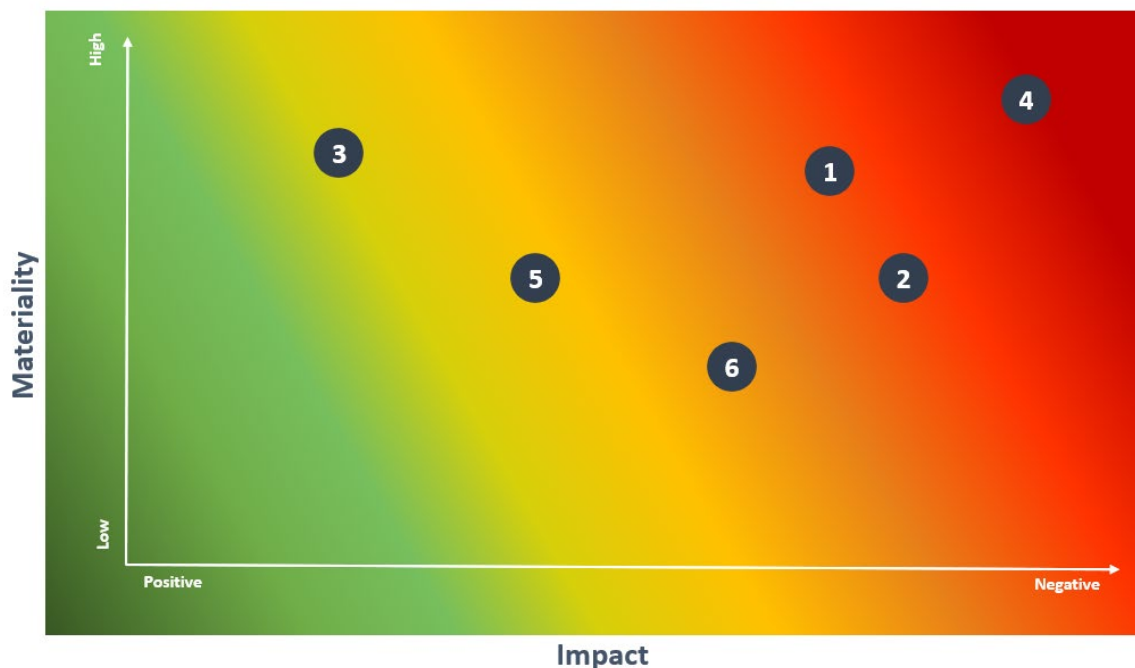


## CONSUMER TRENDS IN INSURANCE AND PENSIONS 2025: HEATMAP WITH KEY FINDINGS



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|--|---------------------------------------|---|
| 1. Claims management                         | 3. Digitalization distribution trends | 5. Atypical distribution models entering market |
| 2. Value for Money in insurance and pensions | 4. Pension gap                        | 6. Protection gap (health and NatCat)           |

### IMPACT LINE

**Positive impact:** the finding has a positive impact on consumers.

**Mild impact:** the finding is to be monitored as it could lead to a positive or negative impact on consumers.

**Negative impact:** the finding has a negative impact on consumers that can be subject to high detriment.

### MATERIALITY LINE

**Low materiality:** the finding impacts a relatively low number of consumers.

**Medium materiality:** the finding impacts a considerable number of consumers.

**High materiality:** the finding impacts a high number of consumers.

### OUTLOOK

**Increasing outlook:** the finding has been observed in the past but the incidence/evidence increased.

**Stable outlook:** the finding has been observed in the past and the situation has not changed.

**Decreasing outlook:** although the incidence/evidence of the finding has been decreasing, this still represent a major trend/finding.

The heatmap, which takes into account selected data and relevant supervisory judgement, represents actual findings which have been identified at the European level; it may not be a specific accurate reflection of risks in different Member States.

## 1. Claims management issues



- a. Consumer dissatisfaction with the claims handling process is a significant issue, with 17% of EU consumers who made a claim in the past 2 years expressing dissatisfaction. The main reasons for said dissatisfaction include payout amounts being less than expected (23%) and the length of the claims process (22%). Furthermore, 16% of the EU consumers considered that their claim was wrongly denied.
- b. Complaints related to claims handling remain dominant for non-life insurance, accounting for 52% of complaints handled by companies in 2024. Deficiencies in claims management processes often result from inadequate investments in claims management and consumer support systems.
- c. Digitalization has had a positive impact on claims management although it remains an area for ongoing development.

Outlook: Increasing. While claims management issues have been a persistent concern, their materiality is now perceived as more significant than in prior years, warranting continued attention and monitoring.

## 2. Value for Money in insurance and pensions



- a. Notable improvements in value for money (VfM) can be observed with moderate improvements in 'commission rates' of life products from an average of 4.9% in 2023 to an average of 4.6% in 2024, and stable number of consumers who reported having a savings product from an insurer (17% in 2025 and 18% in 2024). Additionally, costs and charges associated with pension funds have decreased over time, making them more attractive and cost-effective for consumers.
- b. Despite these improvements, concerns remain around a number of areas, including claims ratios for some products/providers, high claim refusal rates, high commissions in non-life insurance products, and high entry and ongoing management fees in life insurance products.
- c. In particular, more and more concerns are emerging in relation to non-traditional insurance products, such as gadget insurance and cyber coverage, which are increasingly gaining popularity.

Outlook: Decreasing. Improvements are beginning to be observed as a result of sustained supervisory initiatives. Nevertheless, certain concerns persist, and new risks are emerging, which necessitate ongoing monitoring and attention.

### 3. Digitalization distribution trends



- a. Digital channels play a more and more prominent 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.
- b. Social media platforms and AI tools are also gaining traction, representing 12% and 9% of the total, and with 30% of EU consumers expressing trust regarding AI-generated recommendations.
- c. Benefits of digitalization primarily related to non-life insurance products and are largely attributed to the enhancement of the overall consumer experience (e.g., faster and more seamless claims settlement, improved customer service and communication). However, digitalization also poses risks, particularly in relation to the online purchasing of insurance products, where consumers could be inadequately informed about key aspects of the product, resulting in a lack of transparency and understanding. In addition, some emerging risks are emerging relating to the fact that some consumers may be believing advice is provided by AI powered tools even when these may not be registered intermediaries.

Outlook: Increasing. As digital channels continue to enhance customer experience, they also introduce new risks and challenges, including consumer concerns and transparency issues.

### 4. Pension gap



- a. The pension gap remains a pressing concern in several jurisdictions, with 7% of EU consumers unaware that personal pension products exist.
- b. However, there has been a slight increase (40% vs 38%) in the number of EU consumers with an occupational or private personal pension compared to last year. Moreover, financial confidence in retirement among EU consumers has improved, with 49% being confident in 2025 vs 42% in 2024.

Outlook: Stable. The pension gap remains a concern but increasing pension coverage and improved financial confidence among consumers suggest a stable outlook.

### 5. Atypical distribution models entering market



- a. Atypical distribution models, operating in sectors of the economy such as energy or telecommunications, are offering insurance products with a number of concerning features such as low claims ratios, high commissions and tacit renewals, as well as several exclusions and limitations that reduce the scope of the coverage provided.

Outlook: Increasing. The growth of atypical distribution models offering insurance products with potentially detrimental features poses an increasing risk to consumers and the market.

## 6. Protection gap (Health and Nat Cat)



- a. The increasing costs of healthcare have led to premium hikes, resulting in policyholder dissatisfaction and a rise in cancellations or policy modifications. This can further increase protection gaps.
- b. The increase in frequency and severity of extreme meteorological events has further exacerbated conduct issues, particularly in household insurance. Looking at Solvency II data, the claims ratio of the 'fire and other damage to property' saw an important decrease in 'claims ratio' from 65% in 2023 to 57% in 2024. Level of coverage for damage to property from natural catastrophe events remain stable with 17% EU Consumers declaring to have this type of coverage.

Outlook: Stable. Although health and Nat Cat insurance face challenges, including rising healthcare costs and an increase in extreme weather events, risks remain stable, with consistent coverage levels and similar issues continuing being reported by NCAs.