

Questionnaire to stakeholders gathering input for the EIOPA 2024 Consumer Trends Report

A. Background

EIOPA is required under its Regulation to collect, analyse and report on consumer trends¹. 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 aim of the qualitative and quantitative data collection exercise is to inform EIOPA in the identification, prioritisation and development of targeted policy proposals or issues requiring supervisory measures. EIOPA seeks to identify possible consumer protection issues while highlighting the positive developments of the identified trends.

For the development of 2024 Consumer Trends Report, EIOPA follows an agreed upon methodology, which includes collecting inputs from stakeholders.

B. Questions

As in previous years, EIOPA would like to collect informal input from stakeholders to complement the other sources of information available for its 2024 Consumer Trends Report. In addition to relevant information/answers, it would be very useful if supporting documents/links could be provided to complement your contribution. References to specific examples observed at national or European level are also strongly encouraged.

The deadline to provide your input is 28 June 2024.

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

1. Insurance product trends

You are invited to indicate using (+ for increase, - for decrease and = for no particular trend observed) in the **column(s)** what best reflects the evolution, trends and issues observed for the respective product, during 2023. In the **column further to the right** please include, in brief, additional explanatory information to highlight any other issues/developments for the relevant product.

	Value for money issues (e.g., due to high costs and/or low returns, low claims ratios, etc.)	Improvements in value for money (e.g., the offering of additional services, lowering of costs, etc.)	Issues with bundling and tying practices, particularly in the online environment and possible poor disclosures and transparency	Opportunities brought by digital platforms (i.e., price comparison websites) increasing transparency and facilitating comparability	Opportunities in using AI in customer servicing and back office applications (i.e., improved, and faster processes for claims handling due to AI)	Risks in using AI in policy servicing and back-office applications (i.e., non-motivation of claims, limited understanding of consumers' situations and human interaction)	Increase in the provision of cross border business leading to higher competition, more choice and better products and services for consumers	Issues in the provision of cross-border products and services (e.g., lack of clarity on competent authority, complaints procedures, higher costs, etc.)	Please highlight in a succinct manner any other issues/developments in your market(s) for this product
Life insurance - with profit	-(DE)	-(DE)	-(DE)						In DE slowly rising bonus, but still strongly under the level of key interest rates: https://www.assekurata-rating.de/2024/06/18/assekurata-marktausblick-zur-lebensversicherung-2024/

Life insurance - unit linked	-(DE)	-(DE)	-(DE)						<p>In DE 10 cases of intervention by the NCA due to overly high commissions</p> <p>https://versicherungsmonitor.de/2024/02/02/bafin-ruengt-versicherer-mit-hohen-vertriebskosten/</p>
Mortgage life insurance	-(DE)	-(DE)	-(DE)						For DE cf. PPI.
Other life insurance (please explain below) Term risk life ins.	=(DE)	=(DE)		=(DE)					In DE about 7,5 million contracts in 2022 (slow decrease by 1%)
Assistance									
Travel insurance insurance	-(DE)	-(DE)							<p>In DE several cases of court decisions against insurers due to non-transparent contract clauses like this one:</p> <p>https://www.haufe.de/recht/weitere-rechtsgebiete/allg-zivilrecht/reiseruecktrittsversicherung-erst-verletzt-dann-schwer-krank_208_620644.html</p>
Income protection insurance									
Gadget insurance	-(DE)	-(DE)							German Association of Insured (BdV) again published its annual “insurance cheese award” for three product

									<p>innovatons on 12 June 2024: https://www.bundderversicherer.de/presse-und-oeffentlichkeitsarbeit/was-ist-der-versicherungskaese-des-jahres-2024</p>
Business interruption insurance									
PPI	-(DE)	-(DE)							<p>In DE BaFin published the updated resultats of mystery shopping survey in Dec. 2023, which proved ongoing mis-selling practices: https://www.bafin.de/SharedDocs/Downloads/DE/Anlage/dl_marktuntersuchung_mystery_shopping_retschuldversicherungen.html</p>
Household insurance insurance	-(DE)	-(DE)							<p>In DE rising premiums due to inflation and increasing cases of burglary.</p>
Natural catastrophe insurance	-(DE)	-(DE)							<p>In DE several huge regional events of insured loss, but still no political compromise on obligatory NatCat Insurance.</p>
Legal expenses insurance	=(DE)	=(DE)							<p>In DE consumer-friendly decision of Federal Court of Justice (BGH) related to</p>

									<p>too restrictive contract clauses by 05 June 2024.</p> <p>https://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung/document.py?Gericht=bgh&Art=pm&Datum=2024-6&nr=137821&pos=8&anz=11</p>
MTPL insurance	-(DE)	-(DE)							<p>In DE rising premiums (especially for EVs) and complaints on delayed reimbursement practices.</p> <p>https://www.deutsche-versicherungsboerse.de/kfz/E-Autos-Steigende-Werkstattkosten-treiben-Versicherungspr%C3%A4mien-mp_694.html</p>
Other motor insurance	-(DE)	-(DE)							<p>In DE in order to reduce repair costs one big insurer started to allow for used spare parts. This decision was criticized by other insurers.</p> <p>https://www.procontractonline.de/sachhaftpflicht/artikel/zweifel-am-neuen-kfz-gebrauchteile-plan-der-allianz</p>

General liability	=(DE)	=(DE)							<p>In DE a product rating by FINANZTEST in April 2024 came to the conclusion that a change of product provider can be advised in many cases depending on individual specificities.</p> <p>https://www.test.de/Vergleichen-Haftpflichtversicherung-4775777-0/</p>
Accident and health insurance	-(DE)	=(DE)							<p>In DE rising premiums and new mis-selling scandal (by distributor Mehmet Göker).</p>
Affirmative cyber coverage									
Ancillary and/or cross-sold products	-(DE)	-(DE)							<p>In DE ongoing examples of cross-selling cases with special focus on students as target market (annuities bundled with professional disability):</p> <p>https://www.procontra-online.de/biometrie/artikel/kombivertraege-fuehren-zu-hoeheren-beitraegen</p>
Annuity products	-(DE)	-(DE)							<p>In DE related to third pillar pension products (PPP), the public consumer organisations (“Verbraucherzentralen”) took action against some</p>

									<p>life-insurers having decreased the “annuity rate” after contract conclusion. Final decision by the Federal Court of Justice is not yet made. VZBV website (in German): https://www.verbraucherzentrale.de/wissen/geld-versicherungen/altersvorsorge/klagen-gegen-versicherer-wegen-rentenkuerzungen-82207</p>
<p>Other (please explain) Cancer Insurance</p>	<p>-(DE)</p>	<p>-(DE)</p>							<p>In DE public criticism of advertisement of a cancer insurance product and its included methods for possible early detection which may be mis-leading: https://www.br.de/nachrichten/wirtschaft/krebs-versicherung-mit-bluttest-neue-kritik-und-offene-fragen,U6o2MXT</p>

2. Focus topics

a. Cross-sectoral focus topic: Value for money

As outlined in last year's consumer trends report, value for money issues continue being reported by NCAs, especially in a context of high inflation. Indeed, high costs can have a significant impact on returns for life insurance investments. They can also either impact the affordability and/or overall value of non-life insurance products. However, costs should be considered jointly with performance, coverage, and benefits, as some higher costs may not be undue because of the services offered and/or because of the possibility of seeking higher performance.² Similarly, sometimes in non-life insurance products, costs may be justified by the costs of services. In the context of rapid digitalisation, EIOPA would like to gather additional insights on trends related to value for money, as well as the risks and benefits that digitalisation presents in this area, in particular on the overall impact which digitalisation can have on the value a product offers.

- i. In your market(s) have you observed value for money issues related to insurance products (e.g., due to higher costs)? Please provide further information below, and please indicate whether this relates to the costs, performance or a combination of both:

Germany:

In February 2024 BaFin (NCA) published 10 cases of conduct of business mis-behavior by life-insurers due to overly high commissions which had to be reimbursed to policyholders.

ProContra (in German):

<https://www.procontra-online.de/lebensversicherung/artikel/droht-ein-kickback-beben-in-der-lebensversicherung>

For a general overview of current amounts of bonus by life insurers, cf. updated statistics of rating agency Assekurata, February 2024 (in German):

<https://www.assekurata-rating.de/2024/02/29/assekurata-marktstudie-zu-ueberschussbeteiligungen-und-garantien-2024/>

- ii. In your market(s) have you observed value for money issues related to non-life insurance? Please provide further information below, and please indicate whether the value for money issues relate to costs and/or low claims ratio or the fact that these products are not aligned with consumers' needs:

Germany:

Due to action taken by the German Association of Insured (BdV) the Federal Court of Justice (BGH) decided against intransparent contract clauses of professional disability insurances ("Berufsunfähigkeit") on 13 June 2024. The possible bonus mechanisms when using fitness trackers by policyholders were not clear and understandable enough and must not be used anymore by the insurer.

BGH website (in German):

<https://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung/document.py?Gericht=bgh&Art=pm&Datum=2024&nr=137934&pos=2&anz=132>

² EIOPA Methodology to assess value for money in the unit-linked market, 31 October 2022

BdV website (in German):
<https://www.bunddersicherten.de/presse-und-oeffentlichkeitsarbeit/k-o-in-der-letzten-runde-vitality-tarif-von-generalist-intransparent-und-benachteiligt-die-versicherten>

iii. What benefits do you see digitalisation bringing to value for money aspects in relation to insurance products and non-life insurance products?

iv. What risks do you see digitalisation bringing to value for money aspects in relation to insurance products and non-life insurance products?

v. Do you have any additional views on value for money considerations? EIOPA has carried out a number of initiatives on value for money (i.e., value for money work on IBIPs but also CPI Warning focused on value for money). What additional activities could supervisors carry out to enhance value for money?

Germany:

Despite rising global stock markets in 2023 many policyholders of “index-linked annuities” could not benefit from these gains due to overly complex profit participation mechanisms, as a rating agency reported (in German):

IVFP website: <https://ivfp.de/blog-indexpolicen/>

BdV mentioned these examples to the NCA by stressing that product intervention empowerment should be used.

b. Cross-sectoral focus topic: Informed decision making in the digital age

Providers are increasingly adopting digital solutions to facilitate communication and information sharing, which are well-received by policyholders and members, who increasingly use online contracting and contract management. However, risks in terms of misleading information, access to information, and/or focus on pricing when comparing products are also more common in a digital context. EIOPA seeks to gather information on the benefits and risks associated with digitalisation in the insurance sector. Moreover, it aims to gather input on potential issues, such as the risk of digital exclusion and the effectiveness of digital disclosure practices, but also on how digital tools can positively impact accessibility, inclusivity, and the clarity of information provided to consumers. When providing inputs, please also think carefully about insurance provided through platforms with main purpose of offering other goods or services – i.e., embedded insurance – and about tools aimed at increasing consumers’ awareness.

i. In your market(s) have you observed benefits or risks stemming from the use of new digital tools (i.e., robot advisors, chatbots, platforms/dashboards on undertakings’ websites,

mobile phone applications, use of social media and influencers, etc.), disclosure channels. Please provide examples.

- ii. In your market(s) have you observed instances of unclear or misleading information in insurance-related disclosure in an online context (e.g., in comparison tools, platforms selling embedded insurance, etc.)? Was this due to the way in which the information is presented (format), or due to the language in which the information is presented (technical jargon), or other issues? To what extent have you observed issues in relation to an over-focus on prices?

Germany:

There was at least one court decision against a distributor of electronic devices which had not clearly disclosed that the price of the device already included the premium of the bundled insurance. This mis-leading price information had to be abolished (in May 2024).

VZBV website (in German):

<https://www.vzbv.de/urteile/urteil-saturn-muss-preisschild-anpassen>

- iii. In your market(s) have you observed instances of consumers who are excluded or may not be sufficiently served because of the way in which information, products, and services are being distributed online? In relation to what insurance products have you observed this? Have you observed any initiatives to leverage digitalisation for the purposes of financial inclusion or for providing more adaptable tools to those who require to be better informed? Please provide further information below.

Germany:

Related to students there are the ongoing sales practices by bundling annuities with professional disability which are strongly criticized even by other brokers:

ProContra website (in German):

<https://www.procontra-online.de/biometrie/artikel/kombivertraege-fuehren-zu-hoeheren-beitraegen>

- iv. Please provide below any additional views on the rapid digitalization of insurance sector in relation to information provision. What is insurance providers' role in enhancing the benefits of digitalization while mitigating potential emerging risks?

Germany:

There is an intensified public debate on "embedded insurances". Quite interestingly the opinions on its possible future success strongly diverge among representatives of the insurance industry. Big international data providers will extend their insurance product offers by cross-selling:

Versicherungsmonitor in April 2024 (pessimistic – no actual product innovations):

<https://versicherungsmonitor.de/2024/04/23/embedded-insurance-chance-oder-nur-hype/>

Versicherungsbote in May 2024 (optimistic for distributors):

<https://www.versicherungsbote.de/id/4914459/Amazon-Apple--Co-werden-einen-grosseren-Teil-des-Versicherungsmarktes-uber-Embedded-Insurance-abschöpfen/>

From a consumer perspective the court decisions mentioned above clearly show the necessity to closely follow these developments.

c. Insurance focus topic: Benefits and risks of using AI in insurance policy servicing and back office applications

AI allows insurance companies to carry out more granular risk assessments and automate claims processing, reducing the time and cost involved in manual processing, to improve customer service by providing 24/7 support through chatbots and virtual assistants, and enables insurance companies to fight against fraud more effectively. Overall, the use of AI can bring multiple benefits such as prediction accuracy, automation, new products and services, and cost reductions. However, there are also risks emerging with the use of AI such as ensuring fairness, non-discrimination, transparency etc.

- i. In your market(s) what are the main uses of AI in policy servicing and back office, and what are their benefits that you have observed in relation to the use of AI solutions for consumer services (e.g., using AI technology for FAQs, for personalized payment information, for registration in customer portal, for facilitating claims handling, etc.)? Please provide additional information below.

- ii. In your market(s) what are the risks that you have observed in relation to the use of AI solutions for consumer servicing (e.g., using AI technology for FAQs, for personalized payment information, for registration in customer portal, for facilitating claims handling, etc.)? Please provide additional information below, including on the specific impact you believe this can have on consumers and society as whole.

- iii. Do you have any additional views on the impact of AI on consumers outcomes and on policy servicing? How can insurance providers reduce the risks that come with the use of AI tools?

Germany:
In April 2024 the German Association of Insured (BdV) again organized its annual Scientific Conference in Hamburg, this time on AI as main topic. Representatives of the insurers clearly stated that AI will strongly be used in all parts of the “insurance value chain” (reimbursement procedures, reporting requirements, differential pricing, fraud recognition, etc.). But at the same time the real threshold between enhanced traditional “data mining” and actually autonomous decision-making processes by AI is not always obvious in practice.
BdV website (in German):
<https://www.bunddersicherten.de/wissenschaftstagung/wissenschaftstagung/2024>
In consequence on the one hand it is sure that insurers will continue to make huge investments in more and more automatic decision-making processes (“Dunkelverarbeitung”). On the other hand only future will show, if these ADM processes can really

be categorized as AI based procedures or not. In both cases the final judicial responsibility for any decision which has been taken will have to remain with the insurers.

d. Insurance focus topic: Cross-border business in the context of increasing digitalisation

Cross border business provides opportunities for new entrants and enhances competition, thus contributes to lowering costs. Opportunities, such as the insurability of certain risks that were previously not possible to insure, given specialty areas, can now be easily underwritten from one Member State to another rather than having to set up new businesses. The increase in digitalisation can play a key role in facilitating these processes and enhance cross border business. However, some risks may arise, such as consumers' limited understanding on who supervises the relevant insurers, the channel through which they can submit complaints, etc. EIOPA also observed in some instances that cross-border business can increase costs.

- i. In your market(s) have you observed an increase in the cross-border provision of insurance products and services? If so, please specify in relation to which insurance products and services?

- ii. Do you believe this increase in cross border business is a result of digitalisation or are there other relevant factors? Could you please provide examples of products where the increase is due to digitalisation vs. examples of products where digitalisation does not play a major role?

- iii. In your view, what are some of the benefits of cross border services for consumers? Please provide concrete examples.

- iv. In your view, what are some of the risks of cross border services for consumers? Please provide concrete examples.

- v. In your view, which actions/tools should be undertaken/implemented to enhance the benefits and mitigate potential risks (e.g. by supervisors)?

- vi. In your view, what are the main barriers to enhancing the provision of cross-border business and services?

