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Third Consumer Trends Report

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Executive Summary

One of the key tasks of the European Insurance and Occupational Pensions Authority (EIOPA) as laid down in Article 9(1)(a) of its founding Regulation¹ is to “*collect, analyse and report on consumer trends*”.

This third Consumer Trends Report provides **an overview of the evolution of the insurance and pensions markets in terms of consumer detriment, mainly from the perspective of National Supervisory Authorities, insofar as such trends are significant in their impact or novelty.**

The two EIOPA stakeholder groups, the Insurance and Reinsurance Stakeholder Group (IRSG) and the Occupational Pensions Stakeholder Group (OPSG) and for the first time, the European Consumer Organisation (BEUC) have also provided input to this Report. **It does not aim to provide a complete picture of all relevant risks for consumers, and not all trends identified exist in all EU countries.**

Some of the trends identified below were already highlighted in the previous Consumer Trends Report published in 2013, as consumer trends take time to evolve in the different European markets.

Therefore, evolving trends on similar issues may not be reported by National Supervisory Authorities at the same time. For example, a trend is sometimes reported by a small number of authorities in one year and this trend may grow among other countries in ensuing years.

The main trends highlighted in this third Consumer Trends Report can be summarised as follows:

A lack of transparency has been observed by many national supervisory authorities, for instance through misleading advertising and marketing/sales literature, or through incomplete or difficult to understand costs and charges, performance or investment return information.

Inconsistent information disclosure has continued to make comparisons between products difficult.

Advertising material for non-life products has tended to focus mainly on price, instead of product coverage, and has not sufficiently invited consumers to read terms and conditions, or seek advice, where necessary.

Consumer complaints have shown that much more needs to be done to ensure that information provided in the course of the sale of insurance products is fairer, more balanced, clearer or easier to understand, and not misleading.

Cross-selling (tying & bundling) and add-ons have been reported by several national supervisors with regard to a large number of financial products such as protection linked to **loans, debit and credit cards**, including identity theft protection. They have also been reported for **non-financial products** such as **electronic devices**, for example, **mobile phones (loss, damage or theft)**.

Problems have been cited with respect to consumers often not being aware that they are buying an insurance product, due to lack of information, poor product disclosure and selling practices, so they might not activate the policy in the event of a claim.

¹ Regulation (EU) No. 1094/2010, of the European Parliament and of the Council, of 24 November 2010, establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331, 15.12.2010, p. 48)

There are often long lists of restrictions and exemptions, leading to add-on products not offering value for money. Multiple cover may be inadvertently bought due to consumers not being appropriately informed about the coverage of their products.

Finally, competition for add-on products is often not effective as consumers are less likely to shop around for the add-on cover and are less sensitive to price at the point-of-sale, such that add-on products may be overpriced.

Specifically, on **Payment Protection Insurance (PPI)**, a trend that continues from the previous year's report, unfair practices and contractual clauses that restrict the cover these products provide, or which are inadequate to the needs of the consumers, have been identified. In addition, commissions received by intermediaries for these are generally high, in comparison to the remainder of the premium.

Mis-selling of unit-linked life insurance continues to be a problem reported by the majority of sources, reflecting the fact that:

- (i) information disclosed about these products and the underlying investments and their risks, is insufficient or difficult to understand or;
- (ii) unsuitable or inappropriate advice is provided to consumers on what product to buy.

National authorities reported that consumers are often being sold structured or complex investments without distributors fully understanding the nature of these investments, and without distributors fully taking into account the needs of the consumer, for instance, due to failures to obtain sufficient information on the financial status or investment experience of the consumer.

Problems remain around insufficient and difficult to compare disclosures of both direct and indirect costs and charges. In addition, conflicts of interests have also been identified, where life insurers select underlying funds based on the highest commissions received from fund managers.

Insurers' **sales incentive schemes** have also been identified as leading to mis-sales, due to insufficient steps being taken to safeguard the fair treatment of customers, reflecting failures in the proper identification and management of conflicts of interests.

As a result of the **economic environment**, namely the **prevailing low interest rate environment**, some national supervisory authorities have reported that some life insurers are developing business models to reduce the pressure of high guarantees given in the past.

Policyholders are being encouraged to switch from life insurance products with guarantees to products with lower or no guarantees, including solely market-based products such as unit-linked products where the customer bears all the investment risks.

Problems have also been reported by some national supervisors in the area of **claims-handling**. For example, inappropriate claims refusals, disputes over the amount of compensation paid and undue delays in payments in the area of motor third party liability insurance (MPTL), have been identified.

Supervisory action has also consisted of investigations into issues such as denied compensation and failings in the claims-handling process for Payment Protection Insurance (PPI).

The **level of financial literacy amongst consumers is reported as low** in many Member States, compounding the additional challenges of increasing complexity and innovation in financial products, undermining further the capacity of consumers to be able to make informed choices.

Some national financial literacy projects are targeting specific audiences, such as teenagers or young adults, or undertaking insurance-specific initiatives, although it is recognised that financial literacy is a cross-sectoral issue.

Supervisory action has been targeted in areas such as **beneficiary protection arrangements**, where national authorities have highlighted the significant number of unclaimed life insurance contracts, and, given their increasing use, **comparison websites**, where a current focus is on verifying the transparency of and basis for the comparisons and rankings shown.

1. Introduction and Scope

The European Insurance and Occupational Pensions Authority (EIOPA) is required under its empowering legislation ("EIOPA Regulation or Regulation")² to "**collect, analyse and report on consumer trends**".³

As Article 9 of the Regulation does not define "consumer trends", EIOPA has therefore adopted the following working definition for use in this report:

"Evolutions in consumer behaviour in the insurance and pensions markets related to the relationship between consumers and undertakings (including intermediaries) that are significant in their impact or novelty".

In addition, according to Article 8 of EIOPA Regulation under "Tasks and powers of the Authority", the "*Authority shall have the following tasks: ... (h) to foster the protection of policyholders, pension scheme members and beneficiaries*".

Moreover, Article 35 of the same Regulation provides a general basis for the collection of information. At the request of EIOPA, National Supervisory Authorities (NSAs) "*shall provide [EIOPA] with all necessary information to carry out the duties assigned to it by this Regulation, provided that they have legal access to the relevant information and that the request for information is necessary in relation to the nature of the duty in question*".

To meet the above objectives, in order to deliver a regular Consumer Trends Report for the insurance and pensions sector, EIOPA has developed a methodology for producing the annual Consumer Trends Report. (See Annex I for more information on this methodology). It is intended that information on consumer trends will be used on an on-going basis, notably to identify key consumer protection issues and inform the work of EIOPA and the National Supervisory Authorities (NSAs).

Since the beginning of 2014, EIOPA has been approaching NSAs and the two EIOPA stakeholder groups, the Insurance and Reinsurance Stakeholders Group (IRSG) and the Occupational Pensions Stakeholders Group (OPSG), to obtain consumer trends information relevant for 2013, as the basis for this Report. In addition, a new source, the European Consumers Organisation (BEUC), has been approached for its input. The issues highlighted by the third European insurance and pensions consumer trends identified in this Report shall inform EIOPA in the identification, prioritisation and development of targeted policy proposals.

Therefore, this third Report provides an overview of consumer trends mainly from a consumer detriment perspective of NSAs and is to be read as such. It does not provide a complete picture of all relevant risks for consumers, and not all trends identified exist in all EU countries.

² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:331:0048:0083:EN:PDF>

³ Article 9(1)(a)

2. Main trends identified in the previous Consumer Trends Report

Last year's Consumer Trends Report⁴ identified the following consumer trends:

- New or evolving channels for sales and marketing, including social media, and increasing use of advertising, especially via the internet, and the increased use of comparison websites;
- The lack of, or misleading, disclosure of information and poor advice given to consumers, potentially leading to the mis-selling of various insurance products, in particular, life products such as unit-linked products;
- New or emerging products, for example, mobile phone insurance and packaged bank accounts bundled with the sale of insurance;
- The sale of complex products to retail investors and governance rules for the development of these products;
- The practice of unilateral changes to the terms of insurance contracts by insurance undertakings; and
- The use of telematics (also known as 'black boxes') by insurers in the sale of motor insurance.

Based on the analysis of the information gathered for the purposes of this Report in line with the revised methodology⁵, **the majority of the trends identified in last year's Report still persist**, subject to some further developments, the details of which are described in the next part of this Report.

⁴ https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/Consumer_Trends_Report.pdf

⁵ https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/Review-of-Consumer-Trends-Methodology_approved_by_27112013_BoS_with_appendixes.pdf

3. Consumer trends in 2013

3.1. Background: European insurance market by gross written premium

To give context to the high level trends identified in this Report and aid in considering their potential scale of impact, European market sizes need to be taken into account.⁶

With a share of just over a third of the global market, the European insurance market is the largest in the world, followed by North America and then Asia. The insurance sector is a major player in the EU workforce, with nearly one million direct employees in over five thousand companies.

In 2013, over €1100bn in total premiums were generated in Europe, with a split of over €600bn or 60% in life insurance premiums and over €450bn or 40% in non-life insurance premiums. The balance between life and non-life insurance varies significantly across different European markets reflecting national markets with different levels of penetration.

3.2. Trends identified

The section below describes the identified trends grouped under the following sub-sections:

- Conduct-related trends;
- Product-specific trends;
- Market-related trends; and
- Regulatory and supervisory developments.

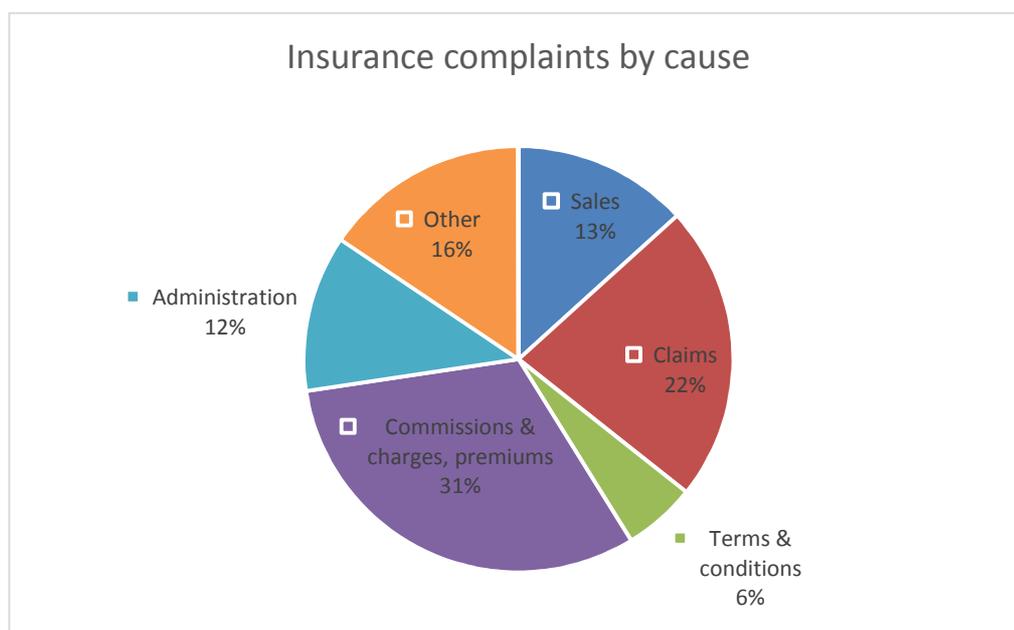
3.2.1. Conduct-related trends

From the information submitted by 25 NSAs on complaints, Chart 1 below shows the breakdown of complaints by cause. Out of a total of 833,247 complaints reported, the three main causes of complaints identified by NSAs were "Commissions & Charges/Premiums" at 31%, "Claims" at 22% and "Sales" (including misleading advertising material and marketing/sales literature) at 13%.

From analysing these causes of complaints, information disclosure is an important underlying aspect. Given the inherent information asymmetry consumers face in buying insurance products, the findings clearly show that information provided needs to be balanced, easy to understand and not misleading.

⁶European Insurance – Key Facts" (August 2014), Insurance Europe: <http://www.insuranceeurope.eu/uploads/Modules/Publications/european-insurance---key-facts-2014.pdf>

Chart 1



Number of respondent NSAs = 25

Lack of transparency is also observed in pension products in areas such as clear disclosure of costs and charges, actual performance or investment returns and realistic projections.

Also, one of BEUC's members expressed concerns regarding the lack of a standardised information sheet with the main features of the insurance product, in order to allow the consumer to make a comparison between various products.⁷

An example of the outcome of poor disclosure of information for non-life insurance products reported is that multiple cover is inadvertently bought due to consumers not being properly informed about the coverage of their insurance contracts. This is crucial, as, depending on the contractual framework in the Member State in question, it is possible that the claim can only be paid out once in the event of a risk materialising.

Based on the information provided by NSAs, the following trends can be categorized under issues relating to conduct of business:

(i) Misleading financial advertising or marketing information

Based on market monitoring and complaints received, NSAs⁸ have observed a number of cases of misleading financial advertising material and marketing communications, creating the potential for products to be mis-sold.

Various concrete examples of misleading financial advertising or marketing information were identified by NSAs:

- Insurers promoting products of other insurers under their own 'label';⁹
- Advertising material for non-life insurance products tending to focus mainly on price instead of the policy coverage offered;¹⁰

⁷ N.B. In the jurisdiction concerned, this work is on-going and being carried out by the relevant NSA

⁸ AT, BE, EE, ES, FR, HU, IS, PT

⁹ AT

¹⁰ ES, IS

- Promotional material used for marketing life insurance policies being non-compliant with national regulations requiring advertisements to include an invitation to the customer to examine the terms and conditions of the financial service or product, and to consult an expert, where necessary;¹¹
- Product manufacturers not providing distributors with accurate information for the efficient marketing of life insurance policies which need to be adapted to the different needs of the consumer.¹²

Some NSAs also cited a lack of systematic and written processes at insurers as a cause of shortcomings in advertising standards; such processes could include internal legal checks to ensure that all advertising activities are vetted against all relevant regulatory and fair commercial practices standards.

One NSA reported carrying out regular reviews in this regard, based on a system and procedures implemented for the purposes of systematic monitoring of advertising by supervised entities.¹³

(ii) Poor claims-handling or claims management

A proper and efficient claims-handling system is essential for the fair treatment of customers. Consumers are often not familiar with the procedures related to the process of claims and/or do not have the sufficient level of financial literacy to fully understand what happens when the need to claim arises. Checking that claims-handling is properly carried out by insurance undertakings is often included as part of supervisory activity, for example, within on-site inspections. Off-site supervision is also used by one NSA¹⁴ for the purposes of monitoring compliance with deadlines set by the applicable legislation regarding claims settlement in motor insurance.

Several NSAs¹⁵ cited claims-handling as the cause of many complaints. This would include inappropriate claims refusal, disputes over the amount of compensation paid and undue delays to payments. Chart 1 (breakdown of complaints by cause) above shows "**Claims**" as constituting one of the largest causes of complaints at 22%. Some countries have mentioned this issue last year, even though they may not have reiterated the issue again this year.

Unfair commercial practices have also been observed. These include a requirement for the consumer to deliver documents that are not relevant to the resolution of a claim, as well as a lack of timely responses, including notifications of progress, to customers when dealing with their claims.

The key areas identified by NSAs for complaints in relation to claims-handling were:

- *Motor third party liability insurance (MTPL)*, where complaints about poor claims-handling have been reported (particularly, but not limited to, some central and Eastern European Member States).¹⁶ Examples include:
 - A poor level of claims repayment due to improper calculation methods being used by insurers to calculate the amount of claims payments owed;¹⁷
 - Undervaluing of expense reserves and failure to comply with legal provisions regarding notification, damage assessment and claims payments;

¹¹ EE

¹² FR

¹³ PT

¹⁴ PT

¹⁵ BG, CZ, DE, EE, HR, IE, IT, NL, PT, SK

¹⁶ BG, IT, RO

¹⁷ BG

- Insurers unfairly stipulating certain types of documentation as a condition for claims settlement. For example, one national review into claims settlement of fire and theft of vehicles found that insurers were still requesting from policyholders a so-called 'certificate of closure of investigations' (a document released by a court to prove that the criminal investigation concerning the insurance event had been completed) as a prerequisite for compensation, despite the fact that this certificate was no longer legally required.
- *Payment Protection Insurance (PPI)*, where on-site inspections have been carried out to investigate critical issues including that of denied compensation and failings in the claims-handling procedure.¹⁸
- *Outsourcing of claims-handling to loss adjusters* (for example, water damage claims made under household property insurance, as flooding becomes a regular phenomenon in a number of European countries), where a review¹⁹ of insurers' claims procedures and files identified weak oversight and controls, leading to isolated incidences of potentially unfair settlements. The review also identified poor transparency in policy documentation, a lack of consumer awareness of policy terms and conditions and mis-selling of building insurance to apartment owners.

Some insurers seem to be taking specific action in reaction to potential consumer detriment arising out of poor claims-handling.

For example, with regard to MTPL claims-handling²⁰, the Motor Insurance Repairs Efficiency (MIRE) initiative has been taken by insurers to reduce instances where policyholders repair their cars at non-approved garages (chosen by the policyholders themselves) which perform poor quality work.

(iii) Cross-selling (tying and bundling) / Add-ons

Cross-selling²¹ relates to the offering of an insurance service or product, together with another service or product as part of a package, or as a condition of taking another agreement or package. Cross-selling is typically subdivided into the practices of:

- *Tying*²² (offering of one or more ancillary service with an insurance service or product in a package where this insurance service or product is not made available to the consumer separately); and
- *Bundling*²³ (offering of one or more ancillary service with an insurance service or product in a package, where this insurance service or product is also made available to the consumer separately, but not necessarily on the same terms or conditions as when offered bundled with the ancillary service).

Based on information submitted by some NSAs and members of the consumer organisation BEUC, examples of cross-selling and add-ons regarding financial services may include loans (as in the case of Payment Protection Insurance (PPI)), card protection, identity theft protection, Guaranteed Asset Protection (GAP) insurance²⁴

¹⁸ BG, FR, IE, IT, PL, PT, SE

¹⁹ The review in question was carried out by the Central Bank of Ireland

²⁰ MT

²¹ Article 2(15) of the Commission's proposal to recast the Insurance Mediation Directive ("IMD2"): http://ec.europa.eu/internal_market/insurance/docs/consumers/mediation/20120703-directive_en.pdf

²² Article 2(19), *idem*

²³ Article 2 (20), *idem*

²⁴ GAP insurance provides cover if a consumer's car is written-off or stolen, and the motor insurance pay-out is not sufficient to repay outstanding finance, replace the car as new or with one of equivalent value to the original price.

and for non-financial products, insurance linked to electronic devices such as mobile phones (loss, damage or theft),²⁵ public utilities (home assistance and emergency cover), household appliances (extended warranties), spectacles (loss or damage), airline tickets (cancellation or travel insurance).

NSAs²⁶ and members of the EIOPA stakeholder group, IRSG, reported consumer detriment arising in a variety of ways due to cross-selling practices:

- Consumers not always being aware that they are buying an insurance product due to inherent information asymmetries, coupled with poor product disclosure and selling practices, so they do not activate the policy in the event of a claim.
- Competition for the add-on product not being effective. Consumers are less likely to shop around for the add-on cover and are less sensitive to its price. This may lead to consumers overpaying significantly for the add-on product, given a lack of price competition.

It is worth noting, however, that add-ons were also, in some cases, considered by some NSAs as a positive outcome of a highly competitive market. Add-on products can indicate efforts by insurers to compete on quality rather than solely on price, so as to introduce product differentiation in otherwise commoditised markets.

The following specific cases of cross-selling were identified by NSAs and BEUC:

- *Sale of "small insurances"* - these may cover very specific types of risks such as insurance connected to the sale of electronic equipment, mobile phone theft insurance, payment services fraud, travel cancellation insurance and cover for the loss of house keys. These products may not be covered under traditional non-life insurance policies and thus, form a niche market where overlap in coverage between policies does not arise. However, BEUC reported that these products may not offer value for money, due to the establishment of long lists of restrictions and exemptions. They also may be unfairly sold, due to business models where a substantial portion of premiums paid can be used to reward the intermediaries selling them. One of BEUC's members²⁷ highlighted the fact that there are many unnecessary insurances being sold; for example, when buying small or cheap household appliances, spectacles and airline tickets and insurances in the travel sector in general.
- *Sale of add-ons through incentives such as "two for one offers"* - this is where incentives are provided to purchase insurance as additional cover is provided alongside a primary insurance product e.g. motor insurance alongside household insurance. Other examples included incentives to encourage friends and family members to subscribe to insurance policies in order to obtain free or less expensive cover.
- *Innovative add-on products to traditional non-life products* - for motor insurance products, these include GAP insurance (as referred to above), roadside assistance and breakdown recovery service, which may be added to motor insurance policies free of charge or at minimal cost for third party only or third party fire and theft. For home insurance, home assistance and emergency service was identified as an add-on being offered at an additional small charge.

²⁵ N.B. In a later part of this report under "Product-based trends", mobile phone insurance is described in more detail as an example of cross-selling.

²⁶ DK, ES, IT, LT, SI, UK

²⁷ NO

- *Promotion of products linked to bank loans such as PPI, life insurance or credit insurance* - this remains an issue in a number of countries. For example, BEUC reported that life insurance group contracts are being promoted and sold in one country²⁸ by banks to unemployed persons without making the appropriate checks as to whether the customer is employed, as only employed policyholders are eligible to claim under the contract. Credit insurance was also reported by BEUC as being sold in one country²⁹ accompanied by a very high number of restrictions, such as long grace periods, deductibles and maximum compensation limits. According to BEUC, these policies were substantially more expensive and only in a small number of cases would appear to offer added value for the customer.

(iv) General issues surrounding the sale of life insurance products

A number of issues related to sales of life insurance products were reported by 19 NSAs³⁰, including insufficient information being provided to consumers or information not being provided promptly. This was generally tied-in with the problem of the information provided being unfair, unclear or misleading. A variety of life insurance products facing these issues were mentioned by NSAs, including unit-linked life insurances, where the investment element introduced additional complexities as regards information asymmetries.

The above observations are also backed up by the complaint causes of "**Sales**" (which includes infringement of information requirements, sales practices e.g. advising, selling and arranging) at **13%** and "**Terms and Conditions**" (which includes changes in the contracts, unilateral modification of the contract, illegal termination of the contract and unfair contractual terms) at **6%** in Chart 1 on page 8.

A number of NSAs have reported initiatives to put consumers' interests first, when designing their services and products and when putting practices in areas such as sales, complaints and claims-handling in place. For example, one NSA has taken the important role to stimulate action such as clients should receive compensation and/or are transferred to more suitable products with lower costs. Clients are also encouraged to take necessary steps and action to complain and seek redress where appropriate.

With regard to sales incentives, there are instances reported that sales incentives schemes have been designed with the aim of rebalancing the types of products sold in order to counter the on-going low interest rate environment.

More concretely, the issues identified by NSAs can be divided into three basic themes:

- Disclosure;
- Selling Practices; and
- Unfair commercial practices/unfair treatment of customers in relation to poor product oversight and governance.

Disclosure

A number of NSAs have carried out supervisory reviews (e.g. through on-site inspections) into both the content and quality of information disclosed by insurance undertakings or intermediaries in relation to life insurance contracts. This was typically in response to cases of mis-selling identified, or to assess the impact of

²⁸ GR

²⁹ PT

³⁰ BE, CZ, DE, DK, EE, ES, FR, HU, IE, IT, LI, LT, NL, NO, PT, SE, SI, SK, UK

existing legal/regulatory measures such as standardised forms of product disclosure documents.

The findings of these reviews typically identified problems related to information asymmetry on the part of the consumers due to the complexity of products sold. This could arise from insufficient pre-contractual information being provided on the risks associated with a product, or, for example, on the consequences of switching from traditional life insurance policies to market-based products. It could also arise from the format of the disclosures, namely the dispersal of important pre-contractual information in different documents could lead to the policyholder being misinformed about the product, or the provision of information in a way that discourages consumers from using it.

A number of regulatory/supervisory actions were reported by NSAs, including the issuance of guidelines and recommendations to life insurance companies to aid them in better presenting pre-contractual information (for example, in one document) or to improve the comprehensibility of existing standardised forms of product disclosure documents.

Selling practices

As regards selling practices, the key recurring theme reported by NSAs related to the sales incentives schemes of insurance undertakings, possibly linked to an intention to rebalance products sold under challenging macro-economic conditions in favour of increased profitability, and the extent to which these materially impact on the behaviour of their distribution networks.

Some NSAs³¹ carried out supervisory reviews of selling practices in response to mis-selling cases, to assess compliance with existing regulation or as part of general evidence-gathering exercises. These reviews focussed on different aspects of distribution – for example, direct selling by employees of insurance undertakings and selling by insurance intermediaries. The reviews found, for example, that:

- Sales incentive schemes might have components (such as the use of thresholds/targets to unlock incentives, 100% variable remuneration), which encouraged poor sales behaviour. The incentive schemes did not place sufficient emphasis on linking fair treatment of customers (or deterring/penalising poor treatment of customers) with the receipt of incentives;
- Insufficient emphasis was being placed on identifying and managing conflicts of interest in the selling processes and the monitoring of these;
- Insufficient information was being provided regarding all the different elements of the accrued costs;
- Unsuitable advice was being provided regarding unit-linked policies due to the failure to gather sufficient personalised information about the customer.

As a follow-up to these reviews, a variety of actions have been proposed by the relevant NSAs, including:

- Issuing recommendations or circulars on how to improve practices regarding sales incentives and/or how to better disclose information on remuneration to customers;
- Letters sent to insurance undertakings with requests for them to review their existing remuneration arrangements and make changes, where necessary;
- On-site inspections to assess compliance with recommendations.

³¹ DE, IE, NO

Unfair commercial practices/unfair treatment of customers in relation to poor oversight and governance

Some NSAs³² outlined steps they had taken, either as part of a supervisory review or in response to complaints, to instruct insurance undertakings and intermediaries to put consumers more at the heart of their business by taking specific measures to treat them fairly.

Two cases were identified in relation to:

- Unfair contractual terms being applied by life insurance undertakings; or
- Policy conditions being changed unilaterally by the life insurance undertakings without informing the policyholder.

In the case reported of unfair contract terms, policyholders were being offered bonuses to surrender guarantees under their life insurance policies, but on the condition that they did not terminate their contract with the insurer in question. In the other case, a life insurer had changed a married couple's life insurance into two separate life insurances, without informing the couple in question.

In both instances, the relevant NSAs had taken follow-up supervisory/enforcement action, including issuing either an individual reprimand or a general decision, warning the insurer (or insurers) about the importance of not changing or applying contractual terms in the manner which treats customers unfairly.

A BEUC member³³ reported the cancellation of insurance policies without following the legal procedure set out in the national law that the insurance contract was subject to.

Another NSA³⁴ reported on supervisory measures which it has taken to encourage fairer treatment of consumers. These include the use, for example, of scoreboards and dashboards to incentivise insurers through peer pressure to meet performance standards for acting in best interests of customers.

3.2.2 Product-specific trends

Product-specific trends were identified on the basis of analysis of complaints information provided by NSAs in relation to two key products:

- Unit-linked life insurance; and
- Mobile phone insurance

(v) Unit-linked life insurance – poor selling practices and other issues

Based on the information reported by 28 NSAs, unit-linked life insurance products continue to be a major source of complaints, and reason for further supervisory investigation in some jurisdictions.³⁵ It is interesting to note that most countries collect information on the sale of this product type. According to the input received from NSAs, the main cause for complaints and/or supervisory action was either the lack of sufficient information disclosed about the investment risks attached to unit-linked contracts, or the fact that products were considered unsuitable or inappropriate for the customer.

³² DK, FI, IS, NL

³³ GR

³⁴ NL

³⁵ AT, BE, CZ, ES, NO, LT

A number of NSAs have carried out market reviews or surveys on information and advice provided to customers when life insurers sell unit-linked products, typically in response to concerns about mis-selling.

Examples of consumer detriment identified included:

- Customers being sold complex or structured products without sales staff obtaining sufficient information regarding the financial status and investment experience of the customer to ascertain whether the product was suitable for the customer.
- Policyholders **not being adequately informed about:**
 - **direct or indirect charges/costs accrued** including those arising due to the choice of underlying funds, and also how the valuation of the investments is calculated,
 - their **legal status under the contract**, namely that the life insurer was the owner of the underlying investments, not the customer, or
 - **exposure to "credit risk"**³⁶ (the risk that the insurer providing the guarantees under the contract is not sufficiently capitalised so is unable to adhere to its contractual obligations).
- Life insurers were choosing underlying funds to offer on the basis of those which provided the highest commission from fund managers, raising a risk of investments being made in funds that are not suitable for the customer, and reflecting unmitigated conflicts of interests at the level of the life insurer when selecting underlying funds.

Some NSAs are carrying out further investigations or have imposed sanctions or are introducing significant changes to national legislation to address some of the issues identified above, such as:

- strengthening the training of direct sales staff and intermediaries;
- strengthening further the obligation to provide adequate information and advice where a complex product is being sold; and
- suggesting new rules for introducing tougher record-keeping requirements for insurers and intermediaries when unit-linked contracts are sold e.g. recording of telephone calls.

(vi) Mobile phone insurance as an example of cross-selling and add-ons

The issue of cross-selling has been described above. However, issues with mobile phone insurance have been reported in more detail by a few NSAs and a member of the IRSG.³⁷

Mobile phones are routinely used in everyday life, such that mobile phone insurance has become an increasingly popular product in some Member States.

The main problem reported seems to be a gap between what insurance undertakings offer and what customers believe they have purchased. Customers may pay a high premium for often minimal coverage for risk of loss, damage or theft. The premiums are often quoted on a monthly basis even though customers may be bound for a minimum period of one year. Consumers may be misled and think that they are buying a relatively cheap product (focusing on the monthly premium), although the

³⁶ See definition of "credit risk" in Article 13(32) of Solvency II Directive and reference to "counterparty risk" in Article 105 of Solvency II

³⁷ As reported by a French member of EIOPA IRSG

total sum of the monthly premiums can be quite high and, arguably, represent poor value for money compared to insurance products providing the same type of cover. Concerns have also been identified over how claims and complaints are handled in these situations.

Due to the rising number of complaints made to national authorities and ombudsmen, some NSAs³⁸ are in the process of carrying out or have completed supervisory reviews into the sale of mobile phone insurance.

3.2.3 Market-related trends

This sub-section relates to a summary of other market-related trends that have been reported by NSAs:

(vii) Impact of low interest rate environment on life insurers, together with increased solvency or capital requirements

As reported by NSAs in the previous year, due to the prolonged low interest rate environment compounded by increased capital requirements for undertakings, there is evidence that some life insurers are developing business models, either to adjust the participation of valuation reserves,³⁹ or to reduce the pressure of high guarantees given in the past.⁴⁰ These guarantees are costly to the insurers due to low levels of investment returns on low risk assets. Therefore, life insurers and occupational pension providers are developing new product offerings such as long-term guarantee products, which can be designed to be more capital efficient by relieving long-term risks for the insurer.

Some NSAs have identified cases where policyholders have been encouraged to change or cancel their policies and switch from life insurance products with guarantees, to products without guarantees or lower guarantees, including market-based products such as unit-linked products where the consumer bears all of the investment risk. In some cases, the impetus to switch contracts may also have arisen out of policy interventions from NSAs or other national authorities aimed at promoting more switching.

Issues relating to consumer detriment have arisen out of distributors providing insufficient information (in particular, in cases where changes to the contract terms have been made unilaterally by the life insurer) or misleading information over the impact of switching products (e.g. the policyholder bearing more of the investment risk than in the previous product), including the anticipated investment returns for pension products.⁴¹

Some NSAs have carried out supervisory investigations or reviews, or held discussions with industry to examine the impact of low interest rates on existing contracts with high guarantees. In some cases, national legislation has been introduced to ensure that policyholders receive more information about switching contracts or to ensure that policyholders have the right to be appropriately compensated for giving up a guarantee.

³⁸ BE, UK

³⁹ DE

⁴⁰ DK, FI, SE

⁴¹ As reported by the EIOPA OPSG

3.2.4 Regulatory/supervisory developments in the area of consumer protection

The following examples of regulatory/supervision developments in the area of consumer protection were identified by NSAs:

(viii) Increased monitoring of complaints-handling and analysis of complaints by NSAs

Monitoring and analysing complaints information can play a major role in the context of financial supervision and provide evidence of consumer detriment, as well as to look for where the detriment might have occurred. Also, it can facilitate the identification of risk areas as well as market practice problems that may require regulatory or supervisory actions.

Some NSAs have reported on how they collect complaints information from consumers to determine the cause of complaints, and the types of products complained about. Examples of follow-up activities and their findings include:

- A review of the legal right of intermediaries to carry out mediation activities found that some insurance intermediaries carried out these activities without being duly registered;⁴²
- As part of conduct of business supervision, a review showed that the way products were sold and claims handled were the two most common complaint causes in particular related to unit-linked life insurance products in that jurisdiction;⁴³ and
- A Consumer Protection Risk Report was published which analysed and assessed consumer risks related to the insurance sector, and addressed steps taken regarding complaints-handling.⁴⁴

Several NSAs⁴⁵ have reported supervisory reviews of complaints-handling of their supervised entities. In some cases, due to the recent policy work on complaints-handling by EIOPA (Guidelines on Complaints-Handling by Insurance Undertakings⁴⁶ in 2012 and Guidelines on Complaints-Handling by Insurance Intermediaries⁴⁷ in 2013), they have, or are now looking to incorporate the EIOPA Guidelines on Complaint Handling by Insurance Undertakings into their national supervisory framework, in addition to their usual supervisory tasks in this area. Actions mentioned, included:

- The implementation of the EIOPA Guidelines into national law or into the supervisory framework⁴⁸;
- An inspection of complaints-handling in supervised entities was carried out as part of a larger round of on-site inspections of complaints-handling of banks and insurance companies;⁴⁹
- Complaints handled by insurance companies were gathered for analysis;⁵⁰ and

⁴² BG

⁴³ CZ

⁴⁴ HU

⁴⁵ CZ, DE, DK, ES, FI, GR, HU, HR, LI, NL, PT, SE

⁴⁶ <https://eiopa.europa.eu/publications/eiopa-guidelines-new/guidelines-on-complaints-handling-by-insurance-undertakings/index.html>

⁴⁷ <https://eiopa.europa.eu/publications/eiopa-guidelines/guidelines-on-complaints-handling-by-insurance-intermediaries/index.html>

⁴⁸ See footnotes 46 and 47

⁴⁹ FI

⁵⁰ LI

- Apart from other regular and on-going supervisory actions, analysis of: (i) data available and procedures linked to complaints management by supervised undertakings and (ii) the recommendations issued by several (insurance and pensions) ombudsmen, was carried out and in some cases, necessary improvements to procedures were identified by the NSA.⁵¹

(ix) Financial education/literacy initiatives

Several NSAs have reported that the general public's level of financial literacy remains inadequate or low. Given challenges with financial literacy, complexity and innovation in products may undermine the capacity of customers to make informed decisions.

To address this problem, several NSAs⁵² have reported financial literacy initiatives and projects targeting among others, schools and other educational establishments, and specific consumer groups such as youths or young adults. Some of these initiatives are insurance-specific, although it is recognised that financial literacy in general is a cross-sectoral task, affecting not just consumers of insurance products. One NSA reported activities in this area achieved through coordination between the three financial services supervisory authorities.

The aims of these initiatives are to improve consumer protection by raising awareness of the public through clear and accessible information and by building confidence in the understanding of the financial markets and the activities of the national supervisors.

The following examples give details of the specific types of new initiatives that were recently embarked on, or completed.

- A dedicated website which provides detailed information on all kinds of financial products in a non-technical language: www.wikifin.be. The wikifin website was launched in 2012/13 and has since then attracted over one million unique visitors;⁵³
- A specialized consumer protection website with integrated interactive educational tools was developed and in operation since 2013: www.tvoitefinansi.bg. In particular, the site includes tools such as 'finance in focus', a test for evaluating financial literacy, a financial dictionary and a manual for consumer rights, with sample cases;⁵⁴
- Measures in cooperation with educational institutions and secondary schools on financial literacy, as well as to prepare and initiate activities for a financial literacy campaign to increase the knowledge of the average financial consumer on insurance issues;⁵⁵
- As part of implementing the Organisation for Economic Co-operation and Development (OECD) program to promote and spread financial culture, the establishment of a website portal 'Insurance Education' to provide citizens, especially young people, with simple and clear information on the main topics in the insurance sector. Tailoring information to the needs of different audiences could increase the impact of the information;⁵⁶

⁵¹ PT

⁵² BE, BG, EE, ES, HU, HR, IS, IT, PL, PT, SI, SK

⁵³ BE

⁵⁴ BG

⁵⁵ HU

⁵⁶ IT

- An educational website was developed to improve the knowledge of consumers on insurance, by defining insurance needs, aiding in the search for suitable offers, and making sure that the products on offer can be understood;⁵⁷
- Establishment, with a Ministry of Education and Ministry of Finance, a National Strategy of Financial Education and Concept of Financial Consumer Protection with the aim to raise the level of financial literacy of consumers;⁵⁸ and
- Development of a set of training modules covering a wide range of issues for 'training the trainers' sessions, drafting a 'Financial Education Referential', organisation of events such as conferences and a Financial Education Day, and the development of additional contents and tools for a specific website portal designated 'National Plan on Financial Education – Everybody Counts'.⁵⁹

(x) Reported activities in the areas of Payment Protection Insurance, Beneficiary Protection Arrangements regarding Life Insurance Contracts and Comparison Websites

Payment Protection Insurance (PPI)

Since the publication of the EIOPA Opinion on Payment Protection Insurance in 2013,⁶⁰ a number of NSAs⁶¹ have reported further investigation of PPI sales and marketing in their jurisdictions, some triggered for example, by the number of written complaints received. Such complaints highlighted issues relating, for example, to unfair practices and contractual clauses that restrict the cover these products provide, or make them inadequate to the needs of the consumers.

In particular, it was found that the commissions received by the banks and other financial intermediaries are generally large compared to the remainder of the premium. Findings identified by some NSAs from their thematic reviews included:

- Inadequate assessment of the cover in relation to the customer, i.e. selling unemployment cover for self-employed, coverage sold to persons over maximum insurable age; lack of transparency on the guarantees actually purchased (compensation denied due to exclusions/limitations not properly addressed, periods of shortage and excess too extended); duration mismatch (duration of the insurance cover shorter than the duration of the underlying loan); settlement times which are too long;⁶²
- A risk that customers take out insurance policies they do not need or want due to the impact of high commissions paid to intermediaries and inadequate disclosures;⁶³

⁵⁷ PL

⁵⁸ SK

⁵⁹ PT

⁶⁰ https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/opinions/EIOPA_PPI_opinion_2013-06-28.pdf

⁶¹ https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/PPI_follow-up_report_publication.pdf

including BE, FR, IE, PL, PT

⁶² IT

⁶³ SE

Beneficiary Protection Arrangements

Linked to the EIOPA Opinion on Beneficiary Protection Arrangements regarding Life Insurance Contracts⁶⁴ which was published in the end of 2013, a small number of NSAs have reported carrying out thematic work in this area, particularly where sums due under life insurance contracts have not been paid out:

- One NSA highlighted two main reasons for carrying out this work: firstly, the significant size of unclaimed life insurance contracts and, secondly, the fact that customers are being penalised in such a situation since the insurance undertakings were in breach of the legal provisions regarding the post-mortem settlement of life insurance contracts;⁶⁵
- Another NSA undertook a thematic review on the repayment of dormant insurance policies. In this jurisdiction, amounts due for life insurance policies that are not claimed within the expiry of the limitation period have to be devolved to a public fund and are not recoverable by the beneficiary. This provision has caused problems for beneficiaries requesting assured sums after the expiry of the limitation period. In 2013, a 'time window' was granted to allow beneficiaries to request a repayment of the life policies for which the limitation period had expired. Undertakings were asked to publish a notice of the possibility to submit claims for wide dissemination on their websites, within their sales networks, including at post offices and bank branches.⁶⁶

Comparison Websites

A last example relates to the EIOPA Report on Good Practices on Comparison Websites.⁶⁷ Comparison websites are becoming an increasingly popular tool among consumers, especially for the purchase of motor insurance,⁶⁸ including motor third party liability (MTPL) insurance policies. The current focus in this area is to verify the transparency and mode of comparison used, also according to the 'good practices' issued in the EIOPA report.⁶⁹

⁶⁴ https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/opinions/EIOPA-BoS-13-168_Life-Register-opinion.pdf

⁶⁵ FR

⁶⁶ IT

⁶⁷ https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/Report_on_Good_Practices_on_Comparison_Websites.pdf

⁶⁸ DE

⁶⁹ IT

4. Conclusions and suggested next steps

Whilst not all trends identified exist in all EU countries, based on the analysis of the information gathered for the purposes of this Report, the following main trends, which may warrant further investigation from a consumer protection perspective, are:

1. Conduct-related trends:
 - (i) Misleading financial advertising or marketing information;⁷⁰
 - (ii) Poor claims-handling or claims management in particular in the area of motor insurance;⁷¹
 - (iii) Cross-selling and Add-ons;⁷²
 - (iv) General issues linked to the sale of life insurance products.⁷³
2. Product-related trends:
 - (v) Unit-linked life insurance – poor selling practices and other issues;⁷⁴
 - (vi) Mobile phone insurance as an example of cross-selling and add-on⁷⁵.
3. Market-related trends:
 - (vii) Impact of low interest rate environment with increased solvency or capital requirements.⁷⁶
4. Regulatory and supervisory developments:
 - (viii) Increased monitoring of complaints-handling and analysis of complaints by NSAs;⁷⁷
 - (ix) Financial education/literacy initiatives;⁷⁸
 - (x) Reported activities in the areas of Payment Protection Insurance, Beneficiary Protection Arrangements regarding Life Insurance Contracts and Comparison Websites.⁷⁹

Information from this Consumer Trends Report should be taken into account in the identification of key consumer protection issues and used as a basis for the future work of EIOPA and the national supervisory authorities (NSAs).

As a separate exercise to this report, a review will be undertaken on ways to improve the methodology used to collect the trends information, based on lessons learnt in producing the third report.

⁷⁰ AT, BE, EE, ES, FR, HU, IS, PT

⁷¹ BG, CZ, DE, EE, HR, IE, IT, NL, PT, RO, SK

⁷² DK, ES, GR, IT, LT, NO, PT, SI, UK

⁷³ BE, CZ, DE, DK, EE, ES, FI, FR, GR, HU, IE, IS, IT, LI, LT, NL, NO, PT, SE, SI, SK, UK

⁷⁴ BE, CZ, DE, DK, EE, ES, FI, FR, GR, HU, IE, IS, IT, LI, LT, NL, NO, PT, SE, SI, SK, UK

⁷⁵ BE, UK

⁷⁶ DE, DK, FI, SE

⁷⁷ BG, CZ, DE, DK, ES, FI, GR, HU, HR, IE, LI, LU, NL, PT, SE

⁷⁸ BE, BG, EE, ES, HU, HR, IS, IT, PL, PT, SI, SK

⁷⁹ BE, DE, FR, IE, IT, PL, PT, SE

Annex - Background to how this Report was produced

Methodology

EIOPA seeks to collect data where it may be a useful indicator of a consumer trend and where a significant number of NSAs have the data available. Not all NSAs collect information in the relevant areas for consumer trends (complaints, sales, thematic work and top three issues on consumer protection and financial innovation are collected by the NSAs) and (where they do) there are many variances in the assumptions, types and formats of the information or data being collated. Accordingly, NSAs provided information on consumer trends on a best-efforts basis.

Two types of data are collected:

- Qualitative data;
- Quantitative data.

Qualitative data is descriptive or narrative consumer trends information. Qualitative data are collected in relation to thematic work carried out by the NSAs. Although there is no definition of “thematic work” for the purposes of this Report, it may be defined as, for example, a type of review used by NSAs to assess a current or emerging risk relating to an issue or product across a number of undertakings within a market. From the examples provided by NSAs, thematic work can apply to a large variety of situations, financial institutions and groups of consumers.

In addition, the NSAs have also identified the top three consumer protection and financial innovation issues or topics in their jurisdiction, based on their national methodologies for collecting such information. This includes general supervisory tasks from on-site visits and desk-based activities, results from inspections or reviews, data from an Ombudsman or other consumer bodies, evidence from other research and/or market intelligence sources such as media reports, social media, and so on. It is common that the issues identified have led to further in-depth investigation of the topics used in thematic work.

For this year’s exercise, a total of 29 NSAs provided information on thematic work carried out by their NSAs. The total number of pieces of Thematic Work cited was 90.

For the top three issues in consumer protection and financial innovation, a total of 29 NSAs participated. 73 consumer protection issues were identified, together with 36 issues on financial innovation.

Together, a total of 199 examples of qualitative information were provided in the third consumer trends report exercise, giving a wide basis for establishing the nature and extent of consumer protection issues in Member States.

All NSA submissions on thematic work and top three issues on consumer protection for 2013 were analysed in order to ascertain any commonalities in consumer trends that are currently of significance in the different jurisdictions.

Quantitative data are statistics or numerical information. Quantitative data are collected in two areas where the data is available, albeit in different levels of detail and format. These areas are sales and complaints.

Given the complexity of the work required, from the outset, it was recognised that there would be some significant shortcomings in the quantitative information that is requested to provide a basis for the consumer trends report. In particular, there are considerable variations in the quantitative information provided by NSAs that collect the information, and more significantly, the quantitative data set is not harmonised in the way it is collected or categorised.

In recognition of the expected shortcomings, the Methodology Report for collecting, analysing and reporting on consumer trends⁸⁰ adopted in 2012 contained a suggestion to look at a number of aspects, in view of experience with the data submissions received from the previous year. This included reviewing the quantitative and qualitative templates used and the timeline for the data collection, the variables used for comparison and developing common categories for the quantitative templates to help reduce any inconsistencies in the data and to consider other sources of data.

During 2013, a review of the methodology was carried out with a view to improving the end-product based on experience with producing the 2012 Consumer Trends Report. At the end of 2013, the outcomes from the main recommendations made in this review of the methodology⁸¹ adopted by the EIOPA Board of Supervisors included:

- The adoption of the revised templates, including the definitions and/or explanatory notes, for that year's Consumer Trends Report;
- The agreement of a delayed timeframe with NSAs so that they can fill existing gaps in their submissions;
- The allocation of dedicated EIOPA resources to this task of data collection, validation and analysis together with the Consumer Trends work-stream and in practice, where relevant, bilateral analysis with NSA representatives;
- The commitment of NSAs to agree to submit data on a reduced number of quantitative variables for 2013 data together with the facility to provide qualitative information to substantiate or complement;
- The (recent) acquisition of a social media monitoring system by EIOPA as one alternative source of consumer trends information.

For this year, three additional initiatives were undertaken to facilitate data collection of consumer trends information from NSAs. The first was the running of a one-day 'how to fill in the information templates' workshop conducted by and at EIOPA on 20 March 2014.

The second initiative was to engage with NSAs in bilateral face-to-face assistance from EIOPA to discuss and address any issues related to data submission. To this end, a total of four country visits were made with the aim of making such visits to all NSAs in the course of 2-3 years. Topics covered at these bilateral meetings included the further elaboration of the information submitted, the complementary roles of qualitative and quantitative information and further mutual understanding of consumer protection activities and methodologies. In addition, these country visits were helpful for agreeing on further data submissions which were outstanding or missing, and also to address any timing issues. Overall, they have resulted in an improvement from last year's data collection exercise.

The third initiative, as mentioned above, consisted of an additional source of consumer trends information, the European Consumer Organisation, BEUC⁸² was identified and invited to contribute consumer trends information via its members.

⁸⁰ https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/2012-11_Methodology_on_collecting_consumer_trends.pdf

⁸¹ https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/Review-of-Consumer-Trends-Methodology_approved_by_27112013_BoS_with_appendixes.pdf

⁸² <http://www.beuc.org/>

To establish the nature and extent of consumer protection issues, all NSAs were invited to submit consumer trends information via the templates provided. The table below summarises the statistics of consumer trends submissions.

Total number of NSAs contacted	31
Number of participating NSAs	29
(Cyprus and Latvia declined to participate)	
Number of respondents on:	
Top Three Issues	29
Thematic Work	29
Complaints	28
Sales (Products)	27
Sales (GWP)	24

Regarding *complaints* data, NSAs were given greater scope to report on this year, but were requested to provide aggregated data⁸³ from all sources (e.g. received by insurance undertakings, the Ombudsman and/or the NSAs) using the revised templates.

For the templates, categories were developed to try and capture more detailed information about the causes of complaints, in order to look for any commonalities and see if there were any potential trends. In addition to the above categories, sub-categories were developed to try and establish any trends on the products and/or services themselves.

As already noted, NSAs were requested to provide information on a best-efforts basis because they collect different data and using divergent internal methodologies, they do not actually collect some of the data being requested themselves, and/or they categorise products and/or services differently. Despite streamlining the templates to allow NSAs to provide this high level data in a more comparable format, information submitted by Member States still varied substantially. Overall, it must be noted that the rate of submission and quality of submission has improved from last year's exercise.

Of the 31 NCAs that were contacted to submit data, 28 NSAs submitted data on complaints, 25 NSAs provided complaints data by cause and 28 provided complaints data by product.

In summary, many NSAs still encountered some difficulties providing information in a consistent manner, therefore some gaps remain in the data received. In addition to the aforementioned issues of possible "duplication" and "mis-categorisation", these incomplete datasets make the task of identifying pan-European consumer trends more difficult.

⁸³ While using aggregated data has some distinct advantages, it also has some clear disadvantages, which serve as possible impediments to data comparability. Some of these impediments include the risk of "duplication" and the risk of "mis-categorisation" as pointed out by a number of participating NSAs.

a. **Informal consultation of EIOPA with the IRSG and OPSG to gather input for the Consumer Trends Report**

In accordance with the methodology for producing this report, EIOPA asked the two external stakeholder groups, the Insurance and Reinsurance Stakeholders Group (IRSG) and the Occupational Pensions Stakeholders Group (OPSG) to consider examples for giving an informal feedback to the Consumer Trends Report work at their meetings in April.

The IRSG feedback, which is based on general anecdotal comments and individual feedback from various members of the IRSG's Market Conduct subgroup and OPSG, have been included in parts of this report to support the issues raised by the various Member States. The feedback has not been backed up by research in all cases but is provided as a snapshot view of emerging risks and issues observed for 2013.

As for the IRSG input, the OPSG feedback is also included in this report where relevant. For the purpose of this Report, information on pensions was not specifically requested from the NSAs.

b. **BEUC input for the Consumer Trends Report**

In accordance with the revised methodology to explore options for new data sources for producing this report, EIOPA invited BEUC for their contributions of consumer trends. For the purpose of this Report, BEUC provided examples of consumer trends observed by some of its members in both the insurance and pension sectors. Like the external stakeholder groups, these examples have been included to support the issues that have been raised by NSAs.