

Creditor Insurance in Eastern and South-Eastern Europe, 2007

Report Prospectus

October 2007

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What is the research?

Finaccord's report titled *Creditor Insurance in Eastern and South-Eastern Europe* offers uniquely detailed insights into the market for creditor insurance, sometimes also referred to as payment protection insurance or loan-related insurance, in eight countries. While creditor insurance was worth slightly over €400 million in gross written premiums in the region in 2006, including coverage for life and permanent disability as well as the temporary disability and unemployment elements, rapid growth in retail lending and credit card markets should see it develop quickly in future years. Indeed, with sustainable growth likely in many markets and with profit margins relatively high, creditor insurance remains an attractive business for both lending institutions and underwriters to cultivate.

Drawing on the results of a survey of over 290 lending institutions in eight countries (Bulgaria, Croatia, Greece, Romania, Russia, Slovenia, Turkey and Ukraine), the report analyses the provision of creditor insurance by lending institutions, variances in provision by underlying lending product, operating models for provision of creditor insurance and partnership configurations. Moreover, the PartnerBASE™ database that accompanies the report details each of the c. 420 creditor insurance marketing initiatives traced by Finaccord. Together, the report and database will provide you with the definitive guide to current and future opportunities in creditor insurance in Eastern and South-Eastern Europe.

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What methodology has been used?

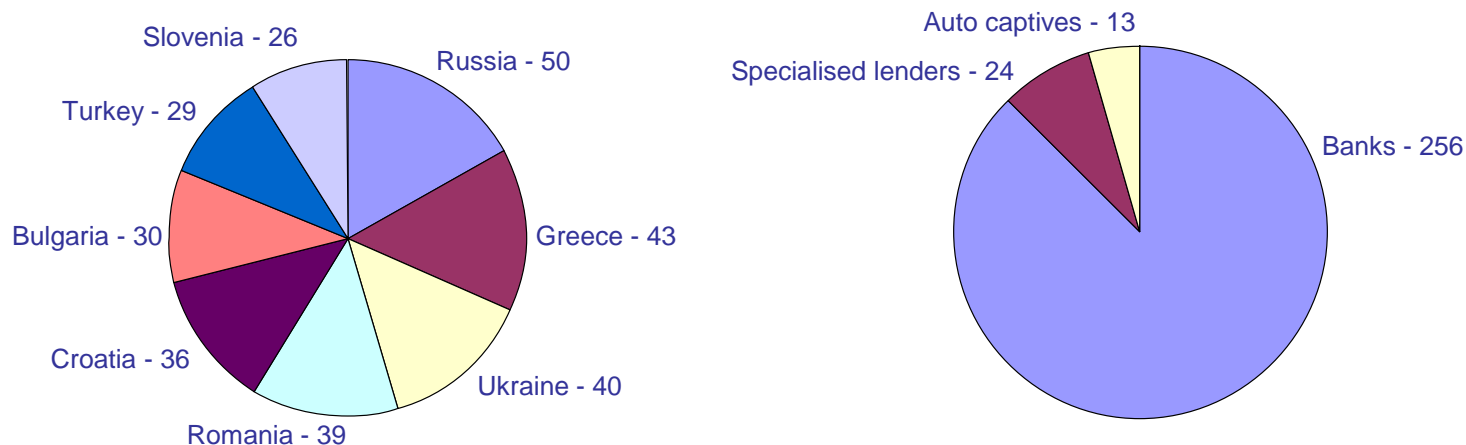
Finaccord's survey of the provision of creditor insurance by lending institutions in Eastern and South-Eastern Europe was carried out in a 12-week period between July and September 2007 and focused on all significant lenders in each country. The research embraces the following information:

- whether creditor insurance is marketed to borrowers;
- if so, in association with which underlying lending products?
- if so, which risks are covered?
- if so, what are current borrower take-up rates?
- if so, how... partnership with a single provider, partnership with multiple providers, partnership with a broker, joint ventures, in-house captives, mixed approaches?
- if so, identity of partners for each product category

As such, this constitutes the most thorough and comprehensive research into the subject ever undertaken in Eastern and South-Eastern Europe.

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How do lending institutions surveyed break down?



Finaccord’s universe of lending institutions covers 293 respondents in total spread across eight countries in Eastern and South-Eastern Europe, including mainstream retail banks, savings banks, co-operative banks, specialised lenders, and automotive captives. For a full list of the organizations contacted for the research and included in PartnerBASE™, please contact Finaccord.

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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. *Regional Overview*: including an overview of both the creditor insurance market and underlying retail lending markets in Eastern and South-Eastern Europe, comparing and contrasting the recent development of the mortgage, non-mortgage lending and credit card sectors in each country covered. Analysis of the creditor insurance market includes consideration of its size, whether broadly or narrowly defined, and its segmentation by both country and underlying lending product. Moreover, this section also encompasses key findings from Finaccord's *Creditor Metrics* consumer research program covering Europe's five largest markets for creditor insurance.

3. *Bulgaria*: an in-depth analysis of the market for creditor insurance in Bulgaria including: introduction to the banking sector; analysis of the retail lending and creditor insurance markets; investigation into customer take-up rates for creditor insurance; overview of operating models used for provision of creditor insurance; competitor and partnership analysis; and future outlook.

4 - 10: *Croatia, Greece, Romania, Russia, Slovenia, Turkey, Ukraine* (for all, contents as for Bulgaria).

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What are the key features of the research?

Key features of this report include:

- quantification of creditor insurance market size, segmentation and growth: how much is this market really worth and what is its future development potential?
- analysis of the many types of creditor insurance policy marketed in each country and how the risks covered vary from one distributor to another;
- consideration of operating models used for creditor insurance: how does the use of captive underwriters by lending institutions differ between countries?
- provider market shares by number of relationships: which providers of creditor insurance have been successful in establishing relationships with lending institutions and how does this vary by country?
- investigation into creditor insurance competitor strategy: which players are best-placed to take advantage of underwriting and / or administration opportunities?

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How can the research be used?

You may be able to use this report and the PartnerBASE™ that accompanies it in one or more of the following ways:

- appreciate the magnitude of the opportunity in creditor insurance in Eastern and South-Eastern Europe - this has the potential to develop rapidly in future years;
- assess the extent to which the provision of temporary incapacity and unemployment modules within creditor insurance policies is gaining ground in Eastern and South-Eastern Europe;
- identify partnership opportunities for creditor insurance and how these may differ between opportunities for administration and underwriting;
- understand the supply structure for creditor insurance in Eastern and South-Eastern Europe and whether specialists are winning business by virtue of their focused approach;
- gain insight into the presence in Eastern and South-Eastern Europe of leading creditor insurance market participants including AIG, Aviva, Cardif and Uniqa.

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Who can use the research?

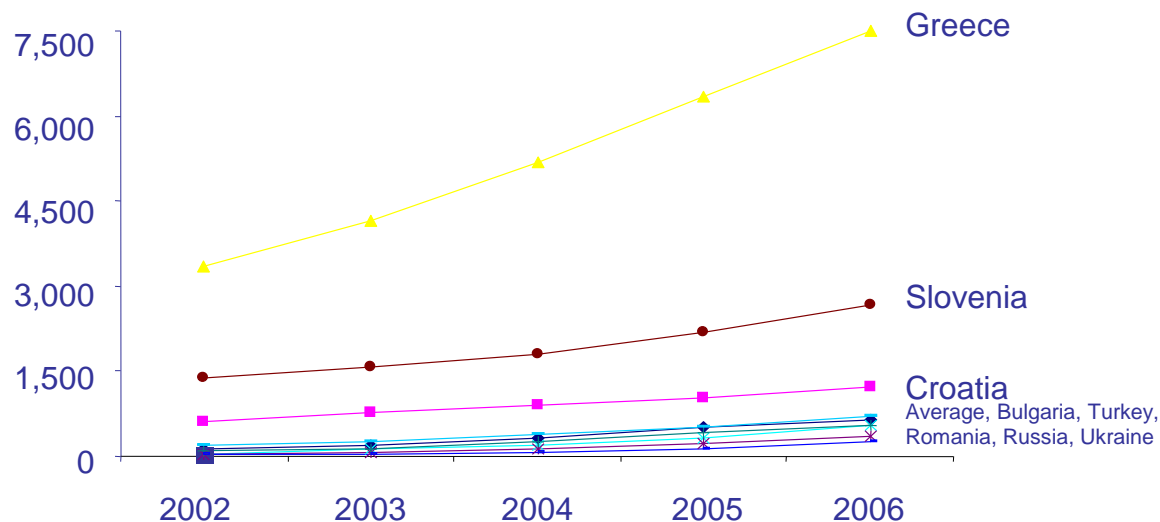
1. *Insurers*: this research is a unique guide to what is likely to be one of the most rapidly developing lines of personal insurance in Eastern and South-Eastern Europe - be fully appraised of what growth in creditor insurance markets could mean for your organisation;
2. *Providers of third party administration services*: due to its specialised characteristics, insurers frequently outsource the administrative processes associated with creditor insurance, thereby creating opportunities for third party providers;
3. *Lending institutions*: how does your organisation's ability to cross-sell creditor insurance to individual borrowers compare with its peer group in Eastern and South-Eastern Europe? Could it use its captive insurer to underwrite third party creditor risks?
4. *Management consultancies*: are you helping an insurance company with its bancassurance strategy or evaluating how it can develop its business into creditor insurance? Understand the current status of creditor insurance in Eastern and South-Eastern Europe, saving time and effort on researching the subject yourself.

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What are some of the key findings?

1. While growing rapidly, total retail lending balances per capita remain below €1,000 in five of the countries reviewed

Total retail lending balances outstanding per capita, € (adjusted for inflation)



Source: Finaccord analysis of industry association data

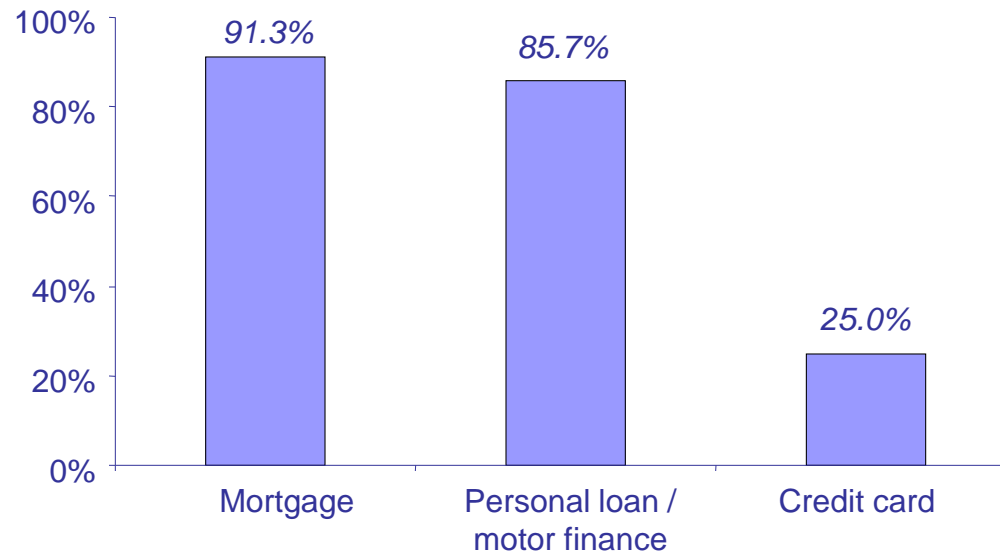
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Web: www.finaccord.com. E-mail: info@finaccord.com

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

2. With a quarter of credit card issuers now having introduced card payment protection insurance, this form of policy will become increasingly familiar to cardholders in Turkey

% of lenders offering creditor insurance by product



Note - 51 instances of creditor insurance provision considered.

Source: Finaccord

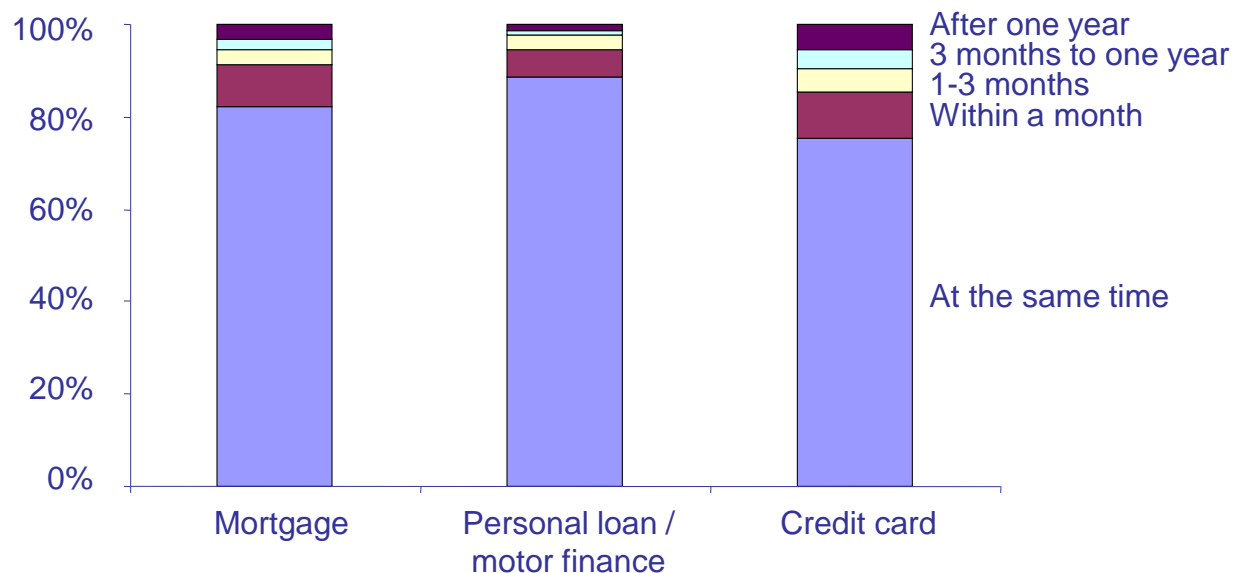
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What are some of the key findings? (cont.)

3. Typically, creditor insurance is sold to borrowers at the same time as arrangement of the underlying lending facility

Point in time of acquisition of borrowers with insurance



Source: Finaccord Creditor Metrics series

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

4. Key findings from the executive summary include:

- the value of the creditor insurance market in Eastern and South-Eastern Europe is equivalent to approximately 9.0% of the value of total gross written premiums for life insurance in the eight countries combined which amounts to approximately €4.49 billion;
- while all of the creditor policies identified by Finaccord cover death, the coverage of other risks falls to a regional average of 85.4% in the event of permanent disability, 18.9% in the case of temporary incapacity and just 4.5% in the event of unemployment;
- with the average annual growth rate for retail lending balances outstanding in Eastern and South-Eastern Europe at 38.6%, adjusted for inflation, for the 2002-6 period, it would be unsurprising if the market for creditor insurance is advancing even more rapidly as lending institutions experience increasing success in cross-selling the product;
- an overall analysis of the supply structure for creditor insurance partnerships in Eastern and South-Eastern Europe suggests a market that is still both fluid and fragmented with few underwriters having accumulated more than a handful of distribution mandates.

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What is the cost and format?

Creditor Insurance in Eastern and South-Eastern Europe is available as a standard *Adobe Acrobat* PDF document and / or hard copy. The *PartnerBASE™* that accompanies it at no further charge is in *Microsoft Excel* format. Costs for this research set and other recent pan-European research titles are as follows:

REPORT	COST *	FORMAT
Creditor Insurance in Eastern and South-Eastern Europe, 2007	£2,495	c. 185 pages
Automotive Financial Services in Eastern and South-Eastern Europe, 2007	£2,495	c. 280 pages
Automotive Finance and Leasing for Consumers in Europe, 2007	£2,495	c. 475 pages
Extended Warranties for New and Used Cars in Europe, 2007	£2,495	c. 295 pages
Non-Life Bancassurance in Europe: Accident and Health Insurance, 2006	£1,995	c. 170 pages
Retailer Financial Services in Europe, 2007	£2,495	c. 265 pages

VAT at 17.5% will be added to the basic price except for where the request is for hard copy only.

Costs quoted are for a single site user license only.

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

Printing and postage costs of between £30 and £60 will be added for delivery of each hard copy.

Invoices can be paid in €, at the prevailing exchange rate, if preferred.

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How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at www.finaccord.com/order_eu_br.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.

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