

COSTS AND PAST PERFORMANCE REPORT

April 2025

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EXECUTIVE SUMMARY

EIOPA is required to monitor and report on the development of costs and charges of retail financial products and services in Member States¹. This Report provides an overview of the (past) performance and costs of retail investment products within EIOPA's remit for the period 31 December 2019 to 31 December 2023.²

In 2023, insurance-based investment products (IBIPs) delivered positive net returns, driven by the recovery of financial markets. Overall, and aided by the recovery in 2023, IBIPs achieved positive net returns over the four-year period, but nevertheless failed to keep pace with the recent high inflation.

While inflationary pressures did not lead to a marked increase in IBIPs costs, these costs remain high, limiting the potential value of some products. Declining prices for investment funds over the past years were only partially passed onto IBIPs, keeping costs high and diminishing value for money improvements. Other aspects such as the higher costs of EU UCITS, when compared with other markets, can also affect negatively consumer outcomes.

The value of IBIPs is highly dependent on the risk profile of the product and consumers' overall investment objectives. Although unit-linked products remain more expensive than other IBIPs, unit-linked products with greater risk exposure (SRI³ 4-7) achieved the highest net returns, surpassing 10% on average. This means that consumers who seek higher yields and are willing to accept risks can potentially receive better returns and thus more value. In contrast, consumers seeking safety may find better value in profit participation products as they show lower costs and higher net returns than pure unit-linked products with low risk.

Disparities in costs and net returns are observed across Member States, including at times when comparing cross-border and domestic products in some markets. The expanded sample for this year's analysis confirms that the benefits of the EU single market have not yet been fully delivered with some products marketed on a cross-border basis remaining more expensive.

The trend towards sustainable investing continued to gain momentum in 2023, with equity funds with Environmental, Social, and Governance (ESG) features delivering better returns than those without ESG features.

In relation to distribution channels, banks are the primary distributors of IBIPs, while brokers and

¹ Article 9 EIOPA's Founding Regulation.

² The report covers Insurance-Based Investment Products (IBIPs) as well as Personal Pension Products (PPPs) not subject to harmonize European Directive. In addition, Institutions for Occupational Retirement Provisions (IORPs) particularly those providing Defined Contribution (DC) schemes are also covered.

³ The Summary Risk Indicator (SRI) is a numerical value of risk that ranges from 1 (very low risk) to 7.

agents also have a notable presence and leading role in certain Member States.

Looking at pensions, positive net returns can be observed for Personal Pension Products (PPP) while the Institutions for Occupational Retirement Provision (IORPs) sector continues to be characterized by the shift towards Defined Contribution (DC) schemes. PPPs delivered positive net returns over the four-year period despite high costs in some countries. Meanwhile, the IORPs sector saw growth in active members, total assets, and income ratios for DC schemes.

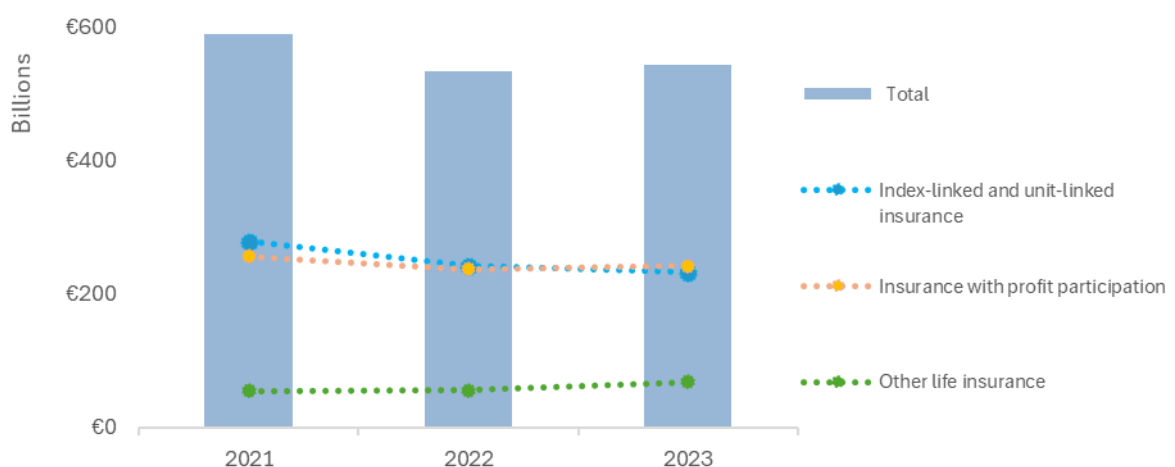
1. INSURANCE-BASED INVESTMENT PRODUCTS (IBIPS)

1.1. What is the IBIPs landscape?

The evolution of the IBIPs market in 2023 was heterogeneous with different trends observed across Member States. On the one hand, rising interest rates started enabling insurers to offer products with higher guarantees, thereby shifting demand to more traditional insurance options in some Member States. An example of this trend is observed in Belgium, Italy, and Norway where profit participation products (PP) experienced a surge of gross written premium (GWP) since 2021 (+26.8%) accompanied by a similar decline in unit-linked products (UL)

On the other hand, increasing guarantees rates had not yet materialised in other Member States as of 2023. At the same time, the favourable trends in the financial market increased consumer interest for unit-linked products.

Figure 1: Gross Written Premium (GWP) for selected line of business - EEA.



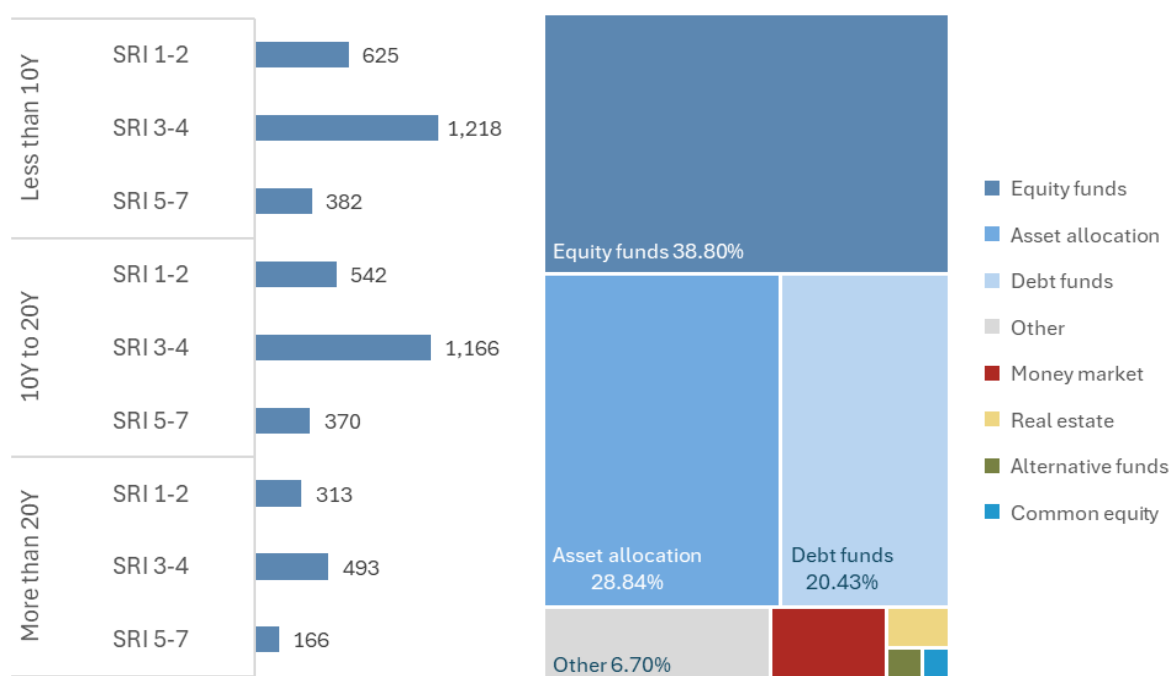
IBIPs with profit participation features or low risk (SRI 3-4) unit-linked products with Recommended Holding Period⁴ of less than 10 years were the most common in the European Economic Area (EEA)⁵. The investment portfolio was dominated by equity funds; however, consumers' direct exposure to financial market for these products varies depending on the level of

⁴ Recommended Holding Period (RHP) refers necessary time that the policyholder should hold the product to achieve the investment objectives and to mitigate the risk of losses.

⁵ Several products with recommended holding of 30 years or more are observed in Austria, Czechia Finland, Germany, and Slovakia.

guarantees provided. Notably only 8% of the UL GWP offered 100% or more guarantees⁶, although this figure rises to 23% for hybrids products

Figure 2: No. of products in the sample and underlying investments (2023) ⁷



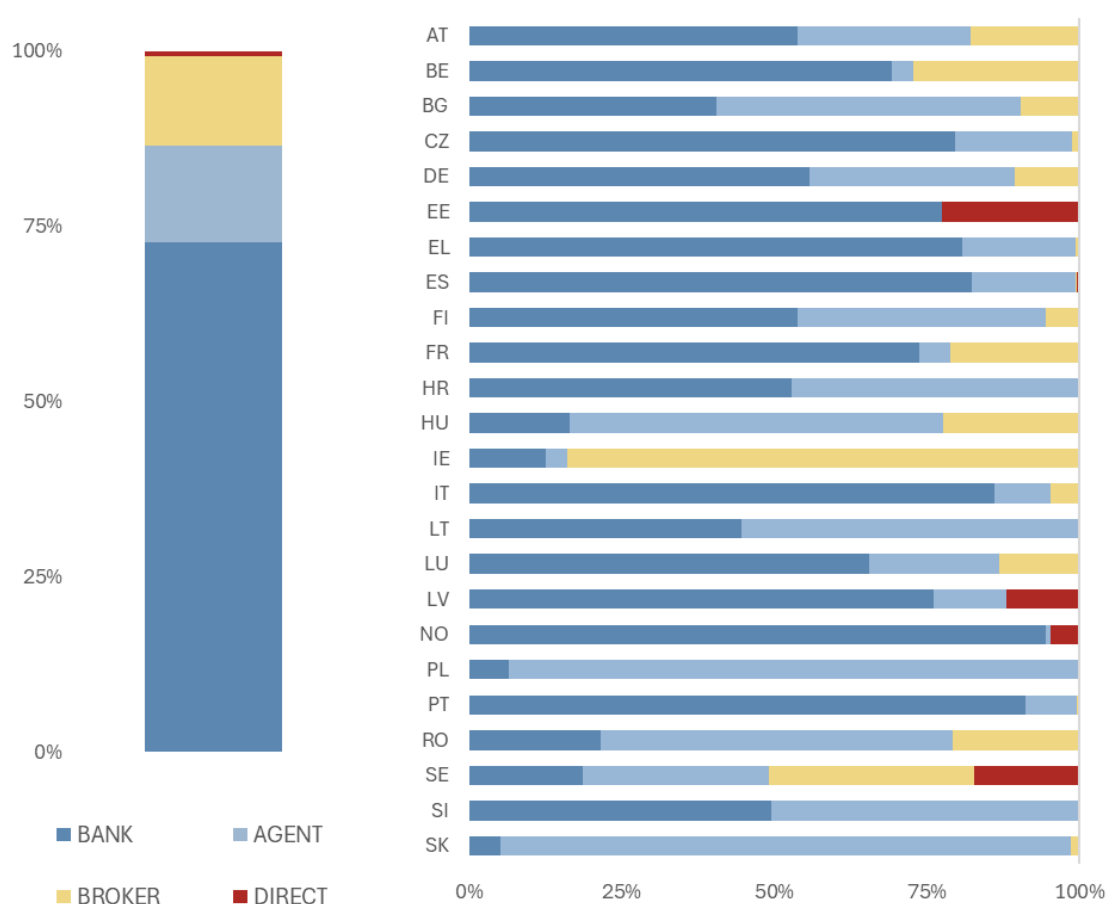
The IBIPs market has seen a notable increase in the adoption of Environmental, Social, and Governance (ESG) products⁸ with 55% of products in the sample now incorporating ESG features. However, the number of products meeting the criteria to disclose under Art. 9 of the Sustainable Finance Disclosure Regulation (SFDR) remains very low. For instance, the highest proportion of Article. 9 is found in Austria, Czechia, Italy and Sweden with a mere 2% of the products reported.

In terms of distribution channels, banks were the most predominant distributors of IBIPs in more than half Member States including large markets such as France, Germany and Belgium. Brokers dominate distribution in Ireland while agents do in Poland and Slovakia. Direct sales through digital channels remain very limited in the EEA, however, Member States from northern Europe such as Estonia, Latvia, Sweden and Norway reported some of these sales.

⁶ Measured as premium paid guaranteed by the product at recommended holding period.

⁷ The breakdown of the underlying investment encompasses both UL and HY but excludes profit participation component.

⁸ Article 8 and 9 of sustainability-related disclosure in the financial services sector (SFDR). In case of products with more than one investment option, for the purpose of this report, the product is considered to have ESG features only when it presents more than 50% or more investment options that are Article 8 and/or 9, or 100% investment options that are Article 9.

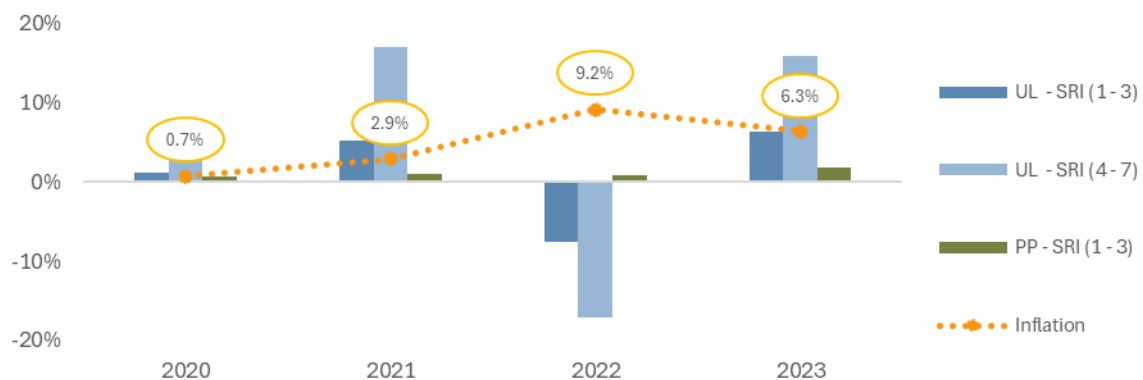
Figure 3: Gross Written Premium (GWP) per distribution channel - EEA and Member States (2023)⁹

1.2. How did products perform in 2023?

The financial market downturn in 2022 sparked fears of a broader recession and higher inflation. However, these concerns were alleviated, and a significant turnaround occurred in 2023, marked by a strong stock market rally and substantial gains in major equity indices.

Additionally, bond prices rose, and expectations grew for lower interest rates, further solidifying the market's recovery. Nevertheless, the global macroeconomic environment deteriorated in 2023 amid decreasing but persistent high inflation and tightening of monetary policies. As of 31 December 2023, the EEA's annual inflation rate had dropped to 6.3% from the previous year's rate of 9.2%.

⁹ The breakdown of distribution channels by Member State excludes those for which the data collection involved fewer than three undertakings.

Figure 4: Weighted net returns UL and PP vs Inflation (2020-2023)¹⁰

All classes of IBIPs experienced an increase in net returns with significant difference depending on the level of risk associated to the investment, as this had a greater impact on net returns than the class of product itself.

On average, pure UL and Hybrid products with higher market exposure (Hybrid-UL¹¹) delivered positive net returns regardless of risk level. However, the returns differ significantly between products, investment options and risk level. For example, pure UL products with higher risk levels (SRI 4 or above) provided substantial net returns exceeding 10% on average¹², whereas their lower-risk counterparts returned around 6%.

Figure 5: UL annual net returns (2023) and period (2020-2023)¹³ - SRI 1-3 (left) and SRI 4-7 (right)

¹⁰ Harmonized Indices of Consumer Prices (HICP). EEA

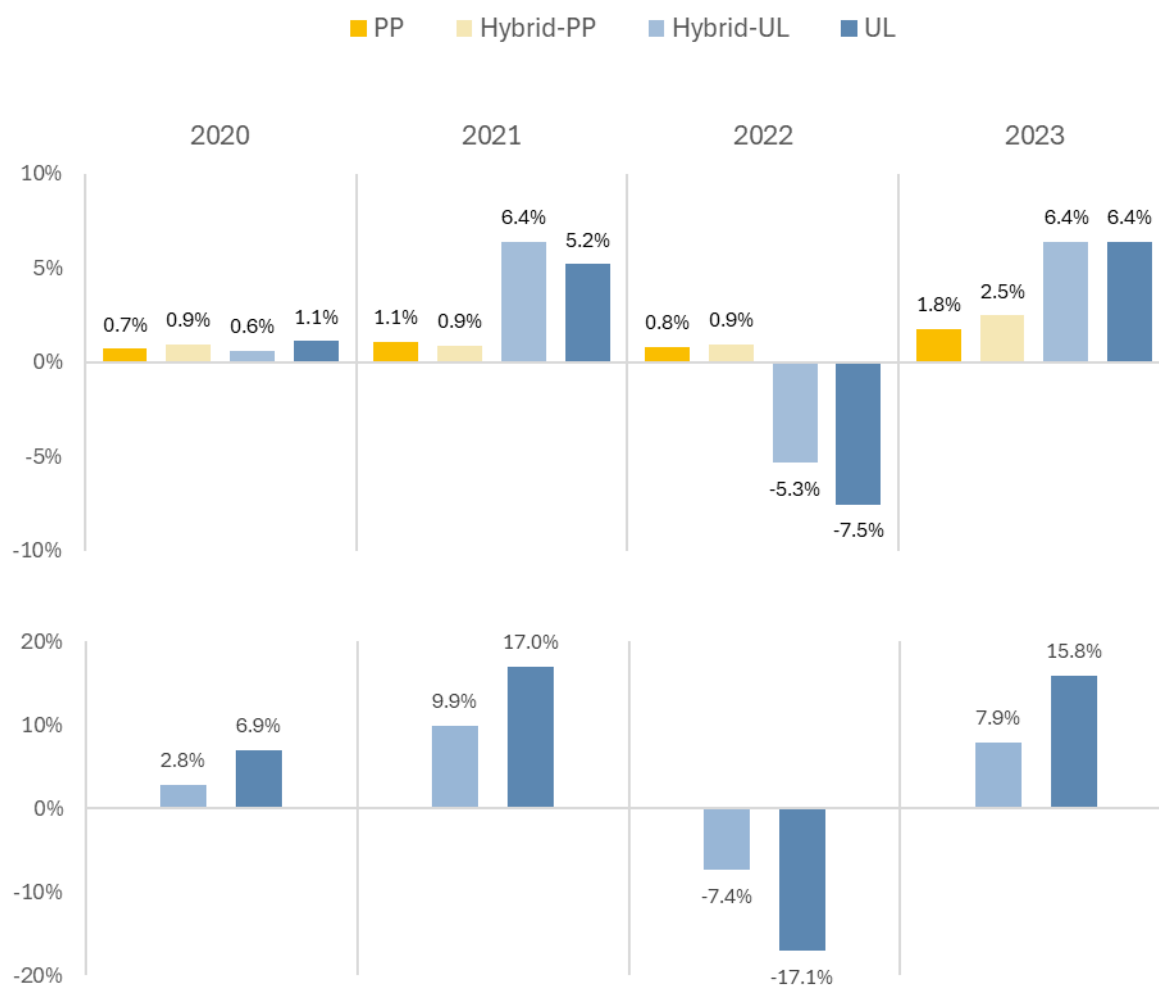
¹¹ UL component of hybrid products and hybrid products with a pre-defined investment strategy in which the UL component is predominant.

¹² Weighted by gross written premium of the product (combination of insurance wrapper plus specific investment option)

¹³ 31.12.19 to 31.12.23. For simplicity purposes, this is referred as 2020-2023 across the report.

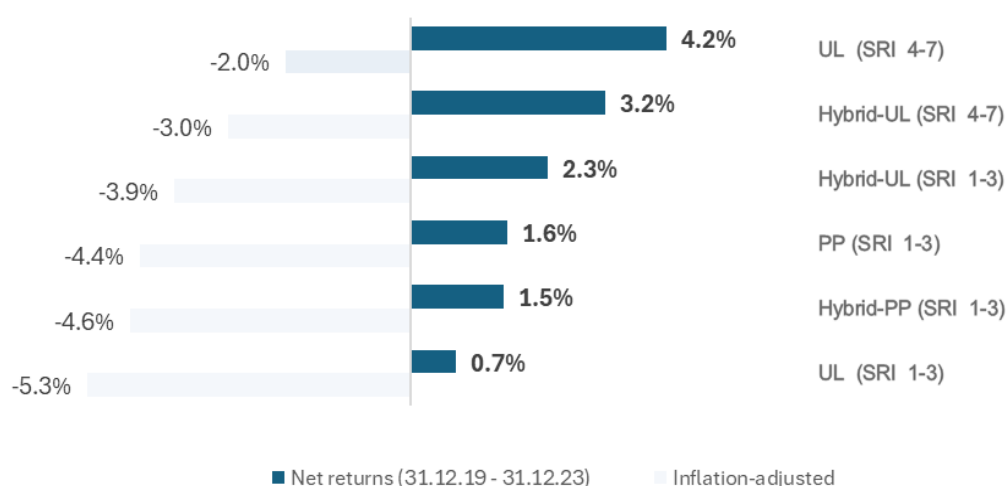
Profit Participation (PP) products generated increasingly positive returns although they failed to outperform inflation in 2023. Although lower than UL, PP experienced increasing net returns from 2022, reaching a 4-years high of 1.8%. This can be attributed to a combination of favourable stock market and high interest rate. Additionally, consumers who chose UL and Hybrid-UL benefited from the profit participation mechanism and greater exposure to a rising market, resulting in an average net return that beat inflation in 2023.

Figure 6: Weighted net returns over the years - SRI 1-3 (top) and SRI 4-7 (bottom)

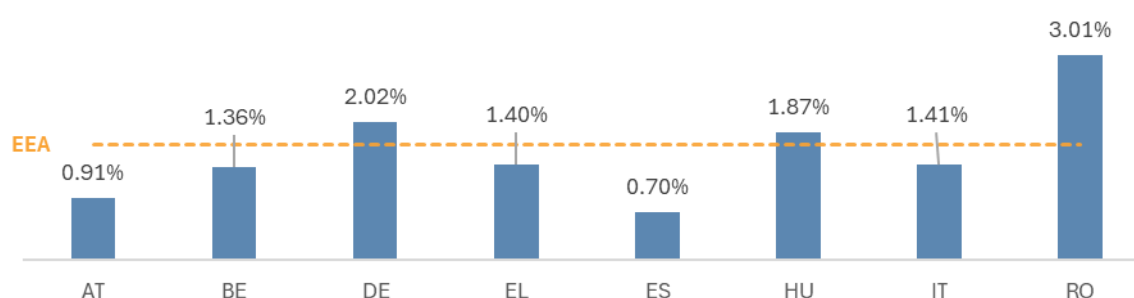


1.3. How did products perform over the past years?

Despite the challenges posed by the 2022 financial market downturn and inflationary pressures, most IBIPs delivered average positive net returns between 31 December 2019 and 31 December 2023. However, they generally struggled to outperform inflation, even when assuming higher risks.

Figure 7: Compound net returns (31.12.19 – 31.12.23) by product class.

PP products have been delivering stable and positive net returns across the reporting period. As a result, they provided **1.6%** net returns and outperformed both hybrid-PP and pure UL with lower risk (SRI 1 - 3). PP products sold in Romania outperformed the EEA average whereas those in Austria and Spain were below 1%.

Figure 8: Profit participation - compound net returns (31.12.19 – 31.12.23) ¹⁴

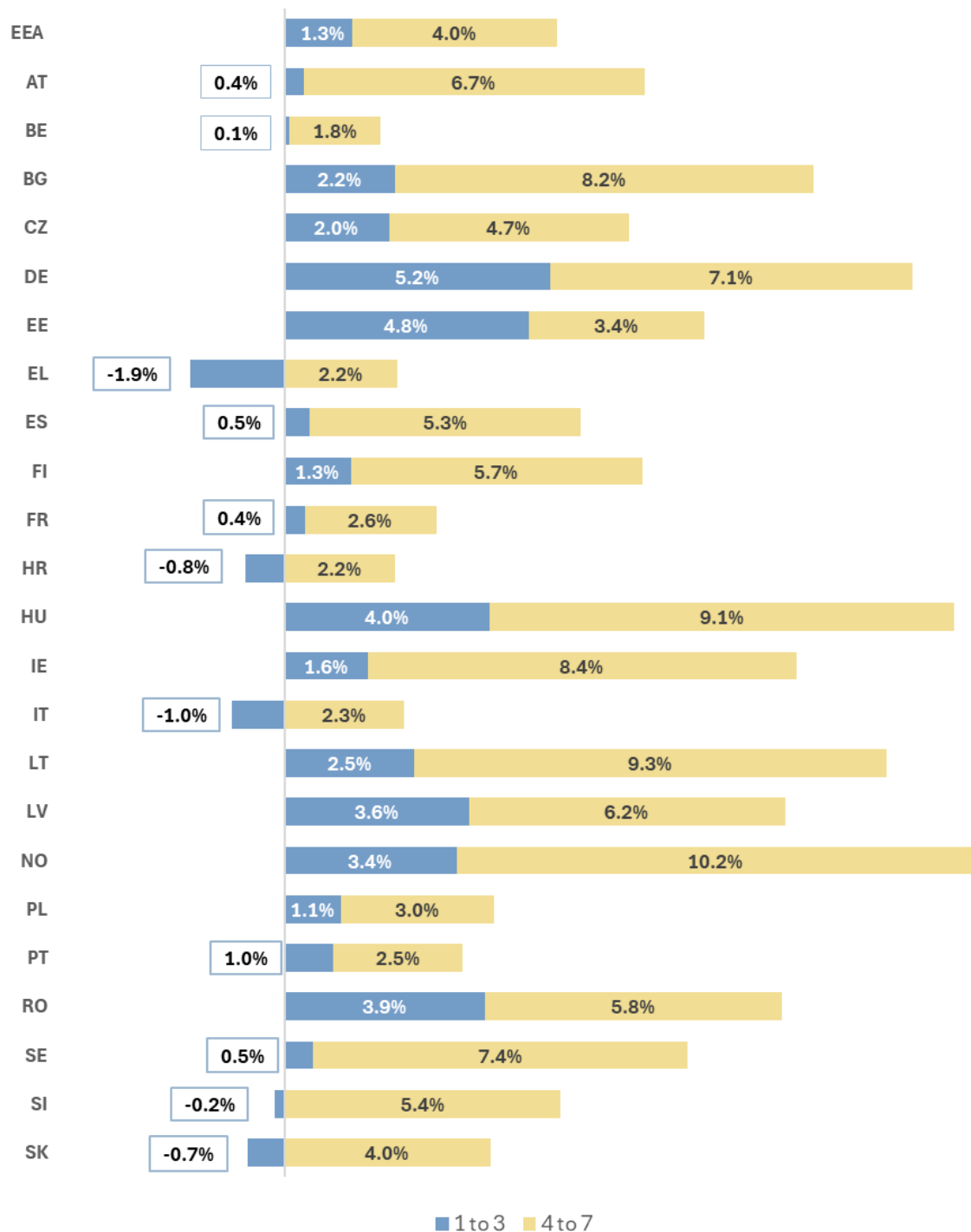
Hybrid-UL products, which balance consumers' exposure to financial markets with steady returns through profit participation mechanisms, outperformed other IBIP classes. Although Hybrid-UL with higher risk experienced significant losses in 2022, they were offset by gains in 2021 and 2023 resulting in an annual average net return of **3.2%** and **2.3%**, depending on the risk level. The final net returns ultimately depend on the allocation between UL and PP components, which can be determined by a pre-defined strategy or consumer choice.

Pure UL products showed varied net returns, with lower-risk options (SRI 1 - 3) experiencing limited net returns of 0.7% while consumers who assumed higher risks (SRI 4 - 7) achieved an average net return of 4.2%. Products with lower risk sold in Estonia, Germany and Hungary delivered net returns over 4% on average whereas in several Member States products with similar

¹⁴ Member States with less than 3 undertakings and/or products with less than 3 consecutive years of net returns were excluded.

risk did not reach 1% net returns on average. In fact, consumer seeking safety may have found more value in PP product compared to lower-risk UL.

Figure 9: UL and Hybrid-UL – Compound net returns (2020-2023) by SRI and Member State



Between 2020 and 2023, IBIPs exhibited significant performance variations regardless of their sustainable features. However, UL and hybrid-UL products investing in equity funds with sustainable features, the most predominant investment class in the sample, outperformed their non-ESG counterparts on average: ESG 5.2% vs non-ESG 2.4%. Member States such as Sweden, Norway and Belgium present the highest proportion of product with ESG features whereas Ireland, Romania, Spain and Malta some of the lowest.

Figure 10: UL and HY-UL net returns 2023 (left) and compound 2020-2023 (right) – All assets

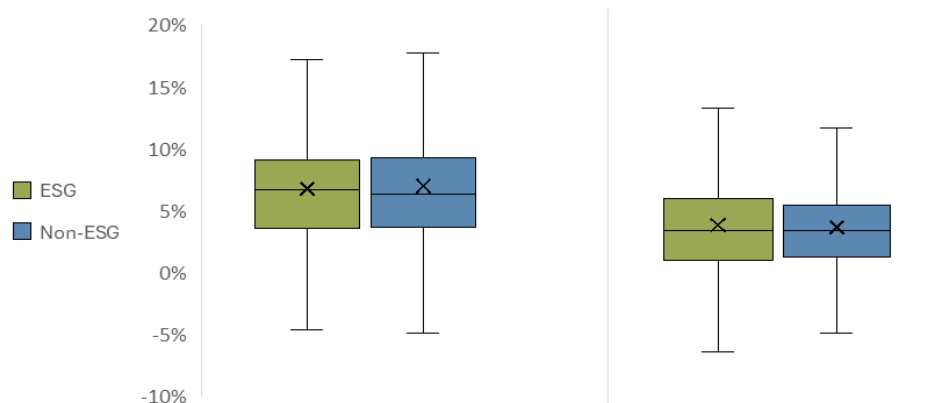
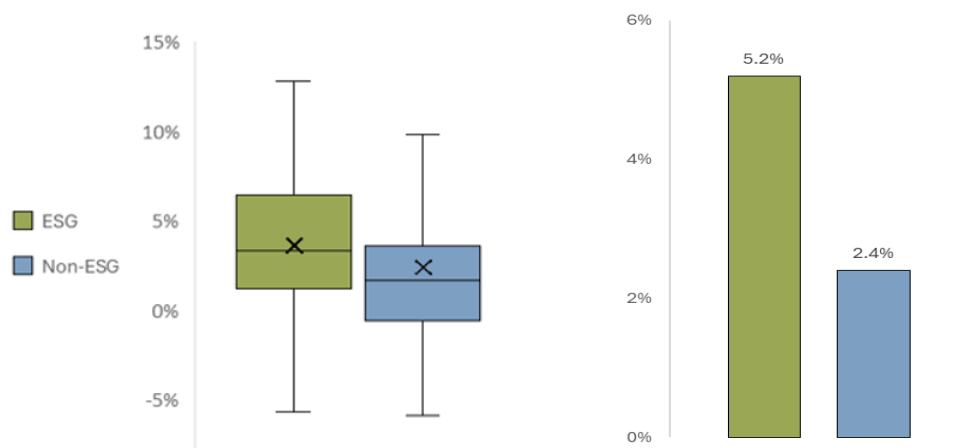


Figure 11: UL and HY-UL compound net returns 2020-2023, dispersion (left) and weighted average by GWP (right) – Equity funds



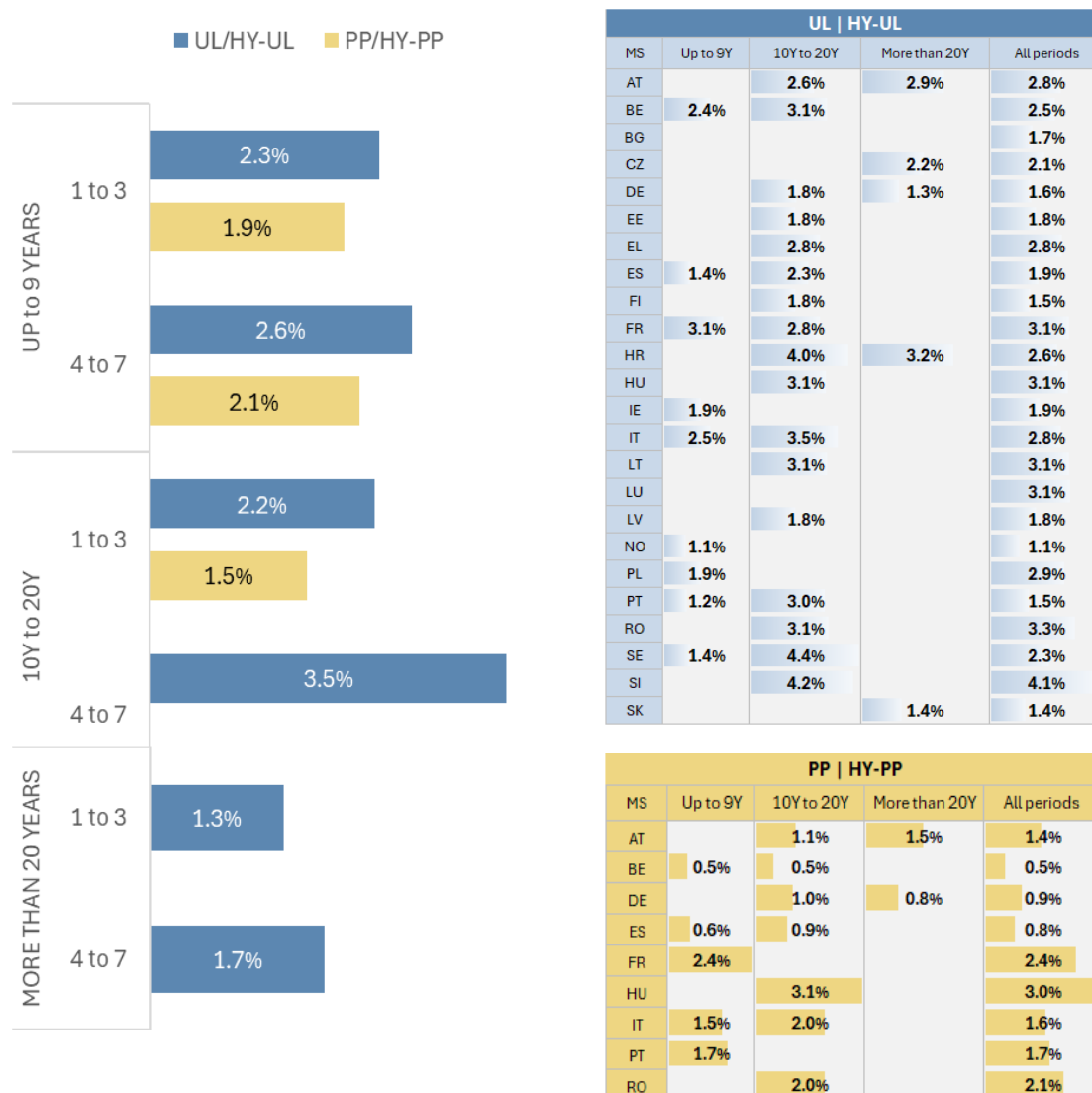
1.4. How do products differ in costs?

Disproportionate costs in relation to the value offered can significantly reduce policyholders' returns. The costs associated with IBIPs, which can be broadly categorized into four types (administrative, investment management, biometric, and distribution costs), vary substantially depending on insurer, the product class, holding period and Member State, including cross-border selling. When assessing costs, the Reduction in Yield (RIY) is a particularly relevant metric as it

indicates the impact that total costs have over the annual return of the investment. A high reduction in yield can indicate higher value for money risks and possible consumer detriment.

Consistent with previous trends, products with profit participation mechanisms emerged as the most affordable option, particularly for consumers looking for long-term horizon. Pure UL and hybrid-UL are more expensive, especially those with higher investment risk (SRI 4 - 7). This partly due to higher costs associated with the management of underlying assets. Despite higher costs, it is worth noting that these products achieved some of the highest net returns on average, largely due to the market upswing in 2023.

Figure 12: Weighted RIY EEA (left) and Member States level (right)¹⁵



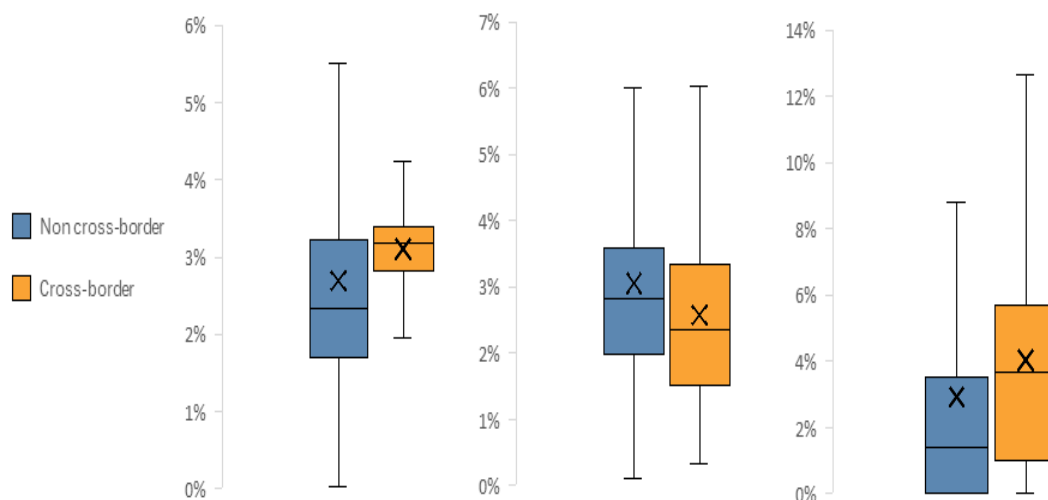
¹⁵ Figures are national level are only included when there are at least three undertakings for the cell.

While there is a general variation in costs, UL with sustainable features products tend to have slightly higher costs than non-ESG counterparts with an average difference of **+0.4% RIY**. ESG products often have higher entry costs across all product classes (+1%). This together with difference in SFDR classification between IBIPs and underlying funds may contribute to the higher costs associated with ESG featured UL products, despite the comparative affordability of equity funds with sustainable features.

In some Member States, cross-border products can be more expensive for consumers due to higher commissions or ongoing costs. Notably, entry costs for similar UL distributed from Liechtenstein to Austria or Ireland to Italy tend to be higher than those of domestic products. In contrast, cross-border products sold in France and Belgium exhibit similar levels, or even lower, entry costs for cross-border products, however, they display higher reduction in yield at recommended holding period indicating higher ongoing costs than domestic offers.

While language and stronger interconnections between Member States could influence distribution, differences on distribution costs can be also due to other factors such as commissions.

Figure 13: UL - RIY short period (left) | medium period (middle) | Entry costs ¹⁶ (right)



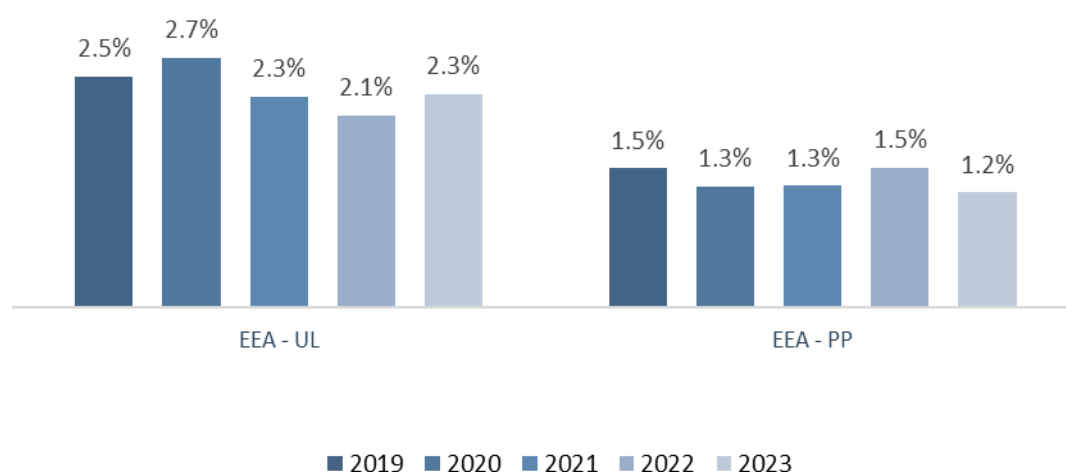
¹⁶ As a percentage of total premium paid at RHP.

WHAT IS THE TREND IN COSTS?

Despite inflation and increasing expenses, costs of IBIPs remained generally stable at high levels, however, different trends are observed between UL and PP products. In 2023, the average costs of the most sold UL products in the EEA¹⁷ slightly increased (+0.2%) consolidating the costs levels observed since 2021. On the contrary, PP products showed decreasing costs (-0.3%) reversing the slight increase observed during 2022 when inflationary pressures peaked.

Efforts on value for money for consumers need to continue. As outlined in previous reports, wrapper costs and transactions costs represent a higher proportion in UL products (as opposed to PP) and explain the different evolution between UL and PP. In fact, these costs could be offsetting the gradual decline in the ongoing costs of equity and debt funds during 2023, and stability in mixed funds¹⁸, and reducing the impact of lower funds costs for certain consumers.

Figure 14: EEA - Evolution of weighted RIY over the years (2019-2023)



¹⁷ Annex II - Methodology

¹⁸ ESMA Market Report - Cost and Performance of EU retail investment products 2024 | [ESMA Publications](#)

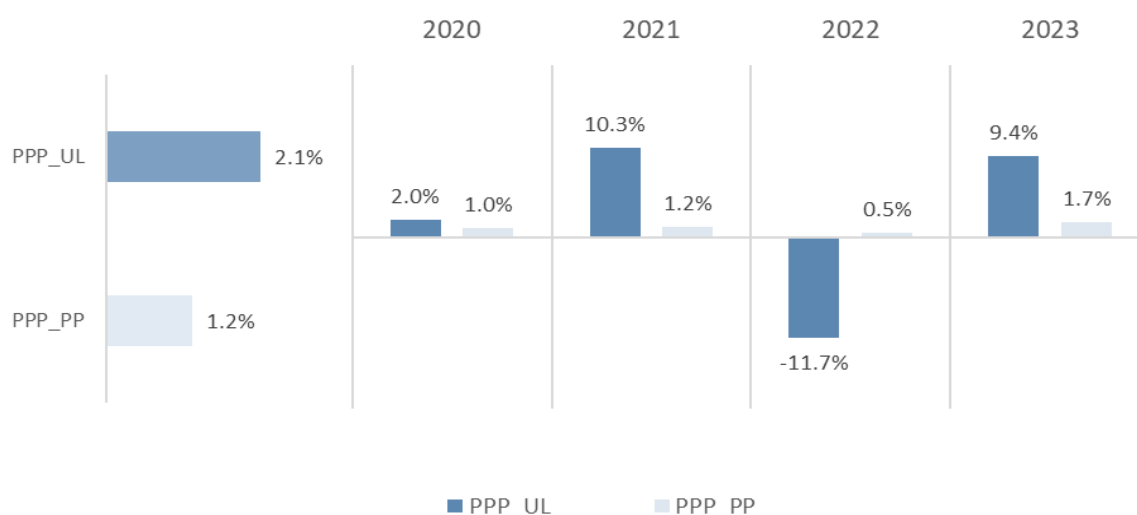
2. PERSONAL PENSION PRODUCTS (PPP)

2.1. How did PPP perform in the EEA?

Pensions remain high on the agenda in several Member States due to longstanding concerns about sustainable and adequate pensions in Europe. In 2023, Personal Pension Products (PPP)¹⁹ sold by insurance undertakings²⁰ generated positive returns, contributing to an overall positive performance for the four-year period.

The favorable returns were particularly beneficial for investors holding PPP with unit-linked features (PPP_UL) resulting in an average net return of 2.1% in the four-year period. PPP with profit participation features delivered higher net returns than previous years. On average, they delivered net returns of 1.2% during the 2020-2023.

Figure 15: Weighted net returns 2020-23 (left) and over the years (right)



WHAT IS THE TREND IN COSTS?

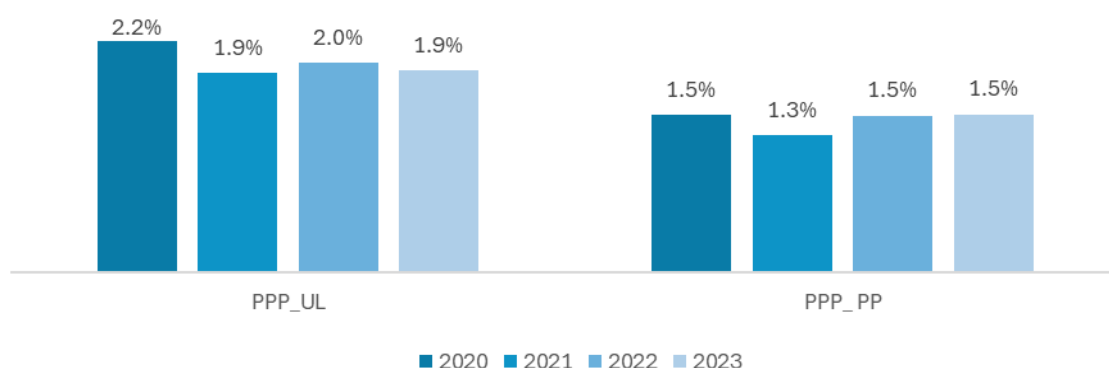
The costs of Personal Pension products remain stable at a high level with 1.9% RIY on average for PPP with UL features. In some Member States, the costs of these products exceed 2.5%.

¹⁹ The figures and analysis in the PPP section of this report cover both IBIPs (i.e., unit-linked product with pension features, profit participation product with pension features) and non-IBIPs.

²⁰ PPPs offered by other providers such as asset managers are excluded from this report.

Like IBIPs, PPPs with profit participation features tend to have lower costs than unit-linked PPPs. However, this gap is narrowing as the costs of pension products with profit participation mechanism have remained generally stable over the past four years while a slight decrease is observed on PPP with unit-linked features.

Figure 16: Weighted reduction in yield over the years (2020-2023)²¹



2.2. What were the performance and costs in different Member States?

Despite the diverse nature and regulatory framework of PPPs²², which limits the accuracy of cross-market comparison, the data shows difference in costs and net returns highlighting the need for increasing research and work towards the assessment the value of PPPs.

- ▶ **Certain countries, such as Hungary, Slovenia, and Spain, exhibit costs exceeding 2.5% RIY,** which can be attributed to a higher proportion of 'Other investments'²³ and higher risk levels also contributing to higher net returns.
- ▶ **Conversely, countries such as Germany displays lower-than-average costs and higher-than-average net returns,** highlighting interesting disparities in PPP across different markets.
- ▶ **PPPs with profit participation features delivered stronger returns in France with average cost.**

²¹ For comparison purposes, the charts include both IBIPs and non IBIPs.

²² PPPs are highly diverse in the EEA and, depending on the Member State, can be classified as IBIPs. Therefore, the reporting of figures for PPPs that are not IBIPs is applied on a best effort basis. Due to absence of a harmonized regulatory framework at the European level applicable to all PPPs, comparability across different markets is limited.

²³ Underlying assets which are not equity funds, debt funds or asset allocation funds (i.e., real state funds, alternative funds/hedge funds)

Figure 17: Weighted reduction in yield and net returns (2020-2023) by Member States ^{24 25}

		PPP_UL		PPP_PP	
		RIY	Net returns (2020-23)	RIY	Net returns (2020-23)
	AT	2.5%	2.4%	1.4%	0.9%
	BE	3.2%	-0.9%	0.5%	1.4%
	DE	1.3%	5.6%	1.3%	2.0%
	ES	2.7%	3.0%		
	FR	2.3%	3.4%	1.7%	2.2%
	HU	3.1%	6.6%	3.0%	2.3%
	IE	1.4%	2.0%		
	IT	2.0%	1.1%	1.8%	0.5%
	PL	2.1%	2.4%		
	PT	1.5%	0.9%		
	SI	5.7%	1.4%		

²⁴ Member States with less than 3 undertakings were excluded from the breakdown. | Considering the significance of cost-benefit perspective, Member States with average RIY exceeding the average net returns are indicated in red.

²⁵ Average costs of profit participation products in Belgium are lower than average due to the non-inclusion of all costs attached to profit participation tariff in the reporting.

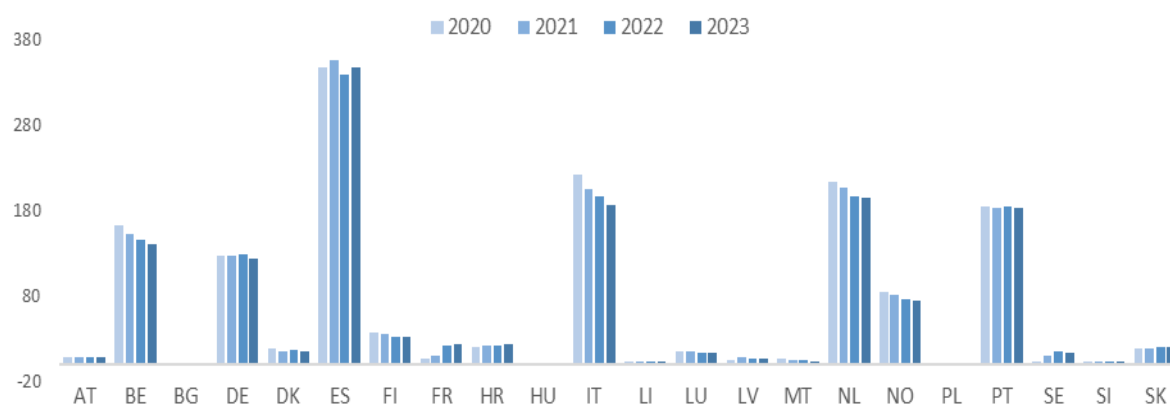
3. INSTITUTIONS FOR OCCUPATIONAL RETIREMENT PROVISIONS (IORPS)

3.1. What is the landscape in the EEA?

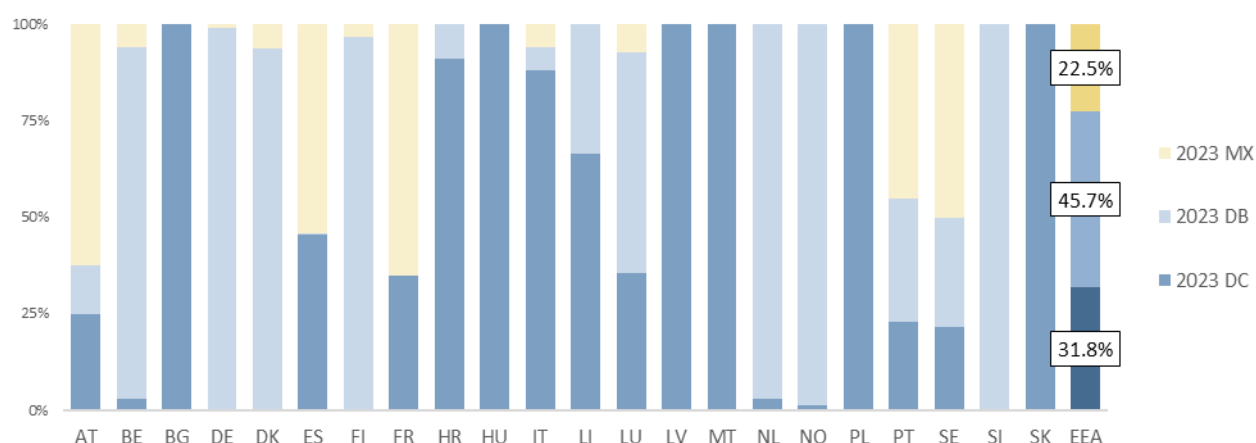
The institutions for Occupational Retirement Provisions (IORPs) play a vital role in Europe's multi-pillar pension system. While EU-wide standards have been introduced, the set-up of IORPs varies significantly across the EEA as each Member State has its own approach to creating and developing pension schemes including tax incentives. For instance, membership can be completely voluntary, mandatory or involve auto-enrolment policies.

In the period 2022-2023, the total number of IORPs slightly decreased 2% from the previous year due to consolidation in the market. It is worth noting that some countries currently hold a high number of IORPs with respect to others, such as Spain (24% of total IORPs), the Netherlands (14%) and Italy (13%).

Figure 18: Evolution of number of IORPs by Member State

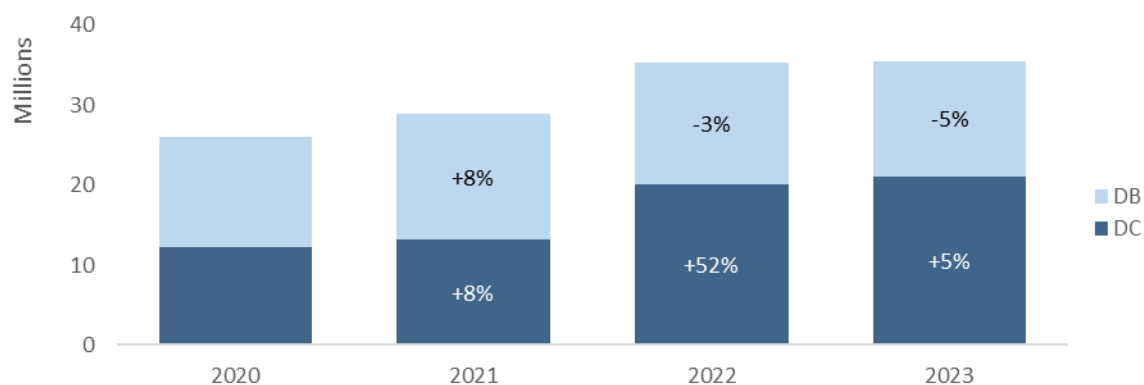


Depending on the scheme, IORPs pose different risks to members and beneficiaries. For instance, those providing Defined Contributions (DC), where the benefits depend on market performance more directly, expose consumers to higher investment risk than Defined Benefits (DB) where the final outcomes are generally known. Depending on the Member State, the availability and size of the schemes can differ.

Figure 19: Composition of IORPs by Member State²⁶ – 2023.

3.2. What is the trend in members and investments?

During 2023, the number of active members of IORPs remained stable reaching 35.3 million (+2%²⁷) and total assets managed by IORPs increased 8.8% reaching €2.72 trillion. Large markets such as France, Italy and Spain show an increase of active members (+ 5%, 3% and 2%, respectively) and confirm the steady move from DB to DC schemes.

Figure 20: Evolution of number of active members per type of IORPs²⁸

²⁶ The figure shows the number of IORPs by type as a percentage of the total number of IORPs in the Member State. In relation to Belgium, because of a minimum legal guaranteed return at charge of the sponsor, pension schemes are categorized as DB schemes. As a result, figures of DC schemes regarding Belgium refer almost exclusively to outgoing cross-border activities, namely DC schemes managed by Belgian IORPs and distributed out of Belgium.

²⁷ To ensure data accuracy and consistency, figures from Sweden were adjusted in 2023 to exclude products without a savings component from their IORPs reporting. This adjustment resulted in a significant decrease in the number of active members in Sweden between 2022 and 2023. To prevent distortions in the analysis, the Swedish data was excluded from the assessment of the evolution of active members.

²⁸ Percentages inside the boxes refer to the annual variation in the weight of active members of DC schemes.

The gradual transition towards DC schemes is particularly observed in total assets, where DC schemes grew 13.3% (as opposed to a 7.6% increase in DB schemes). The composition of DC schemes is varied and mainly composed of Investments funds (35%) and Government bonds (23%). Categories such as “Other than Government bonds and Corporate Bonds”²⁹ and “Investment fund” increased significantly during 2023: 45% and 27%, respectively.

Figure 21: Defined Contribution schemes – Assets breakdown by Member State³⁰, 2023.

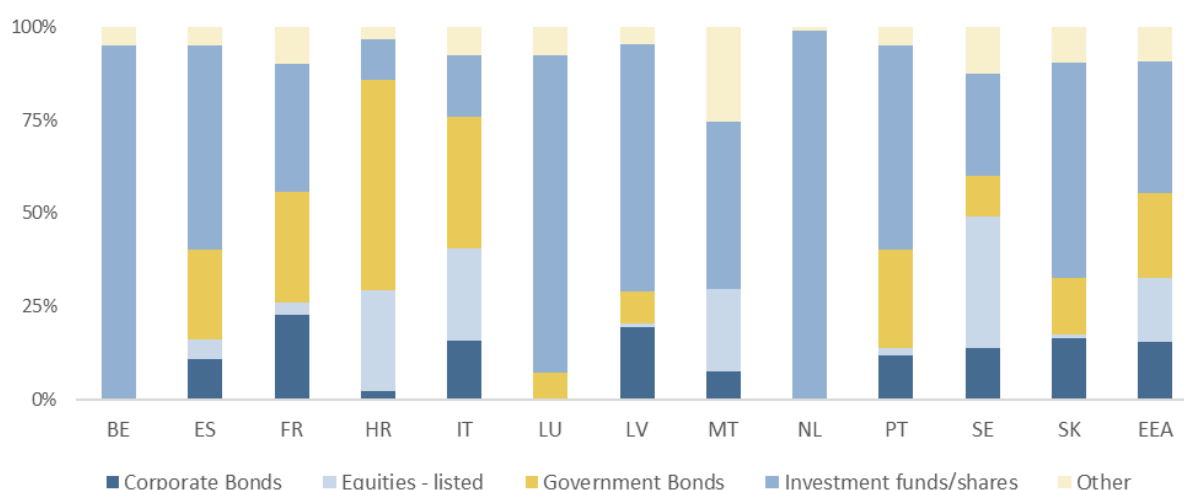
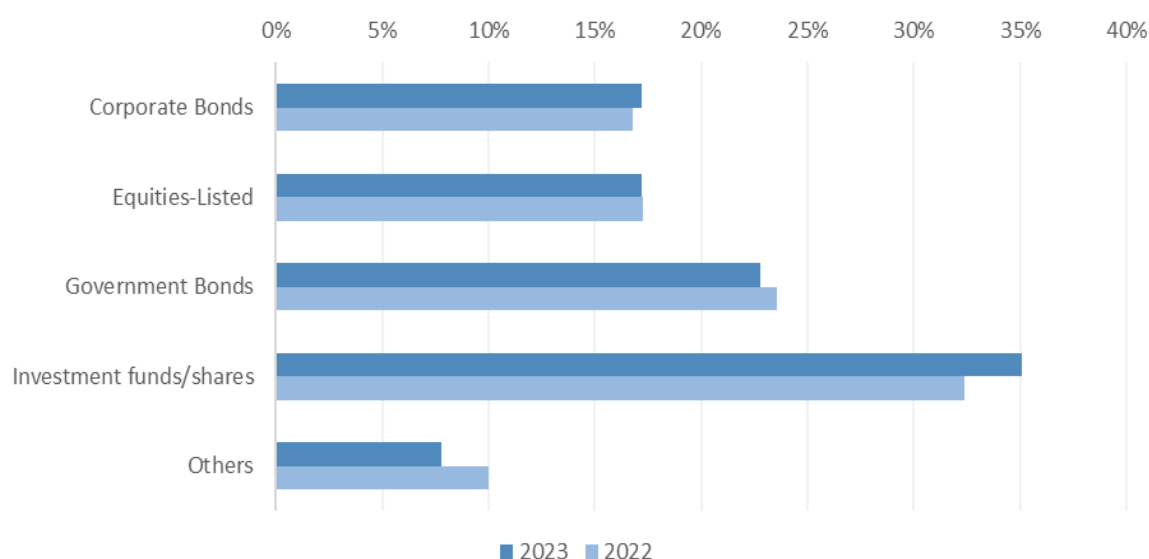


Figure 22: Defined Contribution schemes - Evolution of assets composition.



²⁹ For instance, structured notes and collateralized securities.

³⁰ The breakdown is provided for Member States where a minimum of three IORPs with defined contribution schemes submitted data.

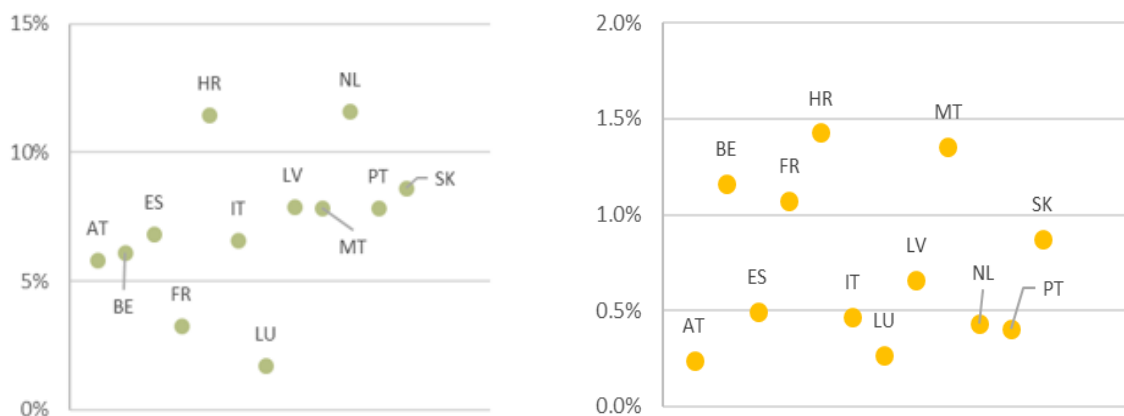
3.3. What were the contributions, expenses and incomes in DC schemes?

In 2023, contributions by members and sponsors increased (+6% and +0.3%, respectively) with the highest amount of contribution by members in France, Italy and the Netherlands. Given the significance of the IORPs sector in the EEA and the growth of contributions over the years, the transparent and comprehensive view of costs (i.e. investment costs, transaction costs, administrative costs, etc.) in conjunction with returns becomes increasingly important to assess value for money offered to members, enhance consumer protection and facilitate risk-based supervision of IORPs.

In terms of income, the performance the value of assets in DC schemes increased significantly in 2023 due to good market averaging an income ratio of 8.54% in the EEA, which is a much better result than previous years where the schemes suffered from significant losses in view of market downturns. Almost every component of the total investment income increased including unrealised gains, dividends and interest income.

In terms of costs, Member States such as Croatia, Belgium, France and Malta exhibit an expense ratio above 1%, which is the benchmark typically used for similar products managed by investment and mutual funds offering long-term investment options.

Figure 23: Defined Contribution³¹ – Income³² (left) and expenses (right) ratios.



³¹ Figures includes Member States with a minimum of 3 IORPs. Others such as NO and SE have been removed because of limited data quality to calculate the respective ratios. The chart displays the value of the ratios on the vertical axis (the horizontal axis does not show any specific numerical or quantitative significance, but present the Member States in alphabetical order)

³² IORPs statistics - Expense ratio = Total expenses (template PF.05.03 - R0010, R0020, R0040; C0020) divided by total assets (template PF. 02.01) | Income ratio = Total investment income (PF.09.02) divided by total assets (template PF.02.01)

ANNEX I – MARKET COVERAGE

All EEA Member States participated to the Costs and Past Performance (CPP) exercise except for CY, IS and NL³³. Participating insurance undertakings accounted for around 63% of the European unit-linked (UL) and Profit Participation (PP) markets in terms of Gross Written Premium (GWP) on 31 December 2023³⁴.

The table below provides a summary of the sample:

Figure 24: Cost and Past Performance sample.

	UL	PP	HY	Total	PPPs	
					IBIPs	Non-IBIP
Undertakings	142	69	49	178	46	66
Countries	26	19	11	27	12	15
Number of products	3,649	249	1,377	5,275	843	268
▶ ESG features ³⁵	52%	36%	66%	55%	63%	39%
▶ Cross-border	23%	2%	7%	18%	21%	1%
▶ Pension features	21%	32%	20%	21%	100%	
GWP (€ billion)	31.7	15.0	38.8	85.5		

Following the improvements on the CPP data collection templates and scope, the number and variety of unit-linked and hybrid products reported³⁶, particularly in terms of recommended holding period and underlying assets, increased significantly from previous editions.

Market coverage of undertakings at national level remains stable as most Member States reached the 60% despite being lower for PP products in some countries³⁷.

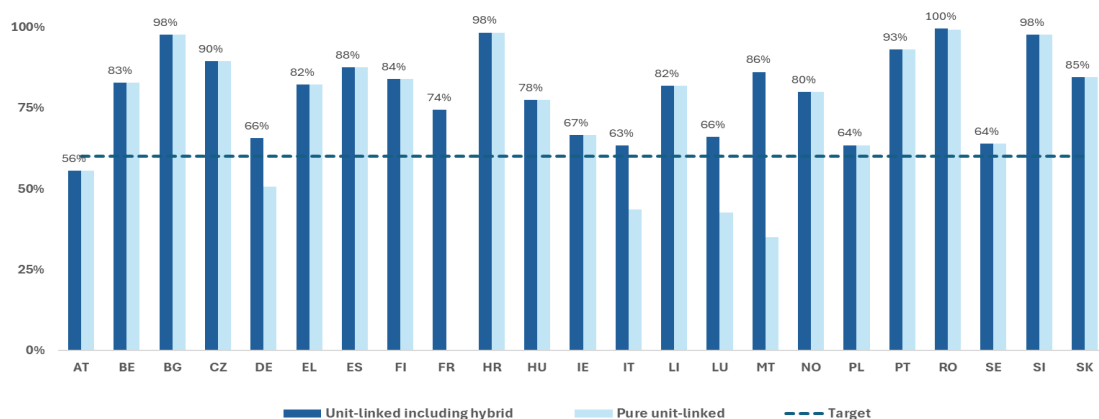
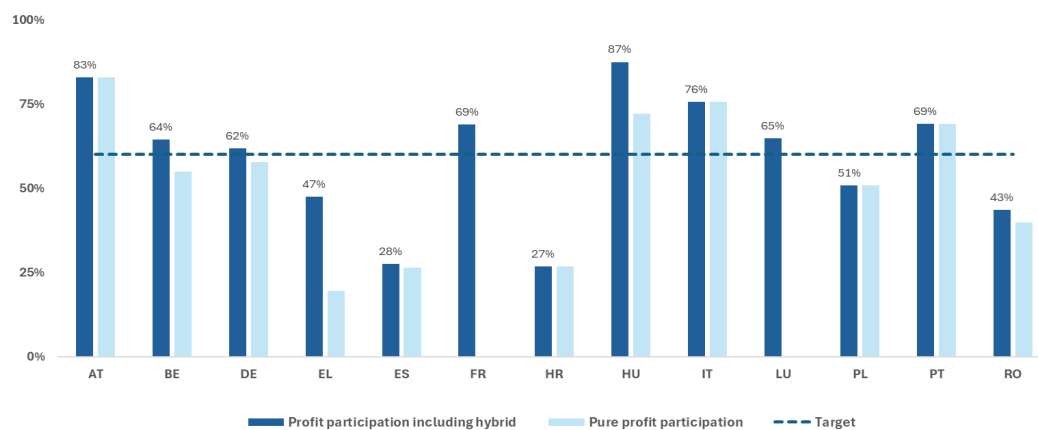
³³ As in previous reports, CY, IS and NL were not part of the sample. In the case of NL, IBIPs in scope are no longer commercialized in the country (i.e., remaining products are in run-off).

³⁴ The report provides a snapshot of the costs and performances of insurance products that were available for sale at 31 December 2023. Products that receive premium but were no longer marketed at that time (run-off) are excluded.

³⁵ Article 8 and 9 of the Sustainable Finance Disclosure Regulation (SFDR). In case of products with more than one investment option, for the purpose of this report, the product is considered to have ESG features only when presents more than 50% or more investment options that are Article 8 and/or 9, or 100% investment options that are Article 9.

³⁶ Data collection in 2024 covered the most sold, the most expensive, and the cheapest combination (insurance wrapper plus specific investment option) for simplified clusters considering recommended holding period, underlying assets and risk level.

³⁷ BG, CZ, EL, ES, HR, RO and SI

Figure 25: Market coverage – UL³⁸Figure 26: Market coverage – PP³⁹

³⁸ National data for DK, EE, LT, and LV is not separately reported due to sample sizes lower than three undertakings per country. The figure does not consider Personal Pension Products that are not IBIPs.

³⁹ National data for BG, CZ, EE, MT, SE, SI and SK is not separately reported due to sample sizes lower than three undertakings per country. The figure does not consider Personal Pension Products that are not IBIPs.

ANNEX II – METHODOLOGY

This is the inaugural exercise under the revised Costs and Past Performance data collection and methodology. In various instances, figures are generally presented as weighted average. To reduce the reporting burden for the participating undertakings, only a selected number of product options were included in the scope. These results should hence not be taken as a definitive indicator of national and EEA net returns and/or costs, but rather as a general guide.

During 2024, EIOPA undertook a data collection exercise gathering product information from a sample of insurance undertakings in each participating Member State, encompassing unit-linked (UL), profit participation (PP), hybrid (HY), and personal pension products (PPP) which can be either IBIPs or non-IBIPs.

Participating undertakings were required to submit data via a standardized template, adhering to common principles that varied according to product type. Only products available on the market as of December 31, 2023, were considered for inclusion in the sample. The sample selection covered:

- ▶ **Unit-linked:** the most sold, the most expensive, and the cheapest products⁴⁰ covering diverse recommended holding periods (RHP), risks (SRI), and asset classes such equity funds, asset allocation funds, and debt funds. From a consumer perspective and for the purpose this report, a product is defined as a single entity comprising a wrapper plus a specific investment option. This might at time differ from the manufacturer's perspective to the extent that the manufacturer will consider the full universe of possible investment options while a policyholder may choose to invest into a single or a sub-set of the full range of investment options.
- ▶ **Hybrid:** products offering the combination of both unit-linked and profit participation components and/or allowing consumer the possibility to combine them. Depending on the investment options, the data collection differentiated between:
 - **Hybrid comprising individual investment option**⁴¹: the most sold, the most expensive, and the cheapest product for diverse RHP, SRIs, and asset classes including reporting on the profit participation component.
 - **Hybrid comprising combined investment option**⁴²: the most sold product per simplified clusters covering different risk (SRI) and RHP.
- ▶ **Profit participation:** the most sold products for different risks levels (SRI)

⁴⁰ The selection of the most sold is based on Gross Written Premium (GWP) on 31 December 2023, while the most expensive and the cheapest consider RIY at RHP.

⁴¹ Individual investment option refers to individual financial asset (i.e. one ISIN code, one internal fund, one profit participation component).

⁴² Combined investment option refers to the combination of financial assets (i.e., multiple ISIN codes, multiple internal funds) with a pre-determined investment allocation/strategy, either fix or dynamic, which is defined by the insurance undertaking.

- ▶ **Personal Pension Products:** due to the lack of a harmonized European definition and to ensure consistency with previous reports, the 3 most sold products per type (3 PPPs with UL features and 3 PPPs with PP features). IBIPs methodology is applied on a best effort basis.

To provide a consistent framework for analysis and enabling comparability with previous years' report, which featured a more limited product sample, EIOPA limited the sample when analysing cost trends over time (i.e. *What is the trend in costs?*). Specifically, the comparison of cost with previous years' figures was restricted to the most sold product per SRI. However, this approach did not apply to the analysis of net returns, as the current data collection exercise captured returns from previous years.

Net returns and costs

Figures on returns throughout the report refer to net returns (actual return on investment that the policyholder receives after all deductions have been made for costs and fees) while costs cover the reduction in yield at RHP and, on some occasions, entry costs as percentage of total premium paid at RHP. Aggregated figures show the value of the metrics weighted by GWP of the products in 2023.

The net returns calculation for UL and hybrid is based on the year-over-year percent change on the Net Asset Value (NaV) adjusted to account for all costs not included in the NaV, thereby enabling the computation of a comprehensive net return. In case of profit participation products and profit participation component of hybrid products, EIOPA has used data on the evolution of the total credit rate or profit-sharing rate. These are broadly understood as a reasonable proxy for overall performance trends.

Compared to previous years, the calculation and representation of net returns and costs for hybrids has been enhanced. This improvement was achieved by replacing the previous method that combined UL and PP components into a single category using a notional allocation of premium.

CALCULATIONS

- ▶ **Unit Linked and Hybrid** (except for profit participation component)

$R(n)$: observable annual return of the unit of the fund in year n , i.e. $R(n) = \frac{NaV(n)}{NaV(n-1)} - 1$

$RIY(n)$: Reduction in Yield of all the costs components not included in $R(n)$

$R_{net}(n)$: net return for the year n , i.e. $R_{net}(n) = R(n) - RIY(n)$

R_{av_net} : average net return for the period ($n=4$), i.e.: $R_{av_net} = [(1+R_{net(n-4)}) * \dots * (1+R_{net(n)})]^{(1/n)} - 1$

- ▶ **Profit participation and Profit Participation component of hybrid.**

$R(n)$: observable annual return of the unit of the fund in year n , i.e. $R(n) = \text{total credit rate or profit-sharing rate in year } n$

$RIY(n)$: Reduction in Yield of all the costs components not accounted in $R(n)$

$R_{net}(n)$: net return of the product for the year n , i.e. $R_{net}(n) = R(n) - RIY(n)$

R_{av_net} : average net return for the period ($n=4$), i.e.: $R_{av_net} = [(1+R_{net(n-4)}) * \dots * (1+R_{net(n)})]^{(1/n)} - 1$

Instead, a more nuance approach distinguishing between Hybrid-UL and Hybrid-PP depending on the underlying investment is now used. This new methodology enhances comparison between offers considering both products with pre-defined strategy exists and those where the allocation between UL and PP components depends on the consumer's preferences.

ANNEX III – STATISTICAL ANNEX (IBIPS)

Annex III provides a breakdown of net returns and costs figures by Member States⁴³ from a host perspective. These figures also include products sold within the Member State on a cross-border basis.

Table 1: UL and HY-UL- Net returns by Member State and SRI, 2020-2023

Member State	No. of products		Weighted net returns 2020		Weighted net returns 2021		Weighted net returns 2022		Weighted net returns 2023		No. of products (3 years of consecutive net returns or more)		Weighted net returns 2020-2023	
	1-3	4-7	1-3	4-7	1-3	4-7	1-3	4-7	1-3	4-7	1-3	4-7	1-3	4-7
AT	271	228	4.8%	8.8%	9.4%	24.2%	-17.1%	-16.7%	7.1%	15.6%	256	204	0.4%	6.7%
BE	161	130	-0.2%	2.5%	8.6%	12.9%	-14.1%	-15.8%	8.9%	14.2%	133	102	0.1%	1.8%
BG	27	13	1.0%	15.3%	14.8%	26.9%	-14.3%	-18.4%	9.9%	16.4%	27	13	2.2%	8.2%
CZ	23	8	0.5%	0.5%	2.5%	13.1%	-4.5%	-15.0%	9.2%	19.8%	22	8	2.0%	4.7%
DE	474	325	1.1%	3.9%	18.4%	25.7%	-7.5%	-13.7%	10.8%	16.6%	465	319	5.2%	7.1%
EE	30	41	5.9%	7.6%	15.5%	14.6%	-11.7%	-17.1%	12.2%	14.3%	28	41	4.8%	3.4%
EL	35	18	-3.6%	4.0%	4.2%	9.7%	-9.0%	-14.0%	5.3%	13.5%	30	12	-1.9%	2.2%
ES	184	102	-0.1%	6.6%	2.1%	16.7%	-2.9%	-14.3%	6.0%	16.1%	146	89	0.5%	5.3%
FI	61	50	2.1%	3.6%	5.7%	16.5%	-8.4%	-10.1%	7.0%	14.1%	56	48	1.3%	5.7%
FR	222	151	0.3%	2.5%	0.4%	8.1%	-0.6%	-5.6%	1.8%	5.2%	198	141	0.4%	2.6%
HR	25	57	0.1%	0.0%	2.2%	15.1%	-6.2%	-13.7%	7.5%	11.1%	24	55	-0.8%	2.2%
HU	144	149	2.5%	16.3%	2.4%	21.3%	-2.7%	-14.5%	15.5%	19.7%	143	138	4.0%	9.1%
IE	80	52	0.6%	10.1%	8.7%	26.1%	-7.6%	-11.9%	6.1%	15.4%	76	50	1.6%	8.4%
IT	528	393	0.7%	7.0%	1.8%	13.8%	-8.1%	-19.9%	5.1%	15.4%	458	334	-1.0%	2.3%
LT	28	25	4.4%	17.4%	10.7%	27.0%	-11.4%	-22.1%	8.3%	23.8%	28	25	2.5%	9.3%
LV	24	25	5.2%	4.3%	12.5%	21.9%	-12.1%	-14.2%	11.2%	17.0%	24	25	3.6%	6.2%
NO	42	68	5.3%	9.2%	5.0%	22.6%	-5.7%	-8.5%	8.8%	20.9%	36	61	3.4%	10.2%
PL	50	26	-0.7%	0.5%	1.4%	11.5%	-7.3%	-19.8%	13.0%	25.8%	45	24	1.1%	3.0%
PT	46	13	1.4%	4.0%	3.5%	12.2%	-7.2%	-11.2%	6.4%	3.5%	30	6	0.95%	2.54%
RO	58	23	0.9%	-1.0%	7.6%	27.1%	-5.5%	-15.8%	13.5%	19.9%	49	19	3.9%	5.8%
SE	105	110	4.1%	8.2%	4.8%	25.5%	-12.3%	-15.8%	7.4%	18.1%	104	104	0.5%	7.4%
SI	69	84	-2.0%	3.4%	16.9%	25.5%	-14.0%	-15.7%	7.6%	14.1%	69	84	-0.2%	5.4%
SK	29	45	1.3%	6.9%	1.9%	17.2%	-7.0%	-18.0%	8.4%	14.5%	24	43	-0.7%	4.0%
EEA	2,762	2,168	0.9%	6.1%	5.7%	15.6%	-6.6%	-15.2%	6.4%	14.3%	2,516	1,976	1.3%	4.0%

⁴³ Member State breakdown is not presented if there were less than three undertakings and/or less than three products in the sample. This applies to all tables in the Annex.

Table 2: PP and HY-PP - Net returns by Member State and risk, 2020-2023

Member State	No. of products	Weighted net returns 2020	Weighted net returns 2021	Weighted net returns 2022	Weighted net returns 2023	No. of products (3 years of consecutive net returns or more)	Weighted net returns 2020-2023
	1-3	1-3	1-3	1-3	1-3	1-3	1-3
AT	34	0.7%	0.8%	0.8%	1.1%	23	0.9%
BE	28	0.3%	0.4%	0.6%	2.3%	25	1.4%
DE	55	2.0%	1.7%	1.5%	2.2%	47	1.9%
ES	27	0.4%	0.4%	0.5%	1.4%	27	0.7%
FR	24	1.0%	0.9%	1.7%	2.5%	21	1.6%
HU	17	-0.9%	-0.8%	-0.6%	-0.1%	16	-0.6%
IT	69	0.4%	0.4%	-0.3%	2.0%	40	1.23%
PT	11	0.0%	0.0%	0.64%	2.51%	5	0.4%
RO	13	0.7%	2.6%	5.1%	3.9%	13	3.0%
EEA	338	0.8%	1.0%	0.9%	2.2%	272	1.6%

Table 3: PP and HY-PP - Costs by Member State and recommended holding period RHP, 2023

Member State	No. of products			Weighted RIY at RHP		
	Short	Medium	Long	Short	Medium	Long
AT		10	23		1.1%	1.5%
BE	19	12		0.5%	0.5%	
DE		27	27		1.0%	0.8%
ES	6	19		0.6%	0.9%	
FR	22			2.4%		
HU		18			3.1%	
IT	42	27		1.5%	2.0%	
PT	11			1.7%		
RO		8			2.0%	
EEA	111	156	78	1.9%	1.5%	0.7%

Table 4: UL and HY-UL Costs by Member State and RHP, 2023

Member State	No. of products			Weighted RIY at RHP		
	Short	Medium	Long	Short	Medium	Long
AT		227	272		2.6%	2.9%
BE	161	130		2.4%	3.1%	
CZ			24			2.2%
DE		373	424		1.8%	1.3%

EE		71			1.8%	
EL		52			2.8%	
ES	206	79		1.4%	2.3%	
FI		46			1.8%	
FR	334	39		3.1%	2.8%	
HR		59	15		4.0%	3.2%
HU		293			3.1%	
IE	132			1.9%		
IT	803	118		2.5%	3.5%	
LT		46			3.1%	
LV		49			1.8%	
NO	109			1.1%		
PL	46	29		1.9%	4.4%	
PT	52	7		1.2%	3.0%	
RO		47			3.1%	
SE	177	38		1.4%	4.4%	
SI		148			4.2%	
SK			74			1.4%
EEA	2,114	1,922	894	2.3%	2.9%	1.4%

Table 5: UL and HY-UL with sustainability features - Costs and net returns

Member State	No. of products	RIY at RHP	Weighted net returns 2020	Weighted net returns 2021	Weighted net returns 2022	Weighted net returns 2023	No. of products (3 years of consecutive net returns or more)	Weighted net returns (2020-23)
AT	266	2.7%	7.9%	13.3%	-17.8%	9.0%	251	2.1%
BE	241	2.6%	0.6%	8.8%	-13.8%	9.8%	186	0.4%
CZ	13	1.9%	1.5%	1.6%	-0.4%	8.1%	13	2.6%
DE	506	1.6%	1.5%	20.2%	-9.2%	12.3%	498	5.5%
EL	23	1.2%	-4.0%	5.7%	-7.9%	7.1%	16	-1.0%
ES	62	3.2%	3.0%	14.3%	-14.4%	11.3%	54	2.6%
FR	310	3.2%	1.0%	2.4%	-3.1%	2.7%	278	0.5%
HR	47	4.2%	0.0%	7.2%	-15.1%	9.9%	47	-0.2%
HU	119	3.0%	15.7%	17.0%	-10.2%	22.6%	107	10.0%
IT	553	2.9%	4.2%	6.5%	-12.9%	8.9%	473	0.5%
LT	30	1.9%	6.7%	15.2%	-13.8%	12.9%	30	4.4%
LV	29	1.5%	4.8%	14.7%	-12.5%	12.9%	29	4.3%
NO	83	1.2%	4.9%	17.0%	-6.2%	9.7%	75	6.5%
PT	30	1.4%	2.2%	6.5%	-12.1%	8.3%	20	1.1%
SE	153	2.2%	9.6%	18.9%	-15.1%	15.7%	153	5.8%
SI	59	5.0%	0.6%	23.7%	-17.4%	10.7%	59	1.8%
SK	34	3.0%	6.7%	14.5%	-18.6%	10.7%	30	2.0%
EEA	2,763	2.6%	3.0%	9.5%	-9.6%	8.7%	2,517	2.3%

Table 6: UL and HY-UL - Products without sustainability features - Costs and net returns

Member State	No. of products	RIY at RHP	Weighted net returns 2020	Weighted net returns 2021	Weighted net returns 2022	Weighted net returns 2023	No. of products (3 years of consecutive net returns or more)	Weighted net returns (2020-23)
AT	233	2.9%	2.9%	19.0%	-15.0%	13.3%	209	4.1%
BE	50	2.4%	0.9%	14.0%	-18.0%	12.8%	49	0.9%
CZ	18	2.2%	0.4%	6.5%	-9.1%	13.3%	17	2.9%
DE	293	1.8%	0.5%	13.4%	-2.9%	7.0%	286	4.9%
EL	30	3.2%	4.0%	9.1%	-14.2%	12.8%	26	1.8%
ES	224	1.6%	0.3%	2.2%	-2.7%	6.6%	181	1.7%
FI	73	1.4%	3.5%	11.5%	-10.0%	8.7%	68	2.9%
FR	63	2.8%	3.4%	13.8%	-10.8%	5.3%	61	2.2%
HR	35	1.9%	0.1%	5.0%	-5.1%	7.8%	32	1.7%
HU	174	3.1%	9.0%	13.5%	-10.7%	15.4%	174	5.7%
IE	95	1.7%	1.5%	10.2%	-8.0%	7.9%	91	2.4%
IT	361	2.8%	1.4%	7.3%	-14.1%	10.4%	314	0.5%
LT	23	3.7%	14.2%	22.3%	-19.2%	19.1%	23	7.3%
NO	27	1.1%	7.7%	12.0%	-7.2%	15.6%	22	6.6%
PT	29	1.6%	1.7%	4.4%	-5.2%	4.2%	16	1.7%
RO	64	3.6%	-1.2%	13.0%	-8.2%	15.1%	51	4.1%
SE	62	2.5%	2.1%	18.8%	-14.0%	12.9%	55	4.0%
SI	94	3.6%	2.3%	22.2%	-13.9%	12.8%	94	4.7%
SK	40	0.9%	5.3%	13.4%	-14.4%	13.7%	37	3.8%
EEA	2,159	2.2%	2.1%	8.6%	-9.9%	10.0%	1,969	2.4%

Table 7: PP and HY-PP - Products with sustainability features - Costs and net returns

Member State	No. of products	RIY at RHP	Weighted net returns 2020	Weighted net returns 2021	Weighted net returns 2022	Weighted net returns 2023	No. of products (3 years of consecutive net returns or more)	Weighted net returns (2020-23)
BE	31	0.5%	0.3%	0.4%	0.6%	2.3%	28	1.4%
DE	42	0.9%	2.0%	1.7%	1.7%	2.2%	34	1.9%
FR	24	2.4%	0.9%	1.1%	1.7%	2.5%	21	1.7%
IT	25	1.6%	1.0%	0.9%	0.9%	2.1%	18	1.4%
EEA	151	1.9%	1.0%	1.3%	1.4%	2.4%	128	1.7%

Table 8: PP and HY-PP - Products without sustainability features – Costs and net returns

Member State	No. of products	RIY at RHP	Weighted net returns 2020	Weighted net returns 2021	Weighted net returns 2022	Weighted net returns 2023	No. of products (3 years of consecutive net returns or more)	Weighted net returns (2020-23)
AT	30	1.4%	0.7%	0.7%	0.7%	1.0%	19	0.9%
ES	27	0.8%	0.4%	0.4%	0.5%	1.4%	27	0.7%
HU	15	3.1%	0.7%	1.0%	1.4%	2.5%	14	1.5%
IT	44	1.6%	0.2%	0.2%	-0.5%	1.9%	22	1.1%
EEA	186	1.5%	0.3%	0.3%	-0.2%	1.8%	145	1.0%

Table 9: UL and HY-UL - Cross-border products⁴⁴ - Costs and net returns

Member State	No. of products	RIY at RHP	Weighted net returns 2020	Weighted net returns 2021	Weighted net returns 2022	Weighted net returns 2023	No. of products (3 years of consecutive net returns or more)	Weighted net returns (2020-23)
AT	80	2.8%	11.5%	21.1%	-15.6%	12.3%	79	5.88%
BE	44	2.2%	1.9%	16.2%	-13.6%	13.1%	43	3.30%
DE	194	1.6%	5.8%	24.7%	-11.5%	16.1%	194	7.24%
FR	98	3.1%	2.0%	8.3%	-8.9%	6.3%	96	1.45%
IT	373	2.6%	1.3%	7.8%	-11.5%	9.5%	309	0.64%
LT	34	3.0%	15.2%	24.2%	-17.5%	19.9%	34	8.73%
LV	41	1.7%	5.6%	17.0%	-12.3%	13.1%	41	5.12%
PT	5	3.6%	5.6%	16.3%	-14.8%	1.6%	5	1.50%
SE	9	2.0%	-1.4%	6.9%	-18.5%	8.3%	6	-1.92%
EEA	940	2.6%	1.5%	8.4%	-11.6%	9.2%	864	0.85%

⁴⁴ Products sold on a cross-border basis within the Member State (i.e. first row represent products sold in Austria from other Member States)

ANNEX IV – GLOSSARY

Term	Definition
Unit-linked Working definition	A category of life insurance contract where the benefits are wholly or partly determined by reference to the value of a fund or index. There is a segregation between the assets of the undertaking and those connected to the insurance policy. These products generally offer a biometric risk cover (e.g., death, life, disability...); the treatment and feature of such cover do not affect their definition.
Profit participation Working definition	An insurance contract which provides insurance benefits through eligibility to participate materially in periodic discretionary distributions based on profits arising from the insurance undertaking's business. These products usually have a minimum guarantee return or capital protection. These products generally offer a biometric risk cover (e.g. death, life, disability...); the treatment and feature of such cover do not affect their definition.
Hybrid product working definition	Products offering the combination of both unit-linked and profit participation components and/or allowing consumer the possibility to combine them. It can include individual. Usually, it represents a product whose benefits are linked to the value of a fund or index (unit-linked component of the hybrid product) and at the same time offers the distribution of a minimum guaranteed profit (profit participation component of the hybrid product). The features and treatment of the biometric cover do not affect the definition of such products.
Hybrid-UL - Working definition	The Unit-linked component of a hybrid product, and hybrid products with pre-defined strategy where the unit-linked component is predominant.
Hybrid-PP - Working definition	The profit participation component of a hybrid product, and hybrid products with a pre-defined strategy where the profit participation component is predominant.
Defined Benefit schemes (DB)	Retirement benefit plans under which amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings and/or years of service.
Defined Contributions schemes (DC)	A pension plan where the only obligation of the plan sponsor is to pay a specified contribution (normally expressed as a percentage of the employee's salary) to the plan on the employee behalf. There are no further promises or 'guarantees' made by the sponsor.
Hybrid schemes (HS)	A plan which has two separate DB and DC components, but which are treated as part of the same scheme

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