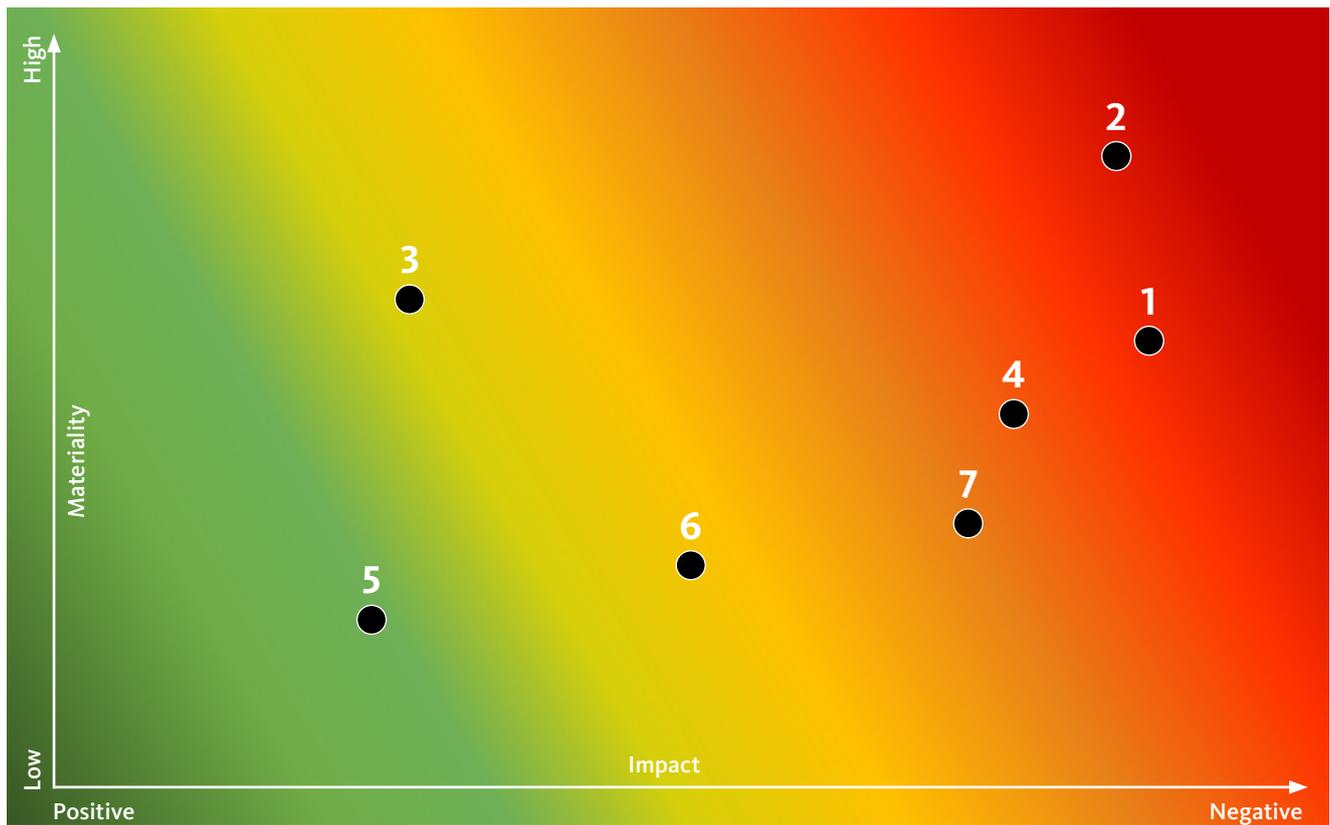


HEAT-MAP

#INSURANCE #PENSIONS #CONSUMERS

KEY FINDINGS FROM THE 2024 CONSUMER TRENDS REPORT



IMPACT LINE:

- Positive impact:** the finding has a positive impact on consumers
- Mild impact:** the finding is to be monitored as it could lead to a positive or negative impact on consumers
- Negative impact:** the finding has a negative impact on consumers that can be subject to high detriment

MATERIALITY LINE:

- Low materiality:** the finding impacts a relatively low amount of consumers
- Medium materiality:** the finding impacts a considerable amount of consumers
- High materiality:** the finding impacts a high amount of consumers

OUTLOOK:

- Increasing outlook:** the finding has been observed in the past but the incidence/evidence increased.
- Stable outlook:** the finding has been observed in the past and the situation has not changed.
- Decreasing outlook:** although the incidence/evidence of the finding has been decreasing, this still represent a major trend/finding.

The heat-map, which takes into account the data collected for the report and relevant supervisory judgement, represents actual findings which have been identified at the European level; it may not be a specific accurate reflection of risks in different Member States.

1

CONTINUED VALUE FOR MONEY CONCERNS IN INSURANCE AND PENSIONS

- a. Although value for money (VfM) risks are not wide-spread, NCAs report a continued presence of some products in the market offering low VfM causing consumer detriment and diminishing consumer trust.
- b. 45% of EU consumers feel their Insurance-Based Investment Products (IBIPs) provide VfM, this rises to 50% for personal pension products and higher for selected non-life insurance products. Nonetheless, a significant proportion of consumers still perceive their insurance or pension products as lacking VfM, highlighting ongoing concerns in the market.
- c. NCAs have also noted instances of high costs and product complexity, including lack of clarity. This is reflected by 15% (19% for personal pension) of EU consumers choosing not to purchase or renew an IBIP due to difficulty in understanding the product.

Outlook: Stable, while VfM issues have been reported for several years and risks for IBIPs are decreasing, risks are emerging in other areas as more attention is paid to VfM.

2

PENSION GAP

- a. The average state pension in the EU, as a percentage of earnings at retirement, is expected to fall from 46.2% in 2019 to 37.5% in 2070, posing a significant risk of widening the existing pension gap. Only 42% of EU consumers are confident that they will have enough money to live comfortably throughout their retirement. While supplementary pensions could help bridge this gap, pension participation remains low. Pension participation is even lower among women, highlighting a persistent gender gap.
- b. Low awareness, engagement and interest around pension products is one of the main barriers to the uptake of supplementary pensions. Further issues include transparency around costs and charges, product complexity and the level of information provision.
- c. EU citizens cite additional reasons for not having a personal pension product, including the lack of financial resources to afford one (28%), the difficulty in finding a product with an optimal risk-return ratio (16%), and the lack of good personal pension products available with protection of the sum invested (10%).

Outlook: Increasing, as the EU population ages, the pension gap is set to widen unless measures are implemented to encourage greater pension adoption.

3

DIGITALISATION

- a. In line with recent trends towards digitalisation, consumers are increasingly using digital tools to access insurance and pension information. Indeed, EU consumers use various channels to communicate about their pension benefits such as in-person communication (43%) and paper-based communication (14%), but also email (44%) and smartphone applications (18%).
- b. Greater digitalisation offers benefits such as enhanced comparability (e.g., through price comparison websites), simplified pension projections, and faster claims processing (e.g., with AI-powered tools).
- c. However, it also introduces risks like limited or lacking advice, digital exclusions, uninsurability due to personalized pricing, and poor decision-making influenced by AI. Existing risks, such as aggressive sales tactics, may be amplified by digitalisation, relying on an increased usage of dark patterns. This is reflected in 16% of EU consumers encountering "limited time offers" online and 15% seeing statements, often in ads, highlighting the popularity of specific insurance policies.

Outlook: Digitalisation of insurance and pension-related processes is expected to further increase.

4

ISSUES IN CLAIMS MANAGEMENT

- a. Issues with payment delays and poor customer service in the claims management phase linger, with delays and inadequate pay-outs noted especially in MTPL and travel insurance. Claims management remains the highest source of insurance-related complaints.
- b. AI applications offer the potential to streamline claims management and enhance customer experience. For instance, AI-based image recognition tools can automatically analyse submitted images, possibly enabling quicker repair decisions and cost estimates. This is reflected in the fact that 52% of EU consumers feel that online automated processes make claims easier and faster.

Outlook: Stable, issues related to claims management have been longstanding.

5

PRODUCTS WITH SUSTAINABILITY FEATURES

- a. EU consumer awareness of insurance or pension products with sustainability features has remained stable from 2023 to 2024. However, more EU consumers reported considering purchasing such products in 2024 (16%) when compared to last year (13%), and more EU consumers reported being interested in knowing more about such products in 2024 (30%) when compared to 2023 (27%).
- b. The increased sale of insurance and pension products with sustainability features is a positive development, yet there is a risk of greenwashing, driving supervisory activity around sustainability claims and ensuring fair commercial practices also in relation to sustainability.

Outlook: Increasing, as the offering of products with sustainability features increases, there may be an increased risk of greenwashing.

6

CROSS-BORDER BUSINESS

- a. The provision of insurance on a cross-border basis has been increasing moderately, with divergences across lines of business and countries. In 2024, 19% of EU consumers reported having bought insurance on a cross-border basis, this figure increases to 32% for younger consumers (aged 25-39).
- b. Cross-border business can bring significant benefits to consumers as it increases competition and can lower costs. Indeed, 9% of EU consumers bought insurance from a provider offering it on a cross-border basis because it offered better value, and 6% because domestic providers did not offer it. NCAs who have this information also indicated that products provided on a cross-border basis may, at times, be cheaper.
- c. Despite the benefits of cross-border business, some consumers are either not aware insurance can be sold on a cross-border basis (12%) or do not trust providers offering products on a cross-border (incoming business) basis (18%). NCAs also indicate there are challenges in supervising cross-border business.

Outlook: Increasing, with growing cross-border business, driven in part by digitalisation, new opportunities and risks emerge that require close monitoring.

7

BUSINESS MODEL AND DISTRIBUTION ISSUES LEADING TO POOR CONSUMER OUTCOMES

- a. NCAs continue to see issues around cross-sold products due to aggressive sales techniques and overall business models that are often built around the sale of products which provide low VfM or contribute to over-insurance. In 2024, 14% of EU consumers were aware they bought insurance policies that came with the purchase of a non-insurance product.
- b. This is also demonstrated by NCAs ranking 'high commissions and low VfM offered by ancillary and/or cross-sold products' as the most concerning consumer protection issue. Solvency II reporting commission rates data supports these concerns as LoBs where cross-sold products are most likely to be included – miscellaneous financial loss (28%) and income protection insurance (16%) – have a commission rate above the total non-life commission rate (14%).
- c. Moreover, Solvency II data shows that claims ratio are lower and commission rates higher for non-life products distributed by banks and other distributors than those distributed directly by insurers.

Outlook: Stable, issues related to cross-sold products have been reported for a number of years.

LEARN MORE



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<https://www.eiopa.europa.eu>

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