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Consultation Paper
on
Draft Report on Good Practices on
Comparison Websites

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Responding to this paper

EIOPA welcomes comments on the Draft Report on Good Practices on Comparison Websites.

The consultation package includes:

- The Consultation Paper Nr. EIOPA-CP-13/017.
- Template for comments

Please send your comments to EIOPA in the provided Template for Comments, by email CP-13-017@eiopa.europa.eu, by 23 September 2013.

Contributions not provided in the provided template for comments, or sent to a different email address, or after the deadline will not be processed.

EIOPA invites comments on any aspect of this paper and in particular on the specific questions included in sections 2. and 3. below. Comments are most helpful if they:

- respond to the question stated;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with EIOPA's rules on public access to documents¹. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by EIOPA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.eiopa.europa.eu under the heading 'Legal notice'.

¹ [Public access to documents](#)

Consultation Paper Overview & Next Steps

This Consultation Paper is being issued to seek input from interested parties on good practices addressing activities by comparison websites comparing insurance products. The purpose of the draft report is to promote transparency, simplicity and fairness for Internet users in the market for online comparisons of insurance products.

The Draft Report on Good Practices on Comparison Websites, in particular sections 2. and 3., contain specific questions which should be answered by using the template for comments provided by EIOPA.

Next steps

EIOPA will consider the feedback received and expects to publish a final report on the consultation by no later than Q1 2014 and to submit the Report on Good Practices on Comparison Websites for adoption by the Board of Supervisors also no later than in Q1 2014.

Executive Summary

This Report summarises the findings of EIOPA with the aim of establishing good practices on comparison websites.

It seeks to promote transparency, simplicity and fairness for Internet users in the market for online comparisons of insurance products. However, it does not set forth any guidelines or recommendations.

EIOPA identified the 3 following types of comparison websites:

- commercial websites run by private sector
- non-commercial websites run by consumer and/or industry associations
- non-commercial websites run by public authorities.

The good practices outlined in this report concern primarily the activities of commercial comparison websites; however, also non-commercial websites' operators are equally encouraged to check whether their practices are in line with the good practices in this report, and to adapt them accordingly, if needed.

The good practices report also identifies main features and different business models of comparison websites.

The good practices outlined in this report concern the following areas:

- Information about the website:
 - Make general information about the comparison website itself (purpose, ownership, financial model, supervision, contact) easily identifiable.
 - Give clear and easy-to-find information about who to contact with complaints about the website itself as well as further details about the procedures for handling of such complaints.
 - Give clear and easy-to-find information about to whom enquiries and requests for information regarding the comparison website should be sent.
 - Give clear and easy-to-find information about who to contact with complaints about the products purchased via the website.
- Market coverage:
 - Disclose how many products the website compares per type of policy.
 - Disclose the number of insurance undertakings whose products are compared, and their names.

- Communicate transparently on the market coverage.
- Clearly detail the criteria used by the comparison website on how it has selected the insurance undertakings.
- Presentation of information:
 - Present the information in a uniform manner and depending on the degree of complexity of products.
 - Communicate in a clear and simple language, avoiding jargon and unnecessary technical terms as much as possible.
 - Provide the consumer with the final premium and details of all fees and charges.
 - If this is not possible, comparison websites should clearly state what additional charges and/or fees are to be paid by the consumer (for instance, application fees).
 - Clearly disclose information on what is covered for each product offered.
- Criteria used to make the ranking:
 - Ensure a consistent listing of product features, i.e. present clearly and in detail main features and characteristics of products, insurance cover and limitations (e.g. deductible, threshold, limits, exclusions etc.). On a given comparison website, a standardised form should be used for all selected products to allow easy comparison.
 - Not use price as the sole criterion for comparison and allow consumers to select a balanced listing of product features other than price (such as type of guarantee, exclusions or limitation clauses).
 - Enhance the list of criteria, when necessary. The more complex a product, the more criteria (other than price) may need to be taken into consideration when comparing products.
- Frequency of updating the information:
 - Publish accurate and up-to-date information.
 - Disclose to the consumer the date of the latest update before the search for products is initiated.
- Dealing with potential conflicts of interest:
 - Disclose those providers with whom a comparison website has a commercial, contractual or ownership relationship.
 - State the real meaning of "Editor's choice", "product of the week", "most popular", "best buys" features and the information on which these are based (i.e. whether these are taken from a selection of affiliates only).

1. Background and Context

1.1. Introduction

1. This Report on Good Practices on Comparison Websites (hereinafter, the report) outlines good practices for websites that compare insurance products.
2. There is no generally agreed definition of comparison websites. For the purpose of this report, insurance comparison websites are understood as *interfaces, the objective of which is to display to Internet users a number of insurance offers, and compare their prices and/or what is covered.*
3. The purpose of this report is to promote transparency, simplicity and fairness for Internet users in the market for online comparisons of insurance products.
4. The good practices in this report have been developed by EIOPA and should be seen as a complementary guidance to applicable European and/or national legislations. The legal basis is Articles 8(1)f and 9(1) EIOPA Regulation.
5. These good Practices are not legally binding on competent authorities or financial institutions as defined under Regulation 1094/2010 establishing EIOPA (EIOPA Regulation) and are not subject to the “comply or explain” mechanism provided for under Article 16 of the EIOPA Regulation.

1.2. Background

6. EIOPA has conducted an initial analysis of European consumer trends in the EU in 2012. An overview has been published on EIOPA’s website² and highlighted comparison websites as an emerging trend.
7. Comparison websites are used by consumers primarily as a source of information; some also make use of the possibility to buy contracts online. Overall, comparison websites stimulated competition between insurers and intermediaries and helped to enhance the transparency and comparability of information available to consumers.
8. Nevertheless, in some Member States, the initial overview identified the following issues relating to comparison websites³:

² Please consult: https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/EIOPA-CCPFI-11029_Overview_of_Consumer_Trends_20120201.pdf.

³ Ibid.

- Consumers tend to **over-rely on the price of products**, rather than the underlying terms and conditions.
- Misleading information may be provided to consumers due to **conflicts of interest stemming from close commercial links between insurers and commercial comparison websites**⁴.
- Comparison websites may **not** necessarily be **suitable for certain types of insurance products** such as life insurance where more information is required than usually obtained by a short set of questions typical on such sites.

9. The national authorities and/or professional associations and/or consumer representatives in some Member States⁵ have published guidance or otherwise contributed to increasing the transparency in the market. Further details about these national initiatives are summarised in Annex 1.

10. In addition, a horizontal guidance has been developed by the Multi-Stakeholder Group lead by the European Commission, which is aimed at all comparison websites irrespective of the sector⁶. Furthermore, the report acknowledges that in some sectors, sector-specific good practices are needed⁷. Comparison websites comparing insurance products may be considered such an area, given the specific nature of the insurance business and herewith associated particular consumer protection issues. The good practices put forward in this report address specifically the activities of comparison websites comparing insurance products.

11. Furthermore, EIOPA Members confirmed that:

- Some members indicated that further clarification on the applicability of the Insurance Mediation Directive (IMD) to comparison websites may be needed as the transposition of IMD into national legislation differs per country⁸.
- There was strong support among the EIOPA Members for comparison websites to be regulated in a harmonised manner across the EU under the Insurance Mediation Directive – Recast (IMD2).

12. The initiatives described above motivated EIOPA to produce a Report on Good Practices on Comparison Websites.

⁴ EIOPA is aware that comparison websites may have commercial links also to insurance intermediaries.

⁵ UK, LV, FR, NL, IT and NO.

⁶ See Comparison Tools Report by the Multi-Stakeholder Dialogue; available at http://ec.europa.eu/consumers/documents/consumer-summit-2013-msdct-report_en.pdf.

⁷ Ibid; existing sector-specific rules are described in section 2.2. p.14ff.

⁸ The IMD is a minimum harmonisation Directive meaning that Members States may choose to implement stricter measures.

1.3. Applicability of existing legislation

13. Depending on their particular business model, comparison websites must comply with applicable European and national legislation. This may include but may not be limited to the Insurance Mediation Directive (IMD⁹ – currently being recast), the Financial Services Distance Marketing Directive (DMD)¹⁰, the Unfair Commercial Practices Directive¹¹, the E-commerce Directive¹² as well as the Data Protection Directive¹³, Misleading and Comparative Advertising Directive¹⁴, Consumer Rights Directive¹⁵, Price Indication Directive¹⁶ and Online Dispute Resolution (ODR) Regulation¹⁷.
14. The IMD is a minimum harmonization Directive and has been interpreted and thus transposed into national legislation in different ways; there are different views at national level to what extent IMD is applicable to comparison websites. In some Member States those comparison websites which would offer also the possibility to buy the presented products would be considered as insurance intermediaries and would fall under the scope of IMD.

⁹ Please see: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:009:0003:0010:EN:PDF> and http://ec.europa.eu/internal_market/insurance/docs/consumers/mediation/20120703-directive_en.pdf.

¹⁰ Refer to the consolidated version of Directive no. 2002/65/EC of the European Parliament and of the Council, of 23 September at the following website: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2002L0065:20071225:EN:PDF>.

¹¹ 2002/65/EY Directive no. 2005/29/EC of the European Parliament and of the Council, of 11 May is available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:149:0022:0039:EN:PDF>.

¹² See Directive 2000/31/EC of the European Parliament and the Council, of 8 June – <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2000:178:0001:0016:EN:PDF>.

¹³ Directive no. 95/46/EC of the European Parliament and the Council, dated 24 October – <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1995L0046:20031120:EN:PDF>

¹⁴ Directive no. 2006/114/EC of the European Parliament and the Council dated 12 December 2006 - <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:376:0021:0027:EN:PDF>.

¹⁵ Directive no. 2011/83/EU of the European Parliament and the Council dated 25 October 2011 - <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:304:0064:0088:EN:PDF>.

¹⁶ Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 - <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31998L0006:en:NOT>.

¹⁷ Final legal text has been agreed upon by the co-legislators, however, not yet published in the Official Journal of the EU (status: 23 April 2013). ODR will be a platform where consumers and traders can submit disputes arising from online purchases.

2. Categorisation of comparison websites

15. There is a wide range of comparison websites in the market. They may range from mere hyperlink providers or price estimators to the sophisticated so-called 'shop bots'.
16. EIOPA considers the most common features of comparison websites to be the following:
- i) The consumer is required to complete a questionnaire or select suggestions from a list of assumptions in order to determine their profile (demands and needs, personal situation, etc.).
 - ii) Comparison websites tend to give information on price and the main features of a certain number of contracts to the Internet user according to information provided.
17. Furthermore, some comparison websites may offer additional services such as the possibility to purchase a contract online and/or allow the consumer to get in touch with an insurer or intermediary in order to purchase an insurance policy.
18. Comparison websites are expected to become a growing distribution channel and an important information source on insurance products¹⁸. The majority of comparison websites are primarily active in the motor insurance and health insurance sectors.
19. As regards the number and prevalent type of comparison websites in the EU, the situation largely differs across countries. Further details about the market overview in the European Economic Area (EEA) are provided in Annex 2.
20. Comparison websites can be differentiated based on different categories, for example i) their purpose, ii) their activities, iii) the status of the website operator, iv) their business model (remuneration) and v) the comparison method. Further details on these categories are outlined below (non-exhaustive list):
- i) The **purpose** of the comparison websites can either be commercial (i.e. the ones which have a commercial link with a/some insurance undertaking(s) and thus are remunerated so as to include information on the insurance products marketed by the latter) and non-commercial. The aforementioned non-commercial comparison websites aim to collect and provide Internet users

¹⁸ See Comparison Tools Report by the Multi-Stakeholder Dialogue; available at http://ec.europa.eu/consumers/documents/consumer-summit-2013-msdct-report_en.pdf.

with aggregate and concise information on insurance products, without having a profit-making purpose.

Non-commercial websites can be either run by public authorities (notably, the national supervisory authorities), by private organisations (such as consumer and/or industry associations) or jointly. Historically, the consumer associations were the first to provide such comparing tools. Then industry associations developed comparison websites on insurance products.

ii) The **activities** of the comparison websites can go from activities such as providing links to insurance undertakings and/or intermediaries and providing quotes/rankings to the consumer (based on price and/or guarantees or other criteria) to giving quotes and proposing a contract to the consumer that matches his/hers demands and needs, presenting the details of insurance companies/intermediaries who offer the most appropriate contracts and offering the consumer to close a contract at the end of the process.

iii) The **status of the comparison website's operator** can be of two kinds: either the website operator is the owner of the comparison tool which redirects the customer to an insurer or intermediary or the ownership of comparison tool has been outsourced (white label websites¹⁹). The website operator remains responsible for the website as a whole (i.e. even for the comparison tool).

iv) With regard to the **business model (remuneration)**, comparison websites can be financed through one or a combination of the following:

- pay per sale (i.e. an insurance undertaking pays to comparison website each time an insurance contract is concluded from a consumer following an offer listed by the comparison website);
- pay per click (i.e. an insurance undertaking pays to the comparison website each time a consumer clicks on the link to its website listed on the comparison website);
- advertisement (i.e. an insurance undertaking pays each time the brand name is mentioned on the comparison website).

Other business models exist (insurance undertakings pay for positions in comparison results, pay to list product etc.).

¹⁹ For further information about white label websites consult the Guidance by UK FSA, October 2011, p.5; available at http://www.fsa.gov.uk/pubs/guidance/fg11_17.pdf.

Alternatively, the fees are paid by the consumer directly instead by the insurance undertakings (pay per view or through a subscription approach). This is mostly the case when the comparison website is run by a consumer association in order to cover the costs of running the comparison website and ensure the impartiality of the comparisons. In that case, the consumer will pay every time he will ask for a comparison or he will pay a subscription to become a member of the consumer association. In the last case, he will have an unlimited access to the comparison website.

Questions to the public:

1) Are in your view the description and categories of comparison websites outlined in the report complete or would you see any further types or other relevant aspects that have not been captured? If so, please provide further details.

3. Good practices

21. The purpose of this chapter is to outline a transparent and consumer-friendly conduct approach comparison websites could adopt. The guidance comes in the form of “good practices”.
22. As outlined above, good practices are not legally binding and shall be seen as complementary guidance to applicable European (e.g. IMD) and national legislation or regulation.
23. Although the good practices outlined in this report concern primarily the activities of commercial comparison websites, non-commercial websites operators are equally encouraged to check whether their practices are in line with the good practices in this report, and adapt them accordingly, if needed. The good practices address different areas, and should be construed in accordance with and if justified by the particular type of activity.
24. The good practices outlined in this report are based on the input from EIOPA Members, position papers²⁰ as well as guidance provided at national level²¹.

3.1. Information about the website

25. The information provided on the comparison website about the website itself, its operation, and the contact details can vary from site to site. Only a few comparison websites give clear and easy-to-find information about the website on the website itself.
 26. This makes it difficult for Internet users to know who is managing the comparison website, and who they can contact with any queries about the website itself or the service provided.
- 27. EIOPA considers it good practice for a comparison website to:**
- Make general information about the comparison website itself (purpose, ownership, financial model, supervision, contact) easily identifiable.
 - Give clear and easy-to-find information about who to contact with complaints about the website itself as well as further details about the procedures for handling of such complaints.

²⁰ •BEUC Position Paper on Comparison Websites; available at http://www.beuc.org/content/default.asp?Pagename=Index&incFile=Index_316_24334.htm.

²¹ See Annex 1 for further details.

- Give clear and easy-to-find information about to who to contact with enquiries and requests for information regarding the comparison website should be sent.
- Give clear and easy-to-find information about who to contact with complaints about the products purchased via the website.

Questions to the public:

2) Do you agree that “information about the website” as described in the report may be a potential issue for consumer protection? Have all relevant aspects been captured? If not, please provide further details as well as evidence if available.

3) Is in your view the list of good practices related to “information about the website” complete? If not, please provide further details as well as reasoning.

3.2. Market coverage

28. The market coverage in terms of number of products and the number of providers compared in relation to the size of the market (e.g. considering also the market share of the insurance undertakings in terms of premiums) can vary significantly from one comparison website to another.

29. Some comparison websites may claim to compare e.g. “large” or “substantial” part of the market without further specifying the number of providers and/or products. Other comparison websites may compare only offers from one insurer.

30. The information presented on the comparison website can be misleading to consumers if they are not aware of the comparison website's level of market coverage.

31. Some comparison websites do not clearly explain what criteria are used to make the comparison. Some comparison websites may compare very limited parts of insurance coverage and therefore introduce a bias in comparison.

32. EIOPA considers it good practice for a comparison website to:

- Disclose how many products the website compares per type of policy.
- Disclose the number of insurance undertakings whose products are compared, and their names.
- Communicate transparently on the market coverage.
- Clearly detail the criteria used by the comparison website on how it has selected the insurance undertakings.

Questions to the public:

4) Do you agree that “market coverage” as described in the report may be a potential issue for consumer protection? Have all relevant aspects been captured? If not, please provide further details as well as evidence if available.

5) Is in your view the list of good practices related to “market coverage” complete? If not, please provide further details as well as reasoning.

3.3. Presentation of information

33. In highly competitive insurance markets, prices are a crucial choice criterion for consumers. However, information on price can vary depending on whether they include all fees and charges or not. In addition, sometimes the information on what is covered may not be provided for each of the products offered, or may not be provided in a uniform and systematic way. This makes it difficult and confusing for a consumer to compare more complex insurance products with several variables which are not presented in a standardized and comprehensible manner.

34. On the other hand, the presented comparable information may frequently contain too much professional detail and technical terms. This creates unnecessary difficulties for Internet users when making an informed choice.

35. EIOPA considers it good practice for a comparison website to:

- Present the information in a uniform manner and depending on the degree of complexity of products.
- Communicate in a clear and simple language, avoiding jargon and unnecessary technical terms as much as possible.
- Provide the consumer with the final premium and details of all fees and charges.
- If this is not possible, comparison websites should clearly state what additional charges and/or fees are to be paid by the consumer (for instance, application fees).
- Clearly disclose information on what is covered for each product offered.

Questions to the public:

6) Do you agree that “presentation of information” as described in the report may be a potential issue for consumer protection? Have all relevant aspects been captured? If not, please provide further details as well as evidence if available.

7) Is in your view the list of good practices related to “presentation of information” complete? If not, please provide further details as well as reasoning.

3.4. Criteria used to make the ranking

36. Most comparison websites require the consumer to submit information through answering specific questions and to select assumptions made by the website. Depending on the responses provided, the consumer is given details of a number of contracts with information about their price and their main features. This information might be presented, for example, seemingly at random, in alphabetical order or in descending/ascending order based on the price or other criterion.

37. When consulting a comparison website, it is not always easy for consumers to understand the differences between offers or how offers are selected. Moreover, comparison websites often propose to compare products only on the basis of their price, but do not use any other comparison criteria. Consumers may have different needs and therefore should not rely only on prices. Cheaper does not necessarily mean better suited to consumer needs.

38. EIOPA considers it good practice for a comparison website to:

- Ensure a consistent listing of product features, i.e. present clearly and in detail main features and characteristics of products, insurance cover and limitations (e.g. deductible, threshold, limits, exclusions etc.). On a given comparison website, a standardised form should be used for all selected products to allow easy comparison.
- Not use price as the sole criterion for comparison and allow consumers to select a balanced listing of product features other than price (such as type of guarantee, exclusions or limitation clauses).
- Enhance the list of criteria, when necessary. The more complex a product, the more criteria (other than price) may need to be taken into consideration when comparing products.

Questions to the public:

8) Do you agree that “criteria used to make the ranking” as described in the report may be a potential issue for consumer protection? Have all relevant aspects been captured? If not, please provide further details as well as evidence if available.

9) Is in your view the list of good practices related to “criteria used to make the ranking” complete? If not, please provide further details as well as reasoning.

3.5. Frequency of updating information

39. In a fast changing environment, a price comparison that was accurate yesterday can be outdated today. New prices, new products are introduced in insurance business frequently. If the consumer wants to rely on the comparison website to take an informed decision, he must be certain that the information provided is up to date.

40. EIOPA considers it good practice for a comparison website to:

- Publish accurate and up-to-date information.
- Disclose to the consumer the date of the latest update before the search for products is initiated.

Questions to the public:

10) Do you agree that “frequency of updating information” as described in the report may be a potential issue for consumer protection? Have all relevant aspects been captured? If not, please provide further details as well as evidence if available.

11) Is in your view the list of good practices related to “frequency of updating information” complete? If not, please provide further details as well as reasoning.

3.6. Dealing with potential conflicts of interest

41. In order for consumers to be able to appreciate the value of the comparison, they need to be aware of the different factors that may influence the comparison website's results. This can be the case where there are commercial (e.g. fees paid per contract concluded) or ownership links, between the comparison website and some service providers.

42. Different methods are used to direct consumers towards sponsored products: click through, editor's choice, most popular, best buys, top deals, sponsored links, one-time discount etc. Due to the different methods, there is the potential for consumers to misunderstand terms.

43. The source of comparison website's financing should be transparent, if not revealed in total detail; e.g. informing that the insurance undertakings pay for their display, inclusion in the comparison website.

44. EIOPA considers it good practice for a comparison website to:

- Disclose those providers with whom a comparison website has a commercial, contractual or ownership relationship.
- State the real meaning of "Editor's choice", "product of the week", "most popular", "best buys" features and the information on which these are based (i.e. whether these are taken from a selection of affiliates only).

Questions to the public:

12) Do you agree that "dealing with potential conflicts of interest" as described in the report may be a potential issue for consumer protection? Have all relevant aspects been captured? If not, please provide further details as well as evidence if available.

13) Is in your view the list of good practices related to "dealing with potential conflicts of interest" complete? If not, please provide further details as well as reasoning.

14) In your view, is the above list of consumer protection-related issues complete? Would you see any other areas to be addressed? If so, please provide further details.

15) Do you think the order in which the consumer protection related issues are listed is relevant? If so, what order would you recommend?

Sources

Better protection when using price comparison websites (UK FSA website); accessed on 3 May 2013; available at http://www.fsa.gov.uk/pages/consumerinformation/product_news/insurance/price_comparison_guidance/index.shtml

Comparison Tools Report from the Multi-Stakeholder Dialogue, March 2013, available at http://ec.europa.eu/consumers/documents/consumer-summit-2013-msdct-report_en.pdf

EIOPA's Initial Overview of Key Consumer Trends in the EU; February 2012; available at https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/EIOPA-CCPFI-11029_Overview_of_Consumer_Trends_20120201.pdf

Europe Quarterly Newsletter (Reinsurance Group of America (RGA)), December 2012

First Report on the application of Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive'); March 2013; available at http://ec.europa.eu/justice/consumer-marketing/files/ucpd_report_en.pdf

Guidance on the Selling of General Insurance Policies through Price Comparison Websites (UK FSA); October 2011; available at http://www.fsa.gov.uk/pubs/guidance/fg11_17.pdf

Informal Opinion by the EIOPA Insurance and Reinsurance Stakeholder Group, April 2013

Opinion on to reinforce the transparency and quality of insurance comparison websites (French consultative committee on financial services (CCSF)); May 2012; available at http://www.banque-france.fr/ccsf/fr/publications/telechar/avis_r/avis-du-comite-consultatif-du-secteur-financier-renforcement-comparateurs-assurances-dommages-internet.pdf

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Studie zum Online-Vergleichsrechner für Kfz-Versicherungen (Universität Koblenz-Lindau); November 2012; available at <http://www.uni-koblenz-landau.de/koblenz/fb4/institute/ifm/agvonkortzfleisch/presse/kfz>

Annex 1: Initiatives at national level

UK

45. The FSA has been monitoring the growth and development of price comparison websites since 2006.
46. In May 2008 the FSA conducted a review into general insurance comparison websites looking at the consumer journey of 17 comparison websites. This review identified both good and bad practices in obtaining motor insurance quotes but the FSA believes the experiences could apply to all general insurance aggregators²².
47. In November 2008 the FSA conducted a second stage review of comparison websites visiting firms that represented over 50% of the market²³.
48. The FSA found that firms had made significant improvements and were consistently providing clear, fair and not misleading information. However, the FSA also identified areas where comparison websites could improve.
49. The FSA has continued to monitor and engage with the industry and carried out thematic work in the period June to September 2010. The thematic work led to the FSA releasing the following Guidance in October 2011²⁴.
50. The FCA is continuing to review comparison websites and work with the industry.

Latvia

51. In 2010 the Financial and Capital Market Commission (hereinafter FCMC) acknowledged an issue regarding the sales of insurance products using comparison websites. Sale of the insurance products via various Internet websites had become very popular and that type of selling was used by insurance undertakings as well as insurance intermediaries, especially insurance brokers.
52. At the same time there were websites where clients received only information on insurance products and their prices. Those websites gave direct links to the insurance undertaking or intermediaries' websites where the customer then could make a purchase. Regardless of the contents, websites that offer

²² http://www.fsa.gov.uk/pages/doing/regulated/promo/thematic/review_gi_comparison.shtml.

²³ http://www.fsa.gov.uk/pages/doing/regulated/promo/thematic/gi_comparison.shtml.

²⁴ http://www.fsa.gov.uk/pubs/guidance/fg11_17.pdf.

clients to compare prices of various products in Latvia are commonly called comparison websites.

53. Therefore, on 21 February 2011 FCMC issued an explanatory letter on the issue in order to explain to the parties concerned the cases when such comparison websites have to comply with the Law on Insurance and Reinsurance Intermediaries and the cases when they are exempted. The explanatory letter was addressed to the association of insurance undertakings and associations of insurance intermediaries, as well as to the largest comparison websites operating in Latvia and that had not registered as insurance intermediaries. It contained the FCMC's interpretation of insurance mediation and gave guidelines with which comparison websites (e.g. insurance intermediaries and insurance undertakings that cooperated with the websites) had to comply.

54. As a result, the comparison websites, which did not intend to become insurance intermediaries, followed the guidance from the explanatory letter avoiding any insurance mediation actions stated in the letter. Whereas the insurance undertakings took into the consideration the requirements set in the explanatory letter when altering their agreements with comparison website operators, whether they were intermediaries or not.

France

Opinion of the consultative Committee of the financial sector (CCSF) to reinforce the transparency and quality of insurance comparison websites

55. In October 2012, the consultative Committee of the financial sector (CCSF), made up of industry participants and consumer association representatives, has issued an Opinion²⁵ on insurance comparison websites in motor and homeowner insurance to reinforce their transparency and quality. This work was conducted at the request of the Minister of the Economy, Finance and Industry.

56. Insurance comparison websites play an important role in the French insurance market. The comparison websites have directly contributed to the conclusion of around 10% of motor and house-insurance contracts in 2011. They are frequently consulted by Internet users and will be increasingly used in the comparison, choice and purchase of insurance policies.

²⁵ http://www.banque-france.fr/ccsf/fr/publications/telechar/avis_r/avis-du-comite-consultatif-du-secteur-financier-renforcement-compareurs-assurances-dommages-internet.pdf.

57.The principles adopted by the CCSF concern the information provided to the Internet users on the website itself (e.g. identification and status of the comparison website, economic ties, presentation of the offers, etc.), the selection of the offers (e.g. number of partners to whom the request are sent, prices display, information update) and personal data protection.

58.Industry participants have agreed to the principles set out in this Opinion; it could lead firms to adopt them in the form of a "charter for insurance comparison websites".

59.The CCSF is now working on health insurance comparison websites.

The Netherlands

60.The NL's AFM has also conducted a thematic review of price comparison websites (PCWs).

Regulated Activity

61.In the view of the NL's AFM, the activities of PCWs may be considered insurance mediation. This is the for example the case where the PCW passes more information than contact details (name and address) to insurance companies or to other intermediaries.

Status disclosure

62.In 2011 the AFM has conducted an exploratory examination on PCW's. The conclusion of this examination has been that in a lot of cases the status of the PCW was not made clear. For example it's not been made transparent how independent the PCW is (or how dependent). In some cases the PCW does not list all the product providers but only some of the product providers. If this is not made clear the consumer might have the impression that the comparison reflects the whole market. According to NL's AFM, the scope of the comparison has to be made clear.

63.NL's AFM also found that information on the base of the comparison is not always clear. What factors are taken into account (only price or quality aspects etc.). It should be clear on what factors the comparison is made. Further pre-filling of information is not desirable since it can influence the consumer and since it restrains the consumers from a critical thought about his needs. Further the commission received can influence the (presentation of the) comparison made. According to the NL's AFM, it has to be transparent to the consumer if and how the revenue model possibly affects the outcome of the comparison.

64.As a result of the exploratory examination in 2011 NL's AFM has given some guidance with respect to the status of PCW (Regulatory response). This guidance consists of standards the *PWC Standards (regulatory response)* has to take into account and are the following:

- i) The PCW should make clear to consumers what role it is taking
- ii) The PCW should make clear where it gets its earnings for
- iii) The PWC should make clear how the comparison is being established. What are the factors that are taken into account?
- iv) The PCW should make clear the scope of its comparison i.e. does it cover the whole of the market or not?

65.In 2012 the NL's AFM has conducted a review of approximately 30 PCW's, to examine to what extent PCW's comply with the *PCW standards, developed by the AFM*.²⁶ The overall conclusion of this review is that, compared to the situation in 2011, PCW's provide more information about their status however this information was not easily accessible.

66.For example in some cases the information is not clear to consumers or posted on places that are not intuitively found or are not obvious. After the review in 2012 the accessibility of the relevant information is one of the key elements in monitoring PCW's.

Italy

67.In Italy, the Single Estimator for motor liability insurance ("Tuo Preventivatore")²⁷ is an information service realised by ISVAP (now IVASS) on behalf of the Ministry of Economic Development; it has been on line since 11 June 2009, and it can be reached directly from ISVAP's and the Ministry's websites.

68.The Estimator is a tool of "orientation" which offers an informative general for a wide and quick overview on the prices of the Motor TPL available on the market. Once received the pricing information, people may contact the intermediaries of the identified companies or directly the companies, if they operate through direct sales. The estimates obtained are binding and the companies undertake to abide by the terms for 60 days. The service is free and anonymous, in fact the user has to answer a questionnaire, but need not state its generality.

²⁶ <http://www.afm.nl/nl/nieuws/2012/okt/vergelijkingssites.aspx>.

²⁷ <http://isvap.sviluppoeconomico.gov.it/prevrca/prvportal/index.php>.

69. In 2011 there were 61,500 registered users and about 126,000 estimates. Particular attention continues to be paid to consumer complaints regarding the behaviour of the distribution networks which, in some cases, refuse to underwrite the policy on the basis of the estimate obtained through the system. In all reported cases, the Authority took action against undertakings and reminded them of the binding nature of the estimates obtained through the service, and applied sanctions in the cases of proven violation.

Norway

70. In 2008 the Consumer Council of Norway established Finansportalen²⁸ - The Norwegian Finance Portal. It's an Internet based price comparison service for financial services, banking, savings and insurances. Finansportalen is intended to facilitate increased price transparency and competition in the market and thereby strengthening the position of the consumer.

71. However, insurance undertakings have been reluctant to provide Finansportalen with the necessary price information. For this reason, the relevant legislation was amended with effect from 1 January 2012, providing a legal basis for imposing a duty on insurers providing non-life insurance to disclose information, including price information, on Finansportalen. Secondary regulation defining the scope of the disclosure duty has been effective from 1 January 2013²⁹. The disclosure duty applies to all insurance undertakings offering the types of non-life insurances catered for at any time by Finansportalen's services.

72. The insurance calculators are designed so that a consumer can perform price queries in real time from Finansportalen to all the undertakings. The data the consumer enters into the calculator forms the basis for a question that is sent to all companies offering the service in question, in real time, in the form of a web service query. Each company sends back a response in which the price of the insurance appears. Finansportalen compiles all answers and presents them to the consumer in one screen. Key qualities of the actual products are presented together with the suppliers' price. The dialogue is based on the questions all the companies separately ask their customers, to be able to calculate prices for insurance, and is based on a parameter set that has the purpose that the various cost estimates should be comparable. The parameter set is developed in collaboration with the insurance companies and

²⁸ <http://www.finansportalen.no/>.

²⁹ <http://websir.lovddata.no/cgi-lex/wiftzsok?bas=sf+stv+del+ins+bv+fv+nb+jb+sj+mv+pv+ov&emne1=opplysningsplikt+til+informasjonsordning&button=S%F8k&sok=fast>.

Finansportalen and with Finance Norway (The trade organization for Banks, Insurance companies and other Financial Institutions) as secretariat.

Annex 2: Market overview of comparison websites in the EEA

73. The below overview is based on feedback received by EIOPA Members in April 2013.
74. Comparison websites involved in comparing and selling of insurance products operate in the vast majority of the EEA countries³⁰. From the information collected among the EIOPA Members, **the number of comparison websites varies from country to country**. It has to be pointed out that it may be difficult to determine the exact number of existing websites at a particular moment, since comparison websites tend to appear and then be removed quite rapidly. Therefore, the data referred to in this paragraph are all approximate figures. In light of this, we consider the following intervals: [1-10[; [10-20[and [20,+∞[.
75. In five countries, there are **more than 20 comparison websites** (CZ, ES, FR, NL, UK).
76. Furthermore, there are **between 10 and 20 comparison websites** in seven countries (DE, GR, HU, IE, IT, LV, SK).
77. In eleven countries (AT, BE, DK, FI, LT, MT, NO, PT, PL, RO, SE), there are **between 1 and 10 operating comparison websites**. It is worth noting that in MT there is only one comparison website which was set up for non-commercial purposes. Namely, the official webpage of the supervisory authority includes a comparative table on features/ guarantees of motor insurance policies marketed in the country (this table does not include any information on premiums). In NO, there is a website, run by the Consumer Council, which provides a price comparison service related to all financial sectors. In PT, there are simple forms of comparison websites (notably the ones which provide rankings and price estimators). The websites of the PT supervisory authority and of the insurance undertakings' association display information on charges and profitability of retirement plans (run by means of insurance products) in a comparative table. Finally, there are also comparison websites that are a result of a direct collaboration between the industry and consumers, paid in full by the industry (website operated by the DK Insurance Association and the Consumer Council).
78. Finally, there has been so far **no** notice of **comparison websites** operating in five countries (CY, IS, LI, LU, SI).

³⁰ EU27, NO, LI and IS.

79. Further to this, it should also be noted that the comparison websites existing in one Member State may include information on products offered by insurers which operate in a neighbouring jurisdiction.