



[EIOPA-IRSG-15-09](#)

IRSG Feedback statement to EIOPA Questionnaire on the Consumer Trends Report

EIOPA is required under its Regulation to collect, analyse and report on consumer trends. As a step of the trends collection methodology, Stakeholders' input is also being further sought by means of an **Informal Consultation**.

In February 2015, the IRSG was asked **to give input on the trends** in the areas of consumer protection that Members have observed in 2014, for the next EIOPA Consumer Trends Report.

The trends methodology which included the collection of consumer trends information from Member authorities was adopted in 2012 and revised in 2013 in order to produce more robust consumer trends reports. New in the methodology last year is an additional source of data from BEUC, the European Consumer Organisation who contributed trends information via their members. In addition, EIOPA staff conducted 8 country visits to NSAs to discuss not just consumer trends data gathering but how consumer protection activities are carried out.

The **input provided by the IRSG** will be taken on board in the data collation and analysis together with data collected on consumer trends information from Member authorities. The final draft report will most likely be submitted to EIOPA's Board of Supervisors for adoption in **November 2015** and published shortly afterwards.

Members' input was required on the following issues:

- Top three financial innovations in the insurance sector in 2014.
- Top three consumer protection issues in the insurance sector in 2014.

In addition, **input was also requested** on the following:

- The level of financial literacy amongst consumers is reported as low in some Members States. This problem seems to be compounded by increasing complexity or innovation of financial products. Although recognized as a cross-sectorial issue with the rest of the financial services market, what specific financial literacy/capability initiatives do you think could be effective?
- Would you say that you have observed concerns raised by consumer groups, or the media, regarding misleading financial advertising or marketing information? Have you observed complaints about unbalanced or unfair advertisements or sales communications, creating the potential for consumers to be mis-sold insurance products? Are these types of material clear and easy to understand?
- In a number of Member States, the NSAs have highlighted a significant number of unclaimed or “dormant” life insurance policies, as in sums due under these policies have not been paid out. Have you observed concerns about beneficiaries being unaware, or not being notified, about potential pay-outs? Or any other issues in this area?
- For life insurance, as a result of the economic environment, namely the prevailing low interest rate environment, have you seen an increase in life insurers developing business models to reduce the pressure of high guarantees given in the past?

Background

In December 2014, EIOPA published its Third Consumer Trends Report. The main trends identified, grouped under the following headings, were:

Conduct-related trends:

- Misleading financial advertising or marketing information;
- Poor claims-handling or claims management in particular in the area of motor insurance;
- Cross-selling and Add-ons;
- General issues linked to the sale of life insurance products.

Product-related trends:

- Unit-linked life insurance – poor selling practices and other issues;
- Mobile phone insurance as an example of cross-selling and add-on.

Market-related trends:

- Impact of low interest rate environment with increased solvency or capital requirements.

Regulatory and supervisory developments:

- Increased monitoring of complaints-handling and analysis of complaints by NSAs;
- Financial education/literacy initiatives;
- Reported activities in the areas of Payment Protection Insurance, Beneficiary Protection Arrangements regarding Life Insurance Contracts and Comparison Websites.

A. General comments / suggestions

- The Consumer Trends Report is an important initiative from EIOPA but **the next report should seek to improve the methodology, transparency and be more balanced in its coverage** of consumer trends:
 - the strength of trends identified should be put into perspective, for example to ensure that events occurring in one or two countries are not presented as a European-wide trend.
 - the statistics and figures used should also be put into perspective. For instance, the number of complaints and any changes in the numbers should be compared with the overall number of contracts, and mention should be made of claims and benefits paid out by insurers.
 - more transparency should be provided on the methodology for information collection by EIOPA (e.g. by making its questionnaire to NSAs publicly available) so as to ensure a sound methodology.
 - consumer behavior can also be detrimental to the insurance sector and to other consumers (rather than only insurers' behavior) – Trends in consumer fraud, its impact and measures taken to reduce it for instance should also be included.
 - currently the report is entirely focused on consumer detriment. Trends in innovation to address changing customer demands and needs in the insurance sector should also be presented.

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- It would be interesting to **report on the number of claims submitted to insurance companies and the number of denials, pay outs and partial pay-outs** in the forthcoming editions of the Consumer Trends Report.
 - As regard to **complaints and redress procedures**, even though and hopefully they represent a small percentage in comparison to the global insurance activity, one must bear in mind that they **always indicate the trends** and that a sole case mishandled can, through media, ruin all the efforts made by the professional. In example, by virtue of his or her position, the mediator is a privileged observer of changes in society and behaviours and the twenty years of mediation in the insurance sector have allowed those changes to be recorded. By their nature, complaints bear witness to the difficulties encountered by insured parties and to their feelings and fears. Consumer behavior changes on an annual basis and this fact should also be taken into consideration. One can therefore easily see through the Fin Net that there are similarities within the European Union. As an example the PPI problem was/is not specific to the UK market. The same for the mobile phone insurance problems or insurance sold by phone. **This issues also have to be addressed, even though their complexity or/and relevancy can be different throughout the EU.** In other words, the topic of consumer trends topic goes far beyond filling templates and ticking boxes. **The diverse comments show the necessity of a more in-depth analysis** of the subject as some trends are present on some markets and some other are only local and therefore could hardly be characterised as "trends". More details are available in the Fin Net reports (available at www.ffsa.fr).
 - A stakeholder is concerned that EIOPA could use the report's conclusions to proposed future actions. Taking into account the lack of perspective of last year Report and its excessive and punctual focus on consumer detriment cases, **more positive input is needed.** EIOPA's Report could include positive trends as well and positive solutions actives in the markets (some of them promoted by the insurance sector).
 - Another stakeholder is of the opinion that although presenting positive trends and solutions is necessary, in order to achieve a more balanced view of the current consumer-related landscape, **putting consumer issues under the spotlight might help clients into the future by increasing the quality of services offered to them** by insurance undertakings. The purpose of the Consumer Trends Report is, however, to provide with an actual snapshot of the insurance landscape and thus to

improve the life of everyday consumers.

- The Consumer Trend Report **should deal with consumer issues and identify the trends and not with issues that concern the profession.** This means not only the present actual trends but also to look at the future.
- In at least 2 member states, **problems introduced in 2013 have still not been fully dealt with in 2014.** Challenges that the consumers in Poland and Romania face are mainly connected with the MTPL insurance and the denial and partial denial of claims by insurers. This problem is most important as the MTPL market dominates the insurance landscape in both countries.
- In Poland, **the problem of mis-selling of life insurance in banks still remains unsolved.** The market is also dealing with high numbers of complaints on unit-linked products that tend to be directed into court more often. Two other, very important aspects that, in my opinion, should be presented to the EIOPA. The first one is **the use by insurers of unfair contract terms in insurance contracts.** This was not the main issue for many years in Poland as the MTPL insurance was the leading insurance in Poland and there are no terms and conditions in such contracts as they are regulated by law. But the influence of bancassurance in Poland and the higher number of sales of non-obligatory insurance resulted in irregularities with the terms and conditions of insurance contract. As there are no standard terms and conditions of insurance products in Poland, each of the insurance companies (we have over 45 insurers seated in Poland and of course we also have companies doing business in Poland but seated elsewhere) prepare their own terms and conditions of a contract for each product, and even sometimes the same product for different intermediaries. This results in a high number of terms and conditions of insurance products that are used on a daily basis. The Polish Insurance Ombudsman had over 2,200 terms and conditions present in its database in the beginning of 2014. However, some insurers (even though they are obliged by law) do not present their terms and conditions (T&C) to the Ombudsman. The obligation to present the T&C of insurance contracts to the Ombudsman does not mean that the Ombudsman corrects these documents. This is impossible due to the large number of T&C submitted. However, in case there are number of complaints concerning a T&C of an insurance product, the Ombudsman may present the case to the Consumer and Competition Office with a proposal to file a complaint into court. The complaint results (after a few years) in a judgment stating the

specified term of the contract in unfair and the term is registered as an Unfair Contract Term in a Register of Unfair Contract Terms. The analysis of the use of terms & conditions by insurers results in a conclusion that almost all insurance companies doing business in Poland apply unfair terms of contracts into insurance agreements. Some of insurers also apply terms that are already registered as an Unfair Contract Term, as they present a different interpretation of the provisions of law, saying that if a term was registered as an unfair, the judgment is binding only as it relates to the product concerned by the judgment. This interpretation is false according to the Polish Law. However, to prove that the insurer is uses a false interpretation, another complaint must be brought into court. This takes a lot of time and effort and is totally ineffective. Having in mind that there are hundreds of T&C in force and in use and in each of the T&C we may find more than one unfair contract term, the problem of effective consumer protection evolves. In the official Polish register there are 160 unfair clauses registered and 67 of them had been included in the last 3 years.

Another issue that so far has not been yet presented to EIOPA is the problem of **cross-border consumer complaints and handling of cross-border claims by insurers**. This problem however, is not reflected by a high number of complaints, but it is essential having in mind the functioning of European Union. The provisions of European directives tend to facilitate the handling of cross-border complaints. However, for example in situations of traffic accidents, regulated by Motor Directives, the insurer is bound to present its opinion on a submitted claim in a period of 3 months, however if the decision (or an opinion) of an insurer is unfavorable to consumer, usually there is no efficient way to help the consumer to check the decision/opinion of that insurer. Another problem is the delay of payment of claims. No deadline is set forth in the provisions of law to execute a payment to the consumer. Another problem related to cross-border claims is the contact between the consumer, the insurer and the representative of an insurer. The consumer usually contacts the representative of an insurer that is seated in his/her home country. However, it is not the representative who takes up the decision in an individual case. The representative is not always wanting to help the consumer receive proper indemnification. Of course, in such cases the European network of Fin-Net may handle consumer's dispute. In many countries however, Fin-Net members are not allowed to settle claims related to traffic accident, as they can only investigate policy-holders' complaints and an injured person that files a claim with an insurer seated in another country based on MTPL insurance is not considered to be a consumer. The other problem is the fact that consumers are not really

aware of Fin- Net, so it is hard for them to use it.

This problem directly relates to the cooperation between National Supervision Authorities in the European Union. In cases where NSA in one Member State has the information on irregularities of an insurer seated in another Member States, the cooperation between NSA's should be professional, fast and efficient. Some cases identified in Poland show, that this cooperation is not that perfect. Poland has also experienced situations in which high representatives on insurers seated in other Member States were uninterested in changing any of its negative practices, as they were convinced about the inefficiency of supervision as it relates to insurers seated abroad.

B. Questionnaire

1. The level of **financial literacy** amongst consumers is reported as low in some Members States. This problem seems to be compounded by increasing complexity or innovation of financial products. Although recognised as a cross-sectorial issue with the rest of the financial services market, **what specific financial literacy/capability initiatives do you think could be effective?**

Insurance Europe

It is important that financial education on insurance includes a component of risk awareness – this includes both raising awareness of potential risks individuals are exposed to and the means by which insurance can cover those risks

Even though financial literacy education remains under the responsibility of Member States, the following could be encouraged on a European-wide basis:

- o Recommendation to encourage the adoption of national strategies for financial education and their inclusion in school curricula.
- o Promotion of a European Day of Financial Education that would allow policymakers, consumers, the financial sector, education providers, social partners and the media to come together to share best practices and discuss future approaches to financial education and literacy at national and European level.

National insurance associations also play an important role in providing neutral information to consumers about insurance products. The national associations develop tools and initiatives to help consumers better understand this information, and carry out research and conduct surveys to monitor consumers'

understanding, expectations and opinions and to ensure that their needs are being met. An example of such practices is provided in Insurance Europe's booklet on "Financial education and awareness - European insurance industry initiatives", highlighting the efforts undertaken by industry to promote financial education across Europe.

Spain

The Spanish insurance industry considers that the initiatives that have been introduced by the Spanish government are very positive. Such initiatives consist of the introduction of financial literacy programs at the school as a curriculum for students.

In addition, it considers that such initiative should be further developed in order to achieve a better understanding of the insurance products and to get consumers aware that most of the risk they are exposed to in their daily lives could be covered by insurance products.

Poland

As it relates to Poland the financial literacy amongst consumers is very low. The consumers are unaware about the basic provisions of the law for example as they relate to the obligatory MTPL insurance. This is reinforced by frequent amendments of the law. The Polish consumers are still used to the public-insurance system, although this system does not exist since 1989. Many consumers still think that insurance companies are State-owned and they often tend to request action under Administrative Law, despite the fact insurance contract are regulated by Civil Code.

A common example of the lack of financial literacy of consumers in Poland is the problem of Terms & Conditions of the insurance contract. Consumers, when applying for insurance, always sign that they received the terms and conditions of the contract, when in fact they are not aware what that document is and if they actually had been served with the Terms and Conditions. This is observed while investigating consumer complaints.

The consumer education is done most effectively in individual cases by insurers. While investigating their own problem and receiving information from an insurer, the consumer learns the most. Therefore, it should be of high priority to insurers to provide consumers with not-misleading information.

Consumers should be aware about the existing institutions that can advise them on their questions – consumer offices, ombudsman, ECC-Net, Fin-Net. They should have an easy access to advice and information there. However,

consumers are not aware about the existence of such free-advise offices. The educational initiatives should be directed not only on the information about products/provisions of law but also on information about objective institutions that may provide answers to their questions.

There was an interesting campaign in Poland about two years ago – spots on TV. Four steps had been presented to consumers that want to take out a credit: 1. Check the company 2. Count the costs 3. Read the contract and 4: if you don't understand the contract – don't sign it. Easy to understand, remember and to use.

Romania

Several nation-wide public educational campaigns focusing on insurance took place in 2014, most of them as a joint effort between APPA-Association for Insurance Promotion Insurance and the Romanian insurers' association. However, one can not help appreciate the effort done by some insurance companies to raise awareness, especially on the life insurance segment.

Nevertheless, any educational campaign has to be backed-up by quality services and products.

Latvia

In 2014 was been introduced the National Strategy for financial literacy in Latvia. The Strategy is the medium-term strategic planning document for the period from 2014 to 2020. The great part of the Strategy is dedicated for strategic vision of desirable development of the Latvian society as regards financial literacy.

Within the financial literacy/capability initiatives framework awareness campaigns are quite effective way to engage consumers in order to provide awareness of planning finances, services, associated risks and security aspects, be capable of comparing various services to make the most suitable choice.

One of the positive examples of awareness campaign at a national level is collaboration of National Regulator, Bank of Latvia, Education and Consumer institutions to conduct the financial education week each year in March. During this week students, teachers and other interested parties are involved in the educational activities - lectures and public lectures, competitions, seminars, on-site consultations, sharing of good financial advice.

At a EU level there are good initiatives that are being developed in interaction with consumer movement:

- 1) Consumer Champion (capacity building activities addressing various areas of expertise including e-learning course "Financial services" (Retail investment - MIFID 1, UCIT; Insurance - Motor Insurance Directive, IMD 1);
- 2) Consumer Classroom, theme: Financial Literacy (a community website for teachers bringing together an extensive library of consumer education resources from across the EU, along with interactive and collaborative tools to help prepare and share lessons with students and other teachers).

While EU level initiatives mostly are carried out for a short time (based on EU funding) but it is essential to ensure sustainability of these initiatives and dissemination at a national level.

2. *Would you say that you have observed concerns raised by consumer groups, or the media, regarding **misleading financial advertising or marketing information**? Have you observed complaints about unbalanced or unfair advertisements or sales communications, creating the potential for consumers to be mis-sold insurance products? Are these types of material clear and easy to understand?*

Poland

We have observed a number of complaints of consumers that are connected with misleading advertisement. The complaints concerned for example a sickness insurance (cancer insurance) that was advertised as a product that is sufficient to anyone, where the product itself excluded the most common cancer illnesses and was directed only to a limited number of diseases, very rarely diagnosed.

We also observed a misleading advertisement of a life insurance that was advertised as an insurance to all seniors that are under 75 years of age. The advertisement said: "you'll never get a denial", where in fact, the product, if sold to a consumer over 60 years old had a long grace period of 5 years, and all other policy-holders were bound by a 2 year grace period. The advertisement said that an elderly person can buy this product for a price of 1 Polish Zloty a day (30 zlotys per month), however a premium was of course much higher than that (around 200 Polish Zlotys for a 70-year old).

Romania

During 2014, major issues highlighted especially by the media relate to managing claims in motor insurance, especially MTPL.

Most complaints came from claims management. There are several examples in the market of delays in payment, poor customer service and declining of valid claims. Also, there are cases in which insurers are not explaining or sometimes following the full claims procedure. Therefore most customers are led to believe that the indemnity will be paid very quickly and in full, which is not always the case. Unfortunately, there still is a general feeling of disbelief in the insurance undertakings, especially non-life insurance companies, although the market seems to be heading into the right direction.

Latvia

In order to facilitate popularity of services advertisements often give a promises to consumers related with senses, emotions, prizes that creates the desire to consumer to buy a service. Unfortunately consumers report as regards misleading telemarketing practices (cellular operators, broadband, Wi-Fi, internet, etc.). Sometimes marketing information presents misinterpretation of insurance policy and procedures.

However it is important for consumers to find insurance that fit's to consumer budget therefore consumers often shopping around and are guided by the financial advertising or marketing information. Some advertisements are really nice while in many cases advertisements offers illusions. The most problems arises when consumers chooses the cheapest insurance (for example car insurance, CASCO, voluntary motor vehicle insurance) that may result in a unsatisfactory customer service and/or claims settlement practices, other consequences. The special attention had to be turned to the discounts since they might be misleading. Some discounts are given by bundling consumer one type of insurance with other lines of insurance.

In order to balance the financial advertising and marketing information the important role is for industry self-regulatory mechanisms - good practice and codes of ethics.

3. *In a number of Member States, the NSAs have highlighted a significant number of **unclaimed or "dormant" life insurance policies**, as in sums due under these policies have not been paid out. Have you observed concerns about beneficiaries being unaware, or not being notified, about potential pay-outs? Or any other issues in this area?*

Spain

In Spain, since 2005, there is a public "Register of insurance contracts with death cover". Its purpose is to provide information (in a certificate) for any potential beneficiary with the necessary information to know if a deceased person was an insured of one or more life or accident insurance contracts with death cover as well as the insurance undertaking details.

The same objective could also be achieved more straightforwardly by permitting insurance undertakings having access to the Administration files on deceased persons.

Poland

This problem is most common in bancassurance - PPI in specific. Mortgage-credits and consumer credits that are sold together with life-insurance are often situations where nobody else (but the policyholder himself and the bank) knows about the life insurance. It is not a rule that banks or insurers notify the family of the decedent about the insurance policy. Often banks, instead of informing the family about an insurance policy, only inform about the obligation to pay the credit after the death of the policyholder. No law in Poland requires banks/insurers to inform about the existence of a life insurance. Some steps had been undertaken to create an official register of life insurance policies but so far this idea had not been implemented.

Romania

This problem can not be qualified as a trend, although there are specific reports about customers not being fully aware of the terms & conditions of their particular life insurance policy, especially regarding credit-related policies.

Latvia

The currently new market practices become popular as regards bank provided mortgage credits. The property insurance policy associated with the mortgage credit had to be provided by the consumer to the bank at least 10 days before expiration of the last insurance policy. If consumer fails to deliver policy the bank saves the right to insure the property without consulting with consumer and charge consumer directly from his/her bank account. In this case consumer is not informed as regards insurance policy coverage, terms and conditions of the policy, any other consequences that might arise.

4. *For life insurance, as a result of the economic environment, namely the prevailing low interest rate environment, have you seen an **increase in life insurers developing business models to reduce the pressure of high guarantees** given in the past?*

Spain

Spanish companies have not been really affected by low interest rates, as it has been expressed by EIOPA at the European Stress Test 2014 conclusions.

Life insurance policies in Spain are not developing business models with the aim of reducing guarantees that existed in the past. It has been almost 17 years since Spanish regulation (Royal Decree 2486/1998) incorporated an asset-liability management (ALM) as methodology for covering interest rate and spread risks.

Life insurance products with long-term interest rate guarantees above a certain threshold are subject, by regulation, to a specific asset-liability cash flow matching methodology similar to the matching adjustment provided in Solvency II.

This kind of asset and liability replication system has enabled the Spanish insurance sector to come through the battering of the current financial crisis unscathed, maintaining adequate levels of solvency even at the worst moments contributing, at the same time, to a notable development of annuities as well as other long-term life insurance savings and pension products.

UK

The low interest rate climate and the likelihood that this may continue for some time is a significant challenge for life insurance in substantially all Eurozone countries. Apocryphally, if insurers are responding in several countries and cases by for example offering conversion of guarantees into unit-linked formats, this is

reasonable in principle (particularly in a context of solidarity), but it does probably raise questions of oversight. EIOPA, to its credit, saw this type of issue coming in its 2014 stress test work, and should be encouraged to follow through in reporting/discussion of consumer trends.

EIOPA and national competent authorities should therefore be constantly encouraged to propagate good practice. The silent majority of consumers is broadly well served and responsible firms continuously invest in measuring consumer satisfaction and how this may be improved. It would be good to see more reporting and discussion of what works well in this area.

Parochially the current UK government is committed to allowing annuitants to 'sell' their policies. This has theoretical attractions although it raises complex issues of oversight of fairness rather akin to the 'guarantee conversion' exercises stimulated by the low interest rate climate. It likely is worth a mention by EIOPA, although this may have to depend on the result of the imminent UK election.

Poland

Not identified.

C. Top 3 Consumer Protection Issues

Issue 1:

Please name your first consumer protection issue:

Answer a - Germany Mobility of many long term insurance products within Europe is still limited due to licensing approach, national social security or tax laws (e.g. for healthcare or long term care).

Answer b - France Lack of information on net performance of life products, and on total fees and commissions.

Answer c - Romania (employees' rep) Lack of know-how in the market of intermediaries.

Answer d - Romania 2 (consumers' rep) Claims management in MTPL, cases of delayed claims liquidation, poor customer service and/or declining of valid claims.

Answer e - Spain UNESPA Guidelines on Good Practices for Transparency in Insurance Selling

Answer f - Latvia Property insurance.

How did you decide about the importance of this issue?

a. Especially in an aging society and with increasing mobility of young people, this becomes a growing factor of uncertainty. A clarification on some legal aspects could help customers and insurers.

b. Even the national and European supervisors confess they don't know this despite article 9.1 of the ESAs Regulation.

c. Over 50% of the Romanian insurance market is distributed by intermediaries.

d. MTPL dominated the Romanian insurance landscape, with more than 43% of total GWP of the non-life industry.

e. Because the Spanish insurance industry considered the necessity to structure in a document all the regulations in force pursuing transparency for consumers.

f. The property insurance is one of the most popular type of insurance (problems that relates with the fact that the insurer does not pay out the indemnity or decreases its amount etc.).

Why do you think this issue has occurred?

a. Limitations of EU responsibilities, changes in consumer behaviour.

b. Lack of product standardisation and not enough supervision.

c. The vast majority of the brokers are specialized in Motor insurance, as Motor Third Party Liability is a mandatory policy and therefore a reliable

source of income. Also the level of professional training is very low. Due to these factors, these intermediaries generally sell the highest commission insurer and not the product and they don't put any effort in the advisory part of their job. Because of this aspect, customers don't generally expect nor understand the advisory role of a broker. That being said, when a customer receives for example a house insurance policy, he will not be informed properly on the coverage, services and general contractual conditions.

d. Lack of proper supervision in the last decade, strong competition between some of the undertakings, lack of financial education etc.

e. The existing overregulation, regardless of consumer needs, drove to produce those Guidelines that have as main objective to structure all the information requirements that undertakings need to fulfil for the distribution of insurance products.

f. The mortgage loans granted by banks and the popularity of the state-guaranteed mortgage loans for families with children.

Issue 2:

Please name your second consumer protection issue:

a. Access to finance: While financial literacy addresses the knowledge limitations, a regime for more flexible and potentially "small ticket" insurance would allow also persons with a low or instable income basis to purchase insurance.

b. The lack of associations representing policyholders interests vis à vis the insurers is detrimental. In France contracts sold without the existence of an association of policyholders are much less remunerated than the contracts in which an association exists.

c. Romania's NSA decision to implement a measure in the MTPL market that obliges by law that the price offered for this mandatory policy to be the same for a particular client, no matter the selling channel and also to limit by law the possibility to offer to clients collateral advantages along with MTPL policy.

d. Romania's NSA has set-up a permanent consumer protection consultative group

e. UNESPA Guidelines on Good Practices for health insurance policies.

f. "Small insurances" (like PPI, cancellation of trip, mobile phone insurance etc.)

How did you decide about the importance of this issue?

- a. N/A
- b. Better Finance research report 2014 page 80: 2,62% return in 2013 versus 3,29% for independent associative contracts.
- c. It is a measure meant to increase clients' trust in insurance market.
- d. It is one of the first full-size consumer-related projects of the Romanian NSA.
- e. The Spanish insurance industry was concerned about providing the right information to consumers in order to achieve its goal of transparency. The engagement of the undertakings to renew contracts even in case of serious illnesses was also considered.
- f. The absence of appropriate national legal protection ("small" insurances are sold mainly by non-professional distribution channels) that raise consumer complaints.

Why do you think this issue has occurred?

- a. This is not new, but especially in countries with high unemployment rates, this leads to lack of insurance, which often is to the detriment of other people (e.g. lack of third party liability insurance).
- b. In France these contracts are mostly sold by the banks and are issued by insurance companies which are direct subsidiaries of these banks (see the conflict of interest!).
- c. More and more intermediaries were paying their customers, as a discount, to attract them in their portfolio, without offering any added value in return. Because of this phenomena the clients were no longer directed towards good services but towards insurers offering bigger commission in order to have a bigger margin to pay from.
- d. Need of communication with all relevant stakeholders
- e. The Spanish insurance industry's objective was to provide the consumer with a better systematization and structure of the information worthy for him. Taking into consideration that in Spain health insurance policies are private -they are not complementary nor alternative to the public system-, the industry felt the need to insist on the information about the renewal of contracts and on the engagement of insurance undertakings of not withdrawing contracts in case of serious illnesses (in Spain health insurance contracts' duration is one year, and could be renewed every year).
- e. Small insurances are becoming widespread and popular. Consumers are not critically considering the necessity of choosing "small" insurances.

Issue 3:

Please name your third consumer protection issue:

- a. Complexity and opacity of insurance regulated pension products.
- b. N/A
- c. N/A
- d. N/A
- e. Regulation on expected profitability of life insurance contracts.
- f. N/A

How did you decide about the importance of this issue?

- a. The EU rule that product disclosures should be intelligible for the category of people targeted is not enforced.
- b. N/A
- c. N/A
- d. N/A
- e. It allows consumers to compare insurance products and thus it permits them to select life insurance products that best fits their needs.
- f. N/A

Why do you think this issue has occurred?

- a. Lack of product standardisation and supervision.
- b. N/A
- c. N/A
- d. N/A
- e. The information about the expected profitability will allow insureds, who have as an objective to save money, to learn about product profitability guarantees. [Some of those guarantees are prescriptive for certain types of products like the "Guaranteed Pension Products"]. Furthermore, the above mentioned information will allow insureds to evaluate the financial performance of the undertaking and of its own product.
- f. N/A

D. Top 3 Financial Innovations

Issue 1:

Please name your first financial innovation:

- a. Una Allianz - holistic digital strategy to access and advise customers in Italy (<http://allianz1.allianz.it/>)
- b. French Eurocroissance contract.
- c. Creation of niche products in the market, especially in life / health sector.
- d. Online insurance distribution; development of comparison websites.
- e. Motor Insurance Accident Statement App (mobile application).
- f. Popularity of the sharing economy as an attractive and innovative form of consumption, covering a wide range of sectors like financial services. Role of insurance in the sharing economy.

How did you decide about the importance of this innovation?

- a. Customer reaction
- b. It is a product intended for long term investing which encourages the investment in shares despite the SII regulation.
- c. It is a sign that insurance market in Romania is becoming more flexible and lean more towards the client, rather than pure financial gain.
- d. The increasing number of clients buying their non-life insurance policy over the Internet in the last year.
- e. It makes easier for consumers to get the insurance undertaking informed about the claims they suffer.
- f. The European Sharing Economy Coalition raised discussions on this topic; European Economic and Social Committee Opinion on collaborative or participatory consumption (INT/686), other initiatives.

Why do you think this innovation has developed?

- a. Good understanding of digital generation.
- b. Because the need to develop long term investing through shares to help the economy.
- c. Market is seen in a more segmented version and insurers realize that the way to convince their customers about the dedication is to communicate with that segment individually. For example, they created products specially designed for women, to cover specific health related issues for them.
- d. Simplicity of the purchase, price-orientated clients, possibility to compare offers, although not always in a correct manner.

- e. This innovation was developed to take advantage of the benefits of new technologies in favour of both consumers and insurance companies.
- f. Insurers are interested in being part of the sharing economy, collaborative or participatory consumption.

Issue 2:

Please name your second financial innovation:

- a. N/A
- b. N/A
- c. Insurers are willing to accept discount for Motor insurance, should they receive detailed information about the clients' behaviour in traffic, based from the "black-box" system. As today only large fleets own such a system, the system applies to corporate insurance.
- d. N/A
- e. N/A
- f. N/A

How did you decide about the importance of this innovation?

- a. N/A
- b. N/A
- c. It is meant to stabilize the high claim ratio for Motor insurance.
- d. N/A
- e. N/A
- f. N/A

Why do you think this innovation has developed?

- a. N/A
- b. N/A
- c. Insurers look towards European development of the market and understand that they need to create a partnership with their customer in order to have win-win collaboration.
- d. N/A
- e. N/A
- f. N/A

Issue 3:

Please name your third financial innovation:

- a. N/A
- b. N/A
- c. N/A
- d. N/A
- e. N/A
- f. N/A

How did you decide about the importance of this innovation?

- a. N/A
- b. N/A
- c. N/A
- d. N/A
- e. N/A
- f. N/A

Why do you think this innovation has developed?

- a. N/A
- b. N/A
- c. N/A
- d. N/A
- e. N/A
- f. N/A
