



# EIOPA looks into costs and past performance of insurance and pension products

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The European Insurance and Occupational Pensions Authority (EIOPA) published today its fourth report on the costs and past performance of insurance and pension products.

The analysis shows that insurance-based investment products (IBIPs) offered steadily positive returns in 2020. Unit-linked products delivered net returns of 6% on average, while hybrid and profit participation products 2.0% and 1.4%, respectively. The shift from traditional profit participation products to hybrid and unit-linked products observed over the past years further accelerated in 2020. Turbulent market conditions due to the pandemic and the prospect of lower for longer interest rates amplified this trend. In this context, expectations of rising

inflation also represent a concern for consumers.

The report points out that higher risk classes delivered higher net returns for unit-linked and hybrid products while longer holding periods continued driving higher performance of profit participation products. Certain lower-risk products posted particularly low – and, at times, even negative – net returns.

For the first time, EIOPA also carried out an analysis on a limited sample of products with sustainability features, which were shown to have strongly outperformed standard IBIPs. It is worth noting, however, that the timeframe of the analysis predates the entry into force of the SFDR Regulation harmonising ESG products.

With regards to personal pension products (PPPs), the considerable diversity across European markets continues to limit comparability. To address this diversity, the report presents a Member States level analysis. Still, on an aggregate level, the performance of PPPs has shown similarities to IBIPs.

The report also provides some additional analysis on Institutions for Occupational Retirement Provision (IORPs). Expenses for Defined Contribution (DC) schemes were lower than the investment income. In 2020, total expenses for IORPs DC schemes were mainly due to investment costs, while total investment income was mostly unrealised gains.

## [VIEW THE REPORT](#)

### Background

The findings of the 2022 edition are based on a broad sample covering more than 760 IBIPs, 200 PPPs as well as data on the assets, expenses and income of European IORPs.

A joint EIOPA-ESMA event to share the findings of both EIOPA's and ESMA's report will take place on 21 April 2022. Further information about the event and how to register is available [here](#).