

PRESS RELEASE**US Niche Insurance: Market Dynamics,
Affinities and Partnerships**

Growth in niche personal lines insurance and warranty products in the US is generating opportunities for affinity schemes, especially those powered by insurtech pioneers

London, 17 January 2019 – A new series of research reports about personal niche insurance and warranty lines in the US establishes that these are on track to generate premiums and other revenues of over USD 200 billion by 2022. In recent months, Finaccord has issued studies about 15 different niche insurance and warranty products bought by individual consumers ranging from vehicle service contracts to boat, yacht and pleasure craft cover, and from insurance policies for renters to road assistance. In total, premiums and other revenues associated with these niche lines are likely to increase by over USD 25 billion between 2018 and 2022 with their predicted weighted compound annual growth rate over that period averaging out at 3.5% in nominal terms given that they were worth a total of just over USD 175 billion in the former year.

“Worth over USD 54 billion in gross written premiums in 2018, the most valuable of these 15 markets is that for pick-up truck and van insurance”, commented Francisco Leitão, Consultant at Finaccord and co-author of the series. “However, those predicted to increase most rapidly in value in future are the much smaller markets for stand-alone bicycle cover and jewelry and watch insurance, both of which are expected to achieve double-digit compound annual growth through to 2022. Other segments in which the compound annual growth rate of premiums is expected to be above 5% through to 2022 are cellphone insurance and extended warranties, GAP protection, landlord property insurance, and travel insurance and assistance.”

Separate research released by Finaccord in recent weeks indicates that while the predicted compound annual growth rate of 3.5% up to 2022 does not sound especially high, it is nonetheless better than that forecast for homeowners insurance and for all types of commercial P&C insurance combined in the US.

A further notable finding from the research series is that distribution via affinity and corporate partners is important to winning business for many of these 15 niche lines. In fact, as an unweighted average across all 15 of them, around 44% of new sales are attributable to such partners ranging up to 90% or more in the case of GAP protection and vehicle service contracts, both of which are mainly sold through the automotive trade (i.e. vehicle dealers and manufacturers), and more than 80% in the case of jewelry / watch insurance and cellphone cover, the principal channels for which are jewelry retailers and cellphone network operators, respectively. Continued Claire Michaud: *“There are a number of apparently untapped development opportunities in the affinity space. For example, bicycle retailers could be leveraged to a much greater extent to cross-sell stand-alone bicycle cover, the penetration rate for which remains very low in the US compared to some European countries.”*

“As well as targeting growth from affinity and corporate partnerships, there are also opportunities for the emerging generation of insurtech pioneers plus sector-specific distributors employing advanced technologies to expand in some of these niche lines”, concluded Claire Michaud, Consultant at Finaccord and also a co-author of the series. “In fact, ones already doing so include AutoPay and Vroom in GAP protection, Cover and Sure in jewelry and watch insurance, Metromile and Root in pick-up truck and van insurance, Cozy, Lemonade, Roomi and Turbo Tenant in renters insurance, and HONK and Urgent.ly in road assistance. Given the forecast market value of more than USD 200 billion by 2022 across all 15 niche lines combined, it is logical that they should be targeting these segments.”

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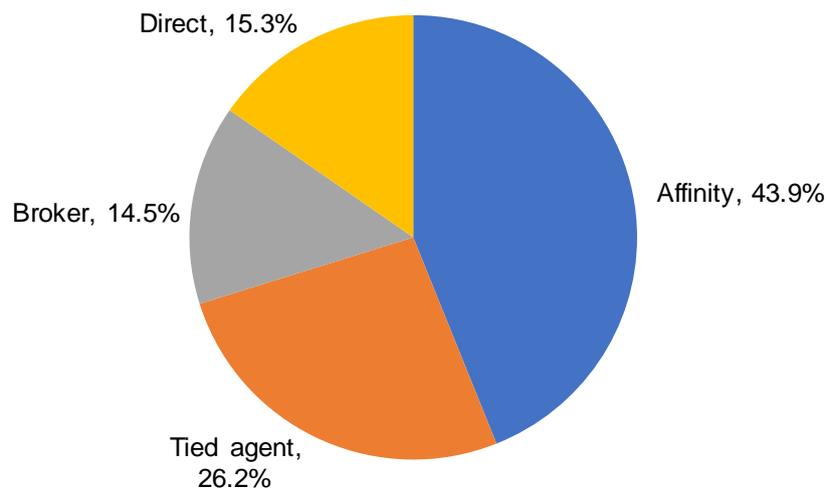
Notes to editors:

[Finaccord](#) is a market research, publishing and consulting company specialising in financial services that is a part of Aon Global Operations, Singapore Branch, a part of Aon plc (NYSE: AON). It provides its clients with insight into and information about major issues in financial services around the world, with a particular focus on marketing and distribution topics such as affinity marketing, bancassurance and strategic alliances, as well as commercial lines insurance.

The research summarised in this press release is drawn from studies about 15 niche insurance and warranty products in the US, namely: [bicycle insurance](#); [boat, yacht and pleasure craft insurance](#); [cellphone insurance / extended warranties](#); [classic car insurance](#); [GAP protection](#); [jewelry and watch insurance](#); [landlord property insurance](#); [non-standard homeowners insurance](#); [pick-up truck and van insurance](#); [renters insurance](#); [recreational vehicle insurance](#); [road assistance](#); [travel insurance / assistance](#); [vehicle hire extended protection](#); and [vehicle service contracts](#).

Sample graphic

Unweighted average segmentation of distribution channels for new business in 2018 for all 15 niche insurance and warranty lines combined



Source: US Niche Insurance series (Market Dynamics, Affinities and Partnerships)