

Creditor Insurance in Southern and Western Europe

Report Prospectus

November 2011

Prospectus contents

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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 EUR 24.24 billion in gross written premiums in the region in 2011, including coverage for life and permanent disability as well as the temporary disability and unemployment elements. Moreover, with sustainable growth likely in most 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 close to 630 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 weighted provider share of partnerships. The PartnerBASE™ dataset that accompanies the report details each of some 770 creditor insurance distribution deals traced by Finaccord. Together, the report and PartnerBASE™ dataset will provide you with the definitive guide to current and future opportunities in creditor insurance in Southern and Western Europe.

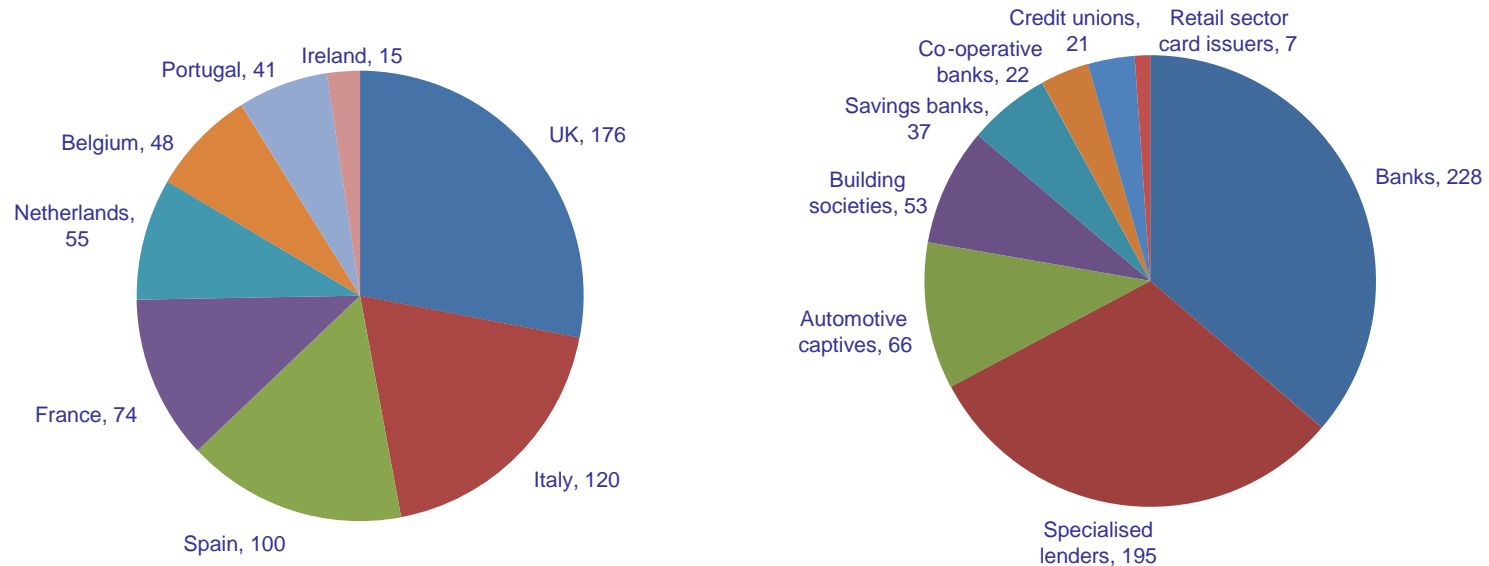
What methodology has been used?

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 August and October 2011 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... through an external underwriter, multiple external underwriters, an external broker, a joint venture underwriter, a captive underwriter or a combination of these approaches?
- if so, who are the partners used for each product category?

As such, and combined with additional secondary research into product and distribution innovation, this constitutes an update to the most thorough and comprehensive research into the subject available for in Southern and Western Europe.

How do lending institutions surveyed break down?



Finaccord's universe of lending institutions covers 629 entities in total spread across eight countries in Southern and Western Europe, including mainstream retail banks, specialised lenders, automotive captives, building societies, savings banks, co-operative banks, credit unions and retail sector card issuers. For a full list of the organisations contacted for the research and included in PartnerBASE™, please contact Finaccord.

How does the report fit into the wider series?

Creditor Insurance in Southern and Western Europe fits into a wider series of reports published by Finaccord in November 2011 on the subject of bancassurance in Europe. The specific product and geographical coverage of this report is shown in the grid below.

Product category / type	AT	BE	CZ	DK	FI	FR	DE	IE	IT	NL	NO	PL	PT	RO	RU	ES	SE	CH	TU	UK
Investment-related life insurance and retirement savings																				
<i>comprised of</i>																				
Investment-related life insurance																				
Retirement savings																				
Protection-related life insurance																				
<i>comprised of</i>																				
Risk life insurance																				
Critical illness insurance																				
Income protection insurance																				
Accident and health insurance																				
<i>comprised of</i>																				
Accident insurance																				
Medical expenses insurance																				
Health / hospital cash plans																				
Personal motor and household insurance																				
<i>comprised of</i>																				
Personal motor insurance																				
Household insurance																				
Creditor insurance																				
<i>comprised of</i>																				
Creditor insurance related to mortgages																				
Creditor insurance related to consumer finance																				
Creditor insurance related to credit cards																				

What is the report structure?

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

Introduction: offering rationale, description of methodology and some definitions.

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, consumer finance and credit card sectors in each country covered. Analysis of the creditor insurance market includes its segmentation by country, underlying lending product and cover type in 2007, 2011 and with a forecast to 2015, and identification of the eight largest groups in these fields by weighted share of partnerships.

Specific country chapters (8): an in-depth analysis of the market for creditor insurance in each country including: introduction to the banking sector; analysis of the consumer 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 the weighted share of partnerships of underwriters; size, segmentation and growth rate of gross premiums written for creditor insurance with historic and forecast data spanning 2007, 2011 and 2015.

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?
- consideration of operating models used for creditor insurance: how does the use of captive and joint venture underwriters by lending institutions differ between countries?
- calculation of weighted provider share of partnerships: Finaccord's unique quantitative analysis identifies which underwriters of creditor insurance hold the relationships that offer the most 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;
- investigation into alternative distribution channels for selling creditor insurance: a number of factors, including regulatory intervention, are increasing the potential for entities other than the lending institutions themselves to sell creditor insurance in certain countries.

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: the market is still growing in several countries;
- identify partnership opportunities for creditor insurance and prioritise these according to the potential that they offer as defined by the size of lending institutions' retail customer base;
- understand the supply structure for creditor insurance in Southern and Western Europe and whether specialists are winning business by virtue of their focused approach;
- assess the extent to which the provision of temporary incapacity and unemployment modules within creditor insurance policies is commonplace in Southern and Western Europe;
- gain insight into the presence of leading creditor insurance market participants including APRIL, Aviva, AXA, BNP Paribas Cardif, CBP, CIGNA, CNP, Crédit Agricole, Crédit Mutuel, Genworth Financial, MetLife, and The Warranty Group.

How can the PartnerBASE™ be used?

Name of organisation	Country	Estimated number of retail customers (000s)	Product type	Product offered?	Operating model	Partner(s)
Monabanq	France	270.0	Creditor - consumer finance	Yes	Captive underwriter	ACM
Monte dei Paschi di Siena	Italy	5,550.0	Creditor - consumer finance	Yes	JV underwriter	AXA MPS
Montepio	Portugal	780.7	Creditor - consumer finance	Yes	Captive underwriter	Lusitania
National Irish Bank	Ireland	207.0	Creditor - consumer finance	Yes	External underwriter	London General
Nationwide B.S.	UK	13,750.0	Creditor - consumer finance	No		

Select country (points to France)

Choose product type (points to Product type column)

Identify insurance providers (points to Partner(s) column)

Look up specific organisations (points to Montepio)

See the estimated number of retail customers for each organisation (points to 780.7)

Choose operating model (points to Operating model column)

Note - The PartnerBASE™ also includes fields showing the category of organisation, its UHC (where part of a major group) and the UHCs that own or co-own (in the case of joint ventures) the partners used for each product type.

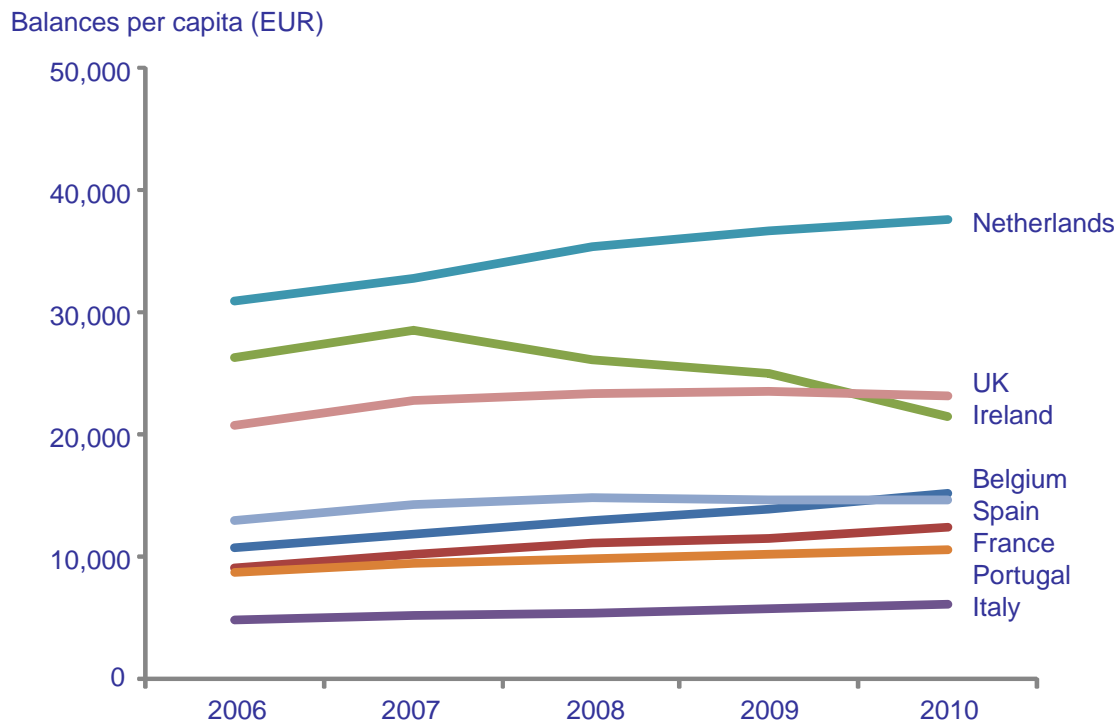
Source: Finaccord European Bancassurance PartnerBASE

Who can use the research?

1. *Insurance providers:* this research is a unique guide to a valuable segment of the personal insurance market in Southern and Western Europe - be fully appraised of what developments in creditor insurance markets could mean for your organisation;
2. *Providers of third party administration services:* due to its specialised characteristics, insurers sometimes outsource the administrative processes associated with creditor insurance, thereby creating opportunities for third party providers;
3. *Banks and other 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 and could you use a 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 in creditor insurance? Understand the current status of creditor insurance in Southern and Western Europe, saving time and effort on researching the subject yourself.

What are some of the key findings?

1. In spite of the financial crisis, residential mortgage lending balances have increased or remained level in all countries other than Ireland

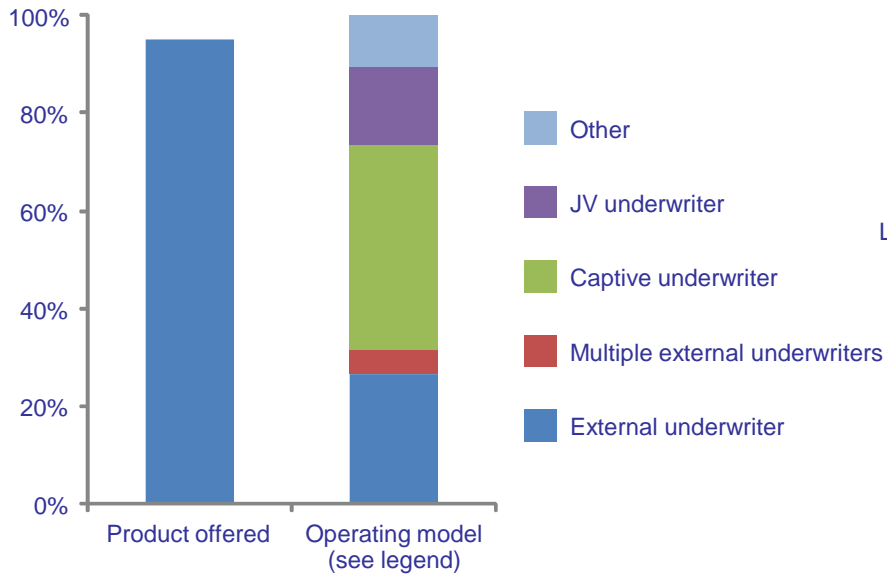


Source: Finaccord analysis of central bank data

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

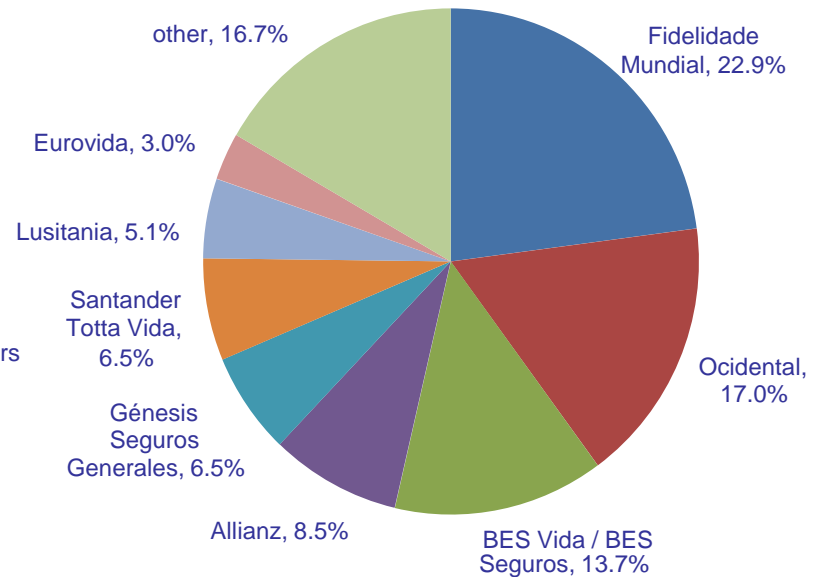
2. Captive underwriters are likely to account for a substantial share of mortgage-related creditor insurance in Portugal

**MORTGAGE-RELATED CREDITOR INSURANCE IN PORTUGAL:
BANK PROVISION RATE AND OPERATING MODELS**



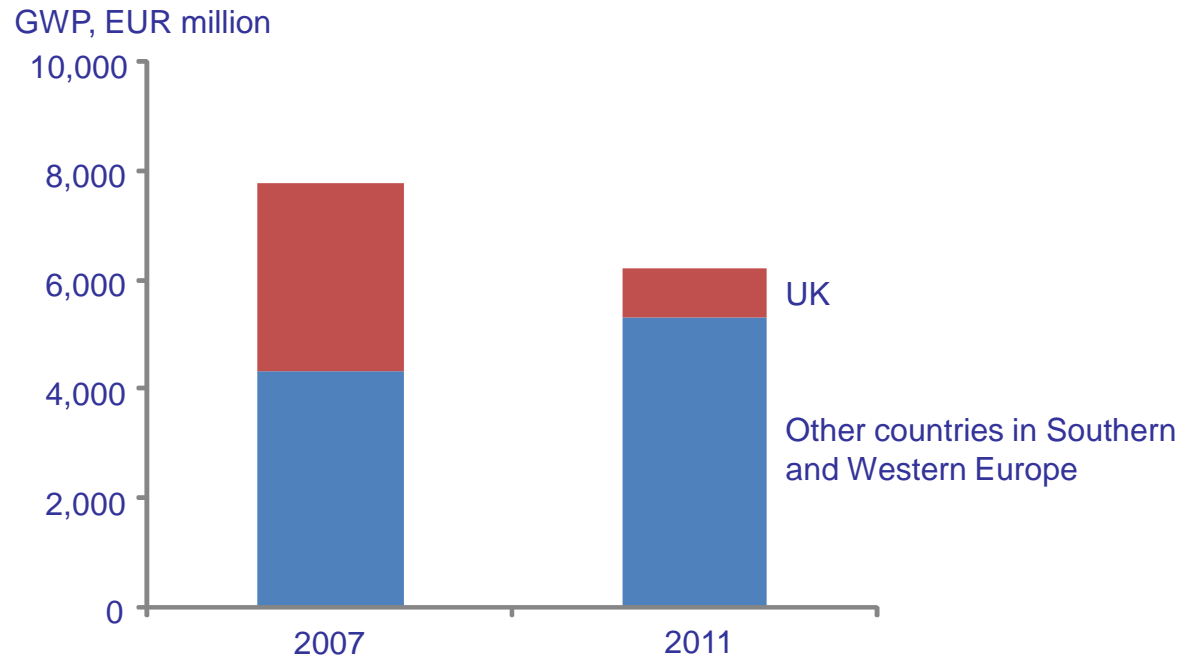
Source: Finaccord European Bancassurance PartnerBASE

**MORTGAGE-RELATED CREDITOR INSURANCE IN PORTUGAL:
WEIGHTED PROVIDER SHARES OF BANCASSURANCE PARTNERSHIPS**



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

3. The value of creditor-related cover for temporary incapacity and unemployment has collapsed in the UK but has carried on growing in most other countries in Southern and Western Europe



Source: Finaccord European Creditor Insurance Model

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

4. Key findings from the executive summary include:

- the value of the market for creditor insurance across the eight countries investigated in Southern and Western Europe was around EUR 24.24 billion in terms of gross written premiums in 2011;
- by 2015, Finaccord predicts that gross written premiums for all forms of creditor insurance will have increased to around EUR 27.51 billion, equivalent to a compound annual growth rate of 3.2%;
- Italy, Belgium and France are forecast to be the fastest growing markets between 2011 and 2015 with corresponding growth rates of 6.9%, 5.3% and 4.8%, respectively;
- an analysis of the weighted share of ultimate holding companies (i.e. groups) of bancassurance partnerships for all forms of creditor insurance, re-weighted by country and product market size, in Southern and Western Europe indicates that CNP, Aviva, BNP Paribas, Crédit Mutuel, and Crédit Agricole are the leading groups by this measure.

What is the price?

Creditor Insurance in Southern and Western Europe is available as a standard *Adobe Acrobat* PDF document and / or hard copy. The PartnerBASE™ dataset that accompanies it at no further charge is in *Microsoft Excel* format. Prices for this title and other multi-country and country-specific titles in the wider series are as follows:

REPORT	PRICE *
Creditor Insurance in Southern and Western Europe	GBP 2,495
Bancassurance in Austria, Belgium etc.: Life, Non-Life and Creditor Insurance *	GBP 795
Bancassurance in China: Life, Non-Life and Creditor Insurance	GBP 995
Creditor Insurance in Northern, Central and Eastern Europe	GBP 2,495
Life Bancassurance in Europe: Investment-Related Life Insurance and Retirement Savings	GBP 2,995
Life Bancassurance in Europe: Protection-Related Life Insurance	GBP 2,995
Non-Life Bancassurance in Europe: Accident and Health Insurance	GBP 2,995
Non-Life Bancassurance in Europe: Motor and Household Insurance	GBP 2,995

** Titles focused on single territories are available for all 20 countries covered by this series.*

For UK-based clients, VAT at the prevailing rate will be added to the basic price.

Costs quoted are for a single site user licence only.

For a corporate user licence, please see the next slide for further details.

Invoices can be paid in EUR, at the prevailing exchange rate, if preferred.

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 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.