

Small Business Segments

Marketing Business Insurance to Major Professions and Trades in the UK

Report Prospectus

October 2009

Expertise in financial services

Prospectus contents

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What is the research?

Small Business Segments: Marketing Business Insurance to Major Professions and Trades in the UK is a report and interactive database - SegmentBASE™ - that casts new perspectives on the market for insurance acquired by small businesses and self-employed individuals in the UK. With a focus on enterprises with an annual turnover of up to £5 million, the research sizes the market both in terms of the actual number of insurable enterprises in each of 105 major professional and trade segments and the value of their business insurance expenditure each year.

It also offers a breakdown of this data across three annual turnover bands (enterprises with an annual turnover of up to £100,000, enterprises with an annual turnover of between £100,000 and £1 million, and enterprises with an annual turnover of between £1 million and £5 million) and provides 'backcasts' to 2005 and forecasts to 2013 in order to provide a time line across nine years.

In addition, as well as presenting this data, the sections of the report focused on each of the 105 business segments indicate professional and trade associations relevant to the segment, highlight commercial insurance affinity schemes established in conjunction with those associations, and identify insurance providers with products targeted specifically at the segment.

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What is the rationale?

Finaccord has developed its report and interactive database titled *Small Business Segments: Marketing Business Insurance to Major Professions and Trades in the UK* for several reasons.

Above all, insurance providers usually conceive, develop and promote insurance policies for the small business market with particular professions and trades in mind rather than by the generic categories of commercial motor insurance, commercial property insurance, general liability insurance, pecuniary loss insurance and so on.

However, market data issued by official industry body and other published research sources focuses purely on those generic categories rather than the underlying professions and trades, hence Finaccord has sought to develop a product that meets more effectively the marketing needs of insurance providers in this arena by analysing the market by profession and trade.

Moreover, not only does Finaccord's report and database establish the likely size and value of the market for 105 major professions and trades but it also provides further valuable insights as detailed overleaf.

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What hard data does the research deliver?

Unique data points delivered by *Small Business Segments* for each of 105 distinct professions and trades are as follows:

- measurement of the size of these markets both in terms of the number of enterprises with an annual turnover of up to £5 million and gross premiums written;
- segmentation of both of these measures of market size according to annual turnover band: enterprises with an annual turnover of up to £100,000, enterprises with an annual turnover of between £100,000 and £1 million, and enterprises with an annual turnover of between £1 million and £5 million;
- forecasts for these market sizes for each year up to 2013 with 'backcasts' to 2005 in order to show a historic and predicted future time series spanning nine years in total.

In addition, the interactive SegmentBASE database allows users to enter their own assumptions concerning insurance take-up rates and average annual expenditure among insured enterprises for each of the 105 professions and trades, thereby allowing them to develop their own market size time series if they want an alternative to Finaccord's own 'default data'.

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What methodology has been used?

The methodology used to build the interactive database incorporates the following stages:

- verification / estimation of the overall number and segmentation by annual turnover of enterprises in 2008 or 2009 in each of the 105 professions and trades by means of telephone interviews with the relevant professional or trade associations and analysis of data published by Experian, the ONS, the UK's 25 licensed Sector Skills Councils and other industry data sources (e.g. DEFRA for the 'farms and farmers' segment);
- 'backcasting' these data points to 2005 and forecasting them to 2013 by means of the same data sources supplemented by Finaccord's own analysis of the likely impact of general economic conditions;
- estimating the percentage of enterprises acquiring insurance in each segment, with separate percentages given for the three annual turnover bands, through use of Finaccord's own *Small Business Metrics* primary research and its awareness of compulsory insurance purchase among certain segments;
- estimating the value of average annual insurance expenditure among enterprises in each segment, again with different assumptions made for the three annual turnover bands, informed by a 'mystery shopping' exercise carried out by Finaccord that gathered 230 sample prices either by telephone or online.

A more detailed description of this methodology can be obtained from Finaccord if required.

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Which are the 105 business segments covered?

Accountants and accountancy firms	Electrical appliance retailers and repairers	Locksmiths	Property development and management
Agricultural, forestry and livestock services	Electricians and electrical contractors	Management and business consultancies	Public relations consultancies
Amusement and recreation facilities and activities	Engineering firms and consultants	Manufacturers of building supplies	Publishing firms
Antique dealers	Estate and letting agents	Manufacturers of chemical, electrical etc. products (2)	Pubs, bars and night clubs
Architects and related technical activity	Farms and farmers	Manufacturers of clothing or footwear	Recruitment consultants
Bakery retailers and delicatessens	Fast food outlets	Manufacturers of food or drink products	Removal and storage services
Barristers	Financial intermediaries	Manufacturers of furnishings or furniture	Retirement and care home operators
Book and music retailers	Florists	Manufacturers of other products	Road haulage services
Bookmakers and other gambling services	Fuel retailers	Market traders and stall holders	Roofing contractors
Builders and building firms	Funeral directors	Marketing and advertising firms and designers	Scrap and waste disposal services
Builders' merchants	Furniture and carpet retailers	Musical and theatrical performance	Security services and equipment
Butchers and fishmongers	Garage services	Newsagents	Solicitors and other legal services
Cafés and restaurants	Garden centres	Off licences and wine merchants	Specialized private medical practices and clinics
Car dealers	Gardening and landscape gardening	Opticians	Specialized secondary educational institutions (3)
Carpenters and joiners	General and private medical practices	Other retailers and repairers	Sports clubs and facilities (other than golf clubs)
Caterers and catering firms	Gift and greeting card shops	Other service businesses	Sports goods retailers
Charities	Golf clubs	Painters, plasterers and decorators	Sub post offices
Childminders, day nurseries and playgroups	Grocery and convenience stores	Pest and vermin control services	Surveyors and valuers
Clothing and footwear retailers	Hair and beauty salons	Pet care and breeding	Taxi services
Commercial cleaning services	Health clubs and facilities	Pet retailers	Telecom and Internet services
Community and voluntary organizations (1)	Holiday home and self catering facility operators	Pharmacies	Travel agents and tour operators
Complementary medical practices	Hotels and guest houses	Photographers	TV, film and video production services
Computer and I.T. consultancies and services	Independent teachers, trainers and tutors	Plant, machinery and skip hire firms	Vehicle hire firms and chauffeurs
Couriers	Interior designers and consultants	Plumbers and related services	Veterinary surgeons
Cultural facilities and event organizers and venues	Jewellers	Printers, lithographers and sign makers	Wholesalers and other merchants (4)
Dental practices	Launderettes, dry cleaners and carpet cleaners	Private landlords	Window cleaners and double glazing installers
Driving schools and instructors			

Note - full category names where numbered are: (1) community and voluntary organisations (excluding religious organisations); (2) manufacturers of chemical, electrical, mechanical or scientific products, (3) specialised secondary and adult educational institutions and services, and (4) wholesalers and other merchants (excluding builders merchants).

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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. *Segment Overview*: this chapter provides an overview of the total number and insurance expenditure of enterprises in each of the 105 segments in 2009 with 'backcasts' to 2005 and forecasts to 2013. In addition, it also presents similar data sets for 15 broader sectors into which the segments can be grouped (as listed in the note below) and for the three annual turnover bands (up to £100,000, between £100,000 and £1 million, and between £1 million and £5 million).

3. *Segment Analysis*: for each segment, each of 105 separate sections offer the following information: a definition; relevant professional and trade associations; commercial insurance affinity schemes established in conjunction with those associations; insurance providers with products targeted specifically at the segment; and the total number and insurance expenditure of enterprises in 2009 with 'backcasts' to 2005, forecasts to 2013 and segmentations by annual turnover band.

Note - the 15 broader sectors are: agriculture, fishing and forestry; building and construction; child or pet care; education or training; healthcare or related services; hotels, pubs, restaurants and cafés; IT services; logistics, motor trades and transportation; manufacturing; marketing, media or entertainment; not-for-profit organizations; other consumer or business services; professional or financial services; property management and rental; and retailing and distribution.

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What are the key features of the research?

Key features of this research include:

- unique, detailed data for the number of small businesses in 105 professional and trade segments and the value of the business insurance that they buy, complete with past and future trends, built by applying a consistent methodology to a wide range of sources to ensure comparability;
- analysis of this market across 15 broader business sectors, and by the annual turnover of enterprises: which segments are dominated by micro-businesses, and which by larger firms?
- an interactive SegmentBASE database which allows users to enter their own data concerning enterprise numbers, penetration rates for business insurance and average annual expenditure among insured enterprises if they wish to model alternative scenarios;
- SegmentBASE also incorporates user-friendly graphic generation facilities and drop-down menus to focus on the source data for particular segments or broader industry sectors;
- the opportunity to acquire research outputs for individual segments as opposed to the full universe of small businesses and self-employed individuals in its entirety.

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How can the research be used?

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

- understand the total number of insurable enterprises with an annual turnover of up to £5 million across 105 professional and trade segments and benchmark your organisation's current market share of customers in each of these;
- appreciate how certain business segments offer a sustainable growth opportunity for insurance providers while others are in long-term decline, irrespective of the economic cycle;
- use the report and accompanying SegmentBASE database as a tool to compare what your organisation believes that it knows itself with Finaccord's 'default data';
- use SegmentBASE to create your own graphics and to extract and analyse data about specific segments and broader industry sectors;
- on a completely flexible and cost-effective basis, gain insights into as many or as few of the 105 professional and trade segments covered as your organisation is interested in.

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Who can use the research?

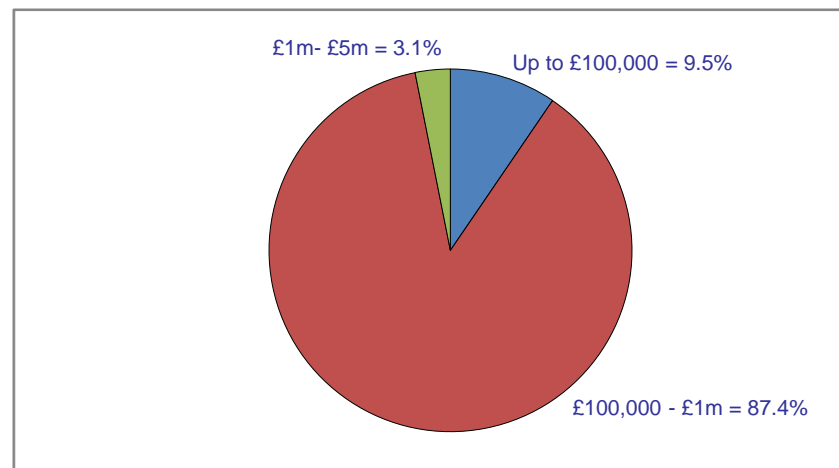
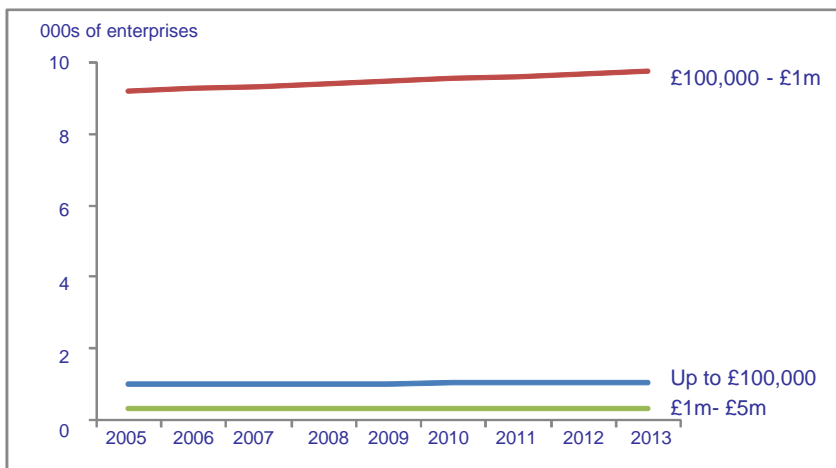
1. *Insurance underwriters*: underwriters already serving the small business market in the UK will gain access to an unrivalled source of market intelligence which will help them to understand better the environment in which they operate and to plan accordingly;
2. *Insurance brokers*: among the main functions of insurance brokers is to design insurance solutions that meet specifically the needs of particular professions and trades, and this research will allow them to appreciate the size and future prospects of each opportunity;
3. *Banks*: prior Finaccord research shows that business banks punch below their weight in the distribution of insurance to small businesses - this research will help them to target their efforts more effectively;
4. *Management consultancies*: are you helping an insurance underwriter or broker to develop its strategy for offering insurance services to small businesses and self-employed individuals in the UK? If so, this study will provide you with unique insights into the underlying structure of the market for business insurance acquired by this audience.

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What does the interactive database look like? (1)

1) Insurable enterprises in Segment X

	2005	2006	2007	2008	2009	2010	2011	2012	2013	CAGR, 2005-2009	CAGR, 2009-2013
Approximate total number of enterprises (000s)	10.5	10.6	10.7	10.8	10.8	10.9	11.0	11.1	11.2	0.7%	0.7%
of which											
- turnover of up to £100,000	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	0.5%	0.5%
- turnover of between £100,000 and £1 million	9.2	9.3	9.3	9.4	9.5	9.5	9.6	9.7	9.7	0.8%	0.8%
- turnover of between £1 million and £5 million	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	1.0%	1.0%



Note - Segment X is revealed in the actual report and database

Source: Finaccord SegmentBASE

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What does the interactive database look like? (2)

2) Interactive data entry

Users may enter the values they choose in the shaded cells, to produce their own estimates for market sizes

	2005	2006	2007	2008	2009	2010	2011	2012	2013	CAGR, 2005-2009	CAGR, 2009-2013
2.1) Approximate total number of enterprises (000s)	42.4	43.4	44.4	45.0	45.6	46.3	47.1	48.2	49.3	1.8%	1.9%
of which											
- turnover of up to £100,000	32.0	32.5	33.0	33.3	33.7	34.0	34.4	34.9	35.4	1.2%	1.2%
- turnover of between £100,000 and £1 million	9.5	9.9	10.4	10.6	10.9	11.2	11.5	12.1	12.6	3.5%	3.7%
- turnover of between £1 million and £5 million	0.9	1.0	1.0	1.0	1.1	1.1	1.2	1.2	1.3	4.5%	4.7%
2.2) Annual growth in total number of enterprises (%)	-	2.3%	2.3%	1.4%	1.4%	1.4%	1.7%	2.3%	2.4%	na	na
of which											
- turnover of up to £100,000	-	1.5%	1.5%	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%	na	na
- turnover of between £100,000 and £1 million	-	4.5%	4.5%	2.5%	2.5%	2.5%	3.5%	4.5%	4.5%	na	na
- turnover of between £1 million and £5 million	-	5.5%	5.5%	3.5%	3.5%	3.5%	4.5%	5.5%	5.5%	na	na
2.3) Approximate total insurance market size (GWP, £ million)	£73.2	£74.1	£79.7	£86.2	£92.1	£97.7	£103.6	£109.8	£117.6	5.9%	6.3%
of which											
- for enterprises with turnover of up to £100,000	£11.5	£11.4	£12.0	£12.8	£13.5	£14.1	£14.7	£15.2	£15.8	3.9%	4.1%
- for enterprises with turnover of between £100,000 and £1 million	£40.8	£41.4	£44.7	£48.4	£51.7	£54.9	£58.4	£62.1	£66.7	6.1%	6.6%
- for enterprises with turnover of between £1 million and £5 million	£20.9	£21.3	£23.0	£25.0	£26.9	£28.7	£30.6	£32.6	£35.1	6.5%	6.8%
2.4) Annual growth in approximate insurance market size (%)	-	1.2%	7.5%	8.1%	6.9%	6.1%	6.1%	6.0%	7.0%	na	na
of which											
- for enterprises with turnover of up to £100,000	-	-1.1%	5.0%	6.7%	5.4%	4.7%	3.9%	3.4%	4.4%	na	na
- for enterprises with turnover of between £100,000 and £1 million	-	1.6%	7.9%	8.2%	6.9%	6.1%	6.4%	6.3%	7.4%	na	na
- for enterprises with turnover of between £1 million and £5 million	-	1.8%	8.1%	8.7%	7.6%	6.6%	6.6%	6.6%	7.6%	na	na
2.5) Estimated penetration rate of business insurance (%)	81.6%	82.4%	83.2%	83.8%	84.0%	84.6%	85.4%	86.2%	87.0%	na	na
of which											
- for enterprises with turnover of up to £100,000	77.8%	78.5%	79.2%	79.7%	80.0%	80.5%	81.2%	82.0%	82.7%	na	na
- for enterprises with turnover of between £100,000 and £1 million	92.8%	93.5%	94.2%	94.7%	95.0%	95.5%	96.2%	97.0%	97.7%	na	na
- for enterprises with turnover of between £1 million and £5 million	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	na	na
2.6) Estimated insurance expenditure for enterprises with cover (£)	£2,113	£2,072	£2,158	£2,286	£2,401	£2,495	£2,579	£2,646	£2,742	3.2%	3.4%
of which											
- for enterprises with turnover of up to £100,000	£463	£447	£458	£481	£500	£515	£525	£531	£541	1.9%	2.0%
- for enterprises with turnover of between £100,000 and £1 million	£4,629	£4,467	£4,579	£4,808	£5,000	£5,150	£5,253	£5,306	£5,412	1.9%	2.0%
- for enterprises with turnover of between £1 million and £5 million	£23,145	£22,335	£22,894	£24,038	£25,000	£25,750	£26,265	£26,528	£27,058	1.9%	2.0%

Note - Segment Y is revealed in the actual report and database

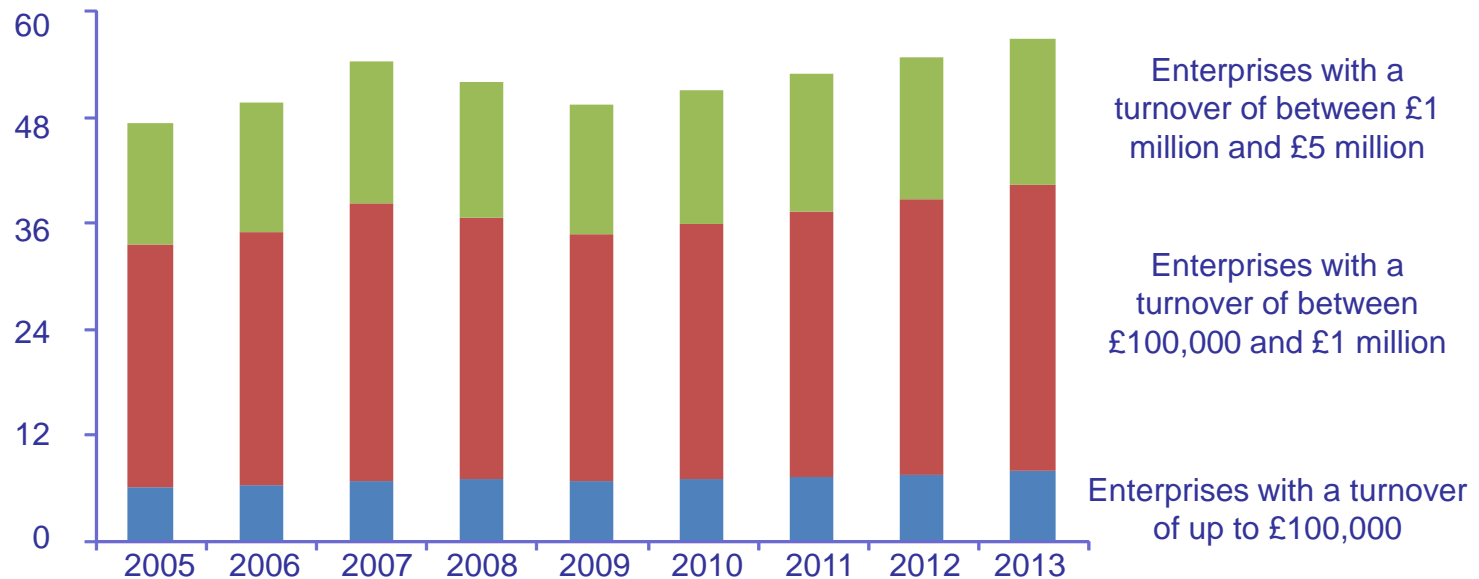
Source: Finaccord SegmentBASE

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What are some of the key findings?

1. Segment Z has seen a sharp fall in its market size during the recession but is expected to recover to a value of around £56.9 million by 2013

GBP million, gross premiums written



Note - Segment Z is revealed in the actual report and database

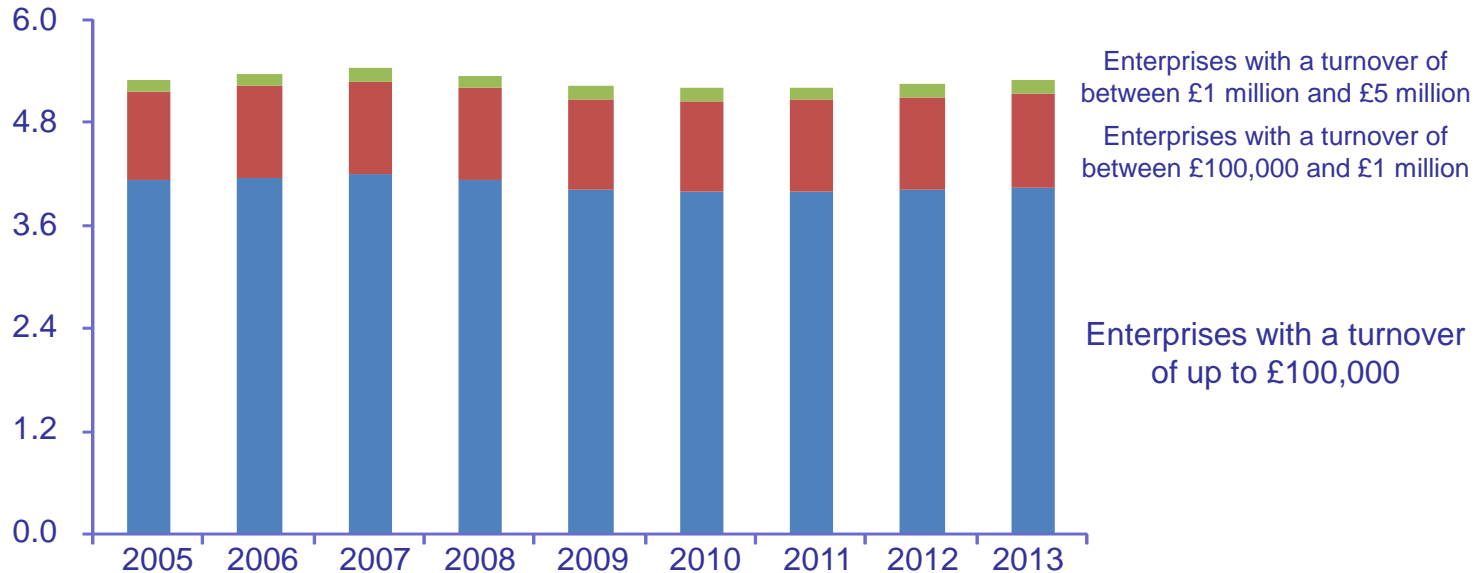
Source: Finaccord SegmentBASE

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

2. In terms of their outright number, enterprises with a turnover of up to £100,000 account for the vast majority of the 5.24 million covered

Number of enterprises, million



Source: Finaccord SegmentBASE

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

Key findings from the executive summary include:

- the market for business insurance acquired by small enterprises and self-employed individuals in the UK is not a single, homogeneous sector but rather a series of niches that vary radically by size and growth;
- in terms of the average annual growth in number of enterprises between 2005 and 2009, the scrap and waste disposal segment is the most rapidly growing with an average rate of growth per annum of 7.1%;
- however, in terms of the average annual growth in estimated expenditure on business insurance between 2005 and 2009, the segment of solicitors, solicitors firms and other legal services is increasing most quickly with an average rate of growth per annum of 8.3%;
- moreover, Finaccord forecasts that the segment that will record the highest average rate of growth in annual expenditure of business insurance between 2009 and 2013 will be independent teachers, trainers and tutors with an annual average of 8.2%.

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What is the cost and format?

Small Business Segments: Marketing Business Insurance to Major Professions and Trades in the UK is available as a standard Adobe Acrobat PDF document and / or hard copy. The interactive SegmentBASE™ that accompanies each report at no further charge is in Microsoft Excel format. Costs for this research and related studies about financial services for small businesses and self-employed individuals in the UK are as follows:

REPORT	COST *	FORMAT
Small Business Segments: Marketing Business Insurance in the UK (overview report and database)	£3,995	c. 425 pages
Small Business Segments: Marketing Business Insurance in the UK (1 x segment and database extract)	£80	3-4 pages
Small Business Metrics: Insurance for Small Businesses in the UK	£2,495	c. 330 pages
Small Business Metrics: Banking for Small Businesses in the UK	£2,495	c. 315 pages
Commercial Affinity Groups: Marketing Financial Services through UK Professional / Trade Associations	£1,195	c. 130 pages

VAT at the prevailing rate 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 up to £50 per title 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 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

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