

Non-Life Bancassurance in Europe: Motor and Household Insurance, 2006

Report Prospectus

September 2006

Expertise in financial services

Prospectus contents

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What is the research?

Finaccord's report titled *Non-Life Bancassurance in Europe: Motor and Household Insurance* is the first ever dedicated study of the distribution of motor and household insurance by European retail banks. The research is based on a survey of 670 retail banks and other lending institutions serving consumers 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 motor and household insurance, clarifies the operating models that they use to compete in this market and identifies the external underwriters and brokers with which they work to source motor and household insurance where they are not using a captive or joint venture underwriting entity or internal brokerage unit.

Moreover, the PartnerBASE™ database which accompanies the publication offers a thorough means of researching current practice in bank-oriented distribution of motor and household insurance 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 the strategy of banks in motor and household 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 60% of Finaccord's sample of 670 retail banks promote household insurance, and with the equivalent percentage for motor insurance lying at over 40%, this is the first time that a detailed study has ever been published on the subject in a combined market for personal motor and household insurance estimated to be worth in excess of €108.0 billion in gross written premiums in 2005 across the territories covered by the research.

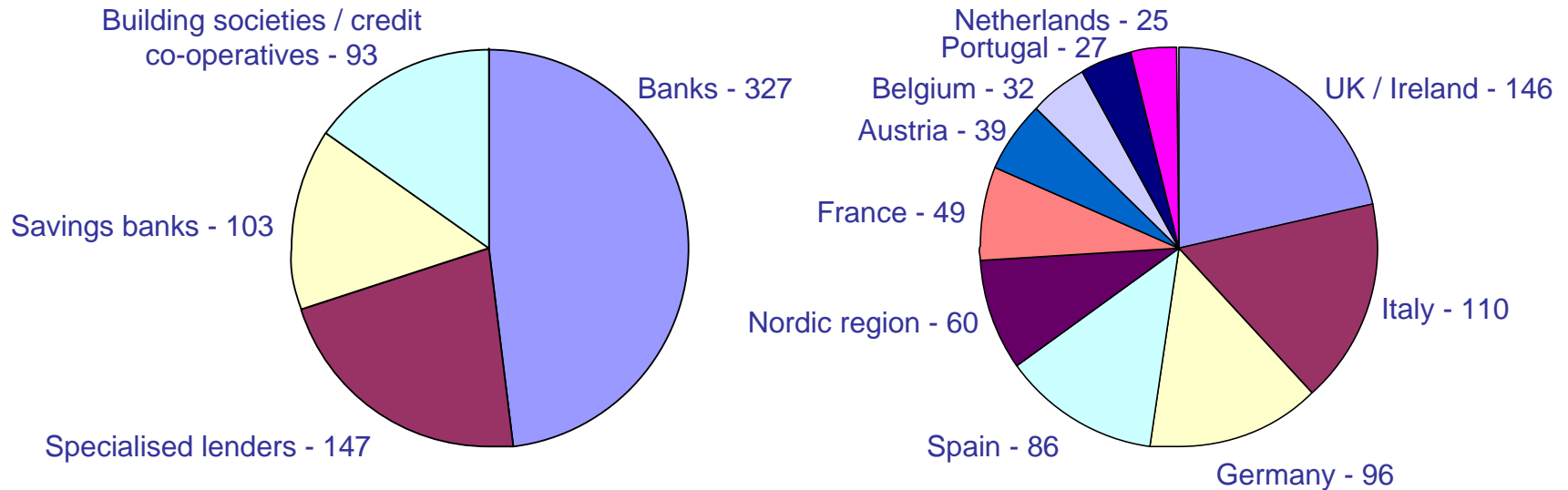
Furthermore, in the light of the increasing popularity of Internet banking, which means that bank web sites are among those most commonly visited by consumers, there are growing opportunities for banks to leverage both their Internet traffic and their brands to act as more effective distributors of motor and household insurance. However, to achieve this, some banks may need to re-consider the tied agency distribution models to which they adhere and which risk becoming obsolete in the wake of the growing popularity of web-based aggregator, broker and price comparison services.

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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 670 banking institutions serving consumers 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 non-life or wider bancassurance activity. It believes this to account for virtually every significant retail bank or lending institution in each country, thereby amounting to an extremely comprehensive survey in this area.

How do retail 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 personal motor and household insurance, the rate of provision among banks for personal motor and household insurance across the ten territories in question plus an aggregated analysis and comparison of the operating models used by banking institutions to source these types of policy in the same territories.

3. *Austria*: an in-depth analysis of the degree to which consumer-oriented banks in Austria offer personal motor and / or household insurance to their customers, 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 involvement as distributors of motor and household insurance of 670 banking institutions serving retail customers in ten European territories;
- clarification of the operating models and partners used by the same universe of banks for distributing and underwriting motor and household policies;
- identification of strategic relationships established by underwriters and brokers with banks for the purposes of selling motor and household insurance through the bank distribution channel;
- size and growth data for significant bank-oriented underwriters of personal motor and household insurance, including both captive entities and joint ventures;
- analysis of fresh innovations in the distribution of motor and household insurance by banks including the provision of home surveillance policies by banking institutions in France.

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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 motor and household 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 motor and / or household insurance;
- evaluate the opportunities for your own organisation to create distribution relationships with banking institutions in Europe for initiatives in motor and household insurance;
- monitor the activity of your competitors in this field - to what extent are they taking advantage of opportunities in bank distribution of motor and / or household insurance that your firm is missing out on or unaware of?
- track the performance of significant bank-oriented underwriters of motor and household insurance in each country in order to comprehend fully their performance to date.

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Who can use the research?

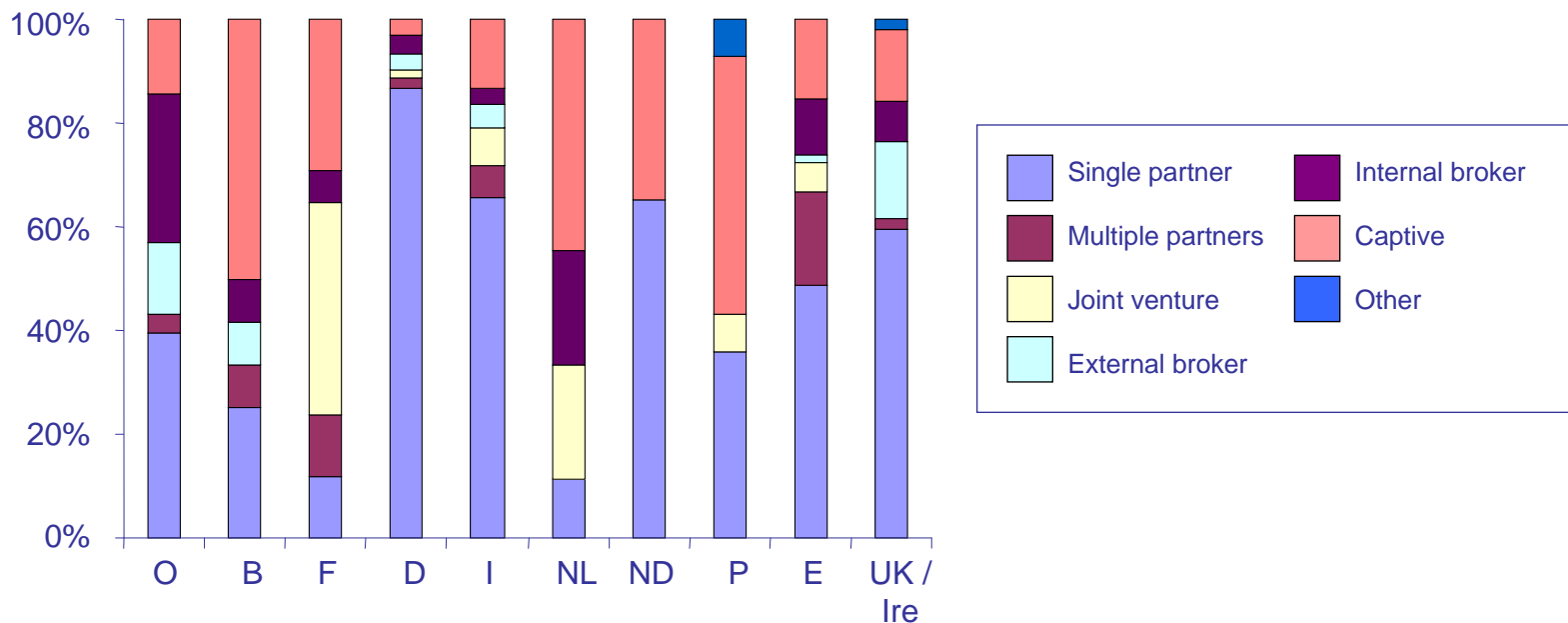
1. *Insurance underwriters*: this study constitutes a thorough guide to the current distribution opportunity for marketing motor and household insurance through the bank channel in ten European territories.
2. *Insurance brokers*: the research shows that, in some instances, banks are eschewing exclusive partnerships or use of captive underwriters in favour of migrating towards multi-tied or brokerage models for sales of motor and / or household insurance;
3. *Banks*: across Europe, banks demonstrate vividly contrasting degrees of commitment to participation in motor and household 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 670 banks in total.
4. *Management consultancies*: are you helping a non-life insurance underwriter 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 market for bank-oriented distribution of motor and household insurance.

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What are some of the key findings?

1. The operating models used for initiatives in bank distribution of household insurance in Europe vary radically from one country to another

% split of operating models for household insurance sold by banks

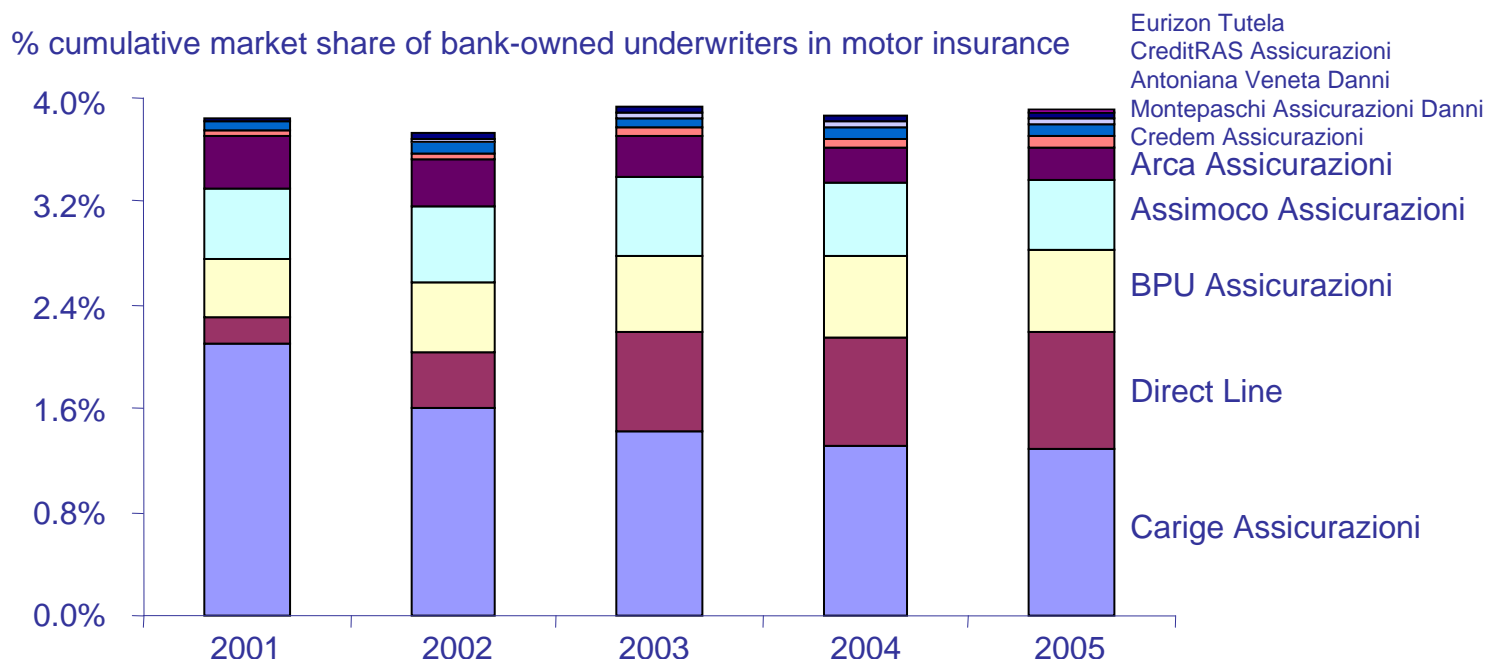


Source: PartnerBASE for Non-Life Bancassurance in Europe

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

2. The success of Direct Line bolsters the otherwise pedestrian performance of bank-owned underwriters in Italian motor insurance



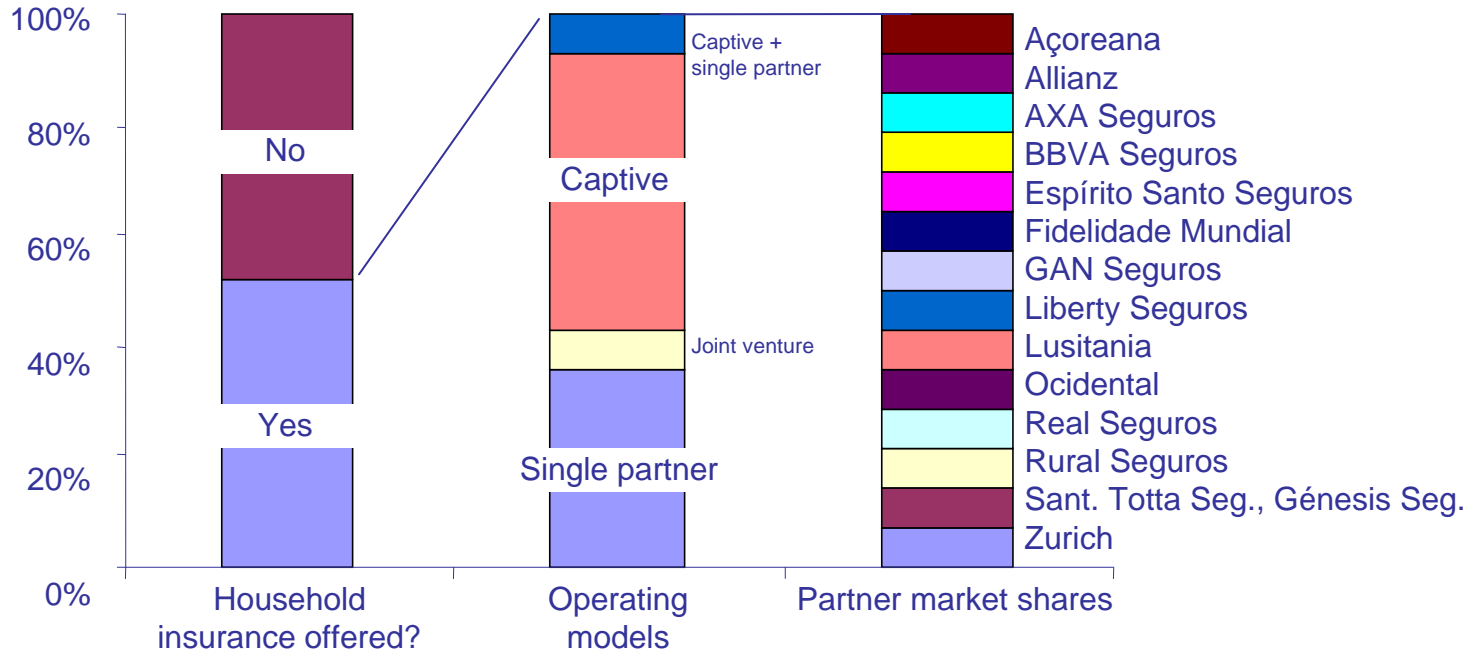
Source: Finaccord analysis of ANIA data

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

3. No underwriter, whether captive or external, lays claim to more than one bank distribution relationship in Portuguese household insurance

% split of operating models and partner market shares



Source: PartnerBASE for Non-Life Bancassurance in Europe

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

4. Key findings from the executive summary include:

- albeit much depends upon the definition used, actual and estimated data compiled by Finaccord puts the actual share of bank-owned distribution channels at between 0% and 10% for personal motor insurance and between 10% and 20% for household insurance in most countries;
- comparatively strong non-life bancassurance markets include Belgium, France, the Netherlands and Portugal while the least developed markets appear to be Italy and the Nordic region, particularly Sweden;
- notwithstanding the strength of competing channels, the share of non-life bancassurers in France can be expected to rise more decisively in future years if and when La Banque Postale, the bank belonging to the French post office, receives authorisation to begin marketing personal non-life insurance policies;
- the current growth of web-based aggregators, brokers and price comparison services is already posing a new strategic challenge for banking institutions competing in motor and household insurance in the UK, a trend which is likely to be replicated in continental Europe too.

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What is the cost and format?

Non-Life Bancassurance in Europe: Motor and Household Insurance 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: Motor and Household Insurance, 2006	£1,795	c. 140 pages
Non-Life Bancassurance in Europe: Accident and Health Insurance, 2006	£1,995	c. 170 pages
Non-Life Bancassurance in Europe: Commercial Lines, 2006	£1,995	c. 190 pages
Non-Life Bancassurance in Europe: Personal Niche Insurance, 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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