

Risk Metrics: Consumer Concern for and Acquisition of Insurance for Everyday Risks in the UK

Report Prospectus

January 2012

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What is the research?

Finaccord's report titled *Risk Metrics: Consumer Concern for and Acquisition of Insurance for Everyday Risks in the UK* is an updated study about 40 types of risk and their associated insurance, warranty and assistance policies that are often described as 'niche' when compared to more mainstream insurance policies such as motor, household, travel and life insurance. However, the vast majority of these types of risk are deemed to be relevant to their circumstances by over 50% of survey respondents with the result that many have also acquired a policy to cover the risk.

In fact, the research measures the relevance and degree of concern caused to survey participants by each of these 40 risks as well as measuring the take-up rates for the related insurance, warranty and assistance policies, whether on a stand-alone or packaged basis, among consumers with results broken out in detail in each case by gender, age group, annual household income and geographical location of respondents. Furthermore, for most policy types it is also possible to compare the latest results for 2011 with those from the previous survey carried out in 2007.

The types of insurance, warranty and assistance used to cover these risks are listed overleaf and fall into seven broader categories, namely: personal health; financial commitments; personal possessions (e.g. accidental damage, loss, theft); personal possessions (e.g. mechanical and other defects); personal security; home ownership; and car ownership.

Which insurance, warranty and assistance products have been researched?

Personal health

- Children's health insurance
- Critical illness insurance
- Dental expenses insurance
- Health / hospital cash plans
- Long-term income protection insurance
- Personal accident insurance
- Private medical insurance
- Sports accident insurance

Financial commitments

- Bill payment protection insurance
- Credit card payment protection insurance
- Legal expenses insurance
- Loan payment protection insurance
- Mortgage payment protection insurance
- Short-term income protection insurance (accident / illness)
- Short-term income protection insurance (unemployment)

Personal possessions (insurance)

- Bicycle insurance
- Furniture insurance
- Garden insurance
- Glasses / spectacles insurance
- Handbag / briefcase insurance
- Jewellery insurance
- Missed event / ticket cancellation insurance
- Mobile gadget insurance

Personal possessions (insurance) (continued)

- Mobile telephone insurance
- Musical instrument insurance
- Pet insurance
- Purchase protection insurance

Personal possessions (warranty)

- Extended warranty / service contract for audio-visual appliance
- Extended warranty / service contract for computing device
- Extended warranty / service contract for kitchen appliance

Personal security

- Card protection insurance
- Identity theft insurance / assistance

Home ownership

- Drainage / plumbing / water supply pipe insurance
- Electrical emergency and breakdown insurance
- Gas boiler / gas supply pipe / gas central heating insurance

Car ownership

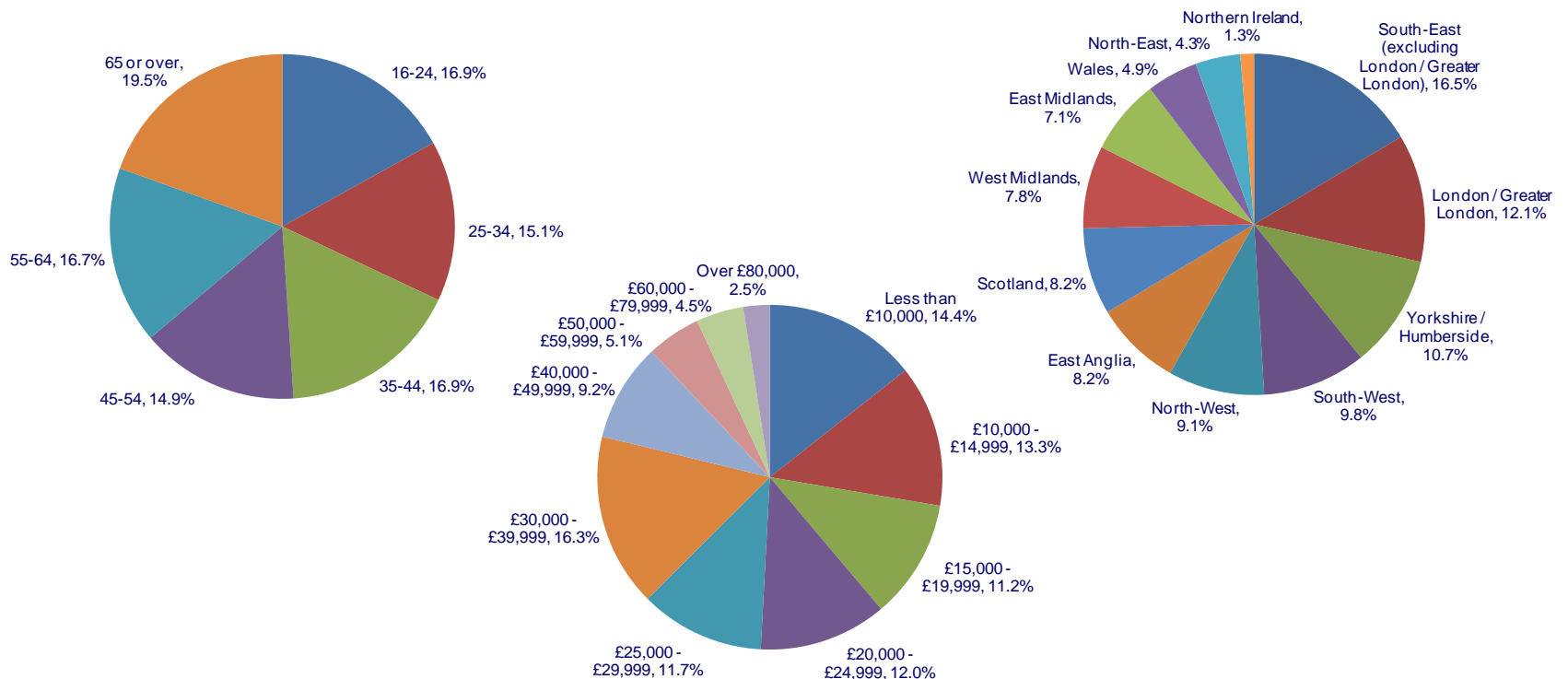
- Breakdown recovery insurance
- Extended warranty / service contract for car
- GAP / shortfall protection insurance
- MOT insurance
- Tyre insurance

What is the rationale?

The rationale for this study is the fact that many of these insurance, warranty and assistance policies are either under-researched or even unresearched on a published basis when it comes to the consumer angle. Hence, while there is a considerable amount of research in the public domain on payment protection insurance for mortgages, personal loans and credit cards mainly as a consequence of the critical attention that these types of product have attracted in the UK in recent years, as well as critical illness, long-term income protection, pet and private medical insurance, there is little or no reliable published information describing consumer attitudes and behaviour when it comes to sectors such as furniture, GAP / shortfall protection, glasses / spectacles, legal expenses, short-term income protection and sports accident insurance.

What methodology has been used?

The research for this study was carried out during November and December 2011 using an online consumer panel. In total, completed surveys were filled in and submitted on-line by over 1,000 consumers breaking down by age group, annual household income band and geographical location as illustrated in the charts below.



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. *Risk Overview*: comparing the 40 risks and associated insurance, warranty and assistance policies by criteria such as degree of relevance to consumers, degree of concern caused to consumers, take-up rates for stand-alone policies and take-up rates for cover packaged within other financial products such as motor insurance, household insurance and life insurance as well as payment cards, bank accounts and, in the case of extended warranties, multi-appliance warranties.

3. *Risk Analysis*: delivering commentary and graphics describing the relevance and degree of concern caused to respondents by each of these 40 risks in turn as well as measuring the take-up rates for the related insurance, warranty and assistance policies, whether on a stand-alone or packaged basis, and how this differs between all respondents and individuals considering the underlying risks to be relevant to their circumstances.

4. *Segment Analysis*: building upon the previous chapter by breaking out the results in all 40 cases by gender, age group, annual household income group and geographical location of respondent.

What are the key features of the research?

Key features of this report include:

- systematic coverage within a single study of 40 insurance, warranty and assistance products in the UK, many of which are rarely, if ever, the subject of detailed consumer research;
- rankings for the 40 policy types according to their overall relevance to consumers and the extent to which the underlying risks generate concern among consumers;
- comprehensive data depicting take-up rates for the 40 insurance, warranty and assistance policies in question and how these break down between cover bought separately and cover acquired on a packaged or substitute basis;
- analysis of whether relevance, concern and take-up rates have increased or decreased in the new study relative to the original survey conducted in 2007;
- exhaustive presentation of all results split by gender, age group, annual household income and geographical location of respondent.

How can the research be used?

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

- gain cost-effective access to a source of data and insight covering 40 types of insurance, warranty and assistance policy which in aggregate amount to a substantial stand-alone market;
- prioritise the way in which you promote different types of cover to existing or prospective customers in accordance with the apparent concern that the underlying risks are causing them;
- appreciate the degree to which packaging with other financial services is already limiting or possesses the potential to limit the future development of stand-alone markets in the UK;
- understand the likely future outlook for the insurance, warranty and assistance policies considered on the basis of both the results for 2011 and the time line analysis in comparison to 2007;
- use the data describing the preoccupations and behaviour of each consumer segment to improve your marketing campaigns for each of the 40 forms of insurance, warranty and assistance product under review.

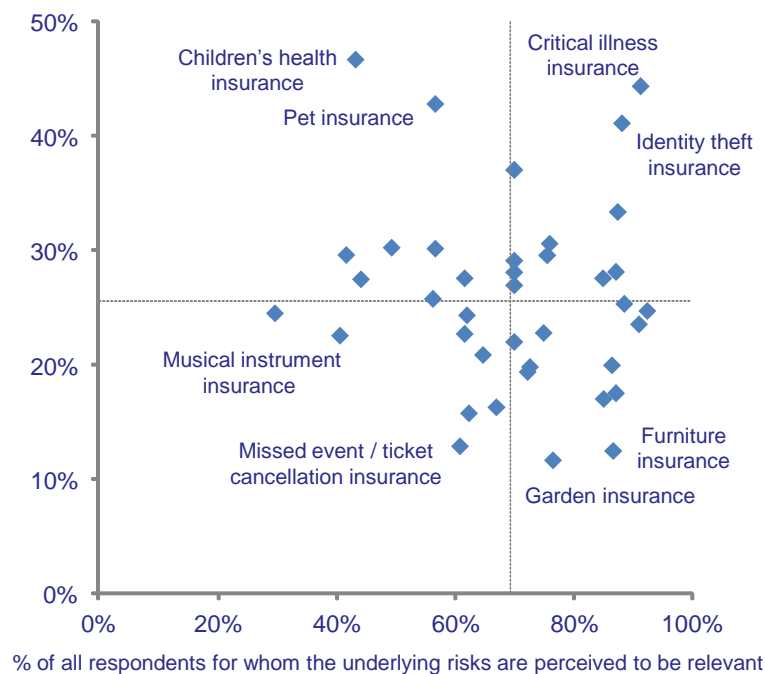
Who can use the research?

1. *Insurance, warranty and assistance companies*: this research offers unique consumer insights into 40 types of cover that can either be marketed on a stand-alone basis or used to enhance broader insurance, warranty and assistance policies;
2. *Banks, building societies and card issuers*: opportunities exist for banking institutions to grow their share of intermediation across a variety of forms of insurance above and beyond those in which they have established themselves already;
3. *Affinity partners*: many of the policies considered are often described as ‘affinity products’ precisely because they are suited to marketing through alternative distribution channels such as automotive companies, media entities, mobile network operators, the Post Office, retailers, utilities firms, and not-for-profit organisations;
4. *Management consultancies*: are you helping any of the three aforementioned types of organisation to develop a strategy in areas such as accident and health insurance, home emergency insurance or product insurance and warranties in the UK? If so, the *Risk Metrics* research could provide you with valuable data.

What are some of the key findings?

1. Degree of relevance and concern caused to UK consumers by the underlying risks vary greatly from one type of policy to another

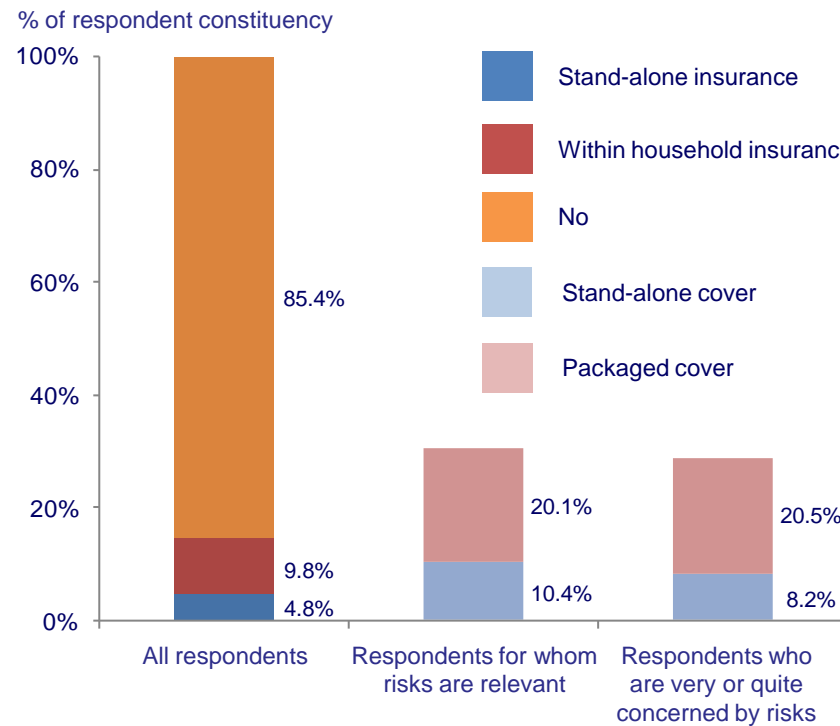
% of all respondents who are very or quite concerned by the underlying risks



Source: Finaccord Risk Metrics survey

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

2. More owners of bicycles in the UK believe themselves to hold cover through household insurance on a package basis than through a stand-alone policy

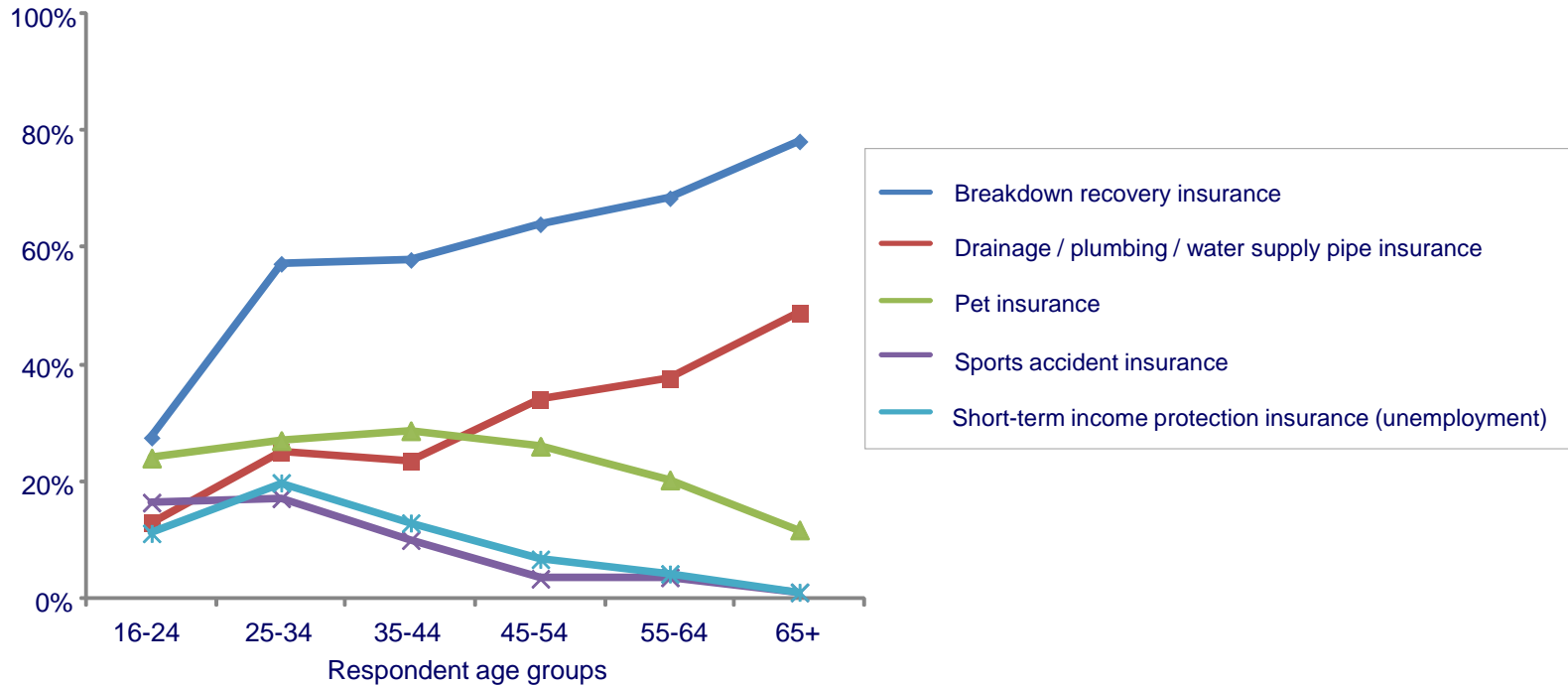


Source: Finaccord Risk Metrics survey

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

3. Different types of insurance, warranty and assistance in the UK display very different take-up rates by age group

% of respondents with any form of cover (i.e. stand-alone and packaged / substitute)



Source: Finaccord Risk Metrics survey

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

4. Key findings from the executive summary include:

- comparing the results for 2011 with those from 2007, the risks covered by bicycle insurance see the greatest increase in concern within the relevant audience, and ranked from second to fifth are extended warranties / service contracts for cars, sports accident insurance, drainage / plumbing / water supply pipe insurance, and extended warranties / service contracts for computing devices;
- at the other end of the scale, the risks covered by identity theft insurance experience the steepest decline in reported concern, possibly as a result of reduced media coverage relative to 2007, and also down substantially by this measure are card protection insurance, children's health insurance, jewellery insurance, and personal accident insurance;
- as might be expected, significant variations in the overall take-up rate are reported across the 40 policy types among different age and annual household income groups;
- however, less obvious is the finding that respondents living in London or Greater London are generally quite a lot more likely to take out these forms of insurance, warranty and assistance than their counterparts elsewhere in the UK, the main exceptions being the three forms of home emergency insurance considered.

What is the cost and format?

Risk Metrics: Consumer Concern for and Acquisition of Insurance for Everyday Risks in the UK is available as a standard Adobe Acrobat PDF document. Prices for this title and other UK consumer research studies available or soon to be available at the time of publication are as follows:

REPORT	PRICE *
Risk Metrics: Consumer Concern for and Acquisition of Insurance for Everyday Risks in the UK	GBP 1,995
Assistance Metrics: Consumer Attitudes to and Use of Assistance with Everyday Problems in the UK	GBP 1,795
Channel Metrics: Consumer Distribution Trends in UK Financial Services (overview report)	GBP 2,995
Channel Metrics: Consumer Distribution Trends in UK Financial Services (20 product-specific briefings)	GBP 395 each
Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in the UK	GBP 595
Partner Metrics: Consumer Attitudes towards and Willingness to Use Alternative Providers in UK Financial Services	GBP 1,995
Payment Metrics: Consumer Attitudes towards and Willingness to Use Alternative Payment Means in the UK	GBP 1,995
Travel Metrics: Consumer Approaches to Travel Insurance and Assistance in the UK	GBP 595
Warranty Metrics: Consumer Approaches to Extended Warranties for White, Brown and Grey Goods in the UK	GBP 995

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_uk_cfsr.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.