

IRSG

INSURANCE AND REINSURANCE STAKEHOLDER GROUP

Contribution to EIOPA's 2026 consultation on
Consumer trends

IRSG-26/32
August 2026

CONTENTS

1.	Insurance: Key Consumer Protection Issues	3
2.	Insurance: Future Consumer Protection Issues	9
3.	Insurance: Key Positive Developments	15
4.	Insurance: Future Insurance Positive Developments	17
5.	Focus topics	18
5.1	Insurance focus topic: Claims handling	18
5.2	Insurance focus topic: Embedded insurance	25
5.3	Cross-sectorial focus topic: Transparency and innovative trends in terms of disclosure and provision information	31
5.4	Cross-sectorial focus topic: Protection gaps	34

1. INSURANCE: KEY CONSUMER PROTECTION ISSUES

Question: Identify and report the most significant Insurance Consumer Protection issues observed by members in the IRSG in their markets during 2025. Please specify, to the extent possible, the line of business, the type of affected product, and provide a brief description of each issue.

The IRSG comments can be grouped around a number of related concerns:

- **Supervision, regulation and market confidence**

Some IRSG members are of the opinion that a dispute between a supervised entity and a supervisory authority should not become public as this may create uncertainty among policyholders and undermine trust in the sector. Others consider that public scrutiny can sometimes be necessary. The IRSG is of the opinion that supervisors and individual supervised entities should try and keep a balance when communicating publicly about individual issues in order not to undermine public confidence in the system on the basis of one individual issue.

The IRSG is aware of a **few bankruptcies** among others in Bulgaria over the last years. Bankruptcies in the insurance sector are exceptional, but when they happen they have very important consequences. Avoiding bankruptcies in the insurance sector is, according to IRSG, an important role of supervisors in the protection of consumers.

- **Health Insurance**

A second group of comments concerns **private health insurance**, in particular hospitalisation cover and access to medical networks. On the one hand, private health insurance may usefully complement the public healthcare system and give consumers additional options.

On the other hand, some IRSG members report that in some markets, including Portugal, the number of doctors, specialities or services effectively available within insurer networks may decrease while premiums remain unchanged or continue to rise.

The IRSG is of the opinion that in healthcare insurance and access to insurance every situation needs attention but every national situation needs to be considered individually. The causes of healthcare insurance exemptions or growing costs may have a variety of causes in different countries (higher healthcare costs, personnel and medicines shortages, inflation, ageing population but also vertical integration or agreements between insurers and hospitals/ healthcare sector, private equity in some subsectors of the healthcare market, or insurance contracts...).

In any event, the IRSG observes on the basis of the contributions of its members that the rising cost of healthcare insurance (or growing number of the exemptions) creates in some markets, at least, a mismatch between the price paid and the effective access to healthcare services received, especially where consumers face longer waiting times, fewer available specialists or a shift from fixed appointment fees to reimbursement-based arrangements. According to the IRSG this would need attention.

In some markets, the right to be forgotten remains an important consumer equality issue for health and life insurance. Where legislation is not yet in place or is delayed, consumers with a past serious illness may continue to face difficulties in accessing cover or may be treated differently in underwriting. The IRSG recognizes that in some cases the available scientific data may still be insufficient to draw reliable conclusions in some cases, but there are cases where the situation is clear. The IRSG is of the opinion that this issue may continue and need attention in particular where the life insurance is a condition for, e.g., a credit. The IRSG is of the opinion that also banks and governments should be made accountable for these situations.

The above comments on healthcare can be linked to product transparency and product value. Some IRSG members are of the opinion that policy wording and IPIDs should be clearer and premiums should more clearly reflect the quality and breadth of the coverage provided in some markets. Other members of the IRSG believe the IPID works well, as it provides consumers with clear information on the cover and exclusions of the insurance product, while more details are available in the contractual documents and more personalised advice and answers can be provided by the intermediary or distributor. This being said, the “service provider” (hospital/ dentists, national healthcare system) may also be at the basis of a problem that is perceived as an insurance problem. If fewer doctors, specialties or services are effectively accessible, the product may deliver a lower level of service than the consumer reasonably expects.

Some indicated that network availability also depends on wider healthcare capacity and not only on the insurer.

Some propose to develop regularly updated metrics on the actual coverage provided by a policy, so that consumers can compare products more easily and premiums can better reflect the coverage granted.

Other IRSG members propose to study a system of minimum coverage standards.

The IRSG would suggest to EIOPA to do a study on what national solutions are in place. The IRSG is of the opinion that this will not result in a best practice as most of the national public healthcare systems are different in the EU, but the following example was given by one of the IRSG members.

The health insurance in the Czech market is a limited segment because of the 100% of public health care system. In order to fill a gap in the market segment, the Czech insurance industry has been working on the development of a long-term care insurance (LTCI) product since 2019 in response to demographic ageing and the growing need for long-term care services. The product has benefited from state support in the form of tax deductions since 2024, and at the time of the presentation it was offered by four insurance companies.

Also in relation to healthcare the complexity of policy terms was mentioned. On the one hand, insurance contracts necessarily contain limits, exclusions, co-payments, waiting periods, annual limits on medical acts, exclusions for pre-existing illnesses and distinctions between network care and reimbursement arrangements. On the other hand, consumers often only discover the practical impact of these terms when they need to use the policy. This may lead to complaints and dissatisfaction, particularly where consumers believed that the product offered broader or easier access than it actually does. Very often problems related to insurance may in fact be related to the fact that insurance is closely related and interlinked with legislation and law and litigation. Also in healthcare, the services and prices of hospitals may vary.

As a high level (provisional) conclusion (on the basis of the comments and reflections in the IRSG) health insurance is a topic that needs attention from a multidisciplinary perspective (comparable to the pensions debate). It would require a holistic approach: public systems, social security, “vertical integration in the healthcare system”, privatization, subsidies to the healthcare system, networks, banks, medical treatment improvements, insurers, ageing population, scientific data, private healthcare insurance and accessibility and affordability, cross border healthcare, insurers, expectations, transparency all need to be considered in the mix. The IRSG is of the opinion that there is a need for a broad public debate on how to “manage” the existing and future healthcare protection gap(s) in the various EU Member States.

- **Protection Gaps**

Protection gaps are an increasingly important consumer protection issue, particularly in relation to natural catastrophe risks.

Recent severe weather events in Portugal have highlighted a natural catastrophe protection gap in household insurance. Many households may remain uninsured, underinsured or insufficiently protected against storms, floods, wildfires, landslides and earthquakes. The Portuguese Government has announced its intention to create a natural and seismic catastrophe fund, linked to compulsory insurance for housing and business infrastructure and supported by solidarity mechanisms to ensure access for lower-income households. This may represent a positive development in addressing the protection gap.

On the other hand, compulsory or solidarity-based mechanisms require careful design to ensure affordability, clarity of coverage and fair burden-sharing.

- **Pricing transparency**

Pricing transparency was also raised **in relation to motor insurance**. Some comments suggest that premiums, in some markets, including car insurance premiums, increase year on year while the explanations provided to consumers are not always understandable. Insurers may provide a rationale for increases, but the language used may not always be meaningful for the average consumer. This brings us back to the already mentioned issue of policy (and renewal) wording transparency

An IRSG member commented that in Spain, the same problem arises with motor insurance premiums (as well as in other lines of business) at the time of renewal, particularly where policies are automatically renewed annually, which is the norm.

National law requires the insurer to give notice of any contractual changes (including premium increases) at least two months before the end of each policy period, after which the policyholder has one month to terminate the policy. On occasion, insurers raise the premium and charge it directly to the policyholder without notifying them. Some insurers have had to rectify the situation following complaints from policyholders and refund the difference in premium. However, if the contract contains a clause stipulating that the premium will be adjusted at each renewal in accordance with a clear formula set out therein, and the premium increase has been made in accordance with that clause, there is no obligation to give the policyholder such advance notice, as this is not a contractual amendment but rather an application of the contract itself. This is a legally significant distinction that may be applicable in other jurisdictions where the law is similar to that of Spain.

Also regarding motor insurance, it was mentioned that there may be a growing tendency by service providers (in the repair sector) to ask the client who has damage whether or not the risk is insured. It may happen that repair pricing is different depending upon the answer.

- **Vulnerable groups**

Some comments link pricing, underwriting and risk segmentation to the possible exclusion of vulnerable groups. On the one hand, more refined risk assessment may support more accurate pricing and may avoid cross-subsidisation that some consumers consider unfair. On the other hand, if risk segmentation is not carefully monitored, health and car insurance may become increasingly expensive for elderly citizens, consumers with pre-existing illnesses or other higher-risk groups. This may create affordability concerns, reduce access to coverage and increase inequalities for those who may need protection most.

It was also commented that insurance operates based on risk-based writing, which ensures that consumers are treated fairly and equally. It echoes a more general debate on the treatment of vulnerable clients, but some IRSG members want to stress that risk-based underwriting leads to a differentiation which is not a discrimination. It is a basis of the commercially provided insurance.

- **Horizontal consideration on distribution models**

A horizontal point emerging from these comments is that consumer outcomes should not be assessed only by reference to the product or the insurer. Some concerns may arise in direct-writing models, others in intermediated distribution, embedded distribution, group arrangements, digital or platform-based models. These models involve different information flows, advice obligations, service expectations and redress routes. Without this distinction, there is a risk of attributing conduct issues to the insurance market in general, while the underlying causes may differ depending on who interacts with the consumer and at which stage of the customer journey.

Note: The comments gathered in this contribution do not always indicate whether the issue arises in an intermediated distribution model, in a direct-writing model, or in both. This distinction may be relevant when assessing the respective roles of insurers, intermediaries and other actors in the customer journey.

2. INSURANCE: FUTURE CONSUMER PROTECTION ISSUES

Question: contribute to the identification of emerging or persisting key consumer protection issues in the insurance sector for the years 2026 and 2027. Please specify, to the extent possible, the line of business, the type of affected product, and provide a brief description of each issue.

The IRSG comments can be grouped around a number of related concerns:

- **Affordability, ageing and underinsurance**

One group of future concerns relates to affordability. On the one hand, rising repair costs, healthcare costs, climate-related losses and operational costs may make higher premiums, higher deductibles or more restrictive coverage difficult to avoid. On the other hand, consumers may respond by reducing coverage or cancelling policies, with the result that underinsurance only becomes visible at claims stage. This concern is reinforced by demographic change. Ageing will increase demand for health, life, retirement, long-term care and assistance products, but may also create risks of affordability constraints, exclusion, product complexity and digital exclusion. At the same time, ageing also creates an opportunity for insurers to develop more inclusive and socially valuable products, including preventive health services, long-term care and dependency coverage, retirement income solutions and assistance services.

- **Risk literacy and unregulated digital information**

A second group of concerns relates to risk literacy. Some are of the opinion that social media, comparison tools, online content creators and AI-generated content can improve accessibility, engagement and consumer awareness. Others are rather of the opinion that these channels may influence purchasing decisions before consumers have consulted regulated pre-contractual documentation, and may make it more difficult to distinguish between regulated information, advertising, personal opinions and simplified generic explanations. This raises questions about whether traditional disclosure-based safeguards remain effective in a digital environment where consumer views may be formed earlier in the journey.

Some IRSG members flag that the IDD already provides sufficient safeguards, and the definition of “distribution” is broad enough to capture different scenarios, without the need to create new sub-

categories. For instance, IDD requires that marketing communications should be fair, clear and not misleading, and be clearly identifiable as such. Reference is also made to RIS in this respect.

The IRSG wishes to stress the importance of high-quality well trained and experienced professionals to assist clients in the understanding of their specific individual situations and the identification of products that meet their needs and demands.

While there is value in the development of simple, cost-efficient products, the IRSG notes that some actors develop marketing strategies that over-exploit the self-confidence of prospective customers with promises to ‘democratise’ or ‘demystify’ finance. Non regulated “finfluencers” and some market participants in the digital realm need particular attention in this respect. The IRSG also wishes to stress that there are issues with some forms of ‘embedded insurance’ across the EU.

- **AI, agentic systems and accountability**

A third group of concerns relates to AI. On the one hand, AI-based tools may improve access, comparison, personalisation and competition. On the other hand, agentic AI systems capable not only of providing information but also of comparing products, making selections, switching providers or entering into contracts on behalf of consumers challenge existing conduct and distribution frameworks. Some stakeholders may see this as an innovation opportunity, while others may stress that consumer protection depends on knowing who is performing the relevant distribution activity and who remains accountable for advice, information, suitability, redress and claims support.

- **AI cutting both ways**

AI raises risks on the pricing and underwriting side, including opacity and possible proxy discrimination. At the same time, AI may also create a genuine consumer-empowerment opportunity if it helps consumers understand their own cover, identify gaps and act on them. The risk is that consumers may increasingly rely on unsupervised advice from general-purpose AI tools, including tools developed outside the EU regulatory environment, when taking insurance, savings or investment decisions.

The emergence of AI tools, and in particular agentic AI but also “AI apps” related to the MCP protocol, therefore raise new questions. These AI apps via the MCP protocol will interconnect various providers with one another and need, according to IRSG, urgent attention by EIOPA.

For background

The MCP protocol basics were explained by one of the IRSG members as follows:

Model context protocols (MCP)s is not an AI product itself, a platform or a distribution model. MCPs are merely a specification for how a piece of software hands structured information to a language model. It is much closer to HTTP, or to the standard behind a wall socket, than to anything insurance-specific.

It was published as an open standard, and it is not owned by anyone in our sector, and it is now used in logistics, accounting software and so on. It's a way machines talk to each other, just as an API or well a machine readable technical documentation. The difference now from MCPs from previous tech is that this protocol is invented to optimise for LLMs consumption of services, so that engineers can build software quicker and more interconnected. For more info see also : Agentic AI Foundation (AAIF)). As an example: a consumer tells an AI assistant "find me another home insurance and move me and pay", and the assistant does it. Who performed the distribution? Was there a demands and needs test, and by whom? Where does the consumer complain when the new policy turns out to exclude something important? Those questions have answers under the IDD (and or other rules), EIOPA is invited to study this development. It is also related to the more general question that needs further study: technology providers and their responsibility.

Where a tool compares, recommends, switches or concludes insurance contracts on behalf of a consumer, it should be clear whether the activity is performed by an insurer, an intermediary, a platform, a technology provider or another actor. Consumer protection depends not only on technological functionality, but also on identifiable responsibility.

According to the IRSG, from a supervisory perspective, the issues can be grouped around accountability, transparency, suitability assessment, POG and related Value For Money for IBIPs, and access to redress. On the one hand, AI systems may operate across jurisdictions and be developed outside the EU regulatory framework. On the other hand, consumers may experience

them as part of the insurance journey, especially where they influence or execute decisions without clearly identifying the responsible entity. These risks are particularly relevant for long-term, trust-based products such as pensions and life insurance with savings components, where decisions may have significant implications for future income security and financial resilience.

Future governance considerations should therefore address the allocation of responsibility across the value chain, including manufacturers, distributors and technology providers.

It was commented that the use of AI by insurers (for example, the provision of chatbots on insurers' websites to respond to customer queries or to assist in the claims process) is regulated since the AI Act and well-supervised at both European and national level.

Some may emphasise innovation, efficiency and better service; others may insist on clear accountability mechanisms, appropriate liability frameworks and access to redress, including compensation where consumer detriment occurs. Social dialogue may also have a role in shaping these frameworks, alongside regulators, consumers and market participants, to ensure trust and legitimacy.

Digitalisation also raises product-specific questions. On the one hand, digital provision and tools such as telemedicine may improve access, convenience and speed. On the other hand, they may affect the relationship with clients and create new risks for consumer rights, especially where digital interaction replaces personal support or where consumers are unable to assess the quality and reliability of the service offered.

This being said, consumers are always entitled to receive human support, for example the revised Consumer Rights Directive provides for the possibility to ask for/switch to a human support when using AI-related one. The IRSG suggests that EIOPA studies the need for including a reminder or a warning referring to this right.

Where digital tools replace human interaction, the assessment should distinguish between efficiency gains and the loss of explanation, dialogue or assistance. Some consumers may welcome faster and more convenient processes; others, particularly those needing help with exclusions, deductibles, claims procedures or long-term consequences, may require personal support.

Digitalisation may improve access, but it should not make accountability less visible or support less available.

In some markets, including Finland, consumers are increasingly dealing with chatbots and AI tools while physical branch offices have disappeared or become less accessible. This may be efficient for many consumers, but can create difficulties for elderly people or consumers who need face-to-face support. Employees also need continuous training to use AI tools responsibly and to adapt to a changing working environment. It is worth considering whether the current legislative framework, i.e. IDD, already provides sufficient requirements in this area. Reference is also made to RIS in this respect.

Personalised pricing and the use of data are another cross-cutting issue. On the one hand, big data, AI and advanced risk analysis may allow insurers to assess individual risks with greater precision, encourage safer behaviour and support tailored products. On the other hand, they may increase the risk of discrimination, data privacy concerns and exclusion. Regulation and supervision should therefore be clear and effective regarding which data may be used, how it may be used, and how consumer rights are protected.

Regulation on insurers' access to and use of data is already robust. There is Solvency II, Data Act, Data services act, and other regulations in place. There might be a need to further (re)explain how insurers work with data for regular consumers who may not be aware (yet). Rather than developing new extra rules, the IRSG is of the opinion that consumers' attention should be attracted to the existing rules. This could be done for example in the IPIDs. The IPIDs could at the first page include a warning that it is always good to talk with a human professional before accepting an insurance contract. Consumers increasingly may not have a clear overview of the coverage they hold across insurers, employer schemes and pensions. This can contribute both to duplicate cover and to silent protection gaps. It is therefore also a data and disclosure issue, including how IPIDs and other disclosure mechanisms help consumers understand their overall protection position. The IRSG is also of the opinion that insurance intermediaries or insurance professionals can be helpful in avoiding double insurance or insurance gaps. Another IRSG member notes that a consumer's ability to access and share their own insurance and pension data with a provider of their choice is a different question, and links it to the concerns about closed data ecosystems raised in the section on embedded insurance."

Price walking and differential pricing also remain relevant as a future issue. Some are of the opinion that the loyalty penalty remains a concern despite EIOPA's 2023 statement, while others may consider that more personalised pricing can reflect risk more accurately. The supervisory challenge is that AI-driven pricing could make it more difficult for both consumers and supervisors to detect potential unfair differentiation, proxy discrimination or opaque pricing practices. This may also become a competitive issue between insurers. Insurers who are transparent about it may have a competitive advantage over insurers who are not transparent about it.

Some members recall that the use of AI by insurers, including in relation to pricing, is highly regulated with AI Act, new definitions or/and recommendations coming from EU institutions.

Looking ahead, increasing regulatory burden is seen by some as an issue, as it creates operational challenges for market participants. The EU already has a robust consumer protection framework for insurance, but the continued introduction of new and sometimes overlapping initiatives, such as the upcoming Digital Fairness Act proposal, as well as the growing volume of Level 2 and Level 3 measures, can make compliance more difficult and ultimately increase costs for consumers. The reduction of intermediaries in the market can reduce accessibility for consumers, especially when they rely on advice or personal support to understand their insurance needs and find suitable products and in case of claims. The IRSG is of the opinion that it will be important to ensure that EU rules remain proportionate and that compliance efforts do not unintentionally reduce consumer access and choice.

The IRSG draws the attention of EIOPA and national EU supervisors to the AI "MCP protocol" and invites EIOPA to study the consequences of it as soon as possible. The MCP protocol and its use cases are considered by the IRSG as one of the major new developments with an impact on the EU insurance market and consumer protection.

3. INSURANCE: KEY POSITIVE DEVELOPMENTS

Question: Identify and report the most significant Positive Developments in the insurance sector observed in your market during 2025. Please specify, to the extent possible, the line of business, the type of affected product, and provide a brief description of each issue.

The IRSG comments can be grouped around a number of developments:

- **Access to cyber protection** is improving, there are better and more accurate tools against cyber risk. Overall, in a very uncertain world, we live in the EU in a society where most people are overall well insured with the exception of the identified current and future protection gaps and where the largest majority of people and business who want insurance have access to insurance.

The IRSG welcomes that the EU and national Member States and EIOPA have attention for existing and future protection gaps and studies actively a number of solutions for the future.

- A Swedish IRSG member gives the following example in relation to Swedish pensions: **collectively bargained occupational pension schemes** show how consumer protection can be strengthened through institutional design, not only through disclosure. In a Swedish example, where social partners are actively involved in the governance and where there is large-scale procurement and standardised fund selection there seems to be broad coverage, low complexity and lower costs. In Sweden around 90% of employees are covered by a collective occupational scheme.

This seems to suggest that consumer protection assessments should consider not only point-of-sale interactions and information documents, but also whether governance structures, procurement mechanisms and institutional arrangements effectively safeguard consumer interests and improve long-term outcomes.

On the other hand, such collective models may not be directly transferable to every market or product, and their relevance should therefore be assessed in light of national pension and labour-market structures.

- Some members of the IRSG see the **implementation of the RIS** as another development to consider before introducing another set of new rules. The RIS would bring opportunities (depending upon the level II outcome) to simplify the consumer journey, e.g. streamlined PRIIPs KID disclosures, a simplified advice process, digital-by-default communication and the option of layering to present information more effectively. The IRSG is of the opinion that , considering the complexity of the level I, the key will be to ensure that the final framework remains simple for consumers and insurers, rather than adding further complexity.

4. INSURANCE: FUTURE INSURANCE POSITIVE DEVELOPMENTS

Question: Highlight emerging or persisting key positive developments in the insurance sector for the years 2026 and 2027. Please specify, to the extent possible, the line of business, the type of affected product, and provide a brief description of each issue.

The IRSG comments can be grouped around a number of related topics :

- **Digital operational resilience as an enabler of consumer protection**

As insurance customer journeys become increasingly digital or hybrid (human in combination with digital), improvements in proportional digital operational resilience are expected to have a direct positive impact on consumer protection.

A consumer who cannot report a claim, request assistance, access relevant information or communicate with the insurer because a digital service is unavailable may, in practice, experience a temporary barrier to insurance protection. This is particularly important in emergency situations or during large-scale events, when access to insurance services may be most critical. So, for consumers, operational resilience is not merely a technical matter. It determines whether they can effectively access their insurance when they need it. In this respect, it was commented that having a human factor in case of crisis (reference was made to some flood examples and the early days of covid) remains important.

Strengthening the continuity and recoverability of digital services (and having a human factor in the chain) should therefore be viewed as a positive consumer protection development.

- **From claims payer to prevention and resilience partner**

A positive development that may become relevant in the coming years is the gradual evolution of insurers and intermediaries /distributors from primarily compensating losses after they occur towards also helping consumers prevent, reduce and manage risks before a loss takes place. In several areas, insurance is becoming more closely linked to prevention, risk awareness and ongoing support. Health insurance increasingly includes services that promote healthier lifestyles,

preventive care, telemedicine and better access to health information. On the other hand, this should not result in insurers “defining” the lifestyle of a citizen.

Cyber insurance is progressively combined with preventive tools and incident-response support, while property and natural catastrophe insurance can increasingly benefit from monitoring, alerts and measures aimed at reducing exposure to loss. In this sense, the IRSG refers to a broader discussion about whether the future role of insurers may increasingly combine financial protection with prevention, risk management and resilience-building. The IRSG, refers in this respect to the broader discussion on protection gaps and that closing protection gaps is a multi-stakeholder responsibility.

- **Insurance products supporting the green transition and climate resilience**

Another positive development is the continued evolution of insurance products in response to the green transition and to changing climate risks. As consumers and businesses adopt new technologies and more sustainable solutions, insurance is adapting to cover new assets and emerging risks. This can already be seen in areas such as electric mobility, renewable energy generation and energy storage, and may become relevant as new technologies become part of everyday life.

- **Growing focus on natural catastrophe protection**

A positive trend for the coming years is the growing shift towards a more comprehensive approach to natural catastrophe risks and to the need to reduce protection gaps. The IRSG promotes a wide debate on protection gaps and the role of all stakeholders in finding a solution.

5. FOCUS TOPICS

5.1 INSURANCE FOCUS TOPIC: CLAIMS HANDLING

EIOPA Background of the question : Claims handling remains a major conduct issue in the insurance industry, with a lack or unclear motivation for denial of claims, payment delays, and low payout continuing to undermine trust in the sector. Consumer surveys and complaints data also highlight

issues. The 2025 Eurobarometer survey found that 17% of EU consumers expressed dissatisfaction with the claims handling process, with this percentage increasing to 22% in some countries. However, also some improvements are reported by NCAs and other stakeholders thanks to digitalisation.

Question: Based on your experience, in general, which are the main issues (e.g. unjustified denials, lack of motivation, lower payments) regarding claims handling in your market?

The IRSG comments can be grouped around a number of related issues :

Timeliness and transparency in claims settlement

A group of comments flags the growing dissatisfaction with the length of time it takes to settle or pay out a claim. Further in the paper (under Fraud) this issue is also mentioned. The IRSG recognises the need for insurers to maintain effective controls to detect and investigate potentially fraudulent claims. However, such controls should remain proportionate and risk-based, without creating a general perception that claims are regarded as doubtful from the outset. The principle of good faith should remain the starting point of the claims handling relationship, while reasonable suspicions of fraud should be assessed on the basis of objective indicators.

Although claims handling remains a priority for insurers, and therefore insurers are constantly improving their services to ensure that claims are handled in an efficient, transparent and satisfactory manner, the IRSG is of the opinion that there is, at least, a perception problem.

The IRSG does not judge whether this problem is coming from the insurers side or from the “legal procedures” side or from the above mentioned side of “service providers” who may ask consumers whether or not the claim is insured, or whether it is because there is too much “fraud” or whatever the reason is ... there may be a perception issue.

According to some IRSG members, this is an area where insurers continue to invest significantly in improving customer experience and satisfaction. According to some, digitalisation can support this work by making processes faster, improving communication with customers, strengthening fraud detection and making the claims journey more transparent.

A group of comments suggest framing insurance fraud first and foremost as a consumer protection concern. Fraud does not only harm insurers; it also harms honest policyholders through higher premiums and more complex claims controls. In this sense, fighting insurance fraud can be understood as protecting honest policyholders. However, anti-fraud measures must be designed carefully so that consumers are not unfairly suspected, delayed or excluded from coverage because of inaccurate data, poor-quality indicators or excessive reliance on automated systems.

It was also commented that sometimes the legal system makes claims pay outs more complex...

Claims handling in large-scale catastrophic events

Another group of comments concerns catastrophe claims. Recent winter catastrophes have led to delays and refusals in some markets, with citizens still waiting for responses or receiving refusals based on reasons perceived as difficult to understand. Complaints and examples have been forwarded to supervisors. This highlights that claims handling problems may arise not only from individual insurer behaviour, but also from the operational pressure created by large-scale events, shortages of repair capacity and the need for rapid liquidity to allow households and businesses to repair or rebuild.

In assessing claims handling outcomes, it may be useful to distinguish between claims where the client is supported by an intermediary and claims handled directly between the policyholder and the insurer. In intermediated business, the intermediary may help the client understand the process, gather documentation, communicate with the insurer, challenge unclear decisions and obtain explanations. This does not remove the insurer's responsibility for claims settlement, but it may materially affect the consumer's practical experience of the claim.

Also there may be an issue in relation to the question of who is paying the claim in case of a natural catastrophe. Does the individual insurer pay the claim or is the natural catastrophe "system" paying the claim?

Question: Based on your experience, which are the main causes of poor claims handling outcomes – please specify the root cause rather than the main issue as this is also described in Q1?

The IRSG comments can be grouped around a number of related issues :

Repair networks, integrated claims models and consumer choice

A recurring theme concerns claims' ecosystems in which insurers have agreements with manufacturers, repairers or other service providers on hourly costs, replacement parts or standard repair methods. Such arrangements may improve efficiency, cost control and consistency. On the other hand, they may raise questions about consumer choice, quality of repair, the assessment of total loss versus repair, and the availability of a second opinion where the consumer disagrees. Similar issues may arise in health insurance, household insurance or embedded insurance models where the distributor, service provider, legal expenses insurer, and claims process are closely connected.

The same discussion links to the issue of “quasi-fraud” or non-intentional inflation of claims. In some situations, the price quoted by a repairer or service provider may differ depending on whether the damage is insured. This may increase costs, create suspicion and contribute to the perception that insurers are reluctant to accept claims or systematically reduce payouts. On the one hand, standardised repair prices or agreements with certified repairers may help address this problem; on the other hand, they may also create concerns about market concentration, consumer freedom of choice and the quality of service.

Databases of fraudulent claims and blacklists were also discussed. A shared database may help detect organised fraud and reduce costs for honest policyholders. On the other hand, if such systems are not carefully constructed, they could wrongly label consumers who relied on inflated repair quotes or made errors without fraudulent intent. Such practices affect in the first line insurers, and thus may in a second step lead to higher premiums that could trigger loss of access to insurance or reputational harm. Any anti-fraud tool should therefore include strong safeguards, data quality controls, proportionality, appeal mechanisms and effective supervision.

Mismatch between perceived and actual insurance protection

Another root cause may be the gap between consumers' expectations and the protection actually contracted. Some claims are perceived as having a poor outcome because the relevant risk was not covered, the insured amount was insufficient, or deductibles, limits or sub-limits applied. These situations are closely linked to protection gaps, underinsurance and limited risk literacy, and often become apparent only when a claim occurs. Better understanding of both the risks consumers face and the scope of the protection they have purchased could therefore help reduce dissatisfaction and disputes at claims stage.

Some IRSG members note that insurance fraud constitutes a significant and growing source of consumer detriment across the European Union. When insurance claims contain a fraudulent element, honest policyholders may bear a disproportionate financial burden because the resulting costs are ultimately reflected in higher premiums.

The absence of systematic cross-border fraud intelligence may compound the problem in a rapidly evolving threat landscape. The increasing use of artificial intelligence by fraudsters and organised crime, including synthetic documentation, manipulated claim submissions and potential automation through agentic AI, may increase both the volume and sophistication of fraudulent claims and thereby raise the latent cost burden on consumers.

This gap may allow organised fraud networks to exploit jurisdictional fragmentation within the Single Market. While the EU has been active in combating financial crime in the area of anti-money laundering for many years, insurance fraud has not received the same level of regulatory attention and may encounter regulatory and legal barriers, particularly in the areas of data protection and competition law. According to some IRSG members, a coordinated approach, for example through a pan-European shared database, could materially improve consumer outcomes, provided that it includes strong safeguards, data quality controls, proportionality, appeal mechanisms and effective supervision.

From a consumer protection perspective, combating fraud protects honest policyholders by limiting unnecessary premium increases. However, any shared fraud intelligence mechanism would need to be carefully designed to respect data protection, competition law, proportionality, appeal rights and clear governance. The objective should be to detect organised or intentional fraud, not to penalise consumers who made errors, relied on inflated repair estimates or misunderstood policy conditions.

Note: The comments on repair networks, integrated claims models and fraud controls do not always differentiate between claims linked to intermediated business and claims handled in direct-writing models. That distinction may be relevant when considering who informs, supports or represents the policyholder during the claims process.

In NATCAT situations there may be an issue in the sense that speed of repair is important in order to reduce “costs”. If a house is flooded, cleaning service operators can intervene quickly but if an entire street or part of a city is flooded, there may be lack of material and services to handle the situation. It also may take time before the insurer has processed the claims and pay out the money needed by the consumer to repair.

Question : What in your view constitutes the most effective (industry or supervisory) approach or initiative to enhance claims handling?

IRSG comments:

This depends upon the situation: individual or catastrophic event ? It may be observed in some markets and some situations that in the case of an important claim (even individual claims) the insurer starts a legal procedure against the various parties which may be involved (architect, commune, construction firm, even notary, ...) in terms of possible liability. Such procedures may take many years (!) which result in a situation where the consumer or business: 1. Needs to have cash to pay for the legal procedure, and 2. Do not receive the money to rebuild or repair. One of the possible actions is to warn or create awareness with the consumers about risk ... see also the ostrich effect... not only for natural catastrophes but also for individual risks. Risk education can be useful in this respect. Risk education should start at school. It is observed that it is often in the case of a claim that consumers realize the real value of an insurance or insurance intermediary.

Regarding disputes between the parties involved in a claim: in complex claims, several professional parties may be involved (including insurers, contractors, manufacturers, service providers or other potentially liable parties). Determining the respective responsibilities of these parties can take considerable time and may, in some cases, lead to lengthy legal disputes. According to an IRSG member, where the insurer’s contractual obligation towards the policyholder is sufficiently

established, consumers should, as far as reasonably possible, not bear the consequences of disputes between professional parties that are separate from their entitlement under the insurance contract.

According to some IRSG members, encouraging, where appropriate, the payment of undisputed amounts or interim payments once it has been confirmed that the claim is covered by the insurance policy and the policyholder is eligible for compensation could be an approach to be studied. It was noted that in fact (and in many jurisdictions it is a legal obligation) insurers should only make interim or partial payments once they have confirmed that the claim is covered and that the policyholder is entitled to compensation.

5.2 INSURANCE FOCUS TOPIC: EMBEDDED INSURANCE

EIOPA Background to the question: Embedded insurance has transitioned from a niche fintech innovation to a major way in which insurance is provided. This trend represents a fundamental shift toward "invisible" security, where insurance is no longer a complex, standalone purchase but a seamless feature of a transaction. By offering coverage at the moment of peak relevance—such as during an e-commerce checkout or a vehicle purchase—brands can close the protection gap for younger, digital-native demographics who prioritize convenience and immediate utility over traditional brokerage models.

However, there are also significant risks, particularly regarding transparency and sales tactics that use 'dark patterns'. As insurance gets pushed into the background of a transaction, consumers may lack a clear understanding of their coverage limits or suffer from 'micro-policy fatigue,' where they pay for redundant protections.

Question: Based on your experience, which are the main issues regarding embedded insurance in your market?

According to a member of the IRSG, the first difficulty we face is that in insurance practice and economic publications there is no single definition of 'embedded insurance', but rather a “broad” meaning and a more “strict” one. According to the broad meaning, these are insurance products that are integrated into the offering of all types of products or services. This is the case of the sales platform of a large company that also offers coverage for risks related to its products or services other than insurance. An example of this is a car manufacturer insurance offered on the website for vehicles of that brand, which is designed for this type of car but can be taken out once the vehicle has been purchased.

On the other hand, the term embedded insurance (hence the strict meaning) is often reserved for insurance that is included in the online purchasing process for a product or service as an optional extra offered at a given moment during the purchase. This is the case with insurance integrated into sales platforms for the purchase of computers or other electrical appliances, or for the contracting of all kinds of transport.

In the first case, insurance can be purchased as an additional service, independently of the purchase of the goods or the main product or service offered by the company, although it is designed specifically for the latter.

In the second case, it is clearly ancillary to the main contract. Furthermore, in this second scenario, the initiative to take out the insurance does not come from the customer, but from the company offering the insurance, which inserts it into the navigation route when the customer is purchasing the goods or service they are interested in, usually as an option to cover the risks inherent in the goods they are purchasing or the service they are contracting. It should also be borne in mind that, in current practice, within the embedded insurance that we call "in the strict sense", there are some cases in which the customer is not explicitly required to pay any premium and, in fact, may take out the insurance without being aware of it when entering into the main contract.

Thus, embedded insurance "in the strict sense" can be of two types: insurance that is fully integrated into the product or service being contracted, as an inseparable part of it, for which the policyholder is not required to give specific consent or pay a premium separate from the total price of the product or service, or as an add-on option before making the payment.

In the first case, it is clear that the customer can always take out other insurance if they consider it inadequate or insufficient in relation to the risk they are assuming.

On the other hand, insurance policies that are simply marketed by retailers of other products or services on their websites, without any direct relationship to those products or services and without being integrated into the purchasing process for those products or services, are not properly embedded insurance. This is the case with all types of insurance (health, life, death, pets) marketed by some big sellers of household items through its main website, which are unrelated to the (for example) furniture it sells.

This distinction between embedded insurance (in the broad or strict sense) and insurance sold by retailers of other products or services does not necessarily mean that there is a total separation between the two in practice, as there are companies that do both (for example an online platform which offers embedded insurance for the products it sells as an add-on that appears in a pop-up window just before payment).

Whether we start from the broad or strict definition, it is key that embedded insurance is digital insurance marketed by a company that is not a traditional insurer or insurance intermediary, but rather one that is dedicated to placing other types of products or services on the market, in order to offer its customers coverage for risks generally related to their main activity. This represents, on one hand, a profound change in insurance distribution, both in the strict and broad sense of embedded insurance. On the other hand, it is a clear example of how insurance is adapting to people's needs, as it allows them to obtain immediate coverage, without wasting time, for the risks affecting the goods or services they are interested in. It can be introduced into any purchasing process, whether in the financial sector, telecommunications, energy, travel or e-commerce. It is channelled by the company marketing the product or service, which is the one that appears before the customer, who is not always aware that it is another company that provides the insurance cover or that the marketing company actually sells insurance on behalf of an insurer or insurance distributor/ intermediary.

Embedded insurance may create transparency and accountability risks. Increasing digitalisation, automation and AI-driven distribution are transforming insurance into ecosystem-based models involving insurers, intermediaries, platform operators, manufacturers and technology providers.

Relationships have now become more complex. One possible scenario (there are more possibilities) is as follows: an e-commerce platform contracts an insurtech to design an embedded insurance product that it can integrate into its online sales processes. This presupposes that the insurtech has a collaboration agreement with an insurer, which will act as such vis-à-vis the platform's customer. In addition, the insurtech company may also be an insurance distributor/ intermediary that the customer can turn to. In any case, the platform will be the one to directly distribute the insurance to the customer, in some cases on behalf of an insurance / distributor intermediary and in other cases on behalf of an insurer. It is also possible that, instead of (or in addition to) insurtech, a traditional insurance distributor / intermediary may act. Given the complexity of the relationships that arise, involving multiple parties, and the inherent difficulty of the presence of an insurance which the customer may not necessarily have expected, consumers should be able to identify clearly when insurance is embedded, what coverage is included (with quick and easy access to the terms and conditions), the premium required (separately from the price of the main contract) unless the cover is free of charge for the customer), and which entity is responsible for advice, product governance, claims handling and support throughout the customer journey.

Several comments also link embedded insurance to claims handling, fraud, tying and bundling. Embedded insurance for electronic devices, for example, may raise specific claims and fraud issues. Embedded insurance should also be considered together with practices such as insurance bundled with mortgages, car purchases or other credit products. The key question is whether the insurance is managed by a regulated insurance undertaking or intermediary, whether it has gone through a proper product oversight and governance process, whether information requirements are respected, and whether consumers have a cooling-off period and meaningful redress.

From a distribution perspective, in line with what has been said previously, embedded insurance should not be treated as a single model. There is a difference between embedded insurance arranged through a regulated insurance intermediary, insurance offered directly by an insurer in a digital journey, and insurance placed through a non-insurance platform or commercial partner where the consumer may not clearly understand who is responsible. The key issue is not whether insurance is embedded as such, but whether the consumer can identify the regulated actor, understand the cover, receive appropriate information, and access support and redress throughout the life of the contract, including at claims stage. Cancellation of an embedded insurance is often considered to be difficult. The term “extended warranty” is often used in the situations of embedded insurance. This may lead to confusion.

Data availability is another important issue. A car manufacturer or dealer may be able to offer embedded insurance because it has access to vehicle or driver data. Other insurers, distributors and intermediaries may need access to equivalent data, subject to appropriate safeguards, to make competitive offers to consumers. Without such access, embedded insurance could strengthen closed ecosystems and reduce competition. As embedded models evolve, maintaining trust requires a balance between efficiency gains, digital distribution, fair access to relevant data and meaningful human oversight in situations with significant financial consequences.

Note: The comments on embedded insurance do not always specify whether the embedded offer is arranged through an insurance intermediary, by a direct-writing insurer, or through a non-insurance platform or commercial partner. This distinction may be important for product governance, disclosure, advice, claims support and redress.

Question: Based on your experience, briefly describe the main benefits of embedded insurance in your market (e.g. closing protection gaps), if any.

Depending upon the definition of “Embedded” insurance (there may be more interpretations than those mentioned above), it can improve access and reduce friction by integrating insurance into existing customer journeys, it may help reduce underinsurance and simplify purchasing. This can be efficient in some contexts, for example where liability or accident insurance is included in a membership or licence, or where a group-based approach allows coverage to be offered at scale. However, is the demands and needs test done ?

There is also a need to distinguish between embedded insurance within an insurance contract and insurance embedded in a non-insurance transaction, such as an extended warranty or a product purchase. In almost all cases, “extended warranty” is an insurance contract but there is doubt among the IRSG group. This in itself is an interesting indication.

The consumer protection assessment may differ depending on the scale, the product, the sales environment and the actors involved. Embedded insurance in a digital marketplace or AI-driven e-commerce environment may have different consequences from more traditional forms of embedded insurance. On the one hand, embedded products may have lower visible distribution costs and may close protection gaps; on the other hand, they may deliver worse outcomes if the consumer does not understand the cover, the claims process or the total price paid for product performance, advice, service and peace of mind.

The consumer outcome may also depend on whether the embedded model includes professional explanation or advice, or whether the consumer is effectively left to accept a pre-packaged add-on in a wider commercial transaction. (perceived or real) Lower distribution costs do not automatically mean better value if the consumer does not understand the cover, has limited ability to compare alternatives, or cannot identify who will assist them when a claim arises.

Some IRSG members argue that EU disclosure rules on embedded insurance are already sufficient to ensure that consumers understand the cover, claims process, total cost, etc. Other IRSG members question if this is enforced in practice in all (digital platform) cases. Also reference is made to some exemptions in the IDD and whether the rules apply in an AI context and /or a situation of ancillary intermediary case in the IDD.

Note: The benefits and risks of embedded insurance may differ depending on whether the model relies on an intermediary, a direct-writing insurer, a group policyholder or a platform acting as the main consumer interface. The comments do not consistently make this distinction.

Question: Please indicate which insurance products are most commonly distributed through embedded insurance models

Probably electronic devices, ride sharing solutions, delivery or shipping services, travel insurance, neobanks, (by apps) e-commerce sites. But in terms of focus and risk, embedding a liability or accident insurance in the membership of a local football club is different from embedding an insurance in a multinational or global e-commerce platform offer or apps.

Reference may also be made to group insurance. If an employer offers a health group insurance or group life insurance product to its employees that can be optionally extended to the children of the employer then a flexible “group” approach can be cost efficient and help to avoid a protection gap.

5.3 CROSS-SECTORIAL FOCUS TOPIC: TRANSPARENCY AND INNOVATIVE TRENDS IN TERMS OF DISCLOSURE AND PROVISION INFORMATION

EIOPA Background to the question: On the one hand, disclosure and provision of information continue being reported as one of the main conduct issues (e.g. unclear or overly technical policy wording or complex information provided in pensions benefits statements and other documents). On the other hand, improvements are also reported, specifically thanks to digitalisation, which allows for a tiered approach to disclosures. Notably, digital channels now play an important role in the insurance purchasing process, with 24% of EU consumers who acquired an insurance product in the past two years doing so exclusively online. Furthermore, social media platforms and AI tools are gaining traction, representing 12% and 9% of the total, respectively.

Beyond existing issues and observed improvements, current geopolitical events are also highlighting emerging issues with disclosures. In particular, issues in relation to coverage of clarity and exclusions for war and war related events are emerging in relation to different policies including travel, damage to property, cyber etc.

Question: Taking into account the whole market and trends you have observed, in your opinion what is the most concerning issues in relation to disclosures and provision of information? Please indicate the insurance products that are more affected by the issues described.

Transparency is more than disclosure

The IRSG may wish to consider a broad approach to disclosure and transparency. Consumer protection can be supported through information requirements, but also through product design, product governance, distribution arrangements and market structures. Transparency remains essential, but consumer understanding and outcomes are influenced not only by the quantity of information provided.

The IRSG recognizes that the rules on product design and governance are already extensively regulated under the IDD POG regime (including the disclosure information for insurer's clients).

It is recognized that a product that appears simple in structure is not necessarily safer than one with a more sophisticated design.

Transparency should not be understood only as the delivery of standardised documents. For many insurance products, particularly where exclusions, deductibles, claims procedures or natcat-event exclusions are relevant, consumer understanding may depend on explanation, dialogue and the possibility to ask questions. This is especially relevant because formal disclosures may need to be translated into practical understanding.

In occupational pensions, collective arrangements between employers and employees may provide an example of how disclosure and financial literacy work can operate alongside governance structures, procurement processes and long-term stewardship arrangements. Such approaches may help reduce silent protection gaps and support adequate long-term retirement outcomes. On the other hand, disclosure remains important to ensure that members understand their entitlements, choices and risks and have “proof” in legal cases.

A broader perspective on disclosures may therefore help identify both information-related challenges and structural factors that influence consumer outcomes across insurance and pension markets within the EU. This is also relevant for online distribution, social media, comparison tools and AI-generated content, where consumers may form their views before seeing formal pre-contractual documents. It also matters for systemic-event exclusions such as war, cyber-attacks and pandemics, where clarity is essential to avoid silent gaps and disputes at claims stage.

The same theme is relevant where consumers rely on social media, online content creators, digital comparison tools and AI-generated content before consulting regulated pre-contractual documentation. These channels may improve accessibility and engagement, but they may also expose consumers to information that is incomplete, simplified, commercially driven or insufficiently tailored to individual circumstances.

The IRSG also refers to the “ostrich effect”, people need to be “nudged” to think realistically about their risks. Risk education, teaching citizens again what risk is and how it can be “managed” would be useful.

This is linked to coverage opacity: consumers may not easily see what protection they already hold across insurers, employer schemes and pension arrangements. Better data, clearer layered

disclosures and more effective use of IPIDs and pension information could help consumers identify duplicate cover, exclusions and silent gaps.

The IRSG welcomes the current discussions (and wants to contribute further to it) on the main issue of the volume and complexity of information provided to consumers, particularly at the pre-contractual stage. This is especially relevant for insurance-based investment products, where consumers may receive a very high number of disclosures under different EU rules, often containing technical cost figures. This can make it harder for consumers to understand and compare products. The RIS level I creates new opportunities and challenges to the disclosure framework, e.g. moving towards digital-by-default communication for PRIIPs KID. For non-life products, the Insurance Product Information Document (IPID) is considered to be working well in the market.

5.4 CROSS-SECTORIAL FOCUS TOPIC: PROTECTION GAPS

EIOPA Background to the question: The issue of protection gaps remains a critical concern for policymakers and supervisors.

The rise of cybercrime and data breaches has created a new type of risk that could have significant financial and personal consequences for individuals and SMEs. Similarly, as reflected in the 2025 Consumer Risk Heatmap, the increasing costs of healthcare have led to significant premium hikes, resulting in policyholder dissatisfaction and a rise in cancellations or policy modifications, which further increase these protection gaps.

The increase in protection gaps is not limited to retail lines, as similar challenges are also emerging in commercial lines, specifically in relation to marine and shipping contracts.

Question: In your opinion, what are the main reasons for the existing and growing health protection gap?

IRSG comments:

Question: Which could be potential solutions to reduce the health protection gap?

Reference is made to above comments in this respect (It requires a broad debate).

One area that could provide an example on how to fill the gap is the insurers investing and building the capacity in this field. The Czech example is on building long term-care centres.

In parallel with the development of LTCI products, Czech insurers have launched a broader initiative focused on increasing the capacity and quality of long-term care facilities. Through the Long-Term Care Centre project, the insurance sector aims to contribute to societal resilience by investing insurance capital directly into affordable, high-quality nursing homes. The initiative is intended to address the growing demand for elderly care while demonstrating the insurance sector's long-term commitment to social infrastructure.

To support this effort, a Memorandum of Understanding was signed with the Czech government in November 2024, including the Prime Minister's endorsement. With the assistance of the Czech Insurers Bureau (ČKP), the insurance sector established an investment fund operating through a holding company and special-purpose vehicle structure. The project's objective is to build 20 nursing homes providing approximately 2,500 beds over the next eight years.

Question: What are the main reasons why consumers and/or SMEs do not have cyber coverage?

IRSG comments

Key barriers encountered by SMEs:

- **Affordability issues:** In previous years, cyber insurance premiums rose significantly due to a hard market, making coverage less affordable for small and medium-sized businesses. However, as insurers' appetite and capital increase, along with the improved security measures implemented by organisations, the cyber insurance market is softening, leading to lower premiums (see Global Insurance Market Index below).
- **Accessibility challenges:** Historically, limited cybersecurity measures within SMEs made it too difficult for insurers to offer coverage.
- **Insufficient cyber risk awareness:** A general lack of understanding about cyber risks and cyber risk insurance contributes to the existing gap.
- **Perception of complexity:** Cyber coverage and the procurement process is viewed as "complicated," deterring organisations from seeking coverage.

Proposed possible solutions include:

- **Standardisation and simplification of the procurement process:** Streamlining the steps involved in obtaining cyber insurance will make it more accessible for SMEs.
- **Clear and broad policy language:** Insurance policies should utilise straightforward language to enhance understanding, ensuring that coverage is comprehensive and transparent.
- There are however **limits** to what insurers can simplify. Contractual documents can be long and technical because they need to comply with national contract law.

- Increased awareness training: Enhanced campaigns and training programmes are necessary to improve understanding of cyber risks and the advantages of insurance coverage.
- **Prevention and assistance services:** Tailored services should be created to help SMEs effectively mitigate cyber risks.
- **Incentivising policyholders to improve cyber security posture:** Insurers should collaborate with clients by incentivising the implementation of security measures throughout their engagement.
- **Establishing public-private partnerships:** Collaboration for data sharing, training, and incentives aimed at enhancing security measures and awareness initiatives should be promoted.

According to the Global Insurance Market Index Q1 2026, cyber insurance rates declined by 5% global.

- Compared with other business lines, cyber was the only major line seeing notable expansion of supply and demand, as many organizations purchased coverage for the first time or sought higher limits and a more stable claims environment contributed to attracting additional insurers.
- This trend was observed in a global context where financial and professional insurance rates continued to decline, although underwriting has become more selective across various segments. This was most pronounced in the US and in parts of Europe, while other regions continue to see moderate rate reductions. The downward trend was supported by significant insurer capacity, driven by reinsurer growth and the entry of new insurers, which increased competition levels and generally enabled more favourable terms and broader coverage options for clients.

The low uptake of cyber coverage among SMEs has manifold reasons: from lack of awareness and knowledge of the product, to a fatalistic approach (either my business is too small to be hit or if it is hit no insurance would help anyway), to issues with understanding and exclusions, but also often a disconnect between the often outsourced IT and security function within an SME and the function that normally would look into insurance solutions.

For SMEs, the cyber protection gap is often not only an insurance gap but also an organisational gap. The person responsible for insurance may not be the same person or external provider responsible for IT security. A risk adviser or intermediary can help bridge this gap by bringing together risk assessment, prevention, insurance availability, policy wording, exclusions and incident-response services. This is particularly relevant where underwriting requirements are technical and where SMEs may otherwise perceive cyber insurance as too complex or inaccessible.

Question: Regarding the "Protection Gap" in commercial lines (specifically Marine and Shipping), do you see an increase in protection gaps? If so, is this related to current geopolitical events or to other issues?

IRSG comments

Commercial lines, marine and shipping:

Some comments challenge the existence of a protection gap for marine and shipping, noting that cover remains widely available within the war risks market, including in the current geopolitical context. Marine insurance has long included mechanisms for war cover: low premiums may apply in peacetime, while risk-adjusted terms apply when conflict or war conditions arise. From this perspective, the main obstacle to transit in high-risk areas may be the security situation itself, including threats of attack, mines, blockages, sanctions-related issues and the shipowner's duty of care towards crew and vessel, rather than the absence of insurance.

On the other hand, this discussion raises a broader scoping question. Purely commercial lines such as marine and shipping may fall outside the core purpose of a consumer trends survey. Retail and wholesale insurance follow different structures and market dynamics, and commercial or wholesale customers often have their own risk management expertise and experience in specialised insurance. There is therefore a risk of drawing misleading conclusions if commercial and retail lines are assessed through the same consumer protection lens.

It is important not to analyse wholesale or specialised commercial lines through the same lens as retail consumer insurance. In marine, shipping and other complex commercial lines, clients, brokers and insurers operate in a specialised risk-transfer environment with different levels of expertise, negotiation, documentation and international market practice. A consumer trends exercise should therefore avoid drawing retail consumer protection conclusions from wholesale market dynamics unless the relevant customer vulnerability or information asymmetry is clearly identified.

IRSG-26/32
PUBLIC

Note: The commercial-lines comments are framed mainly at market level and do not distinguish between wholesale broking, intermediated placements and direct insurer relationships. This distinction may be relevant because the customer profile, expertise and distribution dynamics differ significantly from retail consumer markets.

A horizontal conclusion emerging from these comments is that consumer outcomes cannot be assessed only by reference to the product. The distribution model, the availability of advice or explanation, the role of digital platforms, the involvement of third-party service providers and the claims support structure but also the insurers attitude, philosophy and POG process and the transparency, all affect the consumer experience. A proportionate consumer trends analysis should therefore distinguish between product / insurance risk, distribution risk, service-provider risk and claims-handling risk.

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