



Press Release

Contact: Jerneja Orthmayr
Phone: +49 (0) 69951119350
press@eiopa.europa.eu

EIOPA LAUNCHES EU-WIDE THEMATIC REVIEW ON CONSUMER PROTECTION ISSUES IN TRAVEL INSURANCE

A European Union-wide thematic review seeks to identify:

- *Potential sources of consumer detriment in travel insurance*
- *How new business models, in particular, in distribution, impact consumers and the travel insurance industry*
- *Possible supervisory and regulatory actions needed to ensure consumer protection*
- *Best practices to provide guidance to insurance undertakings in implementing national provisions of the Insurance Distribution Directive (IDD) for the distribution of travel insurance as well as other types of insurance products*

Frankfurt, 17 July 2018 – Today, the European Insurance and Occupational Pensions Authority (EIOPA) launched a thematic review on consumer protection issues in travel insurance. The purpose of the review is to identify consumer protection issues in travel insurance and possible actions to ensure better consumer protection.

Through the review, EIOPA will assess potential sources of consumer detriment stemming from how travel insurance products are designed, distributed and sold within the European Union. In particular, EIOPA will consider the impact of emerging distribution and business models on consumers and, more broadly, on the insurance industry. Where the impact results in consumer detriment, EIOPA intends to identify the steps needed to ensure that consumers are treated fairly.

Given that travel insurance is frequently sold through cross-selling as an ancillary product, EIOPA will pay special attention to these distribution practices. The aim is to identify best practices to provide guidance to insurance undertakings in implementing

national provisions of the Insurance Distribution Directive (IDD) for the distribution of travel insurance as well as other types of insurance products.

The thematic review will be conducted in close cooperation with national competent authorities (NCAs) that will identify and gather data from participating insurance companies. EIOPA plans to publish the key findings from the review in the first quarter of 2019.

Gabriel Bernardino, Chairman of EIOPA, said: *"Travel insurance has too often been under the spotlight with the persistent appearance of a number of consumer protection issues. This review will enable us to gain a deeper understanding of the reasons leading to potential consumer detriment and to identify the required actions that will better protect consumers."*

The [questionnaire](#) circulated by the NCAs to a representative sample of insurance undertakings can be viewed via EIOPA's website.

Notes for Editors:

The **European Insurance and Occupational Pensions Authority (EIOPA)** was established on 1 January 2011 as a result of the reforms to the structure of supervision of the financial sector in the European Union. EIOPA is part of the European System of Financial Supervision consisting of three European Supervisory Authorities, the National Supervisory Authorities and the European Systemic Risk Board. It is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union. EIOPA's core responsibilities are to support the stability of the financial system, transparency of markets and financial products as well as the protection of insurance policyholders, pension scheme members and beneficiaries.

Thematic reviews are used to target a specific financial activity or product causing consumer detriment or creating a barrier to the effective functioning of a retail market/delivery of good consumer outcomes. They allow investigation by EIOPA into a specific risk, leading to an in-depth analysis, which can help to explore issues that go beyond one national market, building a coordinated understanding across the European Union. Thematic reviews, along with consumer trends report, deep and effective market monitoring and retail risk indicators, are a building block of EIOPA's strategy towards a comprehensive risk-based and preventive framework for conduct of business supervision.

Travel insurance is defined as an insurance product that provides protection against unexpected events faced by travellers, such as medical costs, cancellation or interruption of a trip or against loss or damage to baggage and personal effects.

The [Insurance Distribution Directive](#) (IDD) extends the scope of regulated entities captured beyond its predecessor, the Insurance Mediation Directive, by covering direct writers and entities that distribute insurance products on an ancillary basis. Certain ancillary insurance intermediaries may, however, be exempted from the scope of the IDD under certain conditions (Article 1(3), IDD). To ensure that an adequate degree of consumer protection is always attached to the activity of insurance distribution and that consumers benefit from the same level of protection regardless of the distribution channel, the IDD sets out specific provisions which apply to insurance undertakings and insurance intermediaries when specifically carrying out the distribution activity through an ancillary insurance intermediary who is exempted from the requirements set out in the IDD. These provisions (Article 1(4), IDD), require the insurance undertaking or the insurance intermediary using an ancillary insurance intermediary to provide information prior to the conclusion of the contract, including the Insurance Product Information Document, the identity and address of the insurance undertaking and the procedure to lodge complaints. Furthermore, insurance undertakings must have in place appropriate and proportionate arrangements to comply with certain conduct of business rules when distributing travel insurance through ancillary insurance intermediaries who are exempted from the application of the IDD. These include the principle to consider the demands and needs of customers when offering insurance products and the general duty to act honestly, fairly and professionally in accordance with the best interests of their customers (Article 17(1), IDD) and to provide fair, clear and not misleading information (Article 17(2), IDD). Insurance undertakings are also required

to comply with the IDD provisions applicable to cross-selling (Article 24, IDD) when the insurance policy is sold together with an ancillary service or product or where the insurance product is ancillary to a good or service, which is not insurance.