



Press Release

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EIOPA'S CONSUMER TRENDS REPORT HIGHLIGHTS THE IMPACT OF DIGITAL TECHNOLOGIES ON CONSUMERS

- *Digital technologies and Big Data are influencing consumers' behaviour and the way they interact with insurance undertakings and intermediaries*
- *Ever changing new technologies and a greater availability of data enable the design of new innovative insurance products and services, often developed in collaboration with Insurtech start-ups*
- *Increase in complaints related to travel and household insurance in several European countries*
- *Slow but steady penetration of digital technologies in the pensions sector*

Frankfurt, 16 December 2016 – Today, the European Insurance and Occupational Pensions Authority (EIOPA) published its fifth Consumer Trends Report about the latest developments affecting consumers in the insurance and pensions sectors in Europe. The Report also addresses possible consumer protection detriments eventually arising from these developments.

As a result of digitalisation and financial innovations the conduct of business and business models of the European insurance and pensions industries is progressively changing. The ever changing new technologies and the greater availability of data enable – often in collaboration with Insurtech start-ups - the development of new innovative insurance products and services. Digital technology and data are gradually transforming the way consumers behave and how they interact with insurance undertakings and intermediaries.

EIOPA identified the following current major trends reshaping the European insurance sector and having significant impact on the business models of insurers:

- Continuous introduction of new life insurance products with reduced or no guarantees as a result of the persistent low interest rates environment
- Increased development of tailored and personalised products triggered by Big Data and advanced consumer analytics, with a potential negative impact on the availability and affordability of insurance for some consumers
- Improved insurers' relationship with consumers due to tailored sales offers through mobile phone applications
- Increased presence of Insurtech start-ups via very frequent cooperation agreements with established insurers
- Decreased motor insurance complaints in a majority of European countries and increased travel and household insurance complaints in several European countries

The European pensions sector is affected by a combination of trends detected in the previous years and new trends such as:

- Continued shift from Defined Benefit Schemes to Defined Contribution where risks are borne by consumers
- Liberalised pay-out phase introduced in several European countries resulting in the provision of new decumulation options to members and policyholders
- A moderate increase in the number of members and policyholders in occupational and personal pensions schemes in most of the European countries
- Lack of advice on pensions matters to pension scheme members and policyholders
- Slow but steady penetration of digital technologies into the European pensions sector

EIOPA observes that the innovative developments in both sectors bring numerous benefits, but at the same time can trigger risks to consumers. These developments therefore require a careful and regular monitoring from the regulatory and supervisory side.

Gabriel Bernardino, Chairman of EIOPA, said: *"The magnitude and speed of the changes due to digitalisation and Big Data in the insurance and pension sectors cannot be ignored by supervisors and regulators. While recognising the benefits of the digital era, EIOPA is following very closely the potential threats for consumers such as the availability and affordability of insurance for some consumers. A well-functioning*

consumer protection framework and taking the benefits of financial innovation into account is key for EIOPA”.

The report is available here: <https://goo.gl/5mPqk0>

Note for Editors:

The **European Insurance and Occupational Pensions Authority (EIOPA)** was established on 1 January 2011 as a result of the reforms to the structure of supervision of the financial sector in the European Union. EIOPA is part of the European System of Financial Supervision consisting of three European Supervisory Authorities, the National Supervisory Authorities and the European Systemic Risk Board. It is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union. EIOPA’s core responsibilities are to support the stability of the financial system, transparency of markets and financial products as well as the protection of insurance policyholders, pension scheme members and beneficiaries.