



Small Business Metrics:

Insurance for Small Businesses and Self-Employed Individuals in Germany

Report Prospectus

July 2009

Expertise in financial services

Prospectus contents

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What is the research?

Finaccord's report titled *Small Business Metrics: Insurance for Small Businesses and Self-Employed Individuals in Germany* is based on an online survey of 1,577 small business owners and self-employed individuals carried out by mo'web research during April and May 2009. The study provides fresh and detailed insights into the market for providing a range of business insurance services to the 3.13 million registered small and medium-sized businesses with fewer than 250 employees in Germany in addition to a further significant number of self-employed individuals.

In addition to providing a comprehensive analysis of the results across all respondents, the publication also breaks out the findings for key trade categories in the small business market, namely: building and construction; child or pet care; education or training; healthcare or related services; hotels, restaurants, cafés and pubs; I.T. services; logistics, motor trades or transportation; manufacturing; media, marketing or entertainment; professional or financial services; property management or rental; retailing or high street services; and other consumer or business services.

Furthermore, the research also provides clear answers to key issues in the market for insurance for small businesses including their propensity to strike up relationships with more than one insurance provider and the degree to which small businesses in some categories are more likely to make claims than those in others.

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What is the rationale?

A number of factors underpin the rationale for publishing this report titled *Small Business Metrics: Insurance for Small Businesses and Self-Employed Individuals in Germany*. First and foremost is the fact that the market for insurance services promoted to small businesses is substantial given that Finaccord estimates that there are around six million small businesses and self-employed individuals in Germany. Indeed, around 99.7% of registered businesses in Germany can be classified as small businesses if these are defined as enterprises with fewer than 250 employees.

In addition, the market for small business financial services, like that for consumer financial services, is subject to rapid change. As Germany's small business sector continues to evolve, it results in a community with more complex requirements in the domain of insurance. Moreover, the increasing use of the Internet by consumers for financial services acquisition is mirrored in the small business sector, a development which opens up new opportunities for incumbent and aspiring providers of insurance services to this segment.

Finally, use of the mo'web Internet panel of small business owners allows both for a more detailed investigation than that which would be possible through conventional market research techniques and is of a magnitude that can yield credible results for key segments within the market for small businesses and self-employed individuals as well as an aggregate analysis.

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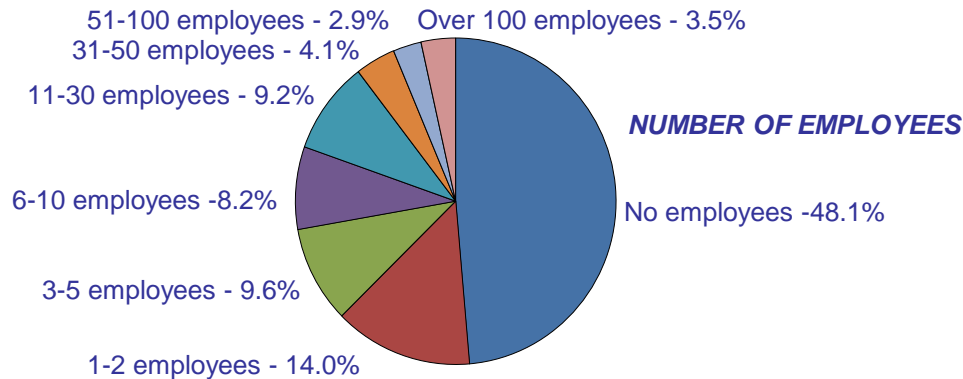
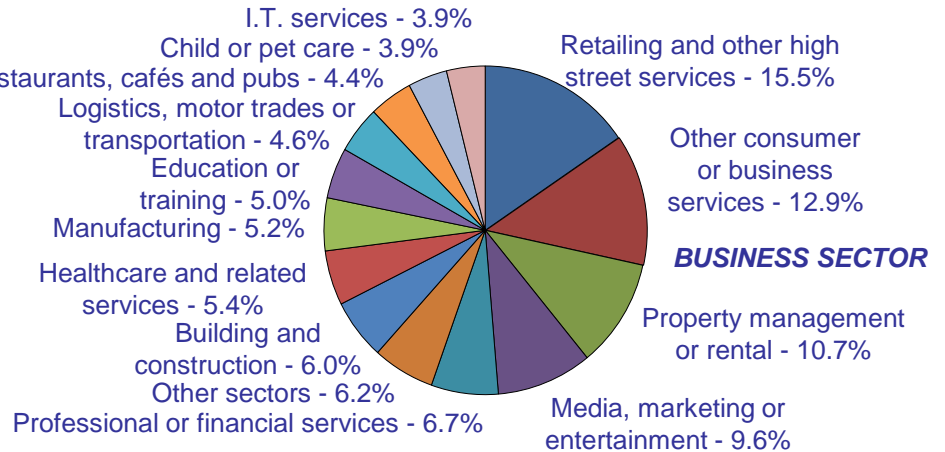
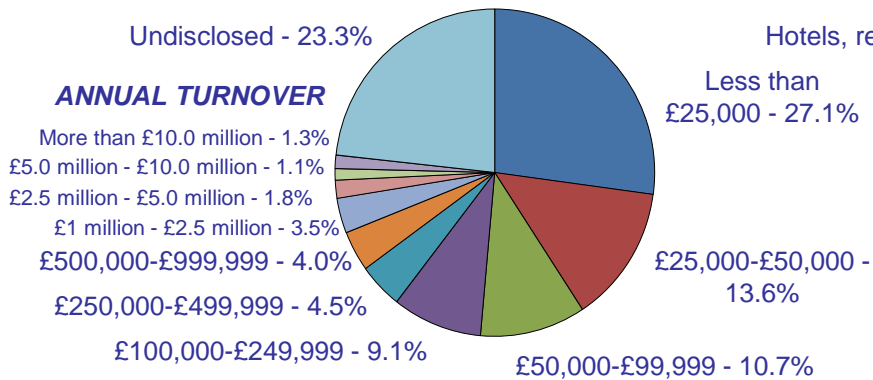
What methodology has been used?

The research for this study was carried out during April and May 2009 using the mo-web Internet panel of small business owners. In total, completed surveys were filled in and submitted on-line by 1,577 small businesses and self-employed individuals breaking down by annual turnover, number of employees, business sector, geography, location of business and longevity of business as illustrated in the graphics on the following two pages.

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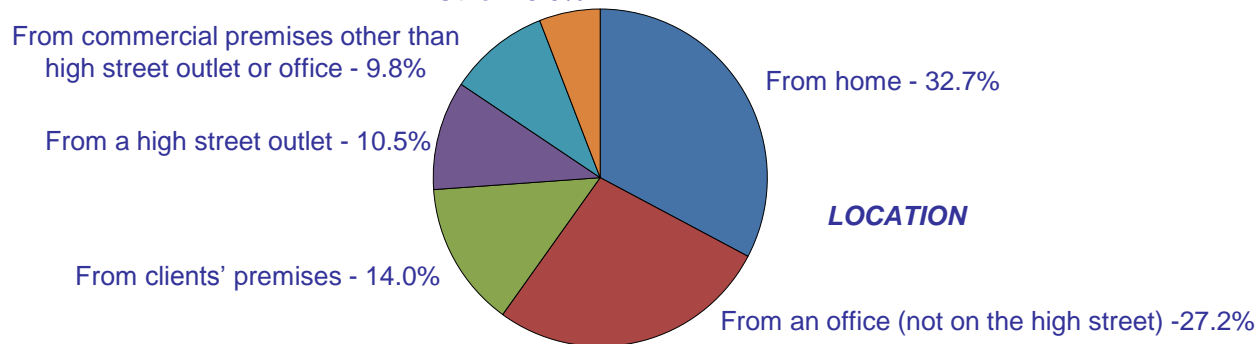
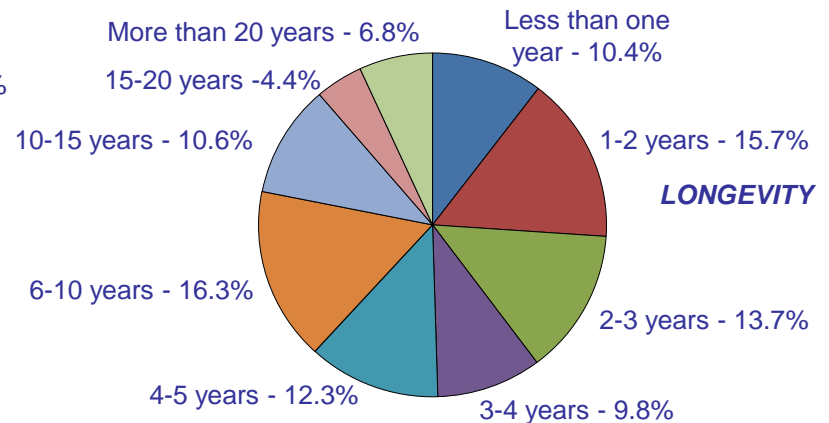
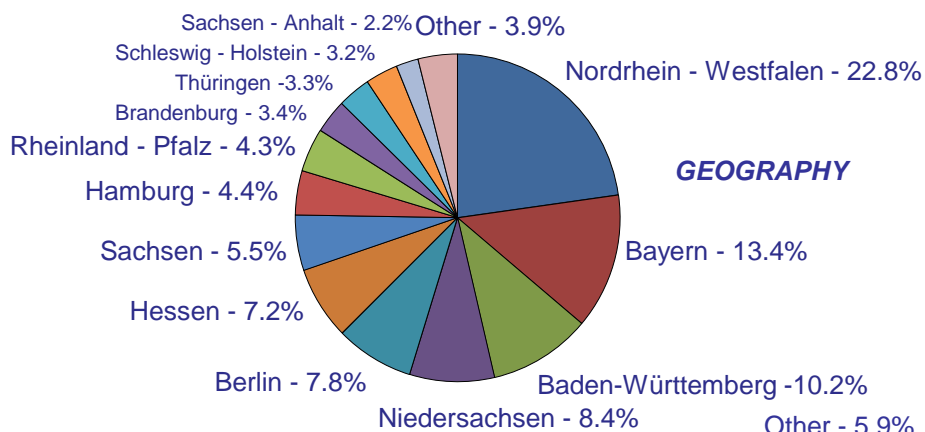
How does the sample of small businesses break down? (1)

ANNUAL TURNOVER



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How does the sample of small businesses break down? (2)



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Which types of business insurance are covered?

Agricultural / crop / livestock insurance
Business assets / equipment insurance
Business car insurance
Business interruption insurance
Business loan or overdraft protection insurance
Business property / premises insurance (excluding residential landlords' property insurance)
Business travel insurance
Business van insurance
Cargo or goods-in-transit insurance
Commercial vehicle insurance (excluding business cars and vans)
Computer / software insurance
E-commerce insurance (e.g. risks such as unintentionally transmitting a virus to third parties)
Employee theft insurance
Employers' liability insurance
Engineering / machinery insurance
Key man insurance
Legal expenses insurance
Loss of rental income insurance
Pecuniary loss liability insurance
Personal accident insurance (for your employees)
Private health insurance (for your employees)
Professional indemnity insurance
Public / product liability insurance
Residential landlords' property insurance
Trade credit insurance

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Which insurance providers are investigated?

Insurance underwriters

Aachen Münchener
 ACE
 AIG
Allianz
Alte Leipziger
ARAG
AXA
 Barmenia
 Basler
 Concordia
 D.A.S.
DBV-Winterthur *
 DEURAG
 Die Continentale
Generali
Gothaer
 Grundeigentümer Versicherung
Hamburg-Mannheimer
 Haftpflichtkasse Darmstadt
HDI-Gerling

Insurance underwriters (continued)

Hiscox
HUK-Coburg
 Inter Versicherungen
LVM
 Janitos
 Mannheimer Versicherungen
 Münchener Verein
 Nürnberger
Provinzial
R+V
Signal-Iduna
SV Sparkassen Versicherung
 Versicherungskammer Bayern
 VGH
 VHV
Victoria
Volksfürsorge *
Württembergische
 WWK Versicherungen
Zurich

Insurance brokers

Aon Jauch & Hübener
 Artus
 DOMCURA
 Ecclesia Gruppe
 Funk Gruppe
 IFAM
 LEUE & NILL
 Marsh
 Martens & Prahl
 MLP
 Oskar Schunk
 SiTAX
 S.S.P.
 Willis

Note 1: a full performance benchmarking based on the survey responses received from their own small business customers is provided for organisations shown in **bold italics**.

Note 2: for the full performance benchmarking, DBV-Winterthur and Volksfürsorge are included within AXA and Generali, respectively.

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Against which customer satisfaction metrics are leading insurers benchmarked?

- Accessibility of business insurance provider
- Breadth / quality of business insurance products offered
 - Breadth / quality of extra services offered
- Ease of contact with business insurance provider
- Frequency of contact with business insurance provider
- Personal contact with a named business insurance adviser
- Efficiency of business insurance provider at the point of sale
- Efficiency of business insurance provider on an on-going basis
 - Fairness of claims management (if used)
- Premiums charged for the main business insurance package

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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 and a detailed description of methodology.

2. Insurance Overview: this chapter compares the survey results across the various segments of the small business market analysed. Key metrics presented in this chapter include penetration rates for business insurance policies, number of business insurance relationships, identity of primary and secondary insurance providers, likelihood of changing main business insurance package and usage of commercial affinity groups to contract business insurance services.

3. Insurer Performance: for ten fundamental indicators, as well as for the apparent propensity of their customers to consider switching, the performance of Germany's leading providers of insurance is benchmarked in accordance with the feedback gathered in the survey from their own customers.

4. Businesses with male owners: an analysis of the principal survey results for business insurance as they pertain specifically to small businesses with male owners.

5 - 24: similar results to those presented for businesses with male owners for 20 other categories of small business including 13 specific trade categories as well as other groupings such as self-employed individuals and businesses with international revenues.

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What are the key features of the research?

Key features of this report include:

- clear presentation of results across 21 different segments of the small business market including home-based businesses and recently-established businesses (those set up in the last three years);
- data describing actual and ideal holdings of 25 different types of business insurance policy including business assets / equipment insurance, cargo / goods-in-transit insurance, computer / software insurance and pecuniary loss liability insurance;
- investigation into the apparent market shares of insurance providers for primary (ie. the main business insurance package) and secondary (i.e. all other services) insurance relationships in the small business market;
- analysis of the distribution channels used by small businesses for purchasing insurance;
- consideration of the degree to which small businesses are using commercial affinity groups to which they belong, such as professional / trade associations and franchise organisations, to contract business insurance services on preferential terms.

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How can the research be used?

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

- gain detailed insights into how the requirements and behaviour of small businesses vary in accordance with key categories of business customer;
- appreciate the penetration rates among small businesses across the spectrum of commercial insurance policies and gauge the potential for marketing niche cover such as business loan / overdraft protection insurance and e-commerce insurance;
- assess the degree to which distribution channels such as direct sales by the underwriter, insurance brokers and banks, are eroding the position of traditional insurance agents;
- understand the extent to which small businesses say that they may consider using the websites of online aggregators the next time they need to search for or acquire insurance;
- comprehend the true potential for establishing partnerships with commercial affinity groups for the distribution of business insurance policies.

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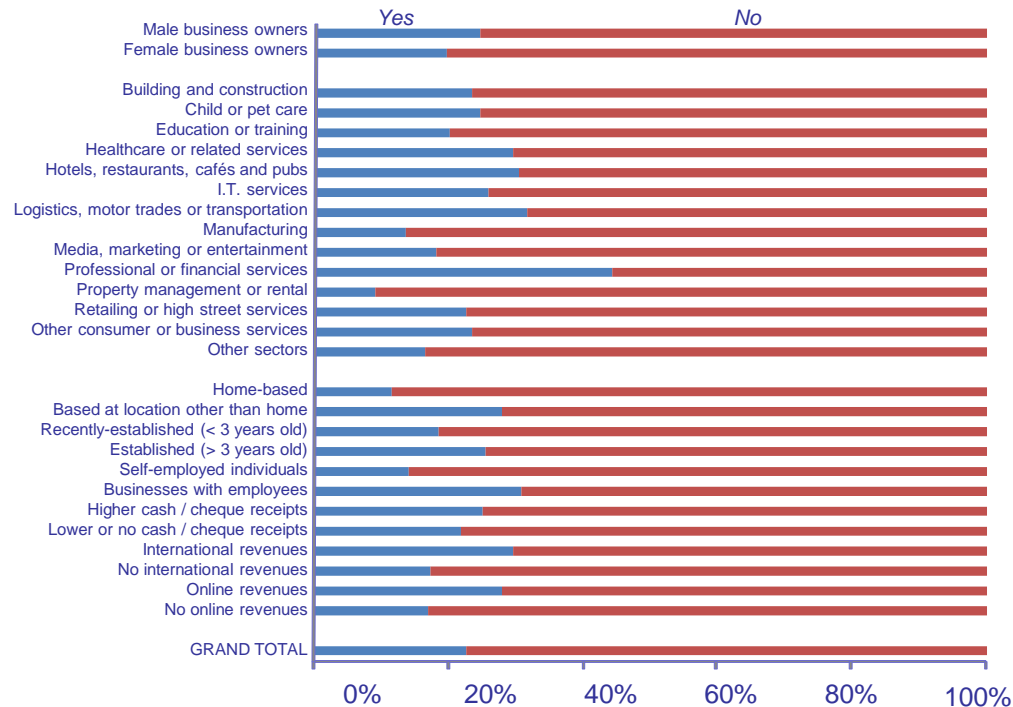
Who can use the research?

1. *Insurance underwriters*: underwriters already serving the small business market in Germany will gain access to a detailed source of primary market intelligence which will help them to understand better the environment in which they operate and to plan accordingly;
2. *Insurance brokers*: the survey results suggest that a significant proportion of small businesses purchase their main business insurance package through an insurance broker - however, a rise in use of the Internet as a distribution interface throws up both opportunities and threats for this constituency;
3. *Banks*: banks appear to punch well below their weight in the distribution of insurance to small businesses and self-employed individuals - what is the potential for them to improve their position as the buying behaviour of small business owners mutates further?
4. *Management consultancies*: are you helping a financial institution to develop its strategy for offering insurance services to small businesses in Germany? If so, this study will provide you with unique insights into the behaviour of small businesses in this domain.

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What are some of the key findings?

1. Professional indemnity insurance is most commonly held by small businesses in the professional or financial services category

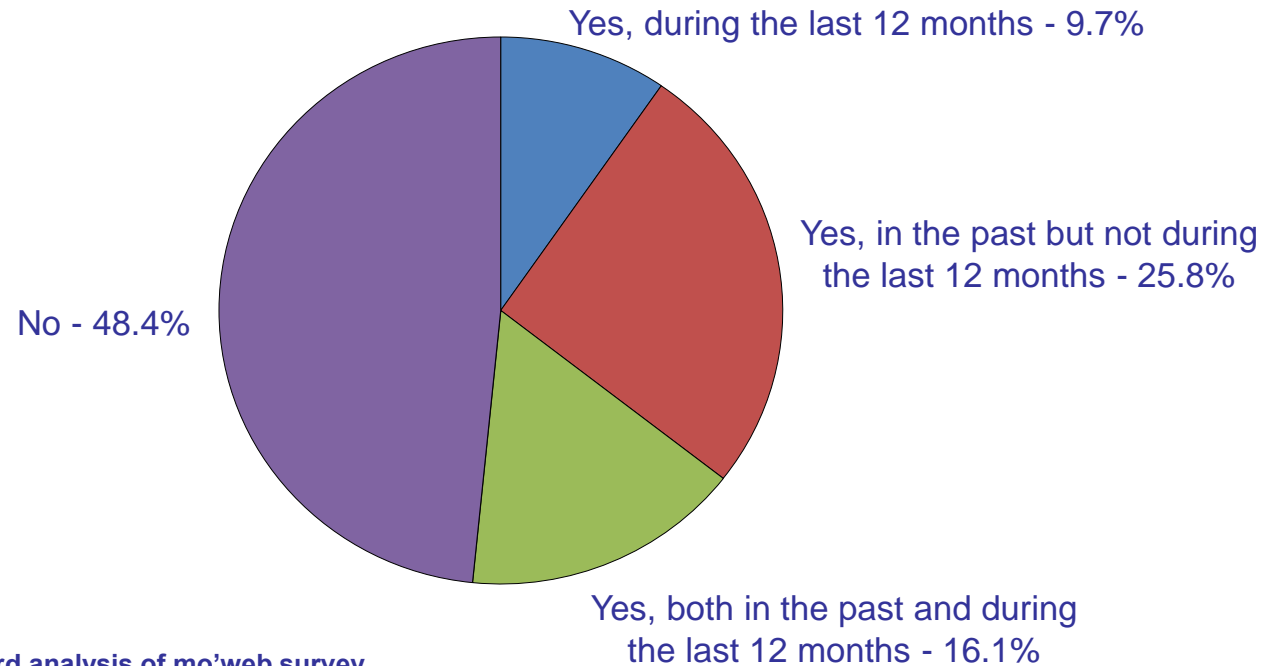


Source: Finaccord analysis of mo'web survey % holding professional indemnity insurance

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

2. Over a half of small businesses in the hotel, restaurant, café and pub category have acquired business insurance from a commercial affinity group to which they belong at some point in the past

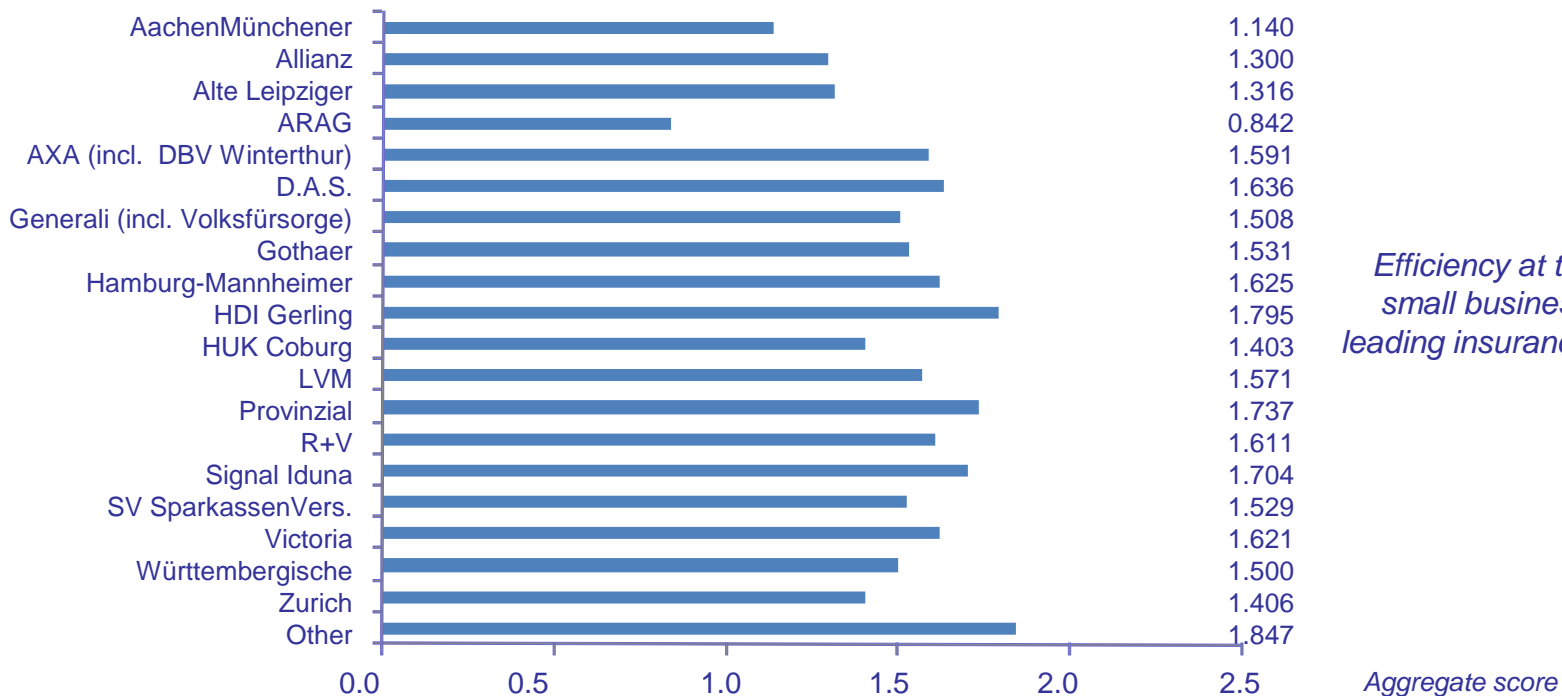


Source: Finaccord analysis of mo'web survey

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

3. HDI Gerling is rated first by small business customers for several factors reviewed including efficiency at the point of sale



*Efficiency at the point of sale:
small business evaluation of
leading insurance providers, 2009*

Source: Finaccord analysis of mo'web survey

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

Key findings from the executive summary include:

- of the 1,577 small business owners responding to the survey, 73.9% ventured that they hold some form of business insurance with the remaining 26.1% being uninsured for the commercial activity that they undertake;
- of the different sectors analysed, those in the logistics, motor trades or transportation category are the most likely to hold business insurance, given a data point of 95.9%, while self-employed individuals are the least likely to be insured with a penetration rate of 60.0%;
- premiums charged for the main business insurance package constitute the greatest source of discontent among small businesses with 18.1% of respondents suggesting that they are quite dissatisfied and 4.2% replying that they are very dissatisfied by the performance of their insurance provider in this field;
- small businesses and self-employed individuals acquiring their business insurance through a broker are less likely to switch provider than those using other distribution channels such as direct purchase from the underwriter, an insurance agent or a bank.

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What is the cost and format?

Small Business Metrics: Insurance for Small Businesses and Self-Employed Individuals in Germany is available as a standard Adobe Acrobat PDF document and / or hard copy. Costs for this research, the equivalent title in the UK and related studies focused on commercial affinity groups in Germany and the UK are as follows:

REPORT	COST *	FORMAT
Small Business Metrics: Insurance for Small Businesses and Self-Employed Individuals in Germany	€2,995	c. 350 pages
Small Business Metrics: Insurance for Small Businesses and Self-Employed Individuals in the UK	£2,495	c. 330 pages
Commercial Affinity Groups: Marketing Financial Services through Professional and Trade Associations in Germany	€1,495	c. 130 pages
Commercial Affinity Groups: Marketing Financial Services through Professional and Trade Associations in the UK	£1,195	c. 130 pages

VAT at 15.0% will be added to the basic price for UK customers 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 €50 will be payable for each report ordered 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 http://www.finaccord.com/order_uk_sbfsr.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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