

3rd Report on the application of the Insurance Distribution Directive (IDD)

Consumer Protection Department
EIOPA REGULAR USE
EIOPA-BoS-26-077
30 March 2026



eioipa

European Insurance and
Occupational Pensions Authority

CONTENTS

EXECUTIVE SUMMARY	3
INTERVIEW WITH HEDI MARDISOO, CO-FOUNDER AND CEO OF CACHET	6
INTRODUCTION	10
1. CHANGES IN THE EU INSURANCE DISTRIBUTION MARKET	11
2. IMPACT OF THE REGULATORY FRAMEWORK	15
2.1 LEVEL OF PROFESSIONALISM AND COMPETENCE OF INSURANCE DISTRIBUTORS	15
2.2 DIGITALISATION AND GROWTH OF NEW DISTRIBUTION MODELS.....	16
2.3 IMPACT OF THE IDD ON THE QUALITY OF ADVICE AND SELLING METHODS	22
2.4 INTEGRATION OF SUSTAINABILITY FACTORS, RISKS AND PREFERENCES INTO THE IDD	24
2.5 NEED TO PROVIDE ADDITIONAL GUIDANCE ON THE REGULATORY FRAMEWORK	26
3. IMPACT ON THE SUPERVISORY FRAMEWORK	30
3.1 RESOURCES AND POWERS OF NCAs DEVOTED TO CONDUCT OF BUSINESS SUPERVISION	30
3.2 SUPERVISORY CONCERNS ARISING FROM THE APPLICATION OF CONDUCT OF BUSINESS REQUIREMENTS	33
3.2.1 <i>Product oversight and governance</i>	33
3.2.2 <i>Conflicts of interest and remuneration</i>	35
3.2.3 <i>Cross-selling of financial products</i>	36
3.3 SUPERVISORY COOPERATION BETWEEN HOME AND HOST NCAs.....	38
ANNEX I: CHANGES IN THE EU INSURANCE DISTRIBUTION MARKET	40
ANNEX II: OPTIONS EXERCISED ACCORDING TO MEMBER STATE.....	44

EXECUTIVE SUMMARY

The IDD has now been applied across most Member States for over seven years. Over time, insurance distributors have gained practical experience in applying the IDD requirements and national competent authorities (NCAs) have acquired extensive supervisory experience.

This third report builds on that experience, assessing developments in the insurance distribution market and evaluating the impact of the IDD on consumers, distributors and supervisors during 2024–2025. It draws on two surveys conducted with NCAs and feedback gathered from a public event in April 2025 and EIOPA’s Insurance and Reinsurance Stakeholder Group (IRSG). EIOPA has sought to further enhance the data quality and comparability of data in this report to address issues identified in its previous two reports.

Changes in the structure of the EU insurance distribution market

From 2020 to 2024, the total number of registered insurance intermediaries in 24 Member States decreased by 7.5%, continuing the long-term downward trend observed in earlier reports. Possible reasons for the decline range from corporate consolidation, cohorts reaching retirement age, difficulties in attracting or retaining talent, stricter professional requirements, increased supervisory pressure and deletion of inactive intermediaries from national registers.

Conversely, the number of intermediaries with a passport increased by 12% between 2020 and 2024 indicating more interest in carrying out cross-border distribution activities, although the actual extent of cross-border business remains uncertain.

The typical European intermediary continues to be:

- a natural person rather than a legal entity;
- acting on behalf of one or more insurance undertakings, not other intermediaries or the customer;
- selling only insurance, rather than other financial products or goods; and
- remunerated through commissions, rather than fees or a combination of commissions/fees.

Impact of the regulatory framework

Level of professionalism and competence of insurance distributors

Some NCAs have observed an improvement in the level of professionalism and competence of distributors in some Member States, reflected by a decrease in complaints, fines and breaches, but others have identified shortcomings, such as distributors completing training activities that do not count towards the required continuous professional development.

Digitalisation and growing use of AI

Digitalisation of insurance distribution continues to progress slowly, with online sales still below 10% of total premiums in most markets and concentrated in simple products such as motor or travel insurance. Generative AI is increasingly being used in insurance distribution through chatbots and sales tools, with the potential to materially influence how some day-to-day activities are carried out.

However, it is recognised that the IDD does not comprehensively regulate digital channels or provide detailed guidance on AI-based or automated advice models, leaving scope to further clarify the regulatory treatment of these emerging technologies when they are leveraged in insurance distribution activities.

Impact on the quality of advice and selling methods

The quality of advice and selling methods have improved in some markets due to supervisory actions and follow-up inspections, but persistent shortcomings remain in others, as evidenced by supervisory activities and complaint statistics (e.g. very long claims processing times). EIOPA's mystery shopping on the distribution of insurance-based investment products (IBIPs) revealed limited correlation between the thoroughness of the sales process and the alignment of the offered products with the shoppers' profiles. Longer and more detailed sessions did not always translate into better outcomes for shoppers, indicating a possibility to simplify the sales process.

Trade associations highlighted that EU rules “*make the sales process burdensome, overload consumers with too much information and are not fit for the digital age*”. Consumer associations expressed concerns about consumers not always being able to see insurance prices directly from insurers and having to go through intermediaries instead to obtain such information. In their view, this could make it harder and more time-consuming to compare options and find the right insurance, and it might also lead to higher prices. They praised, however, the demands-and-needs test as a very powerful tool when applied, documented and enforced consistently.

Integration of sustainability factors, risks and preferences into the IDD

Evidence from NCAs, consumer testing and EIOPA's mystery shopping indicates that sustainability disclosures and preference assessments are often poorly understood, inconsistently applied and affected by distributor knowledge gaps and misalignment between regulatory frameworks. While unsuitable products were offered only in a limited number of cases, the findings raise concerns about the proportionality and effectiveness of the current requirements in delivering better consumer outcomes.

Need to provide additional guidance on the regulatory framework

The evidence gathered by EIOPA from NCAs and other stakeholders has shown challenges both for industry in applying some aspects of the IDD and for NCAs to supervise those provisions, highlighting a potential need for additional guidance. For example, there is room for more clarity on the demands-and-needs test and suitability assessment as well as on the scope of “insurance distribution”, especially concerning indirect distribution and digital tools such as AI.

Impact on the supervisory framework

Conflicts of interest and remuneration

Despite growing regulatory attention and supervisory action over the past years, misaligned incentives and insufficient transparency remain threats to consumer protection in some markets, particularly with regard to the distribution of life insurance or credit protection insurance (CPI).

Some NCAs are discussing measures at national level to further restrict the payment/receipt of commissions such as commission bans or enhanced disclosure rules.

Cross-selling of financial products

With regard to cross-selling of financial products (e.g. tying and bundling of insurance with a good or service), improvements are visible in certain markets (particularly in those where strong supervisory actions and policy measures were undertaken following EIOPA's warning to insurers and banks on CPI in 2022). However, some NCAs found that cross-sold insurance often offers poor value for money and features high commissions, while consumers may find it more challenging to understand coverage in cross-selling situations.

POG requirements

EIOPA strengthened oversight of Product Oversight and Governance (POG) requirements by issuing a methodology for value for money benchmarks for unit-linked and hybrid products and observed a rise in related sanctions, yet NCAs and trade associations continue to face challenges in consistently applying POG rules, particularly in defining value for money, sustainability criteria and target markets, highlighting the need for clearer and more proportionate guidance across Member States.

Supervisory cooperation between home and host NCAs

Most NCAs report effective cooperation and timely information exchange between home and host authorities, but some challenges persist, particularly limited data on cross-border intermediaries, unclear division of supervisory responsibilities and growing concerns over insurers outsourcing key activities to intermediaries (for example, foreign insurers delegating underwriting to intermediaries, which may create overreliance on intermediaries and blur responsibility for oversight and product manufacturing), which may complicate oversight and consumer protection.

Resources and powers of NCAs devoted to conduct of business supervision

Supervisory capacity has strengthened notably between 2023 and 2025, with the average number of full-time equivalents (FTEs) devoted overall to conduct of business supervision, registration/notification and enforcement tasks increasing by 8%. Several NCAs have introduced or plan to introduce mystery shopping as a supervisory tool, and more resources are now allocated to enforcement. However, differences remain in the legal powers of NCAs (e.g. mystery shopping), which can affect the consistency of conduct supervision.

Conclusion

Overall, the IDD continues to provide a framework that sets minimum standards for fair and transparent insurance distribution across the EU. However, ongoing challenges, particularly in digitalisation, sales process and sustainability integration, require continued attention. EIOPA will build on these findings to promote supervisory convergence and support the implementation of the European Commission's Retail Investment Strategy and eventual review of the IDD.

INTERVIEW WITH HEDI MARDISOO, CO-FOUNDER AND CEO OF CACHET



1. Please can you provide information about your professional background and Cachet?

I am Hedi Mardisoo, co-founder and CEO of Cachet, a European Insurtech building insurance infrastructure for the platform economy — with a strong focus on gig workers and shared mobility across Europe. Alongside building Cachet, I am active in EU-level discussions on startup scaling and digital regulation. I have been recognised among Europe's *Top 100 Women in Tech* and among 100 *Global Mobility Changemakers*.

Cachet designs and distributes embedded, usage-based insurance that fits how people actually work and move today. Our SaaS platform enables flexible pricing and billing, policy governance, and advanced claims and risk analytics. We support our customers in communication with insurers by automating data exchange, embedding insurance directly into platform user journeys, and connecting claims partners into a single, seamless digital flow.

Before founding Cachet, I spent many years in software and banking. I studied Information Sciences, and the combination of my education and career shaped a clear conviction: data, when used responsibly, can make financial services more human-centric, fairer, and more preventative — not just reactive.

Cachet was founded to address a structural gap in the European platform and mobility economy. People increasingly operate across multiple digital platforms and borders, yet insurance remains

fragmented, static, and nationally constrained. We build adaptive insurance solutions that can start and stop dynamically based on real usage — a trip, a task, or a shift.

Scaling this model across the EU has been both exciting and revealing. As an insurance broker licensed in Estonia and operating cross-border with a passported license, we have encountered a fair share of regulatory friction — not because of the IDD itself, but because of divergent national interpretations of the Directive itself, as well as the “general good” rules. In practice, this often forces us to rebuild the same product multiple times for different Member States. When you add insurers’ own compliance requirements, which are tied to their home licences, the cumulative burden can slow the innovation.

Scaling this model in practice, often means that our processes have to always comply with the strictest of all the rules in the EU, not to duplicate processes and the same products have to have local variation for different Member States. This means friction in the overall governance and does not ultimately benefit the end user.

Cachet’s journey illustrates both the potential and the limits of today’s EU Single Market for insurance distribution. We are living proof that digital, cross-border insurance is possible — but also that Europe still has work to do if it wants to fully unlock innovation, while maintaining strong consumer protection.

- 2. In 2025, the European Commission launched its “Competitiveness Compass” to boost growth of the European economy by simplifying rules and reducing barriers. In that respect, this report mentions there has been slow progress in the use of digitalisation for insurance distribution over the past two years as digital tools were mostly used to enhance operational efficiency or internal processes rather than direct customer interaction. What were the biggest regulatory challenges you faced related to insurance distribution when setting up Cachet and what do you think are the reasons why digital-only distribution channels still lag well behind physical or hybrid ones?**

When setting up Cachet, the regulatory challenge was not obtaining a licence or passporting it across borders — that part of the framework actually works reasonably well, and the theoretical readiness is achieved quite well. The complexity starts with the real practice, when you move from being licensed to actually operating cross-border at scale: signing agreements with international insurance carriers and executing local sales in multiple Member States.

That is where fragmentation appears. Each market applies its own interpretation of IDD requirements, adds national rules or embeds them into legacy processes. As referred to above, when you combine this with country-specific market practices, you quickly end up rebuilding the same digital product and customer journey multiple times, despite operating under a single licence passported across the EU. Concurrently, this renders the good European framework actually difficult to scale.

Based on our experience, the slower development of digital-only distribution channels appears less rooted in regulation per se and more in how regulatory frameworks, market structures and incentives are implemented, raising the question of whether some of these barriers may reflect

protectionist tendencies. To illustrate a case not directly linked to the scope of the regulatory framework, but still impacting accessibility of insurance products for consumers: in Estonia, for example, a customer can buy insurance in minutes using only basic information like personal ID and car registration number, because centralised digital systems allow data to be prefilled securely and automatically, with no need to input the data several times, as it is integrated already in the state systems. This makes buying insurance online simple, safe and trustworthy. In other markets, we have seen customers forced through long digital applications, sometimes even required to manually enter data like vehicle VIN numbers just to buy mandatory motor insurance. After that effort, they may still only see a limited panel of insurers — before they receive a call from a physical broker offering a better deal. That can undermine confidence in digital channels.

In our core B2B business, another challenge is implementing IDD requirements in fully digital and embedded journeys. The principles of consumer protection are welcomed to a great extent, but they were designed around linear, only human-led sales processes. Translating them into seamless, real-time, event-based insurance — where cover starts and stops automatically — is complex. As a result, many firms take a conservative approach, which limits innovation. Instead of making the overall pie bigger and being globally more competitive, it feels that innovation might be limited or even blocked without practical considerations, and eventually creating better choices for the actual users of insurance, including consumers.

The technology is ready, and customer expectations are increasingly digital, especially thanks to the rapid developments in AI. Until digital journeys are considered as a norm — with clearer, consistent guidance and incentives aligned toward simplicity and interoperability — digital-only insurance distribution will continue to underperform. This is not because it delivers worse outcomes, but because it operates under greater structural friction or just a lack of incentives for change. It should be studied more closely to determine whether advice given digitally, on average, contains more errors than advice from humans.

3. Do you think we could ever envisage a truly digital Single Market for insurance distribution that fosters, rather than hinders, more innovation and, if not, why?

The short answer is YES! I am clearly an EU optimist. ☺

I am currently involved in work supporting the EU Startup and Scaleup Strategy, where one of the key proposals is the 28th Regime. This initiative would allow startups and scaleups to operate across the EU through a single digital entity and a harmonised set of rules. It represents an important first step toward enabling companies — particularly innovative and fast-moving ones — to scale seamlessly across the Single Market.

This logic should extend to insurance distribution as well. If Europe wants to foster EU-wide innovative Insurtech companies that develop new ways of insuring emerging economic models — such as the platform economy, AI-driven services, and autonomous technologies — the regulatory environment must support cross-border scalability. The EU is investing in innovation, deep tech, and AI; however, without the ability to insure these new businesses effectively, their growth will be constrained. Such a framework would encourage established incumbents to further invest in

innovation and modernise their service models for European consumers. The experience during COVID-19 showed that when incentives and conditions are aligned, even traditionally slower-moving organisations can transition rapidly to digital operations.

4. The report also highlights that the IDD does not comprehensively regulate digital channels (including innovative business models such as embedded insurance) or provide detailed guidance for AI-based or automated advice models, taking instead a technology-neutral approach to insurance distribution. What would be your three main recommendations to make the IDD simpler and fit for the digital age without compromising consumer protection?

- a) Provide clearer EU-level guidance for digital, embedded, and platform-based distribution models and shift the focus from the volume of disclosures to their effectiveness. The IDD's technology-neutral approach remains sound, but additional clarity is needed on how existing requirements apply in, and enable, the digital journeys to reduce legal uncertainty and enable consistent cross-border scaling. Consumer protection in digital channels should prioritise layered, contextual information that customers can actually understand, rather than box-ticking compliance. That can be achieved with technology if the applicability of EU regulation with its supervisory activities support, and even encourage, it by default.
- b) Enable secure access to and portability of insurance data. In line with the Data Act, customers should be able to easily access and transfer their policy information and insurance history across providers, similar to open banking, to support competition, innovation, and better customer outcomes. Currently, there seems to be a lack of incentives to accelerate bringing such an open insurance data space on the market.
- c) Establish a practical framework for AI-based and automated distribution and advice. As automation becomes more prevalent, clear expectations around transparency, traceability, and appropriate human oversight are essential to preserve trust without stifling innovation.

5. What do you expect to be the most important technological developments affecting insurance distribution in the coming five years?

When Cachet was founded, we placed our bet on a future driven by the combination of three developments: data portability, decentralised infrastructure, and artificial intelligence to deliver true human centric solutions. I continue to believe that it is the convergence of these elements — rather than any single technology — that will most profoundly reshape insurance distribution over the next five years. As frameworks for data portability mature, AI agents will increasingly be able to operate across organisations, accessing proprietary data based on consent and clear governance. Combined with decentralised and trust-based technology, such as blockchain or similar infrastructure for identity, consent, and auditability, this will enable a new generation of insurance services that are more interoperable, dynamic, and truly cross-border.

This is where genuinely new insurance models will emerge — not by digitising existing processes, but by rethinking distribution around portability, automation, and trust by design.

INTRODUCTION

Under Article 41(4) of the IDD, “EIOPA shall prepare a report on the application of this Directive” and has to deliver such a report every two years. EIOPA published its first¹ and second² report on the application of the IDD in 2022 and 2024.

In line with Article 41(6) and (7) of the IDD, the report examines:

- whether competent authorities are sufficiently empowered and have adequate resources to carry out their tasks;
- any changes in the insurance intermediaries’ market structure;
- any changes in the patterns of cross-border activity;
- the improvement of quality of advice and selling methods and impact of IDD on insurance intermediaries which are small and medium-sized enterprises.

The report also includes a general evaluation of the impact of the IDD as referred to Article 41(8) of the IDD. The evaluation of the impact of the IDD is incorporated into the other sections of the report, in order to avoid overlaps. As Article 41(6), (7) and (8) describe the minimum content of the report only, EIOPA has chosen to report on additional issues, such as digitalisation which are considered of relevance when it comes to the implementation, application and practical supervision of IDD.

N.B. The report is intended primarily to be backward-looking and to consider how the IDD has been applied in the different EU Member States. While EIOPA’s previous two reports covered the application of the IDD from 2020-2023, this report covers the years 2024 and 2025 and highlights relevant changes in the application of the IDD compared to the previous reporting period.

EIOPA is cognisant of other EU-level initiatives related to this report. In particular, in December 2025, the co-legislators reached a political agreement on the Retail Investment Strategy (RIS), which includes proposals amending the IDD³. The European Commission will also carry out a review of the IDD pursuant to Article 41(2). The timeline for this review remains unclear; however, the review is currently not expected to begin before work on implementing the RIS has been concluded. In parallel to this report, EIOPA has also examined opportunities for simplification and burden reduction in the IDD, particularly in the customer journey, without reducing consumer protection, in alignment with the European Commission’s broader simplification agenda.⁴

EIOPA issued two surveys to NCAs and held a public online event⁵ on 9 April 2025 to gather feedback on the application of the IDD, followed by written input from participants. EIOPA has also considered a separate paper from its IRSG⁶.

¹ [First IDD application report 2020/2021](#)

² [Second IDD application report 2022/2023](#)

³ [Retail investment strategy: Council and Parliament agree on package to empower consumers while boosting markets - Consilium](#)

⁴ [EIOPA follows a comprehensive and balanced approach to simplification amid push for competitiveness - EIOPA](#)

⁵ The following webpage includes the presentations provided during the event: [Online event on the Third EIOPA IDD application report](#)

⁶ [IRSG own initiative paper: The application of the Insurance Distribution Directive \(IDD\) - EIOPA](#)

1. CHANGES IN THE EU INSURANCE DISTRIBUTION MARKET

Introduction

In its previous reports on the application of the IDD, EIOPA analysed the structure of the insurance distribution markets in the EU and concluded that the market remains diverse and widely fragmented, as there is a wide variety of national distribution channels, registration requirements and reporting frameworks across the EU, making it challenging to provide conclusive findings at the European level and assess whether consistent outcomes are achieved for consumers. Taking this conclusion as a starting point for its work on this third report, in February 2025, EIOPA launched a survey addressed to NCAs to assess potential evolutions in the structure of the market and provide an updated picture. This section highlights the conclusions from this survey. Annex I complements this section with graphs.

From 2020 to 2024, the number of registered insurance intermediaries fell by 7.5%, continuing a long-term decline driven by stricter professional requirements, increased supervision, consolidation, demographic factors and changes in distribution models. The total number of registered insurance intermediaries operating in 24 Member States⁷ decreased from 884,337 in 2020 to 818,128 in 2024. This trend has been occurring for several years and was also highlighted in the previous reports.⁸ NCAs mentioned, for example, that the decrease in the number of intermediaries could be a result of stricter professional requirements included in national legislation transposing the IDD, more intense monitoring of the fulfilment of professional requirements, corporate consolidation⁹, cohorts reaching retirement age, difficulties in attracting or retaining talent, reorganisation in distribution models and deletion of inactive intermediaries from the national registers.

⁷ 24 NCAs have provided EIOPA with information on the number of registered intermediaries over the period 2020-2024. BE, DK, NL and NO provided information for 2021-2024 only. LT has provided information for 2020-2022 and 2024 only. FI provided information for 2021-2022 and 2024 only.

⁸ It is not always possible to identify specific factors leading to these market developments, as different markets experienced different trends. For example, in 7 Member States (CY, CZ, EE, EL, HR, MT, NO), the total number of registered intermediaries increased from 2022 to 2024, whereas in 7 other Member States (BE, BG, ES, LT, LV, NL, PL), the number decreased over the same period. In 16 Member States (AT, DE, DK, FI, FR, HU, IE, IS, IT, LI, LU, PT, RO, SE, SI, SK), the total number of intermediaries remained relatively stable (less than 5% change from 2022 to 2024).

⁹ Over the past two years, the number of natural persons decreased much stronger (-2.5%) than the number of legal persons (-0.5%), suggesting a corporate consolidation, further professionalisation of the sector and digitalisation.

Insurance intermediaries primarily acted on behalf of insurance undertakings¹⁰, though this varies by Member States, with some Member States dominated by intermediaries acting for other intermediaries¹¹ or directly for customers¹². In 13¹³ out of 21 Member States, the majority of insurance intermediaries acted on behalf of one or more insurance undertakings in 2024.¹⁴ This confirms the findings of the previous reports which concluded that in most responding Member States, the majority of insurance intermediaries acted on behalf of one or more insurance undertakings. In FI, IE and LT, intermediaries acted only on behalf of one or more insurance undertakings. In contrast, in CZ, FR, IT, RO and SK, the majority of intermediaries operated on behalf of one or more intermediaries. Intermediaries acting on behalf of customers were prevalent in BE, IS and LI.

The use of fee-based¹⁵ remuneration model in the EU insurance market is still limited as most intermediaries were remunerated through commissions¹⁶. In 24¹⁷ out of 28 Member States, the commission-based model was the prevailing practice during 2024¹⁸. It is interesting to note that in CZ, IS and NL¹⁹, insurance intermediaries operated predominantly on the basis of a combination of a fee/commission. In FI, insurance intermediaries operated only on the basis of a fee. These findings are similar to the findings of the last report.

In most Member States, distribution is mainly handled by agents and brokers, while bancassurance dominates in a few markets. Ancillary intermediation varies widely and is significant in only a small number of markets. In 21²⁰ out of the 25 Member States, during 2024, the majority of intermediaries distributed only insurance products (e.g. agents and brokers), as opposed to distributing insurance as part of the sale of other financial products/services (e.g. bancassurance) or other goods/services which are not insurance or financial products (e.g.

¹⁰ For example, agents act on behalf of one undertaking (single-tied) or on behalf of more than one undertaking (multi-tied).

¹¹ For example, sub-agents or sub-brokers generally act on behalf of one or more insurance intermediaries.

¹² For example, brokers generally act on behalf of customers and work with several undertakings to help customers to cover their insurance needs. Unlike agents, brokers have no direct contractual relationship with undertakings to place business on an exclusive basis.

¹³ AT, EE, ES, FI, HU, IE, LV, LT, LU, MT, NO, PL, PT

¹⁴ 9 NCAs indicated that, for 2024, they have no information on the number of intermediaries acting on behalf of undertakings (CY, DK, HR, SE, SI), intermediaries (BG, CY, DE, DK, EL, HR, NL, SE, SI) or the customer (CY, HR, SE, SI).

¹⁵ A fee is the remuneration paid directly by the customer.

¹⁶ Commission is the remuneration included in the insurance premium.

¹⁷ BE, BG, CY, DE, EE, EL, ES, FR, HR, HU, IE, IT, LI, LT, LU, LV, MT, NO, PL, PT, RO, SE, SI, SK

¹⁸ 5 NCAs (AT, BE, DK, FR, PL) indicated that, for 2024, they are not able to provide data or estimates on each of the types of remuneration.

¹⁹ In the Netherlands, an inducement ban for so called 'complex' products such as life insurance was implemented into national legislation in 2013. For non-life insurance, it is still allowed to pay and receive inducements

²⁰ AT, BE, BG, CY, CZ, EL, ES, FI, HR, IS, IT, LI, LT, LV, MT, PL, PT, RO, SE, SI, SK

registered ancillary intermediaries)²¹. This confirms the findings of the previous report which concluded that, during 2022, in 14 out of 20 Member States, the majority of intermediaries distributed only insurance products. In 10 Member States²², the number of intermediaries selling other financial products/services or other goods/services which are not insurance or financial products was (almost) non-existent.

The number of online sales remained low in most Member States in 2024, but is increasing on a yearly basis, particularly in non-life insurance. EIOPA's previous reports on the application of the IDD highlighted that there is no common definition of "online sales" under the IDD, making it challenging to gather comparable data on the evolution of online sales across Member States. For this third report, EIOPA developed a definition of "contracts concluded online"²³ to enable NCAs to provide more comparable data or estimates.²⁴ The proportion of contracts concluded online in terms of total volume of GWP remains relatively low in most reporting Member States, ranging from 0.2% to 3.1%. However, for CZ, DE (non-life), EE, FR, HU (non-life) and LV, it is estimated that online sales account for over 10% of the total volume of GWP.²⁵ EIOPA's 2023 Digitalisation Market Monitoring survey²⁶ found that digital channels account for an average of 9% of life insurance sales and 19% of non-life insurance sales in Europe. Sales through digital channels are expected to grow over the next three years, following the current pattern of higher digital adoption in non-life insurance.

Between 2022 and 2024, the number of insurance intermediaries holding cross-border passports rose by 10% despite an overall decline in the number of intermediaries, with most operating under freedom to provide services (FoS). Despite the decreasing number of intermediaries between 2022 and 2024, the number of intermediaries with a passport to operate under the FoS or freedom of establishment (FoE) increased from 24,036 in 2022 to 26,502 in 2024 (+10%)²⁷. The vast majority of them conducted FoS business. The passport allows intermediaries to conduct cross-border business, but it is unclear how much they actually use it. This is because the IDD only requires

²¹ 5 NCAs indicated that, for 2024, they are not able to provide information on the number of intermediaries distributing insurance products as part of the sale of other financial products or services (DE, FR, HU, LU), the sale of other goods and services which are not insurance or financial products (DE, FR, LU, NL) or exclusively the sale of insurance (DE, FR, LU).

²² BG, CY, CZ, EL, ES, HR, LT, PT, SI, SK

²³ An individual or group insurance contract (covering non-life insurance products listed in Annex I to Solvency II, life insurance products listed in Annex II to Solvency II other than insurance-based investment products (IBIPs), and IBIPs), concluded online with insurance undertakings, insurance intermediaries or ancillary insurance intermediaries (except those excluded from the scope of the IDD (Article 1(3)) via a website or another new digital channels, such as mobile apps or virtual assistants (e.g. Amazon Alexa).

²⁴ 10 NCAs (AT, DK, IE, IS, LI, MT, NL, NO, SE, SK) indicated that they are not able to provide data or estimates on the proportion of contracts concluded online in total volume of GWP (neither life nor non-life nor total).

²⁵ The figures should be interpreted carefully as there are limits to the quality of data provided and level of comparability across Member States. For example, CZ data covers not only contracts concluded online, but also contracts concluded without the simultaneous physical presence of the contracting parties (e.g. telephone sales). FR data relates to 2023 and covers both online sales and telephone selling. FR non-life data relates to health/motor/home/ancillary insurance.

²⁶ [Report on the digitalisation of the European insurance sector](#)

²⁷ 6 NCAs (BE, DK, FI, LT, NO, RO) indicated that they are not able to provide data on the number of intermediaries with a passport for 2020-2024.

intermediaries to notify their home Member State authority that they intend to do business in another Member State and therefore they do not report how much business they actually carry out, or when they start or stop operating there. Specific factors leading to these market developments may vary as different markets experience different trends. For example, in 15 Member States²⁸, the number of domestic insurance intermediaries with a passport has increased over the period 2022-2024. A decrease in the number of passporting intermediaries can only be observed in 8 Member States²⁹. In 7 Member States³⁰, the total number of passporting intermediaries remained relatively stable (less than 5% change over the period 2022-2024).

²⁸ BG, CY, DE, DK, EL, ES, FR, HR, IT, LI, LT, MT, NO, RO, SI

²⁹ AT, CZ, EE, HU, LU, LV, NL, PT

³⁰ BE, FI, IE, IS, PL, SE, SK

2. IMPACT OF THE REGULATORY FRAMEWORK

In February 2025, EIOPA launched a survey addressed to NCAs to gather input on the impact of the regulatory framework. Sections 2.1 to 2.5 highlight the main conclusions from this survey. EIOPA has also taken into account the input provided by external stakeholders during and as a follow-up to EIOPA's online event on the IDD. Annex II provides an overview of the legal options exercised according to Member State.

2.1 LEVEL OF PROFESSIONALISM AND COMPETENCE OF INSURANCE DISTRIBUTORS

Introduction

In its previous report, EIOPA had concluded that some NCAs observed an improvement in the level of professionalism and competence in some Member States, for example through continuous professional training or development (CPD) by insurance distributors, but others have identified shortcomings, for example in relation to CPD content on product oversight and governance (POG) and sustainability requirements.

EIOPA gathered data to assess the level of professionalism and competence, based on the experiences as to whether, in 2024 or 2025, the IDD has brought about significant changes and areas where there is scope for further improvements.³¹

In some Member States, market indicators and regulatory information point to a stable level of professionalism and competence among insurance distributors. For example:

- In AT, the number of complaints regarding advice has decreased over the past years;
- In DE, the number of fines imposed for a breach of the training obligation fell significantly from 2023 to 2024 (353 to 179 cases);
- In NO, national legislation requiring Finanstilsynet to approve providers of CPD has led to an increase in the level of professional and competence of insurance distributors.

Supervisory work and complaints data in some Member States suggest that insurance distributors in those markets meet the minimum professionalism and competence standards set by the IDD.

For example:

- In CZ and RO, supervisory activities on the internal procedures and control systems of insurers for the professional training of their employees involved in insurance distribution did not uncover any significant breaches;

³¹ 5 NCAs (BE, FI, HR, SE, SI) reported that they have little or no information to assess whether the level of professionalism/competence has changed over the past two years.

- In FR, very extensive supervisory activity on the market's compliance with CPD requirements in 2021-2022 (86 inspections) have not revealed any major breaches;
- In HR and LU, there is a low level of reporting of complaints about intermediaries or related to distribution.

In some Member States, supervisory activities were carried out that have identified shortcomings related to the level of professionalism and competence. For example:

- In IT, although the market also displayed good practices³², on-site supervisory activities have revealed that in some cases advisors lack adequate training in product costs, risks and investment fund selection;
- In LI, annual risk-based monitoring revealed that some insurance intermediaries and their employees do not fully meet CPD requirements. A common issue arises from individuals completing training activities, such as internal team meetings or weekly update meetings, which do not count toward the required CPD hours;
- In LT, mystery shopping of unit-linked insurance products in 2022 revealed shortcomings in determining customer needs, assessing product appropriateness and suitability and disclosing pre-contractual information. Therefore, a draft amendment to the relevant legal act is being prepared, aiming to improve the qualification requirements for distributors.

In six Member States³³, the number and quality of complaints and/or experience from supervisory activities suggest there was no significant change to the level of professionalism and competence of insurance distributors over the past two years.

2.2 DIGITALISATION AND GROWTH OF NEW DISTRIBUTION MODELS

Introduction

In its previous report, EIOPA highlighted the way that digitalisation and the growth of new distribution models can continue to present risks, but also opportunities. For example, insurance distributors faced challenges in applying, and NCAs in supervising, the IDD rules on the form and timing of disclosures in a digital context and in applying the IDD in relation to new technologies, such as digital platforms and Artificial Intelligence (AI). EIOPA gathered data on most recent technological developments and new business models impacting insurance distribution in 2024 and 2025. However, half of NCAs³⁴ reported an absence of robust or recent data to assess digital

³² For example, many organisations now offer internal AI training programmes. In several cases, the training covers both theoretical and practical aspects, and also addresses fairness and non-discrimination by introducing the principles of "responsible" AI; moreover, in 2023/2024 insurance undertakings carried out several training activities on ESG in favour of distributors.

³³ BG, DK, ES, IS, LV, SK

³⁴ AT, BE, BG, DE, EL, FI, FR, LI, LT, LU, LV, NO, PL, PT, SE, SI

adoption and IDD impact over the past two years, highlighting the need for ongoing data collection, market studies and updates to supervisory practices to align with digital trends.

Digitalisation in insurance distribution has progressed slowly, mostly enhancing internal efficiency or supporting simple products, while complex products continue to rely heavily on face-to-face advice, with digital-only channels remaining limited. Several NCAs³⁵ reported slow progress or no major changes in the use of technology for insurance distribution over the past two years as digital tools are often used to enhance operational efficiency or internal processes rather than direct customer interaction (e.g. automatic storage of documentation). Where digitalisation is focused on insurance distribution, it mainly occurs for simple insurance products (e.g. MTPL, travel, household), for which digital channels such as comparison websites are important distribution platforms. Complex products, especially IBIPs and life insurance, still rely to a large extent on face-to-face advice. These findings are in line with EIOPA's Report on the digitalisation of the European insurance sector³⁶ which concluded that digital-only distribution channels still lag well behind physical or hybrid ones, especially for life insurance products where consumers prefer in-person meetings. It should also be noted that so-called "execution-only business" is not allowed in some Member States, even though online tools are also used to compare products or get more information about certain offers.

AI is increasingly used across the insurance value chain, including distribution, although adoption remains uneven across jurisdictions and is often limited to exploratory, pilot or back-office applications. AI is deployed in multiple areas, such as pricing, underwriting, claims processing and fraud detection, and its use in insurance distribution is growing. While some NCAs report advanced implementation in specific areas, many markets are still in early exploratory or pilot phases. Notable AI applications in insurance distribution include:

- Chatbots and virtual assistants: Used to support customer service and FAQs (e.g. terminate policy, summarise conversations, visualise figures, provide information about products)³⁷;
- Sales support tools: AI to assist sales process (e.g. collect data, provide advice, provide cross-selling and upselling suggestions to existing customers)³⁸;
- Targeted online advertisement campaigns;
- Call centre customer support and sentiment analysis (e.g. of voice recordings or in survey responses).

³⁵ AT, BE, CZ, EE, HU, IS, LI, SK

³⁶ [Report on the digitalisation of the European insurance sector](#)

³⁷ AT, CZ, DE, DK, EE, EL, HR, IT, PL, PT, RO, SI

³⁸ AT, IT, NL, SI

AI tools are developed through a mixture of in-house solutions, third-party software or hybrid approaches. Some insurers build their tools with third-party support, while others rely entirely on external vendors.

Generative AI in insurance distribution is still at an early stage, with most insurers using it for back-office operations, while customer-facing applications remain largely at the proof-of-concept stage. The emergence of generative AI (gen AI) holds potential for transforming insurance distribution; however, its adoption in this area remains limited. According to EIOPA's recent gen AI survey³⁹, 65% of participating insurers reported already using gen AI. Nonetheless, most are focusing on back-office operations (64% of reported use cases) rather than customer-facing applications (36%). For customer-facing uses, the majority (75%) are still at the proof-of-concept stage. A common application involves advanced chatbots that provide customers with information about products, claims and services. Other reported use cases include tools that support agents in creating clearer and more comprehensible customer documents, systems for retrieving policy, claims and payment details, as well as solutions that summarise calls to extract insights or generate social media content.

Personalised pricing in insurance raises fairness and supervision concerns, as insurers often charge higher premiums to loyal customers and apply non-risk-based, non-transparent price differences beyond actuarial calculations. These concerns are highlighted in EIOPA's 2023 Supervisory Statement on Differential Pricing Practices.⁴⁰ In 2025, the Dutch Authority for the Financial Markets urged insurers to ensure fair premiums for loyal customers as almost half of the non-life insurers had a higher profit margin on loyal customers than on newer customers.⁴¹ Insurance companies have, where necessary, adjusted both their insurance premiums and policies to make sure the differences in premium no longer occur.⁴² In Germany, a representative survey conducted by BaFin has revealed that property and casualty insurers often differentiate their premiums to a considerable extent, going beyond the actuarial calculation of premiums. Moreover, potentially non-risk based and non-transparent premium discounts through insurance distributors and a high premium differentiation between old and new customers for a potentially equivalent underwriting risk were observed in that survey.

In addition to personalised pricing, the increasing use of personalised policy conditions enables tailor-made products but raises significant supervisory challenges, particularly where compensation outcomes are determined by opaque ("black-box") AI systems. Insurers are increasingly able to personalise policy conditions, allowing customers to receive more tailored products and services. However, this development poses challenges in terms of supervision of product development in the context of the product oversight and governance requirements (POG)

³⁹ [EIOPA survey on Generative AI shows swift but cautious adoption among Europe's insurers](#)

⁴⁰ [Supervisory statement on differential pricing practices in non-life insurance lines of business](#)

⁴¹ [Call to insurers: ensure a fair premium for loyal customers](#)

⁴² [Margin personalisation research completed; premiums adjusted where necessary](#)

of the IDD. In particular, it may be difficult to assess whether customers' interests have been considered in a balanced way when compensation levels for specific types of damage or loss are determined by non-transparent AI algorithms.

Consumer associations⁴³ raised concerns about potentially mis-leading marketing and product information practices regarding life insurance products linked to fitness tracker usage. Some life insurance products promote discounts or bonuses for "health-conscious behaviour" verified by fitness trackers. However, key details (types of activities monitored, reporting frequency, conditions for discounts) are often unclear or omitted, leading to potential customer misunderstanding.

The IDD lacks clear rules for AI-driven insurance distribution, raising challenges around supervision, accountability, and compliance, as chatbots can replace human advisors and operate across borders. The current framework does not comprehensively regulate digital channels or provide detailed guidance for AI-based or automated advice models. While the IDD is technology-neutral, the lack of specificity can create uncertainties and inconsistencies in how digital channels are managed and supervised. In response, EIOPA's Opinion on AI governance and risk management published in 2025⁴⁴, clarifies that, insurers and distributors using AI must strengthen governance, transparency and consumer protection measures to ensure AI-driven processes act fairly, ethically and in the customers' best interests. The growing use of AI in insurance distribution raises questions about how the IDD applies to chatbots and other AI tools, and whether the Directive is suitable for rapidly evolving distribution channels. Depending on the activity, both the chatbot provider (e.g. if earning commissions by promoting products) and the distributor using it could fall under the IDD's scope. This is complicated further by general-purpose AI tools that can provide highly personalised advice automatically, without direct distributor control, and by distributors building fully automated solutions that may extend to or include contract conclusion.

These developments pose additional supervisory challenges. AI tools operated by non-EU companies can make enforcement difficult if unlicensed advice is provided. AI outputs are also hard to investigate because responses can vary across models and over time, often forcing supervisors to rely on screenshots as evidence. Moreover, AI-driven distribution may conflict with the IDD's professional and organisational requirements. Article 10 obliges distributors and their employees to possess adequate knowledge, skills and good repute, which AI tools, as non-human entities, cannot fulfil, yet they may effectively replace professionals. This also raises unresolved questions regarding accountability and liability for AI-generated advice.

AI-driven insurance distribution must align with both the IDD and the AI Act, with many AI Act requirements, like governance, oversight and data quality, able to be met through existing IDD and POG frameworks. The growing adoption of AI-driven tools in insurance distribution intersects with a new regulatory layer introduced by the AI Act. While the IDD already establishes a comprehensive, technology-neutral consumer protection framework, several AI Act provisions

⁴³ Better Finance

⁴⁴ [EIOPA Opinion on AI governance and risk management](#)

apply in parallel and require integration into existing insurance processes⁴⁵. The AI Act explicitly recognises overlaps with sectoral financial services legislation and provides targeted derogations and simplifications for financial institutions, acknowledging that rules under the IDD already impose conduct of business obligations. Many AI Act requirements, such as those related to governance, human oversight, data quality or monitoring, may be fulfilled through adjustments within existing IDD and POG frameworks, rather than through standalone processes.

Disclosures for insurance are often too complex for digital use, but the RIS and Distance Marketing Review aim to modernise them. NCAs and trade associations⁴⁶ mentioned that mandatory disclosures are often too lengthy or complex for digital formats, reducing their effectiveness, particularly on small screens or apps. Moreover, consumers, especially vulnerable groups, may lack the ability to assess insurance products offered online, increasing exposure to unsuitable or misunderstood coverage. Some of the concerns raised are being addressed by the European Commission’s RIS and the Distance Marketing Directive Review which aim to modernise disclosure rules and adapt them to the digital age, by ensuring electronic format as a default, clarifying how product disclosures should be presented in a digital environment and introducing additional safeguards for marketing communications, including via social media and other digital channels. Trade associations⁴⁷ argue that the IDD already provides a robust framework which they consider to be fit for evolving market practices and all types of distribution channels, including digital ones, as it is an activity-based piece of legislation. Their perspective was that remaining issues (e.g. paper-by-default and regulation of influencers) are being effectively addressed by the changes brought about by RIS, without requiring further changes to the IDD.

Consumer advocates view the IDD as a robust regulatory framework, but note blind spots, particularly around unregulated influencers and other IDD-adjacent activities. Consumer associations⁴⁸ argue that the RIS would not fully address this issue as, while the RIS would bring influencers who advertise products under a business partner’s licence into scope, many influencers do not fall into this category and would remain unregulated. Consumer associations also highlight that, in some countries, certain IDD-adjacent activities⁴⁹ are not currently covered. They argue that closing these regulatory gaps would strengthen the regulation of intermediaries and enhance consumer protection.

⁴⁵ For example, Article 50(1) of the AI Act requires AI providers to ensure that AI systems, including chatbots, intended to interact directly with natural persons are developed in such a way that informs users that they are interacting with an AI system.

⁴⁶ Insurance Europe

⁴⁷ Insurance Europe

⁴⁸ BEUC

⁴⁹ For example, in Germany, “tipsters” are not considered insurance intermediaries. Although not legally defined, their activity is limited to identifying opportunities for concluding insurance contracts or establishing contacts between a potential policyholder and an intermediary/insurer. This activity is not considered insurance distribution as it is a preparatory action and does not aim at a concrete declaration of intent to conclude a contract. More information can be found on [this BaFin webpage](#).

NCA's use sandboxes⁵⁰ and innovation hubs to support digital models, engaging thousands of firms, but few focus on IDD. For example, the Spanish Directorate-General for Insurance and Pension Funds has launched different projects including one which focuses on new business models in pensions and another one that aims to improve service and “Know your customer” through AI. In 2023, the EU had 41 innovation hubs and 14 regulatory sandboxes across 12 countries, with over 6,000 firms approaching innovation hubs and more than 80 testing innovations in sandboxes.⁵¹

Some NCA's have launched targeted investigations and supervisory initiatives focusing on online sales practices, with the aim of ensuring compliance with the IDD. In Denmark, the Danish Financial Supervisory Authority completed an investigation into the demands-and-needs tests completed by non-life insurance distributors. The investigation concluded that specifically in the area of online sales, insurance companies have difficulties in specifying the demands and needs of customers because their online sales processes do not collect enough information, do not properly guide customers and do not support meaningful tailoring of products. In Italy, the Italian Institute for the Supervision of Insurance (IVASS) has implemented since 2023 a public “whitelist” of internet domains used by authorised insurance intermediaries. Intermediaries are required to update the Register whenever there are changes in ownership or licensing status of their websites, ensuring that only authorised domains remain listed. This initiative is critical to combat illegal insurance websites, which remain widespread. Since November 2023, IVASS has ordered the shutdown of more than 340 illegal insurance websites. This number is continuously increasing.

The use of embedded insurance, increasingly offered online with other products, is raising concerns about consistent IDD application, consumer protection and clear disclosure of premiums. Embedded insurance refers to an insurance policy that can be purchased within the purchase of another product or service. It already existed in the “offline” world, with, for example, the purchase of insurance when buying a new bicycle in the bicycle shop. Due to digitalisation, these insurances are increasingly being integrated into the websites of platforms, so customers can purchase these insurances online when purchasing another product or service, without having to consult an insurance distributor to purchase the insurance separately. The Dutch authority for the Financial Markets recently published guidance for embedded insurance. This includes licensing requirements, product development standards and statutory obligations regarding information provision.⁵² EIOPA's IRSG has mentioned that the increasing prevalence of embedded insurance, particularly when insurance is offered alongside goods or services via digital platforms, raises questions regarding the consistent application of the IDD across Member States. In particular, divergent interpretations of the concept of (exempted) ancillary insurance intermediaries may result in uneven consumer protection and supervisory outcomes. This issue is especially relevant

⁵⁰ A regulatory sandbox is a controlled environment in which operators test technologically innovative products and services under a transitional simplified regime, in constant dialogue and confrontation with the NCA's.

⁵¹ [Joint ESAs Report on Innovation Facilitators: innovation hubs and regulatory sandboxes - EIOPA](#)

⁵² [Embedded insurance: key points for safeguarding customer interests](#)

where insurance premiums are bundled into the price of the underlying product or where the insurance component is not clearly identifiable to consumers.

2.3 IMPACT OF THE IDD ON THE QUALITY OF ADVICE AND SELLING METHODS

Introduction

The findings in EIOPA's previous IDD application report led to a mixed picture on advice and selling methods: In some Member States, the quality of advice and selling methods had improved, for example as a result of corrective measures imposed by NCAs. However, in others, mystery shopping activities had revealed significant shortcomings related to advice and selling methods, resulting, in one case, in legislative changes prohibiting the payment/receipt of commissions or making advice mandatory.

EIOPA gathered data to assess the level of quality of advice and selling methods, based on the experiences as to whether, in 2024 or 2025, the IDD has brought about significant changes and areas where there is scope for further improvements.⁵³

Supervisory actions have led to clear improvements in advice and selling practices in some Member States, while, in others, complaints data and supervisory findings indicate that the quality of advice has remained largely unchanged over the past two years. For example, in the following Member States, an improvement could be observed:

- In AT, an improvement can be observed, based on the number of complaints regarding advice, pending court proceedings and market monitoring;
- In LI, there has been a noticeable improvement since the introduction of the IDD as internal observations show very few complaints, with better selling practices driven by professional development and implementation of structured POG processes;
- In LV, improvements are likely due to comprehensive supervisory action and follow-up activities with market participants to address deficiencies of the advice process, terms and conditions and environmental, social and governance disclosures;
- In NO, on-site supervision of life insurance undertakings regarding the sales of unit-linked insurance products has improved the selling methods of such products.

In contrast to the above, in five Member States⁵⁴, the number and quality of complaints, data from the Ombudsman and/or experience from on-site and off-site supervision suggest that the quality of advice has not changed significantly over the past two years.

⁵³ The following NCAs reported an absence of robust or recent data to assess the impact of the IDD on the quality of advice and selling methods over the past two years: ES, FI, NO, SE, SI, SK

⁵⁴ BG, CZ, DK, EE, EL

EIOPA's first coordinated mystery shopping exercise on IBIPs (Jan–Nov 2024) showed that shoppers had different experiences across some Member States, and complaints data along with other supervisory work revealed further issues in advice and sales practices. The mystery shopping exercise took place in eight Member States, with trained shoppers conducting test-purchases in real-life situations. While the overall findings show that shoppers are generally asked about their demands and needs during the sales process and are provided with relevant product information and disclosures, EIOPA noted instances of poor outcomes for shoppers that warrant further analysis. Specifically, it is important to examine whether the many requirements introduced over time in the distribution process have unintentionally led to less beneficial outcomes for shoppers. Mystery shopping revealed that shoppers had uneven experiences in different Member States, and complaints and other supervisory activities uncovered additional problems with advice and sales practices. For example:

- In DE, from 2023 to 2024, complaints to the insurance ombudsman rose by nearly 20% and to BaFin by about 11%, reaching record levels. The main reason for complaints to BaFin were delays in processing claims. BaFin reminded insurers that claims should generally be settled within one month. However, it remains unclear whether these complaints reflect deeper issues in advice or sales practices;
- In FR, during a mystery shopping campaign in 2024 dedicated to insurance sold with a mobile phone, covering 11 distributors through 197 visits, the following findings were made:
 - (i) 80% of the shoppers were not asked about their demands and needs,
 - (ii) pre-contractual information was insufficient and lacked clarity; and
 - (iii) advice, which is mandatory in FR, was most of the time absent, and, when present, compliance with the regulatory framework relating to the provision of advice, was lacking.

Separately from this campaign, the number of complaints handled by the French Insurance Ombudsman has more than doubled since early 2023. This surge is attributed mainly to enhanced accessibility and simplification of the mediation process, but also to other factors, such as buying power issues⁵⁵;

- In HR, certain sales practices, such as offering products that do not align with consumers' profiles and failing to provide adequate explanations and documentation to individuals with low financial literacy, highlighted not only shortcomings in the implementation of the IDD, but also a significant potential for consumer detriment;
- In PL, on-site inspections have revealed shortcomings in the process of specifying customer's demands and needs, especially in the field of documentation.

⁵⁵ [2024 Rapport de la Médiation de l'Assurance](#)

Stakeholders argue that overlapping EU rules overwhelm consumers with information and that a more proportionate, differentiated application of IDD requirements is needed, especially for commercial insurance. Trade associations⁵⁶ are of the view that, *“as a result of the different, and often duplicative, EU applicable rules, consumers are overwhelmed with an excessive amount of information”* during the sales process. For example, they argue that a sustainable IBIP sold online by an insurance intermediary might require the provision of 339 pieces of pre-contractual information.

Consumer associations⁵⁷ mentioned that consumers are not always able to see insurance prices directly from insurers and have to go through intermediaries instead. This can make it harder and more time-consuming to compare options and find the right insurance, and it may also lead to higher prices.

EIOPA's IRSG highlighted that the IDD is primarily designed to protect retail consumers and micro-enterprises and they argue that its application to enterprises and commercial insurance may require a more differentiated and proportionate approach as applying identical conduct of business requirements across all client categories may, in some cases, limit efficiency and competitiveness without providing commensurate consumer protection benefits.

2.4 INTEGRATION OF SUSTAINABILITY FACTORS, RISKS AND PREFERENCES INTO THE IDD

Introduction

[Delegated Regulation 2021/1257](#)⁵⁸ has now been in application for over 2½ years since it entered into application on 2 August 2022, bringing in new rules on POG and advice on IBIPs as regards the integration of sustainability factors, risks and preferences. In its previous report, EIOPA concluded that initial evidence suggests that there are challenges for consumers to understand the disclosures and complex concepts introduced by the new rules and for insurance distributors to find appropriate training courses to acquire the necessary knowledge to understand the framework and provide suitable advice to customers.

EIOPA gathered evidence with regard to the practical application of Delegated Regulation 2021/1257, based on experience as to whether it has brought about significant changes and the main challenges faced by insurance distributors/manufacturers and NCAs in applying/supervising the new legislation over the past two years. However, several NCAs⁵⁹ reported an absence of robust or recent data to assess the impact of the Delegated Regulation over the past two years.

⁵⁶ Insurance Europe

⁵⁷ BEUC

⁵⁸ Delegated Regulation 2021/1257 contributes to the goals of the European Commission's Action Plan "Financing Sustainable Growth" [EUR-Lex - 52018DC0097 - EN - EUR-Lex \(europa.eu\)](#)

⁵⁹ BG, EL, FI, IE, IS, LI, LU, NL, NO, PL, SK

NCA and ESAs’ evidence shows that the technical complexity of sustainability rules leads to unclear and inconsistently applied disclosures, poor consumer understanding, uneven distributor expertise and heightened risks of greenwashing and mis-selling. NCAs have observed that the implementation of sustainability disclosures has been impacted by the technical complexity of the regulatory framework (e.g. Sustainable Finance Disclosure Regulation (SFDR), EU Taxonomy, Principal Adverse Impact (PAI) indicators):

- On the one hand, this may lead to disclosures being difficult for average consumers to understand, but
- On the other hand, in some cases, disclosures may be poorly presented or inconsistently applied by firms. For example, some disclosures are confused or conflated (e.g. SFDR vs. EU Taxonomy), or require several interactions from the customer (e.g. links to other webpages).

These observations are consistent with the findings of the consumer testing conducted for the ESAs Final Report on the draft RTS reviewing PAI and financial product disclosures under the SFDR Delegated Regulation⁶⁰, and are further reinforced by the Joint ESAs Opinion on the assessment of the SFDR⁶¹. Both documents highlight that, due to their technical nature and complexity, key concepts such as “taxonomy-aligned investments”, “sustainable investments” and the “consideration of PAI on sustainability factors” are poorly understood by most retail consumers. This lack of understanding increases the risk of greenwashing and mis-selling where such concepts are not clearly and consistently explained by distributors. In this context, some NCAs⁶² noted that distributors may struggle to adequately explain sustainability concepts to customers and lack the technical expertise to properly assess and match sustainability preferences. While some NCAs⁶³ reported that insurers have updated training programmes and developed new competency frameworks, the overall level of preparedness across the market remains uneven.

In FR, on-site visits focusing on sustainability issues in the distribution of life insurance revealed that many advisory processes fail to meet sustainability requirements due to late implementation, unclear regulations and adviser knowledge gaps. Most retail investors do not specify detailed sustainability preferences, and recommendations often lack clear justification. Product governance updates are also insufficient. The French supervisors released a communication to help market participants support sustainable finance, while staying compliant and protecting customers.

⁶⁰ [Final Report on draft Regulatory Technical Standards on the review of PAI and financial product disclosures in the SFDR Delegated Regulation - EIOPA](#)

⁶¹ [Joint ESAs Opinion on the assessment of the SFDR](#)

⁶² DE, HU, LV, SE

⁶³ IT, MT, RO

Trade associations argue that complex, misaligned sustainability assessments confuse consumers and distributors, with upcoming SFDR revisions potentially addressing this. They⁶⁴ highlighted that the sustainability preferences assessment *“is problematic as it imposes distributors to ask many difficult questions using complex jargon, while SFDR templates are not even aligned with IDD requirements.”* In their opinion, this creates confusion for both consumers and distributors, hindering the effectiveness of the framework. It is noted, at the same time, that some of the concerns raised by NCAs and the industry may be addressed by the Commission’s proposals to revise the SFDR published on 20 November 2025⁶⁵.

EIOPA found that most distributors did not assess sustainability preferences and often lacked sustainability knowledge, yet unsustainable products were rarely recommended, calling into question whether complex rules actually improve consumer outcomes. EIOPA’s mystery shopping exercise concluded that in 60% of the visits, insurance distributors did not ask about the shoppers’ sustainability preferences. When shoppers with sustainability preferences voluntarily disclosed their preferences, 50% reported that the distributors lacked knowledge on sustainability aspects. It is important to underline that the assessment of sustainability preferences and broader investment objectives is not always required, as it is relevant only for advised sales and not all the sales considered were with advice. Despite the low percentage of distributors asking for information on sustainability preferences, only in 14.6% of the cases, the distributors offered unsustainable products to the shoppers with sustainability preferences, raising questions whether complex regulatory requirements are adequate to ensure better consumer outcomes.

2.5 NEED TO PROVIDE ADDITIONAL GUIDANCE ON THE REGULATORY FRAMEWORK

Introduction

Based on exchanges with NCAs and the IDD questions and answers received from external stakeholders, for its previous reports, EIOPA had identified several areas of the IDD which are difficult to apply for insurance distributors and to supervise for NCAs, given the lack of clarity. For example, following an ECJ judgement in relation to group insurance in 2022 (C-633/20), further clarifications were needed under which conditions a policyholder of a group insurance contract acts as an insurance intermediary and on the split of responsibilities between home/host NCAs for ensuring compliance with the obligation concerning group insurance. EIOPA gathered additional

⁶⁴ Insurance Europe

⁶⁵ [Commission simplifies transparency rules for sustainable financial products - Finance](#): The proposal introduces three harmonised categories for sustainability-related financial products to make it easier for distributors to match products with investors’ sustainability preferences. It integrates these categories into EU distribution rules so that marketing, advice and product selection are consistent and comparable across the single market. It also restricts misleading ESG claims, removing barriers to cross-border distribution and strengthening investor protection.

challenges related to the application and supervision of specific provisions, given the lack of clarity in these provisions over the past two years.⁶⁶

Several NCAs reported ongoing challenges in applying the ECJ judgement in case C-633/20, while also highlighting other, broader issues related to the treatment of group insurance that are not strictly connected to the judgement itself. For example:

- In IE and PL, legal uncertainty can be observed on how to treat insured persons in group insurance plans as the IDD is focused on protecting the policyholder. In particular, the Polish Financial Supervision Authority considers that the IDD should, in general, include stronger measures to protect persons in group insurance schemes who do not conclude the contract themselves, but who join the insurance contract later as insured persons, since the contract is concluded by the main policyholder, which is typically a legal person;
- In MT, the Malta Financial Services Authority issued a Circular confirming that, following the ECJ judgement, entities offering voluntary, paid membership to group insurance policies are considered to be carrying out insurance distribution and must be licensed or enrolled under the IDD;
- In RO, further guidance is needed on the treatment of group insurance in an online environment and cross-selling.

Some NCAs have published guidance on the interpretation of the ECJ judgement. For example:

- In CZ, the legislation implementing the IDD was amended in July 2025 to align with the ECJ ruling.
- In IT, the current regulation - already in force prior to the ECJ judgement - treats group insurance policies as insurance distribution when the insured persons directly or indirectly bear all or part of the premium cost and the policyholder receives remuneration.
- In LU, the Commissariat aux Assurances issued an Information Note clarifying how the ECJ judgement should be applied at national level and confirming that the subscriber to a collective insurance contract may qualify as an intermediary, in addition to being the policyholder of that contract, vis-à-vis the insurance undertaking;
- In NL, the Dutch Authority for the Financial Markets issued guidance in 2024 and set a compliance deadline of October 2024 for affected parties.

NCAs report challenges in applying and supervising demands-and-needs tests and suitability assessments, prompting some to issue national guidance. Several NCAs mentioned challenges in the interpretation, implementation and supervision of the demands-and-needs test and suitability assessment. For example:

⁶⁶ Most responding NCAs have indicated that all relevant provisions are already included in [Annex VII of the 2020 report](#) and [Annex IV of the 2022 report](#).

- In IT, PL and SI, some difficulties were reported on establishing the adequate level of granularity and type of questions to be included in the demands-and-needs test or on the documentation of the process;
- In MT, further guidance is needed on to what extent and in what form the demands-and-needs test should be carried out in the context of an advised sale of an IBIP since in the latter case, a full suitability assessment (which is considerably wider than a demands-and-needs test) has to be conducted. Similarly, in AT, it proved challenging to identify the relationship between the demands-and-needs test and the suitability assessment.

In line with the findings above, EIOPA's mystery shopping exercise on the distribution of IBIPs showed that there is a need to reevaluate the existing regulatory framework for the suitability assessment and how the assessment is carried out, to ensure good outcomes for consumers.

In order to address the concerns, some NCAs have provided guidance at national level on the scope of the tests in their jurisdictions. For example, in FR, the Prudential Supervision and Resolution Authority published guidance⁶⁷ for insurance distributors on the duty in FR to provide advice.

Both trade associations⁶⁸ and consumer associations⁶⁹ agree that the demands-and-needs test is effective and should remain flexible and personalised, with consistent application and enforcement under Article 20(1), IDD. Trade associations expressed the view that the demands-and-needs test is working well today and cautioned against standardisation, which could undermine its flexibility and ability to reflect individual customer circumstances. Consumer associations argue that:

- The demands-and-needs test is a highly effective tool when applied consistently and correctly, often producing better outcomes than standardised requirements;
- Standardisation can be problematic because individuals' circumstances vary significantly; what is appropriate or essential coverage for one person may be unnecessary or even undesirable for another. Therefore, prescriptive approaches risk becoming paternalistic, as they may ignore personal preferences, financial situations and the role of social safety nets;
- Article 20(1), IDD should, therefore, remain unchanged and instead focus on stronger, more consistent application, enforcement and documentation of the existing demands-and-needs rules.

NCAs report ongoing challenges in interpreting and supervising IDD rules, for example on the scope of insurance distribution, remuneration arrangements, digital disclosures, CPD requirements, POG compliance and interaction with the AI Act:

⁶⁷ [Recommandation 2024-R-03 du 21 novembre 2024 sur le recueil des informations relatives au client pour l'exercice du devoir de conseil et la fourniture d'un service de recommandation personnalisée en assurance | Autorité de contrôle prudentiel et de résolution](#)

⁶⁸ Insurance Europe

⁶⁹ BEUC

- The scope of "insurance distribution" remains unclear, especially concerning indirect distribution⁷⁰ and digital tools (e.g. internet leads, claims handling, AI chatbots, comparison websites⁷¹);
- Lack of clear indicators on whether remuneration arrangements are adequate or not, particularly for products other than IBIPs;
- Persistent lack of clarity in how disclosure and regulatory obligations apply in digital contexts, including the role of influencers and online channels;
- The CPD requirement lacks uniform interpretation - guidance is needed on acceptable formats and content;
- Challenges continue with interpreting and enforcing POG requirements, especially for intermediaries without full access to POG materials of insurers; and
- A lack of guidance as to how the IDD and AI Act requirements interact.

⁷⁰ According to Article 2(1)(1), insurance distribution “means the activities of advising on, proposing, or carrying out other work preparatory to the conclusion of contracts of insurance, of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a claim, including the provision of information concerning one or more insurance contracts in accordance with criteria selected by customers through a website or other media and the compilation of an insurance product ranking list, including price and product comparison, or a discount on the price of an insurance contract, when the customer is able to directly or indirectly conclude an insurance contract using a website or other media.” For example, with regards to price comparison websites, experience has exemplified the lack of guidance as to what an indirect conclusion of a contract entails, e.g. how many clicks need to be made or moved to another website or data re-entered so that the contract is not “indirectly concluded”.

⁷¹ [3168 - insurance comparison website - EIOPA](#)

3. IMPACT ON THE SUPERVISORY FRAMEWORK

In February 2025, EIOPA launched a survey addressed to NCAs to gather input on the impact of the supervisory framework. Sections 3.1-3.3 highlight the main conclusions from this survey. EIOPA has also taken into account the input provided by external stakeholders during and as a follow-up to EIOPA's online event on the IDD.

3.1 RESOURCES AND POWERS OF NCAS DEVOTED TO CONDUCT OF BUSINESS SUPERVISION

Introduction

As part of this report, EIOPA is required under Article 41(6), IDD to “*examine whether the competent authorities referred to in Article 12(1) are sufficiently empowered and have adequate resources to carry out their tasks*”. EIOPA gathered data to assess the level of resources and powers of NCAs dedicated to conduct of business supervision over the past two years and identify areas where there is scope for improvement.

EIOPA observes a material increase in NCAs' overall resources devoted to conduct of business supervision, registration/notification and enforcement tasks between 2023 and 2025. EIOPA was able to gather from 25 NCAs⁷², information on resources used to implement/apply the IDD and supervise the conduct of business of insurance undertakings and insurance intermediaries more broadly, taking into account that NCAs are differently structured due to national specificities and/or their mandates. The average number of NCA employees on the basis of full-time equivalents (FTEs) dedicated overall to conduct of business supervision, registration/notification and enforcement tasks in Europe has experienced a material increase (+8%) between 2023 and 2025, as indicated in Figure 3.1 below.

⁷² 25 NCAs were able to provide relevant data on their resources over the period of 2020-2025. BE was not in a position to provide data for mid-2023 and mid-2025. DK was not in a position to split the resources dedicated to the supervision of the IDD from the other supervisory tasks in the consumer protection and financial intermediaries division for mid-2020 – mid-2021. GR (Union of Hellenic Chambers) was not in a position to provide data for 2024 and 2025. HU has not been included because figures are not comparable over time as NCA has changed the way it calculates FTEs. IE was not in a position to provide data for Task 4 for mid-2022 and mid-2023.

Figure 3.1: Average number of employees on the basis of FTEs of NCAs in Europe

Tasks	FTEs of NCAs					
	Mid-2020	Mid-2021	Mid-2022	Mid-2023	Mid-2024	Mid-2025
1. Registration of intermediaries and notification procedure ⁷³	6.4	6.3	5.6	5.6	5.8	5.8
2. Conduct of business supervision of domestic and incoming insurance <u>undertakings</u> , in accordance with the IDD ⁷⁴	4.5	4.5	4.8	5.1	6.0	6.2
3. Conduct of business supervision of domestic and incoming insurance <u>intermediaries</u> , in accordance with the IDD	5.1	5.5	5.3	5.6	6.0	6.0
4. Conduct of business supervision not covered under the tasks 2 and 3 (i.e. activities that are outside the scope of the IDD) ⁷⁵	3.1	3.1	3.8	3.9	3.8	3.9
5. Enforcement of breaches and sanctions	3.0	3.1	3.1	3.2	3.6	3.9
Total	22.2	22.5	22.3	23.2	24.5	25.1

The average number of NCA resources dedicated to various tasks has fluctuated, i.e. there have been decreases in registration and notification procedures, but significant increases in conduct of business supervision and enforcement of breaches and sanctions between 2021 and 2025. Figure 3.1 indicates a significant decrease (-11%) in the average number of resources dedicated to the

⁷³ Task 1 includes, for example, activities related to the assessment of fitness and probity, professional knowledge (i. e. entrance examination) and good repute. It does not include the authorisation of insurance undertakings as this falls under Solvency II.

⁷⁴ Tasks 2 and 3 include, for example, any IDD-related conduct of business supervision activities dedicated to on-site and off-site supervision of distribution and products, thematic reviews, bancassurance, POG and distribution arrangements, disclosure requirements, continuing professional training and development (including authorisation and supervision of training centres), etc. It also covers IDD-related market surveys and general policy work (with the aim to give guidance to supervisors for the conduct of business supervision of individual insurance distributors and to the industry). It also covers any activities related to complaints data analysis for market monitoring and supervisory purposes (rather than reacting to and investigating complaints), it does not include any activities related to complaints-handling / alternative dispute resolution which are not supervisory tools, but private enforcement tools. It does not include IDD-related conduct of business supervision activities if they are part of the regular reporting work done with EIOPA (e.g. Consumer Trends Report, costs and past performance), but does include IDD-related conduct of business supervision activities related to EIOPA work on thematic reviews, follow-up work to thematic reviews, union-wide strategic supervisory priorities work etc.

⁷⁵ Task 4 includes activities related to conduct of business supervision that are outside the scope of the IDD include, for example, checking compliance with claims-handling requirements, analysis of Solvency II data and the liquidity of assets of unit-linked products and checking of the application of the prudent person principle, supervision of ancillary insurance intermediaries exempted from the IDD, supervision of the KID under the PRIIPs Regulation. It does not include conduct of business supervision activities if they are part of the regular reporting work done with EIOPA (e.g. Consumer Trends Report, costs and past performance), it does include conduct of business supervision activities related to EIOPA work on thematic reviews, follow-up work to thematic reviews, union-wide strategic supervisory priorities work etc.

registration of insurance intermediaries and notification procedure from 2021-2022. This decrease is partially based on a significant drop of FTEs in MT and PL⁷⁶ over the same period. Moreover, this may be explained by the overall decrease in the number of insurance intermediaries as indicated in section 1. In contrast, the average number of resources dedicated to conduct of business supervision of insurance undertakings and insurance intermediaries has experienced an increase (22%/7%) between 2023 and 2025. This can be explained by a significant rise in the FTE figures for supervision of undertakings/intermediaries in DE⁷⁷, as well as by a reclassification of conduct supervisory activities across the different task categories in some Member States. Similarly, the average FTE figures in relation to conduct of business supervision not covered under the tasks 2 and 3 increased significantly (+23%) from 2021-2022. The average number of resources dedicated to enforcement of breaches and sanctions experienced a significant increase from 2023 to 2025 (+22%) attributed to a sharp increase in the respective FTE figures in RO.

N.B. The figures should be interpreted with some caution as they may be based to some extent on estimates and some information provided may not be complete.⁷⁸ Moreover, insurance markets – including the number and type of insurance intermediaries operating therein – vary significantly across Member States, as well as the supervisory structure and framework. It is also worth taking into account that some NCAs have highlighted that it was challenging to clearly delineate the activities of individual employees.

While most NCAs have not received any new statutory powers over the past two years, the following NCAs highlighted that they had received or would soon receive some new powers:

- In AT, it was suggested that the Financial Market Authority should be given mystery shopping powers in the near future;
- In GR, national legislation was adapted to allow the Bank of Greece to conduct mystery shopping inspections on its own resources or by outsourcing this activity;
- In HR, existing provisions have been updated to allow mystery shoppers to act as real customers and sign insurance contracts; these contracts do not have legal effect, but are treated as valid only for gathering facts in supervisory, misdemeanour or legal proceedings;

⁷⁶ The Polish Financial Supervision Authority highlighted that over the period 2021-2022, there was a change in the organisational structure and adaptation of tasks and resources resulting in the FTE decrease.

⁷⁷ In DE, the growth in resources can be attributed to an increasing workload in the supervision of insurance intermediaries by the Chambers of Industry and Commerce and a new focus on conduct supervision by BaFin.

⁷⁸ The average number of employees on the basis of FTEs of NCAs in Europe for mid-2020 to mid-2025 included in Figure 3.1 may not be fully comparable with the corresponding figures in the previous report given that the former figures are based on data provided by 25 NCAs and the latter figures are based on the data provided by 26 NCAs.

Apart from this, some NCAs have retrospectively adjusted their figures. For example, following a clarification by EIOPA that FTEs allocated to complaints handling/alternative dispute resolution should be excluded from those relating to conduct supervision, the 2020 FTEs were recalculated on the same basis as 2021–2025, for which such FTEs are also excluded. As a result, the revised figure for conduct supervision of insurance undertakings for 2020 (4.5 FTEs) differs from that reported in the second IDD Application Report (5.1 FTEs).

- In IT, national legislation was updated allowing the use of external appointees for mystery shopping activities. Moreover, IVASS was granted powers to take preventive and corrective actions against insurers, including the prohibition of the further marketing of insurance products. Furthermore, the Code of Private Insurance has been amended with effect by 19 June 2026 by introducing the following new powers for IVASS⁷⁹:
 - (i) extension of the cease-and-desist power as a stand-alone supervisory tool in addition to the current sanctioning tool;
 - (ii) introduction of the rules on accepting commitments as part of supervisory powers and sanctioning processes;
 - iii) extension of the existing IVASS intervention powers - currently applicable to insurance undertakings - to insurance intermediaries as well⁸⁰.

Most NCAs argued that they have been sufficiently empowered to ensure the implementation of the minimum standards set down in the IDD. However, the following NCAs indicated that additional statutory powers could improve the conduct of business supervision. For example:

- In ES, using an external provider to conduct mystery shopping would be considered helpful;
- In FR, powers given under the IDD are not deemed to be necessarily sufficient to remediate value for money issues;
- In IS, mystery shopping checks are considered, although there are some legal obstacles related to the county's regulations on the use of ID numbers.

3.2 SUPERVISORY CONCERNS ARISING FROM THE APPLICATION OF CONDUCT OF BUSINESS REQUIREMENTS

3.2.1 PRODUCT OVERSIGHT AND GOVERNANCE

Introduction

In its previous report, EIOPA concluded that there is a need for more guidance on the application of the POG framework as well as adequate resources/powers of NCAs to ensure effective supervision of the POG framework. EIOPA gathered data to reassess the implementation of the POG requirements by manufacturers and insurance distributors, based on the experiences in 2024 or

⁷⁹ Art. 188, par. 3-bis, art. 188-bis and 328-bis of legislative decree no. 209/2005 (Code of Private Insurance) as amended by legislative decree no. 209 of 31 December 2025.

⁸⁰ E.g. restriction on the conduct of business, including the power to prohibit the further marketing of insurance products, as well as the power to request the temporary or permanent termination of any practice or conduct that is non-compliant with the provisions of the Code of Private Insurance and its implementing regulations.

2025, and identify scope for improvements. However, several NCAs⁸¹ reported that they have no information or (new) findings on the application/supervision of POG rules over the past two years.

In October 2024, EIOPA published value-for-money benchmarks for unit-linked and hybrid products to support risk-based supervision, while sanctions for breaches of POG rules rose sharply from 1 in 2021 to 47 in 2022 and 58 in 2023. Following a public consultation, in October 2024, EIOPA published its methodology on setting value-for-money benchmarks for unit-linked and hybrid insurance products. The benchmarks are aimed at allowing supervisors to be more risk based in identifying products with high value-for-money risks and prevent products lacking value for money from being marketed to consumers, supporting a more data-driven, risk-based and independent supervisory assessment. Apart from that, according to EIOPA's 5th Annual Report on administrative sanctions and other measures under the IDD⁸², there has been a rise in the number of sanctions imposed for breaches of POG rules over the past two years. While only one sanction was imposed for breaches of POG requirements in 2021, there was a substantial increase in 2022 and 2023. In 2022, there were 47 cases in which breaches of the POG requirements led to sanctions, and in 2023, there were 58 such cases.

While many NCAs have taken steps to improve the application of POG rules, some challenges remain, particularly in defining value for money, clarifying regulatory expectations and aligning supervisory practices across jurisdictions. For example:

- In AT, BE and LU, national supervisors and manufacturers faced difficulties in defining specific benchmarks or thresholds to assess value for money, particularly given the broad nature of the POG rules;
- In DE and RO, it remained unclear what specific regulatory requirements arise from the sustainability-related provisions governing the product approval process, particularly with regard to property/casualty insurance and when aligning the customer's sustainability preferences with the actual features of the insurance product;
- In MT, NO, PL and RO, national supervisors and manufacturers faced challenges in defining the meaning of "significant adaptation" despite guidance at European level⁸³ (e.g. terms like "average customer" and "essential features" remain open to interpretation);
- In ES, LV, PL and SI, NCAs observed challenges in the definition and assessment of the scope of both the negative and positive target market. In PT and RO, application of POG requirements for non-life insurance, specifically mandatory products, has been considered difficult.

⁸¹ CY, CZ, EE, FI, IE, LV, NO, SK

⁸² [EIOPA's 5th Annual Report on administrative sanctions and other measures under the Insurance Distribution Directive \(IDD\) \(2023\)](#)

⁸³ [2266 - Clarification of "significant adaptation of an existing product" - EIOPA](#)

In several Member States, supervisory activities were carried out to verify the compliance of insurance manufacturer and insurance distributors with POG requirements. For example:

- In HR, in 2023, a thematic review on documentation and data on commissions for credit protection insurance (CPI) highlighted excessive exclusions/restrictions in terms and conditions, increased conflict of interest risk related to high commissions and inadequate pre-contractual information. Subsequently, the Croatian Financial Services Supervisory Agency issued instructions to insurers regarding POG rules applicable to CPI products;
- In IT, as part of its supervisory activity on the market conduct of insurance undertakings, IVASS carried out a series of checks on the implementation of POG regulations through requests for documentation, meetings and on-site inspections. Although there has been some progress in the alignment of corporate product approval processes and related internal control systems with the EU and national legal framework, in March 2024, IVASS issued a letter to the market⁸⁴ disclosing the supervisory expectations on POG and the methodologies adopted in its supervisory analysis, with the aim of fostering the uniform and adequate application of EU and national POG rules.

Trade associations⁸⁵ are of the view that the full application of the POG rules, including the definition of the target market, “are not meaningful for commercial contracts and should be either *disapplied or amended for these contracts*” to ensure proportionate application of the IDD.

3.2.2 CONFLICTS OF INTEREST AND REMUNERATION

Introduction

In its previous report, EIOPA pointed out shortcomings in the application of the rules on remuneration and conflicts of interest in several Member States, for example in relation to retrocessions conducive to conflicts of interest. In addition, EIOPA highlighted that several Member States have adopted national legislation to further restrict the payment of commissions or increased transparency. EIOPA gathered evidence concerning the application/supervision of the rules on remuneration and conflicts of interest over the past two years to see if the reported shortcomings continue to be valid. However, many NCAs⁸⁶ reported that they have no information or (new) findings on the application/supervision of the rules on remuneration and conflicts of interests over the past two years.

Despite growing regulatory attention and supervisory actions over the past years, misaligned incentives and insufficient transparency remain threats to consumer protection in some markets.

For example:

⁸⁴ [IVASS expectations concerning product oversight and governance of insurance products \(POG\)](#)

⁸⁵ Insurance Europe

⁸⁶ BG, CY, CZ, DE, DK, EL, ES, FI, LI, LT, LV, MT, NO, SI, SK

- In several Member States, NCAs identified remuneration systems, particularly related to life insurance or CPI, that may conflict with the duty to act in the best interests of the customer:
 - In FR and IS, national supervisors are closely monitoring the risk that remuneration provides an incentive to insurance distributors to recommend a particular product which is not in the best interests of the customer, given evidence that some firms are trying to circumvent remuneration regulations;
 - In HR and PT, despite EIOPA’s warning to insurers and banks on CPI, high levels of commissions that could result in conflicts of interest continue to be a concern as commission levels of 50% of GWP were still observed;
 - In IT, supervisory activities on a specific case uncovered a remuneration scheme in which the insurer paid distributors upfront commissions for the sale of life insurance policies. These commissions were advanced during the first 3–5 years of the contract and calculated on future premiums expected over a 20–25-year (or longer) payment plan, thereby having an impact on the solvency of the insurers. Furthermore, in the case of a broker with a large sales network, it was found that most commissions were paid to managers who had no direct contact with customers, with no evidence of any contribution to ensuring the customers’ best interests.
- In IE, in 2024, the legislator reviewed the prohibition to use the word “independent” when receiving commissions, noting that improvement is required on the use of the term “independent” and disclosures of remuneration arrangements. Similarly, the Romanian Financial Supervisory Authority identified situations where the insurer did not inform on remuneration received and qualified participations in the insurer, and applied sanctions;
- In NO, a legislative proposal is being discussed to use the possibility in the EU regulatory framework (IDD, MiFID II and UCITS) to ban the receipt of remuneration from, or payment of remuneration to, third parties other than the customer when distributing savings products. The proposal aims at eliminating conflicts of interest that can arise when intermediaries receive remuneration or commissions from parties other than the customer.

In order to address conflicts of interest that may arise as a result of the payment of inducements, the following safeguards are being introduced in the context of RIS:

- The existing obligation of insurance distributors to act honestly, fairly and professionally in according with the best interest of customers is strengthened;
- Insurance distributors must ensure that an inducement will lead to a “tangible benefit” for their customers and that the inducement cost is published clearly and separately from other fees and commissions borne by the customer.

3.2.3 CROSS-SELLING OF FINANCIAL PRODUCTS

Introduction

In its previous report, EIOPA highlighted cross-selling practices potentially causing detriment to consumers, such as the sale of mobile phone insurance together with a mobile phone whereby the customer does not receive sufficient advice, is not aware about the possibility to purchase the phone without the insurance or is required to return the phone if the insurance is cancelled.

EIOPA gathered evidence concerning the application/supervision of the rules on cross-selling of financial products over the past two years to see if the concerns about cross-selling practices continue to be valid. However, many NCAs⁸⁷ reported that they have no relevant information or no new findings to assess the cross-selling of financial products over the past two years.

EIOPA's 2022 CPI warning has led to early improvements in some markets, although the full impact on claims is still uncertain. Following the publication of its final report⁸⁸ and warning⁸⁹ to insurers and banks on CPI in 2022, EIOPA collected data from the market to measure the impact of its warning. 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 (particularly in those markets where NCAs undertook strong supervisory actions and policy measures).

Over the past two years, in several Member States, supervisory activities related to cross-selling of financial products were carried out, reaching varying conclusions. For example:

- In FR, inspections over the past two years found that banks often sell extra products like insurance alongside regular services, although the subscription of these products is typically not the consumer's initial motivation at the point of sales. These extra products offer poor value for money, as evidenced by frequent low claims ratio (1%-20%), high commission rates (40%-80%), low claims frequency (as low as 1%) and high denied claims rate (up to 75%);
- In IT, in 2024, supervisory actions taken following EIOPA's thematic review on payment protection insurance led IVASS to identify improvements by insurers and banks in product design (e.g. removal or revision of certain exclusions), claims-handling and sales practices. At EU level, the survey conducted as part of phase 2 of the follow-up to EIOPA's thematic review showed positive progress in IT, including higher claims ratios, fewer rejected claims and lower commission rate, particularly when compared with markets that lacked strong supervisory intervention. Nonetheless, high commission levels remain a concern, especially in relation to foreign insurers operating in IT;
- In LU, an analysis of banks cross-selling insurance products linked to credit cards revealed that IPIDs are not systematically provided to consumers, causing misunderstandings about coverage, such as the terms and conditions of travel insurance;

⁸⁷ CY, DE, DK, EE, ES, FI, GR, HR, IE, IS, LT, LV, NL, MT, NO, SE, SI, SK

⁸⁸ [Thematic Review on CPI sold via banks - EIOPA](#)

⁸⁹ [Warning to insurers and banks on CPI - EIOPA](#)

- In PT, the Insurance and Pension Funds Supervisory Authority carried out an internal study that highlighted some situations of high commissions on credit protection insurance, following EIOPA's warning to insurers and banks on CPI.

Trade associations⁹⁰ argue that cross-selling is convenient and well-regulated, while consumer associations⁹¹ warn that it risks overwhelming consumers and calls for better, more integrated demands-and-needs testing, rather than legislative changes. Trade associations are of the view that many consumers find it simpler to buy different products together to save time and effort and that cross-sold insurance is sufficiently regulated in the IDD allowing EIOPA to intervene when necessary (as in the case of the warning for travel insurance and CPI). According to consumer associations, cross-selling remains a major concern for consumers, who are often overwhelmed when multiple products are offered within a single transaction. For instance, when purchasing a car, consumers may simultaneously face decisions about financing, insurance, extended warranties and credit protection products. Consumer associations highlight that this complexity makes informed decision-making difficult for non-experts. In practice, demands-and-needs tests are often carried out separately for each product, resulting in multiple sales justifications that fail to reflect the consumer's overall situation. Consumer associations stress that this issue does not require legislative change, but rather improvements in how demands-and-needs tests are conducted and documented to properly take account of cross-selling practices.

3.3 SUPERVISORY COOPERATION BETWEEN HOME AND HOST NCAS

Introduction

EIOPA's previous report concluded that, while most NCAs do not see significant challenges in ensuring efficient exchange of information and supervisory cooperation between home and host NCAs, some concerns were raised, for example, in relation to supervisory fees imposed by host NCAs on insurance distributors operating on an FoS/FoE basis and passporting insurance distributors relying disproportionately on the operations of third-country branches. EIOPA gathered evidence whether these challenges have been overcome and whether new challenges have arisen over the past two years.

The vast majority of NCAs⁹² have not reported major problems in the exchange of information and supervisory cooperation between home and host NCAs over the past two years. In most cases, cooperation and information exchange between NCAs has been timely and efficient, including exchange of information on supervised insurance distributors via cooperation platforms.

⁹⁰ Insurance Europe

⁹¹ BEUC

⁹² BE, BG, CY, CZ, DE, DK, EE, EL, FI, FR, HR, IE, IS, LI, LT, LU, LV, MT, NO, RO, SI, SK

However, several NCAs reported that there is room to improve the exchange of information between home and host NCAs and data availability on the conduct supervision of insurance intermediaries:

- In IT, enhanced information exchange is needed, also in light of increasing digital distribution, with an emphasis on home NCAs sharing critical issues to enable more effective supervision and, therefore, consumer protection;
- In NL, while extensive data on intermediaries is available at national level, there is a lack of sufficiently granular information on how cross-border insurance business is distributed across intermediaries at EU level;
- In HU, PL and SE, national competent authorities reported that there are difficulties in obtaining complete notification information from home NCAs, particularly regarding the classes of insurance for which the intermediary is registered, the companies it is tied to and the size of its consumer base.

In addition, some NCAs highlighted the need to clarify the rules on cross-border business and the division of responsibilities between home and host NCAs:

- In LT, there is lack of clarity on the responsibility for supervision of POG requirements when insurance products are developed and distributed only in the jurisdiction of the host NCA;
- In RO, some insurers operating under FoS have established permanent distribution activities, raising concerns about how to draw a line between FoS and FoE.

Furthermore, some NCAs expressed concerns regarding the cross-border supervision of an increasing number of insurance undertakings that outsource substantial parts of their activities to insurance intermediaries⁹³:

- In IT, domestic insurers are not allowed to outsource underwriting. However, foreign insurers can delegate various tasks (such as underwriting, but also complaints management compliance) to Italian intermediaries. This may create overreliance on such intermediaries and on their internal controls and limit IVASS's ability to intervene in case of detriment to Italian policyholders;
- In NL, there is a lack of clarity who the manufacturer is in relation to POG requirements, especially when insurers and MGAs co-develop an insurance product or when companies operate in different Member States;
- In NO, there is a growing trend of insurers operating on FoS basis to outsource underwriting, particularly in sectors like marine, energy, credit, and financial loss, raising concerns about appropriate oversight of these underwriters.

⁹³ Insurance intermediaries which take over substantial parts of the activities from insurance undertakings are sometimes referred to as "Managing General Agents" (MGAs)

ANNEX I: CHANGES IN THE EU INSURANCE DISTRIBUTION MARKET

This Annex complements Section 1 of the report and includes charts describing the insurance intermediaries’ market structure and patterns of cross-border activity. More detailed information can be found in the separate country-by-country analysis.

Figure 1.1: Total number of registered insurance intermediaries over the period 2020-2024⁹⁴

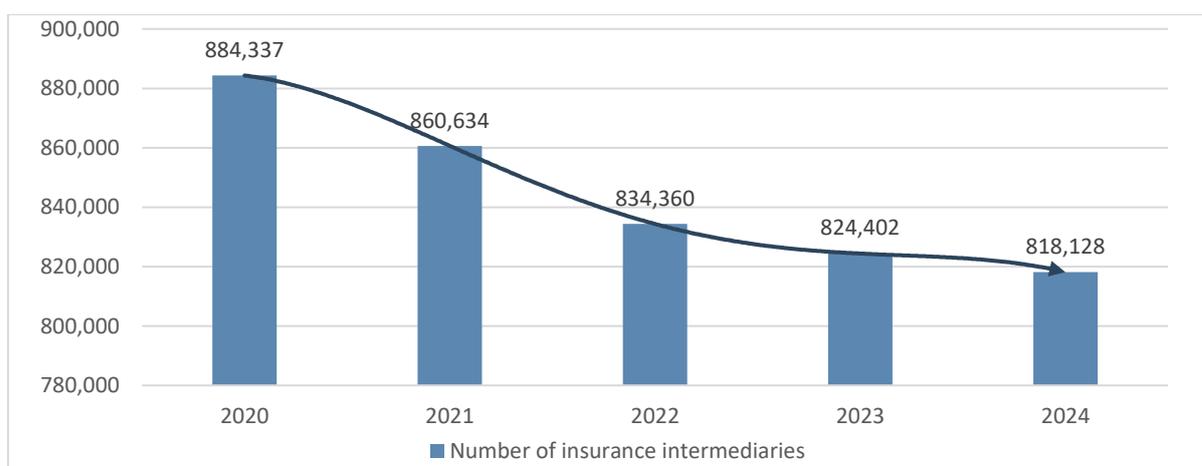
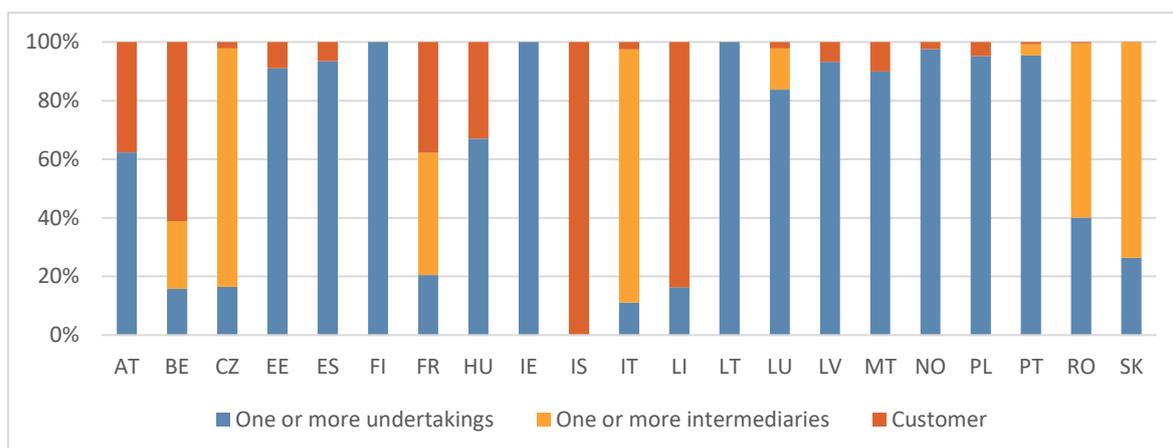


Figure 1.2: Registered intermediaries acting on behalf of: (i) one or more undertakings; (ii) one or more intermediaries or (iii) the customer during the course of 2024⁹⁵



⁹⁴ The total number of registered insurance intermediaries for 2020–2024 shown in Figure 1.1 is not directly comparable with the figures in the previous report, because the current data is based on information from 24 NCAs, whereas the earlier report used data from 26 NCAs.

⁹⁵ The figure should be interpreted carefully as there are limits to the data quality and level of comparability across Member States. For example, in CZ, registered ancillary insurance intermediaries may simultaneously represent insurance undertakings and insurance intermediaries and, therefore, may be included under two categories. In 3 Member States, intermediaries cannot act on behalf of another intermediary (PL) or on behalf of more than one intermediary (BE, HU, PL). See country-by-country analysis for more detailed information on the number of intermediaries by categories.

Figure 1.3: Percentage of insurance intermediaries remunerated on the basis of a (i) fee, (ii) commission or (iii) combination of a fee/commission in 2024⁹⁶

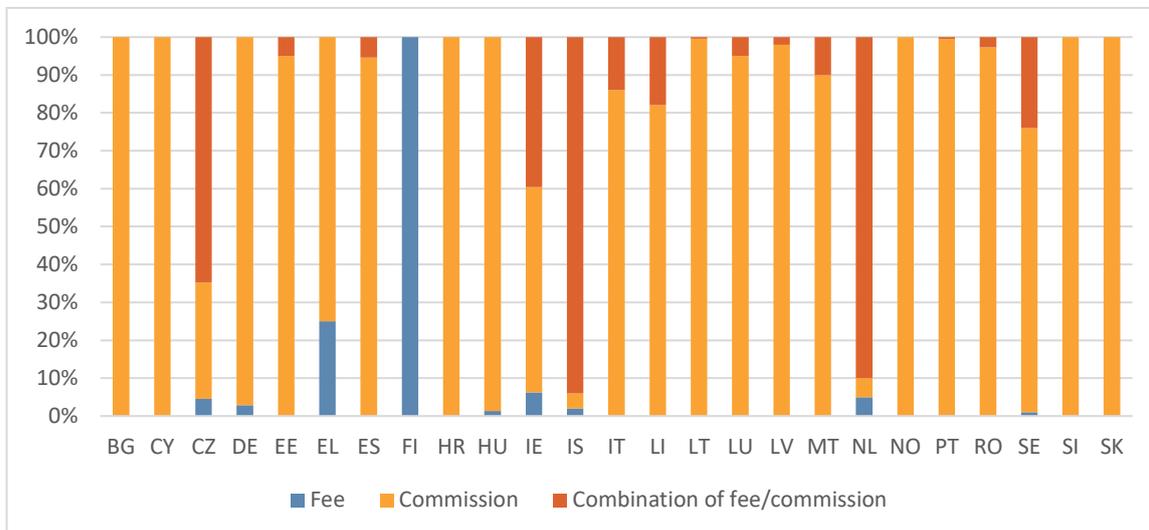
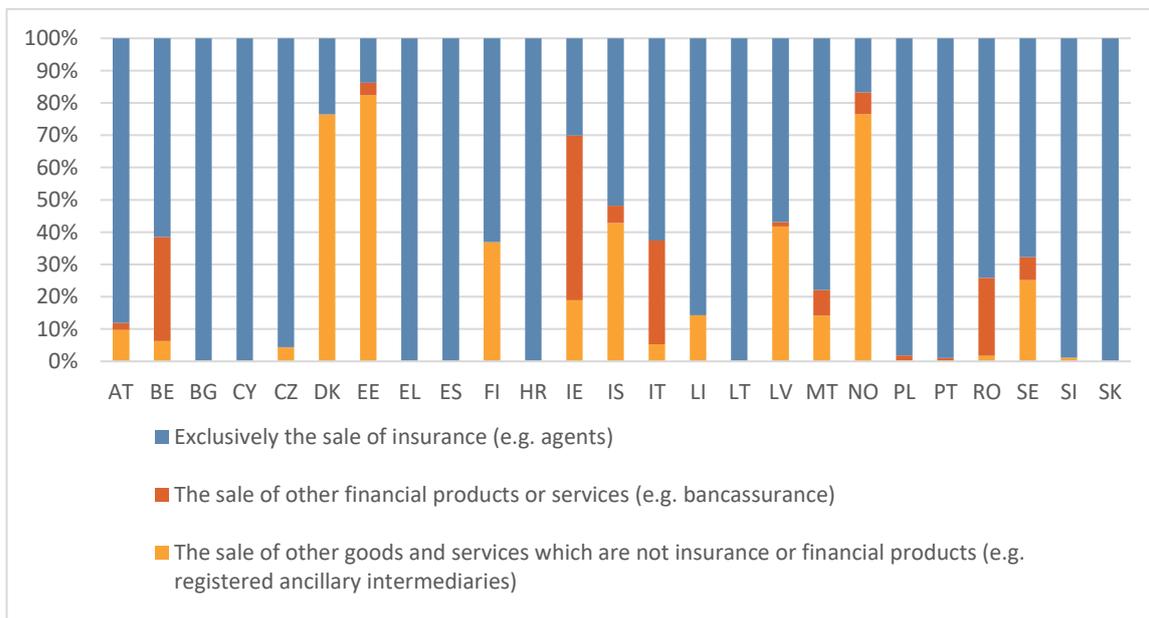


Figure 1.4: Types of products distributed by intermediaries during the course of 2024⁹⁷



⁹⁶ The figure should be interpreted carefully as there are limits to the data quality and level of comparability across Member States. For example, some NCAs provided an estimation or expert judgement. Moreover, the chart does not provide information about the volume of remuneration by type, only the percentage of intermediaries remunerated in a certain manner.

⁹⁷ The figure should be interpreted carefully as there are limits to the data quality and level of comparability across Member States. For example, there is no harmonised approach to determine when an insurance intermediary distributes insurance products as part of the sale of other financial products or services. N.B. In HR, the number of intermediaries distributing insurance as part of the sale of other financial products/services (e.g. bancassurance) is understated as it only covers legal entities and excludes agents operating within banks.

Figure 1.5: Proportion of contracts concluded online in total volume of GWP (2024)⁹⁸

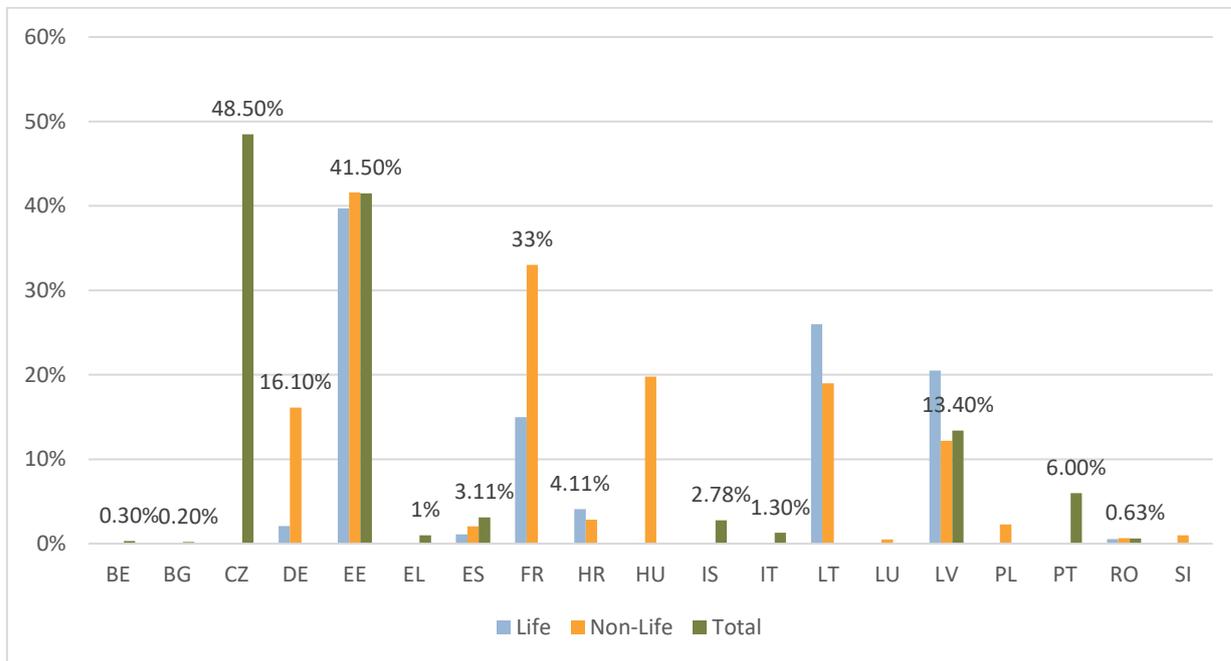
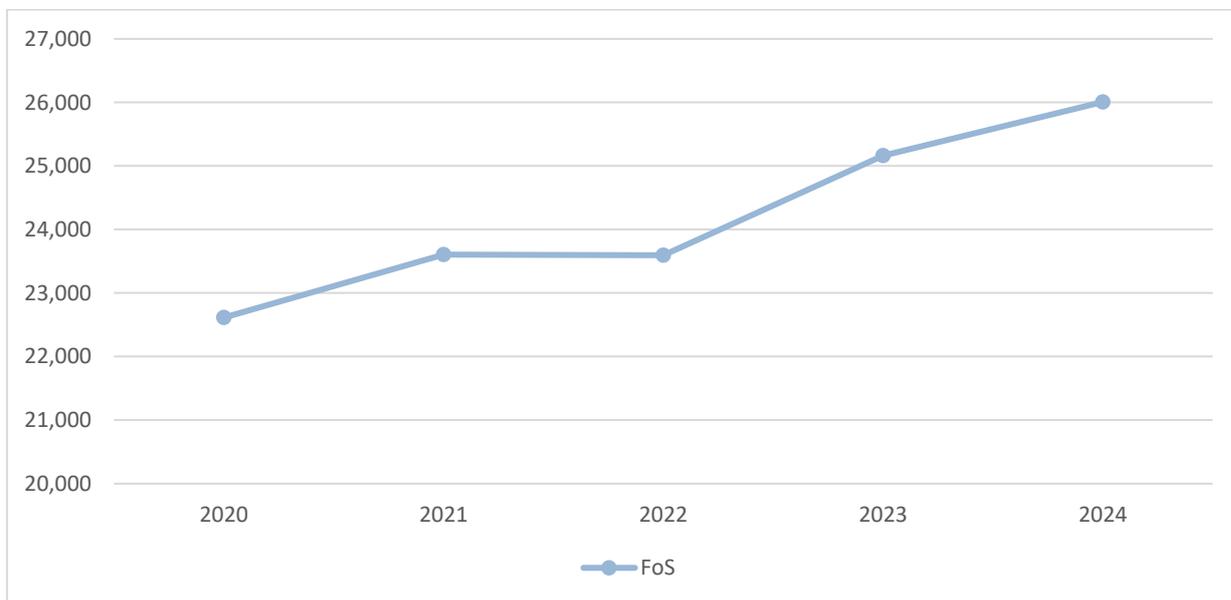


Figure 1.6: Insurance intermediaries with an FoS passport (2020-2024)



⁹⁸ The chart should be interpreted carefully as there are limits to the quality of data provided and level of comparability across Member States. For example, BE data relates to 2020. FR data relates to 2023 and covers both online sales and telephone selling. FR non-life data relates to health/motor/home/ancillary insurance. In CZ, the data covers not only contracts concluded online, but also contracts concluded without the simultaneous physical presence of the contract parties (e.g. telephone sales). In IT, the data provided covers both online sales directly pursued by insurance undertakings and telephone selling.

Figure 1.7: Insurance intermediaries with an FoE passport (2020-2024)

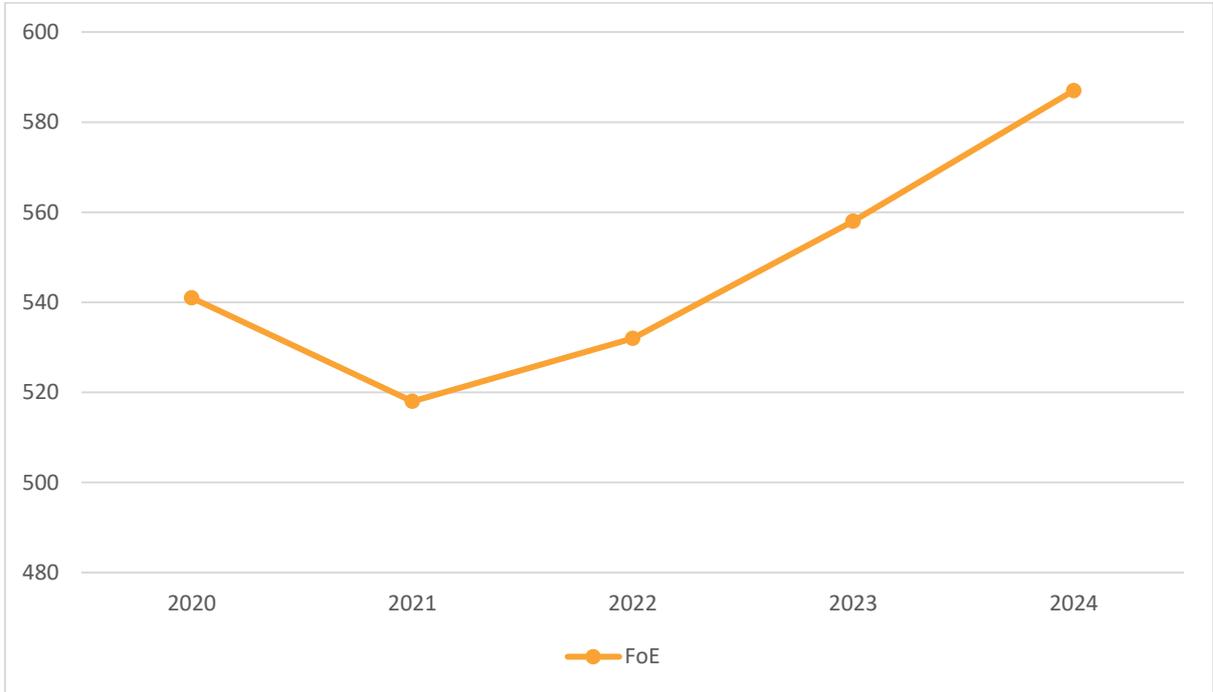
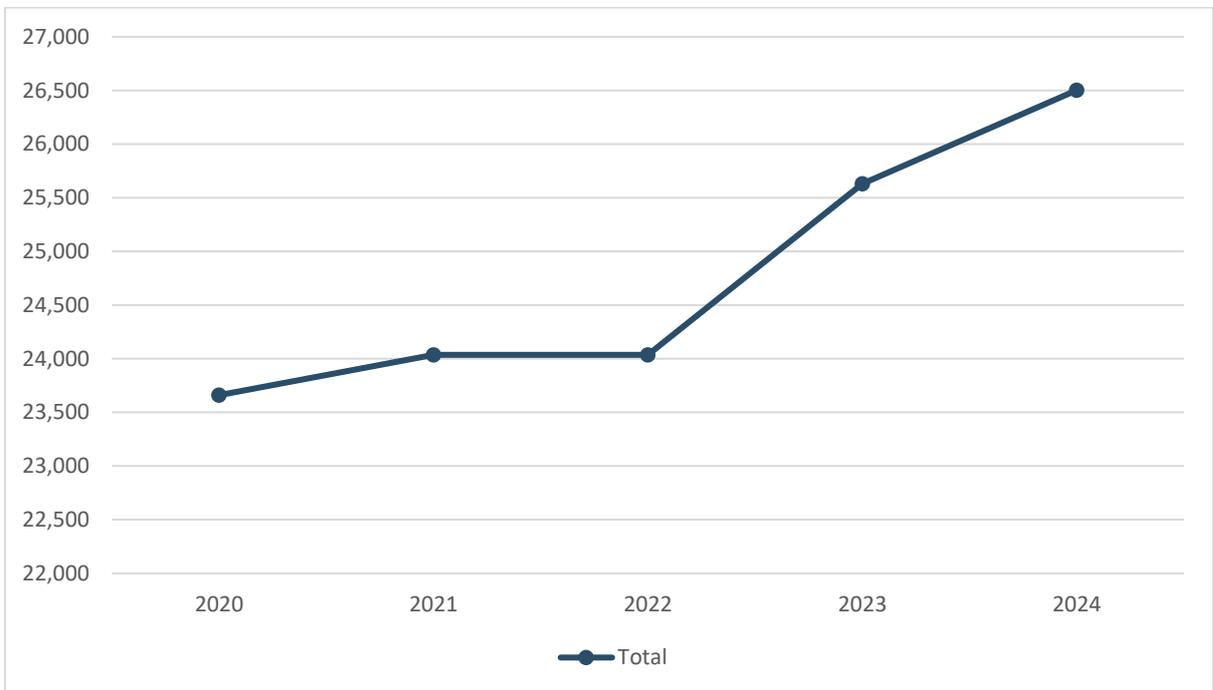


Figure 1.8: Insurance intermediaries with a passport (2020-2024)



ANNEX II: OPTIONS EXERCISED ACCORDING TO MEMBER STATE⁹⁹

	A Member State has exercised the option when implementing the IDD
	A Member State has chosen not to exercise the option

IDD article	Key aspect of the option	AT	BE	BG	CY	CZ	DE	DK	EE	EL	ES	FI	FR	HR	HU	IE
20(7), subparagraph 2	Provision of the IPID together with other information															
22(1), subparagraph 2	Information exemption for professional clients															
22(2), subparagraphs 1-2	Stricter information requirements and COB rules															
22(2), subparagraph 3	Mandatory advice for any insurance product, or for certain types of insurance products															
22(3)	Remuneration restriction for any insurance product															
24(7)	Cross-selling															
29(1), subparagraph 3	Standardised information															
29(3), subparagraphs 1-2	Remuneration restriction for IBIPs															
29(3), subparagraph 3	Mandatory advice for IBIPs															
29(3), subparagraph 4	Independent advice															
30(3)	Execution only															

⁹⁹ The table reflects the exercise of Member State options as of 25 February 2026

IDD article	Key aspect of the option	IS	IT	LI	LT	LU	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK
20(7), subparagraph 2	Provision of the IPID together with other information	Blue	Grey	Blue	Blue	Blue	Blue	Grey	Blue	Blue	Blue	Grey	Grey	Blue	Blue	Grey
22(1), subparagraph 2	Information exemption for professional clients	Blue	Blue	Grey	Grey	Blue	Grey	Blue	Grey	Grey	Blue	Blue	Grey	Grey	Blue	Grey
22(2), subparagraphs 1-2	Stricter information requirements and COB rules	Blue	Grey	Blue	Grey	Grey	Blue	Grey	Blue	Blue	Grey	Blue	Grey	Blue	Blue	Grey
22(2), subparagraph 3	Mandatory advice for any insurance product, or for certain types of insurance products	Blue	Blue	Blue	Blue	Grey	Blue	Blue	Blue	Grey	Blue	Blue	Grey	Blue	Blue	Grey
22(3)	Remuneration restriction for any insurance product	Blue	Grey	Grey	Grey	Blue	Grey	Blue	Blue	Grey						
24(7)	Cross-selling	Blue	Grey	Blue	Blue	Grey	Grey	Blue	Blue	Blue	Blue	Blue	Grey	Blue	Blue	Blue
29(1), subparagraph 3	Standardised information	Blue	Grey	Grey	Blue	Grey	Blue	Blue	Grey	Blue	Blue	Blue	Grey	Blue	Blue	Blue
29(3), subparagraphs 1-2	Remuneration restriction for IBIPs	Blue	Grey	Blue	Blue	Blue	Blue	Blue	Grey	Blue	Blue	Blue	Grey	Grey	Blue	Grey
29(3), subparagraph 3	Mandatory advice for IBIPs	Blue	Grey	Blue	Blue	Grey	Blue	Blue	Blue	Grey	Grey	Blue	Grey	Blue	Blue	Grey
29(3), subparagraph 4	Independent advice	Blue	Blue	Blue	Grey	Grey	Blue	Grey	Grey	Blue	Blue	Blue	Grey	Grey	Blue	Grey
30(3)	Execution only	Grey	Blue	Grey	Blue	Grey	Grey	Grey	Blue	Blue	Blue	Blue	Grey	Grey	Grey	Blue