Extended Warranties and Insurance for Non-Mobile Consumer Products in Europe, 2008

Report Prospectus

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Prospectus contents

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What is the research?

Finaccord's report titled *Extended Warranties and Insurance for Non-Mobile Consumer Products in Europe*, is a report about the market for extended warranties and related insurance sold in conjunction with white goods, brown goods and furniture in ten countries in Europe: Belgium, the Czech Republic, France, Germany, Italy, the Netherlands, Poland, Spain, Sweden and the UK.

The definition of white goods incorporates kitchen appliances such as dishwashers, refrigerators and washing machines while brown goods take in audio-visual entertainment products such as DVD players, radios and televisions, including LCD and plasma televisions.

The report draws on extensive primary and secondary research covering 820 organisations involved in the production and distribution of white goods, brown goods and furniture including 345 manufacturers, 278 retailers with an extensive network of 'bricks and mortar' outlooks and 197 retailers oriented primarily towards online sales and / or home shopping.

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What is the rationale?

A number of factors combine to form a firm rationale for a published report and database about extended warranties and insurance for non-mobile consumer products in Europe. First and foremost, this is the first published work on the subject on a pan-European basis. This is curious given the fact that the market for extended warranties and insurance linked to white goods, brown goods and furniture is estimated by Finaccord to have been worth as much as €2.18 billion across the ten countries in question in 2007.

Indeed, it is known that manufacturers and retailers that have developed successful warranty and insurance programs can generate a very significant proportion of their overall profits - as much as between 30% and 40% - from the provision of these products. However, much of continental Europe remains comparatively under-developed for extended warranties and related insurance.

In addition, the distribution channels used for selling white goods and brown goods, if not furniture, are currently in a state of evolution. On the one hand, consumers are increasingly likely to gravitate towards larger retailers, including organisations specialising in electronic goods and supermarkets, while on the other there is a simultaneous movement in the direction of Internet sales. Although the former trend is generally helpful to the development of the extended warranty market, the latter is less favourable given that warranty sales tend to thrive best in a face-to-face sales environment.

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What methodology has been used?

The research for this report, in addition to the associated PartnerBASE™ database, was undertaken during a 12-week period from June to August 2008. The research extended to a total of 820 organisations in total, breaking down by type and country as depicted in the graphics overleaf. Among other data points, the research embraces the following information for each of the 820 entities covered by the survey:

• whether extended warranties and / or related insurance are provided in association with the underlying white goods, brown goods or furniture sold;
• if so, for extended warranties and insurance linked to white and brown goods, whether cover includes protection in the event of accidental damage in addition to mechanical breakdown;
• if so, how… through internally managed schemes, through a single partner, through a broker or through relationships with multiple partners?
• if through external entities, the identity of the partner(s) used in each instance.

Together, the report and PartnerBASE database that accompanies it will provide you with the definitive guide to current and future opportunities in the evolving market for extended warranties and insurance for non-mobile consumer products in Europe.

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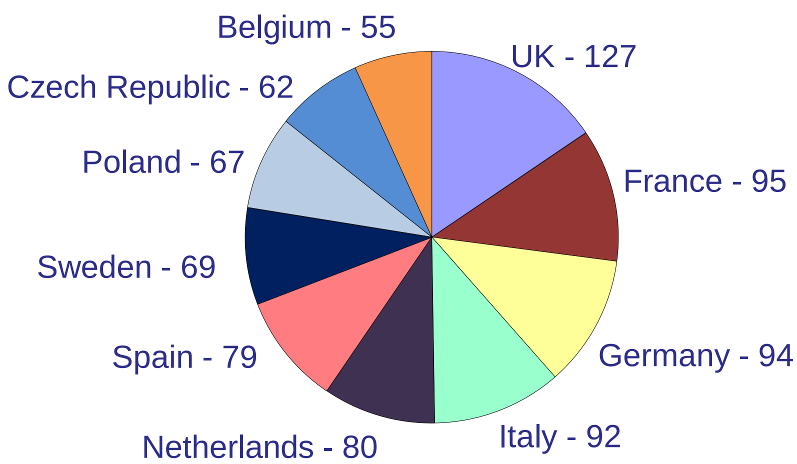
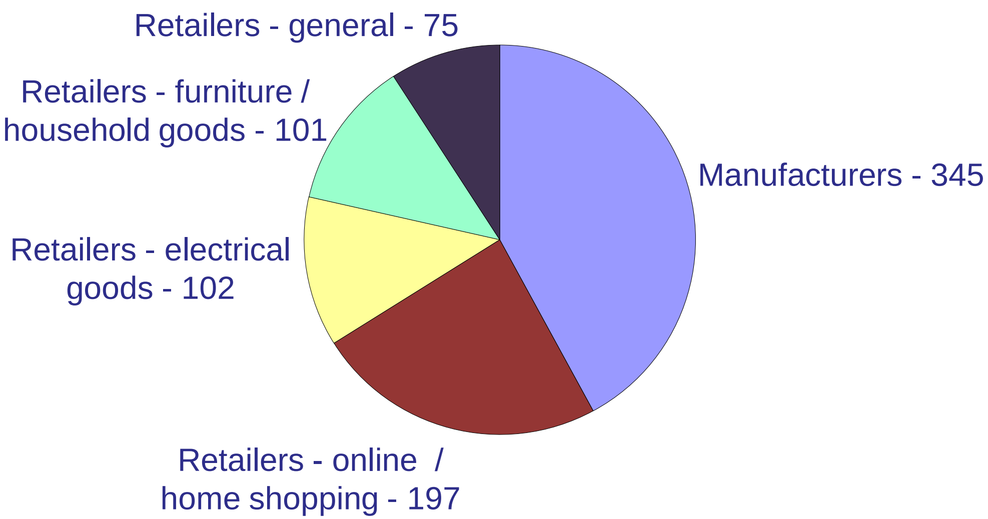
How do organisations surveyed break down?





The organisations covered by the survey extend to 820 significant participants in the market for white goods, brown goods and furniture in ten European countries.

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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. European Overview: comprising an overview of the pan-European market for extended warranties and insurance linked to non-mobile consumer products including a detailed calculation of the value of the extended warranty and insurance market in 2007 split by both country and type of product. In addition, this chapter analyses comparative penetration rates for extended warranty and insurance provision among the manufacturers and retailers surveyed in each country and compares the operating models that they use in this field.

3. Belgium: an in-depth analysis of the market for extended warranties and insurance sold in conjunction with white goods, brown goods and furniture in Belgium including: introduction to the market for underlying non-mobile consumer products; survey results for manufacturers; survey results for retailers; analysis of average prices charged for extended warranty and insurance policies; and computation of the market size for extended warranties and insurance sold in association with white goods, brown goods and furniture, segmented by type of product.

4 - 12: *Czech Republic, France, Germany, Italy, Netherlands, Poland, Spain, Sweden and 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 the market size and segmentation for extended warranties and insurance linked to white goods, brown goods and furniture: how much is the European market really worth across the ten countries considered and how does it break down?

• calculation of probable growth rates for the market for extended warranties and insurance for non-mobile consumer products between 2003 and 2007;

• identification of extended warranty underwriters and brokers that have established relationships with manufacturers and retailers of white goods, brown goods and furniture;

• consideration of the potential for cross-selling extended warranty and insurance policies through remote distribution interfaces and alternative marketing approaches;

• analysis of product and service innovation in extended warranties and insurance sold in conjunction with white goods, brown goods and furniture including the development of new guarantees.

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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 size of the opportunity in the market for extended warranties and insurance linked to white goods, brown goods and furniture in Europe: in aggregate, this is a substantial market;

• understand how dynamic competitors are helping the sector to grow at a rate well in excess of the underlying markets for non-mobile consumer products in a number of countries ;

• assess the position of international competitors such as Domestic & General, Finaref, Moderna Försäkringar, SPB and The Warranty Group as well as more nationally focused protagonists such as Actua Assurantiën, Estendo, HomeServe, SFG and Wertgarantie;

• evaluate the apparent influence of multi-appliance warranties and warranties packaged with bank accounts and payment cards in the UK and how these could develop elsewhere in Europe;

• consider how extended warranty and related insurance programs are being rendered more valuable and user-friendly from the point of view of customers.

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Who can use the research?

1. *Extended warranty underwriters and brokers:* this study is a unique guide to an under-researched yet significant and rapidly evolving market with pan-European development potential - be fully appraised of what growth in these markets could mean for your organisation;

2. *Manufacturers and retailers*: growth in the market for extended warranties and related insurance linked to white goods, brown goods and furniture, allied to apparently high profit margins, presents a revenue enhancement opportunity not only for the warranty providers but also for their partner organisations;

3. *Management consultancies:* are you helping a warranty provider to develop its business in Europe, or are you advising a manufacturer or retailer with regards to how it can improve its profitability? If so, this research will provide you with important insights into the extended warranty and insurance market;

4. *Administration and repair firms:* a variety of other organisations can also benefit from the development of the market for extended warranties and insurance sold in conjunction with white goods, brown goods and furniture - this study offers a comprehensive picture of the current state of this sector.

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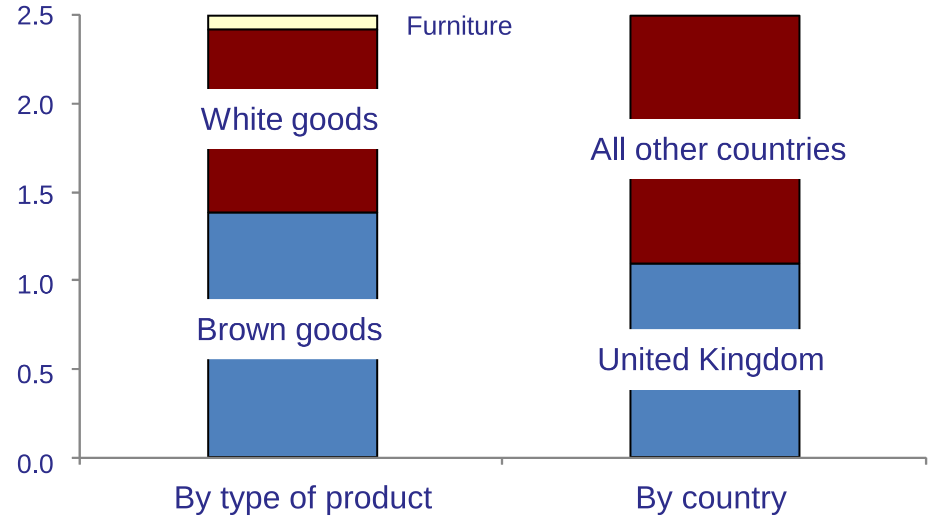
What are some of the key findings?

1. By type of product, the market for extended warranties and insurance is largest in the brown goods sector and by country, the UK dominates

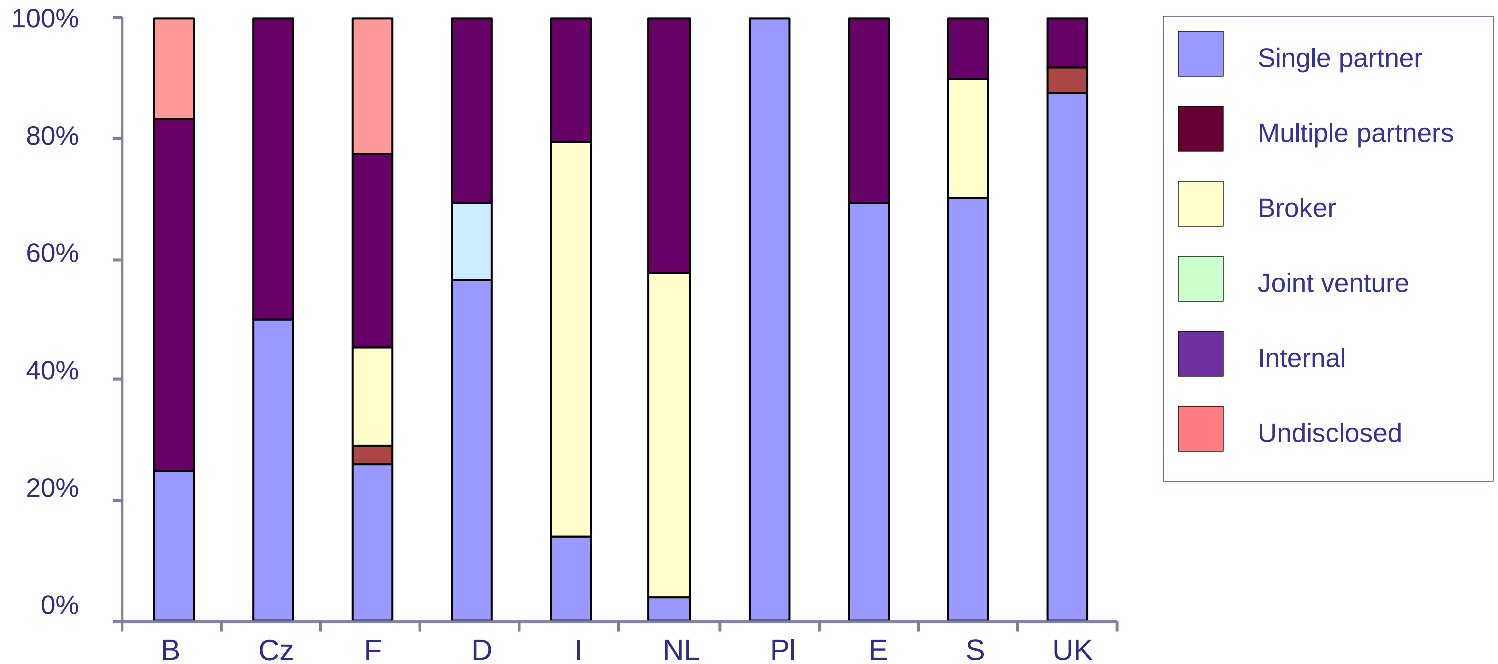


Source: Finaccord

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

2. Operating models used by retailers for extended warranty and insurance programs for brown and white goods vary considerably from country to country

% segmentation of operating models



Source: Finaccord PartnerBASE

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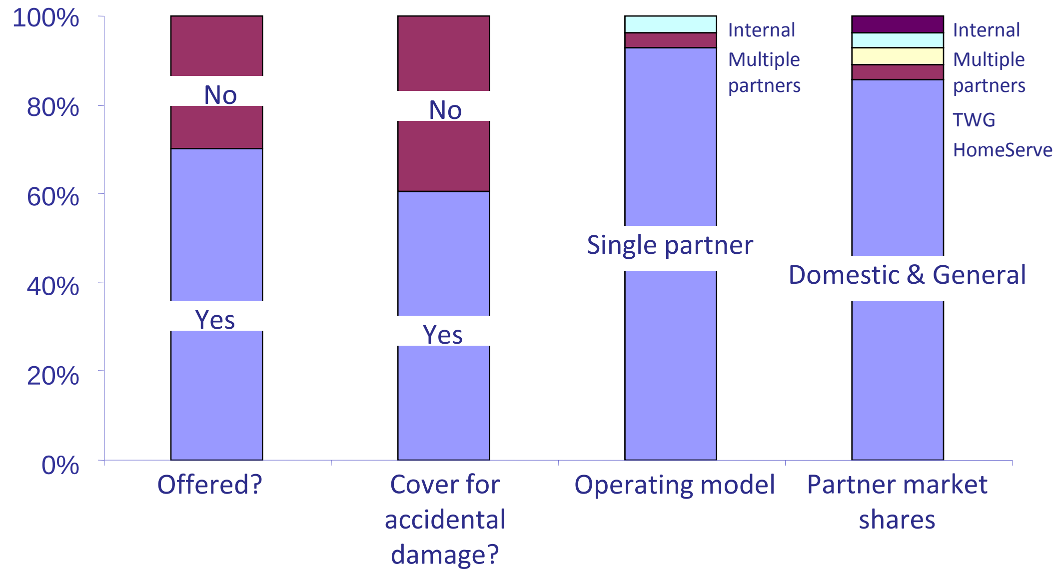
What are some of the key findings? (cont.)

3. Domestic & General is by far the most prolific partner for extended warranties with manufacturer brands in the UK

Penetration rates, scope of cover, operating models and partner market shares



Source: Finaccord PartnerBASE

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

4. Key findings from the executive summary include:

• across the ten countries in Europe covered by this report the combined value of the market for extended warranties linked to white goods, brown goods and furniture was worth approximately €2.18 billion in 2007 in terms of gross premiums written from insurance policies and other revenues from uninsured schemes;

• growth in the extended warranty sector between 2003 and 2007 is generally likely to have been most rapid in the market for extended warranties for brown goods with the lowest rate of between 2.0% and 4.0% in Germany counterbalanced by average annual growth that has almost certainly exceeded 40.0% in the Czech Republic and Poland;

• future development of the market will be caused by a number of factors including a higher rate of provision of extended warranty schemes among manufacturers and retailers, improved cross-selling rates to customers and the introduction of new guarantees linked to extended warranties and related insurance contracts for which a higher price can be charged;

• innovations in the developed UK market for extended warranties underline the potential for use of remote distribution interfaces and alternative marketing approaches including multi-appliance warranties, as pioneered by Warranty Direct, and automatic packaging with bank accounts and payment cards.

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What is the cost and format?

Extended Warranties and Insurance for Non-Mobile Consumer Products in 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 selected other titles are as follows:

REPORT	COST *	FORMAT
Extended Warranties and Insurance for Non-Mobile Consumer Products in Europe	£2,495	c. 165 pages
Credit Card-Related Insurance and Assistance in Europe	£2,495	c. 180 pages
Extended Warranties for New and Used Cars in Europe	£2,495	c. 295 pages
Finance, Warranties and Insurance for Mobile Devices in Europe	£2,495	c. 200 pages
Retailer Financial Services in Europe	£2,495	c. 250 pages

VAT at 17.5% will be added to the basic price except for where the request is for hard copy only.
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Printing and postage costs of £30 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_mp_single_country_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
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