

# Non-Life Bancassurance in Europe: Commercial Lines, 2006

**Report Prospectus**

*September 2006*

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## What is the research?

Finaccord's report titled *Non-Life Bancassurance in Europe: Commercial Lines* is the first ever dedicated study of the distribution of insurance for business customers by banking institutions serving this constituency. The research is based on a survey of 370 business banks in ten territories in Europe: Austria, Belgium, France, Germany, Italy, the Netherlands, the Nordic region (comprising Denmark, Norway and Sweden), Portugal, Spain and the UK / Republic of Ireland.

By means of this investigation, the report sheds unprecedented light on the extent of involvement of banks across Europe in the distribution of commercial lines policies, highlights the types of business insurance that they promote, clarifies the operating models that they use to compete in this market and identifies the underwriters and brokers with which they work to source commercial insurance policies.

Moreover, the PartnerBASE™ database which accompanies the publication offers a thorough means of researching current practice commercial lines bancassurance on a bank-by-bank, country-by-country or product-by-product basis. As such, this report and the associated PartnerBASE™ database constitute the most detailed research into bank-oriented distribution of business insurance that has ever been completed on a published basis at the pan-European level.

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## What is the rationale?

Since it began to develop rapidly in the late 1980s and 1990s, much has been written about the phenomenon of bancassurance in Europe. In particular, for the distribution of life insurance and retirement savings products, banks have now achieved a dominant position in several European markets including Austria, Belgium, France, Italy, Portugal and Spain although progress has been slower in Germany, Ireland, the Nordic region and the UK.

However, in spite of the fact that over 80% of Finaccord's sample of 370 business banks have at least some involvement in distributing insurance to business clients, this is the first time that a detailed study has ever been published on the subject in a market for commercial non-life insurance estimated to be worth in excess of €130.0 billion in gross written premiums in 2005 across the territories covered by the research.

Furthermore, in the light of the frequency of contact that banks enjoy with the small and medium-sized enterprises and self-employed individuals which make up the vast majority of business banking customers, by number, in all territories reviewed, it is clear that they constitute a potentially effective distribution channel, albeit one that remains under-developed in most instances. Notwithstanding this, in the UK, Finaccord's research indicates that 7.8% of small businesses that buy insurance do so through a bank.

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## Which types of business insurance are covered by the research?

Finaccord's investigation into the involvement in commercial lines bancassurance of 370 banks serving business customers in Europe provides focused coverage of their current arrangements for the following 15 specific types of business insurance coverage:

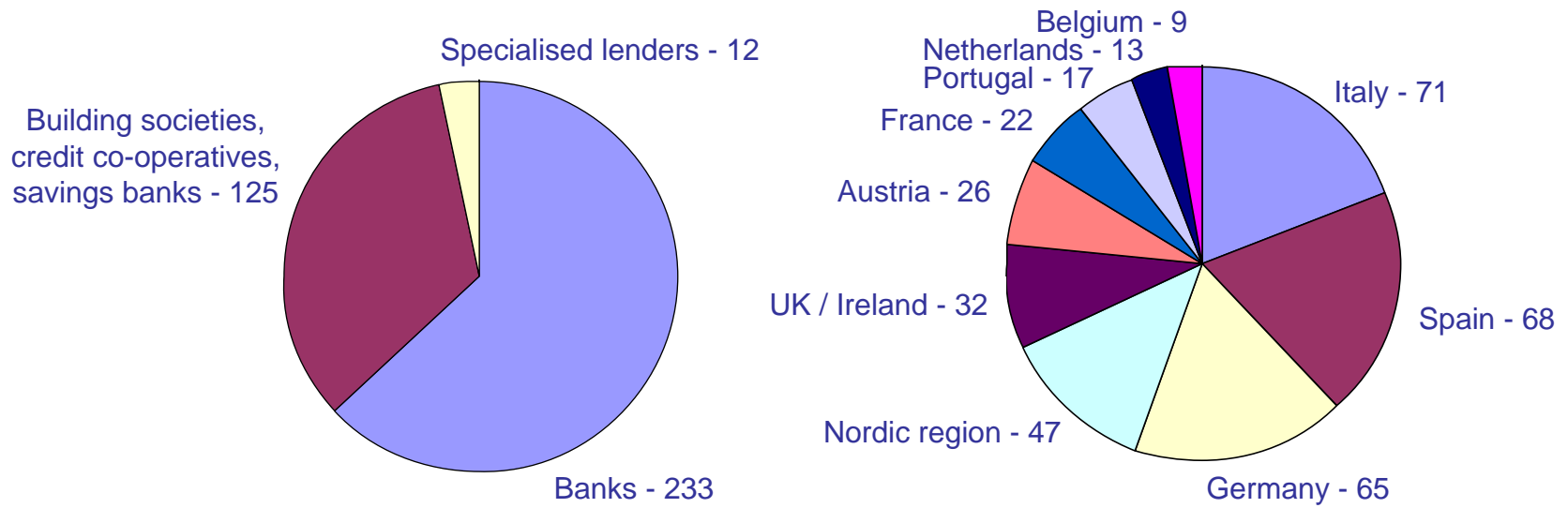
- agricultural insurance;
- business interruption insurance;
- business loan payment protection insurance;
- commercial motor / fleet insurance;
- commercial property insurance;
- directors' and officers' liability insurance;
- electronic / machinery insurance;
- general / product / public liability insurance;
- goods-in-transit / cargo insurance;
- key man insurance;
- legal expenses insurance;
- loss of license insurance;
- partnership / shareholder protection insurance;
- surety bonds;
- and trade credit insurance.

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## What methodology has been used?

The research for this report, in addition to the associated PartnerBASE™ database, was undertaken during a 12-week period from June to August 2006. Finaccord contacted a total of 370 banking institutions with business customers broken down by type and by country as shown in the graphics overleaf, concentrating, wherever possible, on individuals directly responsible for the development of the entity's commercial lines or wider bancassurance activity. It believes this to account for virtually every significant bank with business customers in each country, thereby amounting to an extremely comprehensive survey in this area.

# How do business banks surveyed 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, description of methodology and other related notes.

2. *European Overview*: comprising a pan-European overview of the size and growth of the market for commercial non-life insurance, split by type of insurance, and the rate of provision among banks for each of the 15 specific types of commercial insurance policy considered across the ten territories in question plus an aggregated analysis and comparison of the operating models used by banking institutions to source commercial lines policies in the same territories.

3. *Austria*: an in-depth analysis of the degree to which business banks in Austria offer commercial lines insurance to their customers, the types of policy that they promote, the operating models that they employ to this end (ie. partnerships with a single, external underwriter, use of a panel of underwriters, relationships with external brokers, utilisation of internal brokerage units or captive underwriters, or development of other hybrid models) and the identity of the partner organisations with which they collaborate in this context. This chapter also provides a background to the characteristics and importance of the bancassurance distribution channel in Austria, in general.

4 - 12: *Belgium, France, Germany, Italy, Netherlands, the Nordic region, Portugal, Spain and UK / Ireland (for all, contents as for Austria).*

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# What are the key features of the research?

Key features of this report include:

- detailed and comprehensive insight into the types of commercial insurance policy promoted by 370 banking institutions serving business customers in ten European territories;
- clarification of the operating models and partners used by the same universe of banks for distributing and placing business insurance policies;
- comparisons of the extent of involvement in commercial lines bancassurance of banks in each of the ten territories under consideration including analysis of the types of business insurance that are popular in each;
- coverage of niche forms of business insurance including business loan payment protection insurance, legal expenses insurance and trade credit insurance;
- identification of strategic relationships established by underwriters and brokers with banks for the purposes of initiatives in commercial lines bancassurance.

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## How can the research be used?

You may be able to use this report and the PartnerBASE™ that accompanies it in one or more of the following ways:

- utilise the research to understand the approach to marketing and distribution of business insurance policies of each of the banks covered by the survey;
- appreciate the extent to which banks have established 'open architecture' or 'closed architecture' operating models to source commercial insurance;
- evaluate the opportunities for your own organisation to create distribution relationships with banking institutions in Europe for initiatives in business insurance;
- assess the degree to which banks are interested in marketing niche commercial policies in addition to standardised packages for small and medium-sized businesses;
- monitor the activity of your competitors in this field - to what extent are they taking advantage of opportunities in commercial lines bancassurance that your firm is missing out on or unaware of?

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## Who can use the research?

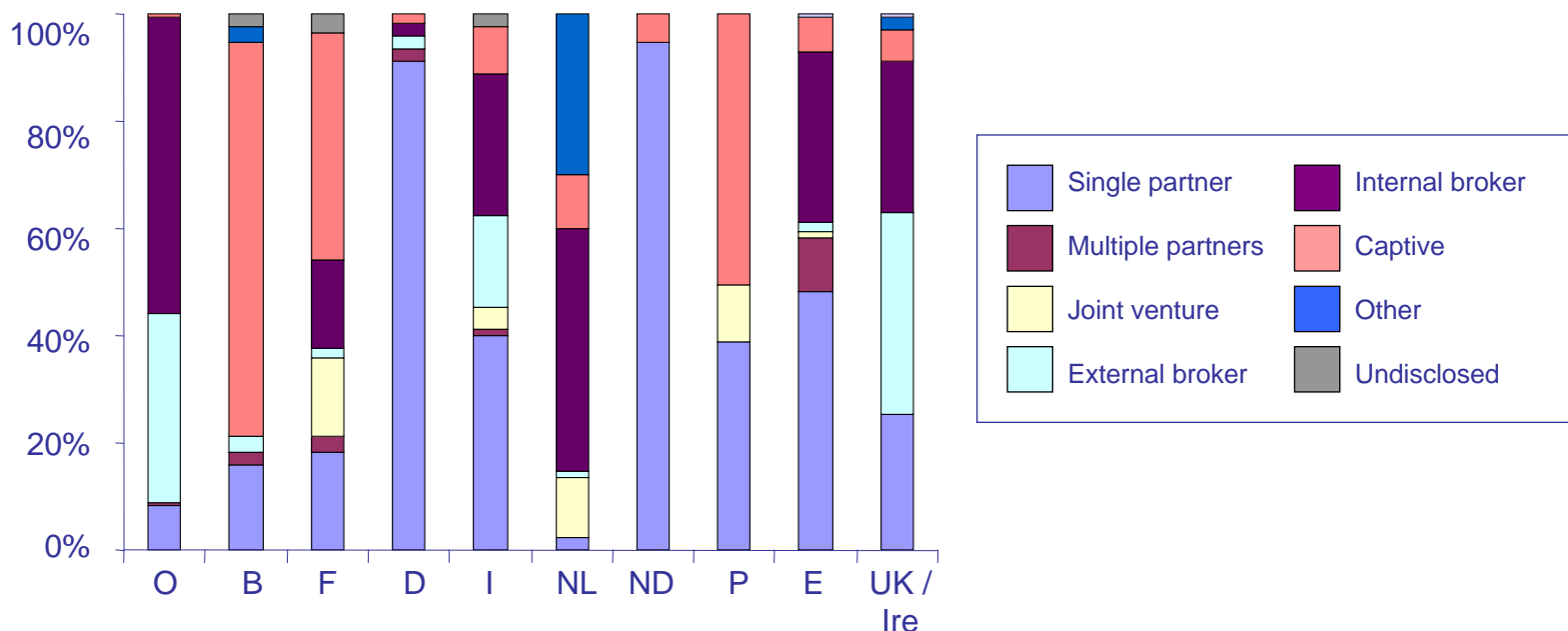
1. *Commercial lines underwriters:* this study constitutes a thorough guide to the current distribution opportunity for marketing business insurance through the bank channel with coverage of 15 specific types of commercial policy.
2. *Commercial insurance brokers:* the research indicates that over one third of initiatives in European commercial lines bancassurance are organised through brokerage distribution systems, in many cases by means of collaboration with external brokers.
3. *Banks:* across Europe, banks demonstrate vividly contrasting degrees of commitment to participation in business insurance in spite of the magnitude of the opportunity - however, this research allows them to benchmark their own position relative to a peer group numbering 370 banks in total.
4. *Management consultancies:* are you helping a broker or underwriter of commercial insurance with its distribution strategy or advising a bank with respect to the future development and direction of its non-life insurance proposition? If so, this study will provide you with unrivalled insight into the under-researched commercial lines bancassurance market.

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# What are some of the key findings?

## 1. The operating models used for initiatives in commercial lines bancassurance in Europe vary radically from one country to another

% split of operating models for commercial lines bancassurance

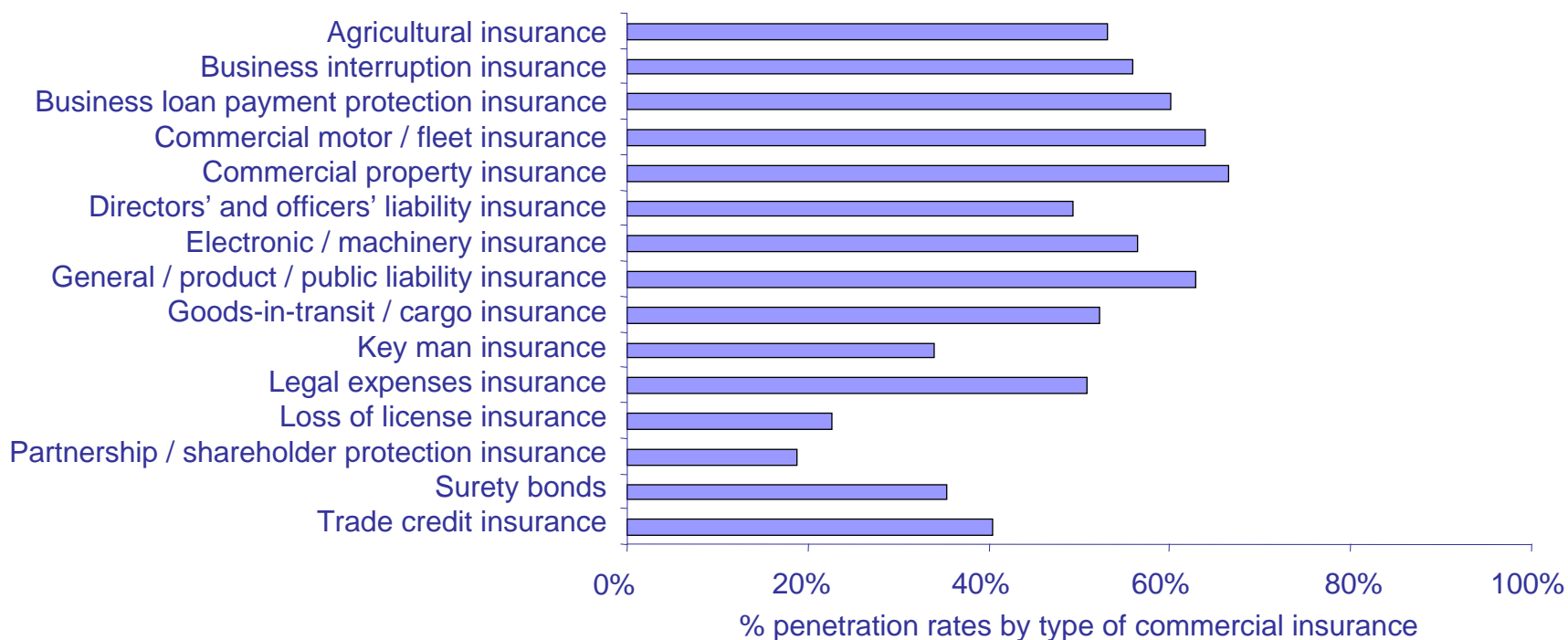


Source: Source: PartnerBASE for Non-Life Bancassurance in Europe

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

- Over 50% of the 370 banks surveyed across Europe have an arrangement in place to promote ten out of the 15 specific types of business insurance cover considered



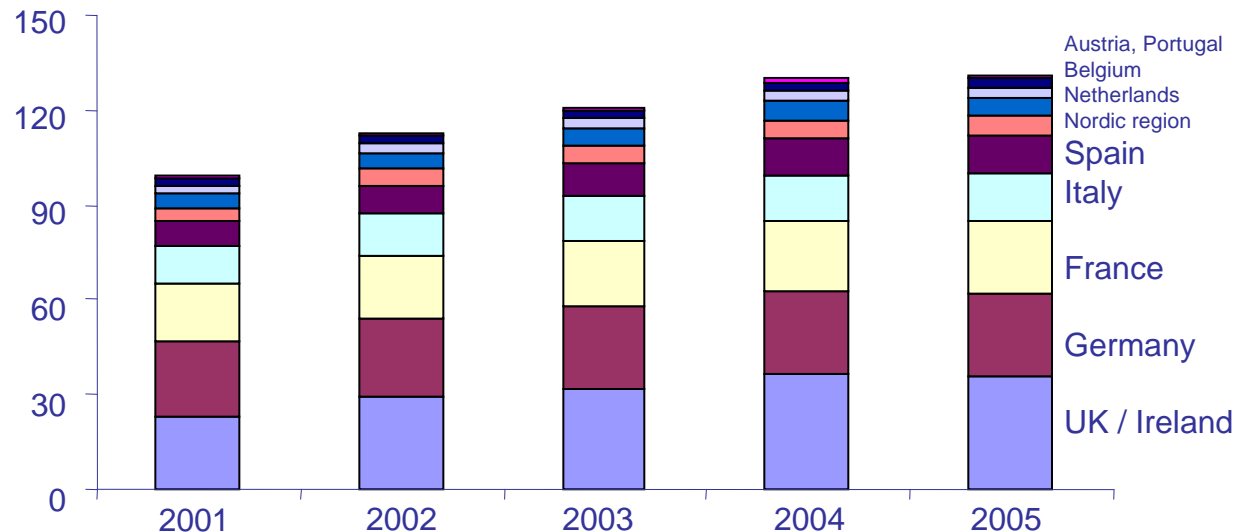
Source: PartnerBASE for Non-Life Bancassurance in Europe

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

### 3. Across the territories considered, commercial non-life gross premiums written exceed €130 billion in value

Commercial non-life insurance gross premiums written, € m



Source: various European insurance associations, Finaccord estimates

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

### 4. Key findings from the executive summary include:

- the vast majority of significant banks serving business customers in Europe have at least some involvement in distribution of commercial insurance policies, the main exception being those in the Nordic region;
- the evidence of Finaccord's research suggests that Spanish banks are increasingly eschewing single partner distribution agreements in favour of brokerage or multi-tied models for commercial general insurance and other types of non-life policy;
- important relationships between banks and external brokers for commercial lines bancassurance include those between Bank Austria Creditanstalt and GrECo International in Austria, Banca Intesa and GPA Assiparos in Italy, and HBOS and Smart & Cook in the UK;
- there should be continuing opportunities for both brokers and underwriters of commercial insurance to partner with business banks not only to develop standard multi-risk insurance packages for small business customers but also more specialised types of policy.

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## What is the cost and format?

*Non-Life Bancassurance in Europe: Commercial Lines* is available as a standard *Adobe Acrobat* PDF document and / or hard copy. The *PartnerBASE™* that accompanies it at no further charge is in *Microsoft Excel* format. Costs for this research set and selected other titles in the European bancassurance series are as follows:

REPORT	COST *	FORMAT
Non-Life Bancassurance in Europe: Commercial Lines, 2006	£1,995	c. 190 pages
Non-Life Bancassurance in Europe: Accident and Health Insurance, 2006	£1,995	c. 170 pages
Non-Life Bancassurance in Europe: Motor and Household Insurance, 2006	£1,795	c. 140 pages
Non-Life Bancassurance in Europe: Personal Niche Lines, 2006	£1,795	c. 160 pages
Creditor Insurance in Southern and Western Europe, 2005	£2,495	c. 190 pages
Creditor Insurance in Northern and Central Europe, 2005	£2,495	c. 190 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, inclusive of VAT.*

*Printing and postage costs of £30 will be added for delivery of each hard copy.*

*Invoices can be paid in €, at the prevailing exchange rate, if preferred.*

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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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