



# IBIPs value for money the Polish experience

**TOWARD A *CONSUMER CENTRIC* INSURANCE**

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# Market outlook prior to product intervention

- Significant variations and discretion in the amount and types of fees applied by insurance undertakings
- Very negative opinion of the public as regards unit-linked products
- KIDs analysis indicated negative assumptions in most scenarios
- High positive margins against negative value for customers verified by actuaries in the course of RAF
- Outlying market situation against other EU markets\*

\*EIOPA cost and past performance report 2020

**All customer returns were negative**

**(-5.1%)** **Min. average rate of return**

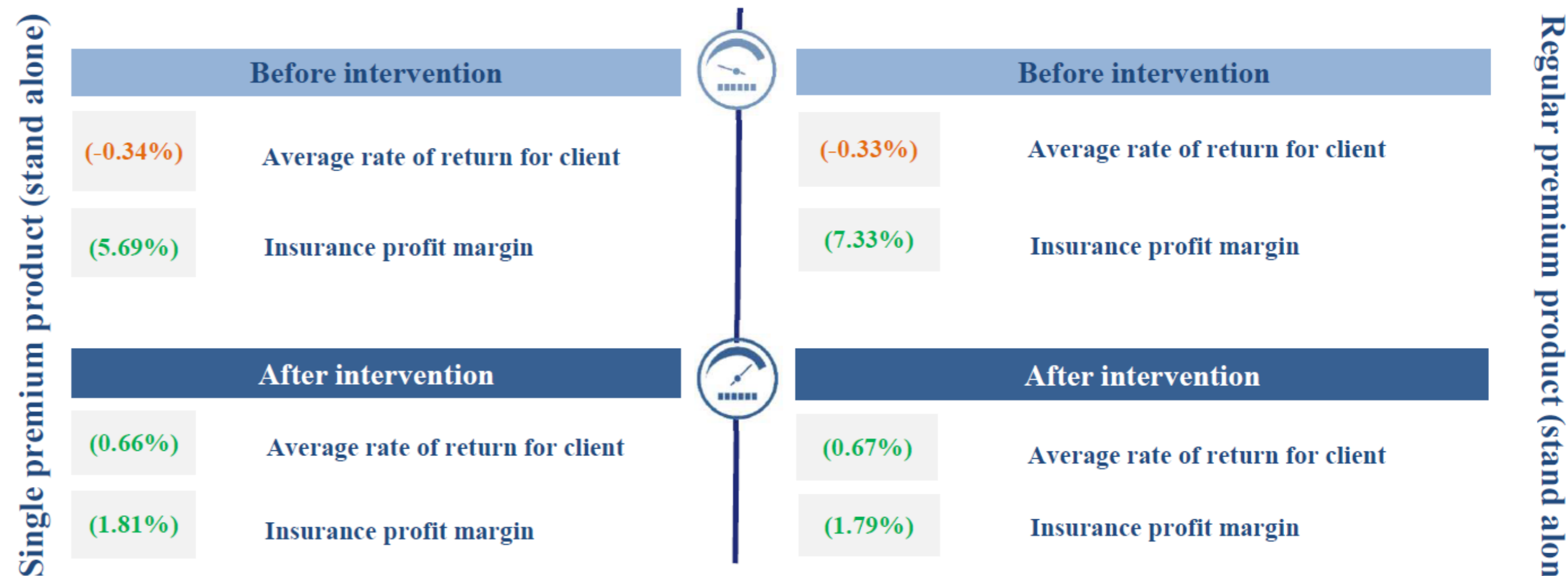
**(-1.5%)** **Max. average rate of return**

# Key elements of the product intervention

- Adopted pursuant to Article 17 of PRIIPs Regulation, enforced on 1 January 2022
- Applicable only to new products
- Limited to the investment part of the UL product due to uncertainty resulting from the COVID pandemic
- Technical criteria of the product intervention led to unbundling of the UL product
- Adopted after extensive consultation with market stakeholders and EIOPA
  - ✓ Initially 3 criteria – 1) value for the policyholder, 2) asset quality and 3) transparency of product documentation
  - ✓ Eventually limited to criterion 1 and in limited scope to criterion 2 (CoCos)
    - Asset quality will be addressed through a legislative change – in progress
    - Transparency of product documentation was addressed in Jan 2022 through a KNF statement

# Market outlook after KNF decision entered into force

- The number of products offered fell from 105 to 31 and the number of UL funds fell from 1084 to 257\*  
\* as of 1 January 2022
- Expensive UL products offered in particular as bankassurance disappeared from the market
- No transfers observed from old to new contracts
- All old products remained unchanged



Assuming a 10-year product holding period 50% of RFR\_spot = 0.66%

# Thank you!

**Damian Jaworski**  
**International Cooperation Department**  
damian.jaworski@knf.gov.pl  
Piękna 20, 00-549 Warsaw, POLAND  
[www.knf.gov.pl](http://www.knf.gov.pl)