

## **Insurance Europe's position paper on the European Commission's (EC) 2025-2030 Consumer Agenda**

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Contact person:	Maraya Mihaylova	E-mail:	Mihaylova@insuranceeurope.eu
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### **Introduction**

Insurance Europe welcomes the opportunity to contribute to the EC consultation on its 2025-2030 Consumer Agenda. This position paper is intended to supplement the response provided via the online survey to add greater clarity and context to Insurance Europe's answers.

The insurance sector plays a vital role in supporting consumers across Europe, helping them manage risks, recover from unexpected events and plan for their future. It is therefore essential that the next Consumer Agenda recognises the strategic importance of insurance so that consumers can fully benefit from what insurance offers.

#### **■ Recognising the essential role of insurance**

Insurance is woven into everyday life, with 90% of EU consumers having some form of insurance. It helps people prepare for retirement, protect their savings in uncertain times and stay resilient against life's many risks. From driving a car to owning a home or running a business, the modern world simply would not function without it. Insurance therefore enables people to live their lives with greater confidence and financial security. Whether it is through life, health, property or pension products, insurers support individuals and families throughout their lives. They are there in critical moments, such as after a loss or an accident, providing cover, assistance and essential services. In fact, insurers in Europe pay out €2.8bn per day or €1 010bn annually in claims and benefits, helping individuals, businesses and communities recover swiftly when things go wrong. This financial protection reduces hardship and plays a key role in supporting the activities of everyday life, economic prosperity and growth.

The insurance industry's contribution to consumers goes well beyond financial protection. Insurers continually improve their services to remain competitive - developing innovative products, enhancing communication and providing clearer, more accessible information. The sector is also evolving rapidly to respond to the digital transformation, climate change and shifting demographics. New solutions, such as cyber insurance and tele-assistance services, show how insurers are adapting to emerging risks and societal needs. Many such examples are displayed in Insurance Europe's [Consumer Hub](#), which showcases national initiatives that are designed to improve consumer outcomes.

Consumer protection is therefore rightly at the heart of the insurance industry. The Consumer Agenda should acknowledge this and promote awareness of the **positive impact of insurance** on consumer's financial well-being, inclusion and resilience - especially in light of Europe's demographic, climate and economic challenges.

#### ■ The need for a fit-for-purpose and proportionate framework

While the EU has developed a strong consumer protection framework, the rules that apply to insurance have become increasingly complex, fragmented and difficult to navigate, both for consumers and insurers. In recent years, insurers have seen the number of applicable frameworks expand from 12 to over 70, while experiencing a steady decline in regulatory coherence. Many legislative files are adopted in silos, with inconsistent objectives, overlapping requirements and frequent amendments, often before previous reforms have been fully implemented or assessed.

A key example is the Packaged Retail and Insurance-based Products (PRIIPs) Regulation, which was intended to empower consumers to invest and make it easier for them to compare different products in the market. In practice, however, the Key Information Document (KID) has become overly technical and, at times, difficult to understand. Attempts to fix this through guidelines, Q&As and supervisory statements have added layers of complexity rather than providing clarity.

This trend has real consequences for consumers. **Constant regulatory changes** reduce transparency, complicate product comparisons and ultimately undermine trust in financial services. The industry fully supports high-quality regulation that works in practice. But regulation must be fit-for-purpose, evidence-based, proportionate and designed to deliver outcomes for both consumers and the market.

This challenge points to a broader concern: EU regulation must take full account of the **unique features of insurance products and diversity of insurance distribution channels**. Unlike other financial services, insurance provides risk coverage against unforeseen events and is grounded in a long-term, stable business model. Yet, too often, insurance legislation is copied from other sectors or developed with different products in mind, failing to reflect insurance-specific characteristics. This can lead to unintended consequences for consumers. For instance, Insurance-Based Investment Products (IBIPs) provide biometric risk coverage and financial guarantees, which are absent from pure investment products. These features are essential for consumers' ability to compare and choose products that best meet their needs. Disclosure rules like the PRIIPs KID should therefore present the existence or lack of these elements prominently, so that consumers can properly assess the value and suitability of products. Moreover, insurers distribute their products through different channels (eg agents, brokers, bancassurance, direct sales, etc.), which increases market competition and consumer choice. The EU regulatory framework should support a diverse and competitive distribution landscape, avoiding one-size-fits-all approaches or disproportionate requirements that risk limiting consumer choice, hindering access or creating barriers to innovation.

#### ■ Ensuring consumers can access innovative products

As consumers embrace new and innovative digital solutions, the insurance industry continues to strive to meet their expectations and use new technologies to better serve its customers. For example, **access to data and use of new technologies** can enable insurers to offer personalised risk prevention and mitigation strategies that encourage risk reduction and allow for greater financial inclusion.

The ongoing digital transformation and integration of artificial intelligence (AI) present significant opportunities for insurers and their consumers alike. It is therefore important to evaluate whether existing rules inadvertently hinder innovation or impose unnecessary barriers for both insurers and policyholders. For example, in the absence of more ambitious simplification efforts, the Financial Data Access (FIDA) proposal risks becoming an overly complex, costly, and potentially counterproductive framework.

To enable AI and data-driven innovation, the EU must focus on enhancing the coherence, and effectiveness of its legislative framework. The proliferation of overlapping legal instruments, from the General Data Protection

Regulation (GDPR) to the AI Act, creates uncertainty about their interplay. Additionally, insurers are already subject to a robust EU regulatory framework in terms of both prudential and conduct rules, creating additional risks of inconsistencies and overlaps.

### ■ Empowering consumers through informed decision-making

While the insurance industry strongly supports regulation that protects consumers and helps them choose the right products, the current framework often makes the consumer journey to obtaining insurance too complex. For example:

- The sale of green IBIPs with advice requires multiple tests (ie demands and needs, suitability test, sustainability preferences assessment), leading to a **purchasing process** that takes 1h30/2h and involves up to 14 pages of questions<sup>1</sup>. This can be extremely burdensome and overwhelming for consumers to complete on their own.
- This complexity is further amplified by **disclosure obligations**. As a result of the different, and often duplicative, EU applicable rules, consumers are overwhelmed with an excessive amount of information. For example, a green IBIP sold online by a broker requires the provision of 339 pieces of pre-contractual information. This does not empower consumers - it overwhelms them. What consumers need is clear, relevant and meaningful information to make informed decisions, instead of long documents filled with technical terminology.
- Despite the potential of **digitalisation** to improve access and engagement with financial services, the regulatory framework has not kept pace. The Insurance Distribution Directive (IDD) and the PRIIPs Regulation still require pre-contractual information to be provided to consumers on paper by default – an approach that is not user-friendly nor suitable for today's digital age.

Rather than improving decision-making, the current regulatory framework risks confusing consumers and creating barriers to understanding insurance products. Now is the time to re-think the framework from a simplification angle, assess and fix what does not work. EU policymakers should therefore leverage on the political momentum on **simplification and competitiveness** to address flaws in the purchasing process and disclosures, as part of the Retail Investment Strategy (RIS) discussions. A simplified framework, designed around real consumer needs, will ultimately improve the consumer experience, and will support insurers in continuing offering suitable products for consumers.

At the same time, regulation alone cannot empower consumers if they are not equipped to understand and evaluate the information they receive. **Financial literacy** therefore plays a crucial enabling role in fostering consumer confidence and helping them engage meaningfully with insurance. This includes promoting risk awareness, which is essential to help consumers understand their exposure to different types of risks and the role that insurance can play in managing them. The insurance industry is committed to this goal, supporting a wide range of initiatives across Member States, as displayed in Insurance Europe's [Financial Education](#). However, financial education is a shared responsibility. In this respect, EU policymakers and regulators should play a greater role in supporting national strategies for financial education. Regulation and education must go hand in hand to support truly informed decision-making for consumers.

Insurance Europe is the European insurance and reinsurance federation. Through its 39 member bodies — the national insurance associations — it represents insurance and reinsurance undertakings active in Europe and advocates for policies and conditions that support the sector in delivering value to individuals, businesses, and the broader economy.

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<sup>1</sup> Based on the experience in Belgium