



EIOPA-BoS-15-235
12 November 2015

Report
on
Consumer Protection Issues arising from
the sale of Mobile Phone Insurance

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1. Executive Summary

Mobile phones play a fundamental role in today's modern society. Indeed, mobile phones offer an increasing range of uses and functionalities that directly or indirectly affect the day to day life of many European citizens. In parallel to the development of the mobile phones markets, these devices have also experienced an increase in their price and value. As a result, and considering their everyday exposure to extensive use, European consumers increasingly resort to Mobile Phone Insurance (hereafter "MPI") to cover their mobile devices.

This trend is not devoid of risks to consumers. EIOPA's Second and Third Consumer Trends Reports identified a series of consumer issues with the sale of MPI in a number of EU countries, such as **consumers paying high premiums** for products providing a reduced coverage, or **being bound by long duration contracts** for products which are rapidly amortized, or consumers **facing unreasonably long and burdensome claims-handling processes**. The thematic reviews undertaken by the supervisory authorities of the UK, France and Belgium also identified a series of consumer protection issues in their respective national markets. Against this background, EIOPA decided to conduct an EU-wide survey of the MPI sector.

The report is based on data from 50 insurance undertakings based in 21 jurisdictions and active in MPI sector of 23 different European countries in 2013. EIOPA has also used a social media monitoring tool to identify examples of consumer complaints vis-à-vis their MPI, and has also consulted EIOPA's Insurance and Reinsurance Stakeholder Group (hereinafter "the IRSG") on a number of key issues affecting the MPI sector. Some of the key findings of the report are the following:

- Based on the data supplied to EIOPA, **the size of the MPI market in the different EU countries varies significantly; the UK and French markets seem to be the largest MPI markets in Europe;**
- **Insurance undertakings predominantly sell MPI products through indirect channels, such as mobile phone operators,** which are commonly not subject to the regulatory requirements of the existing Insurance Mediation Directive;
- **MPI is frequently sold through cross-selling practices;** MPI is sold as an add-on to a "primary" product like mobile phones, bank accounts or credit cards;
- The **MPI market is characterised by high commission rates;**
- **Large coverage exclusions are very common on MPI contracts** subscribed between insurance undertakings and consumers;
- **Combined ratios and claims ratios are on average higher for MPI than for non-life insurance,** but low claims ratios are more frequent in the MPI sector and significantly differ between countries and insurance undertakings; and
- The **majority of consumer complaints regarding MPI are related to claims administration processes.**

MPI may provide European consumers with useful coverage for an increasingly important product such as mobile phones. However, consumers must also be adequately informed of the characteristics of the insurance product that they are purchasing. Consumers must study these characteristics carefully, also when they

purchase MPI as an add-on to another product, in order to be able to assess when such product provides them real value-for-money.

This report includes a series of recommendations which address the key areas where there could be a gap between what insurance undertakings offer and what consumers believe to have purchased. It is important to ensure that the experience of consumers with MPI is a positive one, particularly taking into consideration that this could be many young people's first experience with insurance products.

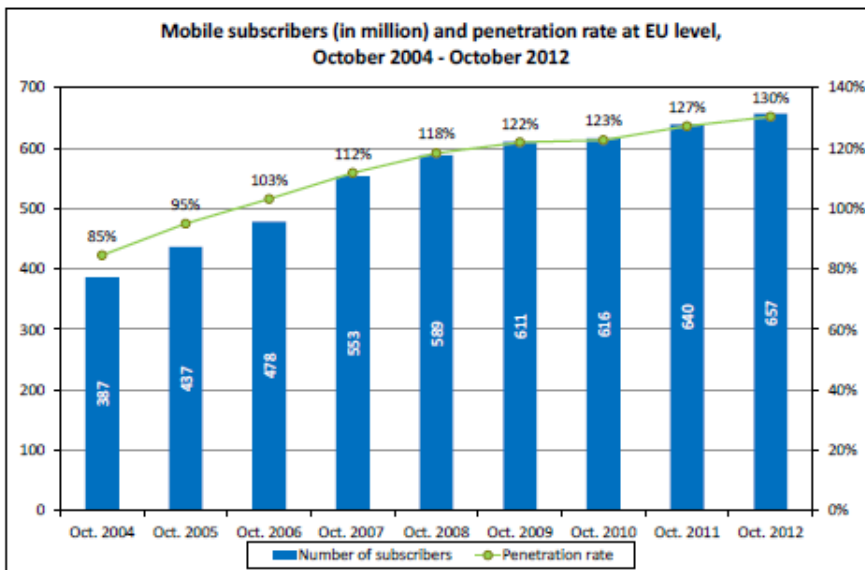
Many of these recommendations are in line with the legislative developments that are taking place at EU level, namely the Insurance Distribution Directive (IDD), on which the European Parliament and the Council reached a political agreement in June 2015. EIOPA and its Members will continue to monitor the development of the MPI sector in the coming years in light of these new legislative developments and ongoing practice in the market.

2. Introduction and Scope

2.1. The increasing penetration of smart phones

Mobile phones are increasingly present in different aspects of life of European citizens. In 2012, Mobile SIM card penetration (i.e. number of subscriptions every 100 people) reached 130.4% in the European Union, which represents an increase of mobile SIM cards by 17.4 million compared to the previous year¹. As illustrated in Figure 1, in 2012 there were more SIM card subscriptions in the EU (657 million) than EU inhabitants (504 million in 2012).²

Figure 1: Mobile (SIM card) penetration between October 2004 and October in 2012



Source: European Commission's Digital Agenda Scoreboard 2013

The above figure shows that the penetration of mobile phones across the EU is very large, regardless of the type or model of mobile phones. However, when it comes to the analysis of the market MPI, the development of the smart phones market is particularly important.

Indeed, the range of uses and functionalities that mobile phones offer to consumers has exponentially increased with the arrival of smart phones. These devices offer European citizens more and more uses and functionalities, such as broadband internet access, high-quality cameras, GPS navigations systems etc. With the rapidly increasing value and penetration of smart phones in today's modern society, as well as their everyday exposure to extensive use, consumers often find it suitable to take out an insurance cover for their mobile phones.

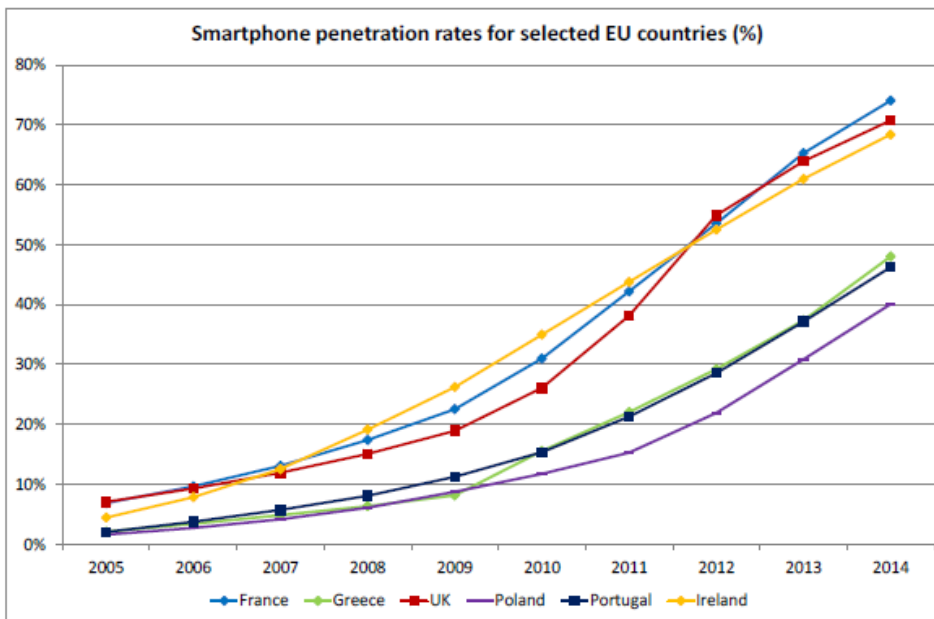
Figure 2 shows the different smart phone penetration rates (i.e. number of smart phones every 100 people) for selected EU countries.³ It is important to note that the smart phone penetration rates are not homogeneous across all European countries; in countries such as the UK, France or Ireland, the penetration rates for smart phones are considerably higher than in other EU countries.

¹ European Commission's Digital Agenda Scoreboard 2013: <https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/DAE%20SCOREBOARD%202013%20-%20SWD%202013%20217%20FINAL.pdf>

² Eurostat: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tps00001&plugin=1>

³ European Commission's Digital Agenda Scoreboard 2013: <https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/DAE%20SCOREBOARD%202013%20-%20SWD%202013%20217%20FINAL.pdf>

Figure 2: Smart Phone Penetration



Source: European Commission's Digital Agenda Scoreboard 2013, with data of IHS, IHS Technology

2.2. The development of the MPI market in Europe

The graphic above these lines clearly show a trend towards an increasing penetration of smart phones in the EU. In this sense, it is reasonable to expect that the European MPI market could also develop in parallel to the increasing penetration of smart phones.

Based on the data supplied to EIOPA⁴ (see Annex II for further details), **the UK and France seem to be the largest MPI markets**, together accounting over 80% of all sales in Europe. In terms of Gross Written Premiums (GWP), the sales in the UK and French markets amounted, respectively, 449 and 322 million euros in 2013. The Nordic countries also count with a relatively important MPI market compared to their population. On the other hand, in Eastern European countries the MPI market was relatively small in terms of GWP in 2013.

One possible explanation of these differences between countries could be the different penetration rates of smart phones. It could also be explained by the fact that in some countries MPI products are more commonly sold as part of general electronic devices insurance or home insurance instead of a standalone policy. It could also be simply because there is no appetite for such products in some countries. However, due to the trend towards and increasing penetration of smart phones in the EU, the MPI market is expected to become increasingly important in the coming years also in those countries where the MPI was not so popular in 2013.

2.3. EIOPA and NCAs activities in the field of MPI

EIOPA's Second⁵ and Third⁶ Consumer Trends Reports had indeed identified consumer detriment arising from the sale of MPI as one of the key emerging trends in the

⁴ As explained in the methodology parts of this report (Annex I), there are certain limitations of the data used, namely regarding the scope (definition) of MPI used for this exercise, as well as missing data for some countries. The information regarding GWP in this report must therefore only be considered as indicative and not as fully comprehensive of the MPI market in Europe.

⁵ EIOPA Second Consumer Trends Report: https://eiopa.europa.eu/Publications/Reports/Consumer_Trends_Report.pdf

European insurance sector. A number of consumer protection issues in relation to the development of this insurance product were identified, including consumers receiving insufficient information both on their contract as well as in the case of a claim or complaint, or also consumers receiving poor advice on the scope of the guarantee being provided.

Moreover, the national supervisory authorities of France,⁷ UK⁸ and Belgium have recently carried out country-specific thematic work on MPI in their respective national markets. The results of such thematic reviews discovered some relevant consumer protection issues in the MPI sector of their respective jurisdictions. In the case of the UK, the insurance industry adopted a Code of Conduct⁹ on MPI as a result of the review of the national authority. **A common characteristic identified in all of them was that there often seemed to be a gap between what consumers believed that was covered by their MPI and what was covered in reality.**

In this context, EIOPA decided to conduct an EU-wide survey of the MPI sector amongst its Member authorities. Some of the key findings of the national thematic reviews performed by the UK, France and Belgium have been described in the present report. **N.B. It is important to note, for the purposes of this Report, that not all the consumer issues identified in one country are necessarily applicable to all the other EU countries.**

2.4. Insurance legislation applicable to the sale of MPI

In 2013, the period covered by the present thematic review, the sale of insurance products such as MPI through entities like mobile phone operators, electronic stores, or multi-brand mobile stores was not covered by the Directive 2002/92/EC on Insurance Mediation (hereinafter IMD).¹⁰ Instead such activities were regulated by other general EU legislation¹¹ or national laws.¹²

The new IDD,¹³ which is a recast of the IMD, includes some new relevant provisions affecting the distribution of MPI products. Indeed, and although there is still a general exemption from the scope of the IDD for ancillary insurance intermediaries distributing insurance products such as MPI (other than banking institutions or investment funds), Member States are required to ensure that 2 years after the publication of the IDD in the Official Journal of the EU (expected in January 2016), certain provisions of the IDD are also applied to the sale of MPI products.

⁶ EIOPA Third Consumer Trends Report: https://eiopa.europa.eu/Publications/Reports/EIOPA-BoS-14-207-Third_Consumer_Trends_Report.pdf

⁷ La Revue, Autorite de Controle Prudentiel et Banque de France, July 2013, pg 10, https://acpr.banque-france.fr/fileadmin/user_upload/acp/publications/revue-acp/201306-Revue-de-autorite-contrrole-prudentiel.pdf

⁸ Mobile phone insurance – ensuring a fair deal for consumers, Financial Conduct Authority, June 2013, <http://www.fca.org.uk/static/documents/thematic-reviews/tr13-02-mobile-phone-insurance.pdf>

⁹ Good practice guide for mobile phone providers, administrators and retailers, Association of British Insurers, January 2014, <https://www.abi.org.uk/Insurance-and-savings/Products/~media/BC315B82EEDB417F893B6E591B88B6DD.ashx>

¹⁰ See Article 1(2) of Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on Insurance Mediation, which excludes from the scope of the Directive, insurance which is complementary to the product or service supplied by a provider where the insurance covers the risk of....loss or damage to good supplied by that provider: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32002L0092&from=EN>

¹¹ For instance, Directive 2005/29/EC of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32005L0029&from=en>

¹² Such as national legislation in the field of claims and complaints-handling rules and procedures.

¹³ Supplementary Report on the proposal for a Directive of the European Parliament and of the Council on insurance mediation (recast) - IDD text voted by the Plenary of the European Parliament on 24 November 2015 (still pending formal endorsement by the Council and publication in the EU Official Journal), <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A8-2015-0315&format=XML&language=EN#title1>

2.5. Definition of MPI

For the purpose of this exercise, MPI is defined as an insurance product that covers **certain insured events arising in relation to mobile phones**. The questions in this survey focused on insurance products that exclusively have their primary focus to provide coverage against **some kind of damage (loss, theft, physical damage, etc.) of mobile phones**. In certain national markets such as Portugal and Slovenia, according to the answers provided by insurance undertakings that replied to the questionnaire, mobile phone coverage was not sold individually in 2013, but only sold as part of general electronic devices insurance (i.e. covering other electronic devices as well). **N.B. Information from this general electronic devices insurance is not captured by this report, although some of its recommendations could also be applicable to this type of coverage.**

3. Results of the Thematic Review

3.1. Product diversification

MPI manufacturers often only offer one type of MPI product. However, MPI is not a uniform product in the case of every manufacturer. More than half of the respondents offer one MPI product and a further 19% offer 2; however there are undertakings who offer more different products (sometimes even 6). This information, which is summarised on Table 1, suggests that MPI products are relatively standardised products.

Table 1: Product diversification by insurance undertaking

Product diversification by insurance undertakings How many different products do you offer?		
Criteria	Value	%
Average	1.81	
Minimum	1	
Maximum	6	
Most frequent	1	
Products offered		
1	30	58%
2	10	19%
3	8	15%
4	2	4%
5	0	0%
>5	2	4%

Source: EIOPA Consumer Protection and Financial Innovation Committee, Number of Responses: 52

3.2. Duration of the product

The most frequently (more than 55% of the cases) applied duration of MPI products is 12 months. There were four cases reported with a shorter duration, which are likely to refer to policies that include an automatic renewal clause¹⁴ (otherwise, the policy will be in force until cancelled). There are several instances (in altogether 34% of the cases) with longer durations of two, three or even five years.

Non-life insurance contracts typically have short durations in comparison to life insurance policies. In the case of MPI, this is particularly justified due the fact that mobile phones are characterised for being rapidly amortisable goods. Certainly, due to the constant innovations in design and functionalities in the mobile phone sector, together with their intensive daily use, the value of mobile phones quickly decreases over the time; it is important that MPI products are designed to meet the customer's needs.

¹⁴ One of the respondents explicitly refers to this practice, and it seems likely that other respondents indicating a duration of 1 month follow a similar approach.

Moreover, the Belgian supervisory authority concluded that it is also important to mention a one year premium instead of a monthly premium when selling MPI products.¹⁵ Certainly, this could be seen as a best practice example, considering ever-changing mobile phone technology and given the fact that customers are commonly bound by at least one-year contracts. This would allow consumers to better compare the total amount of premiums with the value of the product they are insuring. Consumers would like this be in a better position to assess the value-for-money of their MPI.

3.3. Occurrence-based policies

Half of the MPI policies were reported to be occurrence-based policies i.e. on cancellation, these policies continue to provide coverage for future claims based on conduct that took place during the policy term (although these policies are also typically followed by a reporting period after the policy term during which consumers must make their claims). Moreover, in over a third of the cases (20), also claims-based policies were reported, meaning that the given policy provides coverage only as long as the insured continues to pay premiums for the initial policy and any subsequent renewals.

In general, occurrence-based policies are typically found on health and life insurance products, while claims-based policies are more common in non-life insurance products. The IRSG does not see this atypical, since policy triggers are a key element for insurance undertakings to control their liability losses. In the case of MPI, this could be justified in order to prevent the temptation of using this insurance coverage to improve the quality/technology of the insured mobile phone, since typically the indemnity is a new mobile phone with similar characteristics or the newest generation of the same phone.

3.4. Coverage

MPI can mean very different coverage depending on the insurance undertaking (and the respective market, obviously). It commonly covers eventualities that are not already covered by the guarantee of the mobile phone device. For this reason, on occasions, these types of insurance products are known as extended warranties.

Only two of the responding undertakings that participated in EIOPA's Thematic Review do not provide any type of coverage against damage to the mobile phone; theft coverage (at least for certain types of theft) is included in more than 2/3 of the cases, while just over a 1/3 of the insurance undertakings offer loss-related coverage. In addition, almost a 1/3 of the undertakings offer coverage against the misuse of mobile phones after loss, and some insurance undertakings also offer coverage against the loss of data. These figures are represented in Table 2 below.

¹⁵ The UK supervisory authority is also currently considering a similar measure

Table 2: Coverage

Coverage provided by the top MPI product - high level categories		
Name of coverage	Value	As a %
Damage to the mobile phone	51	96%
Theft of mobile phone	36	68%
Loss of mobile phone	18	34%
Abuse of mobile phone after loss	17	32%
Loss of data in mobile phone	4	8%

Source: EIOPA Consumer Protection and Financial Innovation Committee. Number of responses: 53

3.4. Exclusions

Although 96% of the insurance undertakings state that their MPI product provides coverage for damage to the mobile phone, this does not mean that all types of damage are covered. Indeed, and against what some consumers may be inclined to believe, the exact coverage of MPI products is further delineated by the use of exclusions.

Table 3 below summarises the most frequently mentioned exclusions¹⁶ e.g. the category "theft" means that the product in question has a theft-related exclusion in place.¹⁷ **It is worth noting that theft-related exclusions are present in more than 50% of the products and loss-related exclusions are present in 32% of the cases.**

¹⁶ Insurance undertakings were asked to report their 3 most common exclusions

¹⁷ It should be noted that some insurance undertakings have reported as exclusions certain practices such as the need to proof the theft or incomplete claims, which could be considered as general policy conditions of the insurance contract rather than coverage exclusions.

Table 3: Exclusions

Most frequently named exclusions							
Theft-related		Warranty-related		Loss-related		Damage-related	
Theft	20	Warranty	22	Loss	18	Minor damage	7
Non-violent theft	4	Internal breakdown	4	Loss of data	4	Damage to lost phone	1
Theft from a car	2	Battery problems	1	Abuse after loss	2	Damage before loss	2
Proof of theft	2					Unauthorised use	1
No report to network	1					Use by minor	1
Claims procedure		Negligence / Fraud		Weather conditions		Other	
Deadlines for reporting	7	Negligence	9	Water	3	SIM not there	2
Incomplete claim	1	Intentional damage	5	Bad weather	2	Restitution	1
Previous successful claim	1	Fraud	5			Third party liability	3
						Vis maior	2
						Rental	1

Source: EIOPA Consumer Protection and Financial Innovation Committee. Number of responses: 53

Exclusions are a typical legitimate way of delineating the risks covered by an insurance product. The use of exclusions is very common in insurance contracts, which are necessarily agreed by policy holders when entering into insurance contracts. As noted by the IRSG, consumers can opt to pay a higher price in exchange of less exclusions; others consumers may opt for exclusions and pay a lower rate.

However, a key issue from a consumer protection perspective is the type of exclusions that are present in an MPI contract as well as the way that the latter are communicated to the consumer of the product. According to the IRSG, **consumer expectations could be managed by using plain language and adding simple and straightforward explanations of essential product features.**

In its national thematic review, the UK found that this was not always the case; although a majority of the MPI products reviewed covered loss, they did not cover instances where the consumer accidentally left their mobile phone unattended in a public place or in "a place which is easily accessible by people you do not know". Not making such conditions sufficiently clear to consumers can be misleading and lead to consumers' expectations not being met.

The **Spanish supervisory authority**¹⁸ also found that certain exclusions being used in MPI contracts were not compliant with the Spanish legislation; this was particularly the case of the need to provide as a proof of theft, a report from the police within too short deadlines.

In **France**, the national supervisory authority also detected that exclusions were often too large and consumers were getting poor advice on the scope of the coverage. For example, it was observed that while MPI contract often reflected an exclusion of loss of the mobile phone in case of negligence, the contract did not include a definition of the term negligent.

As stated above, the use of these exclusions by the undertakings may be justified by legitimate business interests; however, undertakings must clearly and adequately communicate them to consumers, and the latter should be aware that they have to study these exclusions thoroughly in order to avoid potentially unpleasant surprises and be able to properly assess the use and value-for-money of these policies. An illustrative example may be in the comment post in Twitter by one consumer:

Example of comment made by a Twitter user 

"Can't believe I have phone insurance that doesn't cover my phone for loss #whatsthepointinthat"

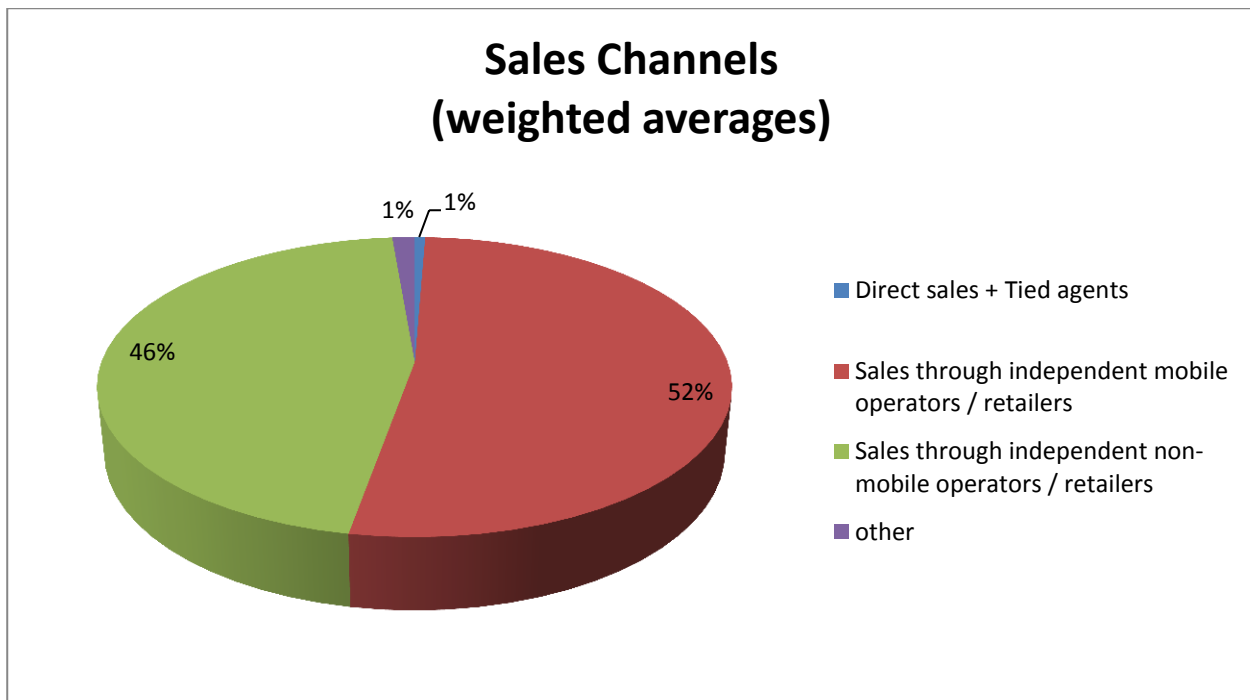
3.5. Sales channels

The largest sales channel¹⁹ used by mobile phone insurance undertakings to place their products in the market are the mobile phone operators and mobile phone retailers, either directly or indirectly through insurance dealers and brokers; 52% of all sales take place through mobile phones operators or mobile phone retailers (including electronic stores, supermarkets, multi-brand phone companies, etc.); a further 46% is sold through other independent entities who are not mobile phone operators or mobile phone retailers. This last category would comprise entities such as independent insurance brokers, dealers, and banking institutions. Direct sales and tied agents account for only 1% of the market.

¹⁸ FACUA brings a suit against Movistar, Vodafone and The Phone House for abusive clauses in their mobile phone insurance, March 2015, <https://www.facua.org/es/noticia.php?Id=9223>

¹⁹ Please note that, for the purposes of this report, it was used a broad concept of sales channels (apart from the typical insurance distributors, that is to say, insurance undertakings and insurance intermediaries).

Figure 3: Sales Channels



Source: EIOPA Committee on Consumer Protection and Financial Innovation. Number of responses: 62

The figure above shows that mobile phone operators and retailers are the most important MPI sales channels. In addition, two other main conclusions can be extracted from the analysis of the MPI sales channels in Europe:²⁰ on the one hand, the wholesale market of MPI products is important in countries such as France; insurance undertakings sell their MPI products to insurance dealers and brokers, which eventually sell the products to entities like mobile phone operators or electronic stores to sell the MPI product to the final customer.

On the other hand, entities such as banking institutions also play an important role in the sale of MPI products. In this regard, a special mention should be made to packaged bank accounts, particularly in the UK. Packaged bank accounts are current accounts which commonly charge a monthly or annual fee in exchange of a series of benefits such as MPI coverage, travel insurance as well as other banking and non-banking products and services. The UK NCA estimates that at least half of the UK policyholders of MPI have obtained the cover as part of a packaged bank account.

In addition to the above sales channels illustrated in Figure 4, the IRSG has pointed out that comparison websites also play an important role in the commercialisation of MPI products and, as such, should also be taken into consideration.

A common characteristic to mobile phone operators, technology stores, multi-brand mobile stores, supermarkets and comparison websites is that in the period covered by the present thematic review (i.e. 2013) they were not included under the scope of the IMD. They were therefore not subject to the distribution and training requirements included therein.

In general, the IRSG does not see a structural mis-selling risk in this channel mix, although some stakeholders expressed their concerns in this regard. Indeed, some Members of EIOPA's stakeholder group stated that many of the problems related to

²⁰ Please note that more granular data on the MPI sales channels from the French and UK markets was gathered by EIOPA, which was then aggregated to incorporate it to the data gathered from the other EU markets.

MPI in some markets could be addressed if these sales channels would have been within the scope of the new IDD.²¹ They consider that mis-selling caused by the lack of professional training of the salesperson is an important risk. On the other hand, others stakeholders do not agree with this last approach, arguing that compliance with the IMD would be onerous and could therefore reduce the number of sales channels or result in higher premiums paid by consumers.

During its national thematic review, the French supervisory authority found that the uncertain legal framework applicable to the sale of MPI could be a potential source of consumer detriment. It was observed that this uncertainty often led to insurance undertakings arbitrarily applying different legislative frameworks, which frequently were less rigorous from a consumer protection perspective.

3.6. Cross-selling

MPI is sold through entities such as mobile phone operators, retailers and banks and is often offered as an add-on to other products purchased by consumers such as mobile phones, bank accounts or credit cards. The product is therefore commonly sold through cross-selling practices (tying and bundling).

Consumers referred to these situations in a popular social network:

Example of comment made by a Twitter user



"Went to the bank to get mobile phone insurance came out with a credit card lol"

Cross-selling and add-ons may be perceived as efforts made by insurers to compete and improve the quality of the product they offer. They can increase the differentiation between products and therefore better adapt them to the needs of the different types of consumers. In this sense, the IRSG highlights that the convenience, both in servicing and potential claims-handling, makes the sale of MPI through independent mobile operators/retailers meaningful.

However, cross-selling practices may also entail important consumer protection issues. Recent evidence available from the UK FCA's study on non-life insurance add-ons²² points to a lack of effective competition in these markets. Indeed, consumer choice is often restricted and consumers tend to focus on the "primary" product and do not shop around or carefully study the characteristics of the add-on product.

This could certainly be directly applicable to MPI; consumers not carefully studying the characteristics (e.g. exclusions) of the MPI when the latter is purchased as an add-on to a mobile phone, credit card etc. The IRSG agrees that due to the specific sales channel employed, consumers might seem less attentive and interested in the actual MPI coverage than in the primary product (e.g. mobile phone) itself.

In addition, when the information to consumers is not given clearly and in good time, cross-selling practices may also lead to situations of consumers not being aware of buying an insurance (add-on) product due to the lack of information, poor product disclosure and selling practices. See for example the following comment by a consumer on Twitter:

²¹ Please note that when the IRSG provided this input the new IDD had not been approved yet.

²² Financial Conduct Authority, General Insurance Add-Ons: Final Report – Confirmed Findings of the Market Study, July 2014, <https://www.fca.org.uk/static/documents/market-studies/ms14-01-final-report.pdf>

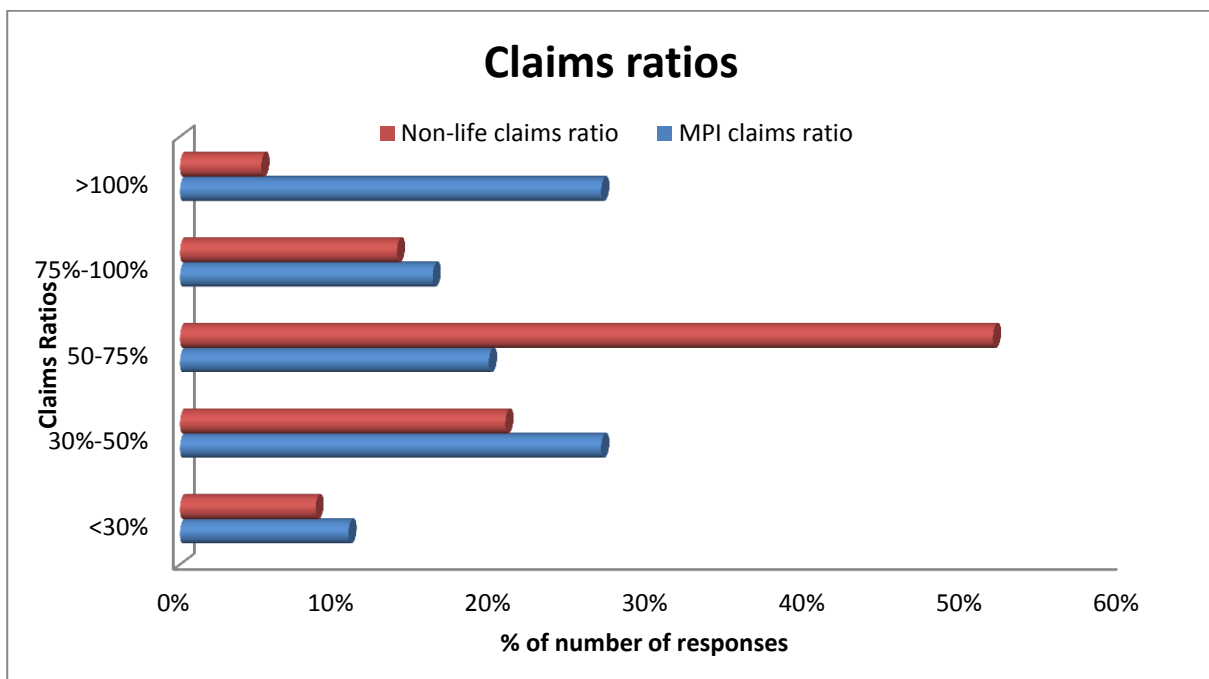
Example of comment made by a Twitter user 

"I really need to cancel my phone insurance: More money being taken out that I forgot/wasn't aware of"

3.7 Claims and combined ratios for MPI undertakings

The following two figures describe claims ratios²³ and combined ratios²⁴ for mobile phone insurance compared to similar values in non-life insurance. One thing that stands out is that GWP in mobile phone insurance was quite frequently not sufficient to cover the claims in 2013 (in 27% of the undertakings). Another observation that can be made is that, in MPI, there are more instances of lower claims ratios than in other types of non-life products.

Figure 4: Claims Ratios

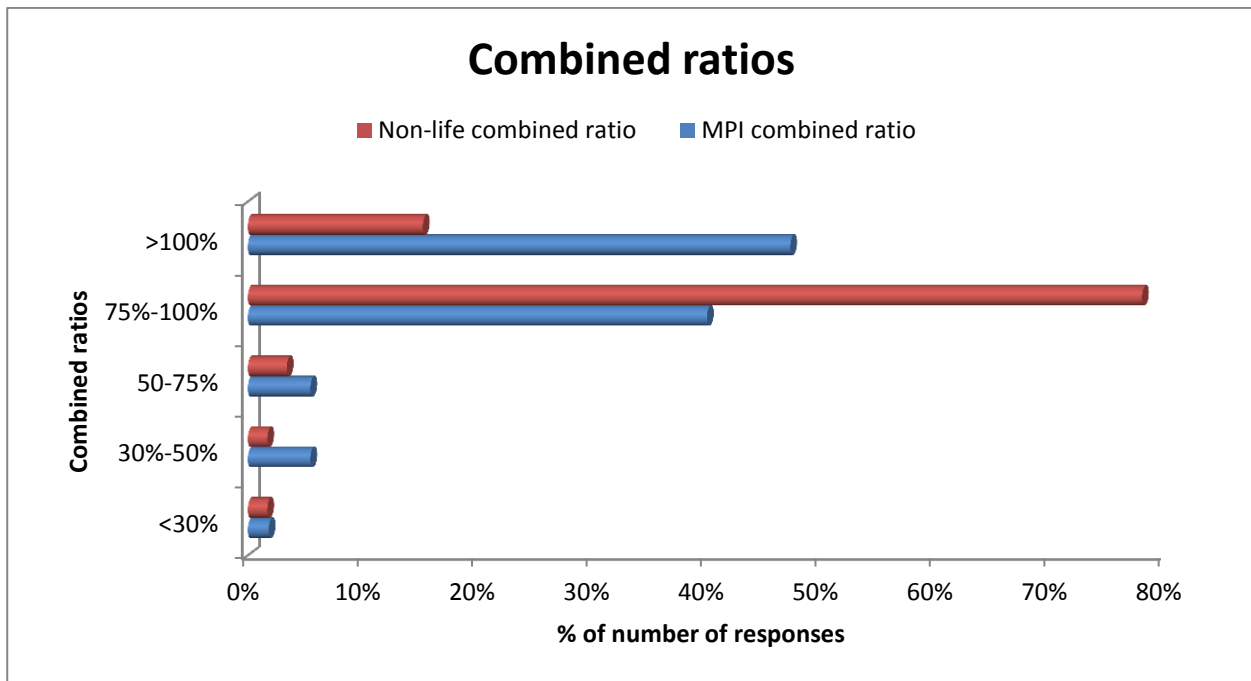


Source: EIOPA Consumer Protection and Financial Innovation Committee. Number of responses for MPI claims ratios: 56. Number of responses for Non-life claims ratios: 58

²³ Claims ratios are a measure of profitability of and insurance product. It is generally calculated by dividing (ratio) the claims payable by the premium income obtained for the sale of and insurance product.

²⁴ Combined ratios are also a measure of profitability. The combined ratio is generally calculated by dividing the sum of incurred losses and expenses by earned premium.

Figure 5: Combined Ratios



Source: EIOPA Consumer Protection and Financial Innovation Committee. Number of responses for MPI combined ratio: 58, Number of responses for Non-life combined ratio: 59

On average, claims ratios and combined ratios for MPI are higher, than the respective values for total non-life insurance. However, these higher ratios are likely to be (at least, partly) a result of the fact that MPI is a relatively small business for many of the responding undertakings; it may also be the case that undertakings often are at the early stages of the product lifecycle and likely to bear extra costs due to a smaller scale and/or the start of the business.

In particular, high combined ratios could be explained because insurance undertakings incur in high expenses; in this sense, EIOPA's market survey has found that the average commissions paid to the sales channels for the commercialisation of MPI is 40% of the total GWP, with several reported cases of 50% or higher commission rates. High combined ratios could also be explained by the fact that insurance undertakings charge relatively low premiums to their customers in comparison to the amount of claims they need to pay. Indeed, high combined ratios could mean that many customer claims are being satisfied, being a sign of good consumer policy; the high claims ratios reported by several insurance undertakings could support this last approach. Consumers also reflect their satisfaction with their MPI on Twitter:

Example of comment made by a Twitter user 

"thank god I have phone insurance, can't go another 20 months with a smashed screen"

On the other hand, from a consumer protection perspective, the instances of low or very low claims ratios deserve a careful analysis. Although, once again, this could be explained by the fact that premiums paid by customers are relatively low; on the other hand, another possible explanation could be that claims are not being paid to consumers, raising the question of the value-for-money of the product. The reported

use of large exclusions, the problems identified with them by different supervisory authorities, together with the high number of customer complaints are arguments that would point in this direction.

The table below summarises the claims ratios according to regions.²⁵ The claims ratio is the lowest in France, closely followed by Southern Europe and the UK; combined ratios indicate little margins for MPI activity.

Table 4: Claims and Combined Ratios by regions

MPI Claims and combined ratios by region					
Regions	Average MPI claims ratio	Average non-life insurance (incl. MPI) claims ratio	Average MPI combined ratio	Average non-life insurance (incl. MPI) combined ratio	Total GWP MPI (thousand euros)
UK & Ireland	53%	59%	96%	94%	660270
France	50%	55%	99%	100%	322520
Southern Europe	51%	57%	99%	88%	49050
Northern Europe	110%	72%	129%	96%	27030
Central Europe	92%	64%	115%	92%	66560
Eastern Europe	65%	55%	98%	87%	20200

Source: EIOPA Consumer Protection and Financial Innovation Committee.

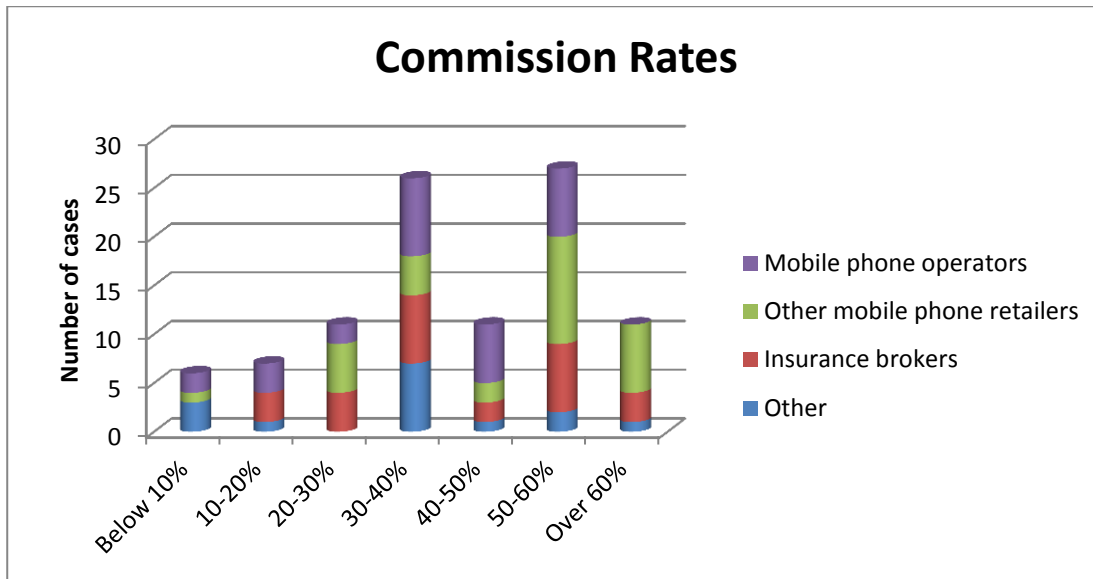
3.8 Commission rates

The average commission rate paid to the sales channels of MPI is 40%; this means that 40% of the GWP is spent on payments to the sales channel. Commission rates show differentiation according to the different types of entities of the sales channels; the highest average commission rates can be observed for mobile phone retailers (47%), followed by insurance brokers (40%) and by mobile phone operators (37%).

The graph below illustrates the distribution of commission rates for MPI; commission rates below 30% seem to be rather rare and commission rates equal or over 50% can also be observed quite frequently.

²⁵ Data for the regions include data for the following markets: Southern Europe: Malta, Spain and Italy; Central Europe: Netherlands, Austria, Germany, Belgium and Luxembourg; Northern Europe: Norway, Sweden, Finland, Denmark, Iceland; Eastern Europe: Bulgaria, Slovakia, Czech Republic, Hungary, Poland, Croatia and Lithuania.

Figure 6: Commission Rates



Source: EIOPA Consumer Protection and Financial Innovation Committee. Number of responses: 55 ²⁶

From a moral hazard perspective, high commission rates could provide an incentive to misleading or aggressive selling practices. Although examples of poor selling practices have been detected by the supervisory authorities of the UK, France and Belgium in their respective assessments of their national MPI market, there is no evidence that the latter are due to the high commission rates.

3.9 Complaints

The analysis of the complaints is based on the data submitted by 28 undertakings that reported complaints.²⁷ The total number of complaints reported in 2013 is 55,465, regarding MPI, representing an average of 1,980 complaints per undertaking – however, the distribution of the complaints is very uneven. The 10 undertakings receiving most of the complaints, account for 98% of all the complaints reported.

This is also reflected in the geographical distribution of the complaints reported by insurance undertakings (see Annex III); 4 countries account for 98% of all the complaints. This undertaking and geographical concentration of complaints is indeed linked to the different size of the MPI market in each country. In the UK, a total of 34,921 complaints were reported by the insurance undertakings that participated in this survey, which represents 20% of the total amount of non-life insurance complaints (175,672) reported by insurance undertakings to the UK supervisory authority during the same period.

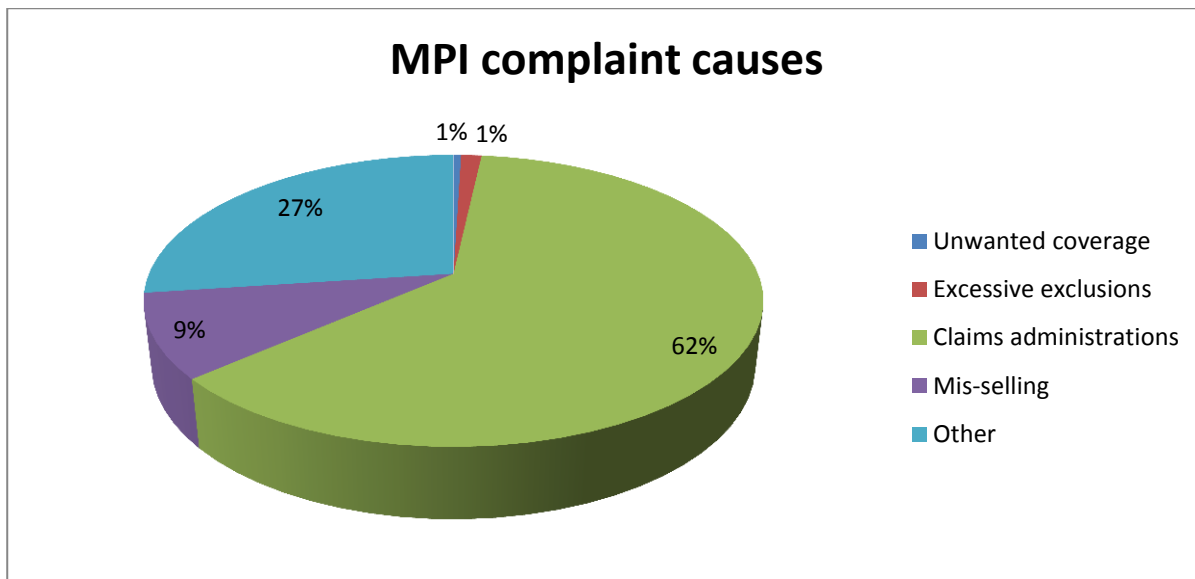
Regarding the complaint causes, claims administration is the leading cause for complaints by 62% of the cases; excessive exclusions (3%) and mis-selling (9%) account for fewer complaints. Complaints about the premium, excess, and various other topics make up another one-quarter of all complaints.²⁸ This analysis, however, is based on data submitted by only 32 undertakings; in the other cases, there is no breakdown available.

²⁶ Insurance undertakings were asked to report the commission rates for their top 3 sales channels

²⁷ For the purposes of the analysis undertakings reporting 0 complaints were disregarded, because it was not always obvious if there is no data available, or actually 0 complaints in this field.


²⁸ The questionnaire was designed with the categories 'unwanted coverage', 'mis-selling', 'claims administration', 'excessive exclusions' and 'other'.; the 'other' category cannot be further broken down based on the available data.

Figure 7: MPI Complaints Causes



Source: EIOPA Consumer Protection and Financial Innovation Committee. Number of responses: 28

The UK and French thematic reviews both found examples of deficiencies amongst the claims-handling process they reviewed. In the case of France, the deficiencies identified were mainly triggered by the large number of actors intervening in the claims-handling process; consumers were receiving poor advice and often not being able to identify the competent entity to which they should make the claim. In the UK, instances were identified of excessively long duration of the complaints handling process; claim periods experienced by consumers ranged from one and a half days to over thirty days. Long duration of claims processes were also reported by consumers on Twitter:

Example of comment made by a Twitter user 
"Can't believe my phone insurance still haven't sorted my phone. I put my claim in on 17th October! Customer service at its finest"²⁹

The IRSG stresses that transparency and proper education are key in making customers understand the terms and conditions of MPI, and links the claims 'unhappiness' with the related expectations. However, the stakeholder group also points to possible cases of fraud amongst consumers, referring to reported increases in the MPI claims ratios on an insurance cover for a specific smartphone model once a successor model is marketed.

Moreover, complaints seem to play a limited role in designing MPI products; only 3 of the insurance undertakings that participated in EIOPA's thematic review reported having had modified their MPI products because of the complaints about them. Furthermore, in one instance, the insurance undertaking providing MPI terminated the relationship with a distributor because of complaints and another undertaking completely stopped offering MPI due to the large amount of complaints received.

Consumer associations are reported to have contacted the insurance undertakings providing MPI in over 10% (5 out of 48) of the cases reported by respondents.

²⁹ This comment was posted by a consumer on Twitter on 5 November 2014

4. Recommendations and Next Steps

4.1. Recommendations

According to data from the replies to the questionnaire, the major markets in MPI in Europe are the UK and France; given the significant difference between the sales in these two countries and the rest of countries, together with the increasing penetration of smart phones in Europe, **it is reasonable to consider that there is potential for growth in other countries.**

MPI is generally offered by non-specialised insurance undertakings i.e. insurance undertakings with a larger portfolio. They generally choose indirect channels to place their products in the market; **52% of all MPI sales take place through mobile phone operators or mobile phone retailers** (such as multi-brand mobile stores, supermarkets or electronic stores). The sale of MPI products through these channels are commonly not included under the scope of the existing IMD (or the forthcoming IDD) and are, therefore not subject to the training requirements established therein. Instead, such activities are regulated by other legislation at EU or national level.

Recommendation 1:

All entities involved in the sales process of MPI products should always possess an appropriate level of knowledge of the MPI products they are selling and should have obtained a sufficient level of training to sell such products both at the outset and on an on-going basis.

MPI is frequently sold as an add-on to other "primary products", such as mobile phones, credit cards or banks accounts. Notwithstanding the potential benefits of cross-selling practices, in order to limit the potential detriment to consumers that could arise from them, it is of key importance that inherent information asymmetries are adequately addressed through adequate disclosure rules and selling practices.

Recommendation 2:

When MPI is sold through cross-selling practices as an ancillary product to products such as mobile phones, consumers must always be informed in a clear and timely manner that they are purchasing a bundled product, and be offered the possibility to buy the primary product (e.g. the mobile phone) without the add-on.

MPI products generally provide coverage against damage to the mobile phone, and often against theft (68%) and loss of mobile phone (34%). On the other hand, the use of large exclusions is common in MPI contracts. The most frequent exclusions that lead to claims rejection, relate to certain types of theft, warranty issues, loss of the mobile phone or minor damages; however, often very special exclusions, such as damage by water or use by a minor are present.

Recommendation 3:

Due to the frequent use of large exclusions in MPI contracts, consumers should be clearly informed of these exclusions, with sufficient emphasis placed on this information so that the consumer will be encouraged to

consider the application of these exclusions in practice to their personal circumstances, should they purchase the policy.

The most common duration of the MPI product is 12 months; however, for 34% of the cases, longer durations (2, 3 or 5 years) were reported. Given the rapid amortisation of the underlying goods, consumers should consider the usefulness of longer durations, and pay attention to potential automatic renewal clauses. Also, on some occasions, premiums may be quoted on a monthly basis, but consumers may be bound for a minimum period of one year. Therefore, the total sum of the premiums paid may be considerably higher than what it might appear at first sight.

MPI products are generally occurrence-based policies; however, 38% of the respondents indicated that they offer claims-based policies, meaning that they only offer coverage for the period where the insured continues to pay premiums for the initial policy and any subsequent renewals.

Recommendation 4:

Prior to purchasing MPI, consumers should be adequately informed of the duration of their MPI contract and any cancellation rights that they could avail themselves of.

The average commission rate paid by insurance undertakings to entities selling their MPI products is 40%; commission rates are higher for non-mobile operators than for mobile phone operators and insurance brokers.

Currently, combined ratios (claims + expenses) exceed 100% on average, meaning that at this stage, MPI is often not profitable in itself; this is likely to be at least partly the result of the fact that this is a growing (often starting) business in many countries. However, low claims ratios are more frequent for MPI products than for non-life insurance in general. Low claims ratio may be explained by reasons which are not related to the detriment of the consumer. However, they may also respond to high volumes of rejected claims (for instance, due to exclusions included in the insurance contract, complex claims administration processes or high excess fees³⁰ demanded) when consumers try to claim benefits based on their insurance policy.

Not all of the respondents were able to provide data on complaints; of the 28 undertakings reporting data, 14 were reporting more than a 100 complaints for 2013. For those undertakings, who were able to report a breakdown of complaints data according to cause, claims administration is the leading complaint cause, followed by mis-selling.

Recommendation 5:

The claims administration process should be transparent so as to ensure that consumers of MPI products are aware of the institution to which they should present their claim, and when and how to do this. Excessively long and burdensome claims procedures should be avoided.

In conclusion, EIOPA considers that mobile phone insurance may provide useful coverage for an increasingly important device in the life of European citizens such as

³⁰ Excess fee is defined as the payment that the consumer has to make when making a claim in order to obtain the benefits of his insurance policy. Excess fees are typically included in insurance contracts to lower the insurance premiums.

mobile phones. However, it is important that the gap between what undertakings offer and what consumers believe to have purchased is reduced as much as possible.

N.B. Please note that the recommendations of this report are not binding and have partly been reflected in the new IDD, as explained below.

4.2. Next Steps - Implementation of the IDD

Action by a number of national competent authorities show that where the MPI market develops, regulatory and supervisory interventions may become necessary in order to prevent consumer detriment. The new IDD represents an important milestone in this sense as it introduces important novelties to the existing EU legislative framework applicable to the sale of MPI products.

Indeed, an important direct sales channel of MPI such as banking institutions fall under the scope of the IDD when carrying out insurance distribution and therefore must apply all of the transparency, professional competency and training requirements included therein. Moreover, and although the IDD continues to foresee a general exemption from its scope for the sale of insurance products such as MPI, Member States are required to ensure that some of its provisions also are extended to the sale of MPI products:³¹

- A Product Information Document (PID) should be provided to consumers by the entities selling MPI prior to the conclusion of the contract. The PID is a standardised, simple and user-friendly document which shall provide consumers with accurate and not misleading information about the characteristics of the MPI product in order to allow them to make informed decisions. Information about the coverage and exclusions of the MPI product, as well as its duration and cancellation rights should be a key part of the PID.³²
- When an MPI product is sold through cross-selling practices as an add-on to the purchase of a mobile phone, the consumer must always be offered the possibility to buy both items separately.³³
- A needs and demands analysis prior to the conclusion of the MPI contract shall be undertaken so as to ensure that the MPI product is adapted to the consumer.³⁴
- When the sale of MPI takes place in packaged bank accounts, the transparency requirements of the Payments Account Directive³⁵ apply, including the duty to inform the consumer whether it is possible to purchase the account separately and, if so, provide separate information regarding the costs and fees associated with each of the other products and services offered in that package that can be purchased separately.³⁶
- The remuneration policies of entities selling MPI products shall not conflict with their duty to act in the best interest of the consumer. In particular, remuneration policies must avoid giving incentives to recommend consumers a specific MPI

³¹ See Article 1 (3), (4) and (5), Article 2 (8),(3) and (4) of the IDD

³² Article 1 (4) (c) and Article 20 (4) of the IDD

³³ Article 1 (4) (b) and Article 24 (3) of the IDD

³⁴ Article 1 (4) (b) of the IDD

³⁵ Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0092&from=EN>

³⁶ Article 1 (4) (b) and Article 24 (3) of the IDD

product when they are able to offer alternative ones which could better meet the customer's needs.³⁷

- Complaints-handling procedures must always be in place allowing consumers and other interested parties like consumer associations to register complaints. Complaints must always receive replies.³⁸

Notwithstanding additional national-specific action adopted by EIOPA's Members in this area, the above-mentioned measures will be transposed into their respective national jurisdictions by no later than 2 years after the publication of the IDD in the Official Journal of the EU (expected in December 2015). **These measures could potentially help solve several of the consumer protection issues identified in the recommendations part of the present thematic review.**

EIOPA and its Members will continue to monitor the developments of the MPI sector in the coming years.

³⁷ Article 1 (4) (b) and Article 17 (3) of the IDD

³⁸ Article 1 (4) (a) and Article 14 of the IDD

Annex I: Methodology

This report summarises the results of the assessment carried out by EIOPA in the field of MPI. EIOPA's Members circulated the questionnaire to insurance undertakings which are registered in their jurisdiction. The questionnaires included questions on topics such as coverage and exclusions, duration of the contracts, sales channels, premiums, claims and combined ratios, commissions and complaints. Undertakings were requested to fill out the questionnaire for every jurisdiction in which they provide MPI; i.e. if an undertaking based in one jurisdiction provides services in a different jurisdiction under a Freedom of Services (FoS) or Freedom of Establishment (FoE) regime, they were asked to fill out a questionnaire for each jurisdiction separately. The questionnaire referred to activities in 2013.

Altogether 27 out of 31 national authorities provided feedback, either by providing the actual questionnaires with data from the MPI activities of insurance undertakings³⁹, or either by stating that there are no registered entities in their jurisdiction underwriting MPI.⁴⁰ **In total, the report is based on data from 50 insurance undertakings based in 21 jurisdictions and active in 23 different European countries.** Indeed, some of these undertakings sell MPI products in different Member States and therefore provided a response to the questionnaire for each jurisdiction (in total 63 responses were received).

However, not all respondents provided an answer for every question posted in the questionnaire. Also some undertakings did not provide data on their cross-border activities. Furthermore, data reported by French and UK insurance undertakings is said to represent c.a. 70% of their respective MPI national markets. In the specific case of the UK market, it should be noted that the data does not accurately reflect the insurance coverage obtained through packaged bank accounts (c.a. half of the MPI insurance market in the UK). This is due to the fact that there is no separately identifiable insurance premium for the mobile phone element of the cover.

Missing cross-border information, together with the limited scope of this thematic review, as well as missing data from insurance undertakings from certain countries, inevitably has an impact in the overall picture of the European MPI market as described in this report. Nevertheless, as stated in the title of this report, EIOPA's objective is to assess consumer protection issues that may arise from a fast developing market such as the MPI market. In this sense, and despite incomplete submissions and unavailable data for some countries, **EIOPA is of the opinion that the quantitative data obtained is sufficiently representative for the purpose of the present exercise.** Indeed, the large amount of quantitative and qualitative data obtained, including data from the leading market players of 21 jurisdictions is sufficiently representative and allows for the extraction of consumer protection conclusions in the European MPI market.

Furthermore, the IRSG provided feedback to EIOPA on some of the key preliminary findings of the present thematic review. The IRSG feedback, which is based on general anecdotal comments and individual feedback from various stakeholder

³⁹ The countries that have provided data from insurance undertakings registered in their jurisdictions are: Sweden, Lithuania, France, Croatia, Norway, United Kingdom, Finland, Malta, Bulgaria, Denmark, Spain, The Netherlands, Austria, Hungary, Poland, Germany, Luxembourg, Italy, Czech Republic, Belgium and Slovakia.

⁴⁰ In 2013, in Portugal and Slovenia, mobile phone coverage was only sold as part of general electronic devices insurance, which are insurance products not covered by the present report. Moreover, Iceland and Lichtenstein stated that there are no registered firms underwriting and/or administering MPI products in their jurisdiction. In the case of Romania, only one local insurance undertaking sold MPI, but the total GWP was negligible and in fact renounced to sell it in 2014. The Irish NCA has reported that there are insurance undertakings from the UK selling MPI products in their jurisdiction, and the Romanian NCA has informed of similar cross-border activities from undertakings from the UK and Poland. However EIOPA does not have available data for such cross-border activities

representatives both from the insurance industry as well as from consumer associations, has been included in parts of this report to support some of its key findings. The feedback has not been backed up by research in all cases but is provided as a snapshot view of emerging risks and issues observed in the MPI sector.

The key findings of the respective MPI national thematic reviews undertaken by the supervisory authorities of the UK, France and Belgium have also been used to complement the information received from insurance undertakings. As stated in the introduction, the consumer issues identified in these national reviews are not necessarily applicable to the all the other EU countries.

Finally, EIOPA's own social media monitoring tool has been used to complement the information on consumer complaints provided by insurance undertakings from their activities during 2013. A total of 512 comments posted in different social media networks and forums between 21 October 2014 and 21 November 2014 have been reviewed (summarised on Annex IV). It should be noted that the information gathered through these means has been exclusively used to identify examples on consumer satisfaction or dissatisfaction with the MPI coverage.

Annex II: Detailed breakdown of MPI GWP

The following table shows a geographical representation of the distribution of sales (GWP) in each country, as well the total amount of GWP generated by the undertakings registered in each country. It reflects the importance of cross-border activity for certain undertakings active in the MPI sector. Please note that the GWP data is not fully comprehensive and there are indicators that data is missing for some countries, in particular for those which did not provided input, but also due to the limited scope of the report and incomplete submissions from certain undertakings. In this regard, please note that the GWP data received from each undertaking which is aggregated on a country basis in the table below has been rounded-up to the nearest tenth.

Table 5: Detailed Breakdown of MPI GWP in 2013

2013 MPI GWP (in thousand Euros)- Sales in each country and per home of the undertaking				
Country	Total MPI GWP - Sales in each country	As a % of total MPI GWP	Total MPI GWP per home of the undertaking	As a % of total MPI GWP
UK	449,890	47.80%	380,590	40.44%
France	322,520	34.27%	323,600	34.38%
Spain	47,660	5.06%	2,680	0.28%
Germany	45,570	4.84%	35,150	3.73%
Netherlands	16,620	1.77%	4,280	0.45%
Sweden	14,020	1.49%	12,850	1.37%
Norway	11,110	1.18%	8,810	0.94%
Hungary	10,010	1.06%	10,010	1.06%
Poland	7,330	0.78%	7,330	0.78%
Ireland	5,970	0.63%	n/a	0.00%
Austria	4,130	0.44%	4,130	0.44%
Italy	1,390	0.15%	1,390	0.15%
Finland	1,140	0.12%	10	0.00%
Czech Republic	990	0.11%	900	0.10%
Lithuania	840	0.09%	370	0.04%
Denmark	750	0.08%	5,460	0.58%
Bulgaria	540	0.06%	540	0.06%
Slovakia	400	0.04%	390	0.04%
Belgium	230	0.02%	80	0.01%
Croatia	90	0.01%	90	0.01%
Iceland	10	0.00%	0	0.00%
Luxemburg	10	0.00%	129,750	13.79%

Malta	n/a	n/a	12,810	1.36%
	941,220	100.00%	941,220	100.00%

Source: EIOPA Consumer Protection and Financial Innovation Committee. Number of Responses: 62

Annex III: Breakdown of reported complaints

The geographical concentration of complaints is indeed linked to the different size of the MPI market in each country (Annex II). However, it should be noted there is not available complaints data for certain countries/markets, since only 28 undertakings provided data on complaints.

Table 6: Geographical Breakdown of Complaints

Complaints reported			
Country	Number of complaints in each country	% of total number of complaints	% of total GWP sales in each country
UK	34921	62.96%	47.80%
France	7934	14.30%	34.27%
Germany	6572	11.85%	4.84%
Spain	4610	8.31%	5.06%
Poland	858	1.55%	0.78%
Norway	180	0.32%	1.18%
Hungary	172	0.31%	1.06%
Ireland	94	0.17%	0.63%
Netherlands	39	0.07%	1.77%
Sweden	29	0.05%	1.49%
Italy	16	0.03%	0.15%
Lithuania	15	0.03%	0.09%
Slovakia	9	0.02%	0.04%
Bulgaria	7	0.01%	0.06%
Austria	5	0.01%	0.44%
Czech Republic	4	0.01%	0.11%
TOTAL	55465		

Source: EIOPA Consumer Protection and Financial Innovation Committee. Number of responses: 28

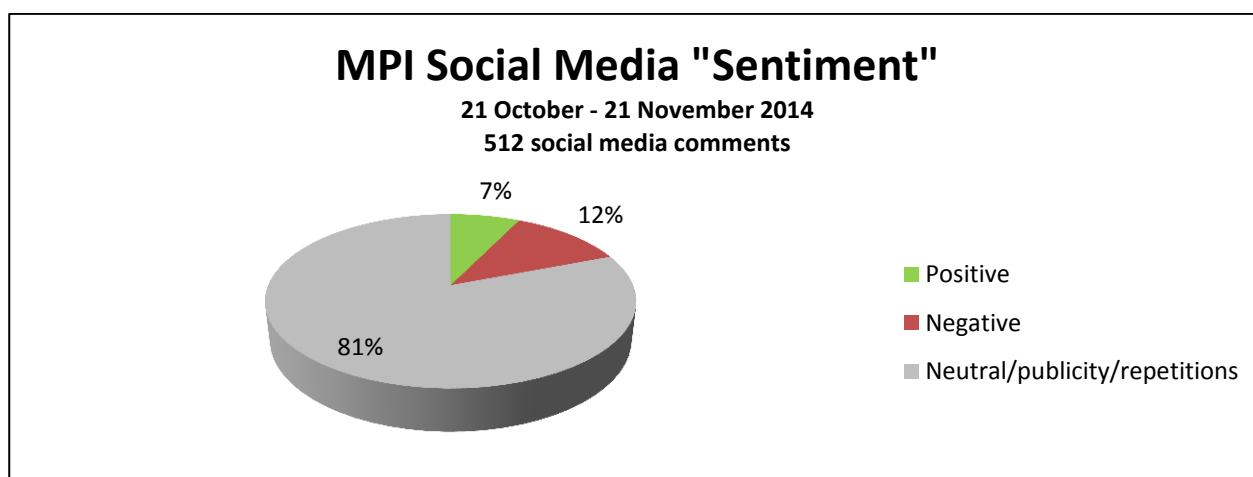
Annex IV: Social Media Monitoring

1. Outcome of the pilot exercise

As stated in the introduction, EIOPA has used a social media monitoring tool⁴¹ to monitor the complaints of consumers regarding their MPI products. Please note that the results of this assessment have only been used to identify examples of consumer satisfaction and/or dissatisfaction with their MPI coverage and that the recommendations of this report are not based on them.

European consumers also reflect their sentiments towards mobile phone insurances in the different social networks and blogs in the internet. During the period between 21 October and 21 November 2014, 512 comments⁴² were reviewed, amongst which 81% were labelled by EIOPA staff on a best-effort basis as neutral (including publicity and repetitions), 12% as negative and 7% as positive.

Figure 8: MPI Social Media "Sentiment"



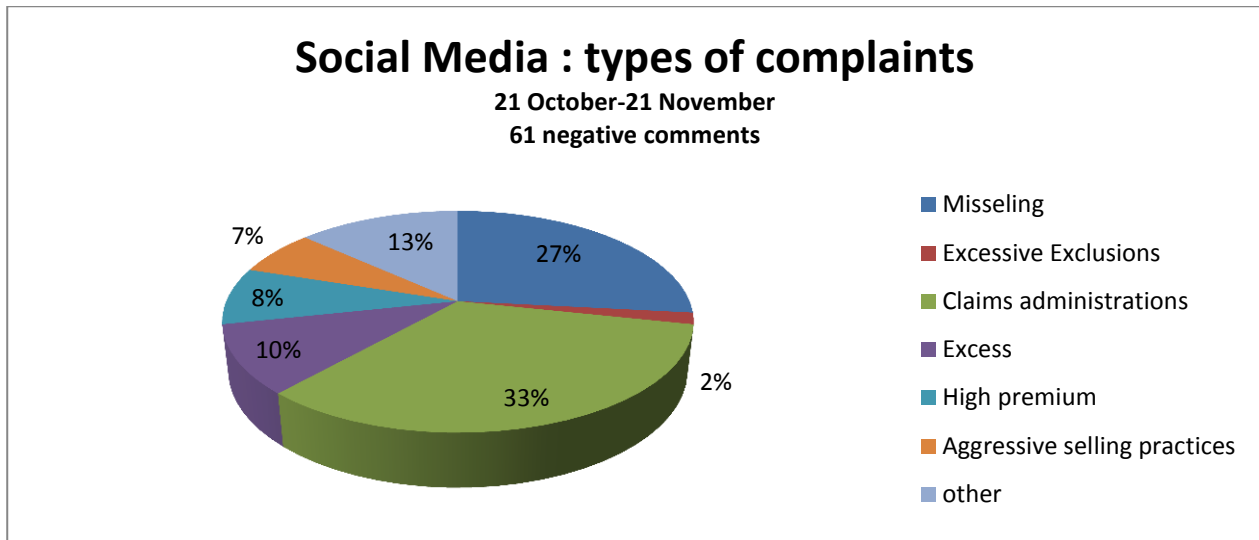
Source: EIOPA using Fisheyanalytics tool

Most of the positive comments referred to situations where consumers expressed their satisfaction for having been able to repair and/or replace their mobile phone through their insurance coverage. As far as the negative comments are concerned, 33% of the total complaints detected were related to claims administrations, mainly criticising the lengthiness and complexity of the process. In addition, 27% of the complaints concerned unwanted coverage and/or mis-selling practices and 10% to excess fee (self-retention).

⁴¹ <http://www.fisheyanalytics.com/>

⁴² Most of the comments reviewed correspond to tweets from consumers in the Social Media Network, Twitter. However, other social media networks such as Facebook as well as internet blogs have also been consulted.

Figure 9: MPI Social Media Types of Complaints



Source: EIOPA using Fisheyanalytics tool

2. Social Media Monitoring Methodology

EIOPA used a social media monitoring tool to analyse the comments posted by consumers in the social media (Blogs, Twitter, Facebook, Forums) during the randomly selected timeframe of 21 October - 21 November 2014. It should be noted that it was not possible to review comments posted during 2013 (the period covered by the MPI thematic review) since EIOPA still not had available the social media monitoring tool used for this pilot exercise.

A total of 512 comments were reviewed. The search criteria entered into the social media monitoring tool concerned all comments posted by consumers of all EU countries during the selected period in three different languages: English, French or Spanish.⁴³ The search results returned comments posted by consumers in 17 different EU countries. Most of the comments came from consumers located in the UK (71% of the total number of comments), followed by the Netherlands (8%), Spain (6%), Ireland (4%) and Greece (4%). Moreover, the great majority of the comments reviewed (91%) came from the social network Twitter.

Up to certain extent these results could be representative of the popularity of MPI products in the different countries. However, they should be very carefully taken into account given the limitations inherent to this pilot exercise, namely the reduced number of languages analysed, the different popularity of social media in the different EU countries, and also the accuracy of the social media monitoring tool itself.

As a result of these limitations, and also due to the fact that the pilot exercise covers a different timeframe than the thematic review, the results have only been used to identify examples of how consumer react vis-à-vis their MPI coverage.

⁴³ These languages were selected taking into consideration the human resources available at EIOPA for this thematic review. However, the search also returned a small number of comments in other languages including Polish, Croatian or Norwegian which were also reviewed using online translation tools.