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## **Mixed outcome of new EU consumer insurance market law**

A deal was reached last night between Members of European Parliament and EU ministers in the revision of EU-wide rules for insurance sales, ranging from car and fire insurance to life insurance.

Key measures include:

- A standardised product information sheet summarising what basic coverage insurance policies provide, such as the risks covered and the main exclusions, must be given to the consumer prior to purchase. This will make it easier to compare one insurance policy with another.
- Insurance agents are required to reveal whether their portfolio covers a wide range of different insurance policies or if they are tied to one specific company.

Drawbacks include:

- Firms are not obliged to disclose the amount of fees or commissions they receive when selling insurance policies.
- The deal fails to extend recently adopted investor rights such as clear rules to establish independent investment advice for life insurance products.

Monique Goyens, The European Consumer Organisation's Director General, commented:

"It is not unusual for consumers to have insurance policies that are equivalent in worth to a full month's salary. A product information sheet listing the key features of an insurance policy should help consumers to find the best deal.

"As with any investment product, small investors spend a substantial amount of money on life insurance policies in the hopes that it will result in some savings. It is inexplicable that consumers taking out life insurance policies will be less protected than those opting for an investment fund."

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