

Four steps to ensure the EU Retail Investment Strategy works for consumers



Focus disclosures on what matters most to consumers



What is the problem?

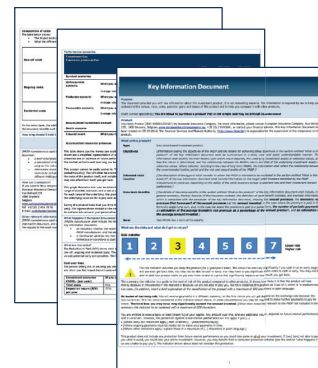
Consumers need the right type of information that helps them understand how products differ from each other so they can choose the one that best meets their needs. Insurance-based investment products are the only products that combine both investments and protection against certain risks.

Current disclosures include many figures on costs and charges, but leave no room to properly explain the protection and other benefits insurance products offer to consumers and their families. This means consumers often compare products in terms of their costs rather than their quality, and are encouraged to go for the cheapest offers without properly considering the added value of insurance protection.

Did you know?

The revised Key Information Document (KID) for packaged retail and insurance-based investment products (PRIIPs) will provide you with around 30 different figures on costs.

This will be even more confusing than the current PRIIPs KID, which already displays 20. The “What is this product?” section of the KID alone includes seven different disclosures on costs, but only allows a mention of the insurance cover that is too short, even though this is crucial to your decision-making.



What are the solutions?

- ✓ Create disclosures that highlight products’ distinctive features, in particular insurance protection elements.
- ✓ To aid comparison, require providers to disclose when products do not offer insurance coverage.
- ✓ Be transparent on costs, but do not design disclosures in a way that nudges consumers to compare products based purely on costs.

