

Summary: Draft Issues Paper on customers receiving value from insurance products

[Consultation feedback is invited on the draft Issues Paper until 28 July 2026](#)

Purpose of the Issues Paper

Insurance plays a vital role in protecting individuals and businesses from financial risks, fostering societal resilience and contributing to economic stability. However, insurance products do not always deliver a compelling value proposition to their customers which can lead to poor customer outcomes and, in some cases, a broader erosion of consumer trust.

The Issues Paper aims to enhance understanding of the importance of insurance products delivering meaningful value to customers and of ways to achieve this. The paper suggests that depending entirely on a “buyer beware” approach, which places the full responsibility on consumers to avoid low-value insurance products, may not be fair or effective.

ICP 19.0.2 reinforces this perspective by highlighting that fair treatment of customers extends beyond only information provision to include, amongst other outcomes, minimising the risk of sales that do not align with customers’ interests and needs.

Such efforts protect policyholders, promote fair consumer outcomes and strengthen public trust and confidence in the insurance sector, aligning with the objectives of [Insurance Core Principle 19 \(Conduct of Business\)](#).

What the Issues Paper covers

The draft paper describes the challenges consumers face in evaluating the value of insurance products when they make insurance purchasing decisions. Key points:

- Assessing the value of insurance products is cognitively complex due to infrequent purchase decisions, emotional considerations and the intangible nature of insurance.
- Consumers encounter both behavioural biases (eg overconfidence, present bias, and framing effects) and structural obstacles (eg complex information about product features, exclusions and pricing) in their decision-making.

These challenges can be compounded by certain practices that diminish or further obscure the value proposition of insurance products. While, on the other hand, there are identifiable characteristics and practices that can enhance the value offered by insurance products. Key insights include:

- Value can be diminished by misalignment between consumer needs and product benefits, lack of pricing transparency or even discriminatory pricing practices and distribution practices that may inflate costs and create conflicts of interest.
- Value can be enhanced through product design that rewards risk reduction, customer-centric claims handling processes and flexible product features that adapt to changing consumer needs.

Featuring practical examples

The paper also includes examples from 19 IAIS member jurisdictions, demonstrating a range of supervisory approaches to address low value in the insurance sector. The examples reflect the diverse regulatory landscapes and market conditions across jurisdictions, and demonstrate that:

- Jurisdictions vary in how they address value, with some explicitly defining expectations for “value for money” or “fair value”, while others rely on broader principles like fair treatment.
- Relevant supervisory practices include facilitating consumer awareness, modifying the insurance purchase decision-making environment, addressing conflicts of interest and intervening in case of low-value products.
- Supervisors can assess and monitor the delivery of value by insurers and intermediaries using supervisory tools such as claims ratios and other claims handling indicators, governance reviews and indicators of product performance.

A final, post-consultation version of the Issues Paper is expected in Q4 2026.