IRSG

INSURANCE AND REINSURANCE STAKEHOLDER GROUP

Advice on Consumer Trends

IRSG-23/18
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European Insurance and Occupational Pensions Authority

1. QUESTIONNAIRE TO STAKEHOLDERS GATHERING INPUT FOR THE EIOPA 2023 CONSUMER TRENDS REPORT

A. Background

EIOPA is required under its Regulation to collect, analyze, and report on consumer trends[1]. The term 'consumer trend' is not defined in EIOPA's Regulation. EIOPA therefore devised the following working definition:

"*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.*"

The term 'trends' is understood in a broad sense: it covers, for example, evolutions in volumes of business or in the relationship between customers and undertakings/intermediaries, as well as the emergence of new products or services, or other linked financial innovations. The trend may already be consolidated for a number of years, but it may also be only emergent, with the possibility of becoming significant in the future.

The report aims to inform EIOPA in the identification, prioritization and development of targeted policy proposals or issues requiring supervisory measures. EIOPA seeks to identify possible consumer protection issues arising from identified trends. Nevertheless, positive developments are also identified and highlighted.

For the development of Consumer Trends Report, EIOPA follows an agreed upon methodology, which includes collecting inputs from stakeholders.

B. QUESTIONS

Like in the past years, EIOPA would like to collect informal input from stakeholders to complement the other sources of information available for the Consumer Trends Report. In addition to relevant information/answers, it would be very useful if supporting documents/links could be provided to complement your feedback. References to specific examples observed at national or European level are also strongly encouraged.

The deadline to provide your input is 28 July 2023.

[1] Article 9(1)(a) of the Regulation 1094/2010 establishing EIOPA.

1. Insurance product trends

You are invited to indicate with an "X" the column(s) that best reflect the evolution, trends, and issues observed for the product, during 2022. In the column further to the right please include, in a brief manner, any text to highlight any other issues/developments for the relevant product.

	Impact of Inflation	Poor Value for money	Not serving all type of consumers in a fair manner (e.g., exclusions, discrimination against certain categories, excluded categories of consumers)	Increase digital distribution	Increase in differential pricing practices	Please highlight in a brief way any other issues/developments in your market(s) for this product
Life insurance - with profit	x	x				Very little if any sold in Irish market. In Malta declared regular bonus rates are low and real return is negative as a result of inflation.
Life insurance - unit linked	x	x				Some deferral of investment decisions due to market "uncertainty". Real returns impacted by inflation.
Mortgage life insurance				x		Insurance Ireland has set out a Code of Practice to reassure cancer survivors that they will disregard any disclosed cancer diagnosis where specific circumstances apply in an application for decreasing term assurance in

						association with a mortgage. Some digital channels available for simple products. Potential decrease in number of mortgages, as a result of housing market cooling down in a number of mortgage life insurance products sold. In Malta the market has recently gained access to direct online distribution of these products.
Other life insurance (please explain below)			x			Some product gaps exist in Malta (not offered by Maltese insurers and difficult to obtain from other Member States): Income Protection, long-term care, annuities. Very expensive to find / obtain cover such as critical illness or whole of life insurance.
Assistance						
Travel insurance						
Income Protection insurance			x			Only offered by one broker and only to employers for their employees in Malta.
Gadget						
Business interruption						
PPI			x			Very limited offering in Malta.
Household insurance	x				x	Positive consumer awareness campaigns to

						educate consumers on the risk of being underinsured, and to take proactive steps to mitigate such risk. Underinsurance is particularly pertinent in the current inflationary environment. Rebuild values are increasing due to rising building, supply chain and labour costs. Cost of Building material rose 12% in 2022. Ban of "Price Walking" introduced with effect 1st July 2022.
Natural Catastrophe	X					Inflation has a significant impact on Nat Cat related claims costs due to the increasing price of raw building material and salaries; having said this, Nat Cat claims is also, and primarily related to Nat Cat events as well as the value of insured properties.
Legal Expenses						
Other Motor	X					Claim costs reflect the increasing price of the spare parts (themselves also influenced by supply chain disruptions) and labour costs. Claim costs are also affected by other factors, such as the increasing frequency and severity of certain weather events (e.g., hailstorms).
MTPL	X			x	x	Claim costs reflect the increasing price of the spare parts (themselves

						also influenced by supply chain disruptions) and labour costs. Impact on inflation on parts, also increasing labour costs etc. with impact on premiums. Positive impact of national reform agenda on personal injury claims delivered by insurers to consumers somewhat offset by the impact of inflation on motor damage claims. Ban on "Price Walking" introduced with effect 1st July 2022. Currently, the number of insurers for carrying out MTPL insurance activities authorized by the Financial Supervisory Authority (FSA) in Romania has decreased. During the first quarter of 2023, FSA withdrew the operating authorization of to a company, and the Romanian FSA Council has decided to promote a request for the opening of the bankruptcy procedure by the Authority.
General liability			x			Difficult and expensive to source cover in Malta. Insurers tend to include many conditions and exclusions which render the cover much less valuable.
Accident and health insurance	X		x	x		Claim costs reflect the general increase in prices.

						Preventative care cover is on the increase in Malta, however, still has limited scope.
Affirmative cyber coverage						Very few insurers currently offer cover in Malta. Difficult and expensive to source cover. Insurers tend to include many conditions and exclusions which render the cover much less valuable. Also, some companies cannot find sufficient coverage for their cyber risks in the private insurance market. There has been a creation of a cyber insurance mutual as a result (see reference in Solvay annual report, for instance[2]).
Other (please explain)			X			A vulnerability of the insurance market in Romania remains the high degree of concentration, both from the perspective of exposure to the main insurance classes, and in terms of the significant size of the market shares owned by a relatively small number of insurance companies, which could have the effect of excluding a number of consumers due to the lack of variety of offers[3].

[2] https://www.solvay.com/sites/g/files/srpend221/files/2023-05/solvay-2022-annual-integrated-report.pdf (page 160)

[3] https://www.asfromania.ro/uploads/articole/attachments/6459ffa31ef7d772727530.pdf: page 3/73

						In France, 3 recent reforms are impacting consumers relationships : Cancellation in 3 clicks: https://entreprendre.service-public.fr/actualites/A16455, whereby it is now compulsory to be able to cancel online if, on the day of cancellation, the contract can be concluded electronically. Loi Lemoine: https://www.service-public.fr/particuliers/actualites/A15916, whereby it is now possible to cancel and change loan insurance at any time, free of charge. The CCSF (Financial Services Advisory Committee) has also published an opinion on affinity insurance, whereby the opinion reinforces the information provided between the insurer and insured on affinity contracts. It aims at regulating certain methods of remuneration for the seller of the main product or service.

2. Focus topics

a. Cross sectoral focus topic: Inflation's impact on life insurance and pensions products and schemes

The high inflation environment significantly erodes the real value of life insurance and pension returns, hindering consumers' ability to meet financial objectives such as investment returns or *retirement savings. Additionally, it adversely impacts beneficiaries dependent on fixed pension income, diminishing their purchasing power and financial stability over time. Finally, it can also limit consumers' ability to continue paying regular premium life insurance products or to continue contributing to voluntary pension schemes.*

i. In your market(s) have you observed inflation substantially impacting the returns of insurance investment products or pension investments? Please provide further information below:

Yes – both nominal and real returns have been substantially impacted, with lower risk investments (including with profits) going into negative real returns as a result. In Malta, lower risk investments make up the vast majority of life insurance savings (not necessarily due to risk profile), although unit linked savings are slowly picking up. Unfortunately, this means that most clients are not getting value out of their savings in the long term.

In France, capital guaranteed policies (about € 1500 billion) have been severely hit with average nominal returns of less than 2% and French HICP harmonized inflation rate of 6,7%. It has been even much worse for Unit-linked policies (about € 450 billion, biggest UL insurance market in the EU) with an estimated average nominal return of – 16%, i.e., more than -22% in real terms.

Ireland's pension market is predominantly driven by occupational retirement and group pension schemes (about 85%) which invest in capital markets. The impact of inflation is recognizable. At the same time, products with a stronger investment focus seem to have been impacted less severely.

Higher rates have prompted many small savers in Italy to end their policies and reinvest the cash in search of better returns, forcing insurers to sell the underlying bonds at a loss[4].

Italian media coverage of Eurovita's situation could lead to greater customer awareness of the possible benefits of cashing in old contracts to reinvest the proceeds, potentially leading to an increase in early redemptions from other insurers[5].

The impact of inflation on the life and pension markets is difficult to assess at the European level as it really differs from one market to another.

[4] https://www.reuters.com/business/finance/italys-top-insurers-banks-strike-eurovita-rescue-deal-2023-07-01/

[5] https://www.fitchratings.com/research/banks/eurovita-woes-show-rising-rates-can-hurt-weaker-life-insurers-02-03-2023

Nonetheless, the main impact of inflation is indirect and relates to the impact that increasing cost of living has on the ability of people to save for their retirements (or on the need for them to withdraw money from their long-term savings products).

So far, the impact of the high inflation environment on the life insurance and pension market has been largely limited.

Inflation with higher interest rates has impacted past returns, but higher expected future (real) returns associated with higher interest rates may offset this for most current savers. In 2023, IBIPs and pension savers are still suffering from "financial repression", i.e., nominal interest rates still significantly below inflation levels.

ii. In your market(s) have you observed inflation leading to consumers surrendering their life insurance policies due to disappointing returns or due to limited disposable income (i.e., needing liquidity to face day-to-day expenses)?

No. From a European perspective, this phenomenon has been extremely limited.

However, Eurovita became the first Italian insurance company to be placed under special administration, after running into trouble due to higher interest rates.

iii. In your market(s) have you observed inflation leading to consumers not renewing products and/or stopping regular voluntary payments and contributions due to limited disposable income?

No. this phenomenon has not been observed to widely take place.

However, where products offer "premium holidays", customers may make use of breaks in premium payments for a period of time whilst they are experiencing a strain on disposable income. Alternatively, some clients in this situation would choose to lower their premiums instead.

iv. Do you have any additional views on the impact of inflation on consumers'/scheme members' investment returns in the insurance and/or pension sector? How do you think insurance and pension provider can lessen the impact of inflation on consumers/scheme members returns? Do you see a role for supervisors in this?

Higher inflation makes life insurance savings/investments less attractive as alternative non-insurance products are sought (e.g., fixed accounts). Increasing awareness and education about the different types of products and investments and the impact of inflation could lessen the fear which Maltese customers have of non-guaranteed investments (unit linked). The distribution networks also sometimes seem to shy away from unit-linked products for fear of client complaints in case of negative outcomes, even when they have provided all disclosures to clients correctly.

However, insurers must be able to maintain their role of advising and supporting policyholders and beneficiaries, particularly in more difficult economic times (inflation, Covid-19, war in Ukraine).

Future expected investment returns being higher generally results in a stronger situation for savers. Many defined benefits pension schemes are in a stronger position post the interest rate rises and where applicable can afford to pay higher pension increases to current pensioners. The annuity market has become more attractive with higher interest rates.

b. Cross sectoral focus topic: Diversity and inclusion

Last year's EIOPA Eurobarometer, highlighted there is a gender gap in access to insurance and to pensions. In particular, there are growing concerns about a pensions gender gap, around some exclusion clauses which may unfairly discriminate against certain categories of consumers, as well as in relation to possible discriminatory pricing practices and overall limited access of certain categories of consumers. More and more supervisors are now working on ensuring the sectors develops products which meet the needs of and offer utility to a diverse range of customers and are distributed in a way which is aligned to such needs and characteristics, and which takes into account their specificities.

i. In your market(s) have you observed instances of consumers who are vulnerable/minority/diverse compared to consumers who fit in a dominant/normative group that may not be sufficiently served? Have you noticed a gap in access to insurance/pension services when comparing one group of consumers with another group of consumers based on personal characteristics (e.g., gender)? Please provide further information below.

Insurance relies on risk-based underwriting principles which means that an insurer, when assessing a customer's application, assesses the level of risk brought by the applicant to the pool of insureds and sets a premium according to the level of this risk. The principle therefore provides equal treatment for equal risks and different risks are treated differently. This is the core principle that underpins insurance where premiums are aligned with the level of risk of the consumer. Derogating to those principles could endanger the transfer risk mechanism.

There are some cases when a gender gap might be noticed, especially in the case of women when looking for adequate pension savings. Nonetheless, based on the Eurobarometer of October 2022, it is rather due to a lack of financial education where for example female respondents were less likely than male respondents to feel confident in managing their personal finances.

Lower income households are less likely to buy non-mandatory products (e.g. life insurance for personal/family protection or savings products). Due to the size of the market (or other considerations), insurers may not offer certain products which may be suited to certain minority groups (e.g., guaranteed over 50s whole of life insurance).

The Irish insurance industry is constantly engaging with civil society interest groups, e.g., Age Friendly Ireland or the Irish Cancer Society, to explore such aspects. The Irish insurance industry launched a campaign ("be insurance savvy") and a consumer-focused information hub, understandinginsurance.ie, to raise awareness and provide information on insurance allowing all members of society to engage. The industry also runs specific services – the Insurance Information Services to assist the public with general insurance queries and a Declined Cases service to support consumers who are struggling with obtaining MTPL insurance. The industry adapts and reacts where potential challenges might arise. In 2023, for example, Irish insurers launched a Code of Practice which streamlines and simplifies access for people with previous cancer diagnoses to mortgage protection insurance.

ii. In your market(s) have you observed instances of consumers who are vulnerable/minority/diverse being unfairly discriminated (e.g., because exclusions may more adversely impact this group of consumers, because of pricing, because of coverage may not offer utility because of their needs and characteristics) compared to consumers who fit in a dominant/normative group that may not be sufficiently served?

In Malta it is very difficult for professionals / companies in services industries to obtain affordable liability insurance (sometimes it is not even available, or insurers restrict cover to the point of removing most of the value).

iii. In your market(s) have you observed instances of consumers who are vulnerable/minority/diverse compared to consumers who fit in a dominant/normative group that may not be sufficiently served because of the way in which products and services are being distributed? Please provide further information below.

In general, there is considerable attention focused on serving vulnerable customers well.

In Malta many efforts are being made to distribute products digitally. In cases where digital is not available, some groups of customers may lose interest due to the effort required to buy products.

Online forms might not cover each particular need of a consumer and assistance might be necessary to service each consumer to its needs. Support services are in place to support consumers at insurer level, within brokers and, ultimately with the aforementioned information services run by the industry association.

iv. Pease provide below additional views. What is insurance or pension providers' role in mitigating such practices and fostering diversity and inclusion? Do you see any role for supervisors?

The IRSG has approved an own-initiative report on the right to be forgotten and ensuring a fair access for cancer survivors to financial services where it presents the effects of the RTBF and the consequences of derogating to risk-based underwriting principles. There are some cases where cancer survivors can face issues when accessing financial services where cancer is a relevant risk factor, and those cases must be addressed by the industry in order to ensure the insurability of cancer survivors.

Easier accessibility to the wider European market may open options for "new" types of products to consumers, whilst giving insurers access to a larger market (and possibly an appetite to start offering more products).

c. <u>Insurance focus topic: Inflation's impact on non-life insurance</u>

The rising inflation can result in increased insurance premiums – as insurance providers face higher costs for claims pay-outs and higher operational expenses insurers might increase premium - ultimately affecting consumers' ability to afford coverage and leaving them unprotected (under-insurance). Further, claims paid out, particularly if policies have maximum insured amounts, might not fully cover damages (e.g., in case of home insurance, as the price of raw materials increased, the pay-out might not be sufficient to cover the damages to a home). Additionally, there might be cases of policies being cancelled because of inflation as consumers may perceive insurance as a non-necessary need.

i. In your market(s) have you observed inflation substantially impacting non-life insurance premiums or non-life insurance coverage (e.g., leading to underinsurance)? In relation to what non-life products have you observed this? Please provide additional information below.

The current high inflation environment is having an impact on claims cost, notably in certain markets and in certain business lines (such as motor or property insurance).

> This, in turn, is leading to an increase in premiums, as premiums have to reflect claims. This, however, does not appear to have led to specific concerns around underinsurance.
>
> Inflation is materially impacting home insurance and property insurance in general. The cost of rebuilding, supply chain and labour costs etc. There is a risk of underinsurance where customers do not adequately assess what the rebuilding cost of their property could be in the current inflationary environment. The supervisor and the industry made significant efforts to raise awareness of the risk of underinsurance. The industry ran a comprehensive media campaign to inform consumers. Also, underinsurance has become a focus area of the industry's consumer information hub understandinginsurance.ie.

ii. In your market(s) have you observed inflation driving a considerable number of consumers to cancel or not to re-new their non-life insurance policies? Please provide additional information below including on the specific impact you believe this can have on consumers and society as whole.

> No developments of this kind have been observed.

iii. Do you have any additional views on the impact of inflation on non-life insurance consumers? How do you think insurance providers can lessen the impact of inflation on such consumers? What is supervisors' role in this?

> As mentioned above, in certain markets and in certain non-life business lines, the current high inflation environment is leading to an increase in claims cost. However, other factors have an impact as well, such as, in the motor area, the frequency of accidents, or, in the Nat Cat area, the frequency and severity of Nat Cat events, as well as the value of insured houses.
>
> Premiums have to reflect claims, and given that insurers have little to no impact on certain factors (such as the cost of spare parts), they concentrate on aspects on which they can have an impact, such as prevention.

d. <u>Insurance focus topic: Digital distribution</u>

There is a digital shift in insurance distribution, encompassing channels like price comparison websites, robo-advisors, and fin-fluencers on social media. These platforms promote informed decision-making, tailored solutions, and influence consumer perceptions. However, they also pose risks including data privacy concerns, misleading quotes, potential for inadequate advice leading to inadequate coverage, computational errors, and the possibility of consumers being misinformed about investment activities.

i. In your market(s) are insurance providers increasingly using digital distribution channels to sell life insurance or non-life insurance? Is this due to an increase in consumer interest to purchase life or non-life insurance digitally?

> Yes – new tools and initiatives are evident and the use of such tools increases. On the distribution front, the main area where activity directly attributable to digital capability is making a clear difference is on direct to customer personal lines. Consumers often appear to appreciate personal contact when making significant financial decisions.
>
> Mostly customers in urban areas seem to be open to purchasing insurance products online whereas customers from rural areas hardly ever do so. In any event the vast majority of customers request insurance advice.
>
> An increase is being observed throughout the market, mainly due to consumer interest (expectation of instant responses and fast processing with less effort); it is also seen as beneficial from the insurer's / distributor's point of view as processes are streamlined and (if implemented correctly) should lead to lower costs in the longer term, whilst offering better access to data.
>
> Following Covid-19, more advanced and more accessible digital tools continue developing to better meet consumer interest and demand. Nonetheless, even if those tools make the access to insurance easier, intermediaries and brokers remain indispensable. A consumer will be hardly able to stay focused during several hours in front of a computer completing on their own and without the support of a distributor - the process of suitability test, sustainability preferences assessment, insurance demands and needs, and insurance advice, which all often use a difficult to understand terminology imposed by EU rules. Adding that it is difficult to see how consumers could make sense - of the overload of pre-contractual information that EU rules currently impose to provide to consumers – For example: 339 pieces of information for IBIPs.

ii. In your market(s) have you observed an increase in the use of Price Comparison websites or of automated advice/robo-advisors, as well as an increase in the use of social media or "fin-fluencers" in the distribution of insurance products? In your view what are the benefits and risks of these tools/digital channels for consumers (e.g., inadequate advice by robo-advisors, easier purchase experience for consumers)?

> No. Price Comparison websites do not exist in Malta. Unfortunately, insurers in Malta are reluctant to participate in price-comparison sites, probably so as not to reveal their pricing to competitors so easily – this is detrimental to customers. Rather than these being unhelpful, comparison websites would raise awareness of the different providers and the elements to watch out for.

This being said, if such tools are introduced, it is important that the focus is not only on the price/cost, but also on the actual benefits offered by the various products (i.e. they should be an "Insurance Product Comparison Website" rather than "Price Comparison").

Consumers in Malta rely on advertising, or referrals from friends and family when buying insurance.

In terms of robo-advisors, customer risk profiling is being introduced/implemented in digital format, which takes an objective view of client input and where client input is obtained without too many technical terms and scenarios. For the successful implementation of such tools, simple design and terminology is critical to ensure that the right input is being obtained from clients and that, once a "decision" is made by the tool, the client is able to understand what is being proposed.

The use of finfluencers on social media may sometimes not be acceptable to the local authority. Ideally, guidelines are issued in this regard to establish acceptable practices within the market, seeing as social media can be a powerful educational and awareness tool if properly used in today's environment.

iii. Please provide below your view regarding digital distribution in your market. Which types of consumers are more at risk in a digital distribution environment? In your view, which actions/tools should be undertaken/implemented to mitigate the risks or enhance the benefits by insurance providers? Or by supervisors?

A distinction should be made between young and elderly consumers.

Firstly, young people need to be better protected against the risk of misinformation on social networks. The phenomenon of finfluencers raises the question of information and access to insurance for young consumers. At a time when young consumers are turning to applications and finfluencers as their primary source of information, the failures and scandals represented by FTX and Binance have sometimes had dramatic consequences for young people. These cases are a reminder that finfluencers were mobilized to promote them, and this alerts me to the way in which young people are trained to detect misleading content, but also to the necessity of safeguarding the function of financial advisor.

The other problem concerns the elderly. At a time when digital tools are multiplying and diversifying, the elderly do not necessarily have the necessary skills to master them. It is therefore essential that they continue to be accompanied by professional financial advisors if they wish so.

To ensure that progress in digital distribution does not come at the expense of vulnerable consumers, we need to focus on two areas. While they are keen on, improving financial education among younger is fundamental, as well as ensuring simpler, and affordable access to professional advisors.

Digital distribution opens opportunities to reduce the burden for initial engagement from consumers from their home rather than making the effort of an in-person appointment. Therefore, it is hoped that digital channels will allow reaching cohorts which are less likely to engage on insurance. At the same time, it will be important that multilateral engagement channels remain available and that assistance for consumers is available. Insurers themselves and the industry as such make efforts to educate and assist consumers on their journey notwithstanding the engagement channel of choice. Clear identification protocols with different journeys may need to be in place for vulnerable customers. Face to face advice will remain important, particularly for material and more complex insurance lines as well as retirement and investment planning.

Please also refer to the comments in the previous answer.

e. <u>Insurance focus topic: Differential pricing practices</u>

On top of underwriting risk-based actuarial tariffs (expected cost of claims) and other premium adjustments to take into account costs of service (e.g., commissions paid to distribution channels and other overheads like taxes, salaries, cost of capital, etc.), some insurance manufacturers further adjust the premium using a number of different practices which are unrelated to the underwriting risk profile of customers and the cost of service. For example, customers may be charged a different premium based on personal characteristics such as their price elasticity, propensity to shop around at the renewal stage or based on an estimation of the value that can be generated by up-selling and cross-selling other products to the customer (also known as customer's life-time value estimation "score"). The increasing competition in the markets coupled with the increased availability of data and usage of AI allows insurers are amongst the triggers of this trend. On the one hand customers who are more prone to search for a better deal and switch at point of renewal to benefit from lower insurance premiums. On the other hand, customers who are less price sensitive, who have limited access to digital tools that could allow them to compare insurance products, who are unaware of the existence of differential pricing practices, or who are more likely to renew their existing insurance contracts without searching for an alternative, may lose out due to differential pricing practices.

i. In your market(s) have you observed an increase in differential pricing practices in non-life insurance? Please provider further information below.

See above re the ban on "price walking" introduced in 2022 and overseen by Central Bank of Ireland.

As previously stated, in Malta there is a lack of comparison websites, which means that consumers tend to stay with same insurer due to lack of knowledge in comparing insurance products or lack of time in making phone calls. Since the introduction of digital sales, insurers and brokers (like all the big stores and utility providers) are not answering their phones but force you to go on their websites or chatlines. This also means that consumers are not aware of good deals if they change their insurer.

ii. Please provide below your view regarding differential pricing practices and possible price discrimination in non-life insurance. What are the risks for consumers? What is providers role in mitigating such practices and ensuring they do not lead to consumer detriment?

Existing regulation can already provide a strong level of protection of consumer's interest while protecting the freedom of business strategy. POG requirements therefore require that an insurer must always act honestly, fairly and professionally in the best interest of the customer while they also aims to ensure that the interests of customers are central to product design and throughout the lifecycle of a product. There is a need to ensure that the POG requirements are properly implemented though.

The IRSG has already submitted advice on the EIOPA Consultation paper on the Supervisory statement on differential pricing practices in non-life insurance lines of business and underlined the importance of risk-based pricing:

"In more general terms, we welcome EIOPA's emphasis on risk-based pricing which is at the heart of insurance. A prerequisite for any risk-based pricing is data and insurance-specific regulation, here in particular the Solvency II Directive (Articles 82 and 84) and the Delegated Regulation (EU) 2015/35 (Article 19), requires insurers to have complete, accurate and appropriate data to assess risks. We observe, however, that some recently published legislative proposals – that are not insurance-specific but horizontally applicable among various sectors – suggest that insurers should not be allowed to use necessary data, in particular for setting premiums. This is particularly true for the right to be forgotten (RTBF) discussed in the context of the review of the Consumer Credit Directive and the proposal of the European Commission on the European Health Data Space. Article 35(b) of the latter suggests that insurers are not allowed to process electronic health data for secondary use in relation to premium setting. This prohibition would, therefore, impede insurers to use newly available health data which can be used to underwrite and assess risks more accurately and therefore is contradictory to existing legal acts like the Solvency II Directive and the Delegated Regulation (EU) 2015/35."

See i.

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