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Questionnaire gathering input for the EIOPA 2022 Consumer Trends Report

1. Background

EIOPA is required under its Regulation to collect, analyse and report on consumer trends[1]. To date, EIOPA has produced ten Consumer Trends Reports. 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, prioritisation 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.

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

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

2. 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 input is **Friday 20 May 2022**.

Introductory remarks

This year, members from eight markets (CZ, DE, DK, ES, FR, GR, IT and SE) have provided input specific to their markets. As in previous years, the main **consumer protection** issues flagged in national markets differ, as do the main **consumer initiatives** taken, owing to the national variances between the markets. It is clear that there are national legal and tax circumstances individual to markets that impact what consumer protection issues arise and where the focus for consumer-assisting initiatives should be made.

There is little mention of the impact of the **pandemic** other than in the context of consumers' financial health and the protection gap, where the pandemic is seen as having had an impact on some consumers' financial health and may also have impacted consumers' decision-making when accessing or maintaining products. Unlike in last year's response, the pandemic does not feature as a point requiring exceptional initiatives by insurers such as forbearance measures in respect of premium payments or extensions of cover. The pandemic does however seem to have made a lingering impact on certain products, in that products (such a travel and health insurance) may have benefited from revised product design to meet changing consumer needs and demands.

Overall, **greenwashing** does not seem to be seen in those EU markets that participate in the questionnaire. The reasons for this differ between markets from a lack of "green" products owing to low demand, to checks and balances used to ensure there is no greenwashing (such as use of external rating agencies). There may, however, be an expectation gap between what insurers are able to offer versus consumers' expectations of what qualifies as "green". Members also report that the "green" regime is rather complex.

Overall, comments on a **protection gap** seem to highlight the risks arising from cyber-attacks and natural catastrophes and a possible general expectation by consumers that such risks are covered, ultimately, by member states. Members however caution that some risks simply are non-diversifiable, such as large-scale cyber-attacks. This year's response also highlights the impact that higher inflation, the prospect of increasing interest rates and the uncertainty arising from the war in Ukraine has on consumer decision making. There is some concern that consumers may forego financial products that could protect their financial security due to these wider economic and political factors.

On **financial health**, members highlight again the impact that higher inflation, the prospect of increasing interest rates and the uncertainty arising from the war in Ukraine has on consumers' financial health. The lingering impact of the pandemic is also flagged.

Finally, this year's response emphasises the need for continued improvements in the financial education of consumers – particularly the young and elderly. One significant aspect is that consumers generally underestimate their own life-expectancy and therefore the necessity for adequate financial planning for old age and old-age care. Possible solutions include improved – or the introduction of – financial education in school curricular.

In terms of **new publications and initiatives developed by Insurance Europe**, in collaboration with members, we include the links to the Insurance Europe:

- sustainability hub which shows how Europe's (re)insurers are contributing to combatting climate change and its effects and meeting sustainability goals.
- second pan-European pensions survey; a video in support of the survey is also developed, which gives an idea of consumers' attitudes towards saving. Key observations include:
  - A bit more than a fifth of respondents said their pension savings were impacted by the pandemic. Precisely, 17% said they experienced a negative impact which can consists in reducing their contributions, delaying their decision to start saving for retirement and/or withdrawing funds from their pots.
  - Breaking down the results by country, we can see that there are again significant differences between countries. Some were barely impacted (eg. only 8% of respondents from LU, DK, FI reported negative impact) others experienced severe consequences (eg 33% of Portuguese respondents reported a negative impact).
  - This reflects not only local legislation (how much people were allowed by law to access their savings to cope with the crisis) but also public intervention meaning how much government stepped in to support people experiencing financial hardship/job losses due to the pandemic.
  - Breaking down the results by group of respondents shows that some categories of respondents were more impacted by the pandemic. Precisely, unemployed, non-standards workers (part-time employees and self-employed) and younger people aged below 40 years old.
  - Another "trend" we see emerging is the appetite for digital disclosure (72% of respondents).

- Retail Investment webpage, which sets out four steps to ensure the EU Retail Investment Strategy works for consumers.
- EPI (Essential Product Information) + video showing how product information could be displayed clearly and succinctly for consumers.

2.1. Top 3 risks and positive developments observed in the market

2.1.1. Top 3 Consumer Protection Issues

Kindly highlight what are the most concerning consumer protection issues. The information on product specific initiatives will be requested in section 3 of the questionnaire.

Note: The wording 'first', 'second', and 'third', is not meant to rank the top 3 issues.

Consumer Protection Issue 1

CZ: Pre-contractual information for historical products compliant with earlier legislation but insufficient from current perspective. Complaints are being raised in court and other similar bodies.

The complexity of information required by templates for PRIIPs, ESG funds, can be difficult to understand.

DE: One of the most important consumer protection issues concerns information overload for consumers. A clear simplification is necessary here.

DK: Insurance & Pension Denmark is considering an initiative to work with financial education towards the young consumer. The goal is to heighten the insight of the consumer before the need to take out insurance or start a pension giving a better knowledge and understanding before their first meeting with an insurance company or a pension fund/company.

FR: ***Unaffordable advice and inadequate insurance coverage***

According to some consumer organisations in France, commission-based remuneration would create an incentive for biased financial advice.

On the contrary, in France, where advice is mandatory, remuneration by commissions allows intermediaries to bear the cost of fulfilling their legal obligations to the client in terms of advice and support.

Indeed, intermediaries are paid through commissions thus allowing them to offer a variety of services for the benefit of the client. This includes personal financial advice for insurance and savings products, claims management, product monitoring, information and risk prevention, and client support in the event of a disaster. Commission-based remuneration thus ensures financial stability over time to the intermediaries, allowing them to spread the costs over the entire client portfolio and thereby lower the average cost per client/contract. Payment by commission has the advantage of pooling the cost of advice for the benefit, in particular, of clients whose investments are more modest.

Indeed, changing the commission-based remuneration on a fee-based remuneration with an optional advice service would result in higher overall costs for customers. The forced transition to a fee-based payment would result in a more expensive overall cost for the client: the amount of the fees would not remain at the same level compared to the current amount of commissions for an equivalent service. Indeed, the insurance intermediary would keep its fixed operating expenses while less people would be willing to be charged for personal advice. As personal advice would not be mandatory, the cost of advice may increase so that intermediaries would be able to deal with their fixed operating expenses. As a result, low-income people would not be able to pay for personal advice anymore and might not choose insurance contract fitting their needs.

The commission-based remuneration system thereby democratises access to personal advice for the insured at any time, whereas only wealthy consumers would be able to pay a fee-based remuneration to get personal advice and support.

GR: Financial education is a major concern for our market as the Greek educational system lacks any culture in empowering young people with knowledge, confidence, and skills necessary for understanding financial concepts and products.

A major issue concerns the need for the financial education of people in Greece since there is no such culture in our education system. As long as EU financial legislation (e.g. PRIIPs, PEPP) becomes more and more complicated, consumers must be appropriately equipped to understand and anticipate the sense and the effects of all the information regarding financial concepts and products that is provided to them pursuant to the various legislative predictions. In addition, professional training of distributors is not adequate to cover the knowledge gap of their clients.

The Greek Government acknowledges that the development and implementation of a National Financial Literacy Strategy, is one of the most effective ways to increase the financial knowledge of citizens in Greece.

In this context, since the beginning of this year the Ministry of Finance will promote financial education and formulate our National Strategy for Financial Literacy, having become a regular member of the International Network for Financial Education of the OECD and receiving technical assistance and expertise from the European Commission. Furthermore, the Government is going to use funds from the Recovery and Resilience Fund to promote financial literacy."

The implementation of the project began in 2021 and will be completed by 2024. It consists of the following stages:

- Mapping report. This survey regarding the existing actions for financial education in Greece has already been conducted among Greek stakeholders. HAIC was one of the stakeholders invited and provided input for the report
- Measuring the financial literacy level of young people, adults, small and very small businesses

- Assessment and benchmarking report, based on international experience
- Key findings analysis / report
- Defining the vision, the strategic direction and the goals
- Preparation of an action plan for the achievement of the objectives
- Dissemination and promotion of the national strategy with information and awareness actions

In addition, HAIC with the collaboration of "Junior Achievement Greece", a non-profit organization, member of the Junior Achievement Worldwide, has developed in 2019 an innovative educational program aimed at pupils of primary schools, under the title "Dream wisely". This program is ongoing and was approved by the Ministry of Education in 2021.

The program aims to educate pupils in 5th, 6th and 7th grades in understanding risks and prevention in their personal and professional life and introduces the concept of insurance. The program is carried out via educational sessions on a special e-learning platform (dreamwisely.gr) which includes learning games. Students access the website with the assistance of their teachers.

ES: Reduction of contribution limits and tax incentives of personal pension products

In the General State Budget 2022, the Spanish Government reduced for the second consecutive year the maximum annual contribution limit to personal pension products (in 2021 the limit was reduced from €8,000 to €2,000 and in 2022 the limit was reduced again from €2,000 to €1,500).

Personal pensions have an important role to play in linking long-term savers with long-term investment opportunities. With the purpose of providing savers with an income in retirement, personal pension products can help address the demographic challenges of aging populations, evolving working patterns among the workforce, but also secure adequate replacement rates in the future as a complement to state-based or occupational pensions. Therefore, legal restrictions to contribute to personal pension products should be removed.

Furthermore, tax incentives play an important role in encouraging the take-up of personal pension products. The drastic reduction of the tax incentives of personal pension products in Spain contravenes the clear international and European trend that is in line with stimulating them, as is clearly evident from the recent creation in the EU of the Pan-European Individual Pension Product (PEPP).

With a maximum joint annual contribution limit of €1,500 to all personal pension products (including the PEPP) the development of the PEPP is very unlikely to be successful.

IT: The pandemic has highlighted the structural weaknesses of the Italian National Health Service, pointing at the importance of private health insurance.

To date, the insurance system only minimally supports these complexities. Moreover, there is currently no effective collaboration between the public and private sectors. The inadequacy of the system, and above all the need for a public-private partnership, was exacerbated by the emergency situation, during which the private sector came into play and implemented many initiatives to support the NHS and to extend protection to citizens. The outbreak of the pandemic, however, also led to a greater awareness of health risks on the part of clients/insureds and a growing attention to the issues of wellbeing and health.

Regarding the Ukraine crisis and the issues of refugees fleeing their country, the Italian Central Office – UCI - has issued 30-day free of charge MTPL covers upon request for refugees who have arrived in our country with their vehicles.

Of this initiative of favour toward the Ukrainian exiles in conditions of obvious difficulties, UCI has given prompt and detailed information to the institutions concerned, the Police and IVASS, CONSAP- for Road Victims Guarantee Fund - and ANIA with a communication dated March 17.

The Executive Committee of ANIA has formally expressed its support for this initiative which is also in line with the European Commission's invitation to the European insurance market for identifying insurance solutions that can meet Ukrainian refugees' needs in this difficult time.

UCI's initiative will probably be extended up to three months.

Consumer Protection Issue 2

CZ: Too much, or too prescriptive, regulation is seen as an issue - e.g. "hard visual templates":

- the need to comply with A4 format, while most clients want to communicate electronically, so the materials would be clearer in screen format,
- templates are not interactive

DK: Due to inflation the worry about consumers generally being sufficiently protected is starting to emerge in the industry

ES: In the event of systemic risks, such as pandemics or cyber-attacks, a public-private coverage instrument should be sought, with the public sector providing the necessary financial resources to shorten the premium accumulation period and the private insurance sector contributing with its risk management capacity.

Conventional insurance policies provide protection against risks that do not materialise everywhere at the same time. By contrast, a systemic risk can materialise on a global scale and potentially affect many individuals and economic sectors at the same time. Therefore, the traditional risk mutualisation and diversification mechanisms used by insurers cannot be used to cope with the impact of a systemic risk.

For this reason, it is considered necessary to promote the creation of public-private collaboration instruments that are capable of offering insurance solutions for the future.

FR: The annual report of the Insurance Ombudsman has highlighted some unscrupulous **sales tactics for mobile phone insurance**. Some consumers have denounced their lack of consent for insurance subscription and report having discovered that they were bound by a one-year contract they did not wish to pay for.
France Assureurs has condemned these wrongdoings that seem to be concentrated on one operator.
In addition to the sanctions incurred by operators of such practices and the nullity of those contracts, the industry is examining how to guarantee a high level of confidence to consumers wishing to subscribe insurance affiliated to consumer goods & services. The insurance sector has worked with the Financial Sector Consultative Committee and agreed to expand the withdrawal period from 15 days to 30 days. When the consumers get a discount for the starting period of his contract (a few weeks or month free of charge), the delay for the withdrawal period starts after the discount. Therefore, if the consumer becomes aware of a premium payment on his bank account one month after subscription, and considers that he did not agree to pay for an insurance contract, he can still withdraw from it.
This commitment does not concern travel insurance and contracts of one-month time period or less.

GR: Currently, there is no PEPP legislative framework in place in Greece regarding the local specificities of PEPP. The absence of any local specification poses, in our view, obstacles to the positive development of a PEPPs market in Greece but also an issue for consumers, in the context of their need for long-term savings related to their ageing. In case of no local legislation, PEPP might be seen only as a short-term investment vehicle.

IT: On 28 February 2021, a Legislative Decree was introduced, applicable as of January 1st, 2022, placing an obligation on skiers (except cross-country skiers) to have insurance that covers their civil liability for damage or injury caused to third parties.

This obligation has also been introduced for the ski resort manager, who will have to provide users with an insurance policy for any damage caused to persons or property when they purchase their ski pass.

With the increase of light electric vehicles on Italian roads, ANIA believes that voluntary and individual sense of civic responsibility is not sufficient, and that it is necessary that the injured person may rely on effective, concrete, and efficient protection. There is currently a ministerial investigation underway to assess whether it is necessary to introduce a mandatory insurance for electric scooters. In the meantime, the specific approach for light electric vehicles in the insurance market could go in the direction of developing increasingly tailor-made, voluntary insurance covers associated with general insurance protection.

Consumer Protection Issue 3

ES: Lack of flexibility of insurance contracts due to outdated limitations in the national insurance contract law, adopted more than 40 years ago.

For example, some requirements or limitations are deemed obstacles to digitalisation and the development of new products:

- Obstacles to insurance contracts with a duration below one year,
- Keeping paper as a default option.

Information overload and complexity derived from the national insurance contract law:

- Overlap of the pre-contractual information requirements from the new European framework (e.g. IPID) and the old information requirements in the national law,

Legal disputes due to the complexity of certain national provisions supposedly aimed to protect policyholders, in particular legal disputes regarding the consideration of certain clauses as "limitative" of the policyholder's rights or "delimitative" of the risks covered, generating uncertainty and unnecessary legal costs both for consumers and insurance companies.

FR: The Covid 19 crisis has highlighted the increasing need for consumers to be covered for small **mental health disorders**. The quarantine has worsened stress, anxiety, and depressive states. Work interruptions for mental disorders have increased.

Mental health issues have not been properly addressed by the French health system: prevention and detection remain weak, and psychological services are not fully covered.

In March 2021, in the wake of the Covid crisis, supplementary health insurers have committed to compensate 4 psychological check-ups for up to 60 euros without prerequisite conditions.

Since October 2021, French social security will compensate 8 psychological check-ups up to 60% (based on regulated tariff, provided the check-ups are prescribed by the treating doctor).

Health insurers welcome this major improvement in our French health system but are still actively working on four fronts:

- Compensation: health insurers compensate 40% of the psychological check-ups left by social security. However, all situations are not covered as psychologists may not be integrated in the public scheme, and the constraint to go first to the treating doctor may discourage some people.

- Assistance: health insurers are developing access to teleconsultation and helplines for people in psychological distress.
- Prevention: encourage people experiencing mental suffering to talk and look for professional help is an absolute priority. Insurers have developed many preventive actions in companies.
- Innovation: insurers are taking part to a public-private partnership named the IMPACT initiative (an accelerator of innovation for mental health).

GR: Four years ago, the Hellenic Association of Insurance Companies took the initiative to assign to an independent organisation (the Foundation for Economical & Industrial Research) the project of developing and publishing on an annual basis a set of indices apt to private health insurance and the development of claims paid by insurers on an aggregate market level. These indices are based on actually incurred in-hospital expenses paid by private health insurers that maintain portfolios of guaranteed renewable policies.

This project has been considered of great significance for consumers /insureds, since these indices supplement their understanding of how health expenses paid by private health insurers develop from one year to another and the way their own health premium is affected.

Given that this project has been considered as certainly offering greater transparency and consumer empowerment, earlier this year (2022), these indices were acknowledged by the Greek State (by means of a Presidential Decree) as appropriate to be used or referred to by insurers when adjusting the premium of that type of guaranteed renewable health policies.

Therefore, next year's premium adjustments (2023) for that type of policies will officially be implemented with direct reference to these indices.

IT: At present the rules of motor insurance are very complex, extremely detailed and stratified both because of the many regulatory interventions that have occurred over time but also because the legislator opted to intervene on an individual issues and incidences rather than proceed with an overall review of the whole legislative/regulatory implant. Therefore, ANIA has developed an organic proposal for reform of the motor insurance legislation to:

- really value the driving behaviour of policyholders.
- compensate for the damage caused by road accidents by adhering as closely as possible to the needs of the injured/damaged person.
- combat fraud effectively since fraudulent activities harm the entire community.

ANIA's proposal aims first to overcome the mechanism of the bonus malus system which is no longer able to properly value policy holders' driving behaviour. ANIA's effort is also toward finally giving effect to the national table of medium to severe personal injuries. Another goal is to make the anti-fraud activity more effective, also in the decisive risk-taking phase through the possibility of consulting industry databases while assessing a risk. There is a need to revise the rules governing liquidation procedures in the CARD area (the Convention between companies for direct compensation) and consider the introduction of additional forms of compensation "in specific form" for personal damages. It is also crucial to make the sectoral anti-fraud activity more effective, also in the decisive risk-taking phase through the possibility of consulting industry databases, such as the Integrated Anti-Fraud Archive of IVASS, also in the risk assessment phase.

2.1.2. Top 3 Initiatives Observed

Kindly provide information about the top 3 initiatives observed. These can be initiatives put in place by insurance undertakings and/or insurance intermediaries to ensure the fair treatment of consumers. Initiatives referred to in this section should be focused on specific actions taken to guarantee the fair treatment of policyholders in general.

Note: The wording 'first', 'second', and 'third', is not meant to rank the top 3 initiatives.

Initiative 1

DE: Even before the IDD provisions, the German industry actively supported professional training by the initiative "well-advised". On its own initiative, without being obliged by law, the German insurance industry has established some standards within the context of its "well-advised" training initiative. These standards of the voluntary initiative go even beyond the training requirements of the European Directive, recommending 30 hours of training each year. The development of participation numbers is a success story. By the end of September 2020, there were 150k active accounts on the „well advised" database.

See **https://www.gutberaten.de/fileadmin/user_upload/gut_beraten/Ueber_uns/Quartalsberichte/Gut_beraten_Quartalsbericht_3_20.pdf**

DK: The Danish competition authority has started to gather information on the Danish retail insurance market aiming at making an analysis about the level of competition and the use in the market of loyalty penalty.

ES: Since 2016, UNESPA has been carrying out a financial education programme called *Estamos Seguros.* This initiative is meant to bring insurance closer to people. To do so, it relies on a website (**www.estamos-seguros.es**), social media (Twitter, Facebook and LinkedIn), press releases, advertising and other communications actions.

During these years, Estamos Seguros has created specific contents that can be useful for the broader public. Its website currently has specific sections on subjects such as insurance coverages of the main insurance lines (***Tus Coberturas***), saving products (***Ahorrar da mucha vida***), SME's insurance coverages (***Prevenir para crecer***), insurance language (***Seguros de entendernos***), natural disasters

(***Naturalmente protegidos***), travel insurance (***Viaja Seguro***), prevention tips (***Prevenir para vivir***), insurance consumption trends (***Aftermask***) and employment in insurance (***Un futuro asegurado***).

Estamos Seguros frequently **publishes reports that help** to explain the role of insurance in society. These reports address subjects such as robberies (cars, homes, shops…), fires (all sorts of real estate: homes, shops, factories…), automobile insurance (eg.: cars, motorcycles…), etc. These reports are sent to the mass media and promoted through social media, as well. They are all available at: **https://www.unespa.es/que-hacemos/publicaciones/**

FR: France Assureurs has welcomed the new reform law on the natural catastrophe regime enacted on 28 December 2021. The law improves the care of natural catastrophe victims and their insurance compensation, among others:

- Insured will have 30 days instead of 10 days to notify their claim
- Insurers will then have one month to provide an answer about the guarantees that will be applied for compensation and order an expert to give a report
- Once the amount of compensation is estimated, insurers will have 21 days do pay compensation to the insured or one month to give order to a firm to engage repairs or renovation.
- Insurance will also have to cover emergency relocation expenses, architects' costs and project management costs.

France Assureurs is currently working on a new financial education support "15 tips to be well insured against natural catastrophes". This new guide will help local authorities to better understand how insurance works, but also will raise awareness among consumers on how to react and how to deal with your insurer to be compensated quickly.

GR: Following the severe Nat Cat events that took place in 2021 and the number of requests received by insurance companies for property insurance during a natural disaster, HAIC used two information notes as lobbying tools in its communication with consumers regarding the basic principles of insurance operation and the response on behalf of insurance companies to natural disasters.

The texts, which analyse the perils of forest fire and earthquake, are based on scientific studies, and briefly reflect insurance rationale and the usual practice followed by insurance companies regarding the incapacity of insuring during the validity period of a catastrophic event or while this is still ongoing.

IT: In the past, insurers behaved almost exclusively in a passive manner, reimbursing ex-post most of the services, provided that they were prescribed by a doctor in relation to an identified medical condition, as they could invest little in prevention and had limited margins for intervention in the work of doctors.

Today, also in view of the growing attention paid to health and wellbeing issues, there is a move towards a broader and less traditional concept of protection, which focuses on assistance, prevention, and the provision of services. In addition, through the Association, companies have started an ongoing dialogue with institutional bodies with a view to creating the conditions for a public-private partnership.

On April 30th, 2021, a specific initiative to strengthen the possibility to compare auto insurance premium has been launched by the Italian Supervisor- IVASS. This new Comparison tool called "Preventivatore", was created by Ivass to allow price comparison and it helps the consumer to choose between basic MTPL insurance policies offered on the market. Such basic contracts include the minimal coverage required by law to fulfil the motor insurance obligation.

In addition, the "Preventivatore" enables companies to offer additional coverage to the customer.

IVASS has yet to complete the implementation of this project and, in this respect, ANIA and the companies have recommended to the Authority to balance the obligation to compare with the freedom of companies to offer premium and insurance conditions, as well as the economic sustainability of the New Public Comparison tool of such basic contract.

On March 17, 2022, IVASS launched a second phase public consultation of Regulatory scheme implementing art. 132-bis of the Private insurance code and has published on its website a second consultation document n. 5/2022, containing provisions for the implementation of the "Preventivatore. In this new scheme of Regulation n. 5/2022, IVASS has accepted various proposals formulated by ANIA and the insurance market in the first public consultation.

Initiative 2

DE: GDV Code of Conduct

The Code of Conduct for Insurance Sales is a voluntary commitment by the insurance industry to ensure high quality customer advice. With its Code of Conduct, the German Insurance Association (GDV) has set itself the goal of consistently focusing on the interests of customers and further improving the quality of customer advice. With its eleven guiding principles, the code is testimony to the industry's self-image of fair, honest and professional sales of insurance products.

See **https://www.gdv.de/de/themen/news/verhaltenskodex-fuer-den-vertrieb-11518**

ES: In 2021, UNESPA created an informative website to explain to policyholders the coverage they could have and from whom (public/private coverage), to cover the damages they may suffer in the event of natural events. Likewise, therein is also explained how to apply for compensation in case they suffer any type of damage as a consequence of natural disasters. This site is called *Naturalmente Protegidos* (Naturally protected).

In this site there are detailed guidelines referring to 10 different natural risks. Specifically, it details how to act in the event of damage caused by rain, flooding, wind, drought, frost, snow or hail, earthquake, tidal wave, or volcanic eruption, as well as lightning. Specifically, an easy sort of Q&A is developed for each natural risk: i) What has happened? ii) What damage has occurred? iii) To whom should I claim compensation?

In order to answer these three questions, 10 fact sheets were created. Each of these factsheets explains, among other things, what are the coverages underwritten, the differences between public aid and insurance indemnities, and whether it is necessary for the intensity of the phenomenon (wind speed, heavy rainfall, magnitude of the earthquake, etc.) to be accredited by a specific authority with expertise in the field (AEMET, National Geographic Institute, etc.).

The link to the Naturally Protected full website is available at:

https://www.estamos-seguros.es/naturalmente-protegidos/

A PDF with the 10 factsheets is available in English at:

https://www.unespa.es/main-files/uploads/2022/02/A4_Natural_Hazards_Naturalmente_Protegidos_en-FINAL-1.pdf

FR: The insurance sector has worked with the Financial Sector Consultative Committee on harmonisation of termination regimes for insurance contracts.

Insurers are considering implementing termination at any time for most insurance contracts after the first year period. This facility will not be offered for insurance contracts covering professional activities, life insurance, incapacity, disability and death benefits insurance, and insurance contracts with a seasonality effect such as hunting TPL.

GR: In early 2022, HAIC adopted a Protocol to combat insurance fraud under which all members are committed to take active and structural attention to fraud in all insurance branches and the control thereof in all layers of their organisations, including management and Board of Directors level. This Protocol contains rules on awareness, prevention, detection, and the settlement of insurance fraud. Insurance fraud is recognised as one of the most serious and complex issues facing the insurance industry. Insurance is designed to protect against significant but uncertain losses through the pooling of risk. Insurance fraud undermines this pooling system because it depletes the funds paid in by honest customers to cover genuine losses. Insurance fraud means higher premiums for honest customers. HAIC's Protocol on insurance fraud adopts the principle that insurance crime should never be profitable. Therefore, the insurance sector must demonstrate its social involvement with a focus on fraud prevention and detection.

IT: The introduction of the new obligation for skiers to hold mandatory insurance mainly posed a problem for insurance companies in terms of placing covers. Companies quickly organised themselves so that users could easily purchase these covers online or via apps, which are generally for daily, multi-day or seasonal periods.

At the beginning of October 2021, the AGCM (our fair competition authority) decision gave the go-ahead for an anti-fraud project in ANIA. The project is the establishment of a platform between operators, aimed at identifying recurrent macro-phenomena and evaluating their distribution in the territory, to combat insurance fraud more effectively and identify possible associative type crimes.

Initiative 3

CZ: Product innovations for specific target markets with specific needs include:

- Attention to critical illnesses specific for male and female customers respectively, to strengthen insurance cover for specific diagnoses related to each gender
- Specially designed insurance for women to provide financial assistance in case of unexpected complications during pregnancy and childbirth, at the birth of a child with a birth defect, or to cover the costs of assisted reproduction.
- Upper limb insurance for people seeking coverage focused on the upper limbs, which they use for the performance of their gainful activity.

Review of existing products and their T&C regarding coverage in connection with Covid and the war.

DE: "Die Versicherer" is a digital, customer-oriented campaign by the German Insurance Association (GDV). The consumer communication relies on surprising and self-critical content to reduce consumer reservations. The campaign has already won several PR and online awards. The main communication channels of the GDV campaign are Facebook, Instagram and the website dieversicherer.de. The Facebook page "Die Versicherer" and the associated Instagram presence focus on content formats that go down well on social networks: humorous videos, topical memes and cartoons. Creativity and visual pointedness ensure the continuous attention of multipliers and consumers on the social web. The website is aimed at insurance customers and their specific questions: Should I cancel my insurance? Which insurance premiums can I deduct from my taxes? The consumer portal also offers several tools and SEO-optimized utility articles. The website's media library is aimed at insurers and agents, who can obtain free social media content for their communications there.

See: Die Versicherer - Das Verbraucherportal des GDV

ES: Since 2018, UNESPA has - with the help of the Junior Achievement Foundation - been running a financial education program ("The risk and me") addressed to young students between 15 and 17 years old. The program is aimed to promote prevention and insurance culture among high-school students contributing to better decision-making as consumers. Its fourth edition (2022-2023 academic year) is currently ongoing in state, concerted and private schools alike. In its three previous edition, 6.300 teenagers all over Spain have been made aware of the existence of risk in life and ways to prevent it.

FR: The insurance sector has worked with the Financial Sector Consultative Committee to improve the transparency and clarity of health insurance and life insurance contracts.

As of May 2022, health insurers will have to publish on their website a standardised board showing examples of compensations to help consumers understand how the reimbursements of the health care system concretely operates with concrete examples (which part is undertaken by social security, which part by health insurer, and what is left to pay for the insured). This board will have to be easily accessible on health insurers website.

As of June 2022, life insurers will have to publish on their website a standardised board showing the different type of costs for a life insurance contract and retirement insurance contract, allowing consumers to better understand the total amount of costs and better compare costs between different contracts.

IT: In 2019, ANIA established the Working Group on medium to severe personal injuries, which is composed of companies representing the Italian insurance market with the collaboration of medical-legal, technical-insurance and legal experts. It has drawn up a project on personal injury, with reference to the possibility under specific circumstances of compensating in form of an annuity, especially for severely injured minors and legally incompetent people. In this respect, an ANIA Position Paper "*Insurance strategy «customer centric» and severe personal injuries- new forms of compensation: the annuity*" has been elaborated; the mapping of the social security benefits of the public bodies INPS and INAIL has been carried out and streamlined with a special IT tool for data consulting procedures.

In-depth studies are now underway with ANIA's Life and Statistical- Actuarial Departments to analyse the possible ways to obtain tables or coefficients to convert a certain amount of capital corresponding to the compensation in annuity in favour of severely damaged persons, especially for certain cases, such as when they are minors/legally incompetent or, more generally, for those in need of ongoing and lasting care expenses.

2.2. Product related trends

You are invited to explain how the demand and/or offer for the below insurance products has increased/decreased/remained unchanged, during 2021. Please, where relevant, refer to any possible financial innovations, market developments, or positive/improved consumer outcomes you may have observed. Note the specific questions included are aimed at guiding the feedback sought but any issue/trend observed in relation to the products presented below is welcomed.

Product categories	**Developments in demand / offer / financial innovations / market environment /market practices / consumer protection**
Life insurance - with profit	*While information on all trends relating to profit participation products are welcome it would be extremely useful if you could highlight any trends you may have observed relating to the shift towards unit-linked and hybrid products. Any trends also relating/which are a cause of the low interest rate environment or high inflation are also highly appreciated.*
CZ	LI with profit is practically not sold in the market. Available investments do not enable to give a long-term guarantee high enough to compensate costs present in premium rates. Endowment life insurance has not been in demand for years. That is why we do not offer this type of insurance.
DE	The importance of traditional life insurance policies with an investment character continues to decline - as it has in recent years. By contrast, the share of classically calculated term life and occupational disability insurance remains at a high level. For the latter, the average sums insured are rising.
DK	Sustainable investments is a major issue in life insurance in Denmark. In the last 10-20 years we have seen a sharp increase in unit-linked products at the expense of with-profit products. We do not have the 2021 figures yet but in 2020 the distribution between with-profit and unit-linked was 22-78 in terms of premiums and 53-47 in terms of assets/liabilities. The financial supervisory authorities regulate the maximum guaranteed return which pension companies are allowed to ‘promise’ to their customers. Due to the low interest rates the maximum was decreased to -1 (minus one) percent in 2021. As a consequence, some companies have decided to no longer offer

	guaranteed/traditional products as they reckon a negative guarantee is not attractive to customers.
ES	The ability of Spanish insurers to offer guaranteed products has been made harder by the low interest rate environment. In any case, profit participation products are not very demanded in Spain. Traditionally, most clients tended to prefer guaranteed products at maturity and life-long annuities (without profits) but low interest rates are affecting the insurers' ability to offer such very demanded products to their clients.
FR	Life insurance had an exceptional year in 2021. Life insurance premiums increased by 30 % compared to 2020, to € 151,1 billion (figure never seen ever). 61% of these premiums are related to Life insurance with profit (“fonds euros”) and 39% are related to unit linked contracts. With regard to Life insurance with profit (“fonds euros”), in 2021 premiums increased by 22.1% to € 92,6 billion. With a level of benefits paid of € 103,6 billion, net outflows reached € 11,0 billion. Low-rate levels promotes the orientation of French saving toward more risky products to improve expected returns. In this context, Life insurance with profit outstanding reserves reached € 1 377 billion at the end of 2021 year. French “Euros funds” typically offer policyholders a 100% capital guarantee at any time. In spite of the low yield environment, Euros funds keep on offering a good relative performance of 1.3%, and therefore continue to enjoy policyholders’ preference. The Pact Act, which has been adopted by the Parliament in early 2019, introduced measures aiming at providing full transparency on yields and fees in life insurance, and allowing for regulated switching possibilities of life insurance contracts within the same provider. The new retirement product (“Plan Epargne Retraite” or PER) is a success. At the end of 2021, 2,6 million people have subscribed this insurance product with € 29,6 billion liabilities.
IT	“Pure” with-profit products offer (number of individual products) decreased from 79 to 68 (-13,9%). Demand (new business individual and group premium volume) decreased from 32,4 billion to 21,2 billion (-34,7%). Hybrid products (combination of with-profit and unit linked) offer (number of individual products) increased from 91 to 116 (+27,5%); for these products, demand (new business individual and group premium volume) increased from 33,2 billion to 46,7 billion (+40,5%). The composition of hybrid products remained stable, in particular the with-profit component decreased from 65,5% to 63,7%.

Life insurance - unit linked	*While information on all trends relating to unit-linked products is welcome, if you observed any trends relating to the liquidity of unit-linked funds, surrenders/lapses, and/or changes in products as a result of the increase offer of sustainable funds is also highly appreciated.*
CZ	Unit-linked is stagnating. Effect of SFDR regulation has not been observed yet. Insurers likely wait for final legislation so that they could establish green investments and products. Certain companies or financial groups started to communicate in advertisement green themes. Increasingly, clients prefer to take out term life insurance before the accumulation component. They choose alternative products on the market to secure their savings. The downward trend in unit-linked life insurance continues in favour of Risk life insurance.
DE	The share of business accounted for by unit-linked life insurance policies continues to rise from year to year. Recently, ESG funds have been increasingly made available to consumers.
DK	Sustainable investments is a major issue in life insurance in Denmark. Many pension companies have introduced products with special sustainable investment profiles so that customers can choose between a 'traditional' unit linked product and a sustainable product.
ES	Unit-Linked life insurance products only represent a 14% of the total life insurance market in Spain. Most clients tended to prefer guaranteed products at maturity and life-long annuities as they are the natural options for people who are saving for retirement. But the demand of Unit-Linked products (new business) has increased significantly (24%) in the last year because of the low interest rate environment.
FR	With regard to unit linked contracts, in 2021 premiums increased by 44.4% to € 58,5 billion, a record breaking. With a level of benefits paid of € 23,8 billion, net inflows reached € 34,7 billion. The share of unit-linked premiums rose from 35% in 2020 to 39% in 2021. The total outstanding value of unit-linked contracts represents € 499 billion at the end of 2021 (+19%), and accounts for 26,6 % of total life insurance. 25% of this saving is invested in sustainable funds. Following the euphoria in the equity markets, performance of unit liked contract reached 9,0 % (after fees).

	The growing weight of unit-linked products is consistent with the position of the regulator and the supervisor in France, which seek to encourage investment in shares for prudential issues, but also to improve the role of insurers in financing the economy. Furthermore, one should also keep in mind that the regulator asks, in the interest of savers, that insurers support clients to diversify and extend the duration of their investments, in the current low-rate period.
GR	Life premium production maintained a steady growth rate during 2021 (+13.7%). Traditional life insurance premium decreased (-4.5%), while unit - linked premium maintained a steady growth rate (+57.7%). It is estimated that the increase is related to the economic growth that Greece has experienced since the end of Memorandums, while as regards UL production, it follows the upward trend of the last years, mainly since the local market is oriented towards UL products versus life products with guarantees.
IT	"Pure" unit-linked offer (number of individual products) increased from 39 to 42 (+7,7%). Demand (new business individual and group premium volume) increased from 13,1 billion to 17,1 billion (+30,4%). For hybrid products offer and demand see above. The composition of hybrid products remained stable, in particular unit linked component increased from 34,5% to 36,3%.
Mortgage life insurance	*With particular regard to trends relating to mortgage life insurance products, it would be highly appreciated if you could highlight if and how they have contributed to the financial security of consumer during COVID-19 crisis.*
CZ	There is no specialised mortgage LI at the market. Term risk insurance with a broad scope of accidental and health riders is used in such cases. No special effect of LI was observed in connection to protection against COVID-19. The companies reported increased claims in short-term disability business, but this benefit was not crucial for mortgages. Our products have offered life insurance with a decreasing annuity amount for years. In the last year, there have been increases in the sum assured, however, the growth dynamics do not correspond to the rising property prices. Our mortgage insurance, which provides coverage for major risks in a package, continues to be one of the most important and most popular product in our portfolio.
DE	See PPI

ES	Life-risk insurance is very demanded in normal circumstances in Spain, both stand-alone or linked to mortgages.
IT	We do not have data about the number of contracts offered (number of individual products). Demand (new business individual and group premium volume) decreased from 727 million to 719 million (-1,2%). We do not have data on the contribution of these products to the financial security of consumer during COVID-19 crisis.
Other life insurance (please explain)	
CZ	Term risk insurance: Companies are more focused on life insurance without saving part offering broad scope of accidental and health riders. Long-term disability riders are promoted. Upper limits of entry and exit ages are gradually increased (esp. exit ages of accidental riders mostly are not lower than 80 years old – in some cases even 85 or 90 years old). In addition to life insurance, we offer disability insurance, care dependency insurance, accident insurance, sickness insurance, assistance services and a range of small, specialised insurances such as assisted reproduction insurance or severe consequences of vaccinations. However, death, disability, accident and incapacity insurance remains the most important for clients.
DE	The maximum permissible guarantee for life insurance policies was lowered by the Ministry of Finance from 0.9 % to 0.25 % maximum actuarial interest rate as of 1.1.22. Insurance offers with a capital guarantee of 100 % of the premium sum at the end of the savings phase have largely disappeared from the market in 2022. Only a few providers still offer tariffs for Riester pensions that require such a guarantee. But even there, about 2/3 of the providers have disappeared from the market. In hybrid insurance, the maximum guarantees offered in new business have been reduced.
ES	Guaranteed products at maturity and life-long annuities represent a 86% of the total life insurance market in Spain. Business in force and assets under management remain stable. New business has been significantly affected by the low interest rate environment in the last years.

	Reduction of contribution limits and tax incentives resulted in a dramatic reduction of contributions to personal pension products (41%).
FR	With the aging of the population and the upcoming reforms to the retirement system, supplementary retirement saving products still enjoyed a growing success in 2021. The outstanding amount of retirement product reached € 243 billion at the end of 2021. Regarding the new product created by the Pacte act (named PER), the total savings deposits amounted to €15,4 billion in 2021 (€ 6,7 billion of new business & € 8,7 billion coming from transfers from old retirement products). These new retirement contracts have been designed to allow the saver, by default, to invest part of its savings in unit-linked, with progressive securing of savings as the retirement age approaches. The number of insurance retirement savings plans (PER) stand at nearly 2,6 million at the end of December 2021 (vs 1,2 million last year). The total outstanding value of these plans amounts to € 29,6 billion, 49 % of which is invested in unit-linked funds. --- Eurocroissance funds offer a guarantee of the amount invested of 100% at a given horizon of time of at least 8 years. At the end of December 2021, outstanding Eurocroissance reserves are estimated at € 4,6 billion (+37% over one year), for 322,000 contracts in progress (+17%). The Pacte Act of 2019 (article 72) creates a new regime for Eurocroissance funds aimed at simplifying their presentation and operation for a better understanding by the saver. The rate of return will be unified. After the expiration of the 8 years maturity, the guaranteed capital will only be expressed in euros terms.
IT	Other life insurance offer (number of individual products), including term insurance (PPI and not PPI), LTC and dread disease and pension products, increased from 41 to 47. In particular, term insurance (PPI and not PPI) decreased from 34 to 33, LTC and DD increased from 5 to 9 and pension products increased from 2 to 5. Other life insurance demand (new business individual and group premium volume) decreased from 5,3 billion to 4,2 billion (-19,2%). In particular, term insurance not PPI increased from 426 million to 465 (+9,2%), PPI term insurance increased from 685 million to 1,1 billion (+66,1%), LTC and DD increased from 68 million to 78 million (+14,4%), Pension products decreased from 4,1 billion to 2,6 billion (-37,1%).

Payment Protection Insurance	*While information on all trends relating to PPI are welcome, it would be good if you could detect any issue in relation to protection gap/exclusions for pre-existing medical conditions*
CZ	Life insurance policies offer a range of repayment coverages (death, disability, incapacity).
DE	During Covid-19, the pay-outs from residual debt insurance policies increased considerably in certain cases. This was especially the case when unemployment benefits or even short-time work were insured. There was also an increase in benefits for incapacity to work. Death insurance saw the smallest increase in benefits.
ES	Spanish Government has launched a package of public aids addressed to landlords, to provide them with a guarantee that in case the tenant cannot temporarily pay the ren. This package is intended to boost the landlords' confidence and thus increase the supply of rental housing for citizens with lower incomes.
FR	The amount of premiums collected for creditors insurance contracts (the French equivalent for PPI) is stable in 2020. It totalled 10.3 bn in 2020 (+2,5%). Data is currently not available for 2021. Coverage works for claims related to COVID-19 illness. While information on all trends relating to PPI are welcome, it would be good if you could detect any issue in relation to protection gap/exclusions for pre-existing medical condition.
IT	For life PPI, see previous boxes.
SE	The coverage for PPI insurance products is fairly standardized on the Swedish market and they are deemed to provide value for the customers, especially in the current challenging times of pandemic and war etc.
Motor insurance	*While information relating to any trends for motor insurance products is welcome, it would be highly appreciated if you could highlight any trends relating to an increase in uptake of pay-as-you-drive products*
CZ	We offer to our clients a seasonal insurance for MTPL where clients choose by themselves a period, during which they want to be insured. This period can take up from 3 till 10 months and the vehicle can be used only during the chosen period. To this fact corresponds the premium price which is lower than for being insured for the whole year.

	We also offer to our clients a short-termed insurance for 3 up to 12 months.
ES	The Spanish motor insurers bureau has granted a free border insurance for a period of 30 days to Ukrainian vehicles, due to the increase in the number of people seeking refuge outside Ukraine. After this period, they will analyse again the convenience of another good-will aid. Besides Russian conflict's consequences, within the mobility trends, throughout this last year new vehicle models keep arising for which insurance solutions need to be approached in order to correctly protect victims. In relation to pay-as-you-drive insurance, new motor products have been developed throughout the market. Likewise, within the framework of the "SDM" Agreement implemented in the motor insurance sector to facilitate the management of claims between the insurance entities of vehicles involved in accidents, so that the insurer of a non-liable driver can claim from the liable insurer the financial loss due to the unavailability of the vehicle during the reparation. Finally, the motor insurance framework has been amended to increase the amounts of compensation for victims of traffic accidents.
FR	In 2021, motor insurance premiums increased by 1,9% to € 23.5 billion. The loss exposure decreased by 20% this year. Claims expenses were up 2.5%. Motor insurance claims remain impacted by the continued rise in the average cost of claims, compensating the downward trend in frequencies due to COVID-19. Material damages account for 60% of the costs of the claim (increase of 6,7% in 2020). The car manufacturer monopoly induces a significant increase of the price of supply parts each year. Moreover, cars are built with increasing advanced technology, making them more costly to repair. Personal injury accounts for 40% of the costs of the claim. Victims of car accidents are getting more and more favourable ruling in terms of compensating their harms, leading also to a significant increase of premium over the years.

	There is no specific increase of uptake of pay-as-you-drive insurance. Motor insurance premiums are quite low in France compared with other European markets. The premium could generally be adapted to the maximum amount of kilometres travelled. Premium pricing is made according to the risk profile of the driver, the vehicle's technical characteristics and the use of the vehicle. If the use of the vehicle is evolving, the policyholder can ask for a change of coverage and a premium adjustment.
GR	Motor premium had a marginal increase (+0.4%) during 2021 mainly due to a drop in MTPL premium (-0,9%). Casco premium increased by 4.7%.
IT	In the Italian market there are no further increase in motor products paired with black boxes, which are however in very high numbers in our country (over 6 million), even with regard to the specific black box car contracts with pay-as-you-drive rates. Also in Italy, as a response to the growing popularity of light electric vehicles- e-bikes, scooters etc. , insurance companies are proposing new car products with a mix of coverage MTPL, based on the license plate of traditional vehicles (cars, motor vehicles etc.) and voluntary coverage r.c. general traffic of the vehicles in question (not yet subject to the obligation), based on the owner identifier (tax code).There are also mixed products of MTPL and general coverage with the of use insurance telematics and are designed for "multimodal mobility" because they cover the driver - and sometimes the members of his family - whatever the means of transport used: car, scooter, e- bike, scooter, bus, subway etc.
SE	Although pay as you drive insurance is an area of particular interest for insurers, the legal landscape (such as privacy and GDPR regulations) makes product development in this area challenging. One challenge in particular is the legal uncertainty on the requirement to obtain consent for the collection of data from vehicles and the practical difficulties in obtaining consent from other drivers than the main driver.
Household insurance	*While information relating to any trends for household insurance products is welcome, it would be highly appreciated if you could highlight any trends relating to exclusions.*
CZ	Within household insurance, it is possible to monitor the trend of the insurance market by removing individual insurance indemnity limits, such as electronics insurance, sports equipment, etc. At the same time, a gradual increase in insurance protection for newly negotiated insurance contracts can be observed.
DK	Inflation combined with very low unemployment the demand for labour is causing the prices for claims related to renovation to rise very fast

FR	In 2021, home insurance premiums were up 3.3%, reaching € 12.1 billion. In housing, the damage average cost has been continuously increasing for ten years. The combined ratio including natural catastrophes increases, from 98.1% in 2020 to 99.8% in 2021. The year was marked by a sharp increase in the water damage frequency (+13%). 2021 confirms the increase in losses caused by Nat Cat claims observed over the last few years. Their cost is estimated at €3.1 billion in 2021.
GR	Property premium experienced an overall increase of 7.8% during 2021, but fire & natural forces premium decreased by 1%. Financial losses premium increased by 24.7%. Greece experienced during 2021 severe Nat Cat events (the major one being the August wildfires) which motivated people to insure their property. To this end, the newly built web-platforms of insurance undertakings regarding the online search and purchase of insurance coverage accelerated the conclusion of an insurance policy.
IT	In 2021, the fire and natural perils branch recorded premium income of approximately € 2.8 billion (+5.7% compared to the previous year). In Other damage to property, on the other hand, premium income amounted to approximately EUR 3.3 billion (+6.3% compared to 2020), while pecuniary loss insurance recorded total premium income of EUR 535 million (+5.5%).
Accident and Health insurance	
CZ	Long term care: First companies offer this type of cover. Annuity benefits with limited time of paying-out are used. The association of insurers started discussions with state bodies about possibility of tax incentives for this type of coverage helping people in old ages. Accident and sickness insurance is a standard and highly demanded component of life/personal risk insurance. Younger clients have an increased interest in covering accidents even during sports activities. There is a growing demand for mortgage coverage in the middle age category.

DK	As to the Danish health insurance market the number of insureds keeps increasing, and now more than 2.3 million Danes have a health insurance – often paid by the employer. Similar to last year some new initiatives have been taken by individual insurance companies, e.g. a digital booking system for treatment at physiotherapists etc., and the possibility for online consultation with qualified doctors from 6 AM till 9 PM every day. Stress related services (psychological help) have in particularly been in demand during the covid-19 pandemic. The industry is indeed concerned about early prevention and some of our individual insurance companies are now looking into opportunities in that area.
ES	Medical expenses products account for a 97.4% of the total health insurance market. Although private health insurance products are duplicative type (the insured also pays for the state scheme via taxes), almost one third of the Spanish citizenship has this kind of insurance cover (more than 13 million people). The underwriting level has experienced a positive trend with an increase of 5.14% comparing to 4.90% in 2020. Although this trend has been even in the last five years (4.96% on average), the pandemic has also influenced it in 2021 with more people interested in contracting a health insurance policy. Covid-19 restrictions affected the number of claims managed by insurance companies in 2020 with a 5.12% decrease comparing to 2019 figures. In 2021 claims paid have reached over the levels before de pandemic increasing up to 18.15% comparing to 2020 figures. During the pandemic the insurance companies provided their insured with chatbots, video consultations, teleconsultations, and even specific webs to solve any doubts related to the illness although they all had not been included in the policy. Now, all this e-health services are usually included in a health insurance policy.
FR	In health and damage, benefits have remained more dynamic than premiums for several years. In the context of the aging of the French population, the proportion of seniors covered by insurers is increasing. The deployment of the 100% healthcare reform is a success mainly financed by insurers. It represents an additional cost for insurers of 346 million euros. These are additional costs of 393 million euros in dental and 70 million euros in hearing aids partially offset by savings of 117 million euros in optics.

	In 2021, 145,000 French people have had recourse to the measure of reimbursement of consultations with psychologists by insurers. On March 22, the complementary health insurance enterprises announced the coverage of 4 consultations with psychologists from the 1st euro within the limit of 60 euros per session until the end of 2021. The insured attended 2.4 sessions on average at a cost of €51 per session. This local initiative has contributed to the reimbursement of consultations with psychologists by Social Security (LFSS for 2022).
GR	Health has proved to be one of the most highly esteemed branches of private insurance in Greece for a series of years, premium having an increase of 12.1% during 2021. Main drivers of this trend have been the significant inefficiencies that the social security and the public healthcare system have been facing for over a decade. More precisely, Greek people see private health insurance as the appropriate vehicle to access the private healthcare market, where state of the art medical technology and high-quality health services are offered, that could not be easily approached otherwise (i.e., on their own, out of pocket, expenses).
IT	In the last year, Accident insurance collected premiums for around EUR 3.3bn (+3.4billion), while Health insurance collected premiums for around EUR 3.1billion (+5.4% compared to 2020)
Travel insurance	*While information relating to any trends for travel insurance products is welcome, it would be highly appreciated if you could highlight any impact that COVID-19 had on travel insurance – have you seen undertakings changing the structure of their products?*
CZ	COVID 19 meant a relatively substantial restriction on the sale of travel insurance for this insurance, mainly due to the impossibility of traveling. As part of ČPP, we have also included insurance in the case of medical expenses in the event of COVID 10, including costs associated with possible quarantine.
ES	Travel insurance undertakings have included Covid19 disease within the coverage of the insurance product equally as for other diseases occurred during the trip.
IT	Since the start of the pandemic, insurance offer for this type of cover has developed considerably. While in the past most travel insurance policies excluded pandemic risk (a risk that is technically uninsurable with traditional insurance tools), most operators have now adapted their insurance products by integrating Covid-19-specific covers. There is a wide range of travel insurance coverage currently provided. As a general rule, the basic policy covers medical expenses if you contract covid during your stay, and travel

	cancellation costs (usually penalties) if you contract the virus before departure. In addition, if you contract the virus during your holiday, the insurance may cover, in addition to the medical expenses, the cost of accommodation as well as the cost of the new return ticket within the limits of the policy conditions (which vary from company to company). Some companies cover the cancellation of the trip even if the person insured is quarantined even though he or she has not contracted the virus. If you decide not to travel because you are afraid of contracting Covid, the policy does not apply. There are, however, products on the market that cover the costs of cancelling a trip without justification, although these are less common and more expensive due to the higher risk the insurer undertakes. The cover operates under the condition that the trip complies with official government recommendations. Travel to countries banned by the Ministry of Foreign Affairs will not be covered should you become infected.
Mobile phone and other gadget Insurance	

Other non-life (please explain)	
DE	Insurers expect higher risk from cyberattacks. It cannot be ruled out that cyberattacks from Russia on German companies will also occur in the wake of the tough economic sanctions. In principle, such attacks are covered by cyber insurance.
ES	The new regulation for light electric vehicles, such as PMDs, has been put in place to establish compulsory liability insurance and ensure adequate protection for victims. It is still unknown whether it will end up being developed in the field of the motor insurance or within a third-party liability insurance.
GR	General Liability premium experienced an increase of 18.9% during 2021.
IT	In 2021, credit insurance recorded premium income of €91 million (+11.3% compared to the previous year), while surety business collected €483 million (+11.5%). Premium income from Legal protection amounted to €484 million (+7.7% compared to 2020). Assistance, on the other hand,

	recorded premium income of €863 million (+5.6% compared to the previous year).
Other, including non-product related issues	
CZ	Actions of activists were at place against companies insuring power plants. It is understandable that pressure on fossil energy producers to terminate the operation is useful but on the other hand, it is highly needed to provide them at least insurance of third-party liability. The actions were supported by certain untrue information (e.g. insurance companies financing power plants). https://plus.rozhlas.cz/bez-pojistoven-fosilni-prumysl-nemel-penize-a-zanikl-tvrdi-aktiviste-upozorni-na-8515832
DE	Insurance customers benefit from AI in a variety of ways. • Artificial intelligence supports the analysis and assessment of risks. This can be seen, for example, in the insurability of people with serious pre-existing conditions in term life insurance. • The insurability of buildings against floods has been significantly increased through the evaluation of additional, more detailed data. • Fully automated processes ensure faster claims settlement. For example, insureds can now upload pictures of the damaged car via app immediately after a traffic accident. • Customer inquiries to insurance companies can be processed more quickly as AI-supported text recognition systems optimize workflows and prioritize customer concerns. For customers, the most important thing is that decisions are made fairly and without discrimination - whether by AI or by a human. But differentiation is not the same as discrimination.

2.3. Focus topics

In addition, you are invited to provide input on the following focus topics:

2.3.1. Greenwashing

Greenwashing is the risk of portraying the insurance company as sustainable and of marketing products as allegedly meeting ESG standards while the green claims are unsubstantiated. This is a risk which can emerge in different phases including: (1)

business model and management in relation to portraying the company as being sustainable as marketing technique; (2) manufacturing in relation to identifying products as green when they are not; and (3) sale & distribution in relation to portraying products as being green when they are not.

Q1: In your market(s) have you observed an increase in offering of products with "sustainable/green" features (e.g. underlying "green" funds)? Have you observed an increase in consumer appetite for these types of products? Please give more information below.

Insurance Europe members report a varied picture across the different markets in respect of "sustainable/green" product offerings. Some markets have seen a continued evolution and good demand, while other markets remain to see this type of product being in noticeable demand. Several members also point to the complexity of the current regulations leading to difficulty gaining a proper overview. Overall, it appears it may still be too early to observe meaningful trends for ESG products on both supply and demand sides of the market. Current geo-political factors appear to also play a role in the evolution of demand for such products, at least in some markets:

CZ: Insurance companies have not started offering green life products. It is expected that once a final piece of legislation is in place, companies will launch some green products.

Certain companies offer green underlying assets together with unit-linked. However, such information is usually mentioned in the Key Information Documents but not used in advertisements.

Given the current situation (war, increase in energy and fuel prices, significant volatility in the prices of green investment instruments in particular), we are seeing a decline in demand for "green products".

As far as investment life insurance is concerned, we plan to expand our offer with ESG-compliant funds during this year.

Consumers come across advertising, articles on green funds and the benefits of investing in these funds. Demand for green funds is recorded in the number of units sold per month,.

DE:
Insurers have expanded the range of ESG funds in unit-linked and hybrid insurance policies. GDV does not yet have statistics that separately record demand. The exact classification of the products is difficult here because the legal regulations are not yet entirely clear.

German insurers have also presented a sustainability position in which they commit to the United Nations Sustainable Development Goals (SDGs) and the goals of the Paris Climate Agreement. (see Die Nachhaltigkeitspositionierung der deutschen Versicherer im Wortlaut (gdv.de)).

DK: In Denmark there has been a significant increase in customer appetite for green products. In combination with better performance and higher yields on green products and increased customer demand, there has been a natural increase in offering sustainable and green products. However, Denmark has always been a first-mover on green investing, so the increase has taken place over a longer period of time.

ES: We have observed a slight increase in the offering of sustainable insurance products in line with articles 8 and 9 from the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

We have no evidence of increased consumer appetite for these products. However, the offer of these products under the SFDR may be a benchmark for considering that there is increased customer interest.

FR: French consumers have a clear growing appetite for sustainable products. As a study released in September 2021 by the French financial market authority shows, 76% of French people attach importance to the ESG impact of their investments. 17% of people declare that they have at least one sustainable option in their life-insurance products.

At the same time, sustainable products have grown considerably on the French insurance market. The sustainable unit linked (UL) products offered by French insurers have more than doubled since 2017. At the end of 2021, unit linked investment portfolio labelled funds reached € 124 Billion, that is 25% of the outstanding. In addition, by French law (loi Pacte), starting from 2022, insurers must propose at least three sustainable UL products (a green UL labelled Greenfin, a responsible UL labelled ISR and a UL investing in social and circular economy labelled FAIR).

GR: HAIC has no data that permit to observe such a trend in our market. Life insurance companies have since 2020, under the surveillance of the national supervisor, the BoG (Bank of Greece) made intensive efforts to be compliant with the various obligations stemming from the SFDR Regulation and related legal texts.

IT: The offering of products with "sustainable/green" features by insurance companies operating in Italy is ongoing, presenting a growing trend and significant potential development.

The new sustainability framework, constantly evolving, undoubtedly represents an opportunity to innovate the product offer to satisfy both company and customer needs.

SE: Life insurance and pensions funds: Swedish life insurers and IORPs (pension funds) have been incorporating ESG issues into their investment practice for a long time. Some companies started as early as the late 1990s. However, they have not been promoting their *products* (i.e. traditional insurance/guaranteed products) as sustainable/green, but rather *themselves* as responsible investors. Following the introduction of the Sustainable Finance Disclosure Regulation (SFDR), where financial market participants are subject to specific disclosures for their products which fall under article 8 ("light green" products) or article 9 ("dark green" products), almost all insurers and IORPs have classified their products as article 8 products.

In relation to unit-linked products, there has been an equally long tradition in the fund industry to incorporate ESG issues into investment practice of some funds. Those funds are typically promoted/sold as sustainable/green/ethical. Over the years, the fund industry has developed self-regulation regarding consumer disclosure and marketing practices in relation to sustainability issues. In 2018, the government introduced national regulation on funds' disclosure of sustainability issues.

As the fund market evolved on this in Sweden, insurers and IORPs started implementing a more rigorous evaluation/scrutiny process of the funds that they provide/offer to their unit-linked customers. Now, most insurers and IORPs state that they offer only sustainable funds or have implemented some type of support for customers to sort/select funds according to ESG criteria. Following SFDR, it is always possible to identify article 8 and article 9 funds.

Non-life: While some non-life insurers in Sweden promote/label some of their product (home insurance and car insurance) as sustainable, most insurers do not. However, in their sustainability reports and on their websites, they explain their sustainability policy and the measures they take to promote a more sustainable climate and environment, as well as social aspects (e.g. gender equality, decent work and economic growth, anticorruption).

Consumer: There seems to be a general trend in the Swedish society of an increasing consumer appetite for sustainable/eco-friendly products.

Q2: In your market(s) have you observed evidence of greenwashing as described above? If so please indicate for which type of products this evidence relates to (e.g. unit-linked, with-profit, hybrids), and at what stage of the product lifecycle was greenwashing identified (e.g. Business model and management, Manufacturing, Sales & distribution). Please give more information below.

All responding Insurance Europe members confirm that there is no evidence of greenwashing in their markets. Reasons vary between the markets from being an under-developed market, to having various checks and balances built into the system (e.g. using external rating agencies, state labels etc).

However, it is reported that there may be limited legal certainty to support intermediate product disclosure for as long as detailed information on underlying target investments is not available, therefore increasing the potential for non-compliance with applicable regulation like SFDR/IDD. In fact, we observe a risk of non-compliance with regulation aiming at preventing greenwashing, rather than a greenwashing risk. This conclusion is based on the regulation’s intrinsic complexity and resulting legal uncertainty, combined with the lack of data, rather than insurers’ unwillingness to comply.

CZ: There is no evidence of greenwashing in the CZ market. Likely, because green investments are still an undeveloped market in CZ.

DE: Sustainability and climate change are more and more determining the political and economic agenda. Insurers ambitiously want to contribute to solutions with climate neutral investments, a responsible use of resources and DEI leadership. About 80 % of insurers with new business offer ESG products in life insurance. However, it is possible that adjustments to the products will be necessary as soon as further legal regulations become clearer or, if the case arises, are tightened.

DK: No, Denmark has a longer history of offering green products and was the first country to give a conditional pledge of investing € 47 billion in green products in the of UN Development Goal # 7 Green Energy.

A substantial part of the Danish Industry is using external rating agencies to, select, classify and monitor green products, among others with the purpose to avoid green washing. Furthermore, the Danish insurance and pension companies have extensive green and sustainability policies.

FR: No significant risks of greenwashing are currently observed on the French market. In fact, the use of recognised State labels prevents greenwashing. The French financial markets authority also adopted a robust ESG doctrine that is applied by French asset managers and thus limits the risks of greenwashing.

In addition, the European regulatory framework which is entering into force is meant to combat greenwashing. As it imposes steady transparency requirements on financial products, it should enable retail investors to fully understand ESG features of underlying assets.

ES & IT: Both markets confirm there is no evidence of greenwashing in the Spanish and Italian insurance markets.

SE: Again, there is no evidence of greenwashing in Sweden. But a general observation by the Swedish Consumer Agency, which has the supervisory competence in this area, is that companies in general need to be more specific about what they mean when they portray themselves or their products as green or sustainable. For the financial market, we believe that the disclosure requirements under the SFDR will help with that.

Q3: For your market(s), please provide below your view with regard to Greenwashing. What are the main risks for consumers that you see? In your view, which actions/tools should be undertaken/implemented to mitigate such risks?

Overall, responding Insurance Europe members welcome the ESG template, although its complexity is flagged as an issue that may ultimately negatively impact consumers.

The expectation is that the ESG template will help reduce the risk of greenwashing.

However, investments can be described as sustainable, but do they really and measurably contribute to sustainability goals? - The legal definition of sustainable investment should be consistently focused on efficiency.

It is difficult for the customer to get a clear picture of the sustainability of the company / industry.

One problem could be that consumers have different ideas about green investments than what is defined by law. Also, the investment options are sometimes limited, so that the available green investments have far too high risks for consumers. However, they may increasingly be suitable as an addition to portfolios.

The European Sustainability framework, currently being defined, is setting the basis to counter Greenwashing. Transparent and detailed disclosure of all key aspects, as defined by SFDR and the Taxonomy Regulation, is viewed as an important tool to mitigate such risks. Extensive policies on green and sustainable investing, use of external rating agencies and transparency are widely used tools to mitigate such risks.

The risk of greenwashing can only be avoided if proper definitions and clear regulations are established. Insurance undertakings are expected to offer sustainable products, although there are still material legal uncertainties around sustainability concepts. In this regard, it is particularly important to have a definitive regulatory framework on the taxonomy of sustainable investments as soon as possible.

At this stage two issues arise in the context of greenwashing:

1- The risk for financial actors of being perceived as green washers. Today financial actors are subject to an ambitious regulation that requires enhanced transparency on ESG matters. However financial actors currently face a sequencing issue as they are required to provide ESG data but non-financial undertakings (which are the ultimate beneficiaries of investments) are not yet required to provide such data. It might therefore be difficult for financial actors to soundly assess and disclose the ESG features of their products. They might be perceived as doing greenwashing while they are actually making their best efforts to provide relevant ESG information to their customers.

2- The need to enhance financial education on ESG offer and labels to prevent greenwashing and develop sustainable investment. If there is a growing appetite for sustainable financial products, knowledge on ESG labels is still very limited (e.g. in France, only 12% of people are familiar with the ISR label – the most widespread in France – according to a study of the Forum de l'investissement responsable released in September 2021). To help consumers better navigate in the sustainable financial environment, France Assureurs recently published a guide "Epargner responsable grâce à mon assurance-vie, c'est possible!". This guide is meant to help consumers understand how to orient their savings towards ESG investments through life insurance. It provides a description of the available sustainable labels. Regulators and supervisors should also help the private sector to raise awareness and increase the necessary effort of pedagogy to educate consumers about the ESG offer and the labels.

Therefore**,** while the SFDR will to some extent be helpful against greenwashing, there is concern that the regulation turned out to be very complex and not very consumer friendly. We are afraid that there will be an information overload for consumers, which in the worst-case scenario may discourage them entering into these types of investments and in the worst case no investments/long-term savings at all.

As long as detailed information on underlying target investments is not available (i.e. on investee company level for aggregation at fund and IBIPs level) a conversation with customers asking for quantitative preferences risks falling short of the customer's expectations, which may differ from the regulatory framework, raising the potential for reputational risk.

2.3.2. Protection Gap

The Insurance Protection Gap measures the difference between optimal insurance coverage and actual coverage in every country. In other words, the protection gap describes uninsured losses in any given country. This gap is naturally dynamic and affected by many factors, such as economic strength, changes in GDP and population, as well as risks such as climate change, cyber, pandemics or technological and behavioural developments. In addition to these aspects this topic will also explore increases in protection gaps because of insurance providers cancelling coverage because the risk has become uninsurable – e.g., recent nat cat events – or too expensive to insurance – e.g., recent cancellations in assistance coverage and/or energy bills payment coverage because of sudden increases.

Q1: In your market(s) have you observed evidence of protection gaps as described above? If so please indicate for which type of products this evidence relates to (e.g. travel insurance, natural catastrophe coverage, cyber coverage), and at what stage of the product lifecycle were protection gaps identified (e.g. business model and management, manufacturing, sales & distribution). Please give additional information below.

Overall, responding Insurance Europe members reflect the national differences in insurance uptake. Some markets report low penetration for cover to protect against natural catastrophes, while other markets report high penetration for cover against this risk. Some markets identify specific protection gaps that are a result of the wider economic and social environment (e.g. long term care). In addition, the COVID-19 pandemic has shown that protection gaps exist for global pandemic events. Similarly, no coverage exists for other non-diversifiable accumulation risks such as large cyber-attacks.

CZ: In life insurance there does not appear to be a protection gap. Restrictions due to substandard health status may be observed but it concerns only a minority of the population. Loadings could be used but for some risks, premium would be higher than the possible benefit.

Life insurance and supplementary accident or sickness insurance cover all the basic causes of personal accident claims. The extent of the amount of cover is determined as part of the needs assessment when the contract is arranged. During the term of the insurance, the scope can be easily changed and adapted to the client's actual needs at any time.

In the Czech Republic, we observe low insurance coverage within life insurance, compared to other OECD countries. The factors of low insurance penetration are listed below.
Regarding insurance of vehicles, we do not observe any negative trends in this respect.
In non-life insurance, the situation is the same as in motor insurance.
DE: German insurers see the necessity to enhance coverage with private and occupational pensions in addition to the statutory pension system. Currently, about two thirds of the working population dispose of a private Riester-Pension and / or an occupational pension. Low-income workers and women remain vulnerable focus groups.

The German insurance industry is proposing a private-state insurance model to cover future pandemic losses. This would involve not only insurers but also the capital market and, in the final escalation stage, would also draw on state aid, according to a discussion paper prepared by the German Insurance Association (GDV). The background to the initiative is the severe economic dislocation resulting from the outbreak of the novel Sars-CoV-2 virus. The core of the GDV proposal is a legally independent institution with a capital stock in the billions. The premiums would be supplemented by payments from insurers and reinsurers as well as capital market instruments such as catastrophe bonds, which could be called up in the event of a pandemic. This would at least cover losses occurring in an early pandemic phase.

FR: Three consumer protection gaps have been identified in the French insurance market:

- Cyber insurance
- Long term care insurance
- Incapacity, disability and death benefits insurance

GR: The insurance penetration rate in Greece is very low, only 2,20% in comparison to the European average rate, which is approximately 7%.

More concretely, the penetration rate for household insurance is very low, despite severe and frequent Nat Cat events, only 15% of houses are insured and many policies do not include Nat Cat protection.

IT: In the field of insurance for the protection of property, health and assets (excluding motor insurance), Italy has a clear gap in coverage compared to the other main European countries: the incidence of premiums on GDP in Italy is 1.1% compared to a European average of 2.8% and the average premium per inhabitant in our country is less than one third of that of the countries analysed.

Regarding the diffusion of coverage against natural disasters, in our country a voluntary insurance system has been in force, since 1st January 2018, incentivised by the tax benefits granted to premiums paid for catastrophe policies covering private homes.

In addition, the "Decreto Rilancio", which came into force in May 2020, introduced the possibility of a 110% tax deduction for expenses incurred from 1st July 2020, which will be in force until December 31st 2023, depending on who will receive the benefits. The provisions also provide for a 90% deduction on the premium of cat nat policies - instead of 19%, as currently provided - for those who cede credit to an insurance company while simultaneously purchasing earthquake and flood insurance coverage.

However, despite these provisions, the spread of coverage is still low: just 5.1% of Italian homes are insured against catastrophes (earthquake and floods) while around 50.2% have fire cover.

ANIA has long supported the setting up of a public-private system with compulsory membership for private homes. This system should see the participation of the State above a pre-established maximum threshold, as a guarantor "of last resort".

SE: If there are any protection gaps we believe them to be small in our market. Insurance companies strive to give the protection that is demanded in the market. As for climate risks, there is no protection gap. A gap could however arise in the long run if measures for climate adaptation are not taken to prevent losses to become too frequent.

Q2: In your opinions, what are the main reason(s) leading to a protection gap in your market(s) (e.g. affordability, behavioural biases, exclusions, regulatory environment)? Can you provide some examples?

Responding Insurance Europe members flag several causes for protection gaps, depending on the product class for which the protection gap is found. Causes range from price-sensitivity by the customer, the sustained low-interest rate environment, to national differences in employment law. The emergence of standardised products is also highlighted.

CZ: In life insurance, the client usually chooses the scope of coverage based on the amount of premium he or she is willing to pay.

Due to long-term low interest rates, ordinary life insurance with a savings component has almost disappeared from the life insurance market.

The same trend we observe within unit-linked insurance due to extensive regulation.
DE:

- Incentives have to grow along the general growth of wages / income that took place in the last 20 years.
- All taxpayers especially the self-employed have to be integrated in the system.
- More standardised products in addition to the existing ones that need less advice at lower cost and can also be offered digitally.
- A new balance of chances and security is needed given the low interest rate environment.

FR:

Regarding cyber insurance:

Cyber risk is an emerging and quickly evolving risk: insurers have still some difficulties to measure and fully assess the exposure. Coverage in France is still very limited and amounts to 130M€ premium in 2020. Even if the numbers are not complete for 2021, cyber insurance is expected to make a loss.

Digital transition of undertakings is accelerating, and cyber-attacks are increasing. Firms have not developed enough cyber protections, thus making cyber risk less random and more costly to insure. Regarding long-term care insurance:

Today, a wide range of long-term care insurance is available on the market. However, only 1 out of 10 French people has subscribed this type of insurance. Indeed, according to an Opinion Way survey, 54% of French people have not heard about long-term care insurance but 1 out of 2 French people have expressed concern about the risk of having to be cared for and nursed when they will reach old age.

While the young generation does not have this concern, older generations might have this concern too late, when insurance coverage is already very expensive for long-term care.

Regarding incapacity, disability and death benefits insurance

The French State has worked to improve the health care system and the expansion of health insurance, so there is no more amount to be paid after the reimbursement of social security and health insurance for many drugs and services. However, the risks of incapacity, disability and death has been left to social partners, with various negotiations depending on the bargaining made in different sectors.

Therefore, French families are unequally covered for the loss of income caused by incapacity, disability or potentially death of a family member. The coverage depends on their work status (manager or non-manager, independent worker, etc…), the size of their company, and the business sector. Some professions offer this type of insurance coverage to all their workers, particularly private and big sized companies.

GR: As already mentioned, the percentage on the demand side is low, although there is a significant offer of insurance products in the Greek insurance market. This is due to the following reasons:

- There is a relatively low level of insurance education/ awareness
- Insufficient public information on Nat Cat insurance and on existing (wide range of) insurance products.
- Lack of cooperation with the State.
- Nat Cat insurance is voluntary.
- Lack of risk awareness. People do not realise the hazard since they have not any relevant experience.
- Misconception that the State should compensate after a Nat Cat event.
- After every Nat Cat event, the State provides for a variable subsidy (state aid) to people affected, leading to disincentives against the promotion of private insurance.
- Reduction of income due to the financial crisis of the last decade and Covid-19 crisis.

- Application of deductibles.

Citizens are not aware of the fact that Nat Cat insurance is affordable.

IT: Among the main reasons for the low coverage of natural catastrophes in homes are: the widespread belief in the existence of a right to be compensated by the state, a poor insurance culture and an underestimation of the perception of risk as these events are rare, even if they are very intense.

Q3: Please provide below your view with regard to the protection gap in your market. What are the main risks for consumers that you see? In your view, which actions/tools should be undertaken/implemented to mitigate such risks?

Responding Insurance Europe members flag specific solutions for their respective markets relative to specific protection gaps, but also acknowledge that some risks are non-diversifiable (such a large scale cyber-attacks and war).

CZ: The client does not understand the exclusions, hears negative news about rejected claims. Awareness is important about what the client is protected against, communication with the insurance consultant is important.

The population needs to increase their knowledge about the purpose of insurance and liability for their financial situation, overall financial literacy needs to be improved.

DE:

- The main goals are maintaining the living standard at old age and preventing age poverty. As announced in the latest coalition contract, Germany needs a substantial reform of private pensions (suggested elements: see above).
- One important tool for more transparency and support to customers will be the new pension tracking service, that is about to be set up.

ES: Without a public-private partnership, there might not be capacity to cover risks such as pandemics or large-scale cyber events.

Furthermore, public authorities should promote savings by informing citizens regarding the amounts of the expected public pension, promoting auto-enrolment, through proper tax incentives and other initiatives oriented to foster a saving culture.

FR:

Regarding cyber insurance:

Cyber-attacks can lead firms, and particularly SMEs to major losses, reputational damages and even bankruptcy. Prevention on cyber risks, specifically among SMEs, is an absolute priority in which France Assureurs is actively taking part: a partnership between France Assureurs, the National Gendarmerie and Agea (the federation of insurance brokers) was concluded to train and increase awareness about cyber risks among brokers.

The State also has a major role to play in prevention and assistance, but also in the regulation of cyber coverage. French insurers are calling on the State to clarify if the payments of ransomware are insurable or not.

Regarding long-term care insurance

The costs of caregiving for people reaching old age can be very expensive and public help is not enough to cover it. As the population is ageing, it is urgent to implement long term solutions for this risk.

France Assureurs has made a proposal to implement a mandatory and collective long-term care insurance that would be included in health insurance. The mutualisation of this risk at a national scale would allow a wide access to this insurance at a small cost. Furthermore, according to an Opinion Way study, 52% of French people would support a mandatory long-term care insurance.

Regarding incapacity, disability death benefits insurance

A lot of people are not aware of the financial consequences of a long-term work interruptions caused by incapacity, or invalidity, or even death. These could have terrible consequences on a family's financial health. Some people may have to use their savings, abandon their future project (buying a house, financing studies for their children) and risk bankruptcy, for example, if they could not repay their loan.

There is a need for a political impetus to expand coverage for this insurance. A social reform should in this case cover all people and not only those working in the private sectors and leave the choice to select a coverage level that will allow competition and innovations between insurers.

France Assureurs has already published a financial education guide to better explain this insurance, entitled "15 Réflexes pour bien s'assurer : incapacité, invalidité et décès". But more information and pedagogy efforts are needed to raise awareness among people on the loss of income risks.

GR: It is obvious that after a severe catastrophic event, and if the state is not able to allocate funds to compensate citizens, damages in private buildings will remain uncovered.

Apart from actions raising people's awareness regarding the cost and benefits of private insurance, our association has long pushed for a PPP, but the government has not taken on board any of the proposals submitted. HAIC has reached out to the government with proposals that could work for multiple perils, including a proposal for mandatory insurance, with cover provided by insurance companies, and a co-insurance state fund on the basis of a risk-based pricing model to increase Greece's capacity to deal with potential losses. However, all Greek governments have been reluctant to discuss our proposals so far.

Moreover, with respect to business interruption risk, the top two concerning reasons for policyholders are pandemic outbreaks (59%) and cyber incidents (46%) (for further details, see Allianz Risk Barometer 2021). From an insurance perspective the key difference is that cyber risk can materialize on an individual basis while pandemic risk is per definition widespread and global. While cyber risk can therefore be insured on an individual basis subject to specified limits (per policy and in aggregate), this would not be sufficient to mitigate the impact of a large-scale cyber attack. For such cyber risk accumulation scenarios, the private sector cannot provide cover for the same reasons as in pandemic risk (lack of diversification of the risk plus correlation with other risk types) but also because cyber risk is a man-made risk and might even increase in frequency going forward.

Climate change is different compared to cyber and pandemic. First of all, climate change is a slowly developing risk which will initially increase claims from severe weather events. In addition, it is typically not about business interruption insurance but building, home contents and similar lines of business where maximum losses are clearly defined. While there is a discussion about stranded assets and related losses on investments, this is not directly correlated with wider capital market risk. As a result, insurers can and will continue to insure customers and their homes, cars etc. against severe weather events like flooding, windstorm etc. In the longer term, climate change can increase the scope of uninsurable objects or unaffordable premia and protection gaps occur for example for beachfront properties in some areas due to the increased risk of storms, flooding etc. For such risks governments can play a major role in terms of risk prevention and mitigation: For example forward-looking definition of building codes by authorities so that in certain at risk areas no new buildings are permitted or only subject to strict risk mitigation requirements.

A loss-sharing arrangement between governments and (re)insurers for future pandemics established through some form of public-private partnership would make a significant contribution to reducing this risk by embedding resilience measures and managing losses from similar events in the future. Such an approach would leverage not only the financial capacities of insurance and capital markets, but also support better risk management and enhance resilience against future pandemic risk.

However, it is also clear that not every risk is insurable – in particular non-diversifiable risks such as large-scale cyber-attacks and wars. For some risks there is a gap between what insurers are able to insure and what clients and society expect them to cover. In order to avoid false expectations, the insurance industry has to become better in communicating what risks policies cover.

2.3.3. Financial Health

Financial health or wellbeing is the extent to which a person or family can smoothly manage their current financial obligations and have confidence in their financial future. The aim would be to collect information on practices observed to ensure that insurance improves financial health by improving policyholder's resilience in managing financial shocks – via insurance savings products and payment protection products – and other shocks such as medical emergencies, fires, etc. – via other products.

Q1: For your market(s), please indicate below how consumers' financial health has evolved in the last 2 years, and how the insurance sector contributed to this evolution (e.g. positively, negatively)? Please give additional information below.

Responding Insurance Europe members point to several factors causing uncertainty for consumers, including the pandemic, rising inflation and the war in Ukraine. All have an impact on consumers' decision-making, and their ability and willingness to respond to the impact of these factors and protect their financial circumstances. Responding members also highlight several initiatives taken by the sector to assist consumers in their markets, ranging from developing new products to meet a demand, to seeking legislative or tax changes to incentivise the uptake of products meeting a consumer need.

CZ: For life, accidental and health insurance, the current increase in inflation above 10% is significant. Some sums assured become insufficient. On the other hand, uncertainty caused by lower disposable money and nowadays, the uncertainty because of the war in Ukraine, people hesitate to increase their coverages to an appropriate level.

During the COVID-19 pandemic, the number of cancellations due to non-payment of premiums decreased. Although we gave clients the option to spread their insurance payments over a longer period, few clients took advantage of this option. We conclude that the financial health of the population in the country did not change / deteriorate during the pandemic.

In life insurance, we have recorded a significant increase in the number of claims over the last 2 years, especially in disability insurance. Benefit payments have compensated insured persons for loss of income.

Gross household savings have increased significantly in the last two years (household consumption has fallen due to the closure of shops and a significant reduction in services), according to available information, household indebtedness also increased significantly (mortgages and housing loans account for the largest share of indebtedness). Last year was very specific due to the COVID-19 pandemic, rising inflation and the energy crisis, and more than a quarter of Czechs took out some loans. We mainly provide a product package mortgage assistance to secure loans.

DK: In Denmark, we currently see new insurance products in the area of care for the elderly and long-term care. The services offer extra care and assistance within home care, cleaning and transportation in old age. Just as we see companies introduce new technologies to prevent occupational injuries.

ES: The insurance industry has tried to contribute to the financial health of consumers by adapting to the new situation over the last two years.

Some insurers have carried out initiatives to make the payment of their insurance policies to SMEs and the self-employed more flexible. These measures consist of a postponement in the payment of premiums linked to business protection.

Insurers have developed travel insurance with coverage and guarantees that protect travellers' health and money against new unforeseen events that may affect them.

They have also designed travel insurance with specific COVID-19 guarantees that provide medical assistance and repatriation to travellers, as well as extension of stay due to medical quarantine and a cancellation cause to cover cancellation expenses in the event of contracting COVID-19 and not being able to travel.

In the current economic situation, non-payment protection has also become widespread in renter's insurance, in order to support the landlord in a variety of circumstances, including a tenant's failure to pay the rent of the rented property.

FR: In France, several insurance products are widespread of even mandatory, as car insurance, household insurance and health insurance. Insurance already contributes to the resilience of the economy, allowing people to have confidence in their financial future.

Financial health has been impacted by Covid crisis in the last two years, and also by the ongoing environment of low interest rates.

During the pandemic, insurers have implemented various measures to help consumers to manage potential financial shock of work interruptions (staggering premiums, etc…).

The consequences of COVID crisis, low interest rates, and the coming inflation, are affecting the purchasing power of consumers and causing a risk of social status decline.

Insurers keep on improving their products, offering various and secure insurance and savings solutions. Clarity of offers, transparency, capital protection in life insurance, are meeting consumers needs as consumers are more and more diversifying their savings towards unit-linked funds. They understand that diversifying their assets for long term investments can be more rewarding and will help them to protect the value of their savings and make it grow. Even if the inflation went up to 1.6% in 2021, the average performance of life insurance contracts reached 3.1% in 2021, thus protecting the value of consumers' savings.

France Assureurs and its members are also committed to develop financial education of consumers, especially young generations. As explained above, young generations need to be more aware of issues and risks caused by a lack of insurance, but also the benefits to subscribe insurance early to protect themselves against risks of old age, and the need to save early to manage financial shocks.

During the 2022 Global Money Week, France Assureurs communicated a lot to promote its financial education supports (bearing the Educfi label), and published a new guide entitled "How does my insurance work in 15 questions". This guide answers questions about things that can be irritating for consumers in their relationship with their insurer (why my insurer asks me personal questions, or why does he investigate my claim, etc…). The answers highlight for the consumer some fundamental and unknown insurance principles as mutualisation, hazard, and fair compensation. Infographics have been published on social networks (Twitter, Linkedin), some have even been sponsored. France Assureurs also made a partnership with Gwen, a young influencer who produced a Youtube video, telling her followers about her own claim experiences and the importance of being insured.

France Assureurs has also strengthened its partnership with the Banque de France, the national operator of financial education strategy. France Assureurs has been asked to take part to a roundtable organised by the Banque de France on mandatory insurance. France Assureurs will also help the Banque de France to conduct financial education workshops for young people doing their national service.

GR: The insurance sector's contribution to the financial health of Greek citizens via the 2nd (occupational pension insurance) and 3rd pillars (private pension insurance) is rather limited. To accelerate insurers' contribution to this end, it is crucial to establish, among others, strong and fair fiscal motives.

Our market is deeply concerned regarding the tax differentiations that exist in the context of the 2nd Pillar (occupational pensions), affecting the level playing field between pension funds and insurance companies, operating in the field of occupational pensions through their group pension policies. In practice, these tax differences put at risk not only the future perspectives of the branch of group pension programs in Greece but also the maintenance of the existing portfolios. To have a concrete perception of the problem, the current tax and legal regime that applies in the 2nd Pillar in Greece, is described as follows:

In Greece, the occupational pension system is limited by law to one legal type of occupational fund, i.e. the T.E.A.s. Insurance undertakings provide occupational pensions through their group pension policies concluded with other enterprises, pursuant to their sectoral legislation. From a tax point of view, TEAs and group insurance policies, though pursuing the very same pension functionality, are subject to different tax treatment, mainly at the level of the paid benefits. However, the most critical difference, which is detrimental for the insurance sector and their insureds, is found in the tax treatment of lump sum payments, as they are the great majority of the amounts paid by insurance companies. When lump sums are paid by TEAs, they are not taxed at all. When lump sums are paid by insurance undertakings, they are subject to a taxation by scale as follows: at 10% for amounts of up to € 40.000, at 20% for part of the amounts exceeding € 40.000. A solidarity contribution 2,2%-10% (the rate depends on the amount of the total income) is additionally applied on total income, including the pension benefits. Such inequality negatively affects a more dynamic entry of insurers in the 2nd pension pillar.

Due to the fiscal disciplinary programs that Greece had been subject to until 2018, all motives applied to individual pension insurance policies were abolished. Since the economic conditions have improved, the HAIC has illustrated the need to reiterate a favourable tax regime for the specific type of programs. However, the pandemic and its repercussions on the economy - in combination with the Ukraine crisis, lowers the prospects for promoting such legislative adaptation.

Financial well-being is a complex concept to measure as it aggregates different dimensions of each individual, inter alia income level, savings rates, spending requirements (including inflation), debt-to-income ratio, planning for future events and financial education. Financial well-being is therefore heterogeneous across markets as it depends not only on the socio-economic background of the consumers, but also on national driven factors such as governance, tax policies and the educational priorities of each country.

While it is not possible to offer a thorough assessment of the evolution of consumers' financial health across Europe, it does appear that the situation of the middle class has deteriorated with respect to its share of total wealth. While the direct impact of COVID-19 is likely to have increased inequality in many countries, the generous state support is expected to have cushioned the blow. Furthermore, material concerns persist on the consequences of disrupted education that may contribute to entrenched social immobility.

Against the background of the worsening of families' financial health across Europe in the past 2 years, the insurance sector contributed positively to mitigate the effects of the pandemic crisis on society inter alia via premium refunds in insurance coverage such as MTPL and Property for SME clients; ex-gratia payments in different dimensions and scopes in e.g. business closures and MTPL; and with contributions to solidarity funds in favour of the sectors most hit by the pandemic crisis.

Q2: Do you think manufacturers do sufficient efforts to ensure consumers' financial health/well-being?

Based on the input of members who responded, insurers make efforts to improve financial literacy although it remains an often-mentioned issue; improve the product information; and seek to meet the needs and demands of consumers by, for instance adapting the characteristics of products to the needs of consumers.

Insurers might do more to identify under-insured persons and help them to review their policies and adapt them to new economic conditions.

Insurance plays a key role in improving consumers' financial health by contributing to long-term planning of consumers and their households, to the extent that it:

- equips them with the financial means to face unexpected events not only connected to death, disability, unemployment, but also to property and casualty occurrences.
- offers the organisation and discipline incentive to build up for old age provision via typically long-term products, in which risk mitigation elements and protection elements frequently play a role. Considering the duration of these products, they are often equipped with tailor-made solutions that are fitting to the several life changes of customers (e.g. options).

Q3: Please provide below your view with regard to financial health in your market(s). What are the consumer risks most affecting financial health? In

your view, what should be done in order to ensure that consumers have healthy financial habits and take good financial decision?

Responding Insurance Europe members point to rising inflation and the prospect of rising interest rates as a risk impacting consumers. In parallel, the increase in life expectancy (in the context of an ageing society putting pressure on governments) raises concerns over the financial security of consumers into old age. Solutions include financial education, particularly of the young and elderly.

CZ: Prices of real estate (flats or family houses) continue to increase, making housing unaffordable for some people. As home ownership was usual in CZ, people perceive higher prices of them sensitively. Moreover, the risk of being unable to pay mortgage instalments is increasing in the current environment of growing interest rates.

One solution could be to introduce basic financial mathematics into schools. Inform pupils/students about the different types of financial products including insurance. The above is still not standard.

It is important to strengthen financial literacy, financial planning and prevent certain practices of entrepreneurs.

DK: A commission has just published their recommendations for adjustments to the Danish pension system in May 2022. The commission’s focus has been on analysing the impact of a gentler life expectancy indexation, the complexity of the Danish pension system and the negative incentives of private pensions savings.

IPD is generally very positive about the Commission's proposals. Especially the proposals regarding the economic incentives of private pensions savings as they will make the incentives for saving better.

The pension system has moved from guaranteed pensions to market-based interest rates where the risk has moved to the individual. This has been a movement in order to increase the investment return on the pension savings. The industry works continuously to provide consumers with the necessary knowledge about their products – including the risk – to secure consumers’ financial health.

ES: In order to ensure that consumers have healthy financial habits and make good financial decisions it is necessary to continue promoting financial and digital education from both the government and the industry.

This education should cover young and elderly people and should be spread in all the territory and among all social classes.

GR: See reply in par. 2.1. in respect to financial literacy.

Considering the rapid aging of the population, old age and pensions gap presents one of the key challenges affecting consumers’ financial health in Europe. While the respective financial burden may be distributed on several pillars by supplementing the state pension system with a strong occupational and private pension provision, past experience shows the challenge to reach low-income groups and incentivise them to save for old age.

From a broader angle, poor financial literacy can lead to incorrect financial planning and a savings gap, and the very damaging psychological issues of a feeling of helplessness in times of financial stress and financial exclusion. While noting that improving financial literacy is not a silver bullet, we emphasise that one of its benefits is that more financially literate consumers are more likely to buy the right product at the right time for the right need and is more likely to make sufficient financial provision for their future.

Beyond the promotion of financial education by Member States in schools from an early age and continued vocational training, measures such as tax incentives are expected to have a more immediate impact in reaching low-income groups and help them to build sufficient capital for old age.

Q5: In your view, what are the causes and consequences of poor financial health?

Responding members point to low financial literacy, low income relative to financial commitments and sudden life-changes and shocks as the main drivers for causing poor financial health. However, the impact of rising inflation and the sustained impact of the pandemic must not be disregarded.

CZ: Causes: Lower financial literacy; buying of loans / mortgages inadequate to salaries; insufficient financial reserves enabling to survive periods when the person is unemployed or sick.

Consequences: Long term inability to pay debts; in general, drop to a lower social class (esp. difficult access to education for children; in worst cases, loss of home).

High inflation is present and has a significant influence on financial health.

Causes of poor financial health: growing consumption, impulsive shopping, growing indebtedness.

Consequences of poor financial health: insolvency, inability to meet obligations in case of loss of income, high number of foreclosures.

ES: Financial wellbeing is closely linked to financial education. The contact of households with financial products and schemes is not an option: the normal management of wherewithal demands the use of financial products. Hence, a partial or crippled knowledge of their characteristics and, very especially, a poor understanding of the basic pillars of financial reality (compound rate, interaction between rates and inflation, the virtues of diversification) is a critical problem.

One of the main causes of financial illiteracy is the relatively low weight of importance that is given to basic financial knowledge in the school curricula. In education systems like the Spanish, basic financial skills are still not included amongst the basic knowledge tools that a student should master. This creates the risk that adults are unable to understand which characteristics they should seek in a financial product that will be fully tuned to their needs, demands and personal risk appetite profile.

The main consequence of this scheme for households is the possession of financial solutions that are actually unable to fill the client's needs and expectations, thus causing a surge of conflicts and claims that could have been avoided. From the insurance point of view, there is a special subtlety of importance: that is the lack of understanding of the longevity risk, i. e., the risk of surviving beyond the exhaustion of one’s savings which, in an environment of a growingly older society, can be of special importance in the present and in the future.