

EIOPA-IRSG-17-09

12 May 2017

## **IRSG Feedback statement to EIOPA Questionnaire on the Consumer Trends Report**

EIOPA is required under its Regulation to collect, analyse and report on consumer trends. To date, EIOPA has produced five Consumer Trends Reports.

The term “consumer trend” is not defined in the EIOPA 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 means, for example, evolutions in volume, evolution in the way the relationship between customers and undertakings/intermediaries is determined, or also new insurance products and financial innovations that are being introduced into the market. The trend may already be consolidated for a number of years, but it may also be only emerging and can potentially become significant in the future.

Insofar the report aims to inform EIOPA in the identification, prioritisation and development of targeted policy proposals; EIOPA seeks to identify possible consumer protection issues arising from such trends. Nevertheless, positive trends shall also be identified and highlighted.

Similar to previous exercises, EIOPA has requested the **IRSG** to provide informal input to the work on the **Consumer Trends Report**. In February 2017, the

IRSG was asked **to give input on the trends** in the areas of consumer protection that Members have observed in 2016.

The informal input provided by the IRSG will be taken on board in the data collation and analysis together with data collected from Member State authorities and other relevant sources for identifying trends.

**Members' input was required** on the following:

- how the demand and/or offer for different types of insurance products has evolved during 2016
- financial innovations or developments in the market environment, as well as consumer protection issues.

In addition, **input was also requested** on the following:

- recent initiatives developed by NCAs (such as **regulatory sandboxes, public-private partnerships or advice units**) aimed at, inter alia, helping innovators minimize legal uncertainty, improve access to investment, while assessing the rules that should be relevant for new products and business models
- areas of the insurance value chain most impacted by **Insurtech** firms / start-ups; the main hurdles faced by such firms, including regulatory hurdles; interaction of such start-ups with incumbents
- **new life insurance products** marketed in the on-going context of low interest rates environment and the increasing aging population that carry more risk for the policyholder
- the use of **telematics in motor, household and health insurance**
- the emergence of so-called **peer-to-peer (P2P) insurance undertakings**, which is facilitated by digital technologies
- the use of **Blockchain and/or smart contracts** and their benefits and risks for consumers and (re)insurance undertakings
- the use of **genetics data** in insurance and the ways in which precision medicine may impact life and health insurance.

## A. General comments

- The IRSG would like to thank EIOPA for its efforts in further developing the scope and complexity of the Consumer Trends Report.
- The increasing overall importance of this document highlights the role that consumers play in the entire ecosystem.

## B. Developments in demand / offer / financial innovations / market environment / consumer protection

### I. Life insurance - with profit

#### Slovakia

The persistence of the low interest rate has greatest impact on life insurance. Decrease in gross written premiums in life insurance.

#### UK

Since the introduction of the retail distribution review in the UK these products have fallen out of favour with many distributors, however there are still one or two with-profit insurance based products available in the UK. In the days when they were popular (and mostly sold by banks and some IFAs) these products were often criticised by consumer groups because of the high level of charges, required because of the high level of commission paid. In addition, with-profit policies in general have fallen from favour because of the lack of transparency of charges and how performance is calculated – but also because of early exit charges known as Market Value Adjustments. These MVAs can substantially reduce the value of an investment if it is surrendered before the maturity date – or they can be applied in times of falling markets to “protect” investors who remain. Although new business has declined, there are still millions of UK investors in with-profit funds. One or two with-profit life insurance investment products have re-branded and some are still being sold via direct sales distributors.

There are 5.8m investment bonds and endowment policies in force in the UK with 112,000 new policies in 2015. However, this figure combines with-profit and unit-linked products.<sup>1</sup>

---

<sup>1</sup> UK Insurance & Long-Term Savings Key Facts, Association of British Insurers, November 2016  
<https://www.abi.org.uk/globalassets/sitecore/files/documents/publications/public/2016/keyfacts/keyfacts2016.pdf>

---

## Bulgaria

No significant change since 2015, with increase of approx. 9% year-over-year for the entire life segment.

## Romania

The life insurance market remains underdeveloped, with growing rates lower than the market trend. Life insurance represents less than 18% from the total market. Most of the policies on the market are part of the employee benefits packages, or related to loans.

## Poland

Remained unchanged during 2016.

## II. Life insurance - unit linked

### Slovakia

Decreasing tendency.

### UK

#### **Regular premium life insurance unit-linked products:**

The mortgage endowment mis-selling scandal of the nineties in the UK virtually put an end to the market for regular premium unit-linked life insurance investment products as people no longer believed in them as so many had failed. Charges on these products were very high – again usually because of the high level of commission paid in the pre-RDR world. The products failed to achieve the target performance required to pay off the mortgage mainly because of the investment performance required to out weight the effect of charges was so unrealistic and rarely achieved.

#### **Single premium life insurance unit-linked products:**

Like with-profit insurance based products, charges on single premium unit-linked products were (and are) also high but again since RDR this is now more transparent and many distributors have shied away from them. That said – some financial advisers in the UK are still using them particularly where the onus of their service is less on ongoing service and more on the initial interaction. Also some wrap platforms offer an offshore bond 'shell' to organise investments through. Consumer groups in the UK dislike these products because of the high charges and there are better products in the form of OEICS/Unit Trusts, etc., that can provide an investment vehicle for lower cost. There is rarely a good reason for bundling a life insurance with an investment product these days as most of the tax incentives for doing so have fallen away.

There are still 5.8m investment bonds and endowment policies in force, with 112,000 new policies in 2015. However, this figure combines with-profit and

unit-linked products <sup>2</sup>

### **Romania**

As a result of low interest rates, this segment recorded a decrease of 17%.

### **Poland**

Consumers are still having problems with the refund of liquidation fees despite changes in law and settlements reached by insurers and Polish Consumer Protection Office.

## **III. Other life insurance**

### **Spain**

In December 2016 the Spanish market approved a "Good Practice Guide on life savings insurance". The main objective of the Good Practice Guide is to increase transparency and improve the understanding of life savings insurance products by consumers. It will be applicable, for those insurance undertakings joining it, as of 30 June 2017.

### **Poland**

Remained unchanged during 2016.

## **IV. Payment Protection Insurance**

### **UK**

The UK Regulator has now announced plans to introduce a deadline for PPI complaints which will be August 2019. This will be preceded by a consumer led campaign to raise awareness. Full details of the policy can be found here: <https://www.fca.org.uk/publication/policy/ps17-03.pdf>

### **Poland**

Life insurance sold together with banking products still offer poor value for money and still are problematic as to level of protection offered and limitations of coverage.

## **V. Accident and Health insurance**

### **UK**

In 2014 1.9m UK households had private medical insurance (health insurance).

---

<sup>2</sup> UK Insurance & Long-Term Savings Key Facts, Association of British Insurers, November 2016  
<https://www.abi.org.uk/globalassets/sitecore/files/documents/publications/public/2016/keyfacts/keyfacts2016.pdf>

The average amount paid out to each claimant for PMI was £1,906.<sup>3</sup> 1.5m people in the UK have Health Cash Plans.<sup>4</sup>

### Spain

In July 2016 the Spanish market approved a new version of the Spanish market's "Good Practices Guide on health insurance underwriting" in order to update the Guide to the Law 20/2015 on supervision and solvency of the insurance and reinsurance companies.

The insurance companies that have jointed at the Guide adopt the compromise to provide to the policyholder a previous standardized document with the purpose of improving the selection among similar insurance products.

Furthermore, the companies take on the compromise to not object the extension of the contract in case of old age or severe illness.

### Poland

Accident insurance in Poland is usually sold as insurance of low coverage and poor value for consumers. Health insurance is still developing. So far no problems had been identified.

## VI. Motor insurance

### Germany

The increasing connectedness of cars via mobile, electronic means (including ADAS) entails that there are less and less severe accidents in the future (car to car communication, platooning, semi-autonomous driving).

The big car manufactures have launched substantial e-mobility programs. As a consequence, higher sales of e-cars are to be expected. The insurance industry must react with special e-insurance-products.

Car manufactures increase their offers in mobility services including their own car sharing offers. The consequence might be, that stand-alone-insurance-contracts lose relevance in the market due to the fact that mobility services include insurance protection.

---

<sup>3</sup> UK Insurance & Long-Term Savings Key Facts, Association of British Insurers, November 2016  
<https://www.abi.org.uk/globalassets/sitecore/files/documents/publications/public/2016/keyfacts/keyfacts2016.pdf>

<sup>4</sup> UK Insurance & Long-Term Savings Key Facts, Association of British Insurers, November 2016  
<https://www.abi.org.uk/globalassets/sitecore/files/documents/publications/public/2016/keyfacts/keyfacts2016.pdf>

## Slovakia

Due to strong competition, the Motor third party liability insurance (MTPL) market remains at a loss. At the same time, CASCO insurances recorded a growth of written premiums.

## UK

The main change in the UK general insurance market (so this includes all lines) is the introduction of new rules and guidance by the Regulator to increase transparency for renewals of general insurance. These proposals were intended to address concerns about levels of consumer engagement and the treatment of consumers by firms at renewal, and the lack of competition that resulted from this.

The FCA has proposed new rules across all personal lines general insurance markets requiring firms to:

- disclose last year's premium at each renewal
- include text to encourage consumers to check their cover and shop around for the best deal at each renewal
- identify consumers who have renewed with them four consecutive times, and give these consumers an additional prescribed message encouraging them to shop around.

Alongside this, it proposed guidance on how firms can maintain records to demonstrate compliance, including keeping a record of premiums. More details of the proposals can be found here:

<https://www.fca.org.uk/publication/policy/ps16-21.pdf>

Average annual household expenditure on Motor Insurance in the UK was £700 in 2014. 20.1 million UK households had motor insurance in with an average annual household expenditure of £700 in 2014.

UK insurers paid out £28.6m per day in motor claims of which £21.2m was for domestic claims and £7.4m related to commercial claims.

By Q3 2016, the average premium for private motor insurance had risen to £440, following the rise in Insurance Premium Tax (IPT) from 6% to 10%.

The first time the UK motor insurance market had made a profit since 1994 was in 2015 with a profit of £33m. <sup>5</sup>

## Spain

- On 1 January 2016, the new general personal injury compensation motor insurance system entered in force, called "Baremo" (Law 35/2015).
- The Spanish market has developed an application to make possible for the users (mainly: lawyers, judges, insurers, victims etc.) to assess the injuries suffered by a victim of a traffic accident, according to the Law.
- Also, within the reform of the "Baremo", it is important to mention the extrajudicial procedure introduced as an alternative to the decriminalization of faults (from 1 July 2015), for the processing of personal injury claims of victims of traffic accidents. This procedure has been articulated as a form of settlement of conflicts of an extrajudicial character, in which the victims can make the intervention of the forensic doctors for the assessment of their injuries, without any economic cost for them.

## Romania

Motor insurance, especially the MTPL segment, raised in 2016 the biggest challenges on the market, as the Government introduced a temporary premium cap. The situation is ongoing with an unpredictable outcome at this stage. At the same time, a number of efforts are made in order to decrease the number of road accidents. Here, we should mention two campaigns organized by APPA - The Association for Insurance Promotion: "FII TREAZ LA VOLAN!" ("Be awake at the wheel!") and its spin-off, "IARNA, LA VOLAN!" ("During winter, at the wheel!") were national initiatives dedicated to road safety and preventive driving.

The first one brought into debate a multitude of risks affecting drivers, from alcohol consumption and tiredness to using the mobile phone, while the second one focused on road dangers during the cold season. More details are available here: <http://treazlavolan.ro/>

## Poland

Most common problems in Poland are still: denial of compensation for a courtesy car, problems of the calculation of compensation in the case of a total loss of a vehicle, problems with receiving full amount to cover costs occurring from the

---

<sup>5 5</sup> UK Insurance & Long-Term Savings Key Facts, Association of British Insurers, November 2016  
<https://www.abi.org.uk/globalassets/sitecore/files/documents/publications/public/2016/keyfacts/keyfacts2016.pdf>

accident. These problems have been the same for the last 15-years or more. A new problem discussed is the guarantee sum in MTPL, as in some cases the statutory guarantee sum is not enough to cover all the actual loss the occurred in relation to the accident, so a question is raised who should be paying for damages in case the guarantee sum is paid in full – should it be the perpetrator or maybe the Statutory Guarantee Fund. The problem is of an importance due to the fact that many Polish transportation companies travel through Europe and some of them are causing accident outside Poland, where the payment of guarantee sum is of higher probability than in Poland.

## **VII. Household insurance**

### **Slovakia**

Positive development was recorded in property insurance.

### **UK**

Please also see comments in section VI. Motor Insurance.

In 2014 almost 80% of UK households held contents insurance and 65% held buildings insurance. In Q3 2016 the average premium paid for combined buildings and contents insurance policy was £308 a year down 10% from its highest peak in Q3 2012.

UK insurers paid out £15.0m per day in property insurance claims of which £8.1m was for domestic claims and £6.9m related to commercial claims.

The UK property insurance market made an underwriting loss for the first time since 2010.<sup>6</sup>

### **Spain**

- In July 2016 entered into force the sectorial agreement to manage reimbursements of property damage claims between insurance companies. This will allow decreasing the number of judicial claims and the claims handling cost. Up to know, a 76% of the market, in terms of volume or premiums, has joined it.

### **Romania**

The number of mandatory insured households has slightly increased, while the voluntary insurance decreased. Still, the penetration degree is still very low. This is why the the regulator ASF with other stakeholders (insurance companies,

---

<sup>6</sup> UK Insurance & Long-Term Savings Key Facts, Association of British Insurers, November 2016  
<https://www.abi.org.uk/globalassets/sitecore/files/documents/publications/public/2016/keyfacts/keyfacts2016.pdf>

consumer protection organisations) are developing educational initiatives, in order to raise awareness on the risks.

Given the high exposure of the country to the nat cat risks, especially to earthquake and floods, solutions to address and mitigate these risks, as well as the financial burden of the recovery expenses after an eventual major event are of critical importance.

In fact, Romania is one of the few European countries which have a mandatory nat cat insurance scheme in place, which is managed by a dedicated private company, namely PAID Romania. Currently its portfolio numbers 1.7 million mandatory household insurance policies PAD, covering about 20% of the Romanian housing stock.

As mentioned previously, efforts are being undertaken in order to increase this penetration ratio. In example, APPA-The Association for Insurance Promotion organized in 2016, for the 4th consecutive year - an ample communication campaign dedicated to mandatory and voluntary household insurance: "October – Household Insurance Month". This edition was the first to introduce, apart from the basic aspects Romanians should know regarding household insurance products, an additional element: safety advice and safety tips in case of an earthquake – which is the one of the biggest causes for concern in the society.

This particular edition of the campaign was especially appreciated by ASF, the Romanian regulator, and by the academic community, which during the Financial Educational Awards Gala - „EduFin” granted the project the Award for „Best Social Responsibility Campaign with an Educational Component”.

#### **Poland**

Remained unchanged during 2016.

### **VIII. Travel insurance**

#### **UK**

Please also see comments in section VI. Motor Insurance.

In 2015 travel insurers paid out £365m for 494,000 claims. £197m of this was to cover the cost of emergency medical treatment and £128m for cancellations.

#### **Poland**

Remained unchanged during 2016. Some of the main issues are: - Denial of claims based on previous medical conditions clause and - Low insurance caps that do not cover expensive medical treatments.

## **IX. Mobile Phone Insurance**

### **Romania**

The Consumer Protection Department from within ASF-Financial Supervisory Authority undertook in 2016 mystery shopping tests focused on mobile phone insurance, in order to see the level of information provided when this type of product is bought. These initiatives were welcomed by the consumers.

### **Poland**

Still evolving in Poland. Not yet developed.

## **X. Other non-life (please explain)**

### **Slovakia**

An issue was the introduction of an obligation for insurance companies to pay 8% of the written premiums on all non-life insurance classes for contracts signed after 31 December 2016.

### **Spain**

In September 2016, the Spanish market launched a strategic project called "Estamos Seguros" (a double meaning slogan that in Spanish means "we are insured/sure") with the purpose to explain the important role that the insurance industry plays and its contribution to the economic and social development in Spain. Details here: <http://www.estamos-seguros.es/> . One of the main pillar of this initiative is the promotion of the financial education in Spain.

### **Poland**

Remained unchanged during 2016. Additional issues that are becoming more important are cross-border accidents and receiving fair redress from insurers from outside the home country. Despite the regulations that enable consumers to file claims in their own country there is still not enough co-operation between the insurers and their representatives in Poland and there is still not enough co-operation between supervisory authorities to make the procedures of filing a claim and receiving compensation efficient.

In many cases, the consumer receives a denial of claim and has no possibility to check if the representative acts in a fair manner, if the provisions stated in the denial are true or false, the consumers have no tools to force representatives to for example contact local police, contact the witnesses, and confirm how the accident occurred to finally pay out compensation etc.

---

## C. Questionnaire

1. Some NCAs have recently developed initiatives (such as **regulatory sandboxes, public-private partnerships or advice units**) aimed at, *inter alia*, helping innovators minimize legal uncertainty, improve access to investment, while assessing the rules that should be relevant for new products and business models. Please provide your views on such initiatives.

The IRSG is supportive of such tools to encourage innovation. They should ensure consumers are effectively and equally protected irrespective of the provider and benefit equally established and newer market entrants.

### UK

- Supportive of the use of such tools to enable start-ups to develop innovative services, although they must be equally available to existing insurers wishing to develop innovative services and products.
- Care should be taken to ensure common understanding of the term– its meaning could perhaps be clarified by lawmakers to avoid confusion/misinterpretation of what is available in their jurisdiction.

### Slovakia

No information about these initiatives is available. The position of ombudsman was introduced in Slovakia for the insurance sector.

### UK

The UK Regulator has introduced a regulatory sandbox and an advice unit. Both initiatives have been very well received in the UK by both industry and consumer groups. So far the sandbox has helped over 175 innovative businesses and authorised five new businesses. More information can be found here: <https://www.fca.org.uk/publication/research/regulatory-sandbox.pdf>

### Spain

Currently in the Spanish market there are not any similar initiatives, so there is not a real experience about their effectivity. Nevertheless, the Spanish Fintech and Insurtech Association has recently proposed to set up a Regulatory Sandbox.

On the other hand, the Spanish Insurance Supervisor intends to create a Working Group to analyse the innovation in insurance. The stakeholders will be represented in the Working Group.

These kind of initiatives are very interesting as the role of innovators is increasing and new technologies and innovation models of insurance business

are on the table. Accordingly advantage should be taken on this matter. It must be underlined that any future regulatory sandboxes or similar initiatives should be based on the following premises:

- a) Preserving level playing field between established companies and market entrants under the principle "same risk same rules".
- b) To ensure that consumers are effectively and equally protected.
- c) To delete regulatory barriers and promote the innovation in the insurance industry.

### **Bulgaria**

No such developments have been reported.

### **Romania**

ASF - The Financial Supervisory Authority had undertaken a number of initiatives related to consumer protection aspects. One direction was represented by initiatives focused on financial education - since early childhood to maturity, through different programs and campaigns.

Other aspect was related to a close monitoring of the supervised entities - especially insurance companies - and releasing different studies regarding complains status.

At the beginning of May, Romania, through ASF, has been awarded during the Global Inclusion Awards 2017 with the distinction CYFI for the Financial education projects dedicated to children and youth.

### **Poland**

No such developments are present.

*2. Insurtech firms / start-ups are increasingly present in insurance, very frequently via cooperation agreements with established insurers. Please set out your views on the areas of the insurance value chain most impacted; on what are the main hurdles faced by such firms, including regulatory hurdles; and on how such start-ups are interacting with incumbents. Please provide views on supervisory and regulatory challenges arising.*

The IRSG agrees that the regulation of insurtech firms/start-ups raises difficulties for supervisors, who must ensure that consumers are equally protected irrespective of whether the provider is established or an insurtech firm. The IRSG also agrees that regulation should be activity based to ensure a level playing field between established and insurtech providers and should create a friendly environment for innovation for all market participants.

## UK

- Lawmakers and supervisors are centrally placed to encourage the development of digitalisation and ensure both consumers and industry maximise the benefits thereof.
- The right balance needs to be struck between protecting consumers and safeguarding a fair level of competition, whilst removing regulatory barriers and encouraging innovation through regulation.
- All new market participants should be supervised just as existing providers already are.
- Supervision should be based on activities rather than other criteria, so that new market entrants are subject to the same legislation as established providers. This ensures that consumers get the same level of protection for the same activity offered by a provider, irrespective of whether the provider is new or established.
- Regulatory requirements should not hinder digital innovation and developments, but should be future-proof, technologically neutral and digitally friendly.

## Germany

Currently the business model of most of the start-ups relates to the customer interface. Insurtech companies often have the advantage of a green field approach which means no old systems or processes but they lack of relevance respectively the substantial number of customers.

## Slovakia

No information about these initiatives is available.

## UK

Anecdotal information indicates that many 'start ups' are unregulated businesses providing part of the value chain as regulated entities increasingly outsource part of the process. This provides challenges to regulators and to consumers in establishing where responsibility lies if things go wrong.

## Spain

New technologies like telematics, big data and automated vehicles are affecting the insurance business. For example, new data sources have allowed pricing more individualized underwriting.

Furthermore, technology enables insurers to reach potential customers and promotes the financial inclusion as well as contributing to consumer financial literacy by creating multiple channels through which insurance companies can inform their clients and people in general.

In what supervisory and regulatory challenges are concerned:

- a) The regulatory changes should create friendly environments to innovation for all market participants.
- b) Insurance industry needs regulation that promotes to apply new technologies in order to improve the risk management function, launching new products, fraud prevention etc.
- c) The new market participants should comply with regulation in force in order to avoid interfering with competition in the sector.

### **Bulgaria**

The insurtech market is small to non-existent in Bulgaria.

### **Italy**

The utmost importance has to be safeguarding the fair competition and the level playing field, in order to correctly respond to the amount of risk posed by Fintech providers to the financial system. As a matter of fact new market entrants, star-ups and peer-to-peer platforms are emerging as the result of digitalization with the potential to disrupt the insurance landscape. Therefore, EU customer protection rules applicable to insurance distribution should apply equally to established insurers and Insurtech new players where they carry the same activities (it would be extremely important to safeguard the "same activities same rules" principle).

Key market players in Italy, such as GENERALI, decided to prioritize innovation in order to transform the customer experience and the business model. In this case, the approach is twofold: internally, the company creates a process for sharing the best case studies among the individual functional areas; externally, it collaborates with start-ups to develop new high-potential services and define strategic partnerships with international businesses and universities.

### **Poland**

No such developments are present.

*3. In the on-going context of low interest rates environment and the increasing aging population, **new life insurance products** are being marketed where more risk is born by the policyholder, generally through an absence of long term guarantees, or through limitations on guarantees. Please set out the characteristics of such products as you are aware of (detailed information is welcome). Please also briefly explain what are the benefits and risks for insurance undertakings and consumers arising from these new products.*

### **UK**

The rapporteur is not aware of new insurance based investment/savings

---

products being developed in the UK market. It is unclear what gap in the investment market bundled products such as these would fill.

### Spain

In spite of the low interest rate environment, only 7% of total life premiums and technical provisions in 2016 corresponded to Unit-Linked products (where the risk is borne by the policyholder).

Most products sold in 2016 (93%) were guaranteed products, both with-profit and guaranteed fixed interest rate products. The use of one of the measures of the LTG package (Matching adjustment) is allowing insurance undertakings to keep on providing long term guaranteed life insurance products, complying with their important social role consisting in offering supplementary retirement/pension products and acting as long-term institutional investors. These products are the most demanded by clients with a low-risk profile.

### Bulgaria

The rapporteur is not aware of such products.

### Poland

No new life insurance products are introduced in Poland so far.

*4. The use of **telematics in motor, household and health insurance** allow, among other things, the accuracy of risk assessments to be improved and the development of more tailored products, yet the availability and affordability of insurance for some consumers could also be affected. Please indicate whether you have observed the use of telematics devices is already taking place in your country, what their characteristics are, and what are their benefits and risks for insurance undertakings and consumers.*

The IRSG concludes that telematics regulation should ensure consumers retain control over their data and the choice of their provider, and that it is future-proof.

### UK

- Telematics is most widely used in motor insurance, and still remains to be exploited in other classes of insurance.
- Telematics in motor insurance enables insurers to offer - and consumers to opt for - more tailored products. Telematics can also assist with a better service offering, for example, speedier claims handling based on the in-vehicle data, and quicker response times for the driver after an incident where there is real-time access to in-vehicle data.
- Regulatory provisions surrounding the development of telematics should however ensure that drivers remain in control of their vehicle data and

retain the choice over who their service providers are. This means that data access should be via open platforms. Again, regulatory provisions should be future-proof.

### Germany

Currently, the label "smart home" has different content in the market and customers might have a different understanding. Another trend is the demand especially by younger customers for individualized insurance concepts.

### Slovakia

Telematics device is used for emergency cases (SOS) only by one insurance company and only for the purpose of identifying the behavior of clients in order to determine future premium levels (not for searching motor vehicles in case of theft or other activities).

### UK

The British Insurance Brokers' Association (BIBA) conducts annual research into the number of telematics policies live in the UK and in 2016 the number exceeded three quarters of a million for the first time. An increase of nearly 25% on the 2015 figure.

### Spain

In Spain, the use of telematics is mainly focused and developed in motor insurance. Since 8 to 10 years ago, most of the important motor insurers have included in their portfolio products based on this technology. These products allow to costumers the access to insurance in better conditions (E.g. young drivers) or modify their behaviour, and therefore their risk, reducing the cost of the policy.

### Bulgaria

In certain brands of imported vehicles a fingerprint reading device is installed by the importers as a prerequisite for CASCO insurance - although it is not a market trend as a whole. The site of the solution provider is <http://biodit.com/>

### Italy

The main keywords related to the connected insurance products development are: i) **connectivity**, namely delivering a high level service to clients taking advantage of connected objects; ii) **simplicity**, making the customers' life easier, offering clear and simple solutions; iii) **flexibility**, solutions tailored to customers' needs that are built around the clients, allowing a tailored approach to shaping the offer and choosing the right type of interaction channel and payment; iv) **proactive protection**, namely the integration of preventive elements in the insurance solutions, creating real value for the customers and provide peace of mind.

In Italy, Generali Group holds a leading position in the world of **telematics** with more than 1,3 million motor telematics policies. The goal is to further extend the offering of these products to improve the analytical expertise, so as to help customers adopt a more virtuous driving style and at the same time enhance the telematics offering with additional services and coverage.

Here are some examples:

- In 2016 Generali launched in Germany the Generali Mobility innovative telematics solution; the approach is to create incentives for risk prevention while driving, providing the customer with innovative solutions in all aspects of life, especially if the damage has not yet occurred.
- In Slovakia the company launched SOS Partner, a coverage complementary to Casco coverage, requiring full protection and assistance for the driver and his/her family. It consists in a professionally-installed windscreen telematics device to be attached to the windshield of the customer vehicle. After detecting an accident after a crash, the device sends immediate notification and GPS coordinates to a dedicated service provider. The customer can also seek assistance through an SOS button. The emergency notifications are handled with highest priority and, in case of no answer, an ambulance is automatically sent to the site of the accident.
- In Italy the company launched an initiative that promotes the adoption of responsible driving behavior through a system that increases safety levels. Safety shields are installed in the vehicle and include a brake assist system, an alarm to prevent drivers from falling asleep at the wheel, and a system that expands the driver's field of vision to make overtaking safer.

Similarly, in health, Generali has developed the Vitality offer which is a health and wellness program designed to encourage and reward healthy behavior for customers seeking a healthier lifestyle. The company is also planning to offer coverages and services to people with chronic conditions enabled by remote monitoring tools.

Following the car telematics approach the same group is launching connected home initiatives. Thanks to remote monitoring performed through smart sensors in customers' homes risk can be mitigated, shifting from the traditional "loss & refund" towards a "prevention & protection" paradigm. A smart home enables clients to monitor their home remotely thanks to a series of smartphone-based services (when somebody is out of home, thanks to a special app it is possible to check that door and windows are shut, to set the heating thermostat, to be alerted in case of fire or water leakage etc.).

---

## Romania

According to recent legislative changes (September 2016), insurance companies may use telematics technologies when establishing MTPL premium levels. Still, at this moment, there is no available information regarding the use or impact of this particular measure.

## Poland

No such developments are present.

*5. Digital technologies have facilitated the emergence of so-called **peer-to-peer (P2P) insurance undertakings** such as Lemonade (USA), where associated or like-minded individuals pool their premiums together to insure against a risk, and funds available in the pool when the coverage period ends are typically returned to its members. Please indicate if you have seen the emergence of such insurance business models in your country, what are their characteristics, benefits and risks for consumers and insurance undertakings, and how do they differ from traditional mutual insurers.*

The IRSG agrees that insurance supervision should be activity-based to ensure consumers are equally protected and to safeguard a level playing field, irrespective of the provider being a new P2P or established insurer.

## UK

Supervision should be activity-based so that new market entrants are subject to the same legislation as established providers. This ensures that consumers get the same level of protection for the same activity offered by a provider, irrespective of whether the provider is new or established. It also ensures a level -playing field for market participants.

## Germany

P2P is currently in the market "en vogue" but have no market relevance. It could be interesting for selected target groups. In Germany the most known provider is "Friendsurance".

## Slovakia

There is no P2P insurance available in Slovakia.

## Spain

There is no experience or information on peer-to-peer insurance undertakings. Nevertheless, recently the Spanish Fintech and Insurtech Association has proposed to regulate P2P insurance undertakings.

Peer-to-peer (P2P) Insurance undertakings should comply with all the requirements that apply to traditional mutual that are included in the Law of

---

supervision. It is essential that members of this kind of platforms have the same level of protection than participants of the mutual insurance have, so this emergent mutual should fulfil all the financial, governance and reporting requirements set up by the insurance supervision legislation.

### **Bulgaria**

No such developments are present.

### **Poland**

No such developments are present.

*6. Blockchain, the underlying technology of Bitcoin, is essentially a distributed, decentralized and digitalized ledger of transactions which enable transactions to be quickly validated and securely maintained. Blockchains are the primary enablers of smart contracts, contracts which automatically execute the obligations the parties have committed to in an agreement. Please indicate if you have observed the use of **Blockchain and/or smart contracts** in your country and what are their benefits and risks for consumers and (re)insurance undertakings.*

### **UK**

To achieve the fullest potentials of block-chain, it must be implemented in a consistent way that also ensures compatibility. The development of industry initiated standards could be one way forward. One industry-initiative to follow is the B3i which aims to develop an industry-wide blockchain standard. It plans to share its results in mid-2017.

### **Germany**

Blockchain could be the next big thing. At the moment the expectations may be higher than the real possibilities but after the phase of disillusionment, new use cases might be possible.

### **Slovakia**

No information about these kinds of contracts is available.

### **Bulgaria**

There is a small Blockchain adopters community in Bulgaria but its influence is negligible so far and none in respect of insurance industry.

### **Italy**

All major insurance groups are involved in the Blockchain Insurance Industry Initiative B3i initiative, an European project launched in 2016 in order to explore the potential use of blockchain technologies with the aim at increasing the data exchange between insurance companies and reinsurance companies, which first

results are expected by June 2017.

At least one major insurance carrier, namely Generali, is carrying out an internal project on the application of blockchain to the activities as the company is convinced about the potential of this technology.

### **Poland**

No such developments are present.

*7. **Precision medicine** is defined as the customization of healthcare according to the genetic and epigenetic characteristics of individuals, which includes analysis of lifestyle and environment. Please explain if the use of genetics data in insurance is allowed in your country, how precision medicine may impact life and health insurance, as well as its benefits and risks for insurance undertakings and consumers.*

### **Slovakia**

According to the Insurance Act (within the client identification section), an insurance company is allowed to ask clients to provide data about mental health as a necessary condition for risk assessment prior to the conclusion of an insurance contract and for determining the scope of the obligation to pay insurance benefits.

### **Spain**

The Convention on Human Rights and Biomedicine (Oviedo, Spain 4 April 1997) was ratified by Spain on the 1 October 1999 and it is in force since the 1 January 2000.

It establishes that "Tests which are predictive of genetic diseases or which serve either to identify the subject as a carrier of a gene responsible for a disease or to detect a genetic predisposition or susceptibility to a disease may be performed only for health purposes or for scientific research linked to health purposes, and subject to appropriate genetic counselling.

In Spain, therefore, those tests, which are predictive of genetic diseases, are exclusively authorized for health purposes or for scientific research; in no case to condition the insurance underwriting or to modify an insurance policy.

### **Bulgaria**

No such development.

### **Poland**

In Poland, the use of genetic information is forbidden in insurance. The insurer may ask the consumer to have a medical test before signing the insurance contract, however insurers do not usually request a medical test.

In order to get information about health of the insured, insurers request

**EIOPA INSURANCE AND REINSURANCE STAKEHOLDER GROUP**

IRSG FEEDBACK STATEMENT TO EIOPA QUESTIONNAIRE ON THE CONSUMER TRENDS REPORT -  
[MAY 2017]

---

statements about the health condition of the consumer and his / hers previous medical conditions. Such statement are very general and are often used to denial payment even in cases where no relation to previous medical conditions exists.

\*\*\*