

INSURANCE MATTERS

HEALTH

European countries are facing a crucial health challenge: many Europeans do not have proper healthcare coverage and are frequently confronted with high out-of-pocket medical costs. This “health protection gap” is posing significant financial challenges, for individuals but also for governments, as a growing number of people are increasingly relying on publicly funded healthcare services, straining government budgets. At the same time, demographic change and ageing societies, characterised by a growing prevalence of chronic diseases, mean that people need access to affordable healthcare for a longer period of time.

Insurance can alleviate these growing pressures, by increasing the sustainability of health systems and boosting the resilience of individuals by providing an extra layer of protection and offering long-term care services.

The global health protection gap is valued at **\$0.8trn to \$4trn annually**. The gap in Europe is 5% of this amount.

Source: [Global protection gaps and recommendations for bridging them, GFIA, 2023](#)

With insurance...



Timely access to healthcare

Having insurance means that individuals can access a wide range of healthcare services without delay, including preventive care, diagnostics, treatments, and medications. Coverage extends to specialist consultations, surgeries, hospital stays, and rehabilitation services, and also means that individuals have access to a network of healthcare providers, which ensures timely care and a coordinated treatment plan.



Financial protection

Insurance provides financial security by covering a significant portion of (unexpected) medical expenses, including hospital bills, medicines, and medical procedures. Copayments, deductibles, and coinsurance help share costs between the insurer and the insured, contributing to the premium remaining affordable. The financial protection offered by insurance allows individuals and families to focus on getting better without having to worry about the cost of care. Disability insurance offers financial protection in the event of a (temporary) loss of income due to health-related problems.



Prevention

Insurers increasingly offer incentives for preventive care and health screenings to help individuals maintain good health and prevent chronic diseases. Coverage for vaccinations, screenings, and routine check-ups encourages proactive health management and early detection of health issues.

Without insurance...

Limited access to healthcare

Individuals may face barriers in accessing healthcare services due to high costs, resulting in delayed medical treatment or no treatment at all. Emergency care may be the only option for those without insurance, and this comes with higher costs and potential medical debt.

Financial strain

Having to cover medical expenses in the absence of insurance can lead to significant financial strain, forcing individuals to deplete savings, borrow money, or find alternative ways to cover healthcare costs. High out-of-pocket expenses may deter individuals from seeking necessary medical care, which could lead to poor health and complications.

Lack of preventative care

Individuals may overlook routine health screenings, vaccinations, and check-ups, increasing the risk of undetected health conditions and preventable diseases. Without incentives for preventative care, there is a higher risk of chronic diseases and overall poorer population health.



Ultimately, governments would have to step in and cover the costs, which would imply immense pressure on public finances.

WHY POLICY INITIATIVES AT EU LEVEL MAY COMPROMISE INSURABILITY AND THE KEY SOCIETAL ROLE OF INSURERS

Well-meaning initiatives can result in unintended negative outcomes. For example, the introduction of a so-called “right to be forgotten” (RTBF) that prevents insurers from assessing and pricing the risks they are requested to cover, could reduce access to insurance protection and increase prices to the detriment of most customers. While the aim of supporting more vulnerable individuals and those facing higher risks is desirable, a RTBF may in fact result in reducing insurability and limiting insurers’ capacity to offer comprehensive cover. It is therefore crucial that any such initiatives are launched on the basis of the right expertise and knowledge of how insurance works and a proper understanding of the impact that the considered measures would have on the customer base.

Likewise, policymakers are increasingly questioning insurers’ use of data, even though data has been, for centuries, at the heart of insurers’ capacity to provide the products that people need and expect. Also, insurers are subject to robust national and EU legislation on data protection, equal treatment and distribution of their products. Without access to relevant data, insurers will face difficulties in responding to society’s and people’s evolving needs. Also, through innovative technologies and progress in medicine, conditions that seemed uninsurable only a decade ago can now, under specific circumstances, be covered by insurance policies. For this to happen, however, insurers must have access to the relevant data.

INSURERS CAN DO EVEN MORE...

How can policymakers help?

Set up an “insurance expertise centre” within the European Commission.

- Serving as an insurance knowledge hub across Directorate-Generals, such a centre would ensure that due consideration is given to all risks involved in any new initiative, that the issues at stake are reflected on holistically, and that new (non-) legislative efforts meet the intended objectives without compromising insurability and, ultimately, sustainability and resilience.

Make sure that insurers have access to and can make use of data for the benefit of customers.

- No insurance without data: even if insurers’ use of certain customer data for individual pricing decisions is curbed, it is still needed to assess the overall risks and ensure future claims are being paid in line with customers’ expectations.

Facilitate the uptake of new technologies in insurance to support innovation.

- Policymakers should remove any regulatory barriers – and avoid creating barriers – that hold back innovation, and establish a regulatory/supervisory framework that facilitates a data-driven financial sector and supports the uptake of new technologies.

Raise awareness of health risks and health prevention among citizens.

- Policymakers can launch awareness-raising campaigns to promote routine check-ups and preventative action to support insurability.