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SULLE ASSICURAZIONI

I V A S S



**INVESTIGATION INTO COMPARISON WEBSITES
IN THE ITALIAN INSURANCE MARKET**

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The data published in this document, **referring to the year 2013**, are sometimes represented according to the following conventions:

- the word "Website" followed by consecutive numbering (Website 1, Website 2, etc.) identifies the **comparison websites**;
- the letters of the Greek alphabet in long form (Alpha, Beta, etc.) identify the **insurance undertakings**

1. Executive summary

Among the emerging consumer trends in the insurance sector in Italy there is the increasingly widespread use by consumers of the so-called "comparison" websites for the orientation and purchase of insurance products, particularly in the field of motor liability insurance.

Such phenomenon has been studied by IVASS which conducted, starting at the end of 2013, an investigation into commercial websites dealing with motor liability insurance, aimed at verifying the transparency level of the information disclosed to the public, the comparison criteria and the existence of possible conflicts of interest that may influence the result of the comparison, with the objective of guaranteeing consumer protection.

In carrying out the work account was taken of indications contained in the *Report on Good Practices on Comparison Websites* published by the *European Supervisory Authority of Insurance and Pension Funds (EIOPA)* in January 2014, to promote, at the European level, the adoption by comparison websites of behaviours ensuring correctness of comparison and transparency of the information disclosed to the public.

As to the methodology the investigation was conducted through:

- a preliminary survey on websites operating in Italy;
- access to the websites by IVASS officers disguised as citizens interested in purchasing a motor liability insurance policy;
- requests for data and additional information from the subjects involved;
- meetings with website operators and insurance undertakings mainly subject to comparison and with some associations of intermediaries and some companies carrying on business through traditional channels.

The document is structured as follows: the first part of the work contains an overview of the general characteristics of the websites present on the Italian market, the undertakings operating through this channel as well as of the phases of the process of comparison and the nature of the links with undertakings and their methods of remuneration. The second one contains an analysis of the profiles identified as sensitive for consumer protection and the problems that emerged in the Italian reality.

The investigation regarded 6 comparison websites: **Chiarezza.it**, **Comparameglio.it**, **Facile.it**, **Segugio.it**, **6Sicuro.it** e **Supermoney.it**.

All 6 websites are attributable to licensed insurance intermediaries and, as such, subject to the sectoral regulations and the supervision of IVASS (or of the foreign Authority in the case of two websites). Most of them is primarily active in the areas of motor liability insurance and often also compares non-insurance products (mortgages / loans / telephones).

The role of the website consists in guiding users by providing them with a price ranking of motor vehicle liability products. In the case of comparison of policies of companies carrying on business via means of distance communication, after choosing the product the user is redirected to the website of the insurance undertaking where the purchase can be completed. In the (more rare) case of traditional undertakings, customers are invited to present themselves in the closest agency for the conclusion of the contract.

The relevant issues in terms of consumer protection are: 1) the situations of conflicts of interest; 2) the scope and criteria for the comparison; 3) the transparency of information provided to consumers relating to both websites and products.

Aspects which highlight several critical elements.

As to **conflicts of interest** it came out that websites compare only (or mainly) the (7) undertakings which have entered into partnership agreements and which receive a commission in respect of each contract concluded. The information present on the websites does not allow the consumer to be immediately aware of the existence of such a conflict of interest.

With reference to the **comparison model** the investigation showed that comparison is based solely on the price, and does not take into account the content of the policies (maximum covers, deductibles, recourse, exclusions etc ...); the lack of information on the market share under comparison (share of undertakings compared over the total); the advertising of a number of compared undertakings higher than the actual one; an unjustified variability of the comparison output and the absence of estimates for certain particularly unfavourable consumer profiles (by age, territorial zone).

In terms of **transparency**, the information on the website does not allow the consumer to be immediately aware of the commercial nature of the activity, the type of service provided, the ownership of the website operator which can result in conflicts interest and, finally, the subjects to whom any complaints can be addressed. Moreover there is no indication of the update date of the information published. With regard to products, unsolicited ancillary covers are sometimes combined with motor liability insurance, so that the consumer bears the burden of deselection when purchasing the policy on the undertaking's website. There is also an extensive use of advertising messages formulated in such a way as to erroneously convince users that they can make savings or buy the best product.

The scenario that can be outlined at the conclusion of the investigation into Italian aggregator websites highlighted several critical elements in terms of transparency and fairness, with a significant gap compared to the Good Practices identified at European level.

For this reason, IVASS took action against 6 websites by requesting to adopt, by 31 January 2015, specific corrective measures to remove the critical elements detected.

The measures required are summarized in a note published on IVASS website.

2. Comparison websites in Italy

2.1 How many are there, and which are they

We analysed six sites that provide comparison services in the insurance sector: Chiarezza.it, Comparameglio.it, Facile.it, Segugio.it, 6Sicuro.it, Supermoney.it. They are mostly multiservice websites that compare offers related also to products from other sectors, such as mortgages, loans, current accounts, ADSL and Pay TV.

The activity in the insurance sector is directly attributed to the website - registered as a broker in the Single Register of Insurance Intermediaries (RUI) or in the List of insurance intermediaries of the European Union licensed to carry on business in Italy (both kept by IVASS) - or to companies of the same group, also recorded in RUI, as it can be inferred from the following table.

Table 1 - List of Comparative Websites		
Name of the website	Name of the Intermediary	Registration Number in the RUI/List of EU intermediaries
www.chiarezza.it	CHIAREZZA	UE00008253
www.comparameglio.it	DAINA FINANCE LTD (*)	UE00009085
www.facile.it	FACILE.IT BROKER DI ASSICURAZIONI SRL	B000480264
www.segugio.it	CERCASSICURAZIONI.IT SRL (*)	B000278298
www.6sicuro.it	6SICURO SPA	B000320357
www.supermoney.it	IAMB S.R.L. (*)	B000320218

(*) *Comparameglio is a trademark of Daina Finance Ltd. For the insurance comparison service Segugio uses CercAssicurazioni.it S.r.l., belonging to the same group. Similarly, Supermoney uses IAMB Srl, where it is the largest shareholder.*

For the motor product line the websites examined provide a comparison service based on the premium, with the possibility to "select / save" the chosen quote and then buy the product at the companies.

Furthermore they offer:

- for products other than motor insurance (such as household, travel, life pure risk, dental expenses, photovoltaics policies etc.), the narrative illustration of a limited range of products, highlighting their salient features and the possibility for customers to benefit from a discount;
- analytical services through consultation of thematic areas on the distributed products, Guides, blogs or "Observatories" of the dynamics of premiums in motor vehicle liability insurance.

They also perform ancillary functions related to the insurance mediation activity which are variously subdivided, depending on the organisational structure and the size of the company¹:

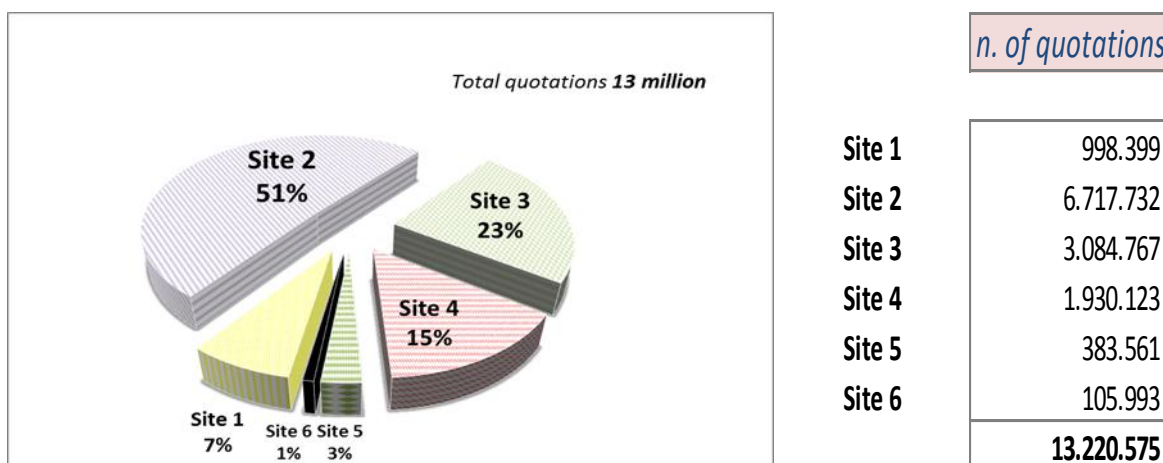
¹ The number of employees is generally less than 20 units, with the exception of the leading operator on the market, which has more than 100 employees, of course not all intended for the insurance business.

- they provide for the acquisition of the documentation necessary to write contracts on behalf of the partner insurance undertakings, in the (limited) cases in which users do not buy them directly on line;
- in limited cases they open and manage claims;
- they have call centre services for customer assistance during pre / after sales and to provide information also on special products (e.g. guarantees for trucks, taxis, etc.).
- they have a back office for the handling of administrative practices concerning the relationship with the insured persons (request for documentation for underwriting purposes and complaint handling) and organisational units dedicated to marketing and IT programming.

2.2 Catchment area

The catchment area of comparison sites — measured by number of motor liability estimates made in 2013² — shows that the market for web comparison focuses on two operators (Websites 2 and 3) which cover about 73% of the channel, with a significant prevalence of Website 2.

Graph 1 — Motor liability estimates from comparison websites



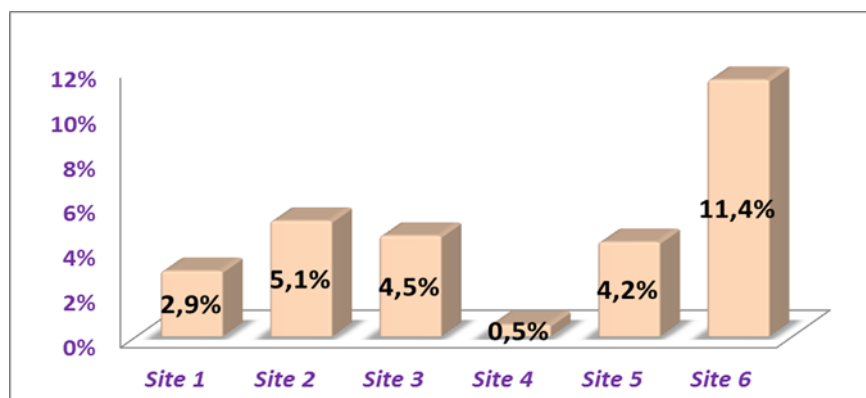
As indicated by website operators during meetings, consumers make use of comparison websites mainly for guidance and exploration of the market in terms of price, with incentive effects on the competition dynamics. In fact there is (usually at the promotional stage) a considerable number of accesses and estimates made also in periods distant from the contractual maturity of the policy in force.

Consumers also consult the websites just to assess the level of premium paid to their undertaking and make use of comparison as a tool of "bargaining" with their reference agent or broker.

As evidence of this there is the fact that the number of estimates made by users via comparison sites is about 13 million in 2013, while the new contracts concluded through said channel amounted to about 550,000, with a collection index (number of contracts / number of estimates), which amounted to around 5% on average.

² As provided by the websites.

Graph 2 – 2013 Motor liability collection indexes



The guidance purposes appear, however, more pronounced on the websites which are the most known by consumers as they are the mostly advertised: Website 2, for example, that alone makes more than half of all estimates of the web network, has a collection index of 5.1%. Website 6, while showing the highest index of collection, however, presents a number of contracts underwritten amounting to 2.2% of the total contracts concluded by comparison sites.

On the other hand, insurance undertakings make use of comparison sites also as an advertising channel, deriving from the presence of the undertaking's logo in a privileged position in the web pages or banners.

2.3 How many and which undertakings do comparisons

Of the 68 Italian and foreign undertakings pursuing motor liability insurance business in Italy, the websites compare only (or mainly) 7 "direct" companies which operate by means of distance selling techniques, with whom they have concluded specific cooperation agreements and from which they receive commissions.

However, the comparison of "traditional" undertakings is not significant.

"Direct" undertakings

7 out of the 8 "direct" undertakings³ pursuing motor liability insurance business, which represent, in terms of premium income, about 10% of the market total⁴, 7 participate in the comparison websites network⁵.

The fact that the on line comparison network is almost exclusively prerogative of "direct" undertakings is essentially justified by their sales methods, which are not affected by the presence of a distribution network established on the territory, and by the characteristics of their technological infrastructure.

One additional factor is that the technique of on line contract conclusion fits in well with the typical propensities of web consumers, whose commercial choices are generally based on the criteria of speed in the acquisition of information and decision-making autonomy. The

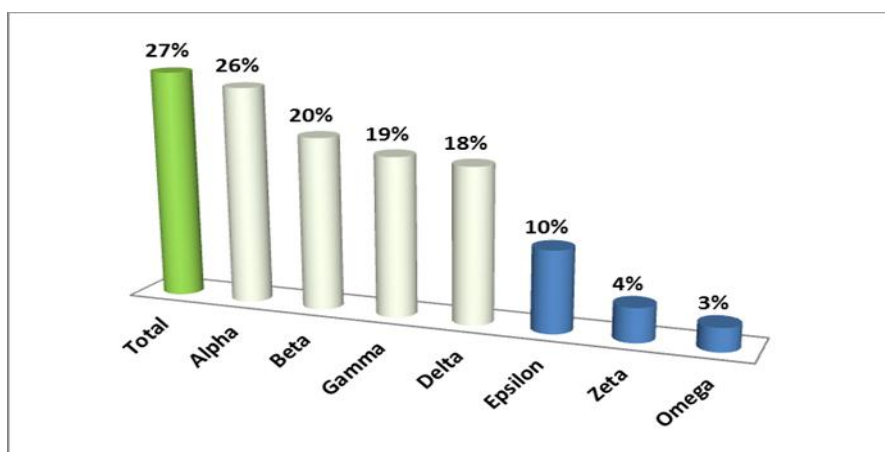
³ At the time of the survey Genertel was not involved in the network of comparison websites.

⁴ IVASS data as at 31 December 2013

⁵ Direct Line, Direct & Quixa Seguros y Reaseguros, Dialogo, EUI Limited (ConTe), Genialloyd, Linear and Zuritel.

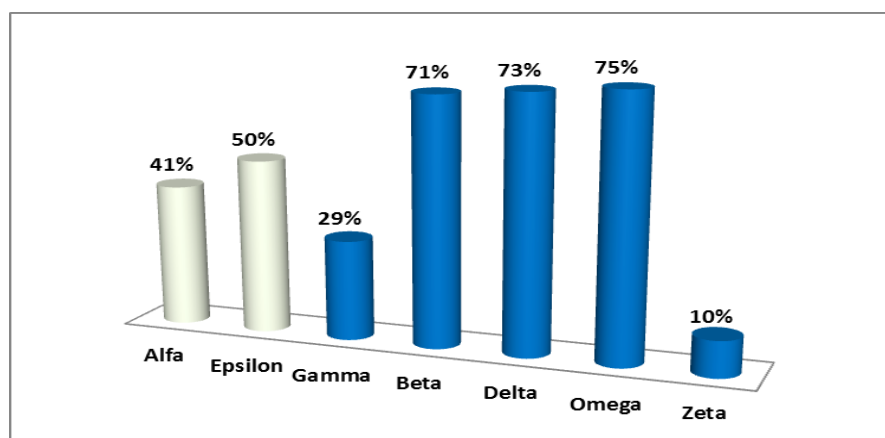
analysis of the motor liability portfolio of 7 undertakings shows that on average about 27% of the contracts acquired (including new business and renewals) comes from comparison websites, with significant variations among undertakings. **Graph 4** shows that 83% of the contracts concluded through the channel of comparison websites is concentrated in four undertakings, for which the volume of business moved by aggregators stands at significant levels (with weights ranging from 18% to 26%).

Graph 4 — Number of motor contracts concluded by 7 direct companies through comparison websites (incidence % over the total aggregators)



The level of collection grows exponentially if attention is focused on the new contracts entered into in 2013 (new business) — **Graph 5** — in relation to which for three undertakings the percentages of portfolio acquired through websites exceed 70%, while for the others percentages are at any rate significant: for both Alpha and Epsilon about half of the new motor insurance contracts concluded is attributable to the channel of comparison websites.

Graph 5 — New Motor business of 7 direct companies mediated by comparison websites



One can therefore say that distribution through aggregators is becoming the predominant underwriting method for many such undertakings, which seem to depart from the direct

sales model, characterised by no mediation costs, to get closer to a model in which the payment of commissions is envisaged for a significant part of the portfolio.

Traditional undertakings

The comparison panel contained in comparison websites sometimes also shows some traditional companies whose participation — apart from the case of scraping (see below paragraph 2.4.2 "*Listing*") — appears to date marginal and largely due to collaborative relationships between websites and agents or brokers who act on behalf of the insurance undertaking. In these cases there are no direct agreements between the company and the comparison websites.

In some cases it was observed that, when present in the output, the quotations are not attributable to the companies in question, since they generically refer either to an existing agreement with the comparison site or to a broker or a generic agency. The undertaking can be traced only when the relevant listing is selected. In case the comparison website has an agreement with an agency, the latter will provide its quotation only if the user lives in the catchment area within its jurisdiction. The product can then be purchased directly with the agent or, if envisaged by the agreement with the website, through an interposition of the comparison website, which performs certain preparatory functions⁶ to simplify the underwriting operations for the benefit of the web user, who is not very inclined to replace the "distance" relationship with the comparison website with the direct contact with individuals.

Such higher propensity to manage one's own insurance relationship online is a deterrent for undertakings that operate exclusively through traditional channels to join the comparison network. Among the reasons for the limited number of traditional undertakings participating in the comparison, there is also some resistance on the part of the agency network, that considers comparison websites as competitors which could take away portions of their portfolio.

2.4 Comparison and purchase process

2.4.1 Setting the process in motion

The process starts with the user filling a, insurance risk profiling form.

The form is usually quite detailed (up to over 40 questions), substantially homogeneous among comparison websites and collects the information needed by undertakings to provide the risk quotation. The information requested does not totally coincide with the set of information present on the online estimators of each undertaking under comparison, for it represents its lowest common denominator.⁷ Once the form has been completed the risk quotation starts.

⁶ Certain sites have a back office in charge, for instance, with the acquisition of documents and their examination, and the request for any supplementary document from customers.

⁷ The estimation forms available on corporate websites sometimes envisage a greater number of details to allow increased customisation, which may in some cases produce a risk quotation partially different from that provided by the comparison website.

2.4.2 Quotation

The start of the comparison phase generates a flow of information between websites and insurance companies with which there are commercial agreements.

This is done through a web service platform interfacing with the website and the undertaking, thus allowing data exchange in real time: the information entered in the estimation form is forwarded to companies anonymously (adjusted for personal data and license plate of the vehicle); the latter provide the quotation of individual insurance covers (motor vehicle liability and comprehensive motor insurance) through predetermined formats.

Some websites also publish the quotations of undertakings they do not have any commercial agreements with, by using the computer software technique of web scraping (also called web spiders) that allow to "hack" companies' online estimation systems and to obtain their prices by simulating the access by fictitious users. Extending comparison to include the products of those undertakings meets some websites' objective to widen, as far as possible, the market coverage of the service they offer, thus increasing their appeal among users vis-à-vis the other competitors⁸.

2.4.3 Ranking

Once acquired each undertaking's quotations the comparison process envisages the publication of a ranking of those received within a certain timing, in ascending price order and generally distinguished by the insurance undertaking's logo, but sometimes also identified in ways not referring to an undertaking (e.g. Convention 1).

The timing — usually between 30 and 45 seconds — is set by comparison websites on the basis of the maximum waiting time considered "acceptable" for web users; beyond a certain waiting time, in fact, the rate of "abandonment" of customers increases. Tight timing rewards undertakings with advanced technological infrastructures, for they are capable of providing timely quotations. Ranking may only regard motor vehicle liability insurance or also ancillary covers. The customer has the option of selecting only the first one or also the second ones. However it was found that even by selecting and choosing only motor vehicle liability the output contains heterogeneous products, some consistent with the customer's request, others containing not requested ancillary covers.

2.4.4 Product choice and purchase

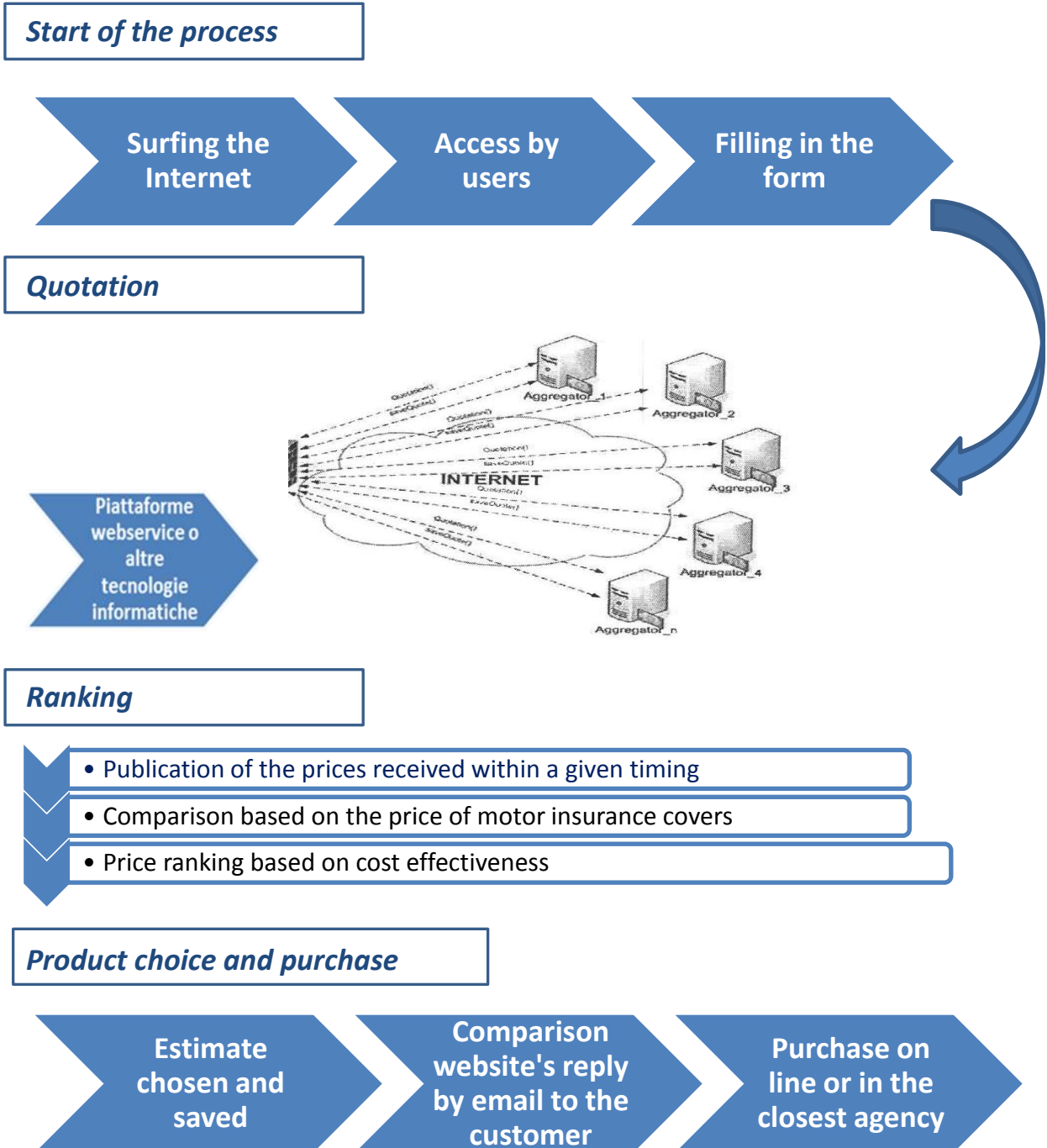
The customer saves the estimate(s) by choosing the quotation. In any case, even in the absence of a "choice", comparison websites send an e-mail to the customer with the saved estimate(s) or most convenient quotations, so can that they can effect the purchase at a later time. The quotation remains valid for 60 days or until a new tariff is issued by the insurance undertakings. Often, however, undertakings offer discounted quotations provided that the payment is made within stringent deadlines and / or with specific methods (e.g. credit card or paypal).

In the case of comparison of policies of companies carrying on business via means of distance communication, after choosing the product the user is redirected to the website of the insurance undertaking where the purchase can be completed through online payment.

⁸ Websites do not receive any remuneration from the undertakings subject to web scraping.

In the (more rare) case of traditional undertakings, customers are invited to present themselves in the closest agency for the conclusion of the contract.

The graph below shows the estimation flow.



2.5. Partnership agreements

Commercial agreements define the website's scope, consisting in the presentation of the insurance products undertakings intend to propose for comparison, and regulate the remuneration methods, broken down by type of insurance policy, and varying according to the company.

To display the insurance offers in the output according to the profile set by the user it is envisaged that the "creation" of interface technical systems may be authorised between the websites' comparison engine and the companies' web systems.

The determination of the contents and quotation of the insurance products offered and the management of the processes of conclusion of insurance policies is applicable to undertakings.

2.6. Remuneration arrangements

The remuneration model of websites is based on the payment of commissions by the insurance undertakings they have agreements with, based on the contracts concluded during the activity. There are no charges on users.

The analysis showed that the remunerative models are quite structured, with commissions varying when taking new contracts and renewals.

Commissions are generally structured on several levels:

- the first level provides for the payment of fees in a fixed amount (between 8 and 68 euro) for each new motor vehicle liability contract concluded, or as a percentage of the premium (between 3% and 10%). Sometimes those amounts differ according to the presence of ancillary covers, their type or origin of the policyholder: they are greater if coming from a traditional undertaking, lower if coming from a direct undertaking;
- a second level, calculated as a percentage, applies in the presence of ancillary covers;
- the third level consists in additional remuneration periodically paid to the comparison websites when certain sales volumes are overcome. Again commissions are determined as a fixed amount and / or percentage, and there is a difference between the motor vehicle liability component and the other covers.

As to renewals, their commissions are generally lower than those of purchase and substantially pay the websites' commitment not to make direct marketing, i.e. not to urge customers which are close to the contractual maturity to make a new comparison.

Finally, it is noted that remunerative models appear related to the strength of the partnership between undertaking and comparison website, which ensue from a commercial agreement, but nonetheless develops later in regular meetings to define common marketing strategies⁹. Undertakings that most operate and do business with large

⁹ Marketing strategies are not regulated by commercial agreements and are frequently discussed between parties.

comparison websites take advantage of them, in fact, also as a privileged advertising channel, suitable to replace their own promotional activity.

3. Critical issues for consumers

The survey showed some critical elements from the perspective of consumer protection.

3.1 Conflicts of interest

In general, the presence of conflicting interests among comparison sites and users can derive from the aggregator's participation relations with insurance undertaking or their subsidiaries, and from commercial agreements.

The conflict consists in influencing comparison so as to favour an undertaking rather than another and in guiding consumer choices (*listing bias*), or in the use of expressions aimed to sponsor one of the products being compared rather than another. The possible prejudice for the user, resulting from conditioning his/her decision-making autonomy, is accompanied by a difference in treatment between compared undertakings, such as to alter the balance of fair competition.

With regard to the conflicts of interest related to participation relationships, the analysis on the websites' direct shareholding did not reveal any conflict situations; companies that own websites do not include insurance undertakings among their members.

As to the conflicts arising from commercial agreements it came out that websites compare only (or mainly) undertakings they have entered into partnership agreements with, and from which they receive commissions in respect of each contract concluded.

Further conflicts of interest can be glimpsed in the more or less incentive remunerative models under the agreements, particularly with reference to the commissions paid in case of conclusion of motor vehicle liability contracts with ancillary guarantees, in the event that the latter have not been expressly requested by the user.

Such conflicts of interest are not clearly disclosed.

In fact websites provide indirect and generic information about possible conflicts of interest via a link to the "*Pre-contractual information*" required by insurance regulations¹⁰, placed at the bottom of the home page or at the bottom of the web page dedicated to insurance.

Information on the extent of the commissions paid by each undertaking is sometimes provided in tabular and aggregate form, and is however difficult to find on the website. The commissions received whenever a single contract is concluded are not included in the quotations published in the comparison output, but are only mentioned later on the undertaking's website.

Hence the user is not immediately aware of the fact that for the comparison activity the website receives a fee connected with the possible conclusion of the contract.

Furthermore, as to the information to be furnished about the type of advice given, websites declare — misleadingly — that they give advice based on fair analysis and also indicate

¹⁰ Annexes 7A and 7B to ISVAP Regulation n. 5/2006.

the number of contracts/undertakings on which the evaluation is based.¹¹ In some cases there is also a statement informing about the absence of contractual obligations to exclusively offer contracts of certain undertakings.

3.2 Market coverage. Indication of the number of undertakings compared

The indication of the "market coverage", understood as the proportion of compared undertakings over the total, is absent or misleading. Furthermore, a higher number of undertakings included in the comparison than the actual one is advertised.

This can be inferred from the following two tables, the first one showing, for each website, the terminology used, in the various web pages (as at July 2014), to advertise the number and the undertakings included in the comparison, and the second one showing, for certain customer profiles, the number of estimates actually obtained with reference to two websites.

Comparison website	Advertised undertakings		Banner
	in the home page	in other web pages	
Facile	"Compare 18 companies"	"Motor insurance - Companies" shows 9 names	16 logos in the Home page
6Sicuro	"Compare 18 insurance companies"	- In the page "Insurance Companies - Partner Insurance Companies": 17 logos; - At the bottom of the same page: "Insurance companies not included in the comparison on 6sicuro" with 34 names of companies	In the Home page banner with 16 logos. In the page "Motor Insurance" banner with 18 logos.
Segugio	"Compare the best offers and save"	At the bottom of the page "Motor Insurance" 8 names are listed	10 logos in the Home page and in "Insurance companies included in the comparison"
Comparameglio	9 logos of undertakings are listed	- The section "On line motor liability insurance" indicates: "compare up to 18 companies". - At the bottom of the page it is stated "Insurance companies not yet included in the comparison service" with 19 names of companies.	In the section motor liability insurance : 9 logos, 1 of which does not refer to a company but to a professional indemnity insurance.
Supermoney	"Compare the best insurance quotations". 3 logos are listed	- The section "On line Insurance" indicates: "Compare 20 companies in three minutes". - In the page "Motor liability insurance companies included in the comparison" 6 logos are listed; - The same page "Other Companies with substantial market shares" shows 6 (names /logos).	none
Chiarezza	"Compare the best insurance quotations and save time and money on your motor insurance"	-In the section "Motor Insurance - Insurance companies included in the comparison" 7 logos are listed; - click on "All the companies" to display a list called "Motor insurance companies not yet included in the comparison on Chiarezza.it" showing 25 names of companies including 1 broker.	none

¹¹ In some 7B models there is a link to the website's page where the commercial partners are listed.

The analysis of the information obtained during the investigation showed, then, further mismatches among the undertakings listed on the web pages and those with which there are commercial agreements and which are, therefore, the actual panel of comparison¹².

Moreover, the commercial partnership between websites and undertakings is not always clear, nor is there a demarcation between partner and not partner undertakings in cases where the comparison also extends to the latter's products. It should be added that the 42 sample simulations on the 6 websites (for details see Annex H to this Report), showed that the number of undertakings in the final ranking is still generally lower than both the number of undertakings advertised (in 34 cases) and those with which there are commercial agreements (see paragraph 2.5).

All this causes confusion amongst users and makes it nearly impossible to glean from websites the actual scope of comparison and assess its magnitude also in terms of service functionality vis-à-vis all the undertakings pursuing motor vehicle liability insurance.

In fact, there is a lack of useful information to define the market share compared, and the criteria for selecting the undertakings compared are not indicated. Such information is useful to outline the true extent of the comparison service on which users rely in their search for the more profitable insurance product.

3.3 Price as the only basis for comparison

The only basis for comparison is the price. The contract contents are not shown, i.e. the different covers offered and the products' characteristics.

The more the products being compared are structured, the more numerous the criteria for comparison should be.

Comparison based solely on premiums does not, in fact, make it possible for consumers to assess the actual cost effectiveness of the product with respect to one's insurance needs; the cost effectiveness should instead be measured taking also into account the essential characteristics of the policy such as, for instance, maximum covers, recourses, exclusions and the specific claims settlement arrangements.

Comparison also includes products with different key tariff parameters, not envisaged by the estimation form filled in by the customer (such as maximum covers and satellite devices) and with not uniform presentation standards (e.g. forced combination with ancillary covers, discounts connected with credit card payments); products differing in maximum covers are compared and it is not possible to display customization parameters such as, for example, the driving formula (e.g. expert/free/exclusive) or the recourses/exclusions (e.g. driving under the influence of alcohol). This further undermines the goodness of the comparison, which compares non-homogeneous products based on their price.

Consumers, therefore, are not placed in a position to make an objective comparison between products or to obtain a comparison between products tailored to their actual needs.

¹² The panel is the sample of undertakings whose products are compared online. These undertakings are generally linked to the websites by commercial agreements, but may also be included in the comparison through the activity of scraping and therefore without their knowledge (see Paragraph 2.4.2 below).

3.4 Risks of not unbiased comparisons

Comparison websites do not have the technical elements used by insurance undertakings to quote the risks to be insured (the so called tariff bases).

Only one site uses an external consulting firm that, by virtue of agreements with some undertakings, replicates their tariffs based on calculation coefficients, thus allowing the website to directly make the quotation.

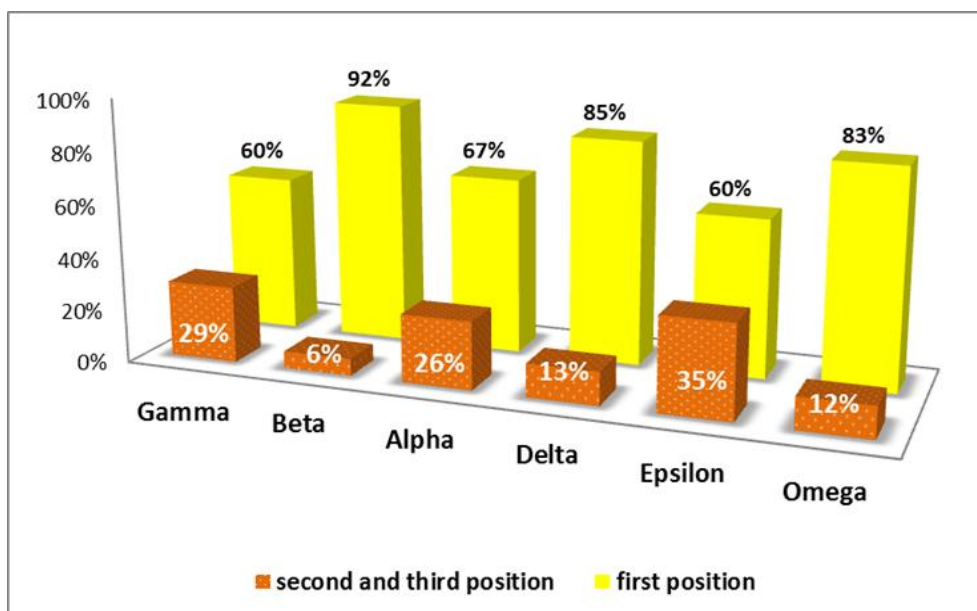
As a rule, they do not even have the power to grant discounts on the premium.¹³

Giving to the website the power to grant discounts and determine their amounts could alter the mechanisms of correct comparison and fair competition among undertakings in the panel¹⁴ by manipulating the quotations, thus affecting the ranking order.

The undertakings' position in the ranking in fact affects the users' choice. Comparison websites have shown that if an undertaking ranks among the top three this influences the customer's choice, who would then choose from such short-list on the basis of the driving force of the trademark.

Evidence of this phenomenon can be seen in the data provided by a specific website and represented in **Graphic 3**, which shows that certain undertakings (*Gamma*, *Alpha* and *Epsilon*) have significant (from 26% to 35%) collection percentages even in cases where they do not rank first but rather second or third.

Chart 3 — Breakdown of sales according to ranking



¹³ This statement has been confirmed by the commercial agreements between websites and insurance undertakings valid until 31 December 2013. Any subsequent agreements are not the subject of this investigation. One single comparison website reported that sometimes, in case of temporary malfunctions in the IT systems, it directly applies discounts calculated according to algorithms furnished by the Companies.

¹⁴ The amount of discount applicable to the single customer could be calculated by the aggregator *ex post*, once it has acquired the quotations from the other undertakings, thus placing a company at an advantage over the others based on the information acquired by virtue of its role.

There is therefore a potential bias risk resulting from the price ranking being influenced by the comparison website, which gives preference to one undertaking over another (so called *listing bias*) according, for instance, to more or less incentive remunerations depending on the commercial agreements with the undertakings.

3.5 Output variability

Simulations showed that the number of offers in the output did not vary in full correspondence with the tariff profile variation, while websites do not provide justifications on the undertakings' failure to quote the risk.

The websites attributed such variability to the lack of response, from certain undertakings, in the expected timing (see Paragraph 2.4.3). It could, however, also be due to a choice of the undertakings not to appear for "undesirable" risk profiles, due for example to age, territorial zone.

The mismatch between ranking and comparison panel does not guarantee equal treatment to individual users who do not have, therefore, the same opportunities for choice. On the other hand, the same inconsistency can be detrimental for the undertakings which make use of such channel, facilitating some of them (always present in the output) over others.

In relation to this aspect it was not possible to ascertain, as part of the investigation, whether the variability is the result of technical problems or strategic choices, for these aspects can be verified only through on-site inspections.

3.6 Combination with motor liability ancillary covers

Whenever only motor vehicle liability is selected and chosen the output contains heterogeneous products, some consistent with the customer's request, others containing ancillary covers not requested by the latter. The mechanism to opt out of the ancillary covers, envisaged only later during the purchase of the product on the undertaking's website, is not an adequate corrective, since in fact the user is prompted to purchase unsolicited covers.

From the survey it was not possible to unequivocally verify whether the combination of ancillary covers is an option reserved to insurance undertakings and/or comparison websites, since it is an aspect which can be verified through inspections.

In any case, automatic combination is an element of opacity of the output, with potentially distorting effects in relation to the will expressed by the customer, the homogeneity and comparability of products and the neutrality of comparison, considering that the conclusion of a contract with ancillary covers involves for the website the recognition of an additional commission by the undertaking (see 2.6).

3.7 Advertising messages

Websites make an extensive use of advertising messages formulated in such a way as to erroneously convince consumers that they can achieve savings or have the possibility to buy the best product.

Advertising messages on web sites (in July 2014) envisage the possibility of generally achieving savings up to 500 or 800 euros, or premiums in amounts starting from

predefined and very low levels, or even percentage savings without indication of the calculation base. They often declare to compare the "best" undertakings on the market or the "best" products without providing details about their selection/assessment criteria, as summarized in the following table.

Table 2 - Advertising Messages		
Comparison website	in the home page	in other pages of the website
Facile	- <i>"On line insurance: compare and choose the best"</i> - <i>"Motor Insurance: "Compare 18 companies and save up to 500€"</i>	<i>"Facile.it is your ally in the on-line search for the best motor insurance policy"</i>
Segugio	<i>!"Compare more companies. You will save up to 500€!"</i>	<i>"On Segugio.it you will find the most advantageous motor insurance and will save up to 500€ for your policy! "</i>
6Sicuro	<i>"Compare 18 motor insurance quotations and choose the solution offering best value for money and best suiting your needs. You will save up to 800€!"</i>	
Supermoney	<i>"Motor Insurance: policies starting from 181€. Compare the best insurance quotations"</i>	- <i>"On Supermoney you will only find motor insurance quotations that are better or similar to those of the insurance companies"</i> - <i>"We help you find the best motor insurance."</i>
Comparameglio	<i>"Motor Insurance"; save up to 50%"</i>	<i>"Motor insurance starting from 199€ per year"</i>
Chiarezza	<i>"Compare the best insurance quotations and save time and money on your motor insurance "</i>	<i>"Choose the best quotations and save on your motor insurance"</i>

The Antitrust Authority has repeatedly given its opinion, reiterating that advertising messages that evoke "savings" for consumers must be based on verifiable elements. The non-misleading nature of the message should be, therefore, proportionate to the possibility for the customer to identify the risk profile to which the projected savings relate, the basic size or the method used to quantify it.

3.8 Consent to Privacy and other disclaimers

When filling in the form the customer provides biographical and insurance information and data, is called to give his/her *consent to the processing of personal data* and to give confirmation to have read the *Pre-contractual information* envisaged by IVASS regulations (Annexes 7A and 7B to ISVAP Regulation n. 5/2006).

Often comparison websites collect consent to the processing of data through a single "click" of the user, through which a series of activities are automatically authorised — some not instrumental to the delivery of the estimation service (such as, for instance, the transfer of data to third parties for marketing purposes and for customer profiling), others not related to the privacy, such as having read the products' *Pre-contractual information* and *Information notes* published under IVASS regulation.

Only through a further step can the customer distinctly visualise the consents automatically rendered and, possibly, "uncheck" the relevant options. These opt out mechanisms do not favour an independent and aware evaluation of the consents given.

It does not appear correct to have a procedure that automatically and simultaneously collects consent to the processing of personal data for "necessary" purposes with respect to the use of the comparison service and further activities, with advertising or commercial purposes only.

3.9 Transparency of information on websites

The language used, decidedly of the advertising type, and the poor level of accuracy in indicating the undertakings included in the comparison, does not allow for a clear definition of the scope of comparison (the expressions used suggest that comparison involves a large part of the market).

Information on the ownership structure, i.e. majority shareholders, the group to which the undertaking belongs and the governing bodies (useful to represent any conflicts of interest) is sometimes absent and sometimes not easy to find.

Websites generally indicate the purpose of the activity without distinguishing between comparison of motor liability products, with the consequent price rankings, and mere activity of estimation of products of other insurance classes, sometimes also relating to one single company.

Websites contain the reference to the insurance "mediation service" performed (directly or through another group company registered in section B of the RUI — Single Register of Insurance Intermediaries), and the number of registration in the RUI is situated at the bottom of the web pages with barely visible fonts.

The *Privacy Policy*, the *General Terms of Service* and the *Pre-contractual Information* about insurance, generally present¹⁵, are in the footer, in small fonts, accessible through links, and are sometimes repeated in the motor liability estimation pages or in the website's About page.

Information about conflicts of interest and remuneration of websites is contained in the *Pre-contractual Information*¹⁶.

Websites do not show an explicit reference to a complaints function to which complaints about the comparison service or the products compared can be forwarded, although some websites have identified a person responsible for managing complaints within them, and almost all provide for the possibility to contact the call centre, a freephone number or ask for general information by e-mail.

There is no update date of the information published. Reference to IVASS as the competent supervisory authority can be found in the web pages except for one website.

¹⁵ Only in one case it was not possible to immediately find on the comparison website the pre-contractual information envisaged by IVASS regulations.

¹⁶ Specifically in Annex 7B, provided for by ISVAP Regulation n. 5 of 2006.

4. Conclusions

The scenario that was outlined after the meetings and the survey shows the potential of a tool that, if properly directed, can produce significant benefits for consumers and for the competitiveness of the motor vehicle liability market.

However, there remain some critical issues from the perspective of consumer protection, which can be summarised as follows:

Conflicts of interest

- ✚ websites compare only (or mostly) undertakings with which they have entered into partnership agreements and from which they receive commissions;
- ✚ such conflict of interest is not clearly disclosed.

Market coverage. Indication of the number of compared undertakings

- ✚ the indication of the "market coverage", understood as the proportion of compared undertakings over the total, is absent or misleading;
- ✚ a higher number of compared undertakings (usually 18) than the actual one is advertised.

Comparison criteria

- ✚ comparison is based merely on price; the contents of the policy (maximum covers, deductibles, recourse, exclusions ...) are not compared;
- ✚ this involves the risk that customers are not offered a suitable product in relation to their insurance needs, and that non-homogeneous products are compared;
- ✚ there is an unjustified variability of comparison outputs (numerical instability) as well as the absence of reasons for the lack of quotation of some undertakings;
- ✚ the absence of quotations for certain particularly unfavourable profiles (age, territorial area) suggests that there may be risk selection policies, perhaps even agreed with partner undertakings.

Combination with motor liability ancillary covers

- ✚ the forced combination of ancillary covers, even when not requested by the consumer, as a probable consequence of remuneration policies (websites receive higher commissions in case of combination);
- ✚ to remove the covers consumers must use the uncheck mechanism (*opt out*).

Advertising messages

- ✚ advertising messages such as "save up to 500 euro" or "compare the *best* products or the *best* undertakings", not based on verifiable elements or do not provide indication on the evaluation criteria.

Consent to Privacy and other disclaimers

- ✚ automatic acquisition through one single click of a plurality of consents to the processing of data relevant for privacy, their use for advertising or commercial purposes and to reading the pre-contractual information envisaged by insurance regulations;
- ✚ this weakens the level of consumer awareness about the consents given.

Transparency of information on websites

- ✚ the information about the website, its role and the activity carried on is not readily available and not adequately highlighted;
- ✚ the commercial nature of the activity and of the website's ownership structure are not immediately evident;
- ✚ no indication is given on how to submit complaints.

5. Supervisory actions

In the light of the above findings and in parallel with the publication of this report, IVASS took measures against 6 websites by requesting to adopt, by 31 January 2015, specific corrective measures to remove the critical elements detected.

The main actions required are:

1. to clearly show in the home page the list of insurance undertakings and/or intermediaries with which there are partnership agreements for purposes of comparison, and to indicate with sufficiently highlighted fonts that the comparison service offered is subject to remuneration by those undertakings;
2. to indicate in the comparison output, for each policy, the commissions paid by the undertaking in the event of conclusion of the contract;
3. to clearly indicate, in website's home page, the market share compared (the number of undertakings compared over the total number of undertakings on the market);
4. to guarantee that the number of undertakings advertised for comparison corresponds to that of the undertakings actually compared. In case of non-quotation of one or more of the undertakings for which comparison is declared, an explanation must be given in the output and the missing quotations must be provided to the consumer at a later stage;
5. to adopt such a process of identification of the customer's insurance needs, and of quotation, as to display a ranking containing only products with features that meet the coverage needs expressed by the customer;
6. not to base comparison only on price but also on the policy's key features, presenting them according to a standard which facilitates comparison among the various offers;

7. to avoid forced combination of motor vehicle liability ancillary covers and opt-out mechanisms to be borne by the consumer;
8. to modify the procedure for collecting consent to privacy and other "disclaimers", avoiding automatic and indistinct collection mechanisms and also ensuring full compliance with the privacy legislation;
9. to review the advertising messages in line with the existing legislation on misleading advertising.

Furthermore steps have been taken through a notice for consumers, published on IVASS website, with 5 key tips to give due weight to the comparison output, while waiting for the corrective measures required from websites to produce their effect.

The investigation findings were forwarded to the Antitrust Authority and the Authority for the protection of personal data for their competence profiles.

ALLEGATO H

Risultanze delle simulazioni a campione

Nel presente allegato vengono riportate le risultanze delle simulazioni effettuate dall'IVASS sulla base di n. 7 ipotetici profili tariffari (contraddistinti dalle lettere A,B,C,D,E,F,G - le cui caratteristiche peculiari sono di seguito descritte) utilizzando i form di preventivazione per le polizze R.C.Auto consultabili dai 6 siti comparativi sottoposti ad indagine.

Nel complesso sono state quindi elaborate n. 42 simulazioni (novembre 2014); occorre precisare che gli esiti dei test *on line*, riportati nel presente allegato, hanno finalità indicative anche in considerazione delle specifiche caratteristiche dei form di preventivazione implementati dai diversi siti comparativi. Questi ultimi, infatti, presentano modalità di compilazione differenti con riferimento a specifici quesiti che possono riguardare anche variabili tariffarie chiave, tali da incidere talvolta significativamente, a seconda delle risposte date nella fase di preventivazione, sugli output prodotti dai vari siti.



ISTITUTO PER LA VIGILANZA
SULLE ASSICURAZIONI

IVASS



PROFLO	ANAGRAFICA	DATI VEICOLO	OPZIONI	Altre Peculiarità	SITO Numero	Numero PREVENTIVI	Numero imprese pubblicizzate	Differenziale di premio tra maggiore e minore offerta
A	Donna -42 anni - Afragola - Impiegata - laureata - configata - 2 figli minori	Proprietaria e conduttrice esclusiva di BMW Z4 SDrive28i - Immatricolazione e acquisto 2014 - benzina	satellitare - ricovero in box privato, no bando treno - tempo libero o lavoro - nessun altro mezzo in famiglia-Km 10.000	No Bersani, CU ingresso 1.4	1	5 (compagnie dirette)	18	€ 551
					2	10 (di cui 5 relativi a compagnie dirette e 5 tradizionali che non aderiscono al servizio e rimandano all'agenzia per l'acquisto)	18	€ 1.405
					3	7 (di 5 compagnie dirette; tra queste 2 proporzionano due tariffe distinte ciascuna)	10 (tra cui 1 marchio di una compagnia diretta e 1 compagnia nelle dirette)	€ 648
					4	4 (compagnie dirette)	15	€ 714
					5	4 (compagnie dirette)	7 (compagnie dirette)	€ 472
					6	4 (compagnie dirette)	20	€ 573



ALLEGATO H

Risultanze delle simulazioni a campione

PROFILLO	ANAGRAFICA	DATI VEICOLO	OPZIONI	Altre Peculiarità	SITO Numero	Numero PRESENTI	Numero imprese pubblicizzate	Differenziale di premio tra maggiore e minore offerta
B	Donna - 42 anni - Trieste - Impiegata - laureata - coniugata - 2 figli minori	Proprietaria e conduce te e esclusiva di BMW Z4 SD RIVE 281 - Immatricolazione e acquisto 2014 - benzina	satellitare - ricovero in box privato, no gancio traino - tempo libero e lavoro - nessun altro mezzo in famiglia - Km 10.000	No Bersani, CU Ingresso 14	1	11 (di cui 6 compagnie dirette, 1 tradizionale, 4 recanti solo il marchio del sito)	18	€ 1.398
					2	13 (di cui 7 compagnie dirette, 6 tradizionali che non aderiscono al servizio e rimandano all'agenzia per l'acquisto)	18	€ 1.687
					3	7 (di 5 compagnie dirette, tra queste una propone due tariffe distinte)	10 (tra cui 1 marchio di una compagnia diretta già ricompresa nelle dieci)	€ 1.407
					4	5 (compagnie dirette)	15	€ 250
					5	6 (compagnie dirette)	7 (compagnie dirette)	€ 1.407
					6	4 (compagnie dirette)	20	€ 99



ALLEGATO H

Risultanze delle simulazioni a campione

PROFILO	ANAGRAFICA	DATI VEICOLI	OPZIONI	Altre Peculiarità	SITO Numero	Numero PREVENTIVI	Numero Imprese pubblicitarie	Differenziale di premio tra maggiore e minore offerta
C	Uomo - 41 anni - Avellino - operaio - diplomato - single - nessun figlio	Proprietario e conduttore esclusivo di Fiat Marea, 105 Jtd Cat Weekend Sx, benzina - acquisto 2010, immatricolazione 1998	Immobilizzatore senza antifurto - box privato, tempo libero - no gancio trattino - Km 10,000	CU 14, sinistro sinistro 2011 perilario, 2 sinistri 2012 responsabilità principale	1	6 (compagnie dirette)	18	€ 651
					2	9 (di cui 5 compagnie dirette, 4 tradizionali che non aderiscono al servizio e rimandano all'agenzia per l'acquisto)	18	€ 725
					3	4 (compagnie dirette)	10 (tra cui 1 marchio di una compagnia diretta già ricompresa nelle dieci)	€ 803
					4	5 (compagnie dirette)	15	€ 654
					5	5 (compagnie dirette)	7 (compagnie dirette)	€ 1.673
					6	4 (3 compagnie dirette, 1 tradizionale rimanda all'agenzia per l'acquisto)	20	€ 485



ALLEGATO H

Risultanze delle simulazioni a campione

PROFILIO	ANAGRAFICA	DATI VEICOLO	OPZIONI	Altre Peculiarità	SITO Numero	Numero PREVENTIVI	Numero imprese pubblicitarie	Differenziale di premio tra maggiore e minore offerta
D	Uomo - 53 anni - Colognese Montese - operaio - diplomato - single - nessun figlio	Proprietario e conduttore esclusivo di Fiat Marea, 105 Jtd Cat Weekend Sx, benzina, - acquisto 2010, Immatricolazione 1998	Immobiliizzatore senza antifurto -box privato, tempo libero, no garcio trialno- Km 10.000	CU 14, 1 sinistro 2011 perifario, 2 sinistri 2012 responsabilità principale	1	11 (di cui 6 compagnie dirette, 1 tradizionale, 4 recanti solo il marchio del sito)	18	€ 2.872
					2	11 (di cui 6 compagnie dirette, 5 tradizionali che non aderiscono al servizio e rimandano all'agenzia per l'acquisto)	18	€ 2.145
					3	5 (compagnie dirette)	10 (tra cui 1 marchio di una compagnia diretta già ricompresa nelle dieci)	€ 2.126
					4	5 (compagnie dirette)	15	€ 2.128
					5	7 (compagnie dirette)	7 (compagnie dirette)	€ 2.435
					6	4 (di cui 2 compagnie dirette, 2 tradizionali che rimandano all'agenzia per l'acquisto)	20	€ 678

ALLEGATO H

Risultanze delle simulazioni a campione

PROFILO	ANAGRAFICA	DATI VEICOLO	OPZIONI	Altre Peculiarità	SITO Numero	Numero PREVENTIVI	Numero imprese pubblicizzate	Differenziale di premio tra maggiore e minore offerta
E	Donna - 32 anni - Bolzano - Architetto - Laureata - convivente -1 figlio maggiorenne	Proprietario e conduttore e esclusivo di Fiat 126 immatricolata nel 1990, acquistata nel 2001, 650 base, benzina	nessun antiurto- ricovero in strada, tempo libero e lavoro, no gancio traino, Km 10.000	CUI, USO legge Bersani, 5 anni senza sinistri	1	12 (di cui 7 relativi a compagnie di rette ed 1 tradizionale; 4 recanti solo il marchio del sito)	18	€ 98
					2	12 (di cui 6 relativi a compagnie di rette e 6 tradizionali; tra le tradizionali 4 non aderiscono al servizio e rimandano all'agenzia per l'acquisto)	18	€ 137
					3	9 (di cui 8 relativi a compagnie dirette, 1 Broker; tra le dirette 2 propongono due tariffe distinte ciascuna)	10 (tra cui 1 marchio di una compagnia diretta già ricompresa nelle dieci)	€ 94
					4	7 (compagnie di rette)	15	€ 134
					5	7 (compagnie di rette)	7 (compagnie dirette)	€ 100
					6	Il sito non compare preventivi di auto immatricolate oltre 20 anni fa	20	n.d.





ALLEGATO H

Risultanze delle simulazioni a campione

PROFILLO	ANAGRAFICA	DATI VEICOLO	OPZIONI	Altre Peculiarità	SITO Numero	Numero PRESENTIVI di compagnie dirette	Numero imprese pubblicizzate	Differenziale di premio tra maggiore e minore offerta
F	Donna - 33 anni - Messina - Libero Professionista - laureata - convivente - 1 figlio maggiorenn	Proprietario e conduttore esclusivo di Fiat 126 immatricolata nel 1980, acquistata nel 2001, 650 base, benzina	nessun antifurto - ricovero in strada, tempo libero e lavoro - no gancio traino - Km 10.000	CU 1, uso legge Bersani, 5 anni senza sinistri	1	il sito compara preventivi di questo modello solo per le immatricolazioni a partire dal 1994, dando luogo a 6 prezzi di compagnie dirette	18	€ 326
					2	14 (di cui 6 relativi a compagnie dirette e 8 tradizionali); tra le tradizionali all 5 non aderiscono al servizio e rimandano all'agenzia per l'acquisto)	18	€ 506
					3	il sito compara preventivi di questo modello solo per le immatricolazioni a partire dal 1991, dando luogo a 8 prezzi di compagnie dirette (di cui 2 propongono due tariffe distinte ciascuna)	10 (tra cui 1 marchio di una compagnia diretta già compresa nelle dieci)	€ 259
					4	4 (compagnie dirette)	15	€ 389
					5	4 (compagnie dirette)	7 (compagnie dirette)	€ 274
					6	il sito compara preventivi di questo modello solo per le immatricolazioni a partire dal 1994, dando luogo a 4 prezzi (2 compagnie tradizionali e 2 dirette)	20	€ 275



ALLEGATO H

Resultanze delle simulazioni a campione

PROFILO	ANAGRAFICA	DATI VEICOLO	OPZIONI	Altre Peculiarità	SITO Numero	Numero PREVENTIVI	Numero Imprese pubblicizzate	Differenziale di premio tra maggiore e minore offerta
G	Uomo - 30 anni - Perugia - single - operai, diplomato - nessun figlio	Proprietario e conduttore esclusivo di Fiat 126 immatricolata nel 1973, acquisto 2000, benzina	nessun antifurto - ricovero in strada, tempo libero e lavoro, no gancio traino - Km 10.000	Uso legge Bersani, 5 anni senza sinistri, CU1	1	Il sito compara preventivi di questo modo solo per le immatricolazioni a partire dal 1984, dando luogo a 10 prezzi (di cui 5 relativi a compagnie dirette ed 1 tradizionale; 4 recanti solo il marchio del sito)	18	€ 517
					2	Il sito, in questo caso, consente di selezionare solo marche "alfa romano spider" oppure "aston martin db - caloon"	18	n.d.
					3	6 (compagnie dirette)	10 (tra cui 1 marchio di una compagnia diretta già ricompresa nelle dieci)	€ 226
					4	Il sito compara preventivi di questo modo solo per le immatricolazioni a partire dal 1991, dando luogo a 4 prezzi di compagnie dirette	15	€ 48
					5	Il non effettua preventivi su auto di vecchia immatricolazione	7 (compagnie dirette)	n.d.
					6	Il sito non compara preventivi di auto immatricolate oltre 20 anni fa	20	n.d.