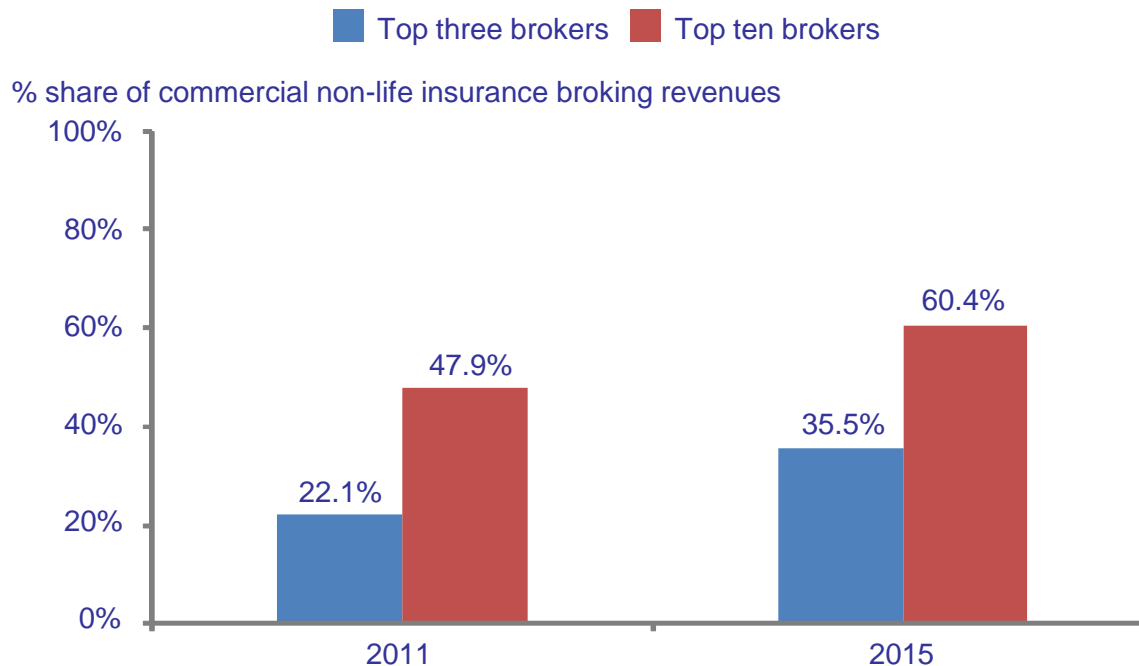


Real CAGR of commercial non-life insurance broking revenues, 2011 to 2015

Source: Finaccord analysis

What are some of the key findings? (cont.)

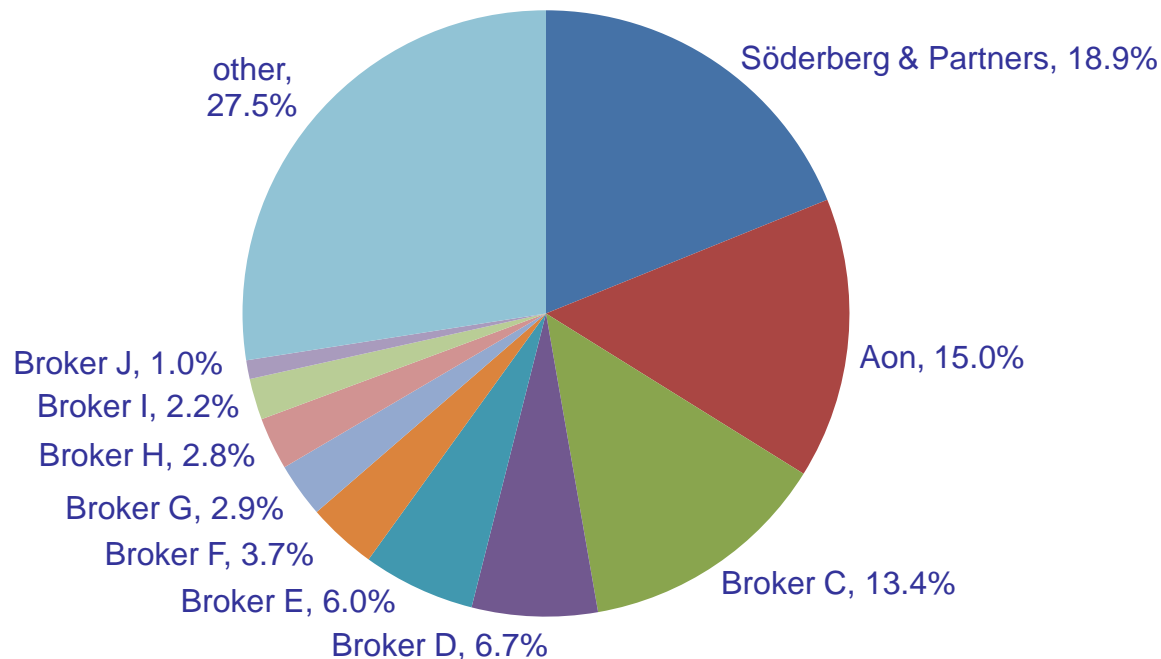
2. The competitive structure of Poland's market for commercial non-life insurance broking became significantly more concentrated between 2011 and 2015



Source: Finaccord analysis

What are some of the key findings? (cont.)

3. In Sweden, the indigenous broker Söderberg & Partners has established itself as a market leader by commercial lines broking revenues



Source: Finaccord Commercial Non-Life Insurance Broking Survey

What are some of the key findings? (cont.)

4. Key findings from the executive summary include:

- Finaccord estimates that the total revenues earned by commercial non-life broking in 2015 across the 20 countries in scope were EUR 11.54 billion, of which EUR 3.55 billion came from the UK alone, or 30.8% of the total;
- taken as a weighted average across the 20 countries, brokers distributed 60.5% of commercial non-life insurance premiums across Europe in 2015, with a low point of just 14.0% in each of Finland and Russia and a high point of 95.4% in Ireland;
- as measured by the combined share of commercial non-life insurance broking revenues earned by the top ten competitors in each country, Finland and Norway are Europe's most concentrated markets, and Germany and Spain the most fragmented;
- Finaccord forecasts that the commercial non-life insurance broking market in Europe will be worth around EUR 12.65 billion by 2019 with the greatest growth in real terms (once inflation has been discounted) occurring in Finland, Russia and Turkey.

What is the cost and format?

Commercial Non-Life Insurance Brokers in Europe is available as a standard PDF document. The BrokerBASE™ and market data annexe that accompanies it at no further charge is in Excel format. Costs for this research, for a sister study about the same topic in South-East Asia, for a selection of country-specific reports and for a related title looking at commercial non-life insurance broking from a worldwide perspective, are as follows:

REPORT	PRICE *
Commercial Non-Life Insurance Brokers in Europe	GBP 4,995
Commercial Non-Life Insurance Brokers in South-East Asia	GBP 1,995
Commercial Non-Life Insurance Brokers in Brazil	GBP 795
Commercial Non-Life Insurance Brokers in Canada	GBP 795
Commercial Non-Life Insurance Brokers in India	GBP 795
Commercial Non-Life Insurance Brokers in Mexico	GBP 795
Commercial Non-Life Insurance Brokers in South Africa	GBP 795
Commercial Non-Life Insurance Brokers in the USA	GBP 995
Global Insurance Broking: A Strategic Review of the World's Top 150 Commercial Non-Life Insurance Brokers	GBP 1,995

For UK-based clients, VAT at the prevailing rate will be added to the basic price.

Costs quoted are for a single site user licence only.

For a corporate user licence, please see the next slide for further details.

Invoices can be paid in EUR or USD, at the prevailing exchange rate, if preferred.

How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at www.finaccord.com/order_commercial_non-life_insurance_brokers_reports.htm and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required *
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

* For the **corporate user licence** please choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

VAT at the prevailing rate will be added to the price of any corporate user licence acquired by UK-based buyers.