

# Creditor Insurance in Southern and Western Europe, 2008

Report Prospectus

*September 2008*

*Expertise in financial services*

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## What is the research?

Finaccord's report titled *Creditor Insurance in Southern and Western Europe* offers updated and detailed insights into the market for creditor insurance, sometimes also referred to as payment protection insurance or loan-related insurance, in eight countries. Often categorised as a niche market, creditor insurance was worth around €25.69 billion in gross written premiums in the region in 2007, including coverage for life and permanent disability as well as the temporary disability and unemployment elements. Moreover, 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 560 lending institutions in eight countries (Belgium, France, Ireland, Italy, the Netherlands, Portugal, Spain and the UK), 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. The PartnerBASE™ database that accompanies the report details each of the c. 830 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 Southern and Western Europe.

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## What methodology has been used?

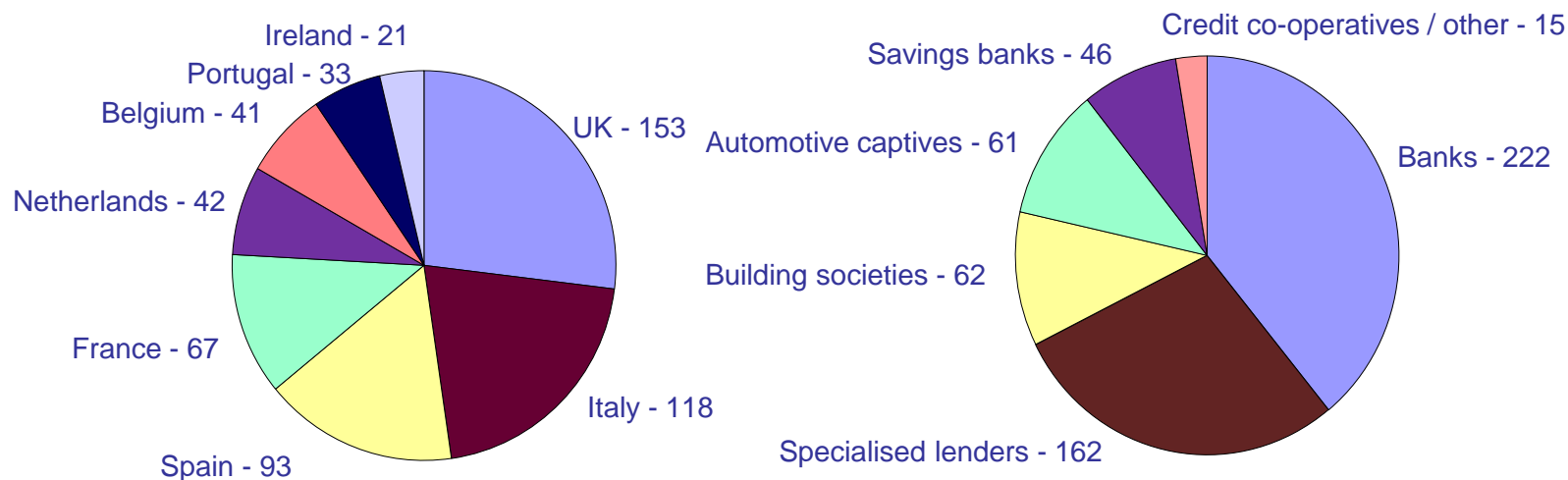
Finaccord's survey of the provision of creditor insurance by lending institutions in Southern and Western Europe was carried out in a 12-week period between June and August 2008 and focused on all significant lenders in each country. The research embraces the following information:

- whether creditor insurance is marketed to borrowers;
- if so, in association with which underlying lending products?
- if so, which risks are covered?
- if so, 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, and combined with additional secondary research into product and distribution innovation, this constitutes the most thorough and comprehensive research into the subject ever undertaken in Southern and Western Europe.

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## How do lending institutions surveyed break down?



Finaccord’s universe of lending institutions covers 568 respondents in total spread across eight countries in Southern and Western Europe, including mainstream retail banks, specialised lenders, building societies, automotive captives, savings banks and credit co-operatives. 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 Southern and Western 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, its segmentation by both country and underlying lending product, and likely growth rates.

3. *Belgium*: an in-depth analysis of the market for creditor insurance in Belgium including: introduction to the banking sector; analysis of the retail lending and credit card markets; investigation into provision of creditor insurance by lending institutions and risks typically covered; overview of operating models used for provision of creditor insurance; analysis of competitors and partnerships; size, segmentation and likely annual growth rate of gross premiums written for creditor insurance; future outlook.

4 - 10: *France, Ireland, Italy, Netherlands, Portugal, Spain, UK* (for all, contents as for Belgium).

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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 Southern and Western Europe: this is turning into an increasingly mainstream market;
- assess the extent to which the provision of temporary incapacity and unemployment modules within creditor insurance policies is gaining ground in Southern and Western 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 Southern and Western Europe and whether specialists are winning business by virtue of their focused approach;
- gain insight into the international presence of leading creditor insurance market participants including AXA, Cardif, CNP, Finaref Assurances, Genworth Financial and The Warranty Group.

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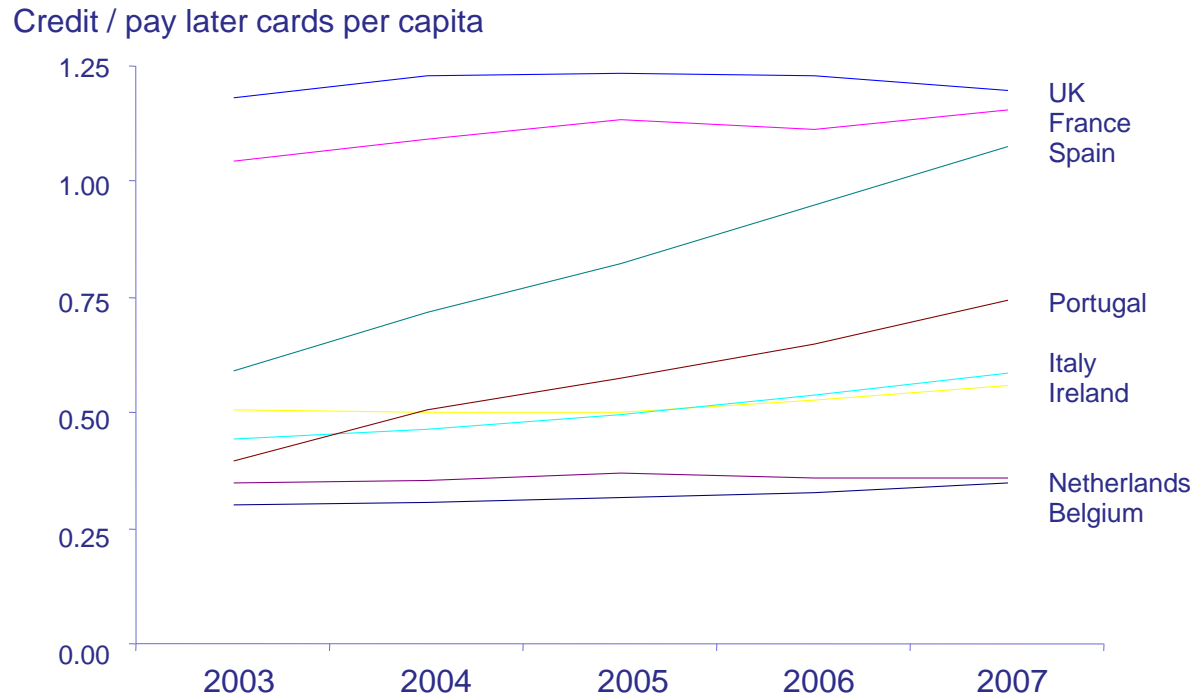
## Who can use the research?

1. *Insurers*: this research is a unique guide to one of the most rapidly developing lines of personal insurance in Southern and Western 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 Southern and Western 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 Southern and Western Europe, saving time and effort on researching the subject yourself.

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# What are some of the key findings?

1. The volume of credit and other pay later cards per capita in Spain has surged to levels that are close to France and the UK



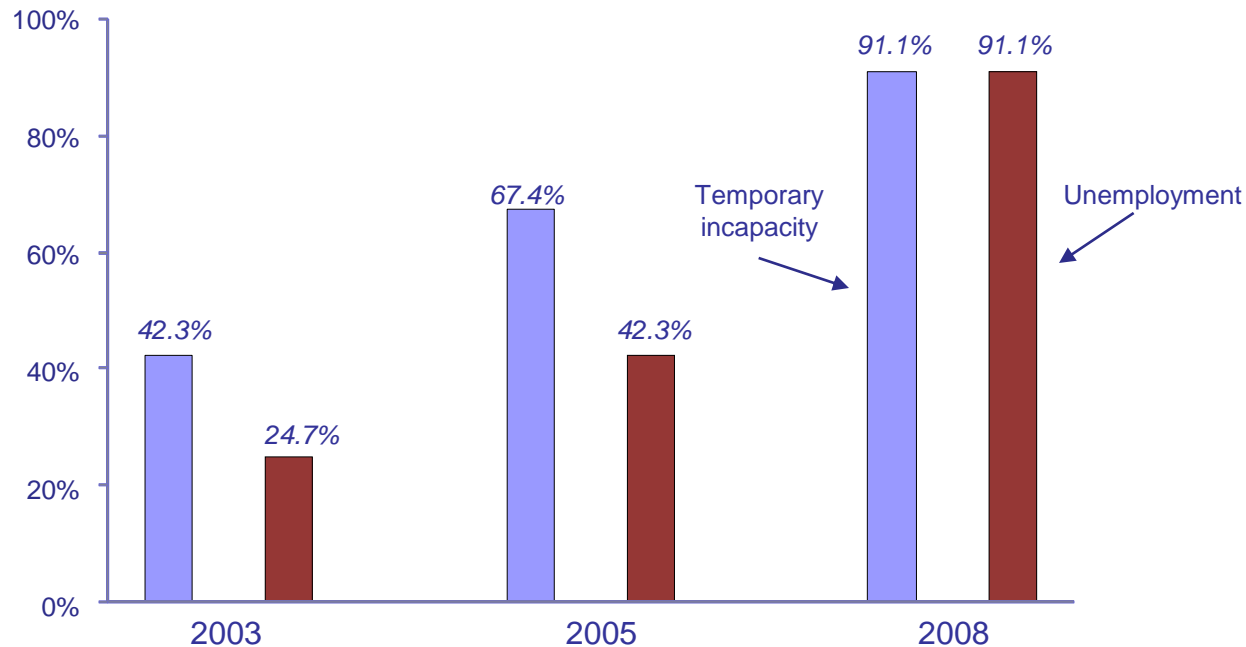
Source: Finaccord

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

2. The inclusion of cover for temporary incapacity and unemployment within creditor insurance in Italy has advanced in recent years to the point that it is now the norm

% of total creditor insurance policies covering specified risks



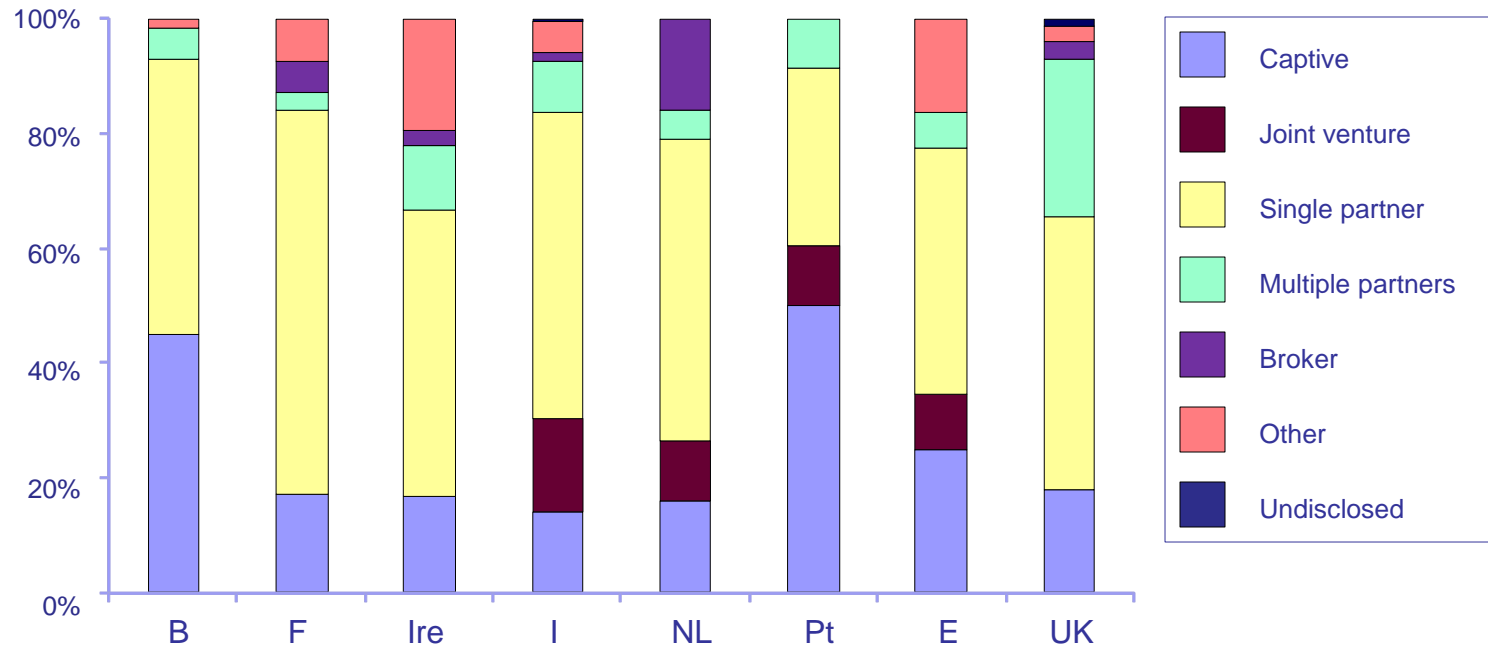
Source: Finaccord

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

## 3. Joint ventures for creditor insurance continue to operate in Italy, the Netherlands, Portugal and Spain

% split of operating models used for creditor insurance



Source: Finaccord PartnerBASE

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

### 4. Key findings from the executive summary include:

- the value of creditor insurance across the Southern and Western European region is equivalent to approximately 4.4% of the value of total gross written premiums for life, accident and health insurance combined in the eight countries;
- gross premiums written for creditor insurance are likely to have been growing at average annual rates in excess of 10% in all territories researched with the exception of Ireland, the Netherlands and the UK, and with a maximum in the range of 35% to 45% per annum in Spain;
- a number of factors may cause the characteristics of some markets to alter with a greater emphasis being placed on innovation in product design, pricing and distribution rather than simply cross-selling through the banks and other credit institutions;
- for example, in the UK, a combination of regulatory intervention by the Competition Commission and more generally informed consumer behaviour will make it harder for lending institutions to sell to borrowers while simultaneously creating opportunities for other types of provider, including both underwriters and intermediaries.

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## What is the cost and format?

*Creditor Insurance in Southern and Western 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 Southern and Western Europe, 2008	£2,495	c. 170 pages
Creditor Insurance in Northern and Central Europe, 2008	£2,495	c. 185 pages
Creditor Insurance in Eastern and South-Eastern Europe, 2007	£2,495	c. 185 pages
Automotive Financial Services in Northern and Central Europe, 2007	£2,495	c. 360 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 corporate user licence options, please see the next slide for further details.*

*Printing and postage costs of between £30 and £40 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](http://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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