



# EIOPA publishes third report on cost and past performance of insurance-based investments products and personal pension products

NEWS  
DATE:  
14 Apr 2021

The European Insurance and Occupational Pensions Authority has today published its third report on costs and past performance of insurance-based investments products (IBIPs) and personal pension products (PPPs) in the European Union.

This report provides an analysis of costs for 2019 and past performance for the period 2015-2019. The report also presents some considerations on the impact of COVID-19 on these products.

For insurance-based investment products (IBIPs)

Overall, in line with general market trends, 2019 was an extremely positive year

for the IBIPs market at European level and positive net return across all Members States.

The net performance of profit participation products, despite being steadily positive in all years of the analysis, is low, in particular when considering the impact inflation can have in some markets.

In terms of costs, profit participation products continue to be less costly than unit-linked and hybrid products, in terms of reduction in yield (RIY) at recommended holding period (RHP).

The performance of unit-linked products varies according to the level of risk being taken, while for profit participation products, the recommended holding period is the main factor.

The report includes some specific analysis of hybrid products; while these seek to combine the benefits of profit-participation and unit-linked products, they are generally more costly and complex, raising some potential challenges in assessing them.

Finally, administrative costs represents on average the dominant cost driver, followed by investment management costs and distribution costs. Biometric costs are minor.

Overall, instances of high costs have been reported, raising questions on value for money.

### Personal pension products (PPP)

Personal pension products showed similar trends to IBIPs. Those similar to unit-linked benefited from higher returns for higher risks; in general, particularly for those similar to profit-participation, longer holding periods also correlated with higher returns.

An absence of harmonised reporting has continued to raise data challenges.

[Download the report](#)

[Background](#)

The report is published following a request from the European Commission to the European Supervisory Authorities to periodically report on the costs and past performance of retail investment products. The European Securities and Markets Authority (ESMA) has also released its report today.

A joint ESMA-EIOPA event to share the findings of both reports will take place on 21 April 2021. Further information about the event and how to register is available [here](#).