

Public background session

Consultation of **Issues Paper** on customers receiving value from insurance products

12 May 2026



Purpose of this public background session



Purpose

1. Introduce the relevant context and background to this consultation, including:
 - What is an issues paper?
 - How does this paper fit within the context of IAIS ICPs and other related work?
2. Present the contents of the ***Draft Issues Paper on customers receiving value from insurance products***
[Access the Consultation Page here](#)
3. Answer your questions

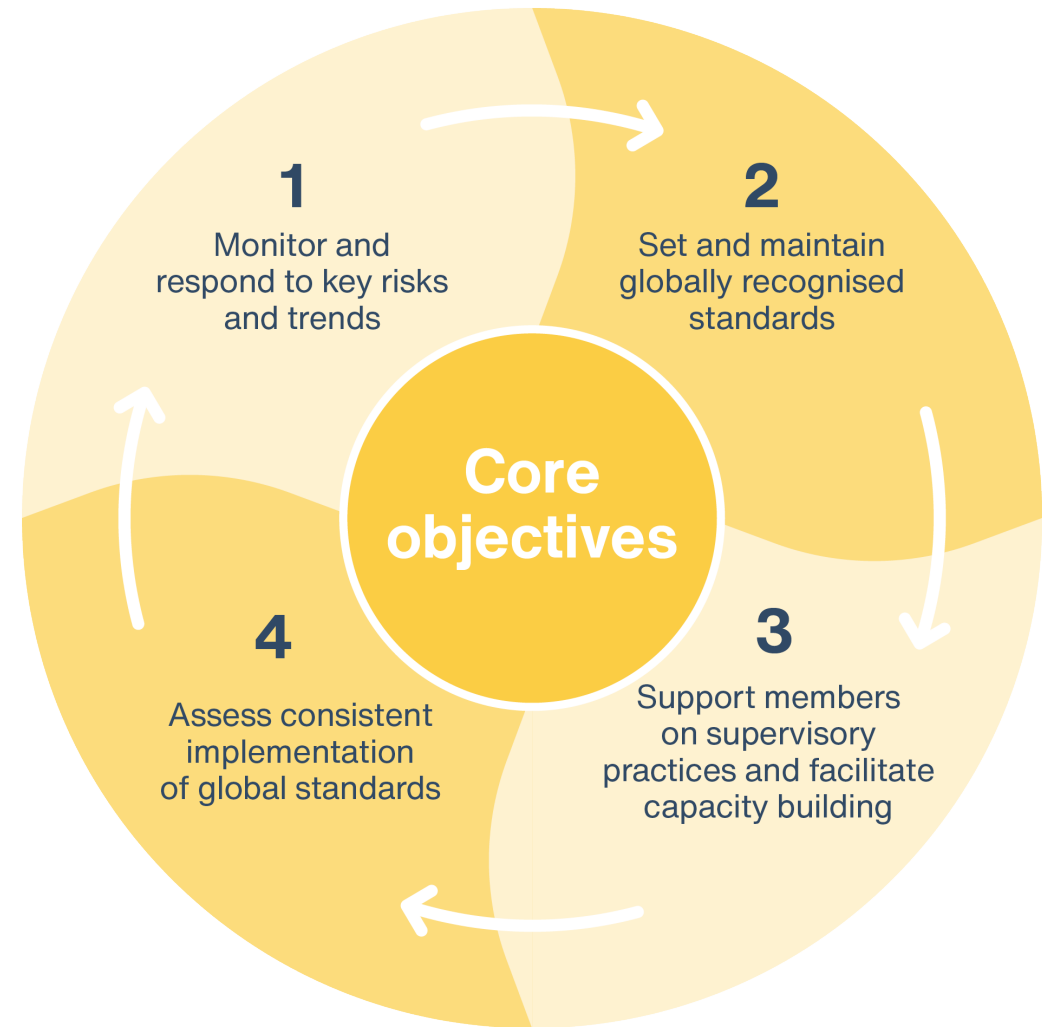
Background

- *Rudy van Leeuwen, Chair of IAIS Market Conduct Working Group Dutch Authority for the Financial Markets, Netherlands*
- *Nikhail Nigam, Vice Chair of IAIS Market Conduct Working Group National Association of Insurance Commissioners, USA*

IAIS – the global insurance standard setter

The mission of the IAIS is to:

- ❖ Promote effective and globally consistent supervision of the insurance industry in order to **develop and maintain fair, safe and stable insurance markets** for the **benefit and protection of policyholders**; and to
- ❖ Contribute to global financial stability



Issues Papers

- The IAIS has an essential role in supporting insurance supervisors in implementing its standards.
- The IAIS achieves this by facilitating the exchange of information and sharing good supervisory practices among insurance supervisors. Through this collaborative approach, the IAIS aims to enhance the understanding of supervisory issues and promote consistent and effective insurance supervision worldwide.
- **Issues papers are a category of IAIS supporting material** intended to provide background on particular topics, describe current practices, actual examples or case studies pertaining to a particular topic and/or identify related regulatory and supervisory issues and challenges. **Issues papers are primarily descriptive and not meant to create expectations on how supervisors should implement supervisory material.**
- Issues papers often form part of the preparatory work for developing standards and may contain recommendations for future work by the IAIS.

Insurance Core Principle 19



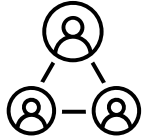
Insurance Core Principles

ICP 19 Conduct of business

The supervisor requires that insurers and intermediaries, in their conduct of insurance business, treat customers fairly, both before a contract is entered into and through to the point at which all obligations under a contract have been satisfied.

[ICP Online Tool](#)

What does fair treatment of customers look like?



It encompasses **outcomes** such as:

- Developing, marketing and selling products in a way that pays due regard to the interests and needs of customers;
- Providing customers with information before, during and after the point of sale that is accurate, clear, and not misleading;
- Minimising the risk of sales which are not appropriate to customers' interests and needs;
- Ensuring that any advice given is of a high quality;
- Dealing with customer claims, complaints and disputes in a fair and timely manner; and
- Protecting the privacy of information obtained from customers.



Which helps to **achieve**:

- Protection for policyholders and promotion of fair consumer outcomes;
- Strengthened public trust and consumer confidence in the insurance sector;
- Minimised risk of insurers and intermediaries following business models that are unsustainable or pose reputational risk, thereby complementing the risk management framework of a solvency regime; and
- Support to a sound and resilient insurance sector by creating level playing fields in terms of the basis on which insurers and intermediaries can compete while maintaining business practices that support the fair treatment of customers.



Related work

- The [Application Paper on fair treatment of a wide range of consumers \(2025\)](#) focuses on how insurers, intermediaries and supervisors can remove barriers and enable a wide range of consumers (not only those fitting a mainstream profile) to access needed insurance coverage and be treated fairly in their interactions with the insurance sector throughout the product lifecycle.
- The [Issues Paper on insurer culture \(2021\)](#) explores the role of insurer culture as a point of intersection for managing prudential and conduct risks, and illustrates cultural drivers using jurisdictional examples.

Member-only resources:

The [Use of conduct indicators in insurance supervision – approach and examples \(2023\)](#) IAIS member-only resource collates examples from a range of jurisdictions to illustrate various uses of data indicators to detect and to mitigate poor conduct outcomes.

Also watch the related [member-only webinars \(2024\)](#)

The Issues Paper

- *Rudy van Leeuwen, Chair of IAIS Market Conduct Working Group Dutch Authority for the Financial Markets, Netherlands*
- *Marco Traversa, IAIS member and co-project lead, European Insurance and Occupational Pensions Authority*
- *Makgompi Raphasha, IAIS member and co-project lead, Financial Sector Conduct Authority, South Africa*

Development of the [draft Issues Paper](#)



- *Roundtable session: Keeping insurance affordable and valued by customers at the [IAIS Annual Conference 2025](#) in Tirana, Albania*
- Engagement with a globally diverse group of consumer advocacy organisations, think tanks and academics through the IAIS Consumer Voice Engagement Programme
- Examples drawn from a wide breadth of IAIS Member jurisdictions

Introduction

Insurance fosters societal resilience. However:

- Insurance ownership rates vary and consumer engagement with insurance products and purchasing decisions is overall low;
- When insurance does not deliver a compelling value proposition (whether objectively or as perceived by the customer), it results in poor customer outcomes, erodes broader consumer trust and can deter customers from buying insurance; and
- It is challenging for consumers to weigh the costs against the benefits when deciding about insurance purchases.

Viewed in its entirety, 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.



Challenges for consumers to evaluate value when buying insurance

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

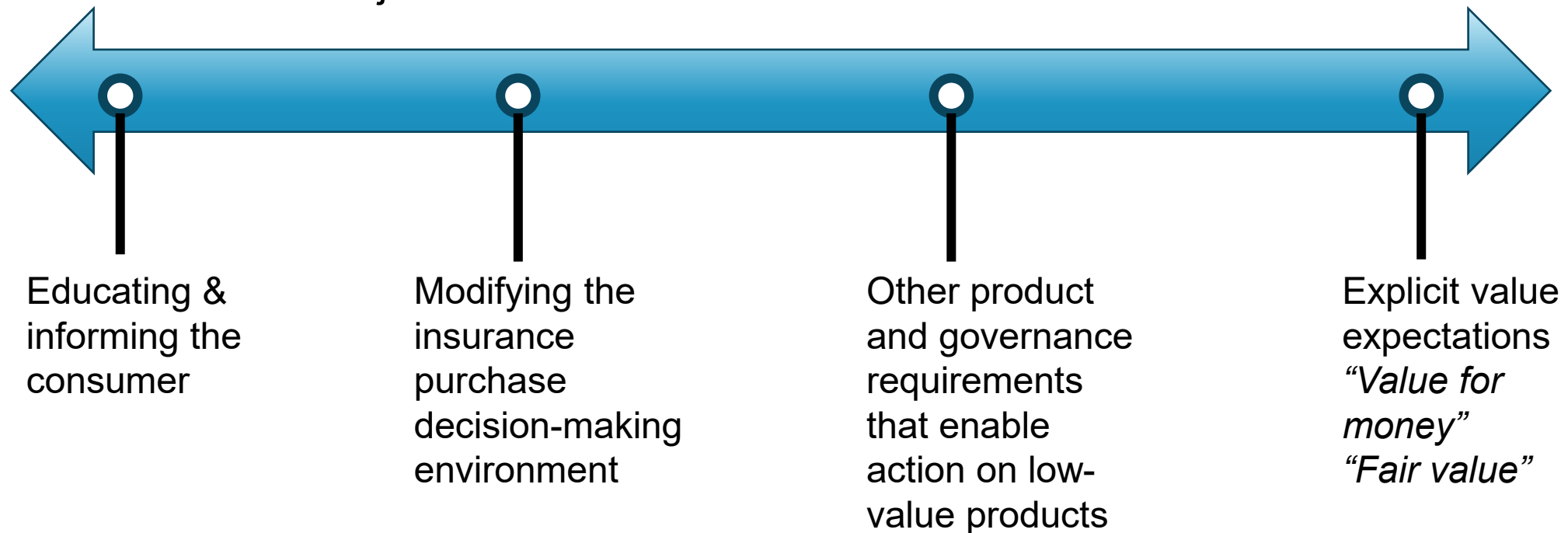
- Assessing the value of insurance products is cognitively complex due to infrequent purchase decisions, emotional considerations and the intangible nature of insurance.
- Consumers encounter both behavioural biases (eg overconfidence, present bias, and framing effects) and structural obstacles (eg complex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



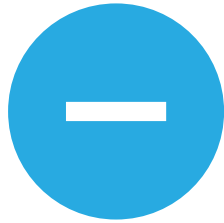
A spectrum of supervisory approaches to address value

Through a variety of approaches, supervisors across many jurisdictions act to address low value in the insurance sector and to support consumers' insurance decision-making.

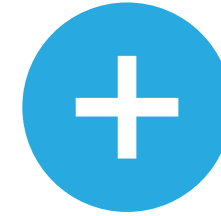
A range of examples are cited in the paper, reflecting the diverse regulatory landscapes and market conditions across jurisdictions.



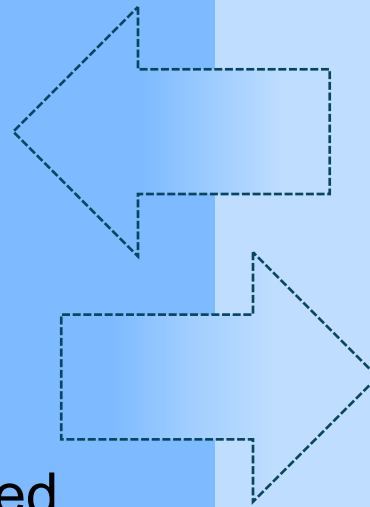
Value diminishers and enhancers



- Needs-benefits misalignment
- Pricing issues
- Bundled or tied sales
- Commissions and other distribution conflicts of interest
- Complex decisions expected of the customer



- Product design that rewards risk reduction
- Customer-centric claims handling
- Product flexibility and responsiveness
- Downside protection



How supervisors can assess that the insurance industry is offering value

Governance
and corporate
culture

Low claims
ratios

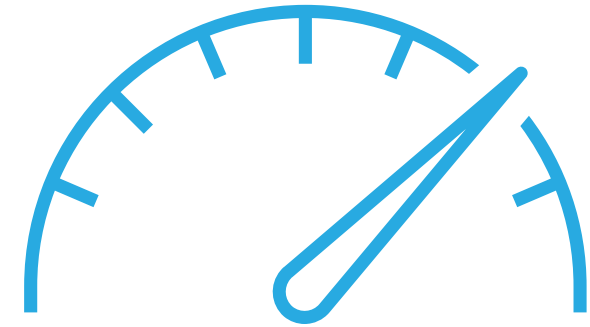
Other claims
handling
indicators

Investment
return vs
profit (IBIPs)

Undue costs
and
commissions

Conclusion

- The paper aims to enhance understanding of both the importance of insurance products delivering meaningful value to customers and ways to achieve this.
- Doing so will help protect policyholders, promote fair consumer outcomes and strengthen public trust and consumer confidence in the insurance sector which, as outlined in ICP 19.0.1, are key objectives underpinning conduct of business supervisory requirements.





Consultation timelines and process

[The Issues Paper, a one-page summary, and all related details can be found on the Consultation Page](#)

- The consultation period is 28 April to 28 July 2026.
- Your feedback is invited – both general comments and comments per section – on the draft issues paper.
- Submit your feedback via the consultation tool.

A final version of the issues paper is anticipated in Q4 2026.

Q&A

- *Rudy van Leeuwen, Chair of IAIS Market Conduct Working Group Dutch Authority for the Financial Markets, Netherlands*
- *Nikhail Nigam, Vice Chair of IAIS Market Conduct Working Group National Association of Insurance Commissioners, USA*
- *Marco Traversa, IAIS member and co-project lead, European Insurance and Occupational Pensions Authority*
- *Makgompoti Raphasha, IAIS member and co-project lead, Financial Sector Conduct Authority, South Africa*
- *Lauren Eckermann, Senior Policy Advisor, IAIS Secretariat*



Thank you
We look forward to
your consultation
feedback by 28
July