

# PRESS RELEASE

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

***Consumers are more worried about identity theft than they are about suffering from a critical illness such as cancer or heart disease***

### *Introduction*

The information contained in the following press release is drawn from Finaccord's recently completed market research study titled *Risk Metrics: Consumer Concern for and Acquisition of Insurance for Everyday Risks in the UK*. The research for this study was carried out during April and May 2007 using the Internet consumer panel of Tpoll with completed surveys having been filled in and submitted on-line by 1,580 consumers.

In essence, *Risk Metrics* is a study about 40 sets of risk and associated insurance, warranty and assistance products that are often described as 'niche' when compared to more mainstream insurance policies in spite of the fact that the majority are considered relevant to their circumstances by over 50% of consumers.

Notably, 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 policies, whether on a stand-alone or packaged basis, among consumers.

In spite of the fact that the insurance, warranty and assistance products designed to protect the 40 underlying risk groupings possess an aggregate value of approximately £17 billion when sold separately, excluding the value attributable to them when packaged with other financial services, most are either under-researched or even unresearched on a published basis.

Indeed, there is little or no reliable published information describing consumer attitudes and behaviour when it comes to sectors such as card protection insurance, dental expenses insurance, extended warranties, GAP / shortfall protection insurance, home emergency insurance / assistance, identity theft insurance / assistance, laptop computer insurance, legal expenses insurance and sports accident insurance.

*Which specific forms of insurance are covered by the research?*

The types of insurance analysed by *Risk Metrics*, which fall into seven broader categories, are as follows:

- *personal health*: children's health insurance, critical illness insurance, dental expenses insurance, health / hospital cash plans, permanent health insurance, personal accident 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, price protection insurance;

- *personal possessions (insurance)*: angling equipment insurance, bicycle insurance, golfing equipment insurance, jewellery insurance, laptop computer insurance, mobile gadget insurance, mobile telephone insurance, musical instrument insurance, pet insurance, photographic equipment insurance, purchase protection insurance, satnav insurance;

- *personal possessions (warranty)*: extended warranty for audio-visual appliance, extended warranty for desktop or laptop computer, extended warranty for kitchen appliance, extended warranty for furniture;

- *personal security*: card protection insurance; identity theft insurance / assistance;

- *home ownership*: drainage, plumbing and water supply pipe insurance; electrical emergency and breakdown insurance, gas boiler, gas supply pipe and gas central heating insurance, home crisis insurance, pest contamination insurance;

- *car ownership*: breakdown recovery insurance, extended warranty for car, GAP / shortfall protection insurance, loss of driving license insurance

*A majority of respondents are either very or quite concerned at the risk of identity theft...*

Among consumers for whom the underlying risks are relevant, an important result arising from the research is that the highest score for concern is recorded for the risks associated with identity theft insurance / assistance. In this case, 17.8% of the applicable audience stated that they are very concerned, 40.3% that they are quite concerned, 31.1% that they are not particularly concerned and 10.8% that they are not at all concerned.

Thereafter, following identity theft insurance / assistance in terms of the degree of concern registered among consumers for whom the underlying risks are relevant are children's health insurance, critical illness insurance, card protection insurance and pet insurance. As such, a key finding of the research is that consumers are more worried about identity theft than they are about suffering from a critical illness such as cancer or heart disease.

*... but few consumers holding a credit card are worried by their ability to meet card repayments*

As for the types of insurance and the underlying risks for which the lowest degrees of concern are recorded among consumers for whom the risks are relevant, these are extended warranties for furniture, credit card payment protection insurance, pest contamination insurance, home crisis insurance and loss of driving license insurance.

Indeed, in the case of extended warranties for furniture, just 2.0% and 7.9%, respectively, of the relevant audience reported that they were very or quite concerned that furniture that they own might experience a defect, including accidental damage, after expiry of the manufacturer's original guarantee.

Furthermore, the lack of concern displayed by consumers with credit cards with regards to their ability to meet their card payments suggests that card issuers might be well-advised in future to place a greater emphasis on marketing policies other than credit card payment protection insurance to their cardholders.

**Ranking of insurance types by degree of concern  
caused by underlying risks among consumers  
for whom the risk is relevant, 2007**

**Type of insurance**

*Top 5 whose underlying risks cause greatest concern*

Identity theft insurance / assistance

Children's health insurance

Critical illness insurance

Card protection plan

Pet insurance

*Bottom 5 whose underlying risks cause least concern*

Loss of driving license insurance

Home crisis insurance

Pest contamination insurance

Credit card payment protection insurance

Extended warranty for furniture

**Source: Finaccord analysis of TPoll survey**

Commented a Finaccord spokesperson:

*“The results of the Risk Metrics research challenge a number of commonly held assumptions about different types of personal niche insurance in the UK. Moreover, it is clear that extensive media coverage of the risk of identity theft and the associated insurance product has occasioned very significant levels of concern among consumers yet the vast majority of individuals who are concerned about this risk do not possess any form of cover, whether bought separately or packaged into another type of insurance or financial product. Finally, in contrast to many of the other types of niche insurance analysed in the Risk Metrics survey, it is interesting to note that in the case of identity theft there are no clear differences in terms of the degree of concern expressed by different customer groups which suggests that this fast-growing category of cover should have universal appeal.”*

*Risk Metrics: Consumer Concern for and Acquisition of Insurance for Everyday Risks in the UK* was published in June 2007 and is available from Finaccord at a cost of £1,795.

### *About Finaccord*

Established in 2002 by a team of professionals with an extensive background in financial services, Finaccord specialises in the provision of market research, consulting services and published reports on the financial sector in the UK and Europe. By offering a focused service, Finaccord aims to be the marketing services consultancy of choice for organizations with an interest in financial services in the UK and Europe and to provide insights that are sharper, more actionable and which represent better value for money than those of generalist consultancies.

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