

Mobile Metrics:

Consumer Approaches to Mobile Telephone Insurance in Europe

Series Prospectus

February 2011

Expertise in financial services

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What is the research?

Finaccord's *Mobile Metrics* series of reports offers detailed and unique insights into the behaviour of consumers in the context of mobile telephone insurance. Based on a primary survey of mobile owners in France, Germany, Italy, the Netherlands, Spain and the UK carried out in November and December 2010, the research provides valuable data describing the extent to which they take out mobile telephone insurance and clarifying the proportion of uninsured mobile owners who recognise the benefits of the insurance but have simply not yet got round to acquiring cover.

In addition to calculating the percentage of consumers that buys mobile telephone insurance in each country, split by mobile operator, the investigation also analyses which risks are covered by the policies that they have acquired (i.e. accidental damage, loss, mechanical failure, theft, unauthorised usage), whether they have purchased a stand-alone policy or already possess cover through another financial product, which distribution channel and interface they used to take out mobile telephone insurance and whether they bought a policy at the same time as finalising their mobile contract or retrospectively.

Finally, the reports analyse claims frequency for mobile telephone insurance split in a variety of ways including by type of claim and according to whether the claim was accepted or refused.

For all countries apart from the Netherlands (which was not covered by the original survey) the majority of results from the latest research are compared with those from a previous study published in 2006.

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Which titles are available?

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

Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in Europe

Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in France

Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in Germany

Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in Italy

Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in the Netherlands

Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in Spain

Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in the UK

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What is the rationale?

Finaccord has updated its *Mobile Metrics* series of reports in order to fill the gap for reliable data concerning consumer behaviour in the evolving market for mobile telephone insurance across Europe. There is little published information providing detailed insights into consumer approaches to mobile telephone insurance across Europe in spite of the facts that ownership of mobile handsets has reached near-universal levels and that this type of insurance is now sold by the majority of mobile operators and retailers, as well as by a variety of other distributors.

The market for mobile telephone insurance is of fundamental importance both to mobile telephone network operators and retailers and the insurance providers with which they work. In fact, maximising the results from insurance programs offers the potential for mobile telephone network operators and retailers to enhance significantly the margins that they achieve from the underlying mobile telephone contracts. Meanwhile, insurance companies can potentially benefit from robust growth and attractive underwriting returns from this type of policy.

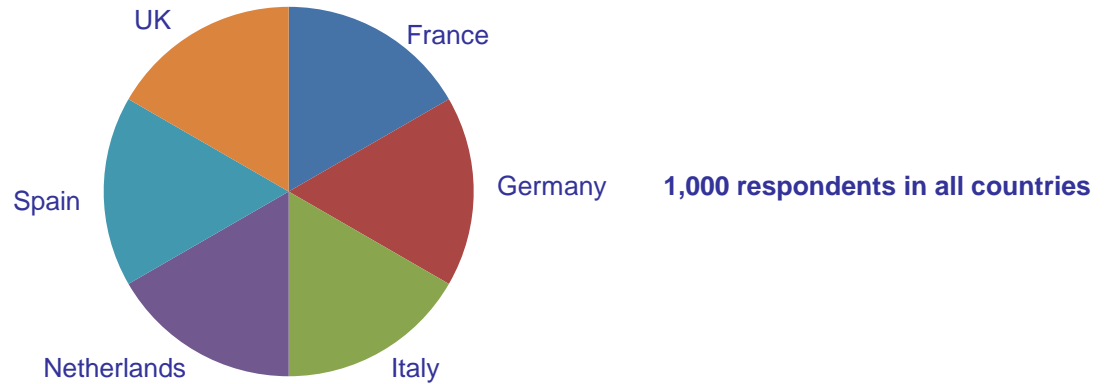
As such, the titles in the *Mobile Metrics* series are designed to allow mobile telephone network operators and retailers, insurance companies and other actual or potential distributors, such as banks, to benchmark their performance in this arena.

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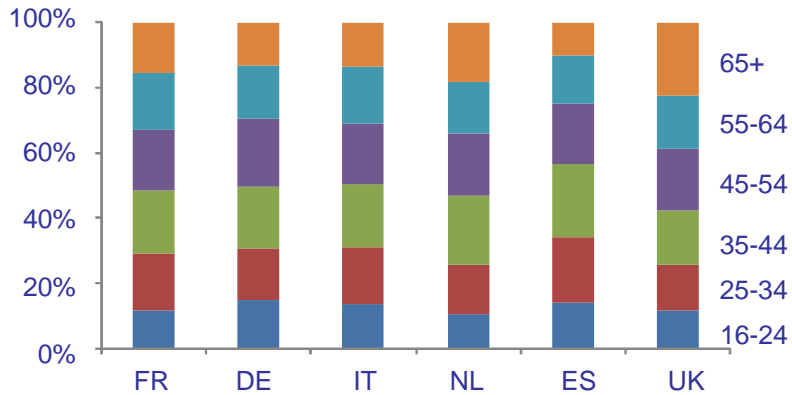
What methodology has been used?

The research for this study, which covers 6,000 consumers in six European countries, was carried out during November and December 2010 using the online consumer research panel of mo'web research (www.mowebresearch.com). A breakdown of the eventual sample by country, age group and annual household income is presented on the following page.

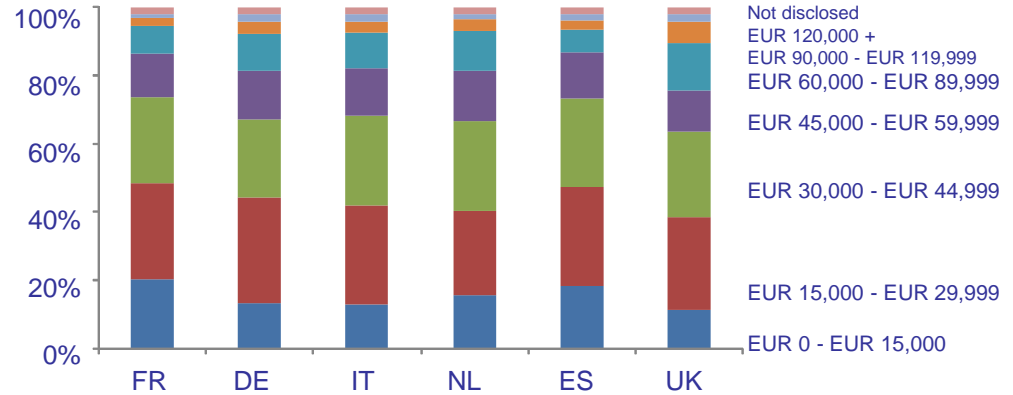
How does the consumer sample break down?



% breakdown by age group



% breakdown by annual household income



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For which mobile operators are cross-selling rates split out?

FRANCE	GERMANY	ITALY	NETHERLANDS	SPAIN	UK
Bouygues Telecom	E-Plus	3 Italia	KPN	Movistar	3
Orange	O2	TIM	T-Mobile	Orange	O2
SFR	T-Mobile	Vodafone	Vodafone	Vodafone	Orange
Others	Vodafone	Wind	Others	Yoigo	T-Mobile
	Others	Others		Others	Tesco Mobile
					Vodafone
					Virgin Mobile
					Others

Note: other mobile operators included in the surveys in the six countries are as follows: France - Auchan Telecom, Carrefour Mobile, E. Leclerc Mobile, FNAC Mobile, NRJ Mobile, Simyo, TELE2 Mobile and Virgin Mobile; Germany - BASE, congstar, mobilcom debitel, Ortel Mobile, Simyo and Tele2; Italy - Auchan Mobile, Carrefour UNO Mobile, CoopVoce, Daily Telecom, Fastweb Mobile, PosteMobile; Netherlands - debitel, Lebara Mobile, Lyca Mobile, Rabo Mobiel, Simyo, TELE2; Spain - Bankinter Móvil, Carrefour Mobile, Euskaltel, MÁSmovil, Pepephone, Simyo; UK - ASDA Mobile, Talk Mobile. However, cross-selling rates are not split out for these due to diminishing sample size.

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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*: describing the rationale for the research.

2. *European Overview*: this chapter provides a comparison across all six countries of the proportion of mobile owners that has acquired mobile telephone insurance, broken out for the main mobile operators, and the risks covered by the insurance that they possess. It also contrasts reasons given by consumers who have not acquired the insurance for not doing so. In addition, it compares the distribution channel used to acquire the insurance (for example, a mobile telephone network operator / retailer or another channel), the distribution interface used for the same purpose (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 point in time chosen to take out the insurance (for example, at the same time as taking out the mobile contract or at a later point) and the frequency and success with which and reasons for which claims are made by policyholders.

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

4 - 8: *Germany, Italy, Netherlands, Spain and UK* (all contents as for France).

9: *Appendix*: offering an outline of the methodology used to undertake the research plus a full transcript of the online questionnaire used.

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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 mobile owners that currently possesses mobile telephone insurance in each country, how this penetration rate varies by mobile operator and the potential for this proportion to grow further;
- accurate data describing the percentage of mobile owners covered in the event of accidental damage, loss, mechanical failure, theft and unauthorised use;
- robust statistics illustrating the extent to which alternative distribution channels, such as banking institutions, direct sales by insurers and affinity channels are eroding the share of mobile telephone network operators and retailers;
- reliable benchmarking of the point in time chosen by mobile owners with insurance to take out mobile telephone insurance;
- valuable insights into claims frequency rates split by type of policy (i.e. stand-alone or packaged), and by type of subscriber (i.e. contract or pre-pay), as well as by type of claim and by whether the claim was accepted or refused.

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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:

- benchmark your organisation's performance in mobile telephone insurance: are your cross-selling rates in line with the market averages described in this study?
- appreciate the potential for increasing the penetration of policies that incorporate cover for accidental damage, theft and unauthorised use - what is your organisation's experience?
- evaluate the opportunities for distributing mobile telephone insurance through channels other than mobile telephone network operators and retailers - to what extent will mobile owners buy through these means?
- assess the prospects for retrospective marketing and re-solicitation programs - how many mobile owners buy insurance after they have finalised their mobile contract and how long do they wait?
- understand claims experience for mobile telephone insurance, how this varies by type of customer and what this might mean for the way in which your organization underwrites or distributes this type of policy.

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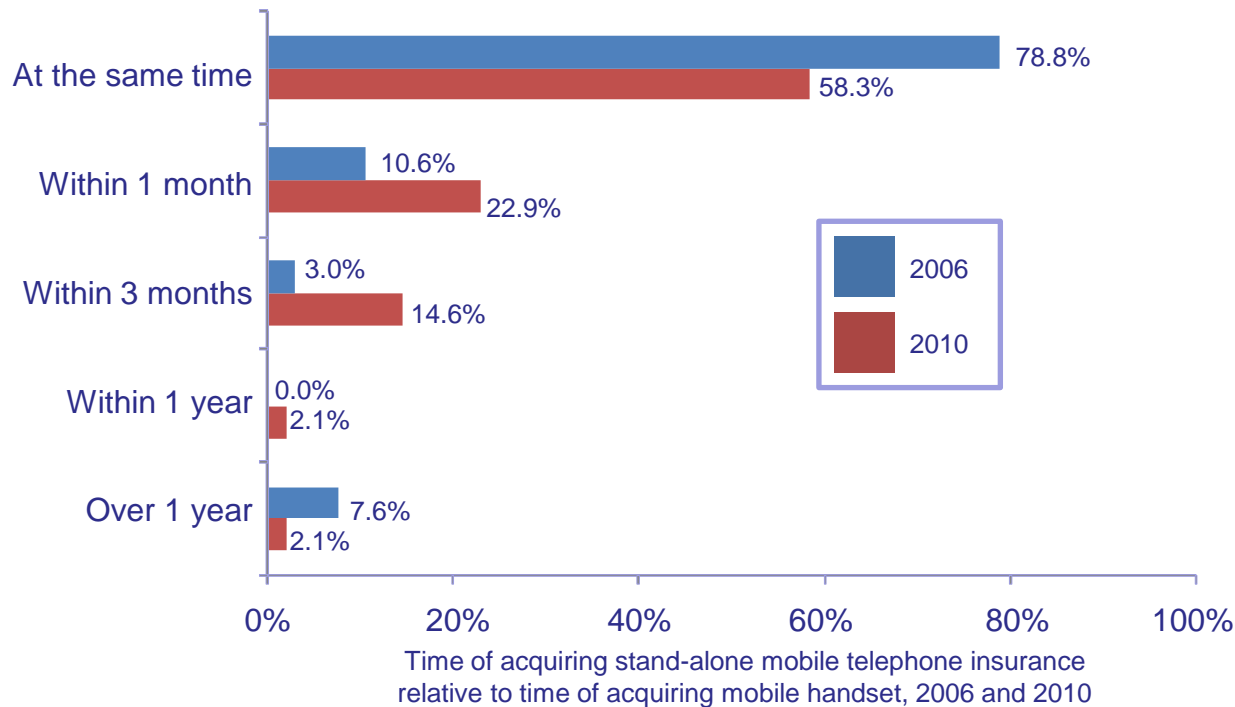
Who can use the research?

1. *Insurance underwriters*: firms with an interest in mobile telephone insurance in Europe will be able to arrive at a detailed understanding of the dynamics of this growing market which can be used when negotiating new distribution partnerships;
2. *Mobile telephone network operators and retailers*: organisations providing mobile services to consumers will benefit from this research by appreciating the extent to which their performance in mobile telephone insurance is superior or inferior to the wider market averages;
3. *Banks and credit card issuers*: the results of the research underline the reality that there are opportunities to develop affinity programs for mobile telephone insurance through new channels - does this represent a viable option for your company?
4. *Management consultancies*: are you helping an insurance underwriter or mobile telephone network operator or retailer to improve its performance in mobile telephone insurance in France, Germany, Italy, the Netherlands, 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. Retrospective sales of mobile telephone insurance appear to have become more important in Spain since 2006



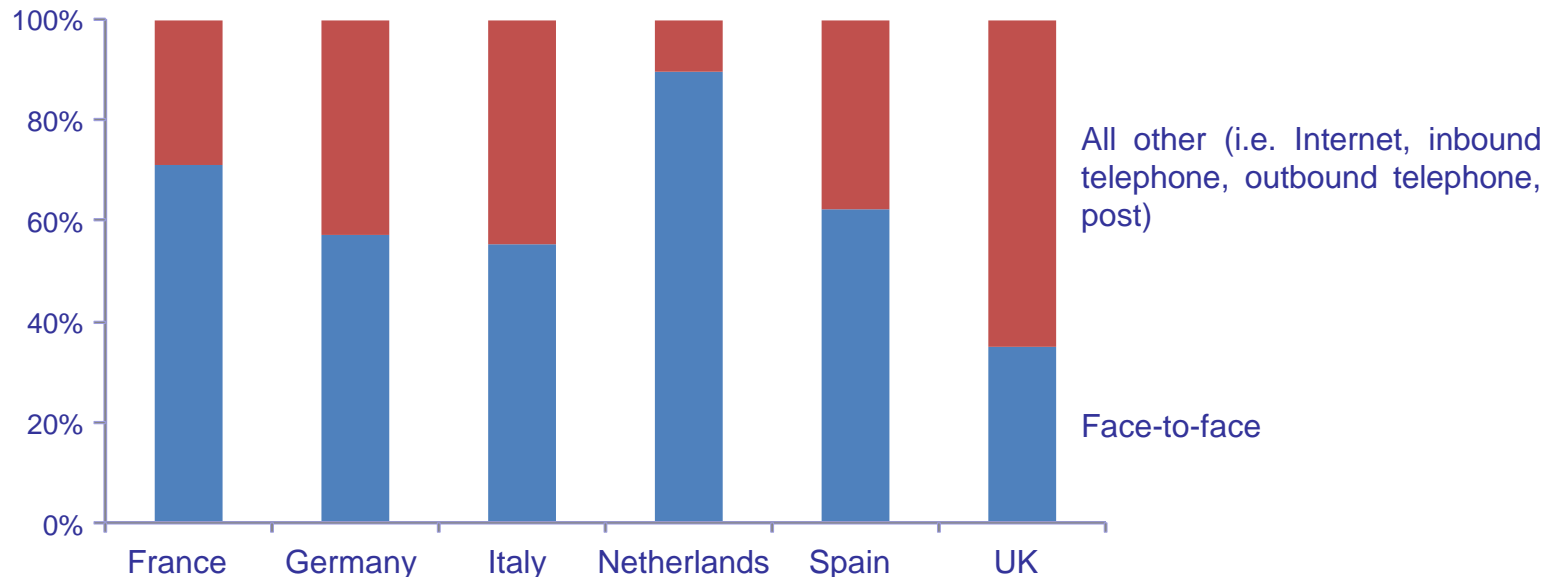
Source: Finaccord Mobile Metrics surveys, 2006 and 2010

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

2. Face-to-face contact is less important for selling stand-alone mobile telephone insurance in the UK than it is elsewhere in Europe

% split of mobile owners by distribution interface used to acquire stand-alone insurance



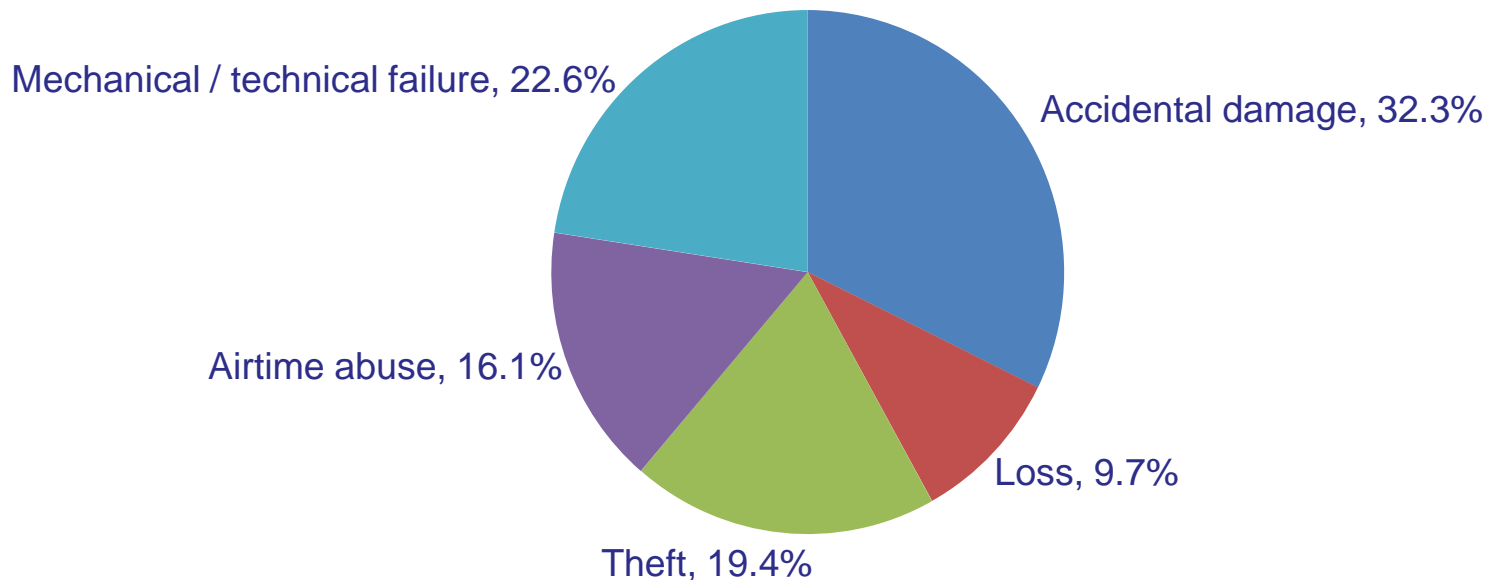
** Note: all other interfaces are broken out separately in the reports themselves*

Source: Finaccord Mobile Metrics survey, 2010

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

3. In France, accidental damage was the main reason for almost one third of mobile telephone insurance claims submitted in 2010



Source: Finaccord Mobile Metrics survey, 2010

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

Key findings from executive summaries in this series include:

- in terms of the percentage of mobile owners with mobile telephone insurance, France and the UK are significantly more developed than Germany, Italy, Netherlands and Spain, and customers with mobile contracts are more likely to buy insurance than pre-pay customers;
- in terms of the likely number of policies in force, it is uniquely the case in the UK that mobile telephone insurance packaged with added value bank accounts now exceeds mobile telephone insurance contracts sold on a stand-alone basis;
- the evidence of the research is generally that higher insurance cross-selling rates to mobile owners leads to lower claims frequency rates thereby implying that the first customers to buy insurance are also the most likely to make a claim;
- furthermore, the data also indicates that while younger mobile owners are the most likely to acquire mobile telephone insurance, they also show the greatest propensity to submit claims, with the most common reason for making a claim among all respondents being accidental damage to the handset.

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What is the cost and format?

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

REPORT	COST *	FORMAT
Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in Europe	GBP 2,495	c. 150 pages
Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in F / D / I / NL / E / UK	GBP 595	c. 30 pages
Card Protection Metrics: Consumer Approaches to Card Protection Insurance in Europe	GBP 1,995	c. 120 pages
Travel Metrics: Consumer Approaches to Travel Insurance in Europe	GBP 2,495	c. 160 pages
Warranty Metrics: Cons. Approaches to Extended Warranties for White, Brown and Grey Goods in Europe	GBP 2,995	c. 200 pages

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.

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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_mm.htm and fill in the online order form, clearly indicating:

- report required
- type of corporate user license, 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 copy and one working week for the arrival of hard copy.

* For the **corporate user license** 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 license acquired by UK-based buyers.

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