HIGH-LEVEL SUMMARY OF FOLLOW-UP ACTIVITIES TO THE WARNING TO INSURERS AND BANKS ON CREDIT PROTECTION INSURANCE (CPI) PRODUCTS

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European Insurance and Occupational Pensions Authority

HIGH-LEVEL SUMMARY

Following the publication of EIOPA's final report and warning to insurers and banks on Credit Protection Insurance (CPI) products in 2022, EIOPA outlined the follow-up activities in two phases across 2023 and 2024. Phase I involved monitoring the supervisory and policy actions taken by National Competent Authorities (NCAs), while Phase II focused on assessing the effects of these actions on the market and measuring consumer outcomes.

In 2024, EIOPA's Board of Supervisors agreed to collect data from the market with a targeted survey to measure the impact. The data collection, conducted from October to December 2024, targeted 118 undertakings and included both quantitative and qualitative questions. Quantitative indicators – claims ratios, commission rates, and denied claims ratios – were used to assess improvements in respect of 5 types of CPI products, while qualitative insights provided context for the changes observed.

While acknowledging that it takes time for changes to become visible in the data – especially in terms of claims ratios and denied claims ratios – EIOPA observed that at market level, countries performed better than in 2020. That said, CPI products continue raising concerns in terms of value.

Markets where strong supervisory measures have been adopted and/or where insurance undertakings have taken specific and comprehensive action show progress, evidenced by an improvement in the relevant quantitative indicators across CPI products. On the other hand, markets without significant supervisory actions and/or where actions are yet to be finalized, showed no progress or even deteriorating indicators in 2023. This might be due to measures having been implemented in late 2023 or in 2024 – hence, not yet observable in this data collection.

Similarly, at the undertaking level, several participating entities reported improvements to the benefit of policyholders, with at least half of the ratios reported in 2020 having improved by 2023. The qualitative data collected suggests that this quantitative improvement was largely driven by undertakings that adopted a proactive approach, implementing, either independently or following regulatory and supervisory measures, meaningful changes in policies, governance, and product offerings.

In conclusion, although progress takes time and it may be too early to draw final conclusions on the impact of the measures implemented – especially in terms of claims ratios and denied claims ratios –, some improvements are already visible in certain markets, even just one year after EIOPA's warning. These markets are mainly those where NCAs undertook strong supervisory actions and policy measures.

On this basis, EIOPA considers Phase II concluded. Monitoring will continue to ensure sustained progress over a longer observation period. For the next steps, particular attention will be given to instances where 2023 data did not show material improvements.

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