

Press Release

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DIGITAL TECHNOLOGIES IN INSURANCE AND PENSIONS CONTINUE TO GROW ALONGSIDE CROSS-SELLING PRACTICES AND THE SALE OF ADD-ON INSURANCE

- *The continued digitalization of the insurance and pension sector affecting the whole life-cycle of a product continues as an important trend*
- *The use of telematics in health as well as motor insurance is increasing*
- *On-demand products are increasingly being brought to market alongside an increase in cross-selling of insurance with other products, such as add-on travel insurance when buying plane tickets*
- *The longstanding shift from guaranteed to non-guaranteed products continues in the insurance and pension sector*

Frankfurt, 20 December 2018 – The European Insurance and Occupational Pensions Authority (EIOPA) published today its seventh Consumer Trends Report outlining key developments in the insurance and pensions sectors impacting European consumers.

While no major shifts have been observed in 2017, some trends reported in past years have become more noticeable, affecting a growing number of European markets.

The continued increase of technology-led innovations is noteworthy. Such innovations mostly concern the non-life sector, in particular the most common products such as motor, household, accident and health insurance.

Innovation, both in terms of distribution channels and usage of telematics, has dominated trends in motor insurance products. For example in the United Kingdom, in 2017 60 % of motor insurance policies were either purchased or arranged through price comparison websites. While in Italy, 20.5 % of policies issued at the end of 2017 concerned a black box in a vehicle.

On the other hand, the penetration of Big Data analytics in health insurance is not yet systematic, though with growth potential. This could reduce costs and help identifying, assessing, and insuring new types of risks, but at the same it could lead to the potential exclusion of some consumers' segments, price-discrimination, and switching and competition issues.

With consumers generating more and more data and using connected devices, cyber-risk concerns are increasing. Adequate cyber-risk insurance products could address these protection needs. The demand for and offer of such products are slowly increasing across Europe.

Cross-selling practices have increased in some Member States, also alongside the growth of on-demand products. High growth, high commissions and low claims ratios could be observed and require close attention.

Growth in the life sector has been led by an increase of 42 % in index-linked and unit-linked insurance, which for the first time - since EIOPA has begun analysing consumer trends - is the largest life insurance line of business.

On the pension side, with the pace of reform having slowed down, no major changes have been reported. However, the shift from defined benefits to defined contribution schemes continues.

Innovation can be seen in both the occupational and personal pension sector. Sustainable finance is becoming more and more prominent. Furthermore, innovative - behaviourally informed - regulatory requirements and techniques to inform and engage with members have been seen in some Member States.

Looking ahead, the regulatory changes, such as the Insurance Distribution Directive (IDD), IORP II, Packed Retail and Insurance Based Investment Products (PRIIPs) are expected to increasingly affect trends in both, the insurance and pensions sector.

Gabriel Bernardino, Chairman of EIOPA, said: *“The major trend continues to be digitalisation, improving the interaction between consumers and providers, but at the same time requiring careful monitoring by supervisors and implementation by providers. Furthermore, supervisors across Europe should pay close attention to the continued growth of cross-selling practices, in particular with regard to add-on insurance products. Business models based on high commissions and structural low claims ratios have created consumer detriment in the past and need appropriate monitoring by supervisors.”*

The report is available on [EIOPA's website](#).