

COURTESY TRANSLATION
(only the Italian version is authentic)



MARKET CONDUCT SUPERVISION DIRECTORATE

PRODUCT SUPERVISION DIVISION



Report

**Analysis of Trends in
the Supply of
Insurance Products**

July – December 2021

February 2022



INDEX

Introduction and overview

1. New Non-life Products

- 1.1 Digital
- 1.2 Health
- 1.3 Mobility
- 1.4 Home
- 1.5 Small and medium-sized enterprises
- 1.6 Cyber risk
- 1.7 Third Party Liability (TPL)

2. LIFE BUSINESS PERFORMANCE

- 2.1 Trends in individual products
- 2.2 Focus on IBIPs

Introduction and overview

The analysis of the trends in the supply of insurance products in the second half of 2021 refers to the new insurance products launched by insurance companies in the observation period, and is aimed to provide an overview of current trends, regardless of the commercial success of these products¹ and of the level of premium income associated with them.

For the non-life sector, information has been taken from “open sources” (e.g. daily press reviews, portals, websites of the individual companies) and, for the first time, from a tool for monitoring non-life products that the Institute has just put in place.

For the life sector, the information is obtained mainly from the database fed by the so - called “systematic notifications” of the technical bases of life tariffs and, in the case of insurance-based investment products (IBIPs),² the data used include also those contained in the KID (Key Information Document), the precontractual information documents that undertakings are required to provide to potential customers before the investment contract is concluded.

In **non-life insurance**, technology has had a significant impact in the development of insurance products and services in all sectors.

The analysis of the trends in the supply in the second half of 2021 has highlighted the following:

- 1.** the confirmation of the **digitization** of products and processes with tools that map risks due to climate change; frameworks designed to provide easier access to useful services for SMEs; apps to get car quotes based on driving styles; new digital health platforms; dematerialized expertise tools for bad weather damage in agriculture;
- 2.** in the **healthcare** sector, the presence of **modular products** combined with assistance services, which have become real healthcare plans for people and their families, and digital products on demand, as well as new parametric cancer coverage providing a pre-

¹ The analysis does not take into account the volume of premiums written for each product, which is not available, but only the number of new products launched in the semester.

² Under the current European legislation, this is the acronym for insurance-based investment products which include with-profit policies, unit-linked and hybrid products. IVASS, for the supervision on IBIPs, has been using a software for the collection, monitoring and updating of the information contained in the KIDs.

set indemnity at the time of the diagnosis, without the need to submit invoices to receive reimbursement;

3. in the field of **mobility**, solutions especially related to the use of green means and packages that include multiple car, home, accident and health coverage extended to all family members in a single contract;
4. in the **home** sector, the development in one case of an on-demand policy with pay-per-use tools for home theft and flexible **modular** products for the whole family that can also be purchased digitally;
5. for **SMEs**, policies for specific sectors and categories (wind farms, beekeeping, self-employed drivers and couriers, nursing homes, etc.) or multi-risk policies that also allow for the customisation of deductibles and excesses;
6. for **cyber risk**, the new range of policies providing all-round protection for the family continues, protecting against cyberbullying, damage to digital reputation, online purchases and data loss;
7. in the **Third party liability (TPL)** class, ad hoc policies have been developed for skiers, following the entry into force, as of 01/01/2022, of Legislative Decree no. 40 of 28 February 2021, which has made third-party liability coverage compulsory for those who practice downhill skiing, snowboarding, sledding and tobogganing.

In the second half of 2021, the trends in life business (individual policies) have shown:

- ✓ a slowdown in the supply by companies of new hybrid products, namely those products resulting from the combination between class I with-profit products and class III unit-linked products, and a higher propensity to offer new with-profit products. Among the new individual products observed (133), there are in fact 46 hybrid products (they were 70 in the first half of 2021) and 41 with-profit policies (27 in the first half of 2021) and 21 new unit-linked products (21 also in the previous six-month period); among the various new life products such as term life insurance, different types of pension plans and Long Term Care, there are 25 new products (6 *LTC*, a multi-guarantee policy, 3 new PIR products - Individual Savings Plans);

- ✓ the recommended **average holding period** for the investment related to the new IBIPs is approximately 6 years;
- ✓ for *IBIPs*, the values for the RIY of the various underlying financial options, an indicator representing the overall **costs**³ of the products, generally range between **2%** and **4%**⁴; 92% of the underlying options in fact fall within this range⁵. RIY values greater than or equal to **4%** were recorded in options envisaged for 12 new hybrid and 7 unit-linked products, respectively⁶;
- ✓ the least costly products are with-profit policies (*with-profit policies continued to be the least expensive products*), with a RIY generally ranging between **1%** and **2.3%**;
- ✓ for 6 new products, 2 with-profit and 4 hybrid, 2 companies made use of a profit fund to which they could link the benefits⁷ on the basis of the changes introduced by IVASS Order no. 68 of 14 February 2018 on segregate funds relating to with profit life policies;
- ✓ the offer of products with underlying investments in environmental, social and governance (ESG) factors continued for both hybrid products and unit-linked contracts⁸.

1. New Non-life Products

1.1 Digital

The second half of 2021 continued to be characterized by a significant increase in investments⁹ by companies in technologies and tools (big data, artificial intelligence, blockchain, IoT) designed to support the development of insurance solutions and provide increasingly personalized services for policyholders or to streamline insurance industry processes. Several partnerships have been formed with technology providers.

³ Including one-off costs (such as entry costs), recurrent costs (such as management commissions) or ancillary costs (such as performance fees).

⁴ Around 92% of the options underlying the sampled IBIPs fall within this range.

⁵ In around 43% of the cases, the values for the RIY of the underlying options range between 3% and 4%.

⁶ For the purpose of the analysis of the RIY, the 21 unit linked products do not include 4 products as their underlying funds make reference to the KIID.

⁷ In the case of hybrid products, the reference is to the class I component in which the premiums are invested and on which the part of the benefit linked to the results achieved by the segregate fund depends.

⁸ 12 companies offered new products with underlying ESG investments in the half-year

⁹ As revealed by the investment index, which the Italian Insurtech Association (IIA) created in collaboration with the Fintech & Insurtech Observatory of the Milan Polytechnic, a total of €280 million was invested in Insurtech in 2021, 460% more than in 2020, when €50 million was invested.

An insurance group launched a new tool that maps current and future flood risk from climate change, allowing coastal flooding to be assessed by comparing, in insurance models, scenarios with and without the protective benefits of coastal ecosystems (such as, for example, coral reefs and mangroves, which are critical to support risk mitigation efforts).

With the aim of creating an ecosystem of services for small and medium-sized enterprises, another insurance group co-designed with a technology manufacturer a framework on which SMEs will have access to service packages, with an offering tailored to the industry sector and supply chains in which they operate. For some target sectors, the initiative will be supported by dedicated digital platforms, covering key business topics: from productivity to accessing IoT tools, preventing business risks, digitizing processes, and supporting customer and stakeholder relationships.

To allow people and families to manage their health-related needs, one company developed an online platform with innovative services. The platform can be accessed from your PC with a simple click and provides you with: tele and video consultations with general practitioners and specialists, home services, delivery of drugs and any product on sale at pharmacies, nurses and health and wellness networks with over 3,500 affiliated facilities spread across Italy at discounted prices (dental centres, outpatient clinics, clinics and physiotherapy centres, etc.).

In partnership with a leading mobile telematics company, a company launched the first smartphone app that allows people to get a motor liability quote based on their driving style (the so-called "Try-Before-You-Buy" approach). The application allows you to receive up to a 15% discount on the purchase of a new motor liability insurance policy, if the analysis of the data collected on the mobile phone (for example, exceeding the speed limit, sudden braking, distraction from smartphones, etc.) in a given period of time demonstrates compliance with the driving rules by the insured driver.

Another company created an app that allows for a dematerialized appraisal of bad weather damage speeding up damage compensation and providing risk monitoring in the affected areas. Through the app's geolocation, the appraiser has the details of the affected territory to be analysed immediately available. Furthermore, through the guided compilation of a form, the appraiser is able to provide a precise and immediate quantification of the damage

in real time. The application also allows the evaluations made between appraisers to be shared, thus creating a historical archive, which over the years can offer a comprehensive view of the information of a given field or agricultural area.

From the collaboration between a company specialized in integrated welfare programs and personalized health services and a company that develops robotic systems dedicated to humans and technologies in the world of rehabilitation and scientific wellness, "tailor-made" programs have been created to promote personalized rehabilitation and diagnostic processes. These enabling services assess the patient and create objectively measurable personalized treatments; assessment and treatment for the prediction and reduction of fall risk in the elderly.

A company, together with a credit institution, introduced a new service for its customers based on the latest Payment Systems Directive (PSD2), which allows them to pay their insurance premium in a totally digital manner, simply, securely and quickly, by means of an online SEPA credit transfer with pre-compiled beneficiary, amount and reason for the payment.

There has been no shortage of strategic partnerships, such as the one initiated by an insurance company with a leading provider of connected solutions for insurance, to enhance its current service offerings by leveraging advanced connected technologies to create distinctive, connected insurance products, based on telematics data, in the motor, health and home sectors, with a significant impact in terms of underwriting management performance, claims management efficiency and policyholder satisfaction.

One company adopted a fully automated, artificial intelligence-powered software solution that ensures full accessibility to its institutional website, in accordance with national and international regulations on accessibility for people with disabilities (blindness, visual, cognitive, motor and epilepsy impairments). The software operates on the website by removing communication barriers and acting on two fronts: accessibility interface and artificial intelligence application.

1.2 Health

In addition to new flexible **modular products**, with extensive guarantees and assistance services, companies developed on demand digital products, able to promptly respond to the protection needs of the policyholder, when needed, with just a few taps on a smartphone. Sometimes companies provided protection to specific target customers. In one case, a new parametric policy was launched.

One company launched a new insurance model for customers to build their own health path that evolves throughout their lives, with a **modular** integrated solution that offers the possibility of having accident, preventive health and health guarantees in a single digital policy, at a single maturity and with a single payment, as well as high-diagnostic check-ups, manageable through an app (for appointments or reimbursements), whole-life guarantees, preventive dental care and a care manager. The whole life solution features 3 formulas that offer: daily allowance for hospitalization following injury or illness, with pre- or post-hospitalization medical expenses; lump sum compensation in case of serious events; coverage for major surgery; cancer diseases, high diagnostics, medical expenses due to illness or childbirth.

Another company developed a protection plan that offers prevention, care and treatment and provides direct assistance in cases of accident, illness, caesarean section and dental care. Thanks to a card, the policyholder has access to a network spread throughout the country with nursing homes, dental centres, selected hospitals, which can be reached through direct assistance, by contacting a "Health Concierge". The policy comes in two solutions offering: a range of coverage from hospitalization with or without surgery to day hospital; diagnostic services; transportation to and from the affiliated facility; mini check-ups; specialist advice from a care manager after hospitalization; a wide range of 24-hour telephone consulting services; second opinion (general practitioner, cardiologist, oncologist); annual dental check-up with hygienist and services at discounted rates for unlimited medical care.

One company launched a customizable policy offering protection from preventive care to treatment (including dental care). You can build the policy that best suits your needs by

purchasing the basic coverage and adding up to 3 specific packages dedicated to oncology, major surgery, serious illness and dentistry. Customers also have the option to pay for the policy in 10 monthly instalments at 0% interest.

A different company developed a flexible and customizable policy aimed at individuals and legal entities who wish to insure, in addition to themselves, one or more individuals (with a limit of 5), against occupational and non-occupational accidents. The policy allows you to benefit from compensation in case of total or partial permanent disability from accidents and, if included in the policy, to benefit from guarantees in case of illness and major surgery. Also included is a 24/7 helpline, teleconsultation, access to a health network, pre- and post-care services. The product offers coverage in the event of an injury sustained as a result of physical violence or robbery or that has led to the loss of the policyholder's school year or the inability to participate in sports and/or recreational activities.

Sometimes health and accident policies have been created for a specific target group of customers, as was the case with a company that devised an insurance cover dedicated to bank account holders to protect their own health or that of their family unit (up to 5 members). The product offers a range of customizable coverages, according to two formulas: the first includes: reimbursement of expenses in case of hospitalization, assistance and legal protection; while the second: hospitalization allowance, reimbursement of expenses for high diagnostic tests, cancer therapies and medical examinations. Also envisaged are: medical and physiotherapy services, specialist video consultations (including for uninsured family members), a replacement benefit in the event of hospitalization in a public facility with daily allowance, reimbursement of expenses incurred in the 90 days preceding and following hospitalization; access to affiliated private healthcare facilities through direct assistance agreements.

Other times, companies have entered into agreements with companies operating in other industries to launch new products.

This is the case of an insurance company that, in partnership with a leading company in the utilities sector, offered a new policy that guarantees those aged 18 to 74 who have subscribed to an energy and/or gas supply, compensation of €1,200 per contract in favour of the customer or beneficiary (€2,400 if the customer has subscribed to both electricity and

gas supplies), in case of unforeseen events such as death or total permanent disability equal to or greater than 66% due to accident or illness, which may compromise their ability to pay for bills relating to the electricity and/or natural gas contract.

An insurance solution was also dedicated by a company to the people working in the Third Sector, who contribute to developing sustainable production and consumption models with their lifestyle. The product protects the individual and their family in the event of accident or illness with disabling effects that may occur during working life, private life or when using sustainable mobility.

Alongside traditional coverage, there has been no shortage of technological solutions in the health sector, as in the case of an insurance company that enriched the digital ecosystem of an app already dedicated to open banking with two new policies: one that covers accidents sustained by the policyholder at work and in leisure; the other that protects you during amateur bike rides in case of accidents and offers a civil liability guarantee for damage to third parties during the ride. Both coverages can be activated directly via smartphone in minutes, with just a few taps.

Sometimes the new offer was aimed at green communities or consumer association members.

From the collaboration of insurance companies with Insurtech companies the following were created: a multi-risk policy that provides dental protection for members of a green community and their families, and the first semi-parametric digital insurance dedicated to cancer cases, which provides, for members of a consumer association, predefined compensation at the time of diagnosis, without the need for invoices. This latter policy can be activated in a few taps and, unlike other "stand alone" insurance products dedicated to oncological diseases, it is easy and quick to subscribe online, just answering 3 questions of a questionnaire, with no check-up. The policy has a fixed premium amount in the event of an adverse diagnosis for up to 5 years after underwriting (with no obligation to submit claims for visits and hospitalizations) and also offers the possibility of extending the cover to under-age children.

1.3 *Mobility*

Companies continue to develop products capable of providing different types of protection to drivers and third parties, especially with an eye to "green" vehicles, giving the possibility of purchasing a range of coverages, including modular ones.

One company, covering green vehicles, presented a single policy available to the entire household, designed to cover the risks associated with the use of green vehicles (electric bicycles and scooters, hoverboards, segways and single-wheelers). The policy provides: vehicle assistance and personal care; accident coverage (compensation in case of bone fracture); third party liability and legal protection (out-of-court or legal assistance in relation to the ownership, driving and circulation of green vehicles). In the event of an accident, a babysitter and a caretaker are provided to support the family.

Another company, on the other hand, has entered into an agreement with a leading company in the green sharing mobility sector, to guarantee automatic third-party liability insurance coverage for those who choose to drive a shared, rented or subscription vehicle.

Two new insurance solutions dedicated to a precise target of automotive customers have been developed by a company to guarantee additional assistance for the 3 years after the expiry of the supplier's legal warranty and the reimbursement of spare parts and labour costs resulting from a defect in all vehicle components, with no limit on the amount or mileage.

Also worthy of note is a new **modular** insurance solution, designed by a company, which makes it possible to include coverage for the car, motorcycle or moped, home and personal care in a single contract. With this product, the customer can manage their own coverage, protecting up to 9 vehicles bearing a registration plate, 7 people (accident/health) and 5 assets (homes) with a single solution. The solution, manageable from an app, allows you to insure multiple assets in the same contract, select packages and guarantees functional to your needs, split or finance the premium, insert or delete new guarantees at any time, reviewing the scope of the coverage at each annual deadline, and finally have all the maturities aligned in a single contract.

A new product for getting around safely while using car sharing, bikes, scooters and public transportation has been launched by another insurance company. The new guarantees offered are aimed at protecting persons in all their movements, and concern in particular: civil liability while circulating; accidents and assistance. Each guarantee covers the person both as a driver and as a passenger, regardless of the ecological means used (owned or shared vehicle, public transport or pedestrian) and can be extended to the entire household.

Some companies have partnered with insurance intermediaries, including digital ones.

In one case, an automotive product was launched in two versions: Basic, which provides fire and theft cover and Top, which also offers ancillary guarantees (such as atmospheric events; sociopolitical events and vandalism; third party claims cover due to fire; restoration of safety equipment, such as airbags and seatbelts; crystals, etc.).

In another case, an automotive policy was launched that insures civil liability risks and damages arising from the use of vehicles. Several ancillary guarantees can be added to this policy, based on the customer's needs, such as the driver's accident guarantee, which provides for the reimbursement of medical expenses and a daily allowance in case of accident, as well as coverage in case of permanent disability or death.

1.4 Home

Also in the home insurance sector, the insurance industry is increasingly looking towards a collaborative model with players in other sectors such as Insurtech. Alongside **modular policies**, innovative products have been developed which, thanks to the use of technology, adapt to the customer's lifestyle, and Home/Auto packages to be purchased digitally, which offer a wide range of on-demand guarantees dedicated to the protection of assets, health, pets and leisure.

The collaboration of a company with an insurtech insurance intermediary has resulted in a **modular** policy that allows for integrated home, family and accident insurance with customized levels of protection, including items such as electric bikes and drones. The policy, which can also be purchased via smartphone by downloading a dedicated app, offers

coverage for the property, with guarantees that include theft in and out of the home, damage caused by natural events, fire and breakdown, as well as protecting family members from accidents and damage caused by third parties.

In one case, to provide greater security for the homes of an energy utility company's customers, an agreement was struck between an insurance company, an insurtech broker and an energy and gas supplier. An innovative on-demand, pay-per-use policy against home theft was launched, which can be activated at the same time as the purchase of a multi-sensor. The product, designed around consumers' lifestyles, aims to provide an additional layer of protection in the home service that can be activated only when needed (allowing you to pay only for what you consume) and can be managed from your smartphone integrated with a multi-sensor.

A company in partnership with a digital insurance intermediary has come up with a new digital policy that protects the home and family against unforeseen events of daily life. The ancillary guarantees include TPL for electric means of transport, which protects against any damage to third parties while circulating with an electric scooter, and the TPL for pets, as well as a series of services to manage any domestic accidents or emergencies involving the home.

1.5 Small and medium-sized enterprises

The development of initiatives to meet the needs of small and medium-sized enterprises continues, with the offer of flexible products that allow for the customization not only of guarantees and capital, but also of deductibles and excesses. In addition, solutions have been designed to support specific categories of businesses (wind energy suppliers, beekeepers, self-employed couriers, nursing homes, ...).

A company developed a new insurance policy for offshore wind farms designed to support green energy providers throughout the entire process, from starting project construction through to energy production, storage and output. The new policy offers all risks and start-up delay coverage, as well as business interruption, civil liability and terrorism coverage.

Another company launched a policy for beekeepers, which protects the operator in the case of both epizootic diseases and failure to produce honey due to adverse weather conditions. Beekeepers are protected both for traditional practices such as transhumance and hive management and against theft, vandalism and pecuniary losses due to climate change causing bee deaths.

Another insurer launched a flexible policy that allows companies to customize guarantees, insured amounts, deductibles and uncovered amounts. The product is intended for different product sectors: from commercial establishments to manufacturing companies, from artisans to the third sector, as well as service providers, small construction companies and restaurants. The guarantees available include protection in the event of damage to assets, according to the all risks formula or for named risks (also in case of catastrophic events and against theft); damage to third parties; management of buildings and TPL for contractors. There are also extensions for business interruption, D&O, cyber risk, product and pollution TPL.

A company that offers digital solutions tailored to the needs of intermediaries and their customers, in partnership with an insurance broker that operates in the European market in various sectors and with different target customers, launched an agreement for social care and rehabilitation facilities. The product is designed specifically for long-term care facilities such as nursing homes and assisted living facilities. The coverage is intended to guarantee Medical Liability in the form of "claims made¹⁰"; Third party liability; Employer's liability. These guarantees are in addition to others that are always in place (such as wilful misconduct and gross negligence; assets on deposit; 10-year posthumous; acts of patients, fire; waste; accidental pollution; etc.).

Through an agreement with a global transport company, an insurance company joined a protection program, which provides insurance coverage to self-employed drivers and couriers who use the apps from a dedicated work platform to access flexible earning opportunities. The protection program requires the cost of the coverage to be borne by the transport company and includes various forms of compensation for lost earnings in the event

¹⁰ The "claims made" formula in professional liability refers to the moment a professional's customer makes a claim. According to this regime, as opposed to the loss occurrence regime, the loss occurs at the time the claim is made, even if the event that caused the loss occurred at another time.

of accidents en route during deliveries, injuries or hospitalizations, as well as coverages such as paid sick leave for up to 15 days, maternity/paternity leave, and compensation for appearing at a court hearing.

1.6 Cyber risk

Companies are paying increasing attention to the Cyber risk, also in view of the growing number of cyber attacks.

This risk is very often included in modular products for the family, but there is no lack of new products developed ad hoc, such as that of a company that provides all-round protection for the entire household, ensuring assistance against cyberbullying and damage to digital reputation (e-reputation), protection for online purchases and in case of data loss, as well as dedicated legal assistance. In case of need, it is possible to contact the Operation Centre, immediately activating an assistance procedure that involves professionals specialized in different areas, to provide solutions to customers and reimbursement in case of pecuniary *loss suffered*.

1.7 Third Party Liability (TPL)

In this area, policies have been developed in different fields: from the administrative liability of civil servants to third party liability policies made compulsory from 01/01/2022 for those who practice downhill skiing, snowboarding, sledding and tobogganing (Legislative Decree no. 40 of 28 February 2021). Some **modular** products already included this guarantee among the coverage for amateur sports activities carried out in private life; other products were revised by companies to include this compulsory cover, and in other cases the insurers have designed ad hoc products.

A new product was dedicated by a company to the employees and administrative staff of the Public Administration, offering basic coverage for administrative and accounting liability, basic legal protection coverage and optional additional accident coverage.

Another company has developed a "tailor-made" policy, aimed at those who wish to protect themselves against damages deriving from Third-Party Civil Liability and in the event of an accident being suffered, in order to protect their assets in relation to the performance of

amateur downhill skiing, snowboarding, sledging and tobogganing activities. For skiers, coverage can be purchased in instant insurance mode, via a QR Code to be framed with a smartphone.

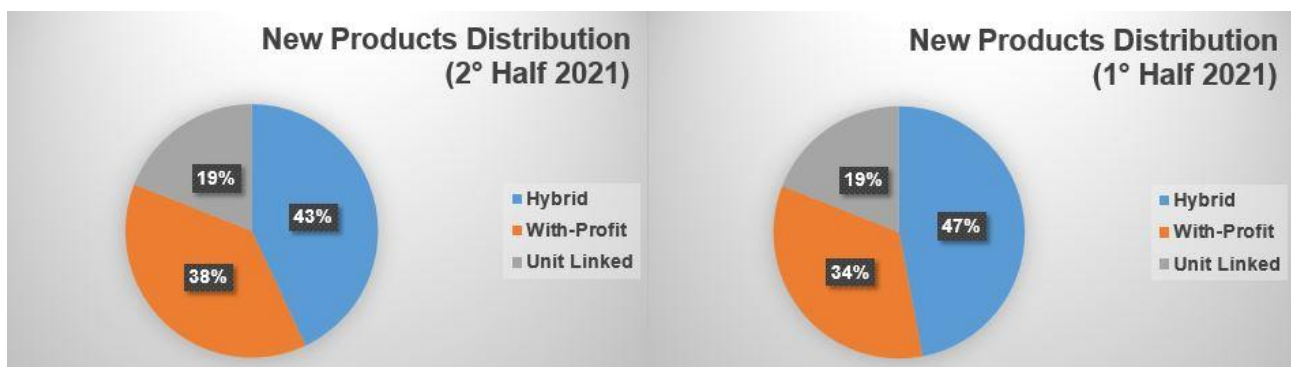
Another company launched a group policy aimed at a specific target group of customers can choose either daily or seasonal coverage. The policy guarantees: liability for damage caused to third parties while practising downhill skiing; assistance and rescue on the slopes 24 hours a day all year round for skiers and snowboarders; return for medical reasons and driver expenses, reimbursement of first aid, reimbursement of ski passes for accidents or bad weather; reimbursement of equipment rental and ski lessons in case of accidents and legal protection.

2. Life business performance

2.1 Trends in individual products

In the second half of 2021 **133** new individual products were recorded, compared to 140 recorded in the previous six months, a number substantially in line with the new offers observed in the same six-month period of 2021 (131 new products).

For the second half of 2021, the composition of the new offers is similar to that relating to the same six-month period of the previous year, that is 43% of hybrid policies (47% in 2020), 38% of with-profit policies (34% in 2020).



The number of the new hybrid policies, after the significant increase in the first half of 2021 (70 in the first half of 2021), brings the value back in line with the *trends* in the previous six-

month periods, recording **46** new hybrid products, **41** new with-profit products (they were 27 in the first half of 2021) and **21** new unit-linked products (they were 21 also in the first half of 2021), all falling within the broad category of IBIPs which in total amount to 108.

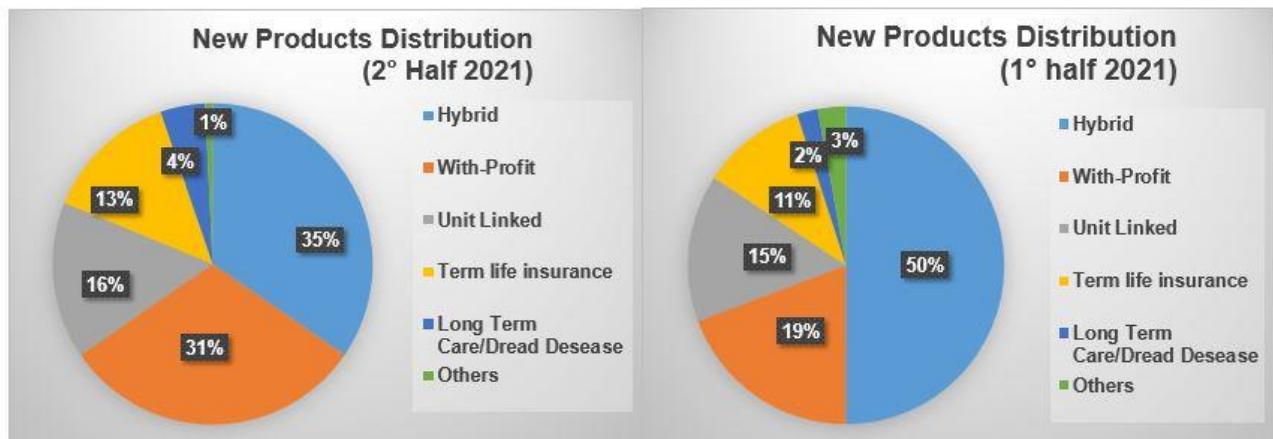
3 new Individual Savings Plans (PIR) were launched (none in the previous six-month period).

With regard to the categories of products other than *IBIPs*, 25 new products were recorded, including 18 individual term life insurance policies (15 during the previous six-month period). A new multi-coverage product offering protection against serious illness, loss of self-sufficiency and death has been observed.

The table below shows in detail the number of new **individual** products launched in the last two semesters.

New IBIPs	1nd half of 2021	2nd half of 2021	Annual
Hybrid	70	46	116
With-Profit	27	41	68
Unit Linked	21	21	42
Total IBIPs	118	108	226
			0
New Products - Others	1nd half of 2021	2nd half of 2021	Annual
Term life insurance	15	18	33
Long Term Care/Dread Disease	3	6	9
Others	4	1	5
Total Others	22	25	47
TOTAL New Products	140	133	273

The following table shows the percentage distribution of the new products offered in the second half of 2021 compared to the first six months of that year; we observe a slow down in the supply of new hybrid products, accounting for 35% of the total new offers (50% in the first half of 2021), which is offset by an increase in new with profit products (31% compared to 19% in the first six months of 2021) and a level of new unit linked policies which has remained substantially stable (16% against 15% in the second half of 2021).



2.2 Focus on IBIPs

As mentioned above, out of the 133 new products observed, **108** are insurance-based investment products (IBIPs¹¹).

The analysis of the KID shows that in this six-month period the average recommended holding period for these products¹² (so-called RHP) is approximately **6 years**¹³, down compared to the previous six months (7 years). The reasons for this lowering can be found in the reduction of the average RHP for hybrid and class III contracts. In particular, the average RHP for hybrid products is about 6 years (7 years in the previous six-month period), 5 years for unit linked policies (6 years in the previous six-month period) while there was a slight increase in with-profit policies, for which the average RHP is about 7.5 years.

Going into details, hybrid products are mainly concentrated in the RHP range of less than or equal to 10 years (99% of the products), while around 95% of unit linked products essentially have a RHP with a time horizon shorter or equal to 5 years. Finally, for with profit products, they are mainly characterised by a RHP of 6 to 10 years (65% of the products).

In relation to **costs**, account was taken of the synthetic indicator Reduction in yield (**RIY**¹⁴) defined by the regulations on PRIIPs, which is the reference measure reported in the KID.

¹¹ Insurance-based Investment Products

¹² The indicators for the RHP (*recommended holding period*) reported in the KID have been taken as reference:

¹³ The weighted average is 5.7 years and is calculated over nearly 90% of the sampled IBIPs.

¹⁴ This measure expresses the expected reduction, in percentage terms, in the annual return on investment as a result of the costs applied to the product, including one-off costs (such as entry costs), recurrent costs (such as management commissions) or ancillary costs (such

For IBIP products, the values for the RIY of the underlying financial options generally range between **2%** and **4%**; in fact, 92% of the underlying options fall within this range¹⁵.

RIY values greater than or equal to **4%** were recorded for 12 new hybrid and 7 new unit-linked products, respectively. The least costly products are with-profit policies, in which roughly 80% of the new offers have a RIY ranging between **1.2%** and **2.3%**.

More in detail, for:

- **hybrid products**, the values for the RIY for each investment option are, in around 24% of the cases, included in the range [**2%**; **<3%**], in around 30% of the cases [**3%**; **<4%**] and, in approximately 30% of the cases, they **exceed 4%**. The maximum value for the RIY recorded for this type of products is 8.5% (7% for the products of the previous six-month period);
- **unit linked** products, the values for the RIY for each investment option are, in around 48% of the cases, included in the range [**2%**; **<3%**], in around 29% of the cases [**3%**; **<4%**] and, in approximately 9% of the cases, they **exceed 4%**. The maximum value for the RIY recorded for this type of products is 7.5% (7% for the products of the previous six-month period);
- **with-profit products**, the values for the RIY generally range, in more than 60% of the cases, between **1%** and **2.3%** and reach a maximum value of 3.4% (90% for the products of the previous six-month period);

Analysis by product

For the sake of completeness, for the three types of products mentioned above and with reference to the most significant clusters of RHP, graphs are shown that highlight the distribution of products by extent of costs expressed according to minimum and maximum values for the RIY of the underlying options¹⁶:

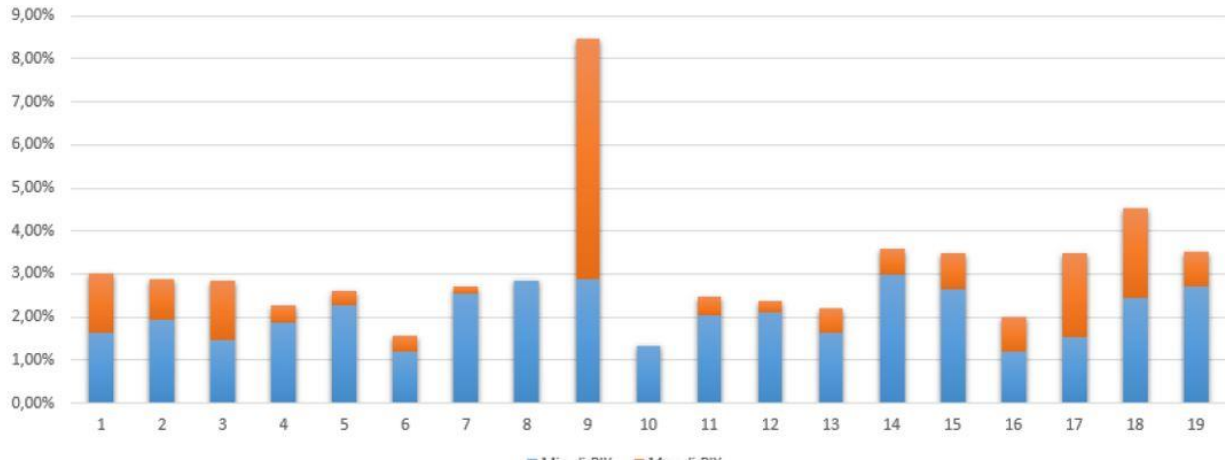
as performance fees). The higher the value of the RIY, the higher the level of the costs that are applied to the product and that reduce the investment performance.

¹⁵ In around 43% of the cases, the values for the RIY of the underlying options range between 3% and 4%.

¹⁶ Detected at RHP.

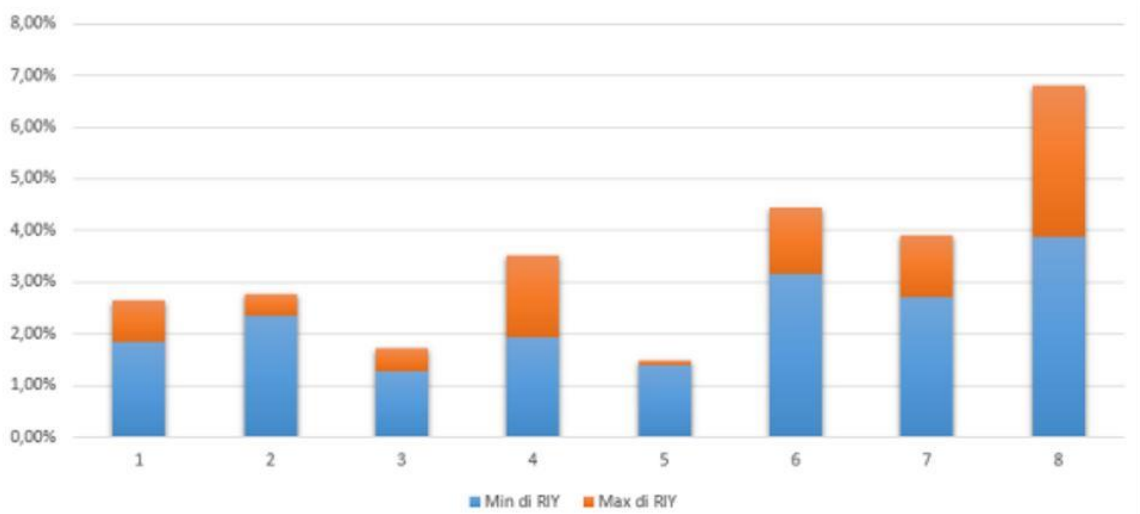


Hybrid RHP \leq 5 years



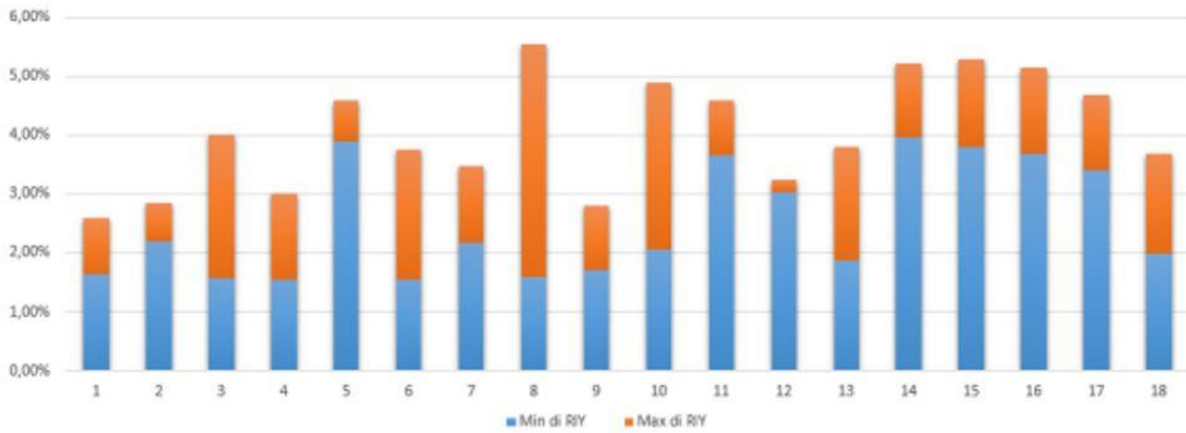
RYI minimum ■
RYI maximum ■

Hybrid 5 years \leq RHP \leq 7 years

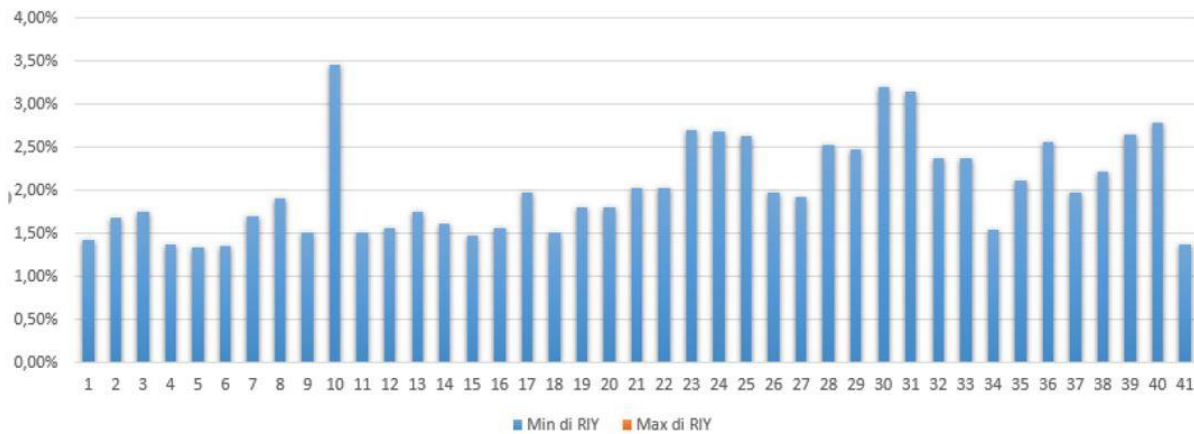




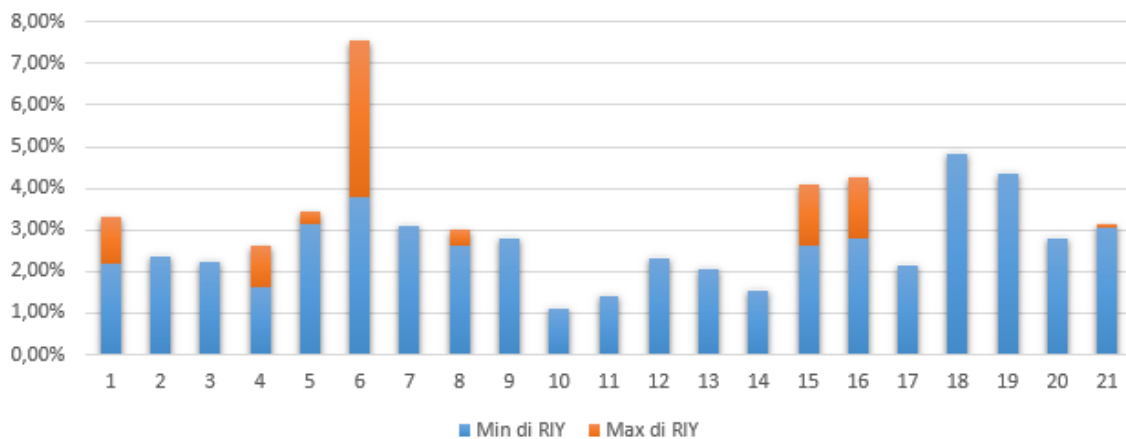
Hybrid 7 years \leq RHP \leq 15 years



With Profit



Unit Linked



Additional highlights in the 2nd half of 2021 include:

- with reference to 6 new products, 2 with-profit and 4 hybrid, 2 companies made use of a profit fund to which they could link the benefits on the basis of the changes introduced by IVASS Order no. 68 of 14 February 2018 on segregate funds relating to with profit life policies;
- the interest shown by companies in selecting and managing investments in the area of environmental, social and governance (ESG) factors in both hybrid products and unit-linked contracts was confirmed in this second half of the year. Of particular note is the offering of internal funds that make use of dynamic portfolio strategies based on investments that relate to carbon emissions, energy transition, financial strength, issues related to global warming, water and waste management, increased longevity and increased population of urban centres.