# European regulation: how to achieve better quality



**insurance europe**

**Proposal**

Any proposal, be it the Level 1 legislative act, or at Levels 2 or 3, should be passed through different reality checks to ensure that the actual impact on consumers is positive and outweighs the potential costs and risks of consumer detriment.

**Remember:** Any proposal should improve the choice of insurance products and consumers' access to and understanding of them. It should have a positive impact on insurance prices, innovation, competition and economic growth.

**Has the direct and indirect impact on consumers been analysed?** — **YES**

**Remember:** It is important to assess the cumulative impact the proposed rules would have on consumers, in combination with existing rules, to avoid duplicative, inconsistent or even contradictory requirements.

**Has the cumulative impact on consumers been considered?** — **YES**

**Remember:** The stability of the regulatory framework should be prioritised unless new rules clearly benefit consumers. Behavioural economic research shows that constant changes to rules can negatively affect consumer understanding.

**Does changing the rules benefit consumers more than keeping a stable framework?** — **YES**

**Remember:** Given the diversity of consumers across EU countries, local regulators may often be better placed to develop rules that effectively meet their needs and demands.

**Is the EU the most appropriate level at which to take this initiative?** — **YES**

**Remember:** A one-size-fits-all approach will not result in fit-for-purpose legislation. As each piece of legislation has a distinct purpose, it should be tailor-made, not re-adapted from other pieces of legislation. Rules applied to insurance should fully respect its specific features.

**Is the proposal fit for purpose?** — **YES**

**Remember:** New legislation should not hinder insurers' capacity to respond to the evolving needs and expectations of consumers. New proposals should be future-proof and digital-friendly to allow consumers to access information or products digitally if they so wish.

**Is the proposal digital-friendly and future-proof?** — **YES**

**Remember:** Conducting thorough consumer-testing in multiple member states is essential to ensure that the proposals do indeed benefit consumers.

**Has the proposal been successfully consumer-tested?** — **YES**

**Remember:** Consultations allow stakeholders to share their expertise and are key to ensuring high-quality legislation. Policymakers should allocate time and resources to meaningful consultations with all stakeholders.

**Have stakeholders been properly consulted?** — **YES**

**Remember:** Companies are often left with insufficient time to implement new rules, creating huge compliance challenges that are to the detriment of consumers. Companies should be allowed a minimum of one year after publication of the Level 2 measures for implementation.

**Has enough time been provided for implementation?** — **YES**

**Proceed with proposal**

**NO** → Check the impact on consumers

**NO** → Drop planned legislation

**NO** → Make sure the proposal is fit for insurance

**NO** → Make the proposal digital-friendly and future-proof

**NO** → Carry out consumer-testing

**NO** → Set up stakeholders' consultation

**NO** → Extend implementation timeline

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