



Comparison Portals in the Insurance Sector

Information brochure

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Division II/1

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Masculine forms are used throughout this document for ease of readability. Such designations should be considered as being gender-neutral. It should in particular be noted that all formulations relating to persons apply equally to women and men.

Dear insurance consumer!

Digitalisation is changing the framework of the financial market and is increasing the range of available products. In addition to traditional distribution channels, customers can also use different media to inform themselves about the range of insurance products on offer, and are ultimately able to purchase them via different channels. The deluge of information on the Internet and the broad offering however also make direct comparisons and therefore customer's decisions more difficult.

In recent years increasing activity of comparison portals has been observed in the Austrian market, which can be traced back to the fact that customers show increased interest in obtaining an overview prior to the conclusion of a contract.

In this brochure we would like to inform you about what you ought to bear in mind when comparing insurance products with the help of a comparison portal, and before you conclude an insurance contract through a comparison portal. Comparison portals are websites that enable a direct price comparison between products and services provided by multiple providers. They are used to create an overview of the products on offer, and to compare them against one another. The burden (in terms of search time and costs) to find a suitable product should be reduced and the transparency and comparability of products increased.

Comparison portals add value where they serve and present information about insurance products in such a way that users are able to make an informed decision. In order to be able to guarantee this, the transparency and independence of the comparison portals as well as the up-to-dateness of information and the underlying insurance tariffs play an important role. However, even a simple and clear presentation of material criteria can contribute to a better understanding.

The FMA has produced this information brochure to provide tips about using comparison portals as well as also practical tips about what users need to be aware.

I. WHAT IS A COMPARISON PORTAL?

Comparison portals have the following features in common

- User profile is defined (needs and requirements) with the help of a questionnaire,
- Provides information about suggested products based on the information supplied by the user,
- Suggested products are ranked by specific criteria (frequently by price),
- The possibility frequently exists to conclude an insurance policy directly online.

Comparison portals may exist in the market in a wide range of different forms¹:

- The **purpose** of comparison portals may either be commercial or non-commercial:
 - Commercial comparison portals have a business relationship to insurance undertakings.
 - Non-commercial comparison portals focus on collecting information about insurance products and making them available without obtaining any financial benefit for doing so.
- The **scope of activity** of comparison portals ranges from
 - providing links to insurance intermediaries and/or insurance undertakings,
 - displaying offers or rankings (based on price, benefits or other criteria),
 - through to the presentation of products that have already been tailored to the user's requirements, frequently associated with recommendations for selected undertakings, whose contact details are made available,
 - or the recommendation and the possibility to conclude an insurance contract with an insurance undertaking directly through the comparison portal.
- Comparison portals may receive **remuneration** in various ways, such as for example:
 - payments for each concluded contract (remuneration for every contract concluded as a result of an offer listed on the comparison portal),
 - payments per click (remuneration each time an Internet user is forwarded to the undertaking's website from the comparison portal),
 - advertising (remuneration for listing the insurance undertaking in the comparison portal),
 - remuneration depending on the placing in the list in the results of the comparison,
 - remuneration by customers.

Note: where comparison portals offer the possibility to conclude an insurance contract directly or indirectly, then as insurance intermediaries they are subject to supervision by the Federal Ministry for Digital and Economic Affairs, and the local administrative authorities.

¹ See also the EIOPA Report on Good Practices on Comparison Websites of 30.1.2014, EIOPA-CCPFI-13/100.

II. WHAT INFORMATION IS RELEVANT FOR YOU?

A. Clarity of Status

Insurance intermediaries may be active without being bound to a single insurance undertaking and represent the customer's interests (as an insurance broker) or may be active for one or several insurance undertakings (as an insurance agent).

Where a comparison portal is operated based on holding a business licence, it must be clearly apparent which it is as an insurance agent or as an insurance broker. Where a business licence is held, then the insurance intermediary must inform you in which register they are registered it, and how you may check the entry.

Check list:

1. Check the Gewerbeinformationssystem Austria (GISA) register (<https://www.gisa.gv.at/abfrage>), whether a business licence is held. Insurance intermediaries are obliged to publish their GISA registration numbers. ✓
2. With regard to selecting the products offered and the insurance undertakings participating in the comparison it makes a difference for you whether the insurance intermediary provides advice based on a balanced and personal examination, and therefore is obliged to broker the best possible insurance coverage. ✓

Therefore, please check:

- whether an obligation exists for the comparison portal to cooperate exclusively with one or several insurance undertakings, or
 - whether it is not contractually obliged to cooperate exclusively with one or several insurance undertakings.
3. Enquire whether the comparison portal is limited to specific markets or insurance products. ✓
 4. Look out for information about the actual relationship of an insurance intermediary to the insurance undertaking, as an insurance intermediary is required to inform you promptly prior to you submitting your contractual declaration. ✓

B. Up-to-dateness of information

Comparison portals can only support people in looking for the appropriate product where up-to-date information is provided. It is therefore important to know when the information was last updated.

- There are portals that claim to be “*always fully up-to-date*” or partially contain information about when the most recent update occurred. *Example:*

Results shown are always **fully up-to-date**, as insurance undertakings provide us with information about their tariffs directly and promptly. In the case that an insurance **product is currently undergoing revision, we will also not display it in the results of the comparison**. Changes may occur on a daily basis. For this reason, we do not save results, but instead only save data that you have entered. You will therefore always receive an up-to-date result.

Check list:

1. Search in the portals' FAQs about whether you can find out how up-to-date the information is.
2. Look for hints about when information was last updated, sometimes this information may be displayed in very small letters.
 - Information about up-to-dateness can sometimes be found at the start of the list of results; sometimes the year is at least stated next to the product tariff (e.g. "2020 tariff").

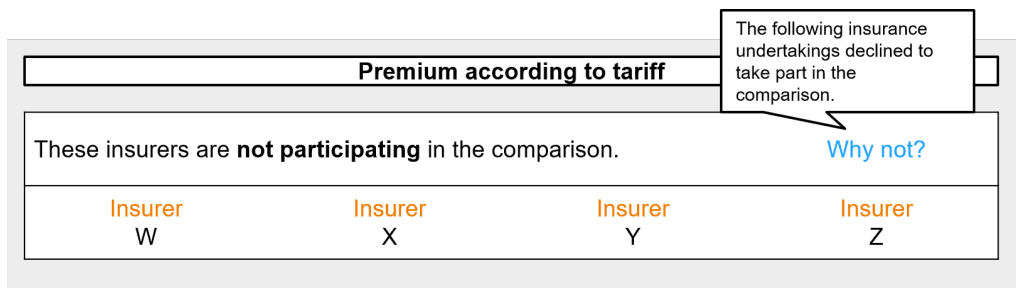
Last updated on 22 January 2021 at 08:00

C. Market coverage

If you, as the user of comparison portals, want to be in a position to assess the informative value of product comparisons, then it is of interest for you about which insurers do or do not take part in the comparison and how high their market coverage is, since a good basis for comparison is a material condition for a well-founded comparison.

Check list:

1. Be aware that potentially not all comparison portals cover the entire market. Inform yourself about which providers are listed by the comparison portal.
 - There are comparison portals that list all insurances taking part in the comparison. It may be the case that the insurers participating in the comparison are only listed once you have selected the insurance branch for which you wish to make a comparison.
 - It is also possible that only a small excerpt of the insurers are listed, who "cooperate closely with the portal".
 - However, it may also be the case that comparison portals explicitly list the insurers that are not taking part in the comparison. If you look closely, you will also find information about why some insurance undertakings are not participating. *Example:*



2. If you are not able to find information about the insurers taking part in the comparison, look for it in order to be able to assess the informative value of the comparison.
 - You can find such information under areas about "Partners", "Insurance companies in the comparison" or "These providers are part of the comparison".

Insurer A	Insurer B	Insurer C	Insurer D
Insurer E	Insurer F	Insurer G	Insurer H
Insurer I	Insurer J	Insurer K	Insurer L
Insurer M	Insurer N	Insurer O	Insurer P
Insurer Q	Insurer R	Insurer S	Insurer T
Insurer U	Insurer V	Insurer W	Insurer X
Insurer Y	Insurer Z		

Often there is a short overview prior to the comparison listing about which insurers participate in the comparison, of there is information about the tariff combinations at the end of the listing.

30 tariff combinations successfully calculated, of which 0 filtered out.
Total of 55 tariff combinations checked.

D. Independence

In order to be able to assess the independence of a comparison portal, users should already be informed prior to submitting their policy declaration about the relationship between the operator of the comparison portal and the provider of the insurance products.

Check list:

- Check what the relationship is between the operator of the comparison portal and the provider of insurance products.
 - Insurance intermediaries are obliged to disclose whether there they have at least a 10% participation in an insurance undertaking or whether an insurance undertaking has a participation of at least 10% in the insurance intermediary.
 - In some comparison portals, this information is for example stated in the site's legal notice (*Impressum*). *Example:*

Participations in Insurance Undertakings

We do not hold any direct or indirect participations of at least 10% in any insurance undertaking.

Participations held by Insurance Undertakings

No insurance undertaking holds a direct or indirect participation of at least 10% in our company.

E. Financing and Management of Conflicts of Interest

A comparison portal may receive remuneration in various ways. For insurance intermediaries there is a requirement to inform the policyholders prior to their contractual declaration about the type of remuneration to be received in conjunction with the insurance contract, as well as whether it works based on:

- a fee (the remuneration is paid directly by the policyholder), in this case information must be provided about the amount of the fee or the calculation method used;
- a commission (the remuneration is contained in the insurance premium);
- a different kind of remuneration (including financial advantages);
- a combination of the types of remuneration listed.

Check list:

- The remuneration of comparison portal may potentially influence the ranking of the products. In order to be able to assess the independence of the recommendation better, inform yourself, which fees and commissions are paid to the comparison portal.

Example:

Type of remuneration

Our remuneration is in the form of commission, and is included in the insurance premium.

- If information about the type of remuneration is not clearly visible from the outset, then ask about it. You can usually contact the portal by e-mail, telephone or sometimes even via a chat bot.

F. Ranking of selected products

The weighting and selection of parameters may influence the result of the ranking. The independence of comparison portals is particularly apparent in using objective criteria for the ranking of products. It is therefore interesting for users to know what criteria are used to draw up the ranking displayed, in order to increase the transparency of the ranking.

- **As a rule a ranking primarily is drawn up based on the cheapest price.**
- Some portals explicitly inform users that there is only a comparison of premiums and only once personal advice has been given does a comparison occur based on price and benefits. However, rankings may also be influenced by other factors, for example cooperation agreements with insurance undertakings or even paid listings.

Check list:

1. Be aware that a ranking of the suggested products may be conducted using different criteria.
 - Caution: some comparison portals allow the possibility to order products by the cheapest price, good coverage and by a self-determined level of coverage. Use this opportunity!
 - The cheapest product is not necessarily the best product for you!
2. Caution, frequently it is **not possible to directly compare insurance product based on their price alone**, and the comparison process can be complicated. A comparison in terms of price and performance is necessary!
 - Check whether the product is really the correct one for you prior to concluding the contract.
 - However, please be aware about the scope of the ranking that a broker is obliged to provide the best possible advice, while an insurance agents for multiple providers are obliged to provide the best advice limited to the policies for which they are an intermediary.

G. Advice

In principle, insurance intermediaries are required to advise their customers. The content of the advice is a personalised recommendation explaining why a particular product best meets the customer's demands and needs, and is therefore suitable for the customer.

Check list:

1. Beware, only very few possible **exceptions exist from the requirement to provide advice**:
 - the activity of the intermediary is performed in the form of an insurance agent, provided that the insurance mediation is only conducted for one or, if the insurance products are not directly in competition with one another, for several insurance undertakings,
 - the customer wishes to conclude a specific policy, and
 - having been warned, explicitly waives the right to make use of advice in a separate declaration.
2. **Insurance brokers** in any case **always have a duty to advise** and are obliged to mediate the best possible insurance cover in the individual case in hand.
3. Before advice is able to be provided, **your needs and requirements** must be established, to allow an insurance product to be recommended for you that is in line with your needs and requirements.
 - The scope and level of detail of this survey is based inter alia on the complexity of the insurance products provided, or in accordance with the various product details and product components.
 - In the case of insurance-based investment products (put simply that covers most life insurance products), the needs and requirements of the customer must be surveyed in greater detail, and other details like the knowledge and experience level of the customer, their ability to absorb losses, investment objectives and financial situation asked about. In a suitability statement an explanation is given about to what extent the recommendation matches the customer in question.
4. Advice may also occur in an automated manner. From a customer perspective it is however expedient in that case of **fully automated advice**, where required to also have the opportunity to contact a human adviser.
5. In addition to information requirements for insurance intermediaries, there are also other information requirements, such as under the Distance Financial Services Act (*Fern-Finanzdienstleistungs-Gesetz*) and the E-Commerce Act (*E-Commerce-Gesetz*). When mediating life insurance contracts due diligence requirements for the prevention of money laundering and terrorist financing must also be observed.

H. Using Comparison Portals

Check list:

1. Usually you can **activate** various **filters**, in order to better match the search to their requirements.
 - It may be especially useful to change the sum insured and the insurance excess.
2. Beware of **pre-selected settings**:
 - Even if portals use the same comparison engines, the pre-selected settings may deviate from one another.
 - Beware of checkboxes that are selected, for example selecting products with an excess (consequently the premium is usually lower). *Example:*

Coverage amount
At least € 7 million ▼
Excess
Max. € 150 ▼
Payment method
Annual ▼
Minimum term of policy
Up to 5 years ▼

As a result it is possible to adjust the results by using other search options and filters.

Check how the suggested selection of products changes.

3. You can frequently find activated filters and the most significant settings alongside the listing of the recommended products.
 - Check whether they match your needs and requirements.
4. This brochure does not address **aspects under data protection law**².
 - You should however read carefully what you are granting permission for, and should be aware for which purposes your personal data are being used.³
5. Some portals also offer assistance **in the event of a claim** or allow the claim to be submitted online.

Note: this means that you are able to also contact the portal in the event of a claim:

You may also submit **your claim** online.

6. A **complaints handling body** regarding insurance intermediaries has been established at the Federal Ministry for Digital and Economic Affairs.

² In particular Articles 13 and 14 of the General Data Protection Regulation - Regulation (EU) 2016/679 (Information to be provided where personal data are collected).

³ Be aware of which cookies are used, and what their purpose is.

III. BEFORE CONCLUDING A CONTRACT

It is generally advisable to use several portals to inform yourself, before you make a decision.

- Caution: not all comparison portals necessarily cooperate with the same insurance undertakings and not all comparison portals offer the same products.
- Most comparison portals permit a comparison for car, motorbike, legal protection, household, property and accident insurance.
- Please note that several portals are able to refer to the same comparison engine.

1. Check the sum insured and excesses. ✓
2. Check the chosen payment method. ✓
3. Read the information carefully and in full. ✓
 - Often you will find more detailed information about the scope of coverage as well as product information documents, if you click on the suggested products: Tariff details +
4. Insurance products are frequently not directly comparable with one another based purely on their price. To do so requires a comparison of price and benefits. ✓
5. Use the possibility to perform a direct product comparison. ✓
 - Usually, you can compare two to three suggested products directly with one another in detail:

Coverage level for damage to property and personal injuries	✓ € 15 mn	✓ € 60 mn	✓ € 6 mn
Coverage level for financial loss	✓ € 15 mn	✓ € 60 mn	✓ € 6 mn
Excess in the case of a claim	✓ € 100	✓ € 0	✓ € 0
Exemption from premiums if unemployed	✗ Not insured	✓ Co-insured	✗ Not insured
Future improvements in benefits apply automatically	✓ Co-insured	✓ Co-insured	✗ Not insured
Minimum term	✓ 1 year	✓ 2 years	✓ 1 year

- Attention: this option is however not always easy to find, and may be found, for example, under “Compare details”, “Create PDF” or “Open PDF”.
6. If you are not sure, contact a contact person at the comparison portal. ✓
 - Comparison portals often offer advice or personal contact.