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EIOPA Consumer Trends Report

EIOPA Regular Use EIOPA-IRSG-19-04

EIOPA Insurance and Reinsurance Stakeholder Group meeting Frankfurt, 24 January 2019

Background and objectives



EIOPA's Regulation:

"to collect, analyse and report on consumer trends"

The objective is to:

- o Monitor the **evolution** (trends) in consumer behaviour and other market developments in the insurance and pensions sectors
- Identify possible consumer protection issues that could arise from such trends
- o Identify and highlight positive developments

Consumer Trends Report 4 Covering both sectors

Methodology used



- The Consumer Trends is prepared following an agreed upon methodology
- Information from NCAs:
 - Qualitative information
 - Quantitative data
- Inputs from IRSG and OPSG and other stakeholders
- EIOPA also complements the information collected with information from publications accordingly referred to in footnotes

Indicative Timeline



February-March: questionnaires sent to NCAs (via CCPFI) and IRSG and OPSG

June –
September:
processing of
data and
report drafting

November: BoS approval













April – June: responses received

September – October: Report discussed with NCA **December:** Publication

Key novelties of the 2018 report



- Continued emphasis on financial innovations and digitalisation
- Stakeholders interviews are included for the second time
- The report also provides a time-series analysis of Retail Risk Indicators using Solvency II data – including at the Member State level
- For the first time the report includes Consumer Voices

Insurance Headline Trends (i) □□□□

- Life insurance gross written premiums (GWP) increased +11%: led by a +42% increase in unit-linked insurance; insurance with profit participation continued to decrease (-9%);
- 'Other life insurance' experienced limited (+0.8%) GWP growth
- Motor insurance continues being the most prominent non-life product; innovation has been characterizing trends in motor insurance
- Accident and health insurance products continue having high claims ratios and low commission rates: claims ratios for both workers compensation (60%) and medical expense insurance (85%) are amongst the highest and commission rates are the lowest in the non-life sector

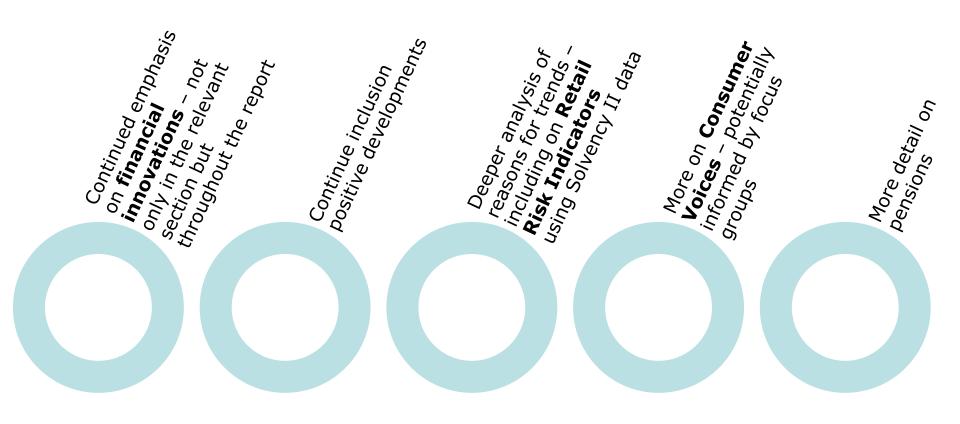
Headline Trends (ii)



- Miscellaneous financial loss is the non-life LoB that grew the most and it is also the one with the highest commission rates and the second lowest claims ratio
- The usage of telematics in insurance is increasing: Motor insurance using in-vehicle data is becoming popular; Big Data analytics in health insurance is not yet systematic but growing, it could reduce costs and help identifying, assessing, and insuring new types of risks; however potential risks exist
- Cyber-risk concerns are increasing alongside with demand for specific cyber-risk protection products
- As consumers' demand to have insurance on an 'as needed' basis increases, the offer of on-demand insurance products is also growing

Expected key novelties for the 2019 report





IRSG Involvement



Timeline

- Questionnaire covering general questions on market trends (product-related) and questions on specific topics (mainly fin. innov.) to be sent out in February 2019
- IRSG invited to provide feedback by end April 2019
- IRSG to be consulted on EIOPA's analysis of retail risk indicators in July 2019

Input requested

- With regard to both market trends (product-related) and specific topics, IRSG invited to provide feedback on market developments both at the European and national level
- IRSG invited provide views (including potential causes / consequences) of the analysis of retail risk indicators performed by EIOPA

Topics covered in detail



Fifth

- The impact of mobile phone applications in insurance
- The use of geo-location technology in household insurance
- How insurers fight against consumer fraud

The Fifth, Sixth, and Seventh Consumer Trends Reports covered specific topics

Sixth

- NCAs initiatives to foster fin.inn.
- Insurtech Firms/ start-ups
- New life insurance products
- The use of telematics in insurance
- Peer-to-peer (P2P) insurance undertakings

Big Data an

- Big Data analytics in health insurance
- Motor insurance telematics
- On-demand insurance products
- Cyber-risks

Cross-selling

Which topics does the IRSG think could be covered in detail in the Eight (2019)

Report?

Seventh



Questions?

EIOPA Consumer Protection Department