



Toward a Consumer Centric Insurance

Welcome address by Luigi Federico Signorini, IVASS President

International Conference 'Toward a Consumer Centric Insurance' - 'Carlo Azeglio Ciampi' Conference Centre

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I am pleased to welcome you to Rome to attend this international conference. I regret that I cannot welcome you in person, but international commitments, unforeseen at the time the conference was convened, do not allow me to be there today.

The purpose of the conference is to have an exchange of views and opinions about the role of consumers and how to keep them at the centre of product manufacturing and distribution processes. This needs to be seen in the light of the current legislative initiatives pursuing the Commission's Retail Investment Strategy.

The conference has three panels

The first panel will focus on the main elements of the Commission's strategy that I just mentioned. The Retail Investment Package aims to strengthen the confidence of retail investors in the capital market and enhance the role of insurance in protecting citizens as well as in supporting the economy. The proposal is meant to address some critical issues, such as poor value for money for customers, conflicts of interest and disproportionate fees. It also recognises the need to enhance cooperation among supervisory authorities whenever business is carried out on a cross-border basis, with a view to ensuring the same level of consumer protection throughout the internal market.

The second panel will focus on sustainability issues, and more specifically on two groups of questions: (i) the challenges for conduct supervision and consumer protection, especially the difficulties faced by consumers in understanding the sustainability features of an IBIP, and the risk of greenwashing; and (ii) the accessibility and affordability of insurance products offering protection against natural catastrophes. Concerning the latter, it is well known that in Europe there is a significant protection gap; the panel will discuss, among other things, forms of cooperation between the public and the private sectors and the potential of specific insurance education programmes.

The Italian government has recently tabled a draft provision in the budget law, now under discussion in Parliament, that would introduce mandatory insurance covering natural catastrophe risks for all businesses (except agricultural businesses, which are already covered in a different way). The scheme envisaged is based on public-private cooperation. We find this a promising direction for legislation: at the same time, we think that appropriate secondary rules will be needed at the technical level, to ensure the sustainability and affordability of the scheme. As the national insurance supervisor, we stand ready to provide our input.

The last panel will take a more practical approach. The idea is to share concrete national experiences in the implementation of the POG process and in the assessment of Value for Money of IBIPs. We expect the panel to provide an insightful overview of the initiatives taken by European national authorities within the current legislative framework.

Our own experience is that there still are significant weaknesses in the application of POG rules by insurance companies. In early October, Ivass published a consultation document on its expectations about actions by insurers to rectify the identified shortcomings, and we are currently processing the many comments received.

Finally, let me add that, aside from rules and supervision, another key element of consumer protection is the triad of competition, transparency and insurance education. These three elements reinforce one another; none of them quite work in isolation.

Competition spurs innovation and gives choice to consumers. To work most effectively, it requires a truly European market and a level playing field.

Transparency is a prerequisite for a functioning competitive market. It is not to be equated with over-information, that is, the veritable legal logorrhoea with which companies sometimes flood the consumer. Quite the contrary: it means saying what is important with a vocabulary that is appropriate to the counterparty and the circumstances. The role for conduct authorities in this field ranges from moral suasion to rules and enforcement. On the first front, we recently conducted an analysis of the language of current insurance contracts, with the help of consultants and with a view to developing guidelines for the market. On the second front, we ideally need requirements or expectations on transparency of contracts and pre-contractual documents that are

smart enough to improve readability without sacrificing completeness. It is no easy task, and we shall always need to strive for improvement. There is surely room for simplification and rationalisation.

Finally, insurance education is crucial to empower consumers to make truly informed choices. It requires joint action by institutions, including schools, the market, and consumers.

As I said, each of these elements is important, but it is their simultaneous presence that ensures real benefits for consumers.

Before leaving the floor to the European Commission, let me express my gratitude to our distinguished panel of speakers; and my warmest thanks to all the participants, including those who are following us remotely. I wish you all a fruitful and enjoyable discussion.