

# Travel Metrics: Consumer Approaches to Travel Insurance in Europe

**Series Prospectus**

*October 2006*

*Expertise in European financial services*

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## What is the research?

Finaccord's *Travel Metrics series of reports* offers detailed and unique insights into the behaviour of consumers in the context of travel insurance. Based on a primary survey of consumers in France, Germany, Italy, Spain and the UK carried out between June and August 2006, the research provides valuable data describing the extent to which those undertaking significant journeys take out travel insurance and clarifying the proportion of uninsured travellers who recognise the benefits of the insurance but simply do not get round to acquiring cover.

In addition to calculating the percentage of consumers that buys travel insurance in each country, the investigation also analyses the types of policy that they buy (ie. annual policies, single trip policies or policies packaged automatically with holidays / travel tickets or credit cards), whether they hold comprehensive or partial cover for travel-related risks, which distribution channel and interface they use to take out travel insurance and whether they buy a policy at the same time as arranging a holiday or travel ticket or either in advance or retrospectively.

Finally, the reports measure the degree to which consumers are satisfied with their insurance, whether they find it expensive and if they are unlikely to purchase it the next time that they undertake a significant trip, and rank major underwriters of travel insurance according to the frequency with which they are identified by consumers as the provider of their policy.

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## Which titles are available?

The *Travel Metrics* series is composed of six separate publications, namely: an overview study providing comparisons for the metrics gathered across all five countries as well as the results for each country; and five country-specific titles providing the results for the investigation into travel insurance for a single country. The titles in question are as follows:

Travel Metrics: Consumer Approaches to Travel Insurance in Europe

Travel Metrics: Consumer Approaches to Travel Insurance in France

Travel Metrics: Consumer Approaches to Travel Insurance in Germany

Travel Metrics: Consumer Approaches to Travel Insurance in Italy

Travel Metrics: Consumer Approaches to Travel Insurance in Spain

Travel Metrics: Consumer Approaches to Travel Insurance in the UK

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## What is the rationale?

Finaccord has published its *Travel Metrics* series of reports in order to fill the gap for detailed and reliable data concerning consumer behaviour in the under-researched market for travel insurance across Europe. There is little published information providing detailed insights into consumer approaches to travel insurance on a pan-European basis in spite of the fact that an increasing proportion of consumers are both undertaking journeys more frequently and travelling to more far-flung destinations.

A further, equally important, motivation for publishing this series is that travel insurance, like many other forms of non-life insurance, continues to experience significant changes to the way in which it is sold as a consequence both of the evolving travel preferences of consumers and the increasing availability of travel cover, in one form or another, through a range of distribution channels, especially via the Internet. Indeed, this dynamic is one that is common to all five countries covered by the research.

As such, the titles in the *Travel Metrics* series are designed to allow travel insurance and assistance companies, tour operators, travel firms and other actual or possible distributors, such as banks or retailers, to benchmark their performance or potential in the arena.

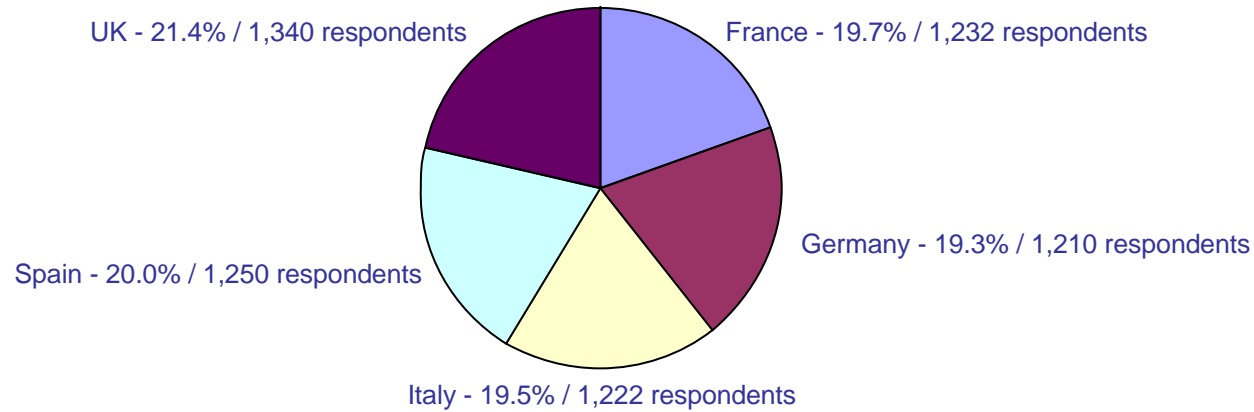
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## What methodology has been used?

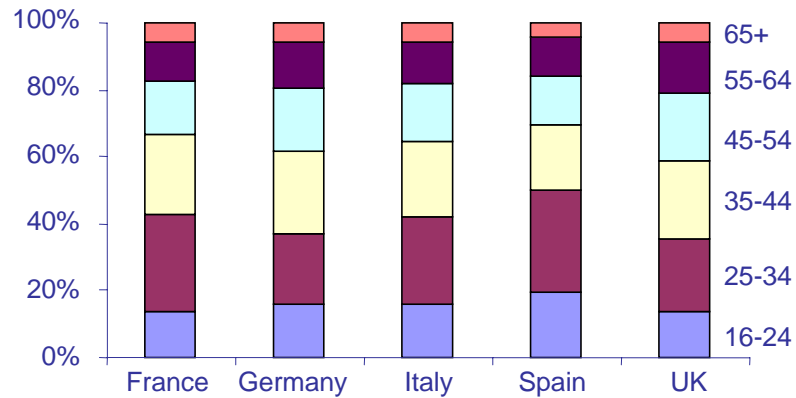
The research for this study, which covers over 6,250 consumers in five European countries, was carried out between June and August 2006 using a mixed methodology combining both Internet and telephone research techniques. A breakdown of the eventual sample by country, age group and annual household income is presented on the following page. Additional breakdowns by geography in each country are provided in the reports themselves.

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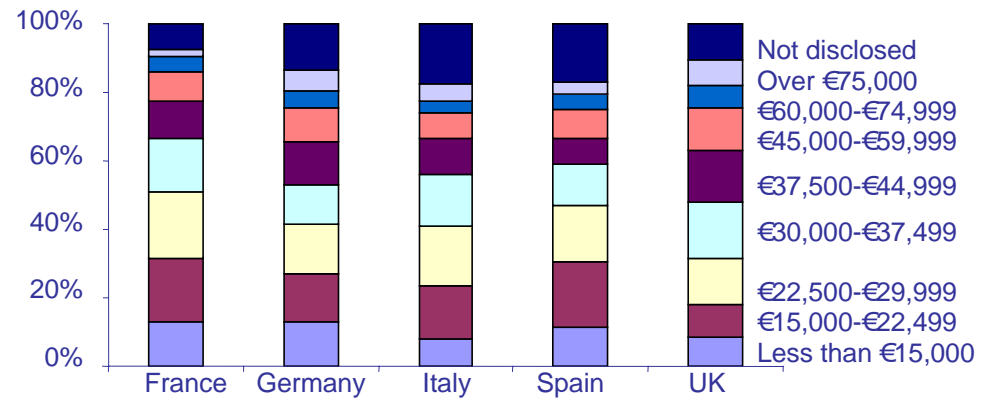
# How does the consumer sample break down?



% breakdown by age group



% breakdown by annual household income



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## What is the report structure (for the sector-specific reports)?

*0. Executive Summary:* providing a concise evaluation of the principal findings of the report.

*1. Introduction:* offering rationale, a detailed description of methodology and a full transcript of the questionnaire used for the research.

*2. European Overview:* this chapter provides a comparison across all five countries of the proportion of consumers that acquired travel insurance the last time that they undertook a significant journey and the risks covered by the insurance that they possess. It also contrasts the types of travel insurance acquired by this constituency, including the breakdown between policies paid for separately and policies packaged with holidays or credit cards, and, for travellers who have not acquired insurance, the reasons given for not doing so.

In addition, it compares the distribution channel used to acquire insurance (for example, a travel firm or another channel), the distribution interface used for the same purpose (namely, a face-to-face environment, the Internet, a telephone call to the insurance provider, a telephone call from the insurance provider or the post), the point in time chosen to take out the insurance (for example, at the same time as arranging a holiday or travel ticket or at an earlier or later point) and the overall level of satisfaction with the insurance policy purchased.

*3. France:* this chapter presents the same information as described above exclusively as it pertains to consumer approaches to travel insurance in France.

*4 - 7: Germany, Italy, Spain and UK (all contents as for France).*

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## What are the key features of the research?

Key features of the reports in this series include:

- unique analyses showing the percentage of consumers that acquire travel insurance in each country and the potential for this proportion to grow further;
- accurate data describing the percentage of travellers covered for a comprehensive range of travel-related risks as opposed to a limited array of risks only;
- robust statistics illustrating the extent to which a plethora of alternative distribution channels, such as airlines, banking institutions, credit card issuers, retailers and direct sales by insurers are eroding the share of the travel trade;
- reliable ranking of the underwriters identified by consumers as the providers of their travel insurance the last time that they undertook a significant journey;
- valuable insights into the reasons given by travellers for not purchasing insurance (for example, because they did not have time, because it is too expensive, because they did not see the benefit).

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## How can the research be used?

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

- benchmark your organisation's performance in travel insurance: is this a market in which it could achieve a higher volume of policies underwritten or intermediated?
- appreciate the potential for increasing the penetration of more comprehensive policies - what is your organisation's experience?
- evaluate the opportunities for distributing travel insurance through channels other than the travel trade - to what extent will consumers buy through these means?
- assess the apparent consumer awareness and utilisation of major underwriters of travel insurance including ACE European Group, AIG, AXA, Elvia / Mondial Assistance, Europ Assistance and firms belonging to the European Travel Insurance Group;
- gain insight into the number of uninsured travellers that has no fundamental objection to acquiring travel insurance but that simply does not get round to doing so - what is the potential to increase the cross-selling rate through more effective marketing strategies?

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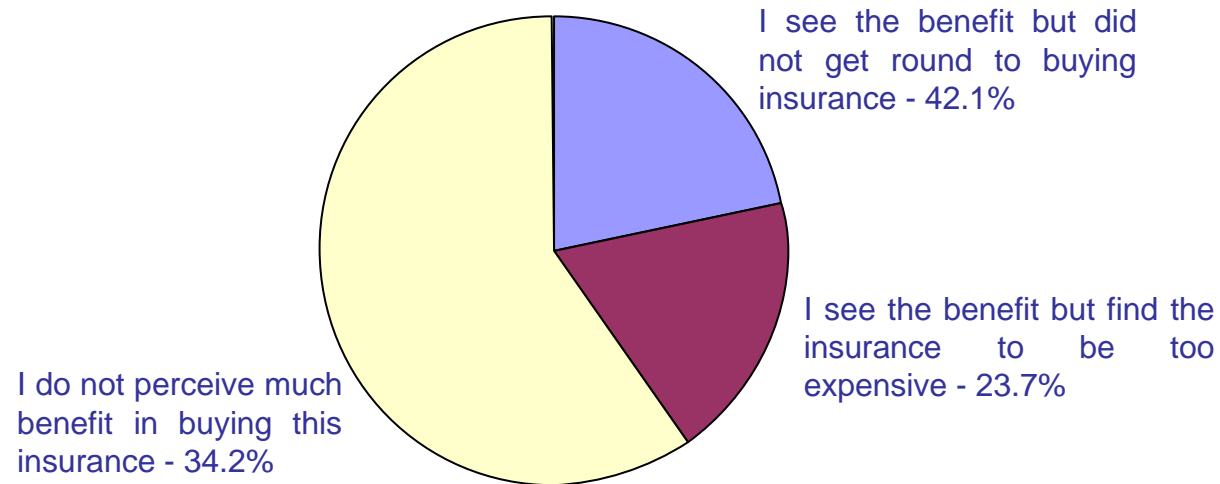
## Who can use the research?

1. *Insurance and assistance firms*: firms with an interest in travel insurance in Europe will be able to arrive at a detailed understanding of the dynamics of this complex market which can be used when planning strategy or negotiating new distribution partnerships;
2. *Travel companies*: major travel agencies and tour operators will benefit from this research by appreciating the extent to which their performance in selling travel insurance is superior or inferior to the wider market averages;
3. *Banks, credit card issuers and other consumer-facing organisations*: the results of the research suggest that there may be opportunities to develop affinity programs for travel insurance through new channels - does this represent a viable option for your company?
4. *Management consultancies*: are you helping an insurance or assistance firm or distributor of travel insurance to improve its performance in this sector in France, Germany, Italy, Spain or the UK? If so, this research will provide you with unique insights into consumer behaviour in these markets.

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## What are some of the key findings?

1. % split of attitudes towards travel insurance of consumers from Germany undertaking significant journeys without cover, 2006

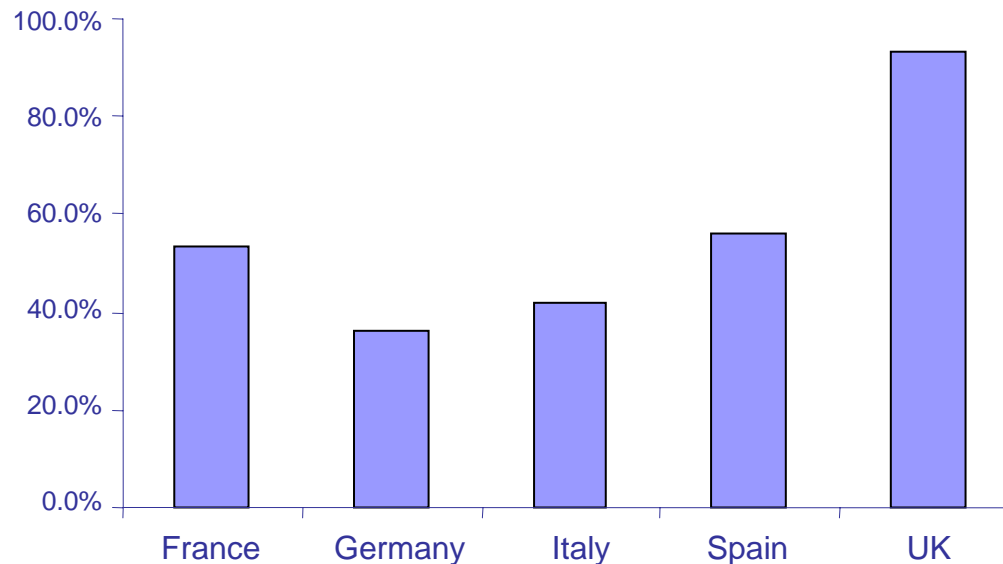


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## What are some of the key findings? (cont.)

### 2. Considerable scope exists to improve cover for delays to flights or trips among consumers acquiring travel insurance in Europe

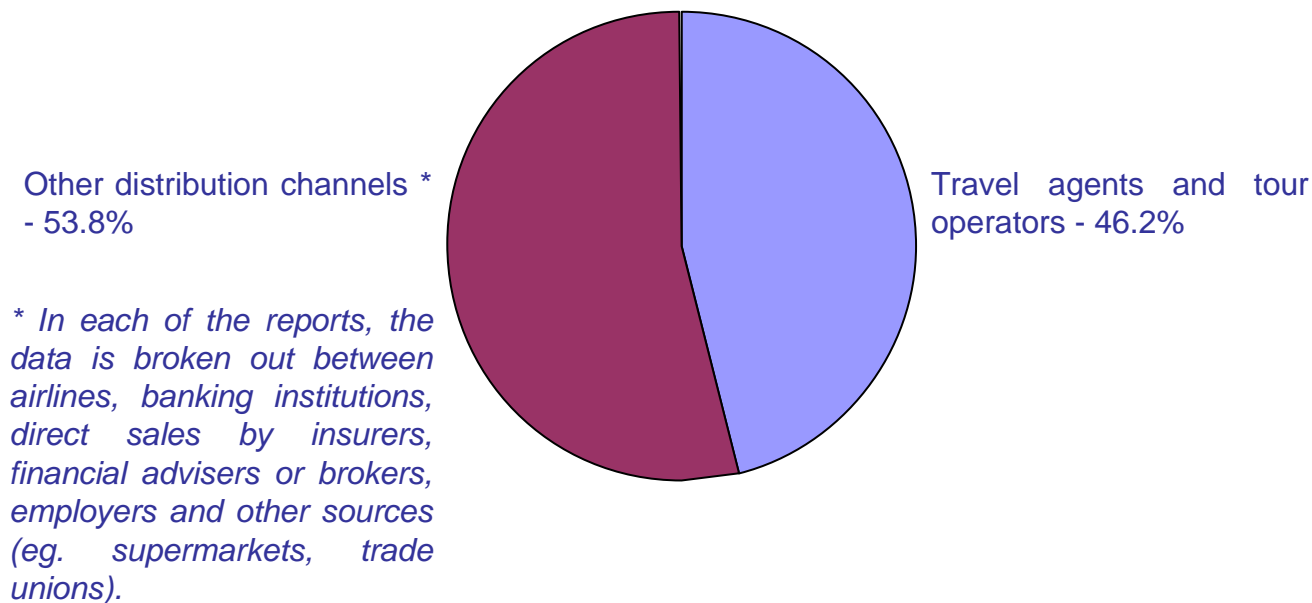
% of consumers holding insurance that is covered for delays to flights or trips



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

3. As in other countries, the position of the travel trade in Italy as the dominant distribution conduit for stand-alone travel insurance is under pressure



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

Key findings from executive summaries in this series include:

- Germany and the UK are comparatively similar in the sense that few consumers obtain their cover automatically in the price of the holiday or travel ticket or through the credit card used to pay for the holiday or travel ticket;
- with regards to the identity of the insurer underwriting the travel insurance held by respondents, a substantial proportion of insured travellers in all five countries were unable to name the insurer underwriting their policy, the percentage varying from 19.9% in Germany to 49.3% in Spain;
- as for the emerging distribution options for stand-alone travel insurance, relatively high shares are recorded for financial advisers or brokers in Germany, airlines in Spain and banks and building societies, employers and other channels in the UK;
- for the moment, travel insurance continues to be sold most successfully in a face-to-face environment in all countries other than the UK given that a clear majority of respondents in the four continental European nations claimed to have bought the travel cover that they consider most important in this way the last time that they undertook a significant journey.

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## What is the cost and format?

All of the reports in the *Travel Metrics* series are available as standard Adobe Acrobat PDF documents and / or hard copies. Costs for the various titles in the series and for other pan-European consumer research studies are as follows:

REPORT	COST *	FORMAT
Travel Metrics: Consumer Approaches to Travel Insurance in Europe	UK£1,995	c. 140 pages
Travel Metrics: Consumer Approaches to Travel Insurance in F / D / I / E / UK	UK£595	c. 35 pages
Creditor Metrics: Cons. Apps. to Pay. Prot. Ins. linked to Personal Loans and Consumer Credit in Europe	UK£1,995	c. 120 pages
Creditor Metrics: Consumer Approaches to Payment Protection Insurance linked to Credit Cards in Europe	UK£1,995	c. 135 pages
Mobile Metrics: Consumer Approaches to Mobile Telephone Insurance in Europe	UK£1,995	c. 120 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 up to UK£30 per title (or € equivalent) 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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