

Putting customer interests first in embedded insurance

In short Embedded insurance – the sale of insurance integrated into the purchasing process of a product or service – is increasing rapidly due to digitalisation. Insurance is therefore increasingly sold through platforms outside the financial sector. With this publication, the AFM aims to provide scope to take advantage of the opportunities of embedded insurance – by making clear what we consider important in order to safeguard customer interests in embedded insurance. These statutory requirements and key points can also bring added value in terms of safeguarding customer interests in cases where operators are unlicensed. Operators must comply with the statutory requirements and key points regarding the licence, product development, information provision and further insurance services. We will continue to investigate the opportunities and risks of embedded insurance.

Summary

Embedded insurance offers opportunities but requires clear safeguards for customer interests.

Integrating insurance into the purchasing process of products and services creates convenience for customers and provides scope for innovative insurance propositions. This development can help prevent uninsured damage and enable more suitable products to be offered to customers. At the same time, embedded insurance comes with potential drawbacks in that customers may make less informed choices and run the risk of being overinsured or underinsured.

In this publication, the AFM explains which statutory obligations apply to providers and platforms and provides practical recommendations for shaping embedded insurance for the benefit of the customer. The focus is on the topics of licence requirement, product development, information provision and activities in the management phase. These topics are discussed along the customer journey and provide direction to safeguard customer interests.

With these tools, the AFM aims to provide scope to take advantage of the opportunities of embedded insurance, without losing sight of the risks. This publication therefore offers providers and platforms guidance on how to set up embedded insurance sustainably and in the interest of customers.

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1. Introduction

1.1 Background to this publication

Embedded insurance means that the sale of insurance is integrated into the purchasing process (both physical and digital) of a product or service. Embedded insurance comes in many forms. A well-known example is the purchase of insurance when buying a new bicycle in the bicycle shop. This form of insurance has been around for quite some time but has taken off due to developments in the field of digitalisation. As a result, these insurances are increasingly being integrated into the websites of platforms, so customers can purchase these insurances online – while purchasing a product or service. This trend follows the broader trend of customers increasingly making online purchases.¹

Embedded insurance can be integrated into a product or into a platform. An example of integrated insurance is purchase protection insurance for purchases made with a credit card. An example of integrated insurance on a platform is cancellation insurance when purchasing an airline ticket or concert ticket. In addition to these examples of private insurance, the market for small business insurance may include accident insurance for self-employed people who accept assignments through a platform for independent contractors. Types of platforms vary widely, ranging from small web shops to large neobanks that integrate insurance into their paid subscription services.

Within the European insurance sector, embedded insurance is expected to see strong growth, due to further digitalisation and the potential to interact with customers online. Various reports include forecasts of the impact and extent of the growth that embedded insurance may experience, in which embedded insurance can account for 30% of all insurance transactions.² Although these estimates are uncertain, they do suggest that there is commercial interest in bringing embedded insurance to the attention of potential customers. In its annual consumer survey, the AFM observes that one in eight consumers take out insurance through embedded channels each year, with just over half of this group taking out the insurance online.³

The characteristics of embedded insurance and the growth forecasts have prompted the AFM to list the opportunities and risks of this development, and to provide clarification of relevant regulations for both providers and platforms. Both the AFM and the Dutch Central Bank (DNB) have previously drawn attention to this. In April 2023, the AFM stated in the publication ‘Technology towards 2033’ that insurance policies offered through embedded channels differ from traditional insurance policies, in terms of both coverage and duration.⁴ In June 2024, DNB published an in-depth analysis of embedded finance, with a specific focus on embedded insurance.⁵ DNB notes, among other things, that the development of embedded insurance is making the value chain more complex and less transparent, and that services are increasingly being provided across national borders.

This publication frequently refers to providers and platforms, which are two different groups.

Licencees that are primarily involved in embedded insurance in the chain may be insurance undertakings, managerial agents or intermediaries. When this publication uses the term providers, it encompasses all these categories. Platforms are the places in the chain where the customer encounters the insurance products. These may be operators with or without an AFM licence.

¹ Statistics Netherlands (CBS): [almost eight in ten people made online purchases in 2023](#)

² Embedded insurance | Deloitte Insights, IFT_1.2.indb & EY: [How insurers and new entrants can take advantage of embedded insurance](#)

³ AFM Consumer Monitor – Spring 2025

⁴ AFM occasional paper: Technology towards 2033

⁵ Embedded finance: striking a balance between convenience and risk in the digital economy | The Dutch Central Bank

1.2 Purpose of the publication: guidance and recommendations

With this publication, the AFM clarifies several relevant provisions of the regulations on embedded insurance and makes recommendations so that providers and platforms that are or want to be involved in embedded insurance can permanently safeguard customer interests in their business model. Providers and platforms must ensure that they organise their business operations in such a way that they comply with the relevant standards, with the AFM placing emphasis on the licence requirement, product development standards and statutory requirements regarding the provision of information in the case of embedded insurance.

In the following passages, we will first explain the opportunities and risks identified by the AFM (Chapter 2), after which we will discuss the criteria associated with the licence requirement (Chapter 3). Finally, we will discuss the safeguarding of customer interests during the various phases of the customer journey (Chapter 4).⁶ We will draw a distinction between several statutory minimum obligations and additional recommendations. These recommendations can help insurers and platforms to further safeguard customer interests.

⁶ The AFM describes several relevant statutory requirements in this publication, but this is not an exhaustive list of requirements.

2. Opportunities and risks of embedded insurance

2.1 Opportunities

Preventing uninsured damage

The AFM sees that embedded insurance offers opportunities to prevent uninsured damage.

Embedded insurance brings insurance to customers' attention when they may have a real demand for a particular insurance, for example when booking a holiday or before starting a freelance assignment. Consumers can thus insure against risks that they might not otherwise have been aware of.

More suitable products

Embedded insurance offers opportunities to develop new and more suitable products. Because platforms bring together customers with similar insurance needs, providers can tailor products to that specific group of customers. Niche insurance can benefit customer offerings. This can lead to more suitable products and product conditions.

2.2 Risks

Less well-considered choices

The ease with which customers can take out embedded insurance in a digital environment can lead to an increased risk of unsuitable insurance. Customers are focused on buying a product or purchasing a certain service. As a result, they may devote less time and attention to the insurance purchase than if their primary purpose is to take out insurance. In addition, providers and platforms make it as easy as possible to take out embedded insurance to prevent customers from prematurely aborting the purchase process. The sale of embedded insurance can therefore lead to less well-considered choices and a possibly hasty decision by the customer. As explained below, this can increase the risks of overinsurance or underinsurance.

Overinsurance

An important risk with embedded insurance is overinsurance: customers take out insurance that, at least in part, covers the same risk as an existing policy. An example is taking out embedded non-life insurance during the purchase of a smartphone when the customer's home contents and/or travel insurance already covers such damage. Because embedded insurance is often presented as an 'extra service', customers do not always realise that they may already be sufficiently insured. This risk exists especially when insurance is sold in a non-transparent way during the purchase of a product or service.

Overinsurance can therefore lead to unnecessary premium expenditure, without the consumer receiving any extra protection. From the point of view of financial resilience, this is undesirable: customers bear burdens that are disproportionate to the added value of the insurance. In addition, overlapping insurance policies can lead to complications in the settlement of claims if it is not immediately clear which insurer should primarily settle the claim.

2.2.1 Underinsurance

Embedded insurance also carries the risk of underinsurance. Customers think they are sufficiently insured, whereas the insurance only offers a limited or superficial level of coverage. For example, a

customer books a trip online and is automatically offered travel insurance, which, however, only covers baggage loss and not medical expenses or cancellation. The customer leaves believing they are fully insured, but in reality, they are exposed to significant risks. Especially in the case of medical costs abroad, where Dutch health insurance only reimburses the equivalent cost of the treatment in the Netherlands, the costs can run into thousands of euros. It is only in situations of vulnerability – such as illness, damage or theft – that it becomes clear that the coverage was insufficient. In addition to individual damage, this undermines trust in the financial sector.

Although customers receive information, for example through the Insurance Product Information Document (IPID), some customers will not take the time to read it properly or will not understand it. This risk is always present but is potentially even greater with embedded insurance. After all, customers' primary focus is not on purchasing insurance but on purchasing another product with which the insurance is associated.

2.3 Countering the risks

The application and knowledge of legislation and regulations by the providers and platforms involved is an important safeguard to counter the identified risks. For example, the laws and regulations surrounding product development can be an important guarantee of suitable products and the prevention of overinsurance or underinsurance. We will therefore discuss several important provisions of the legislation and regulations in more detail in the following chapters. First, we will explain the licence requirement, because the embedded insurance distribution chain is often a collaboration between licensed providers (such as insurers or managerial agents) and unlicensed companies (such as platforms).

3. Licence requirement

Platforms wishing to provide customers with embedded insurance can either operate under their own licence or, under certain conditions, choose to mediate in insurance without an AFM licence. This chapter describes the possibilities and obligations for each scenario.

3.1 An AFM licence

Companies that mediate in financial products in the Netherlands principally require a licence from the AFM. Under Section 2:80(1) Wft, it is prohibited to mediate in financial products without a licence from the AFM. Enforcing this licence requirement and acting against illegal intermediaries is an important duty of the AFM and a condition for safeguarding confidence in the financial sector in the broadest sense. Platforms that have embedded insurance in their offer to customers can also be qualified as intermediaries. However, this does not mean that they must always have a licence from the AFM, as there are also exceptions to the licence requirement under the Wft. These are expanded upon in more detail below.

3.2 Insurance distribution without an AFM licence

In addition to applying for an individual licence, there are three options for mediating in insurance without holding an AFM licence.⁷ First, platforms can use the exemption from the licence requirement under certain conditions. Second, platforms can register as a tied intermediary of the provider and thus use the provider's licence. Third, platforms can act as policyholders in group insurance policies, whereby they are exempted from a licence requirement in certain cases.

When an exception to (or exemption from) the licence requirement is used, the provider and the platform must be aware of the conditions under which this is possible. This prevents situations in which the platform unintentionally operates illegally without a licence and thereby violates Section 2:80(1) Wft. It also follows from Section 4:94 Wft that providers are prohibited from cooperating with platforms that operate illegally. This means it is important for both parties that the platform operates under the right conditions. Of course, applying for an AFM licence independently will always remain a possibility.

The licence requirement for group insurance has been tightened as of 1 October 2025, and this will be considered in this publication. This tightening of the licence requirement for group insurance is important because it means that platforms may now carry out activities that require a licence. In general, the AFM observes that platforms are using the exceptions to the licence requirement provided by the legislature pursuant to Section 2:80(1) Wft. The AFM understands that platforms use these options but points out that this is sometimes subject to conditions and that not all exceptions are appropriate for all embedded insurance propositions.

Statutory obligation 1

Providers and platforms must ensure that the chosen insurance proposition and the platform meet the conditions of the licence requirement, exemption or exception.

⁷ The AFM notes that platforms can also act as lead generators by referring customers to providers. However, the AFM points out that in practice, this can easily lead to mediation. For a platform to act as a lead generator, its role must be limited to sharing name and address details.

Exemption from licence requirement

If the platform *only* mediates in certain non-life insurance policies that supplement a good or service, it can use the exemption from the licence requirement.⁸ This exemption is based on provisions in the Insurance Distribution Directive (IDD) that exempts ancillary insurance intermediaries from a licence requirement under certain conditions.⁹ The exemption from the licence requirement means that the platform does not have to comply with the vast majority of the standards in the Wft. However, there are several standards that the platform is obliged to comply with and for which the provider takes responsibility in ensuring compliance.¹⁰ The AFM has compiled and published all relevant information about the exemption and licence requirement on its website.¹¹

Tied intermediary

The Wft also offers the possibility to register companies, such as platforms, as a tied intermediary and thus to be covered by the provider's licence.¹² Being able to appoint the tied intermediary is an implementation of a provision in the IDD.¹³ The tied intermediary uses the provider's licence for the products in which it mediates. However, in this case the platform is not allowed to collect premiums and can only mediate for one provider per product. In addition, the provider has the responsibility to ensure that the platform complies with the relevant provisions of the Wft.¹⁴ It must also register the platform with the AFM as a tied intermediary. This scope is therefore broader than for the exemption from the licence requirement. The AFM has compiled and published all relevant information on tied intermediaries on its website.¹⁵

Policyholder in group insurance

If the insurance product offered is specifically a *group insurance policy* in which the platform acts as the policyholder, a licence requirement may apply to the platform with effect from 1 October 2025. This is because the activities carried out can be regarded as mediation.¹⁶ Whether there is an intermediary is determined based on two criteria: does the customer have a choice about taking out insurance and does the platform receive compensation? If so, there is a licence requirement in principle. There is no licence requirement if customers do not have a choice or if the platform does not receive a fee. If customers do have a choice and the platform receives a fee, the platform may still be eligible for the exemption from the licence requirement if it qualifies as an exempted intermediary. In such cases, the policyholder must meet the conditions of the exemption from the licence requirement as described above. We have published an interpretation of the licence requirement for group insurance on our website.¹⁷

An overview of the possibilities for an exemption

The table below summarises the differences between the possibilities of exemption from the licence requirement for insurance mediation. The conditions under which the exemption or exception applies may vary widely.

⁸ Article 7 of the exemption regulations pursuant to the Wft

⁹ Article 1(3) IDD

¹⁰ Article 47(4) and (5) of the exemption regulations pursuant to the Wft and Article 1(4) IDD

¹¹ [Exemption and licence requirement](#)

¹² Section 2:81(2) Wft

¹³ Article 3(1)(5) IDD

¹⁴ Section 4:93 Wft

¹⁵ [Tied intermediaries](#)

¹⁶ Decision 62020CJ0633

¹⁷ [Group insurance](#)

Table 1: Overview of exemption possibilities

Exemption or exception	Products	Premium	Compliance with Wft provisions by platform	Licence requirement
Exemption from licence requirement	No restriction on the number of providers. Platform is not allowed to mediate in any of the insurance products.	Collection by the platform. Maximum premiums set.	Selection of sections in Wft as laid down in Article 47(4) and (5) of the exemption regulations pursuant to the Wft.	Incumbent on the provider. Platform not registered with AFM.
Tied intermediary	Only one provider per product. Platform is allowed to mediate in all insurance products.	Collection by the provider.	Full scope of the Wft.	Incumbent on the provider. Platform registered with AFM.
Group insurance policyholder without licence requirement	No restriction on the number of providers. Possibly an obligation for customers to take out the insurance.	Collection by the platform.	In the event of an obligation for customers and/or no compensation for the platform, the platform falls outside the scope of the Wft.	Incumbent on the provider. Platform not registered with AFM.

AFM supervision of the licence requirement

The AFM actively supervises compliance with the licence requirement and acts if it establishes that companies are acting as an illegal intermediary. To prevent illegality, it is important for providers and platforms to evaluate the insurance proposition – including underlying agreements – in the context of the licence requirement and the conditions of the exceptions to it. Finally, we note that an exemption from the licence requirement does not automatically mean an exemption from the whole of the Wft, and that the AFM will also continue to supervise compliance with non-exempt standards.

4. Customer journey

In the case of insurance products, the customer journey can be roughly divided into four phases: product development, orientation, take-out and management. In this chapter, the AFM outlines the most important statutory obligations and recommendations for each phase of the development and distribution of embedded insurance products.

4.1 Phase 1: Product development

Partly in view of the aforementioned risk of overinsurance and underinsurance in the case of embedded insurance, providers have a responsibility to ensure that the products they manufacture and distribute are compatible with the needs, characteristics and objectives of the target market. As described above, platforms do not always fall under the full supervision of the AFM, but providers do. Providers that manufacture develop insurance products are subject to statutory requirements governing product development and the way in which they distribute these products to the right target group. These statutory requirements are collectively referred to as the product approval and review process (PARP).¹⁸ Where a platform acts as an intermediary, it must ensure that it obtains the PARP information from the provider and understands the characteristics and intended target market of each insurance product.¹⁹ To provide more detailed information, we have published an overview of the relevant product development standards for product manufacturers and distributors on our website.²⁰

Providers who manufacture embedded insurance products must have adequate procedures and measures in place to ensure that customer interests are taken into account in a balanced manner in the development of the product and that the insurance is demonstrably the result of this balancing of interests.²¹ The provider must analyse the operation of the product, both as a whole and at the level of the various components. Such analyses must cover a variety of scenarios to establish that the product meets the target market's objective. In the case of insurance for electronics, for example, the provider must consider a possible statutory warranty.²² Other consumer protection provisions that the customer can rely on (even without insurance) may therefore also be relevant to product development. By way of illustration, a warranty insurance for a product that does not provide more cover than the statutory warranty, for example, can hardly be the result of a balanced weighing of interests. Its sale could possibly be regarded as an unfair commercial practice.²³

Statutory obligation 2

Providers must have adequate procedures and measures in place to ensure that customer interests are considered in a balanced manner in the development of the product and that the insurance is demonstrably the result of this balancing of interests.

By carefully developing and evaluating insurance products, providers can avoid foreseeable disappointment among customers. This includes the mandatory performance of scenario analyses that help determine how the product is designed and can be adapted if necessary. For further information on

¹⁸ In the case of insurance products, the relevant PARP standards are laid down in Article 32 and 32e of the Decree on Conduct of Business Supervision of Financial Undertakings under the Wft (BGfo) and Delegated Regulation (EU) 2017/2358 IDD.

¹⁹ Article 25 (1)(5) and (6) IDD

²⁰ [Product development and distribution](#)

²¹ Article 32(1) BGfo

²² Section 7:17 of the Dutch Civil Code

²³ Section 6:193b of the Dutch Civil Code

scenario analyses, we drew up guidelines in November 2024.²⁴ In addition, providers are obliged to tailor the distribution of insurance products to the target group.

Statutory obligation 3

Providers must carry out scenario analyses to continuously check whether the product and its distribution are appropriate for the target group.

Providers and platforms must ensure that they take customer interests into account in a balanced way during this process when personalising products. Embedded insurance creates opportunities to further personalise insurance policies. The platform has customer data and, if legally permitted, the provider can use these data to personalise policies. Personalisation can be reflected in, for example, the policy conditions, the profit margin or the actuarial pricing. Data can be used to personalise policy conditions and thereby promote customer interests, in order to offer more suitable products. An example is short-term travel insurance, where winter sports coverage is automatically added when customers book a winter sports holiday through a tour operator. On the other hand, the same techniques can be used to gauge customers' willingness to pay, based on which the premium can be adjusted to maximise the profit margin. The AFM has previously indicated that personalising profit margins based on customer duration may contravene the standards for product development.²⁵

A final form of personalisation concerns the actuarial assessment. Actuarial personalisation of premiums can offer both advantages and disadvantages. For example, an improved data position can reduce uninsurability, but insuring against other risks can become more expensive.²⁶ The AFM urges providers to carefully consider which data they use, to ensure that customer interests are considered in a balanced way when making – more accurate – risk assessments.

Recommendation 1

Personalise products to promote customer interest.

4.2 Phase 2: Orientation

The orientation phase is limited in the case of embedded insurance, both because of the limited time that customers take to make decisions and because of their limited number of options for comparison. Typically, embedded insurance is only presented to customers when they are in the process of completing a payment or finalising a service agreement. It is conceivable that customers have not considered whether they need additional insurance. Customers then quickly decide whether to take out insurance. Moreover, even if customers do have time to think about the insurance product, the possibilities for comparison are limited: in principle, embedded insurance products are sold without advice, only one provider/product is presented and customers can at most make a limited decision concerning the extent of cover. Particularly in the case of niche insurance, another factor is whether similar products can be taken out elsewhere.

Providers and platforms must be alert to the risk of violating the ban on cross-selling. The ban on cross-selling means that, with exceptions, insurance that is offered in addition to a good or service should not be a mandatory part of the purchase. Customers should also be able to purchase the good or service separately.²⁷ For example, it is possible to offer embedded travel insurance, but the trip must always be available without (possibly compulsory) insurance.

²⁴ [Scenario analyses from a customer perspective](#)

²⁵ [AFM Report: A fair premium for loyal policyholders](#)

²⁶ [AFM exploratory study: The personalisation of prices and conditions in the insurance sector](#)

²⁷ Section 4:75a Wft in conjunction with Article 24(1) IDD

Statutory obligation 4

Providers and platforms must ensure that the ban on cross-selling is not violated.

Embedded insurance products that are taken out digitally are subject to additional standards on distance selling. Articles 77 to 80 of the Decree on Conduct of Business Supervision of Financial Undertakings under the Wft (**BGfo**) contain additional disclosure requirements for the distance selling of financial products. In addition, under Section 6:230x of the Dutch Civil Code (**BW**), customers have the right to cancel a purchase within 14 days in the case of distance selling of insurance policies with a term longer than one month. Providers and platforms must take this into account when selling financial products remotely.²⁸

Statutory obligation 5

Additional distance selling standards apply to embedded insurance products purchased online.

Because embedded insurance gives customers limited time and options when considering whether to take out insurance, the environment in which customers make a choice has a major impact on the final decision. Research by the AFM shows that customers are guided in their choice by the environment in which they are presented with the options.²⁹ Guiding choice environments can support customers in making financially wise decisions but also tempt them to make unwise financial decisions. For example, emphasising the risks that customers are exposed to without insurance or referring to possible uninsured damage can lead to customers taking out insurance that they do not need. It is important to realise that there is no such thing as a 'neutral' choice environment; every environment effectively guides customers. The AFM therefore recommends that platforms and providers think about the design of their choice environment so that it is in the interest of the customer.

Recommendation 2

Consider the guiding effect of the choice environment and design it carefully. Measure whether the chosen design also has the desired effect on customer behaviour.

4.3 Phase 3: Take-out

When taking out the insurance, it is important that customers receive the correct information. Section 4:19(2) Wft stipulates that information on financial products supplied to customers must at least be correct, clear and not misleading. The AFM has published a policy rule on the provision of information on its website.³⁰ This includes a more detailed explanation of what the AFM means by correct, clear and not misleading.

Statutory obligation 6

Platforms and providers must ensure that the information they supply to customers is correct, clear and not misleading.

Because embedded insurance is integrated in an environment primarily concerned with the provision of non-financial products or services, it is important to keep in mind that the statutory requirements for the provision of information are different for financial products and non-financial products. In the case of financial products, the requirements for the provision of information, including advertisements,

²⁸ As of June 19, 2026, European Directive 2023/2673 will come into effect. It stipulates, among other things, that customers must be able to easily cancel a distance contract using an online cancellation function.

²⁹ AFM Report: [Understanding, guiding and measuring](#)

³⁰ [Policy rule on the provision of information](#)

are laid down in specific legislation and different requirements apply to each financial product. The provision of information on non-financial products is assessed within a broader framework of consumer law in the Dutch Civil Code.³¹ This means, for example, that the provision of information on travel insurance is assessed differently from the provision of information on the booked trip. Providers and platforms must be aware of this and ensure that the financial and other products they offer to their customers comply with the respective legal frameworks.

Statutory obligation 7

Providers and platforms must comply with both the legal standards for information provision on financial products (insurance) and the standards for information provision on non-financial products (the good or service).

In addition to the requirement that supplied information complies with Article 4:19(2) Wft, certain information must be supplied to customers. In the case of non-life insurance, for example, this involves the precontractual provision of the IPID.³² The structure of the IPID is laid down in Implementing Regulation (EU) 2017/1469 and includes the production of a European standard document for the interpretation of the IPID.³³

Statutory obligation 8

In the case of non-life insurance, provide the correct information in a timely manner, such as a correct IPID.

Providers and platforms must ensure that if they offer embedded insurance in multiple languages, the information provided in all languages is correct, clear and not misleading. Because embedded insurance creates opportunities to digital services, it is easier for providers to offer insurance on a cross-border basis from the Netherlands to customers in multiple EU Member States (or vice versa). If insurers choose to provide the information additionally in other languages, they must ensure that the information they provide in other languages also complies with the disclosure standards.³⁴ Further relevant standards on mandatory information provision are included on the relevant page of the AFM website.³⁵

Statutory obligation 9

The information supplied to consumers must comply with the standards of disclosure in all the languages in which it is made available.

When taking out insurance, it is important that the supplied information is balanced. This not only means that the insurance information that customers receive during the purchase should include the benefits of the insurance, but also that any exclusions or limitations should be communicated transparently. These restrictions must be stated in the IPID, but the AFM recommends that customers are also made aware of them earlier in the choice environment, for example directly on the platform's website.

Recommendation 3

Include relevant information on the insurance in the choice environment so that it is easier for customers to determine the terms and conditions of the product.

³¹ Sections 6:193a-193i of the Dutch Civil Code

³² Article 65b BGfo

³³ [Commission Implementing Regulation \(EU\) 2017/ 1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document](#)

³⁴ Article 65b(1) BGfo in conjunction with Article 20(7) IDD

³⁵ [Insurance information disclosure](#)

The above information obligations may be at odds with the need to make it as easy as possible for customers to take out the embedded insurance product. The AFM recommends that providers and platforms take this dilemma into account and consider how coverage restrictions and conditions are clearly communicated to customers. This will enable customers to make a good assessment of the suitability of the insurance even in a process that makes it easy to take out the insurance. This is to avoid disappointments down the line.

Recommendation 4

Balance the convenience of taking out insurance with ensuring that customers are still adequately informed about the product's features.

Providers and platforms can create value for customers when they are clear not only about how the insurance meets the needs of customers, but also how it relates to traditional insurance(s) that customers may already have. As part of the PARP process, it is clear to the provider which target market it has in mind for the product. However, this does not mean that these customers automatically understand the added value that the offered insurance product can provide for them. It may be unclear whether certain insurances are necessary if, for example, customers already have travel, home contents or accident insurance. Providers and platforms can take this into account. This can be done by explaining how the product relates to traditional insurance and consumer rights.

Recommendation 5

Inform customers how the embedded insurance product fits in with traditional insurance policies they may already have.

4.4 Phase 4: Management

Depending on the division of activities between them, either the provider or the platform must ensure that customer complaints are adequately handled.³⁶ Embedded insurance services are typically integrated into a digital environment, where there is a physical distance between customers and the provider or platform. Contact through a digital environment therefore also creates a certain distance that can be bridged by good service. There is an obligation incumbent on the provider or – if it has a licence – on the platform to inform customers about the complaints procedure and which dispute resolution body they may be able to contact.³⁷ Since embedded insurance creates opportunities for cross-border services, there is a real possibility that the competent dispute resolution body will be located in a different country than the customer. It is therefore particularly important that it is clear to customers where to seek help.

Statutory obligation 10

Providers or platforms must ensure that they have an adequate complaints procedure and are affiliated with a dispute resolution body.

The AFM recommends that providers also consider the design of the management phase of the insurance and align it with the design of the distribution process. In the case of embedded insurance, the AFM sees that the distribution is set up to make the take-out process as simple as possible for customers. This ease of take-out creates a similar expectation among customers regarding the design of the management phase. In practice, this means, for example, that embedded insurance customers expect to be able to submit a claim easily or make contact quickly. It is precisely in the management phase that the added value of the insurance for the customer becomes apparent.

³⁶ Section 4:17 Wft

³⁷ Article 42 and Article 57(1)(c) BGfo

Recommendation 6

Determine whether the service in the management phase is in line with the way the product is distributed and meets customers' expectations.

Embedded insurance is more often short-term, either due to a predetermined date or due to the termination date of the product or service to be insured. In the first case, customers already know the end date of the insurance when they purchase it, as in the case of a warranty insurance that extends the manufacturer's warranty by three years from the purchase of the product. In the second case, the insurance is linked to an ongoing product or service without a predetermined end date. In this case, the insurance expires automatically when the primary product is no longer used. An example is the use of a shared car for which additional insurances expire when the car is returned. The insurance can also be linked to a service, such as accident insurance that provides cover until the insured ceases to perform work through a platform. Given the diversity of terms, it is important that providers and platforms inform customers clearly and in a timely manner about the expiry date of the insurance.

Recommendation 7

Inform customers clearly and in a timely manner about the expiry date of the insurance.