

CONSUMER PROTECTION

BY VALÉRY JOST

For several years now, European authorities have been working hard to protect policyholders, particularly in the area of savings. This trend is growing stronger as it builds on previous achievements such as the Insurance Distribution Directive (IDD) and the PRIIPs regulation (Packaged Retail Investment and Insurance-based Products).

At the crossroads of information, advice and product, **the issue of consumer protection has more recently focused on the notion of value for money**, to ensure that the service rendered is consistent with the fees charged.

This question is most obvious in savings, when the fees of certain funds, combined with those of the insurance contract, can absorb a large part of the expected financial performance.

The AAE therefore fully supports this approach, which should rely on a benchmark of very simple indicators, limited to detecting outliers, leaving it to the competent national authority and the manufacturer to judge the merits. ➤



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Despite these positive premises, the AAE has had occasion to express its scepticism¹ about the approach adopted by EIOPA²: top-down approach, indicators defined at European level while the market is fragmented into national markets, multiplicity of indicators which exceed the simplicity of the initial ambition, and which are also sometimes complex to calculate, considerable burden in *fine* and generalized to all players, risk of misuse of the system by the publicity which will be made of it.

This example of value for money is important because it outlines more generally the underlying trends behind major legislative initiatives for savers, such as the Retail Investment Strategy (RIS) and the Savings and Investment Union (SIU).

EVER CLOSER EUROPEAN INTEGRATION

Although the European Parliament has given some common-sense signals in favour of a pragmatic approach that recognizes the diversity of the savings market and the limits of '*one size fits all*'³, the postulate of a European insurance market continues to inspire strictly top-down approaches. EIOPA clearly states its belief in a European market for insurance savings products, to be regulated at European level in terms of both information and product quality control. It is even calling for EIOPA to go beyond its current role as

supervisor of supervisors, to become direct supervisor of certain insurance activities.⁴

Putting pressure on insurers and policyholders to target savings towards EU priorities

Starting with the prudential field, this European integration has covered policyholder information and advice, then extended to product evaluation, and is set to expand still further, by interfering in the definition of the offer.

The Letta, Noyer and Draghi reports, and more recently the Commission's report on SIU, encourage European regulators to seek a better allocation of investment flows. This is likely to result in even closer regulatory intervention, mobilizing nudge, self-enrolment and even product specification through regulation, ideally backed up, in the minds of European authorities, by tax incentives (which to date, however, remain the responsibility of member states).

ILLUSIVE SIMPLIFICATION JEOPARDIZES THE SECTOR'S COMPETITIVENESS

The simplification imperative imposed on European authorities in response to the changes taking place across the Atlantic has not affected consumer texts concerning insurance, such as RIS or FIDA (Financial Data Access). ➤

¹ AAE position VfM for unit linked market - 15 January 2024.

² Methodology on Value for Money Benchmarks EIOPA-BoS-24-332 - 27 August 2024.

³ Report on the proposal for a regulation of the European Parliament and the Council amending Regulation (EU) No 1286/2014 as regards the modernisation of the key information document - Rapporteur: Stéphanie Yon-Courtin A9-0160/2024 25.3.2024.

⁴ Viewpoint: Unlocking the potential of Europe's savers by Petra Hielkema, Chair of EIOPA 27 March 2025.

On the contrary, we are witnessing a worrying redundancy. Because protecting savers is a concern widely shared by member states, a corpus generally exists at national level, a priori adapted to the specificities of the market, to which is added a European corpus whose added value is therefore not obvious and is not necessarily perceived by the consumer (very weak echo of PRIIPs).

Moreover, European authorities themselves recognize that their own regulatory output is becoming redundant as texts pile up, if not in competition with one another.⁵

HIGHLY PRESCRIPTIVE AND DIRECTIVE REGULATION

Not only the content of information, but also its formulation and presentation are regulated. It is not only the principles of fairness and good information that are laid down, but also a narrow definition of advice, going as far as providing interview guides.⁶

Last but not least, European law is taking over product law, with the temptation to replace professionals in product design.

CERTAIN COSTS FOR UNCERTAIN BENEFITS

More generally, regulations (such as SFDR, CSRD, CS3D, FIDA, IDD, PRIIPs, RIS, etc.) clearly underestimate the cost of information and data processing, creating productivity

traps through the multiplication of regulatory obligations, reporting, recording and control systems, and the refinement and prescription of processes, which largely neutralize the financial gains expected by both policyholders and insurers from the implementation of the digital revolution.

A STRONG LACK OF TRUST

These trends point to an implicit mistrust of insurance professionals. This distrust encourages people to get rid of the human interface, both in terms of product design and advice, which explains the temptation to standardize products, the hypertrophy of written information, the illusion of replacing advice - suspected of incompetence and conflicting interests - with indicators, and goes so far as to attribute the Union's weak economic growth to the failure of financial intermediation, presumed to be unable to correctly direct the flow of savings.⁷

The actuary's deontology and his quantified practice make it easier to objectify the issues at stake, and he undoubtedly has a role to play in re-establishing mutual trust and avoiding this dead-end, where the initiative of companies and the freedom of their customers risk withering away. But this would also require a revival of that other founding principle of European law, subsidiarity, which is sorely lacking today.⁸ <

⁵ EIOPA – ESMA common letter to Commission 13. November 2024 - ESMA24-450544452-2484.

⁶ Guidance on the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive (IDD) EIOPA-BOS-22-391 20 July 2022.

⁷ Savings and Investments Union A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU - COM(2025) 124 final - Brussels, 19.3.2025.

⁸ Article 5(3) of the Treaty on European Union (TEU) and Protocol (No. 2) on the application of the principles of subsidiarity and proportionality.
