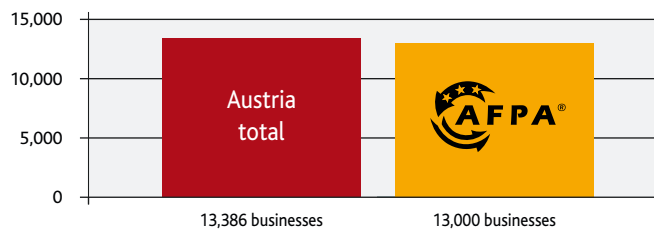
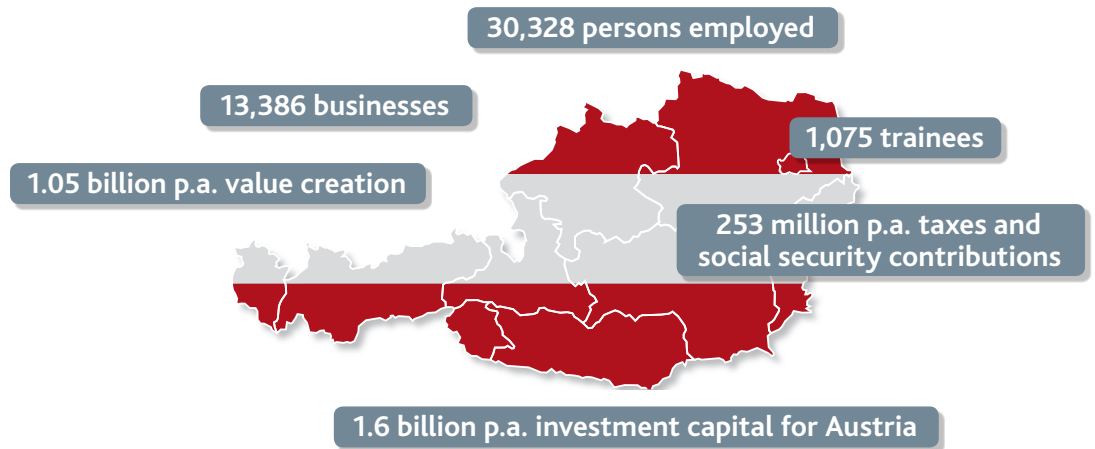




Sector profile  Austria

Independent insurance brokers, agents and financial advisors in Austria

Sector profile



Independent insurance brokers, agents and financial advisors

Independent insurance brokers, agents and financial advisors, as well as those businesses that represent themselves as such, constitute a significant aspect of the financial infrastructure of the country.

The sector employs a total of **30,328 people**. In terms of **full-time equivalents**, this constitutes **25,477 jobs** largely in decentralised locations. The sector therefore not only creates jobs in the most diverse regions, it also enables the decentralised supply and support of customers locally.

The work performed in this sector injects **1.05 billion Euro in material expenditure, wages and fees** back into the economic cycle annually. At the same time, some **253 million Euro in tax and social security** contributions are paid every year. The invested and deposited capital provides approximately **1.6 billion Euro of fresh capital** to the economy per annum.

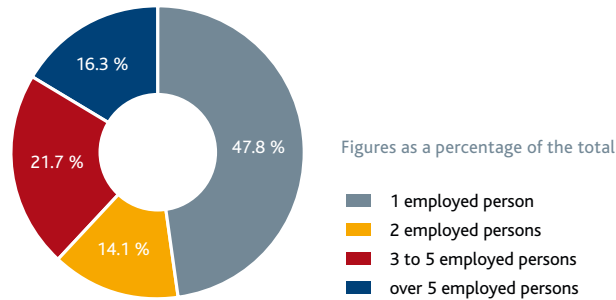


Undertakings and size of undertakings

Almost one-half of these undertakings are typical single-person businesses.

And among those undertakings with two persons (14.1% share), a high proportion of these second individuals are to be regarded as part-time staff.

At precisely 21.7%, somewhat more than a fifth of undertakings state their size as being between three and five employees, with just over 16% having more than five employees in the business. So the sector typically features single-person businesses that pursue their profession on their own responsibility and at their sole risk.



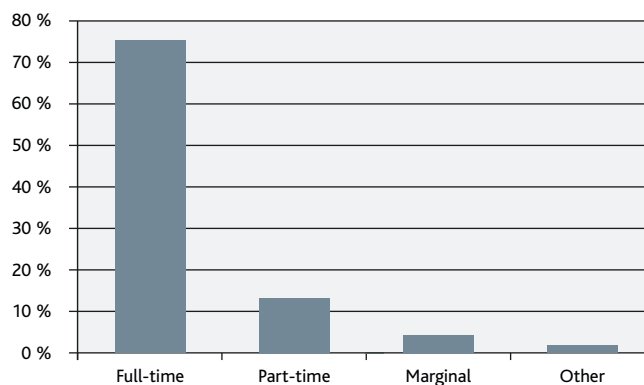
Undertaking size structure – Individual advisors

AFPA Market Analysis 2012
SDI Research

Employment status

Within the independent insurance brokers, agents and financial advisors group, over three-quarters of those are employed as full-time staff. Only 16.6% of individuals are in part-time employment with 5.6% in marginal employment.

These figures on the one hand reflect the business size structure of this sector with its high proportion of single-person businesses, but they also show that this employment represents the principal livelihood of the persons working in this area.

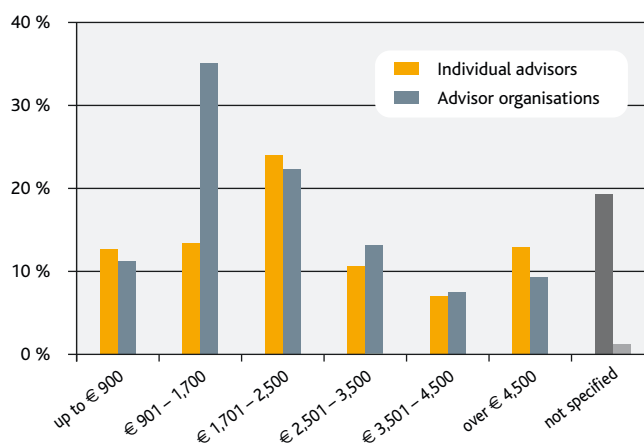


Employment status

AFPA Market Analysis 2012
SDI Research

Income structures

Almost one-half of the undertakings that are independent insurance brokers, agents and financial advisors are single-person businesses. 65% produce turnover of up to 25,000 Euro per year. It is noticeable that there is a high proportion that did not specify their gross pay. As we are largely dealing with single-person businesses here, it may be assumed that the 19.3% with "no response" are mainly those with a gross income up to € 1,700. From the economic perspective, the majority are operating in a turnover and income segment comparable with the lower half of the income of non-self-employed workers in Austria.



Gross income of persons employed

Figures as a percentage of the total
Income per month

AFPA Market Analysis 2012
SDI Research

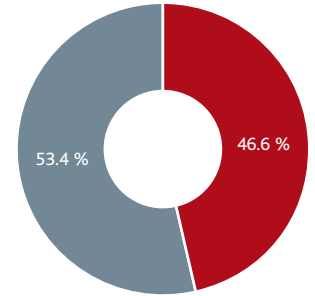
Large female proportion

Even if the public image of this sector see it as clearly dominated by men, the facts of the survey nevertheless show that this image - largely perpetuated by the media and advertising - is not true: almost one-half of the persons employed in this sector are female; at **53.4%** the proportion of men is only very slightly larger.

Full-time employees F/M

Figures as a percentage of the total

■ Women
■ Men



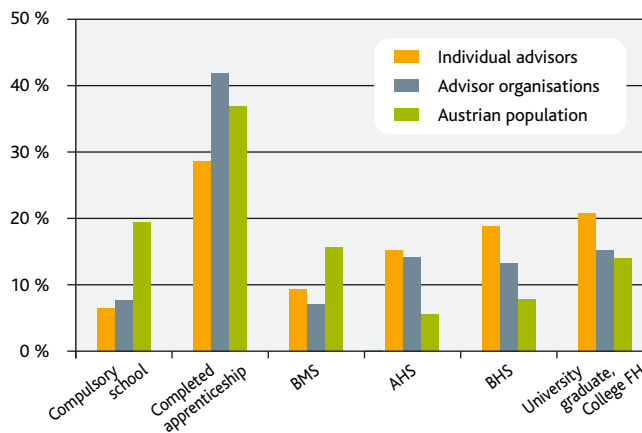
AFPA Market Analysis 2012
SDI Research

High level of education

Comparison of education of persons employed

Figures as a percentage of the total (excluding "not specified" responses)

AFPA Market Analysis 2012
SDI Research



If we compare the education break-down of insurance brokers, agents and financial advisors with that of the general population we can see that:

1. The proportion of **"only compulsory school"** attendees is significantly less than that of the general population (**Factor 2.5 to 3**),
2. The share of individuals with **"AHS" (ADVANCED GENERAL SECONDARY SCHOOL)** and **"BHS" (ADVANCED LEVEL TECHNICAL**

AND VOCATIONAL SCHOOL) education exceeds that **within the general population by at least a factor of 2**,

3. The proportion of individuals with an **academic qualification is almost one-half higher** than that within the general population.

So, leaving aside the sector-specific training requirements needed to work in this industry, the formal school education standard of the persons employed is significantly higher than that among the general population.

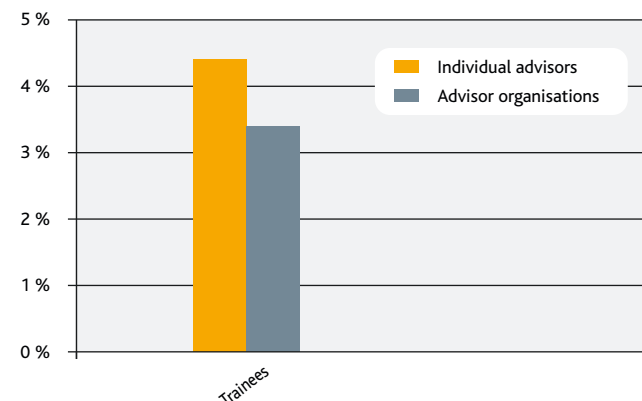
Education among trainees

Of the total number of individuals employed, **3.4% among advisor organisations** and **4.4%** among brokers are attributable **to trainees**. Almost every tenth job is held by a trainee. With a total of **30,328 persons employed within the sector** and **25,477 full-time equivalents**, this means that there are **around 1,075 training places for Austria**.

Proportion of trainees

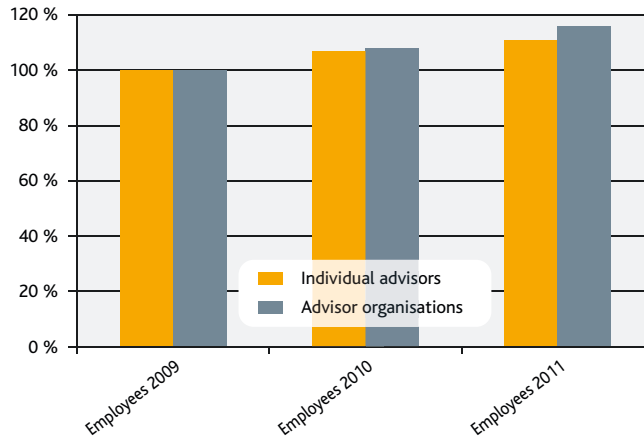
Figures as a percentage of the total

AFPA Market Analysis 2012
SDI Research



Changes to personnel numbers and costs

The trend in personnel numbers between 2009 and 2011 was clearly upwards. Across both years the number of employees rose by a total of **11% (individual advisors)** and **16% (advisor organisations)** respectively, which is contrary to the wave of workforce reductions for the purpose of cutting costs.



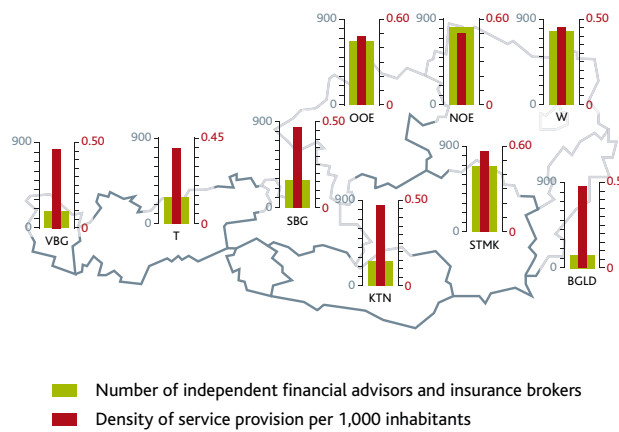
Change in employee numbers

Index: 2009 / 100

AFPA Market Analysis 2012
SDI Research

Regional availability of services

The essential characteristics and selling propositions of this sector include the avowal to deliver the available services as locally to customers as possible, in order to avoid expending unnecessary time in travelling, waiting etc. A comparison across the Länder shows that the service provision is largely similar within all of them. The density of providers varies between **0.39 providers per 1,000 inhabitants in Tyrol to 0.57 in Steiermark**.

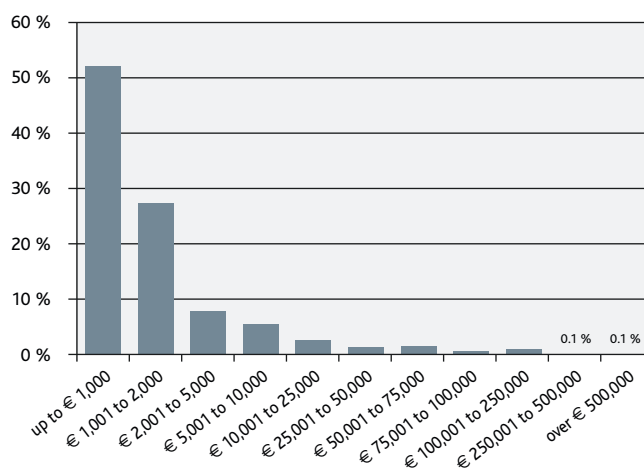


Regional density of service provision

AFPA Market Analysis 2012
SDI Research

Customer break-down

Between **15 and 21.3% of the Austrian population** at least partially fulfil their financial and insurance requirements via independent insurance brokers, agents and financial advisors. In the investment segment, **almost 9 out of 10 customers** are small investors and therefore represent the overwhelming majority of the population. Most Austrians procure their day-to-day insurance policies and investments at **average annual premiums or outlays of up to € 1,000**, for household or car insurance policies for example, or deposits for contractual (mortgage) savings schemes, saving plans, etc.



Volume of business transactions - total

Figures as a percentage of the total

AFPA Market Analysis 2012
SDI Research

Time expended until contract agreed or rejected by customer

AFPA Market Analysis 2012
SDI Research

Time taken for customers

The survey examined the length of time necessary to respond to an inquiry from a (potential) customer and to either bring this inquiry to a business transaction or a conclusive negative response from the client.



Among the independent insurance brokers, agents and financial advisors it was possible to obtain precise figures concerning the process, broken down into consultancy time spent with customers and the requisite back-office time across the categories of Loans, Insurance policies and Savings products.

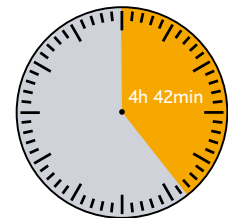
It is therefore evident that overall, the least time is required for submitting offers for savings products. A total of **8 hours and 24 minutes** are expended here per customer inquiry, whereby the time expended in the back-office is equal to half of the time spent providing advice on-site (at customer's location).

The time requirement for **insurance policy services** is somewhat more; a total of **8 hours and 36 minutes** are required here.

Loan services are the most time intensive, with **11 hours and 18 minutes** required until the customer decides to make a contract or reject the offer. This large amount of time is principally due to the intensive levels of back-office work; the consultancy time spent with the customer is similar to that required for insurance policies and savings products.

Average consultancy time

AFPA Market Analysis 2012
SDI Research

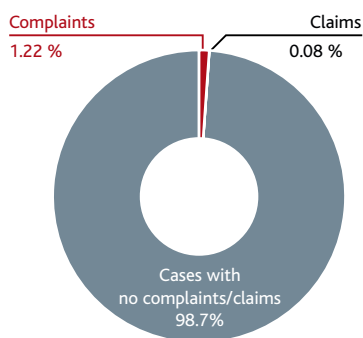


Frequency of complaints

Complaints and claims

Figures in percent of businesses documented

AFPA Market Analysis 2012
SDI Research



This survey was able to obtain **very precise details about problematic cases** partly due to legal obligations, partly because the surveyed firms keep records for the purposes of their own quality management systems, but also partly because the number of cases is so very small.

A distinction was made in this respect between a) informal complaints, where customers raised issues with firms because of uncertainties, dissatisfaction with the products or services and b) formal and legal instances in which a complaint did not result in a solution satisfactory to the customer and where the customer subsequently went to court or sought a legal remedy from the very outset.

Among the independent insurance brokers, agents and financial advisors, of the **7,063 business transactions** surveyed in detail some **48 cases resulted in a customer complaint** and **three cases resulted in a law suit**, correspondingly to a **proportion of 1.22% of complaints** and **0.08% instances of claims**.

That means that every **82nd business transaction** resulted in the dissatisfaction of the customer and every **1,250th transaction in a law suit**.

National economic significance

Total economic performance of individual advisors	Basis (in thsd. €)	854,373
	Proportion of value creation	Performance in thsd. €
Reinvestments through material expenditure	15.5%	132,428
Reinvestments through personnel costs and fees	28.0%	239,224
Taxes and social security contributions	11.1%	94,835
Total	54.6%	466,488

Total economic performance
Individual advisors

In the year under review, 2011, independent insurance brokers, agents and financial advisors generated turnover worth **854.4 million Euro (corresponding to € 61,752 per company)**. Of which **466.5 million Euro** flowed directly back into the economic cycle through material capital expenditure, wages and fees, as well as taxes and social security contributions. Because the remaining **earnings totalling 387.9 million Euro** in turn constitute the basic income of the business owners - the majority of firms are single-person businesses or micro and small enterprises - a portion of this sum likewise flows back into the economic cycle in the form of re-investment and taxes and social security contributions.

Advisor organisations, total: 168				
	Proportion	Firms	Class threshold in €	consolidated threshold in thsd. €
Turnover up to € 5 million	30.8%	52	5,000,000	258,720
Turnover + € 5 million up to € 25 million	53.8%	90	15,000,000	1,355,760
Turnover over € 25 million	15.4%	26	25,000,000	646,800
Total	100%	168		2,261,280

Total economic performance
Advisor organisations

The situation is similar among the financial hubs and advisor organisations, even if this is at an altogether higher level, because, as product providers in particular, they not only combine the services of numerous advisors, they also have direct contact with the end customers. At **around 2.261 billion Euro**, the advisor organisations generate turnover that is somewhat more than triple the volume of the turnover of the independent insurance brokers, agents and financial advisors.

Both groups are also subject to those income taxes and social security contributions that apply to the sole proprietors and owners/co-owners of firms. Based on the spread of the income category sizes, **approx. 110 to 115 million Euro** of additional deductions are attributable here. Adding the payable taxes and social security contributions for personnel, a total of at least **253 million Euro** is therefore paid **per year**.

All in all, a total of **939.9 million Euro** flows directly back into the economic cycle by way of independent insurance brokers, agents and financial advisors, and **1.6 billion Euro** is made available to the Austrian economy by way of loans, investments and investment instruments.



Although there is a high level of awareness about insurance brokers, agents and financial advisors - almost everyone directly or indirectly knows at least one person working in this area -, there are nevertheless very few facts known about the sector.

Independent insurance brokers, agents and financial advisors first and foremost have a duty to customers and define themselves by way of their role as experts working within the labyrinth of insurance policies, savings plans, investment opportunities and loan services scarcely comprehensive to the lay person.

As a professional association, the **AFPA** has made it its mission to survey and analyse the facts and figures of the businesses it represents as well as their importance to the nation and its citizens.


Commissioned by **AFPA**, SDI-Research, an independent market research institute, regularly conducts surveys of the domestic insurance brokerage and consultancy sector. In this way, the AFPA is filling the information gap and, for the first time, is establishing a profile for the consultancy sector.




The European Federation of Financial Advisers and Financial Intermediaries (**FECIF**) was chartered in June 1999 for the defence and promotion of the role of financial advisers and intermediaries in Europe.

FECIF is an independent and non-profit-making organisation at the exclusive service of its financial adviser and intermediary members from the 28 European Union member states, plus Switzerland and Norway; it is the only European body representing European financial advisers and intermediaries, and it is based in Brussels, the heart of Europe.

The European financial adviser and intermediary community is made approximately of 500,000 private individuals exercising this profession as a main occupation (representing approximately 26,000 legal entities including 45 networks), about 280,000 are members of national professional associations (51 at today's count).



Austrian Financial & Insurance Professionals Association



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