

PRESS RELEASE

Friday 26th June 2009

Mobile telephone insurance in Europe

Almost everyone in Europe has a mobile telephone but few currently possess mobile telephone insurance

Introduction

The information contained in the following press release is drawn from Finaccord's recently completed market research study titled *Mobile Telephone Insurance in Europe*.

The report draws on extensive primary and secondary research covering 469 organisations involved in the marketing and distribution of mobile telephone contracts and handsets in Europe. These include 171 retailers oriented primarily towards online sales and / or home shopping, 160 retailers specialising in the distribution of electrical goods with 'bricks and mortar' outlets, 90 mobile network operators (including MVNOs and network operators both with and without retail outlets), and 48 generalist retailers with 'bricks and mortar' outlets.

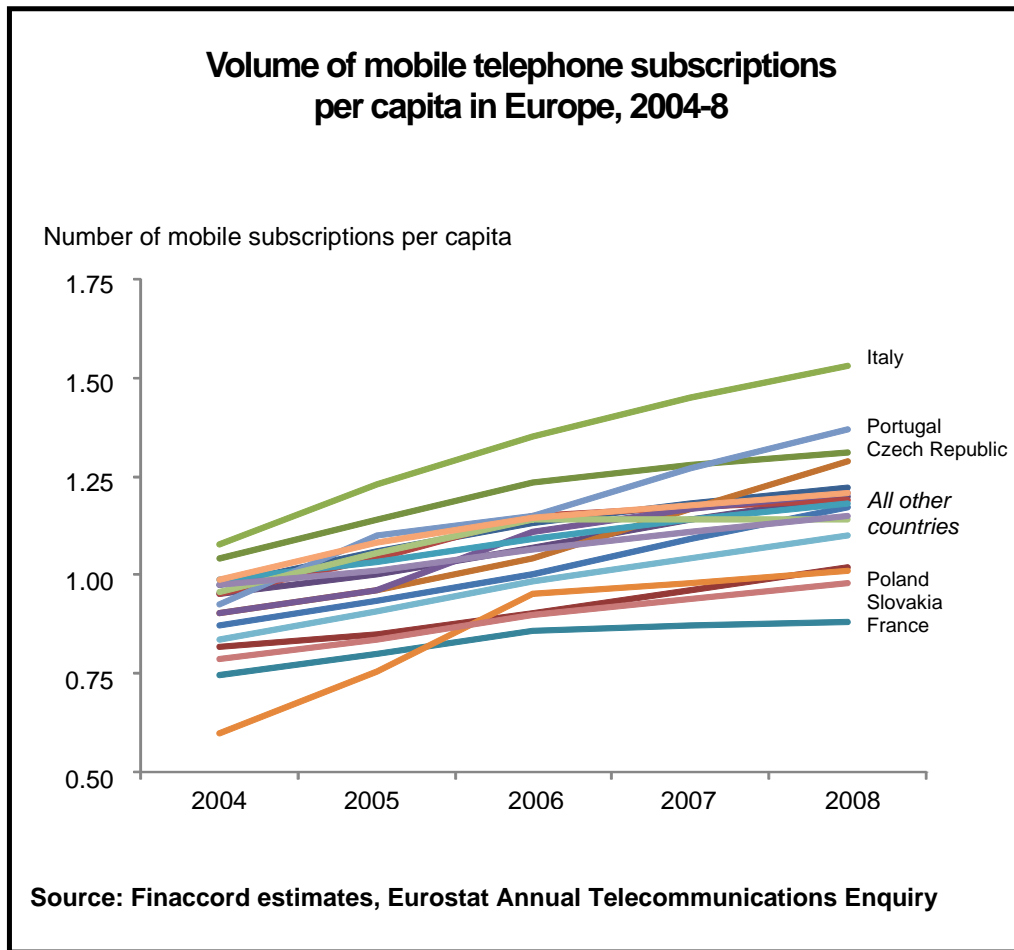
Countries covered by the research are: Austria, Belgium, the Czech Republic, Denmark, France, Germany, Hungary, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland and the UK.

Across these 18 countries, and even with mainly limited rates of penetration among mobile telephone subscribers, Finaccord estimates the market for mobile telephone insurance to have been worth a total of €2.05 billion in 2008.

Underlying market dynamics

Mobile telephone subscriptions per capita in Europe exceed 1.00 in all but two countries

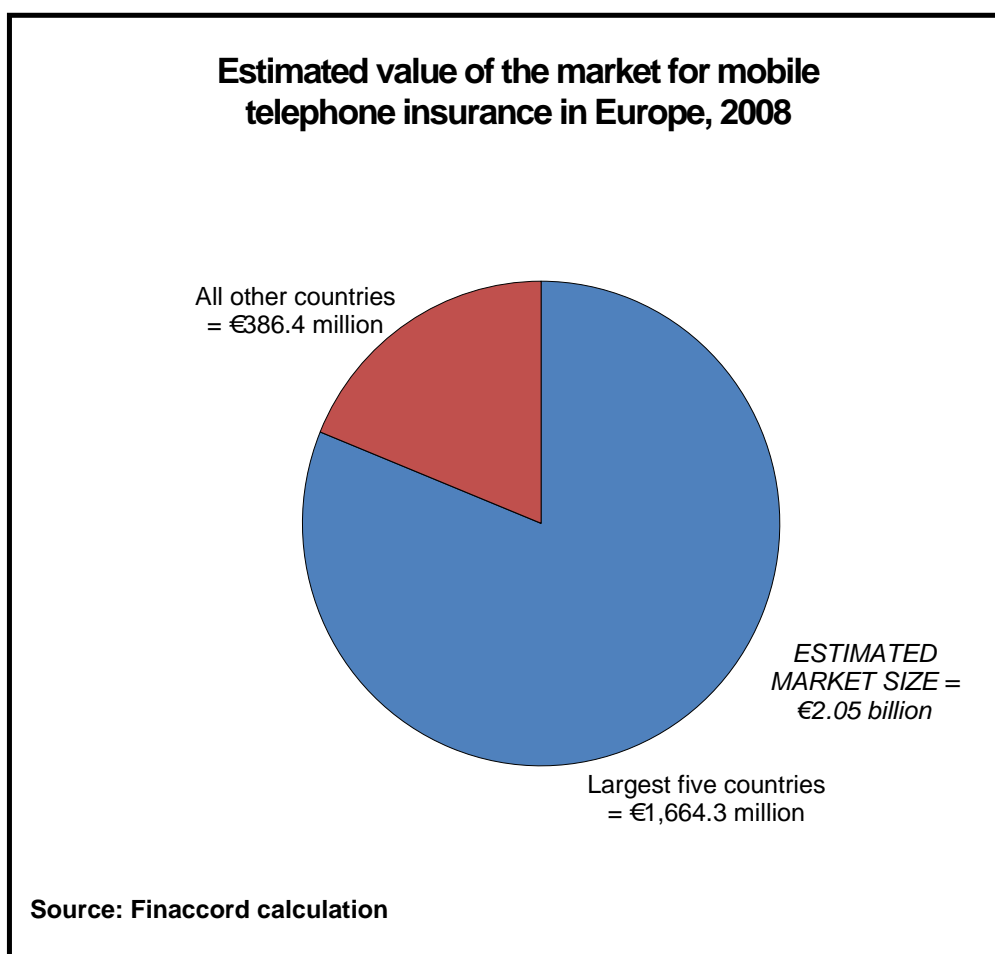
Mobile telephone insurance is a potentially relevant concept to virtually everyone because almost all adult consumers in Europe possess a mobile contract. Indeed, as illustrated in the graphic below, many individuals possess more than one mobile telephone subscription. When expressed in terms of mobile telephone subscriptions per capita, Italy emerges at the head of the pack with per capita subscriptions reaching 1.53 in 2008. Portugal and the Czech Republic occupy second and third positions, respectively, with equivalent respective data points of 1.37 and 1.31, while France is the least advanced market of those investigated with mobile telephone subscriptions per head of 0.88 in 2008. Indeed, France and Slovakia are the only countries among the 18 considered in Europe with mobile telephone subscriptions per capita below 1.00.



The market for mobile telephone insurance

In future, the pan-European market value could treble from its current €2.05 billion size

However, across the same 18 countries, Finaccord's research suggests that the rate of penetration for mobile telephone insurance across the total number of almost 530 million subscriptions is no more than 6.7%. Countries with rates of penetration in excess of 10% of subscriptions are France, the Netherlands, Sweden and the UK although cross-selling rates are significantly lower at present in most other territories. These figures convert into a total market size in terms of gross premiums written of €2.05 billion in 2008, within which the largest five countries account for over 80% of the total market value, and an average premium per policy in force of €58.09. Looking ahead, if the penetration rate reaches 20.0% across all countries, which is the maximum that Finaccord considers achievable in the foreseeable future for stand-alone sales, the market size could treble in value to €6.15 billion. Hence, the potential growth opportunity in mobile telephone insurance is clear to see.



Commented Alan Leach, Director of Finaccord:

“In the past, underlying growth in the number of mobile telephone subscriptions allied to increasing utilisation of services by mobile subscribers has underpinned the growth in revenues and profitability of mobile network operators across Europe. However, with mobile subscriptions per capita having exceeded the 1.00 threshold in most countries and with price-led competition becoming increasingly prevalent, this organic growth is likely to be much harder to come by in future. As a consequence, mobile network operators may begin to attach as much importance to mobile telephone insurance as other distributors working with lower profit margins already do, migrating from the view that it is primarily a useful means of enhancing the loyalty of customers to the opinion that it is an increasingly important source of profitability.”

Mobile Telephone Insurance in Europe was published in May 2009 and is available from Finaccord at a cost of £2,495.

About Finaccord

Finaccord is a market research, publishing and consulting company specialising in financial services. It provides its clients with insight into and information about major issues in financial services in the UK, Europe and further afield, with a particular focus on marketing and distribution topics such as affinity marketing, bancassurance and strategic alliances. It bases its published information, research projects and consultancy assignments on robust data and knowledge rather than supposition and theory. By virtue of its international network of consultants, it is able to deliver information quickly and accurately across a range of countries worldwide.

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