

Pet Metrics: Consumer Approaches to Pet Insurance in Europe

Series Prospectus

October 2008

Expertise in financial services

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What is the research?

Finaccord's *Pet Metrics series of reports* offers detailed and unique insights into the behaviour of pet owners in the context of pet insurance. Based on a primary survey of consumers in France, Germany, Italy, Spain and the UK carried out in July and August 2008, the research provides valuable data describing the extent to which owners of cats, dogs and other animals take out pet insurance and clarifying the proportion of uninsured pet owners who value the benefits of the insurance but have simply not got round to acquiring cover.

In addition to calculating the percentage of pet owners that buys pet insurance in each country, the investigation also analyses the types of policy that they buy (i.e. stand-alone policies or cover packaged within household insurance or personal liability insurance), whether they hold cover for liabilities associated with pet ownership only or also for other risks, including veterinary expenses, which distribution channel and interface they use to take out stand-alone pet insurance and whether they buy cover within a week or a month of acquiring their pet or at a later stage.

Finally, the reports measure the degree to which pet owners are satisfied with their insurance, whether they find it expensive and if they are likely to discontinue it the next time that it comes up for renewal.

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Which titles are available?

The *Pet Metrics* series is composed of six separate publications, namely: an overview study providing comparisons for the metrics gathered across all five countries as well as the results for each country; and five country-specific titles providing the results for the investigation into pet insurance for a single country. The titles in question are as follows:

Pet Metrics: Consumer Approaches to Pet Insurance in Europe

Pet Metrics: Consumer Approaches to Pet Insurance in France

Pet Metrics: Consumer Approaches to Pet Insurance in Germany

Pet Metrics: Consumer Approaches to Pet Insurance in Italy

Pet Metrics: Consumer Approaches to Pet Insurance in Spain

Pet Metrics: Consumer Approaches to Pet Insurance in the UK

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What is the rationale?

As a part of its program for publishing European consumer research reports covering other niche lines of insurance, including card protection insurance, creditor or payment protection insurance, mobile telephone insurance and travel insurance, Finaccord has elected to develop reports investigating consumer approaches to pet insurance in the five most populous European markets, namely France, Germany, Italy, Spain and the UK.

In keeping with the original rationale for the other reports focused on niche lines of insurance, there is little published information providing detailed insights into consumer approaches to pet insurance on a pan-European basis. Moreover, the results contained in this series underline the extent to which the models used for selling pet insurance vary radically between the five countries, most particularly in the marketing aspects of product design and distribution.

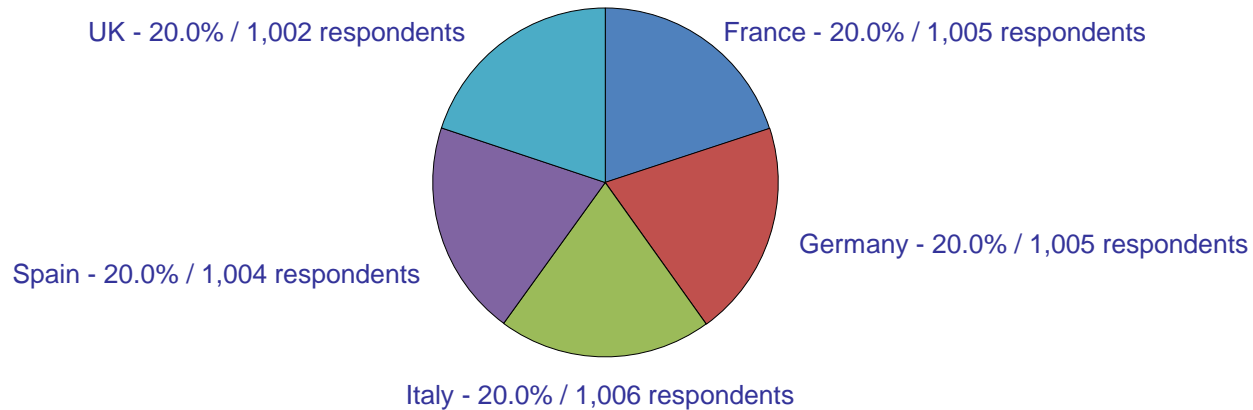
A further, equally important, motivation for publishing this series is that pet insurance, like many other forms of non-life insurance, continues to experience significant changes to the way in which it is sold as a consequence both of evolving pet ownership trends among consumers and the increasing availability of pet cover, in one form or another, through a range of distribution channels, especially via the Internet. Hence, the *Pet Metrics* studies offer a timely update of the subject.

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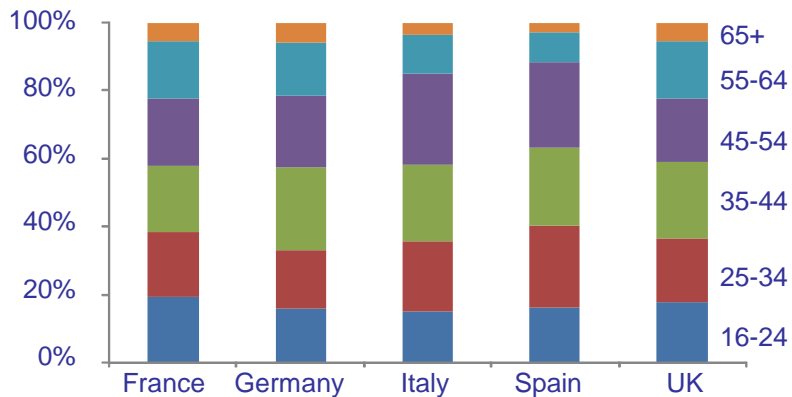
What methodology has been used?

The research for this study, which covers over 5,000 consumers in five European countries, was carried out during July and August 2008 using an online research methodology. A breakdown of the eventual sample by country, age group and annual household income is presented on the following page. Additional breakdowns by geographical region of respondents in each country are provided in the reports themselves.

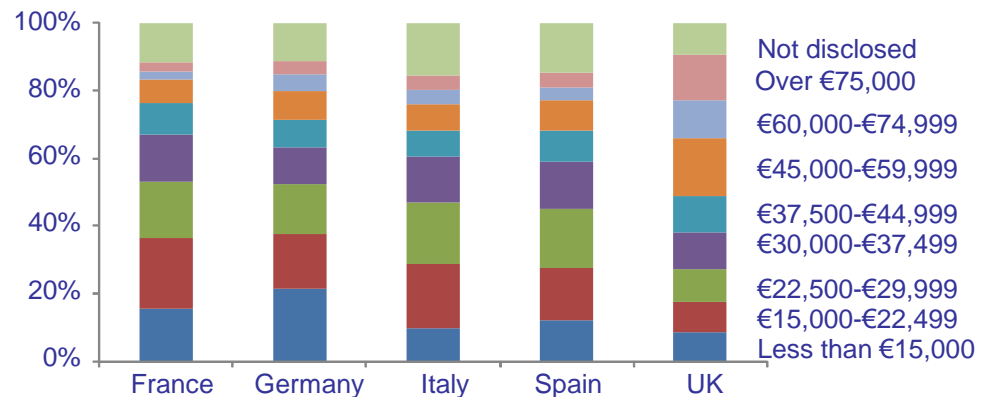
How does the consumer sample break down?



% breakdown by age group



% breakdown by annual household income



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What is the report structure (for the overview report)?

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

1. *Introduction*: offering rationale, a detailed description of methodology and a full transcript of the questionnaire used for the research.

2. *European Overview*: this chapter provides a comparison across all five countries of the proportion of pet owners in possession of pet insurance of one sort or another and the risks covered by the insurance that they possess. It also contrasts the types of pet insurance acquired by this constituency, including the breakdown between policies paid for separately and policies packaged with household or personal liability insurance, and, for uninsured pet owners, the reasons given for not purchasing pet insurance

In addition, it compares the distribution interface used to acquire stand-alone insurance (namely, a face-to-face environment, the Internet, a telephone call to the insurance provider, a telephone call from the insurance provider or the post), the distribution channel used for the same purpose (for example, direct purchase from the ultimate insurer or another channel), the point in time chosen to take out the insurance (for example, within a week or a month of acquiring the pet or at a later point) and the overall level of satisfaction with the insurance policy purchased.

3. *France*: this chapter presents the same information as described above exclusively as it pertains to consumer approaches to pet insurance in France.

4 - 7: *Germany, Italy, Spain and UK (all contents as for France)*.

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What are the key features of the research?

Key features of the reports in this series include:

- unique analyses showing the percentage of cat owners, dog owners, owners of other types of animal and owners of different types of pet that acquire pet insurance in each country and the potential for this proportion to grow further;
- accurate data describing the percentage of pet owners covered for expenses associated with veterinary treatment and other broader pet-related risks in addition to pet liability;
- robust statistics illustrating the extent to which alternative distribution channels, such as banks, charities, supermarkets / other retailers and vets are eroding the share of conventional insurance distributors;
- reliable information displaying how quickly pet owners are inclined to purchase pet insurance once they have acquired their pet;
- valuable insights into the reasons given by pet owners for not purchasing insurance (for example, because they have not had time, because it is too expensive, because they did not see the benefit).

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How can the research be used?

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

- understand the differing attitudes towards pet insurance of pet owners in France, Germany, Italy and Spain : how far behind the UK are these markets in raising consumer interest?
- appreciate the potential for increasing the penetration of more comprehensive policies - what is your organisation's experience?
- evaluate the opportunities for distributing pet insurance through channels other than direct sales, insurance agents and insurance brokers - to what extent will consumers buy through these means?
- assess the extent to which penetration of pet insurance could be improved by targeting pet owners more decisively as soon as they acquire a pet;
- gain insight into the number of uninsured pet owners that has no fundamental objection to acquiring pet insurance but that simply does not get round to doing so - what is the potential to increase the cross-selling rate through more effective marketing strategies?

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Who can use the research?

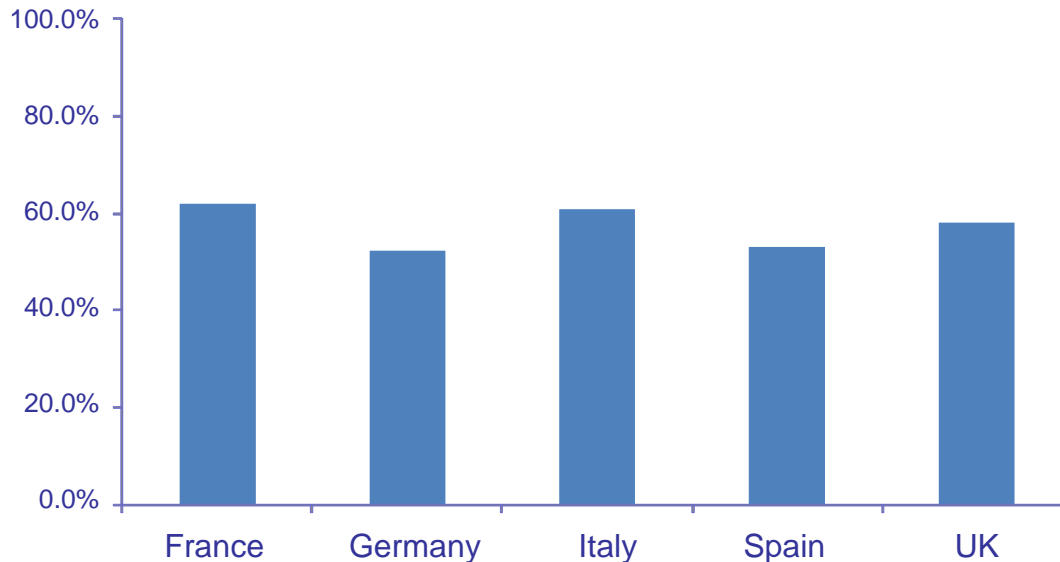
1. *Insurance underwriters*: underwriters with an interest in pet insurance in Europe will be able to arrive at a detailed understanding of the dynamics of this developing market which can be used when planning strategy or negotiating new distribution partnerships;
2. *Insurance brokers*: Finaccord's research indicates that insurance intermediaries account for a particularly significant distribution share of stand-alone pet insurance policies in France, Germany, Italy and Spain;
3. *Banks, supermarkets and other affinity distributors*: the experience of the UK is that supermarkets and other retailers able to identify pet-owning customers can convert this knowledge into sales of pet insurance;
4. *Management consultancies*: are you helping an underwriter or distributor of pet insurance to improve its performance in this sector in France, Germany, Italy, Spain or the UK? If so, this research will provide you with unique insights into consumer behaviour in these markets.

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What are some of the key findings?

1. Overall levels of pet ownership do not vary greatly between the five countries considered

% of consumers owning any kind of pet



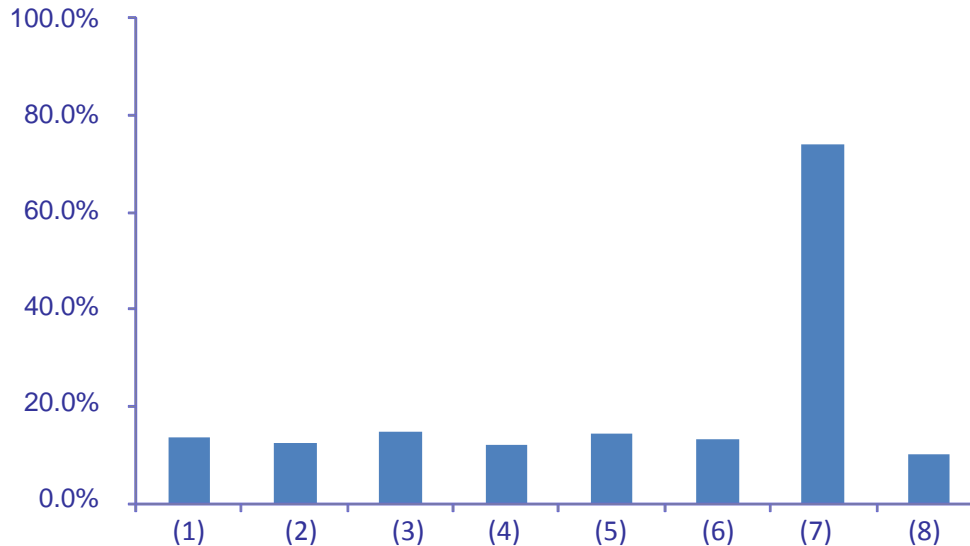
Source: Finaccord analysis of Research Now survey

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

2. Pet insurance cover in Country X is oriented heavily towards basic pet liability cover

% risk coverage among insured pet owners



Key: (1) boarding fees in the event that you are hospitalised and unable to look after your pet, (2) costs incurred if you have to cut short or cancel a holiday as a result of an emergency concerning your pet such as an accident or the first clinical signs of an illness, (3) costs of local advertising or providing rewards in the event that your pet is lost or stolen, (4) death of your pet from injury or illness, (5) fees for veterinary treatment in the event of an accident to your pet, (6) fees for veterinary treatment in the event of the illness of your pet, (7) liability for accidents, damage or injuries caused to third parties or their property by your pet, (8) loss through straying or theft of your pet.

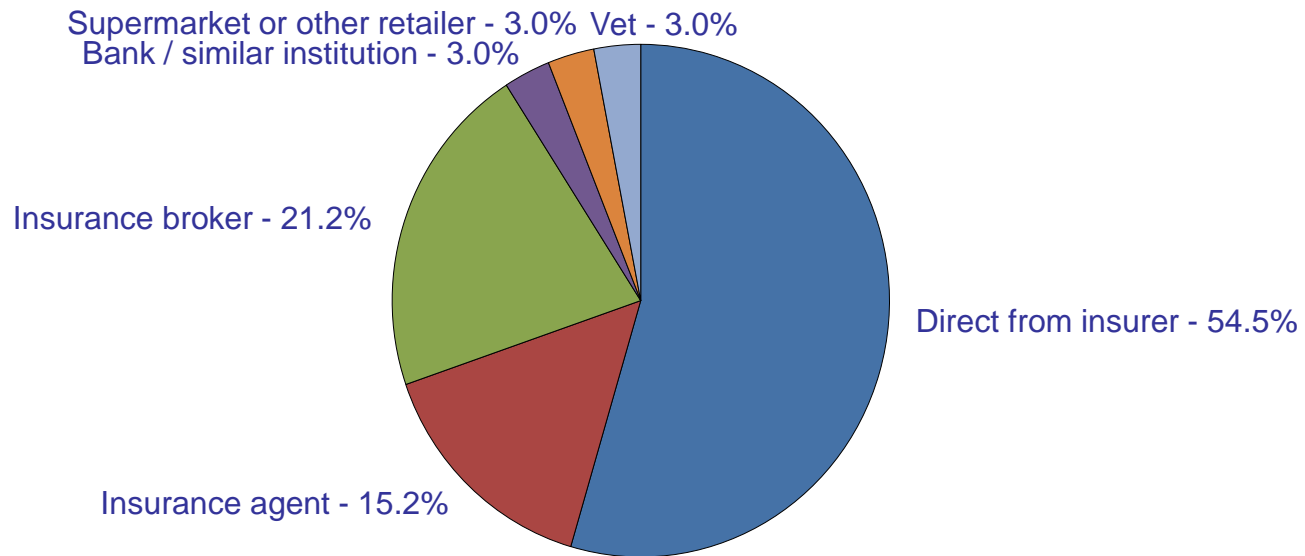
Note - the identity of Country X is revealed in the overview and relevant country-specific report

Source: Finaccord analysis of Research Now survey

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

3. Sales of stand-alone pet insurance in Country Y are dominated by traditional insurance distribution channels



Note - the identity of Country Y is revealed in the overview and relevant country-specific report

Source: Finaccord analysis of Research Now survey

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

Key findings from executive summaries in this series include:

- an analysis of the risks covered through pet insurance formulae bought by insured pet owners underlines the extent to which the majority of pet insurance policies in France, Germany, Italy and Spain, but not the UK, including most acquired on a stand-alone basis, are classifiable as straightforward pet liability insurance rather than comprehensive pet insurance that also extends to veterinary expenses and other possible risks
- with regards to pet owners in the five countries lacking any form of insurance for their pet, those in Germany are the least likely to see much benefit in buying pet insurance while those in the UK display the greatest apparent enthusiasm;
- the current limited rate of penetration for pet insurance in France, Germany, Italy and Spain, allied to the apparently modest degree to which pet owners have acquired policies that offer more than basic pet liability cover suggest that these markets could achieve significant growth in future years if insurers and distributors involved in the sector can market and distribute policies more effectively, thereby encouraging more interest among pet owners.

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What is the cost and format?

All of the reports in the *Pet Metrics* series are available as standard Adobe Acrobat PDF documents and / or hard copies. Costs for the various titles in the series and for other pan-European consumer research studies are as follows:

REPORT	COST *	FORMAT
Pet Metrics: Consumer Approaches to Pet Insurance in Europe	£1,995	c. 145 pages
Pet Metrics: Consumer Approaches to Pet Insurance in France / Germany / Italy / Spain / the UK	£595	c. 35 pages
Aggregation Metrics: Consumer Attitudes to Online Aggregation / Broking of Financial Services in Europe	£2,995	c. 370 pages
Card Protection Metrics: Consumer Approaches to Card Protection Insurance in Europe	£1,995	c. 135 pages
Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in Europe	£1,995	c. 120 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 up to UK£30 per title (or € equivalent) will be payable if hard copy is required.

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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_cfsr_pm.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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