



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

**Report Prospectus**

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*Expertise in financial services*

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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 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 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 with results broken out in detail in each case by gender, age group, annual household income and geographical location of respondents.

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

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## Which risks and related insurance, warranty and assistance products have been researched?

### *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

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## What is the rationale?

In spite of the fact that the insurance, warranty and assistance products designed to protect the 40 underlying risk groupings possess a 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.

However, not only does the *Risk Metrics* study seek to fill a gap when it comes to providing basic insight regarding consumer concern for and acquisition of insurance to cover risks insured by these types of policy, but it also adds value in a variety of other respects. For example, in addition to gathering data for overall take-up rates of the related insurance, warranty and assistance products, the results also split holdings between cover bought separately and cover acquired on a packaged or substitute basis. Moreover, detailed tables segmenting respondents by gender, age group, annual household income and geographical location allow for further advanced knowledge concerning the risks covered and the products developed to insure them.

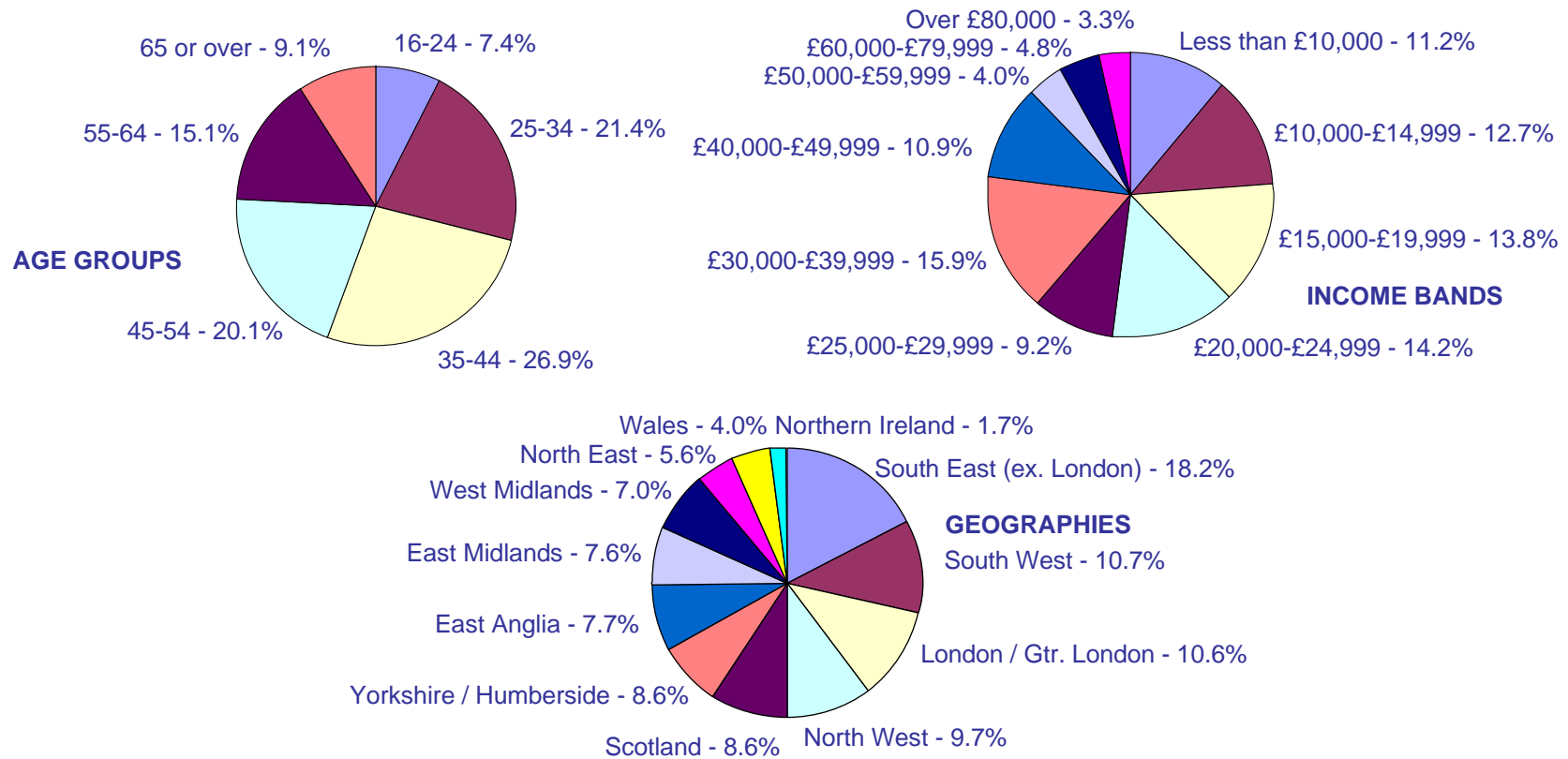
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## What methodology has been used?

The research for this study was carried out during April and May 2007 using the Internet consumer panel of Tpoll. In total, completed surveys were filled in and submitted on-line by 1,580 consumers breaking down by age group, household income band and geographical location as illustrated in the charts overleaf.

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# How does the consumer sample break down?



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## 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 sets of risk and associated insurance, warranty and assistance policies by criteria such as degree of relevance to consumers, degree of concern causing 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 credit cards, current 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 consumers by each of these 40 risks in turn as well as measuring the take-up rates for the related insurance 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, household income group and geographical location of respondent.

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## What are the key features of the research?

Key features of this report include:

- systematic coverage within a single study of 40 types of risk and associated insurance product, many of which have not previously been the subject of detailed consumer research;
- rankings for the 40 forms of insurance by their overall relevance to consumers and by 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;
- results illustrating the importance of packaging within different types of financial services including both mainstream insurance policies, such as motor insurance, household insurance and life insurance, banking products, such as credit cards and current accounts, and other structures;
- exhaustive presentation of all results split by gender, age group, annual household income and geographical location of respondent.

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## 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 stand-alone market worth nearly £17 billion;
- 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;
- understand the extent to which a stand-alone market exists for each type of insurance and the magnitude of its annual value in terms of gross premiums written or an equivalent measure;
- appreciate the degree to which packaging with other financial services is already limiting or possesses the potential to limit the future development of the stand-alone insurance market;
- use the data describing the preoccupations and behaviour of each consumer segment to hone your marketing campaigns for each of the 40 forms of insurance, warranty and assistance product under review.

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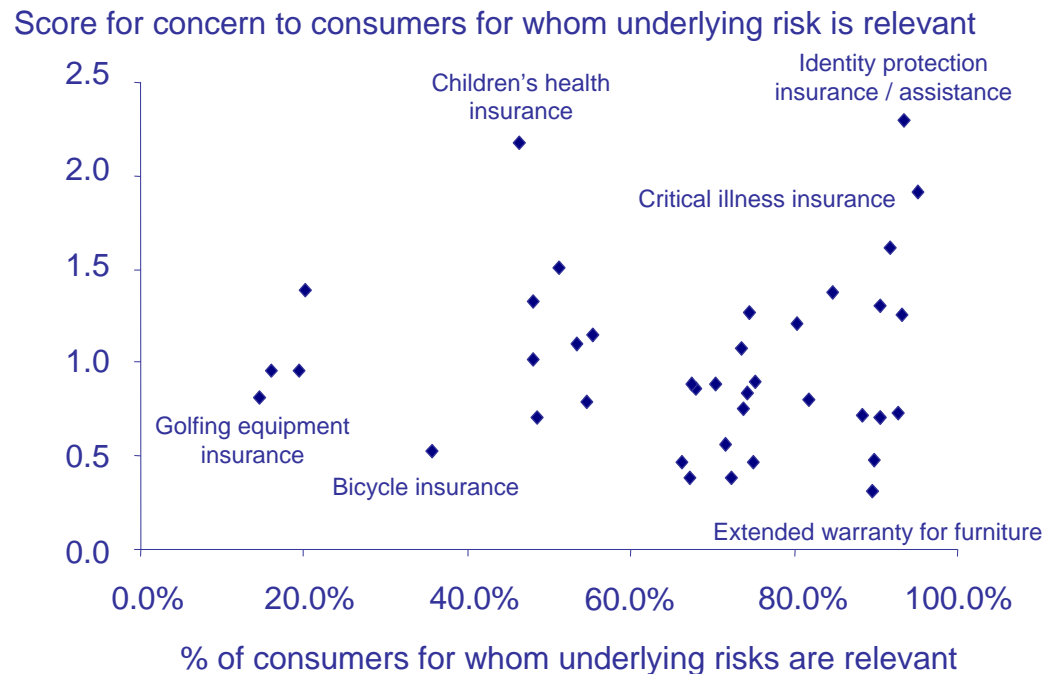
## Who can use the research?

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, the Post Office, retailers, telecoms and 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? If so, the *Risk Metrics* research could provide you with valuable data.

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

### 1. Degree of relevance and concern caused to consumers by the underlying risks varies greatly from one type of insurance to another

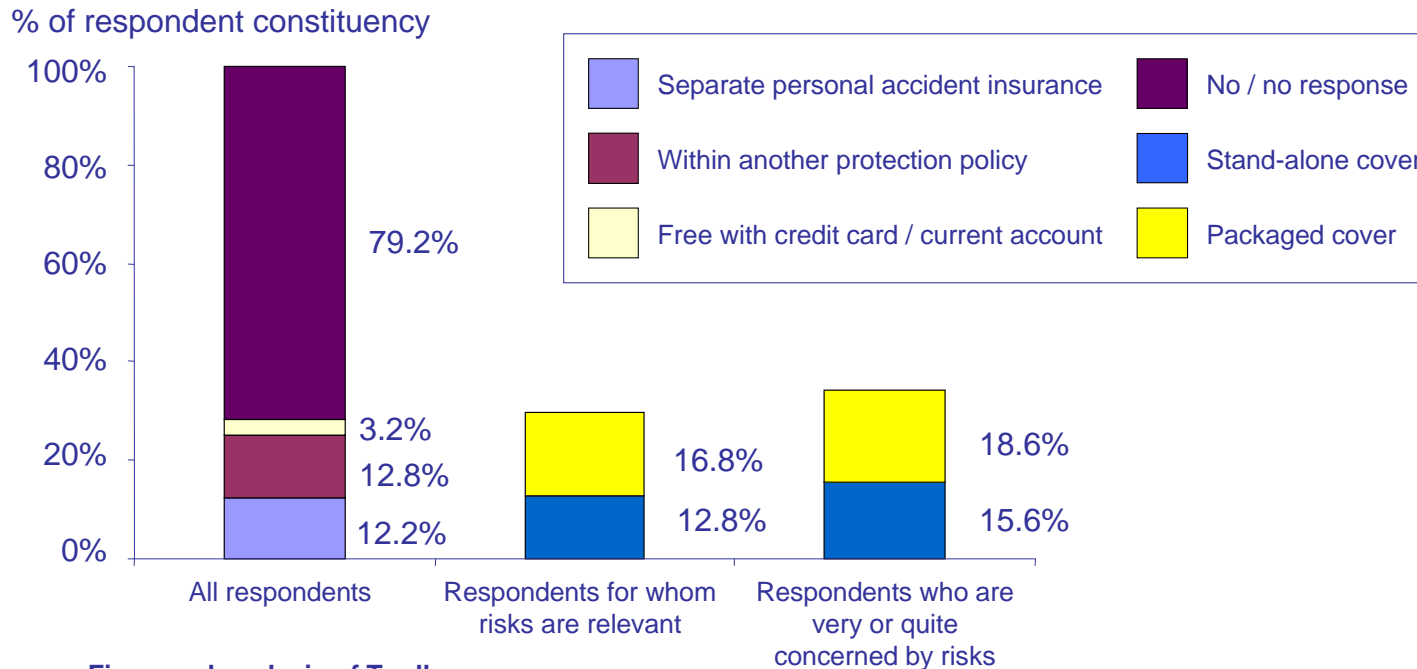


Source: Finaccord analysis of Tpoll survey

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## What are some of the key findings?

### 2. The proportion of consumers who consider themselves insured for personal accidents on a packaged basis outweighs those who have acquired cover separately



Source: Finaccord analysis of Tpoll survey

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

3. For any given type of insurance, take-up rates and the split between stand-alone and packaged cover can differ substantially by gender, age group, annual household income and geographical location

*Note: while the type of insurance analysed in the table to the right is not disclosed here, equivalent tables are provided in the report for all 40 forms of insurance, warranty and assistance product.*

Source: Finaccord analysis of Tpoll survey

Segment	% of segment with stand-alone cover	% of segment with packaged cover	% of segment with any form of cover
<i>Gender</i>			
Male	18.6%	9.0%	27.6%
Female	20.7%	9.0%	29.7%
<i>Age</i>			
16-24	2.7%	5.5%	8.2%
25-34	11.9%	7.5%	19.4%
35-44	18.5%	10.5%	28.9%
45-54	24.3%	10.0%	34.3%
55-64	24.9%	10.2%	35.1%
over 65	35.3%	7.4%	42.6%
<i>Household income</i>			
less than £10,000	8.4%	7.1%	15.6%
£10,000 - £14,999	9.7%	7.4%	17.1%
£15,000 - £19,999	16.8%	10.5%	27.2%
£20,000 - £24,999	23.0%	9.2%	32.1%
£25,000 - £29,999	25.2%	10.2%	35.4%
£30,000 - £39,999	21.4%	9.1%	30.5%
£40,000 - £49,999	20.7%	9.3%	30.0%
£50,000 - £59,999	23.6%	12.7%	36.4%
£60,000 - £79,999	39.4%	13.6%	53.0%
over £80,000	37.0%	4.3%	41.3%
<i>Geographical region</i>			
East Anglia	19.8%	9.9%	29.8%
East Midlands	20.8%	6.7%	27.5%
London / Greater London	18.6%	12.6%	31.1%
North East	10.2%	17.0%	27.3%
North West	20.3%	7.2%	27.5%
Northern Ireland	11.1%	14.8%	25.9%
Scotland	26.7%	5.9%	32.6%
South East (ex. London)	19.9%	11.8%	31.7%
South West	14.2%	5.9%	20.1%
Wales	23.8%	4.8%	28.6%
West Midlands	25.5%	4.5%	30.0%
Yorkshire / Humberside	21.5%	8.1%	29.6%
<b>Total</b>	<b>19.9%</b>	<b>9.0%</b>	<b>28.9%</b>

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

Key findings from the executive summary include:

- in aggregate, Finaccord believes that the market value for stand-alone policies in these 40 areas is worth almost £17 billion in terms of gross premiums written, in the case of insurance products, or revenues, for non-insurance contracts;
- among consumers for whom the underlying risks are relevant, the greatest concern at these risks is recorded for those related to identity theft insurance and assistance given that 17.8% of the applicable audience stated that they are very concerned and 40.3% that they are quite concerned;
- respondents in the 16-24 age group are particularly concerned about accidental damage to or loss or theft of laptop computers, mobile gadgets and mobile telephones and, also, less obviously, about unanticipated expenses for dental treatment;
- there are grounds for arguing that children's health insurance, critical illness insurance and identity protection insurance, among other types of policy, are most likely to be under-sold relative to the degree of concern caused by the underlying risks.

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## 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 and / or hard copy. Costs for this research and a selection of sister consumer titles are as follows:

<b>REPORT</b>	<b>COST *</b>	<b>FORMAT</b>
Risk Metrics: Consumer Concern for and Acquisition of Insurance for Everyday Risks in the UK	£1,795	c. 290 pages
Brand Metrics: Consumer Awareness of and Attitudes Towards Brands in UK Financial Services	£1,495	c. 150 pages
Channel Metrics: Trends in Current and Future Dist. Chan. Usage in UK Fin. Svs. (report / 25 briefings)	£2,995 / £395	c. 350 pages / 30 pages
Net Metrics: Purchasing and Researching Trends in UK Insurance / Banking (two sep. reports)	£1,495 / £1,495	c. 150 pages
Partner Metrics: Consumer Awareness of and Willingness to Use Alternative Providers in UK Fin. Svs.	£1,795	c. 220 pages

*VAT at 17.5% will be added to the basic price except for where the request is for hard copy only.*

*Costs quoted are for a single site user license only.*

*For a corporate user license, an additional 10% of the basic cost is payable.*

*Printing and postage costs of £30 per title will be payable if hard copy is required.*

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## How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site - <http://www.finaccord.com/uk/order.php> - and fill in the on-line order form, clearly indicating the report that you require, whether you also require a corporate user license, the billing name, address and e-mail address, and the purchase order number, if applicable.

Please allow one working day for the delivery of electronic copy and one working week for the arrival of hard copy.

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