

Small Business Segments

Marketing Business Insurance to Major Professions and Trades in the UK

Report Prospectus

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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 provides updated perspectives on the market for insurance acquired by small businesses, self-employed individuals and other small enterprises 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. In addition, the same data is provided across 12 regions.

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 2012 and forecasts to 2020 in order to provide a time line across nine years.

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

What is the rationale?

Finaccord has updated 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 bodies and other published research sources is focused purely on those generic categories rather than the underlying professions and trades, hence Finaccord has sought to develop a product that more effectively meets 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 (plus 12 regions) but it also provides further valuable insights as detailed overleaf.

What data does the research deliver?

Unique data points delivered by *Small Business Segments* for each of 105 distinct professions and trades (plus 12 regions) are as follows:

- measurement of the size of these markets both in terms of the number of enterprises 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 2020 with 'backcasts' to 2012 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 (and 12 regions), thereby allowing them to develop their own market size time series if they want an alternative to Finaccord's own 'default data'.

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 belonging to each of the 105 professions and trades (and 12 regions) by means of phone interviews with the relevant professional or trade associations and analysis of data available from Experian, the ONS, Yell and other industry data sources (e.g. the Care Quality Commission for domiciliary care, the Gambling Commission for bookmakers and other gambling services, and Ofsted for childminders, day nurseries and playgroups);
- forecasting these data points to 2020 by means of the same data sources supplemented by Finaccord's own analysis of the likely impact of changes in the economic environment, including those brought about by Brexit;
- estimating the percentage of enterprises acquiring insurance in each segment and region, with separate percentages given for the three annual turnover bands, through use of Finaccord's own primary research and its awareness of compulsory insurance purchase among certain segments;

continued overleaf

What methodology has been used (cont.)?

- 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 hundreds of sample prices either by phone or online, plus use of the Acturis premium index and Finaccord's own *Professional Indemnity Insurance in the UK* report;

- producing forecasts for trends for each of the 12 regions based on a combination of the trends predicted for each of the 105 professional and trade segments (since these have a different relative importance in each region) and EY's UK regional economic forecasts.

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

Which are the 105 segments covered?

Accountants and accountancy firms	Driving schools and instructors	Locksmiths	Property development and management
Agricultural, forestry and livestock services	Electrical appliance retailers and repairers	Management and business consultancies	Public relations consultancies
Amusement and recreation facilities and activities	Electricians and electrical contractors	Manufacturers of building supplies	Publishing firms
Antique dealers	Engineering firms and consultants	Manufacturers of chemical, electrical etc. products (2)	Pubs, bars and night clubs
Architects and related technical activity	Estate and letting agents	Manufacturers of clothing or footwear	Recruitment consultants
Bakery retailers and delicatessens	Farms and farmers	Manufacturers of food or drink products	Removal and storage services
Barristers	Fast food outlets	Manufacturers of furnishings or furniture	Retirement and care home operators
Book and music retailers	Financial intermediaries	Manufacturers of other products	Road haulage services
Bookmakers and other gambling services	Florists	Market traders and stall holders	Roofing contractors
Builders and building firms	Fuel retailers	Marketing and advertising firms and designers	Scrap and waste disposal services
Builders' merchants	Funeral directors	Musical and theatrical performance	Security services and equipment
Butchers and fishmongers	Furniture and carpet retailers	Newsagents	Solicitors and other legal services
Cafés and restaurants	Garage services	Off licences and wine merchants	Specialized private medical practices and clinics
Car dealers	Garden centres	Opticians	Specialized secondary educational institutions (3)
Carpenters and joiners	Gardening and landscape gardening	Other retailers and repairers	Sports clubs and facilities
Caterers and catering firms	General and private medical practices	Other service businesses	Sports goods retailers
Charities	Gift and greeting card shops	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 organisations (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
Domiciliary care providers			

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).

Which are the 15 broad sectors covered?

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 organisations
Other consumer or business services
Professional or financial services
Property management and rental
Retailing and distribution

Note – each of the 105 segments on the preceding slide belongs to one of these broad sectors. For example, the property management and rental sector is composed of estate and letting agencies, holiday home and self-catering facility operators, private landlords and property development and management enterprises.

Which are the 12 regions covered?

East Midlands (comprising Derbyshire, Leicestershire, Northamptonshire, Nottinghamshire and Rutland) – **East of England** (comprising Bedfordshire, East Anglia, Essex and Hertfordshire) – **Greater London** (comprising inner and outer London) – **North East** (comprising Durham, Northumberland, Tees Valley, and Tyne and Wear) – **North West** (comprising Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside) – **Northern Ireland** – **Scotland** – **South East** (comprising Berkshire, Buckinghamshire, East and West Sussex, Hampshire, the Isle of Wight, Kent, Oxfordshire and Surrey) – **South West** comprising Bath, Bristol, Cornwall, Devon, Dorset, Gloucestershire, the Isles of Scilly, Somerset and Wiltshire) – **Wales** – **West Midlands** (comprising Herefordshire, Shropshire, Staffordshire, Warwickshire and Worcestershire, plus the West Midlands metropolitan county and city region itself) – **Yorkshire and the Humber** (comprising East, North, South and West Yorkshire plus Northern Lincolnshire)

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 2016 with 'backcasts' to 2012 and forecasts to 2020. In addition, it also presents similar data sets for 15 broader sectors into which the segments can be grouped (as listed on slide 8) 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. *Regional Analysis*: for each region, each of 12 separate sections offer the following information: a definition; the total number and insurance expenditure of enterprises in 2016 with 'backcasts' to 2012, forecasts to 2020 and segmentations by annual turnover band; segmentations of these datasets by broad sector (as listed on slide 8);
4. *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 2016 with 'backcasts' to 2012, forecasts to 2020 and segmentations by annual turnover band.

What are the key features of the research?

Key features of this research include:

- unique, detailed data for the number of small enterprises in 105 professional and trade segments and the value of the commercial 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 12 regions and 15 broad 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;
- identification of both insurance brokers and underwriters with products or schemes targeted specifically at each segment;
- 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.

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 segments offer a sustainable growth opportunity for insurance providers while others are in long-term decline, irrespective of the economic cycle;
- gain insights into the value, growth in value and segmentation of commercial insurance expenditure by small enterprises across 12 UK regions;
- use the report and accompanying SegmentBASE database as a tool to compare any data modelled by your own organisation with Finaccord's 'default data';
- 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.

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 magnitude and future prospects of each opportunity;
3. *Banks*: prior Finaccord research shows that 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, self-employed individuals and other small enterprises in the UK? If so, this study will provide you with unique insights into the underlying structure of the market for commercial insurance acquired by this audience.

What does the interactive database look like?

2) Interactive data entry

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

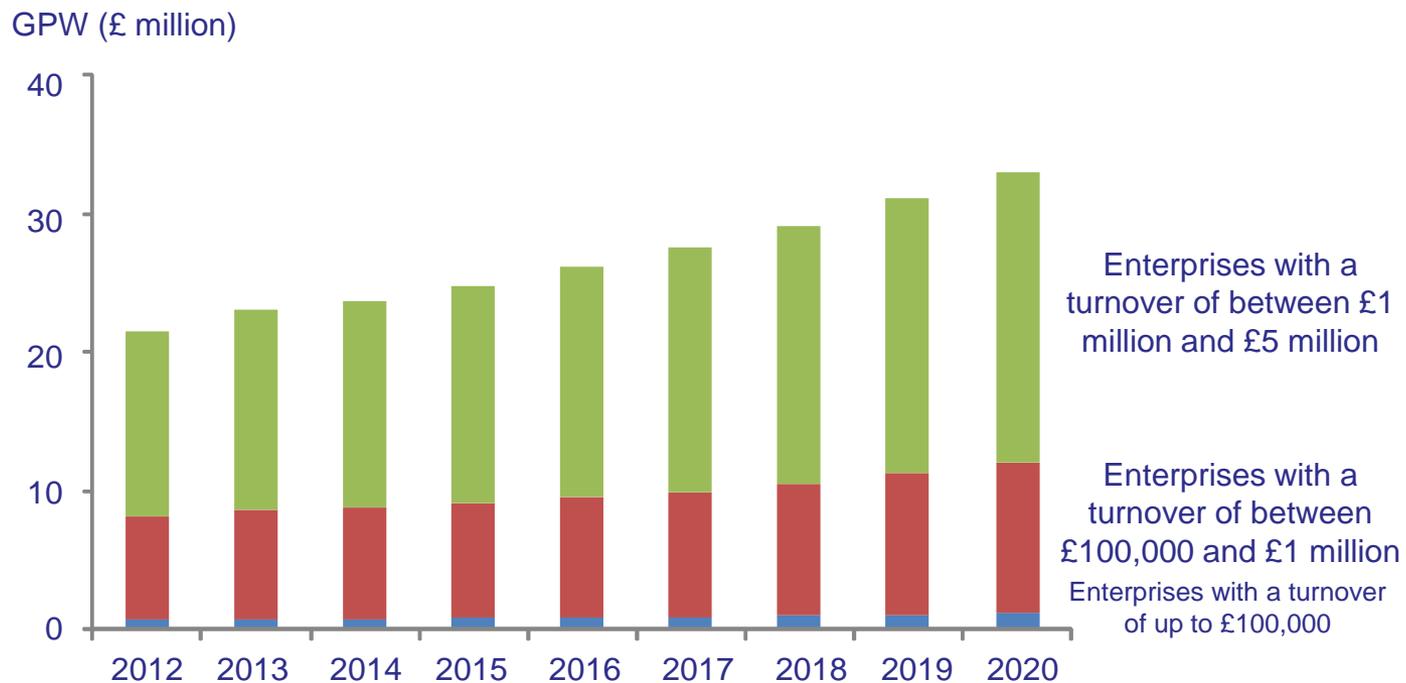
	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR, 2012-16	CAGR, 2016-20
2.1) Approximate total number of enterprises	5,980	6,225	6,488	7,020	7,128	7,368	7,559	7,768	8,034	4.5%	3.0%
of which											
- turnover of up to £100,000	907	953	972	980	871	880	867	862	864	-1.0%	-0.2%
- turnover of between £100,000 and £1 million	3,412	3,528	3,641	4,128	4,382	4,558	4,694	4,877	5,121	6.5%	4.0%
- turnover of between £1 million and £5 million	1,661	1,744	1,875	1,911	1,875	1,931	1,998	2,028	2,049	3.1%	2.2%
2.2) Annual growth in total number of enterprises (%)	n/a	4.1%	4.2%	8.2%	1.5%	3.4%	2.6%	2.8%	3.4%	n/a	n/a
of which											
- turnover of up to £100,000	n/a	5.1%	1.9%	0.8%	-11.1%	1.0%	-1.5%	-0.5%	0.2%	n/a	n/a
- turnover of between £100,000 and £1 million	n/a	3.4%	3.2%	13.4%	6.2%	4.0%	3.0%	3.9%	5.0%	n/a	n/a
- turnover of between £1 million and £5 million	n/a	5.0%	7.5%	2.0%	-1.9%	3.0%	3.5%	1.5%	1.0%	n/a	n/a
2.3) Approximate total insurance market size (GWP, £ million)	£24.7	£26.9	£28.5	£29.4	£28.9	£29.4	£30.1	£30.9	£32.0	4.0%	2.5%
of which											
- for enterprises with turnover of up to £100,000	£0.8	£0.9	£0.9	£0.9	£0.8	£0.8	£0.8	£0.8	£0.8	-1.1%	-0.5%
- for enterprises with turnover of between £100,000 and £1 million	£8.3	£8.9	£9.2	£10.2	£10.6	£10.8	£11.1	£11.5	£12.2	6.4%	3.7%
- for enterprises with turnover of between £1 million and £5 million	£15.6	£17.1	£18.4	£18.3	£17.6	£17.8	£18.3	£18.6	£19.0	3.0%	1.9%
2.4) Annual growth in approximate insurance market size (%)	n/a	9.0%	5.7%	3.2%	-1.5%	1.6%	2.5%	2.6%	3.5%	n/a	n/a
of which											
- for enterprises with turnover of up to £100,000	n/a	9.6%	1.7%	-1.5%	-13.0%	-0.7%	-2.2%	-0.3%	1.2%	n/a	n/a
- for enterprises with turnover of between £100,000 and £1 million	n/a	7.8%	3.0%	10.8%	3.9%	2.2%	2.3%	4.1%	6.0%	n/a	n/a
- for enterprises with turnover of between £1 million and £5 million	n/a	9.5%	7.3%	-0.4%	-4.0%	1.3%	2.8%	1.7%	2.0%	n/a	n/a
2.5) Estimated insurance penetration rate (%)	100.0%	n/a	n/a								
of which											
- for enterprises with turnover of up to £100,000	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	n/a	n/a
- for enterprises with turnover of between £100,000 and £1 million	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	n/a	n/a
- 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%	n/a	n/a
2.6) Estimated insurance expenditure for enterprises with cover (£)	£4,135	£4,328	£4,388	£4,186	£4,060	£3,989	£3,985	£3,977	£3,978	-0.5%	-0.5%
of which											
- for enterprises with turnover of up to £100,000	£922	£962	£960	£938	£919	£903	£897	£899	£908	-0.1%	-0.3%
- for enterprises with turnover of between £100,000 and £1 million	£2,420	£2,524	£2,519	£2,462	£2,411	£2,370	£2,354	£2,360	£2,382	-0.1%	-0.3%
- for enterprises with turnover of between £1 million and £5 million	£9,411	£9,816	£9,796	£9,573	£9,375	£9,215	£9,154	£9,175	£9,263	-0.1%	-0.3%

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

Source: Finaccord SegmentBASE

What are some of the key findings?

1. With a forecast CAGR in gross written premiums of 6.1% from 2016 to 2020, segment Z is predicted to be among the fastest-growing segments



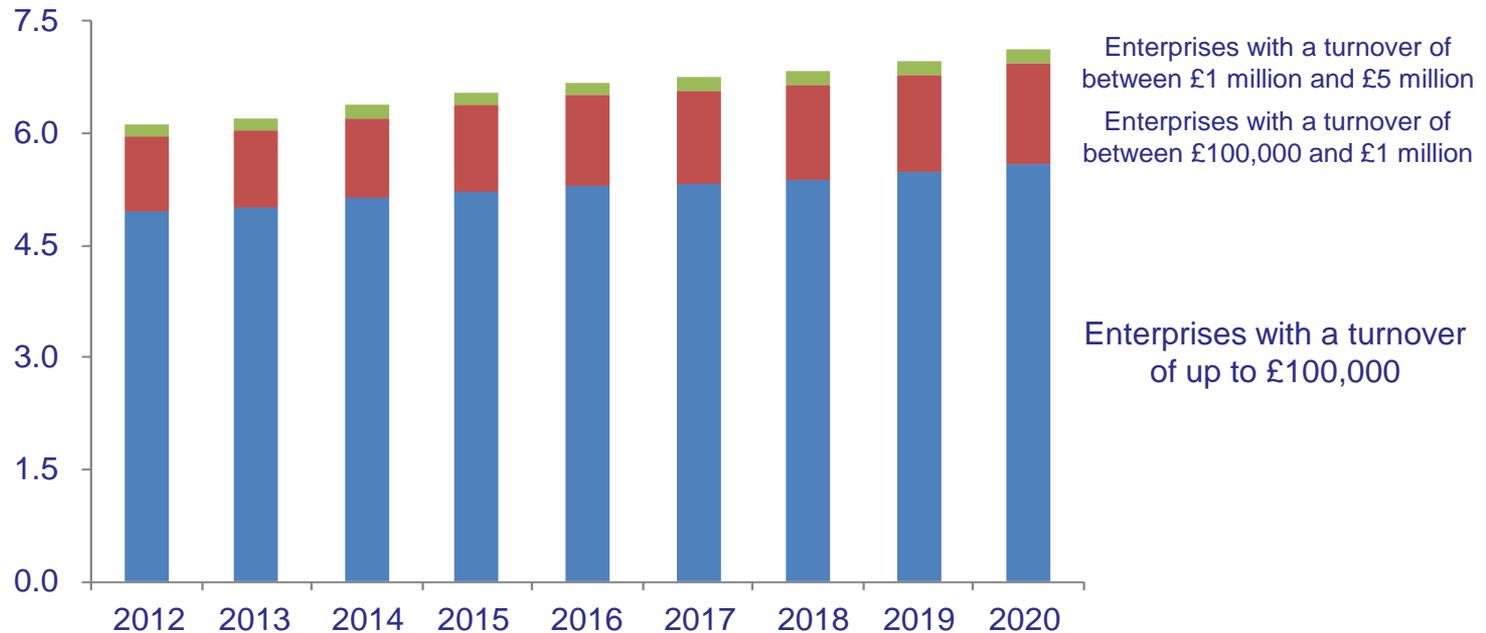
Note - Segment Z is revealed in the actual report and database

Source: Finaccord SegmentBASE

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 around 6.7 million covered

Number of enterprises, million



Source: Finaccord SegmentBASE

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 forecast compound annual growth in number of small enterprises between 2016 and 2020, the segment of public relations consultancies is predicted to advance most rapidly at a compound annual rate of growth of 6.5% while the sports goods retailers segment will probably contract the most at an equivalent rate of -2.9%;
- furthermore, as measured by the likely compound annual growth in expenditure on commercial insurance over the same period, the segment of management and business consultancies is forecast to increase most quickly (at 7.9%), followed by that of couriers (7.8%), and then by that of surveyors and valuers (6.3%);
- on the other hand, the segment whose expenditure on commercial insurance is predicted to decline most rapidly between 2016 and 2020 (at -3.0% as a compound annual rate) is that of bookmakers and other gambling services.

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 PDF document. The interactive SegmentBASE™ that accompanies the report at no further charge is in Excel format. Costs for this research and related studies about commercial non-life insurance in the UK are as follows:

REPORT	COST *
Small Business Segments: Marketing Business Insurance in the UK (overview report and database)	USD 6,995
Small Business Segments: Marketing Business Insurance in the UK (1 x segment / region and database extract)	USD 125
Affinity and Partnership Marketing in UK Commercial Non-Life Insurance	USD 2,795
Commercial Non-Life Insurance in the UK: Size, Segmentation and Forecast to 2020	USD 1,395
Fleet Insurance and Assistance in the UK	USD 1,395
Professional Indemnity Insurance in the UK	USD 1,395
Surety Bonds in the UK	USD 895

** For Singapore-based clients, GST 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 final slide for further details.

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

For acquisition of multiple reports, please contact Finaccord - discounts may be available.

How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord website, create your account (if you do not have one already) and place your order online. Products paid for online by card will be delivered immediately by e-mail but please allow up to one working day for delivery by e-mail if you choose to pay on receipt of invoice.

With regards to the **corporate user licence**, you will be asked to choose one of the following options:

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2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
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