

# “Consumer protection policy in the Polish life insurance market in the aspect of current legal regulations”

## AUTHORS

Anna Ostrowska-Dankiewicz  <https://orcid.org/0000-0002-2131-4522>

## ARTICLE INFO

Anna Ostrowska-Dankiewicz (2019). Consumer protection policy in the Polish life insurance market in the aspect of current legal regulations. *Investment Management and Financial Innovations*, 16(4), 168-180.  
doi:[10.21511/imfi.16\(4\).2019.15](https://doi.org/10.21511/imfi.16(4).2019.15)

## DOI

[http://dx.doi.org/10.21511/imfi.16\(4\).2019.15](http://dx.doi.org/10.21511/imfi.16(4).2019.15)

## RELEASED ON

Thursday, 05 December 2019

## RECEIVED ON

Friday, 01 November 2019

## ACCEPTED ON

Monday, 18 November 2019

## LICENSE



This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/)

## JOURNAL

"Investment Management and Financial Innovations"

## ISSN PRINT

1810-4967

## ISSN ONLINE

1812-9358

## PUBLISHER

LLC “Consulting Publishing Company “Business Perspectives”

## FOUNDER

LLC “Consulting Publishing Company “Business Perspectives”



NUMBER OF REFERENCES

**38**



NUMBER OF FIGURES

**4**



NUMBER OF TABLES

**2**

© The author(s) 2025. This publication is an open access article.



BUSINESS PERSPECTIVES



LLC "CPC "Business Perspectives"  
Hryhorii Skovoroda lane, 10,  
Sumy, 40022, Ukraine

[www.businessperspectives.org](http://www.businessperspectives.org)

**Received on:** 1<sup>st</sup> of November, 2019

**Accepted on:** 18<sup>th</sup> of November, 2019

© Anna Ostrowska-Dankiewicz, 2019

Anna Ostrowska-Dankiewicz, Ph.D.,  
Rzeszow University of Technology,  
Faculty of Management, Department  
of Finance, Banking and Accounting,  
Poland.



This is an Open Access article,  
distributed under the terms of the  
[Creative Commons Attribution 4.0  
International license](https://creativecommons.org/licenses/by/4.0/), which permits  
unrestricted re-use, distribution,  
and reproduction in any medium,  
provided the original work is properly  
cited.

Anna Ostrowska-Dankiewicz (Poland)

# CONSUMER PROTECTION POLICY IN THE POLISH LIFE INSURANCE MARKET IN THE ASPECT OF CURRENT LEGAL REGULATIONS

## Abstract

The paper presents the phenomenon occurring in recent years on the Polish life insurance market, which enforced corrective protective actions by investment consumers of insurance products. The essence and assumptions of the new financial market paradigm are discussed, presenting the process of changes in supervisory and regulatory standards, adopted and implemented strategies in the development of protective policy together with the review of the most important legal regulations, solutions in terms of increasing product transparency and creating a new life insurance policy model to highlight pro-consumer activities. The practical implications of the study are grounded on the analysis of main problems of life insurance market in Poland and indicate the possibilities of applying appropriate solutions in the field of insurance distribution based on the latest legal regulations, recommendations and consumer needs, setting new standards and practices that raise the level of consumer safety, and in the future can become a possibility for development of the investment products market.

## Keywords

investment insurance, innovative sales model, Polish life insurance market, consumer protection policy

## JEL Classification

D18, G22, G28

## INTRODUCTION

In recent years Poland has been conducting an intense discussion on compliance with the correct rules for the sale of life insurance products and providing increased protection for consumers of the investment market for life insurance. Insurance activities and phenomena occurring as part of life insurance offerings related to insurance capital funds are subject to many perturbations, which are connected, first of all, with the increasing awareness of consumers. This is the result of the introduced changes related to an application of the new regulatory and supervisory paradigm in the entire financial sector, which in the insurance industry projects is considered as the new approach to problems and consumer protection policy model, as well as new insurance distribution models and standards should provide better protection for insurance companies' customers.

The reason for taking action and striving for a new model of consumer protection policy is the growing problem of the decline in the clients' trust in the distributors of products on the market of innovative life-saving products. This phenomenon results mainly from the use of unfair market practices by insurance companies, the policy of misinforming the customers, as well as from non-transparent range of products offered. This ultimately led to a massive collapse of the savings policy, as well as the weak position of insurers.

The new regulatory and supervisory paradigm of the financial market, which enforces consumer protection of innovative financial products, including insurance products, thus, becomes an opportunity to increase the safety of life insurance policy buyers. As a result of independent and separate supervision appearance, an approach to the protection of consumer rights in the insurance market is also of special importance, strengthened by the application of pro-consumer solutions defined by supervising institutions regarding the reduction of information deficit in the applicable distribution policy and accepted insurance models of insurers.

The tendency of the growing dissatisfaction of clients with investment policies observed in the Polish life insurance market, a decrease in interest in concluding new contracts, encourages to analyze the main causes of problems and to offer relative solutions.

The study aims to present the phenomena occurring in the Polish life insurance market in terms of opportunities and barriers to its development, with particular emphasis on security threats and consumer protection, through:

- introduction and discussion of the most important regulatory solutions in the field of insurance services consumer protection;
- discussion of the process of evolution and the contemporary state of the Polish investment market sector, as well as changes in demand for specific life insurance products;
- analysis of main market problems regarding the reasons for losing confidence in entities offering investment life insurance products resulting from the application of practices defined by financial institutions;
- indication of possible applications of appropriate pro-consumer solutions and an appropriate sales policy model in the aspect of adapting to the recommendations of supervising institutions and the use of information transparency as factors for the development of the Polish market of life insurance investment.

---

## 1. LITERATURE REVIEW

The reason for the commencement of intense changes in regulatory standards and practices from supervisory institutions was the introduction of a new regulatory and supervisory paradigm in the financial sector as a consequence of the crisis in 2007–2010. It should be emphasized that from the beginning of the functioning of global insurance markets, the issue of protection of consumer rights and their interests has never been the subject of such intensified discussions as at present. The problems related to the proper policy of consumer protection in the financial market, including the insurance market, find their profound expression in the current actions resulting from the adaptation to the new regulatory and supervisory paradigm, where the so-called public risk management and ensuring the security of the

entire financial system, in particular through increasing regulation (CGFS, 2008), is of great importance. When analyzing the changes in trends in the basics of regulation of financial markets, it should be pointed out that since the 1980s, an old paradigm called the Washington consensus was still valid. It was based on the belief in the absolute rationality of financial markets, which may be subject to short-term turmoil, but their proper functioning required only good access to information (Helleiner, 2010). Insufficient transparency or the lack of information caused a huge decrease in confidence in the financial market and became the main driver for introducing new regulatory and supervisory standards within the framework of the new concept called the Basel consensus (Eatwell, 2009). Instead, financial markets should be perceived as rational and self-healing ones, in which financial innovations were considered an

important component of financial security and stability (Baker, 2009; Nichols, 2009). The view on the instruments of influence and the nature of supervision has also changed. The importance of public intervention with the application of protective regulations related to consumer rights on the financial market was imposed (Baker, 2013). The starting point for the creation of a new consensus was the assumption that the financial market is unstable and cyclical, without a guarantee of self-healing, on which innovations or herd behavior can destabilize the entire financial system. Such premises were adopted to conduct an appropriate policy based on the intervention of public institutions in the form of prohibiting the use of specific solutions or prohibiting or restricting the sale of certain products. In the Basel consensus, therefore, the so-called macro-prudential supervision is based on public risk management of the entire financial system, thanks to which financial security becomes a public sphere. Besides, consumer protection was a distinctive feature of the Basel system, which is an important component of the supervisory system, including the supervision of insurance companies, which was considered an important aspect of the information provisioning function.

The separation of supervision in the scope of protection of consumer rights has resulted in the creation of such EU institutions like the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA). The key tasks of these entities are activities in the scope of protecting the interests of consumers of financial services, including insurance, and creating pro-consumer policy in all European Union countries. The financial market supervision system established as a result has implemented the application of macro-prudential rules. The Financial Services Action Plan gained considerable political support, which resulted in the European recovery plan regarding the restoration and maintenance of financial market stability (Kawiński, 2015). The initiatives taken by the European Union led to the establishment of the European System of Financial Supervision (ESFS), which was to involve national supervision, whose main objectives are activities based on ensuring transparency, simplicity, access to the insurance

market and the integrity of its entities in relations with consumers. EIOPA's strategy indicated that it is necessary to achieve the above objectives (J. Monkiewicz & M. Monkiewicz, 2015):

- 1) creating conditions for consumers to make informed choices;
- 2) creating a framework for proper sales practices;
- 3) creating conditions for better management of insurance products and their availability and suitability;
- 4) supporting the development of effective dispute resolution systems;
- 5) supporting the development of insurance guarantee schemes protecting insured persons against the risk of bankruptcy of insurance companies.

From the point of view of the subject of this study, focused on the Polish investment market, the EU regulations adopted in recent years deserve attention. Of particular importance in this respect are the EU regulations regarding the monitoring of the market of retail financial services, including insurance, as well as the so-called product intervention (Łańcucki, 2017). The European Insurance and Occupational Pensions Authority (EIOPA) established for this purpose (Regulation 2010/1094) controls, inter alia, the market for investment insurance products marketed, distributed, or sold in the Union. At the same time, it has the right to prohibit or restrict certain types of activities and to distribute certain investment products (Regulation 2014/1286), if they raise serious concerns about investor protection (Regulation 2016/1904).

Providing the supervisors with product intervention powers at the level of the entire European Union and in the individual member states should result in increased consumer protection in the insurance sector, offering investment life insurance.

A particularly dangerous phenomenon observed for several years on the life insurance market linked to the possibility of investing is the so-

called misselling, which is generally defined as unsafe for customers, by which the impure sale of insurance is understood by misleading the customer (Wierzbicka, 2015; Babula, Mrzygłód, & Poszewiecki, 2017), violating his interests, which results from the sale of products that do not match the client's needs and expectations (Cichorska, 2017; Grmanová & Strunz, 2017). Improper practices used at the product sale stage usually involve providing consumers with unreliable, incomplete and sometimes even untrue information. From the point of view of insurances related to insurance capital funds as part of misselling, the most frequent issues are lack of sufficient and clear information that a deficit may occur at the end of the policy, financial consultants fail to complete a full assessment of the consumer's financial condition, adequate to the investment risk of the product, lack of awareness of consumers that investment income will be possible only when the investment period provided for in the plan ends, advising consumers to invest in a policy, under the guise of selling another financial product (Kościelniak, 2016).

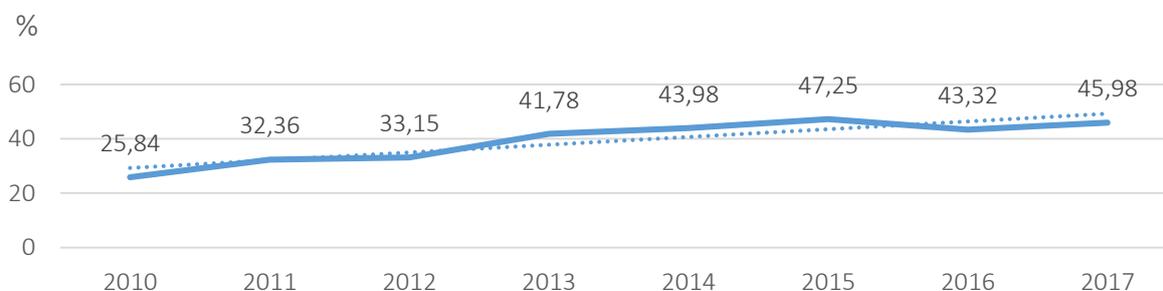
Misselling, therefore, has the characteristics of unauthorized sales and occurs when consumers are misleading, important information such as fees and transaction risk are not reported (Franke, Mosk, & Schnebel, 2016). Unfortunately, strictly investment insurance is indicated as most often exposed to limited transparency of information, which is particularly dangerous for the customer, especially since these products are characterized by a considerable degree of complexity. Difficulties in transparency result from the development of products and may appear even before

making a purchase decision, even if at the time of comparing the offers of different insurers. Besides, it is necessary to compare the parameters presenting the profitability of the investment part of insurance, assuming different levels of yield rates for instruments related to them. Consumers of this type of services most often are not aware of the difference in the construction of the parameters and rates used, they do not know the features of financial instruments, or they cannot convert one type of rate into another (Frączek, 2017; Malyovanyi, Nepochatenko, & Nesterchuk, 2017; Ngo & Pavelková, 2017).

Additional problems resulting from the lack of transparency of insurance are caused by the content itself and the incomprehensible and complex language used in the general terms of insurance, in particular in the scope of such elements as determination of underlying assets, participation rates and an explanation of investment opportunities as a result of working out specific rates of return on the product. In the context of development and efficiency, additional difficulties in assessing the investment insurance products result in concealed information related to the use of many types of specific burdens related to policy administration, costs related to buy-out and so-called liquidation charges, which are often used by insurance companies for profit, which is a harmful approach and should be banned (Ostrowska-Dankiewicz, 2017).

Investment life insurance is treated in Poland as relatively the most innovative savings product and has been very popular among consumers for years. The assignment of insurance premiums related to the possibility of investing in insurance capital

Source: Author's study based on FSA data.



**Figure 1.** Changes in the share of life insurance from ICF in the structure of gross written premium in Section I in Poland in 2010–2017

funds (ICF), according to data at the end of 2017 constituted almost 46% of the whole life insurance premiums (FSA, 2018), which proves the still dominant share of these products in the entire segment life insurance.

However, a certain contradiction is surprising, as products badly evaluated by consumers remain the most popular. In the ranking of 44 consumer markets, developed by the European Commission to examine the level of consumer confidence and the scale of problems they create, the market for investment products in the European Union took the 41st position, and in Poland, the 43th-last position (European Commission, 2016). This situation may result from the lack of presenting the exact terms and financial possibilities that investment insurance implements.

## 2. DATA SOURCE AND RESEARCH METHODOLOGY

In the study the method of analysis and synthesis of secondary data was applied.

The review and the discussion of the main regulations in the field of changes in consumer protection policy in the insurance market was made based on scientific sources, non-academic studies, reports, and legal regulations. Due to the extent of the analyzed problem, only the most important issues were raised.

The changes in the structure of the life insurance market were conducted based on data from the insurance companies' reports and the institution supervising the Polish insurance market (Polish Financial Supervision Authority) and the self-governing institution of insurers (Polish Chamber of Insurers). The analysis concerned the trend of changes in the total gross written premium and its share in individual groups of the life insurance department.

The problem of loss of confidence in life insurance distributors was studied based on a critical analysis of reports in the Polish insurance market and a quantitative analysis of complaints lodged with consumer protection institutions in the insurance market (Insurance Ombudsman,

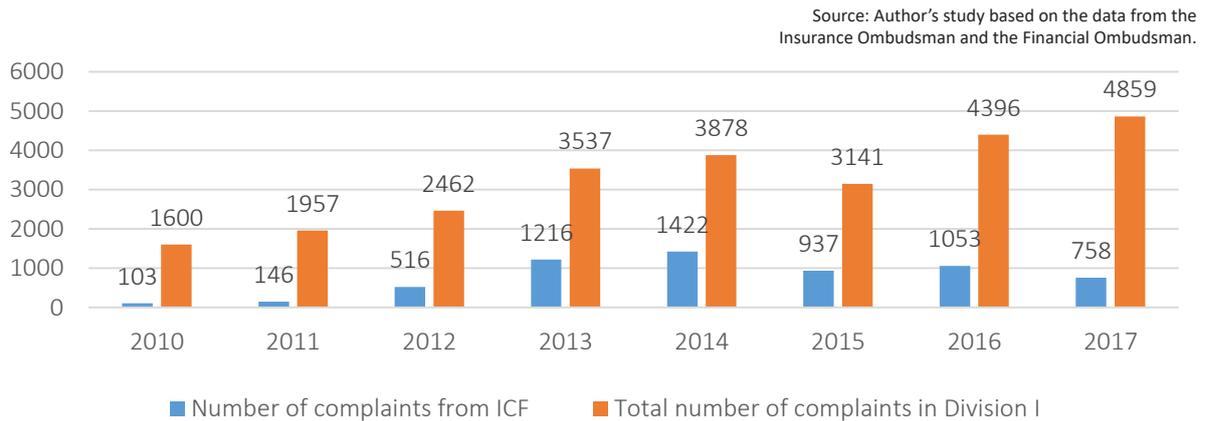
Financial Ombudsman, Office of Competition and Consumer Protection). The analysis covered changes in the number and percentage share of complaints in the overall complaints subject, with particular emphasis on investment-related life insurance, related to their constructional features and procedures followed by insurers.

Indication of the possibility of using new pro-consumer policy models in the scope of solutions for new sales models was made based on a critical analysis of recommendations of protective and supervisory institutions, setting new standards and practices that directly pose an opportunity to improve consumer safety, and thus market development prospects are the practical implication of the study.

## 3. RESULTS

Since the financial crisis and the decline in premiums in 2009, from 2010, a steady increase in interest in ICF related insurance has been observed throughout the entire period. The share of these insurances in the structure of the premiums written for the whole life insurance sector was broken down only in 2016 and decreased by 3.93%, which was influenced by market reports about unfair insurer practices and the increased wave of dissatisfaction and the growing number of consumer complaints about life products of an investment nature. These insurances have become the object of the largest number of complaints, including consumer complaints about individual life insurance groups, as presented in Figure 2.

In the analyzed period, the number of complaints about all life insurance submitted to security institutions increased from 1,600 to 4,859, i.e., by over 203%. The largest increases in the number of complaints about ICF insurance in relation to the previous year took place in 2012–2013. In spite of the decline in interest in the purchase of such products in 2016 and the observed short-term collapse of the these policies, in 2017 compared with 2016, there was a downward trend in the number of complaints by 28%, which confirms another market contradiction and shows that clients are still unaware and uninformed.



**Figure 2.** Number of complaints affecting insurance to security institutions in Poland

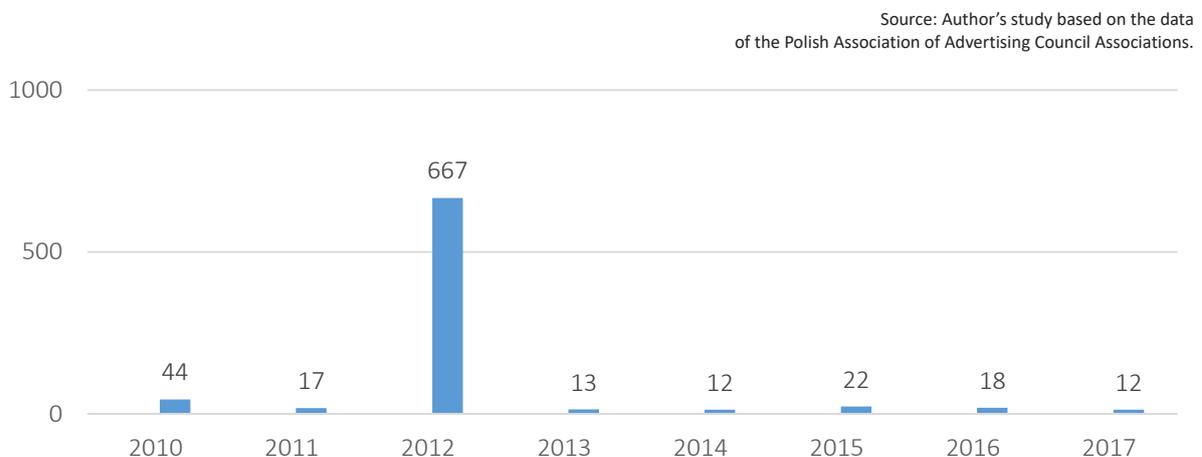
Also the number of all complaints made by consumers on financial institutions, including insurance ones, was the highest in 2012, and in subsequent years it decreased, which is presented in Figure 3.

The number of complaints in 2012 for financial and insurance institutions increased almost 40 times, i.e., by 650 applications in relation to the previous year. In 2012, Poland also paid particular attention to the huge problem of growing misselling. Advertising Ethics Commission indicated that the number of consumer complaints about misleading was the highest in 2012 and accounted for 80 complaints. In subsequent years, the number of complaints about financial and insurance institutions was decreasing, which is evidently a measurable effect of the fight against the misselling of insurers.

Apart from the protection function, investment insurance is connected with the possibility of

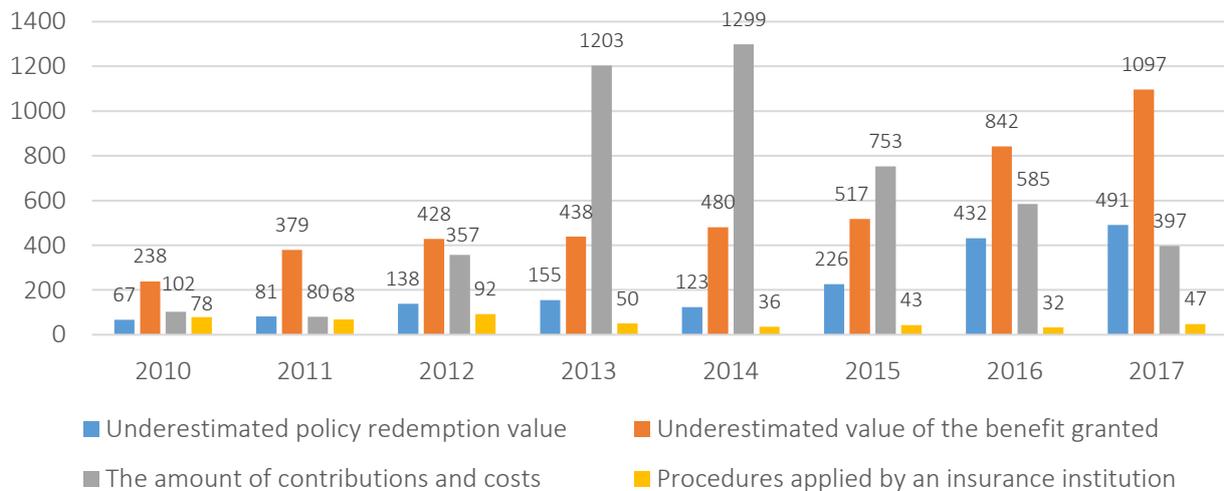
saving and multiplying certain parts of premiums. Therefore, they create a risk for the customer to lose accumulated funds or dissatisfaction with the scale of achieved investment effects, which was confirmed by UFK's effectiveness research (Ostrowska-Dankiewicz, 2016; A. Cwynar, W. Cwynar, Kaźmierkiewicz, & Ostrowska-Dankiewicz, 2016).

An acquisition of this type of financial services should be associated with particular trust in the institutions that offer such products, as well as an opportunity to learn the product strategy before purchasing it. Unfortunately, these products in the area of lack of transparency cause and deepen the threats to consumer safety on the market of insurance services, which also appears in the subject of complaints lodged with security institutions precisely on the development elements of UFK products, which is presented in Figure 4.



**Figure 3.** Number of complaints made by consumers on financial and insurance institutions

Source: Author's study based on the data from the Insurance Ombudsman and the Financial Ombudsman.



**Figure 4.** Number of complaints about construction elements of life insurance investments

The subject of complaints submitted strictly for elements of investment insurance development indicates that the consumers see the greatest problems in the amount of premiums, including additional costs and fees and understating the amount of the benefit, which is most often associated with low investment efficiency of insurance capital funds with which they are linked. Customers usually do not know their actions or do not understand them, and when buying investment insurance, they treat a policy as a reliable and profitable investment.

The essence of the problem is, therefore, the proper information policy (Ostrowska-Dankiewicz, 2018) and the effective implementation of mechanisms protecting the interests of insurance market participants, which for many years after the 2007–2010 crisis were the secondary interest of supervisors and security institutions, which had far-reaching consequences that led to safety deficit in this market. Although information duties and the shaping of insurance awareness have not completely lost their significance, they have proved insufficient and have had dramatic consequences for both individual consumers and the entire insurance sector. The lack of transparency of information and the entire financial system results from the fact that many types of risks are outside the balance sheets of certain insurance companies.

## 4. DISCUSSION

The institution of consumer protection of the Polish insurance market in 2016 confirmed the legitimacy of allegations regarding the unethical behavior of insurers and their co-operators in the distribution of investment insurance, which became a real warning to consumers that investment insurance is a high-risk product. It was found that these contracts were tailor-made to the needs of the insurance distribution network and the financial expectations of its representatives, and to a lesser extent, were a response to consumer demand. Besides, insurers camouflaged the cost of commission, using legal measures to hide and pass on to the consumer appearing at the beginning of the contract the cost of its distribution (Report of the Financial Ombudsman, 2016). In addition to the disadvantage of clients and the deepening of their ignorance, the situation of distance insurance policies could have an impact. By concluding the contracts via the Internet and marking selected commands visible on the monitor, the client often made decisions ill-conceived, guided by the impulse (Adrych-Brzezińska, 2015).

Analyzing the main problems of the life insurance market indicated that the need to increase consumer protection by improving the processes of accurately informing customers about product opportunities, especially related to savings, addi-

tional costs and investment risk, was of great importance for the future elimination of similar irregularities. Both in the existing regulations and emerging proposal solutions, minimum requirements are assumed in terms of completeness, transparency and adequacy of information regarding specific products. An improvement in the quality of disclosed information on investment products is crucial to rebuild the confidence of individual investors in the financial markets. However, effective regulation of the sales processes of these products is also important (Regulation 2014/1286).

A special revolutionary solution is the consumer insurance protection model covering the scope of all insurance products, which assumes the use of continuous assessment processes by the insurance companies of the products offered from the point of view of protecting consumers' interests. It is assumed that before any product goes in the market, it must undergo an internal control process. Thanks to this, it will be possible to determine for whom the insurance is intended, what risks it carries, what costs and additional fees are associated with it, as well as who will sell it and what will be the dispute resolution system (Regulation 2016/1904). The European Insurance and Occupational Pensions Authority (EIOPA) has identified when the sale of certain insurance-based investment products creates problems in the field of investor protection.

The recognition of a significant problem in the field of investor protection in the market of investment insurance products can currently be made on the basis of at least one of the factors specified in the Regulation (2016/1904), which may relate to:

- the complexity of the insurance investment product concerned;
- the size of potential negative consequences;
- the type of investors who are offered or sold an insurance investment product;
- the degree of transparency of the investment product;
- a discrepancy between the expected profitability or expected profit for investors and the

risk of loss in relation to the insurance investment product;

- price formation and related costs of the insurance investment product;
- the degree of innovation in the insurance investment product;
- sales practices related to the insurance investment product.

It should be emphasized that the adoption of a new consumer protection model within the EU regulations is valid in all European Union countries and regulates the powers to intervene, granted to the competent state authorities, as confirmed by the amended or newly adopted provisions of Polish law. For example, in the Act on Insurance and Reinsurance Activities (The Act, 2015, item 1844), it was found that the supervisory authority exercises powers in relation to product intervention. In Poland, the fight against dishonest practices of insurers and the implementation of a new protection model has been confirmed by creating a register of prohibited clauses kept by the Office of Competition and Consumer Protection (Orłowski, 2013). The Polish Financial Supervision Authority also undertook remedial actions, issuing, inter alia, the so-called Recommendation U, which is a development of a uniform standard regarding the bancassurance market (FSA, 2014). In addition, the effect of increased state supervision was the adoption of the act on dealing with complaints by financial market entities and the Financial Ombudsman, which regulated the uniform procedure and time limits for financial market entities to submit complaints submitted by their clients as part of complaint procedures (The Act, 2015, item 1348). The provisions of this Act have transformed the institution of the Insurance Ombudsman into the Financial Ombudsman and extended his competences. His actions consist in providing advice, interventions, conducting amicable proceedings, and in cases where settlement is impossible, support in court proceedings. He is currently the strongest representative of the clients of the insurance market. Recognizing irregularities in the functioning of the financial market, the Defender informs the Polish Financial Supervision Authority and the Office of Competition and

Consumer Protection. Taking care of the general interest of clients of financial market entities, it also asks the relevant ministries to introduce systemic changes to the Supreme Court in case of discrepancies in the interpretation of the law regarding a resolution regarding their interpretation.

It should be added that unfair sales and prohibited provisions of standard models were also referred to in the amended Act on Competition and Consumer Protection, which introduced a ban on offering consumers the purchase of financial services that do not meet the needs of consumers determined by the information available to the trader regarding the characteristics of these consumers or proposing the purchase of these services inadequate to their nature (The Act, 2015, item 1634). The purpose of this amendment was to force entrepreneurs to behave ethically in terms of proposing financial products to consumers, including insurance products. The legislator has taken steps to increase the safety of consumers inherently weaker by ordering to evaluate their products in terms of their suitability for specific groups of consumers and referring them to such groups for which the product is actually intended, in a non-misleading manner, in accordance with good practices.

The guidelines of the supervision institutions of the Polish insurance market (Wytyczne ..., 2014) also help to improve the situation of clients, including insurance distribution requirements. All information regarding product features should be included in the information material and then passed on to the client, and in the case of investment products, the insurer should inform about real risks related to investing, as well as fees that may also become the burden of the policyholder. The final point of the Guidelines in the field of insurers' information policy includes the recommendation of a product card. It is not an integral part of the contract, but it is an important information material that should be used by the distributor when selling the product. The product card contains the purpose, characteristics, and the entire mechanism of functioning of given insurance.

One of the most serious and also the most difficult challenges for the Polish insurance market will be an implementation of the guidelines contained in the so-called IDD Directive (Directive, 2016) on

the distribution of insurance, which aims to further strengthen the position of the customer as the recipient of the insurance service. The fundamental principles of the Directive, contained in art. 17 and 20, state that distributors providing insurance distribution should act honestly, reliably and professionally, in accordance with the best interests of their clients, proposing contracts that are in line with the client's requirements and needs.

The documents resulting from consultations on the supervision and management of products by insurance companies using effective practices (EIOPA, 2016) formulate the scope of activities of distributors, which in the processes of product approval should include:

- defining the target market for each product together with an assessment of all relevant risks;
- an identification of market segments for which the insurance product is not considered adequate;
- an analysis of the insurance product in terms of its effectiveness in various scenarios with a crisis burden;
- an analysis of the insurance product in terms of solutions unfavorable to the client and making possible modifications to mitigate the damage;
- an identification of appropriate distribution channels, taking into account the target market and the product;
- verification whether the actions taken in the distribution channels are consistent with the supervision and product management arrangements adopted by the insurance company.

All IDD guidelines had to be implemented by the Member States of the European Union. The result of this requirement in the Polish market was the adoption of the Act on insurance distribution (The Act, 2017, item 2486), which entered into force on October 1, 2018. Its main goal is to provide better protection for customers through a comparable sales standard in all distribution channels.

Thanks to the introduced regulations, a new life insurance sales model should be developed. Its main goals should be based on the same level of protection, sales standards and customer information regardless of the sales channel used. Specific changes should be made at certain stages of contact with customers and specific activities of distributors. Specific business processes in which changes should be made in connection with the implementation of IDD regulations should cover both customer contacts and the activity of distributors. Necessary directions for changes in specific processes are presented in Table 1.

**Table 1.** Business processes that should be covered by changes within a new insurance distribution model

Source: Author's research.

Processes in dealing with clients	
An analysis of customer needs	Information duties, including so-called product card
Marketing materials	Complaints
Processes in the activity of distributors	
Remunerations and commissions	Permissions for distribution activities
Products management	Conflict of interest management

The responsibilities for the protection of the consumer have to be fulfilled by the insurance distributor in a specific order (in stages). The most important of them from the point of view of the new

model of investment life insurance distribution are presented in Table 2.

**Table 2.** Stages of performing the duties of a life insurance distributor in a new sales model distribution

Source: Author's research.

Distribution stages
1. Determining the customer needs (based on information obtained from them)
2. Determining the segment (checking if the client is in the target group)
3. Offering a product (according to customer requirements)
4. Providing the information about the product (enabling the client to make an informed decision by explaining the product's features along with its structural elements, complexity)
5. Providing the information about the distributor's remuneration (especially the amount of the distribution cost index)

The obligations imposed in the new life insurance sales model are particularly important, taking into account the existing market experience. In particular, stages 4 and 5 reflect the next step in the fight against unfair insurers practices and increase the transparency of insurance and savings products, which is a huge challenge for the market and distributors of products, and, at the same time, a milestone in the development of consumer protection policy and increasing the chances of further market development.

## CONCLUSION

Recent changes in the Polish life insurance market are a consequence of many perturbations. They appeared especially as a result of the financial crisis and the actions taken as part of the evolution and creation of a new financial paradigm.

Since the insurance companies offering their products were mainly interested in maximizing profits, they started using low customer awareness. They based on the assumption of high trust in financial institutions and at the same time began to apply unfair market practices. The growing processes of dishonest sales (misselling) and the lack of transparency of the products offered led to a huge drop in confidence in insurers offering them, growing dissatisfaction among insurance buyers and an increase in complaints about institutions, products and their construction components.

The essence of the corrective mechanisms undertaken has become the different, regulatory role of the state and supervisory institutions, and above all the new protective policy and the creation of a new insurance sales model.

Particularly important elements that should be leading in the new consumer protection model of the Polish insurance market should include:

- 1) further activities of specialized security institutions, as a part of the system supervising the use of pro-consumer solutions, creating recommendations for the demand and supply side of the market in order to reduce the lack of product transparency and eliminate unfair market practices;
- 2) creating opportunities and greater prospects for the development of the life insurance market by applying in practice a new insurance sales model, based on changes in business processes both in dealing with customers and in the operations of distributors.
- 3) increasing the regime in the application of a new insurance distribution model based on the analysis of customer needs, increasing transparency of information, which will create opportunities for rebuilding mutual confidence of market participants and making informed consumer decisions and will eventually affect market development.

## REFERENCES

1. Adrych-Brzezińska, I. (2015). Obowiązek informacyjny w umowach ubezpieczenia zawieranych na odległość z udziałem konsumentów. *Wiadomości Ubezpieczeniowe*, 2, 19-33. Retrieved from <http://cejsh.icm.edu.pl/cejsh/element/bwmeta1.element.desklight-c8241de0-2eae-4bbf-aabe-c5e5ed854d61>
2. Babula, E., Mrzygłód, U., & Poszewiecki, A. (2017). Consumers' Need of Privacy Protection – Experimental Results. *Economics and Sociology*, 10(2), 74-86. <https://www.doi.org/10.14254/2071-789X.2017/10-2/6>
3. Baker, A. (2009). Deliberative Equality and the Transgovernmental Politics of the Global Financial Architecture. *Global Governance: A Review of Multilateralism and International Organizations*, 15(2), 195-218. Retrieved from [https://www.jstor.org/stable/27800751?seq=1#page\\_scan\\_tab\\_contents](https://www.jstor.org/stable/27800751?seq=1#page_scan_tab_contents)
4. Baker, A. (2013). The New Political Economy of the Macroprudential Ideational Shift. *New Political Economy*, 18(1), 112-139. <https://doi.org/10.1080/13563467.2012.662952>
5. CGFS (2008). *Committee on the Global Financial System, Ratings in Structured Finance: What went wrong and what can be done to address shortcomings?* (29 p.). (Report submitted by a Study Group established by the CGFS Papers, Bank for International Settlements No. 32). Retrieved from <https://ideas.repec.org/b/bis/biscgf/32.html>
6. Cichorska, J. (2017). Misseling, czyli sprzedaż niepotrzebnych instrumentów finansowych i jej skutki. Stan prawny w Polsce i Wielkiej Brytanii. *Journal of Insurance, Financial Markets & Consumer Protection*, 24(2), 18-34. Retrieved from <http://bazekon.icm.edu.pl/bazekon/element/bwmeta1.element.ekon-element-000171475539>
7. Cwynar, A., Cwynar, W., Kaźmierkiewicz, P., & Ostrowska-Dankiewicz, A. (2016). Efektywność ubezpieczeniowych funduszy kapitałowych w Polsce. *Ekonomia. Rynek, gospodarka, społeczeństwo*, 45, 29-51. <https://www.doi.org/10.17451/eko/45/2016/203>
8. Directive (2016). *Directive of the European Parliament and the EU Council 2016/97 of 20/01/2016 on distribution of insurance*. JOL, UE L 26 of 20/02/2016.
9. Eatwell, J. (2009). Practical Proposals for Regulatory Reform. In P. Subacchi, A. Monsarrat, *New Ideas for the London Summit: Recommendations to the G20 Leaders* (pp. 11-14). A Chatham House and Atlantic Council Report, Atlantic Council of the United States.
10. EIOPA (2016). Final Report on Public Consultation on Preparatory Guidelines on product oversight and governance arrangements by insurance undertakings and insurance distributors, 6. EIOPA-BoS-16-071.
11. European Commission (2016). *Consumer Markets Scoreboard. Making markets work for consumers* (194 p.). Luxembourg: Publications Office of the European Union.
12. Franke, G., Mosk, T., & Schnebel, E. (2016). *Fair Retail Banking: How to prevent misselling by banks, Sustainable Architecture for Finance in Europe* (pp. 4-6) (White Paper Series No. 39/2016). Frankfurt. Retrieved from <https://ideas.repec.org/p/zbw/safewh/39.html>
13. Frączek, B. (2017). Deficyt transparentności informacji dotyczącej produktów oszczędnościowo-inwestycyjnych jako zagrożenie bezpieczeństwa konsumenta na rynku usług finansowych. *Journal of Insurance, Financial Markets and Consumer Protection*, 24(2), 35-49. Retrieved from <http://yadda.icm.edu.pl/yadda/element/bwmeta1.element.ekon-element-000171475541>
14. FSA (2014). *Recommendation U concerning good practices in the field of bancassurance* (38 p.). Warsaw.
15. FSA (2018). *Report on the state of the insurance sector after the fourth quarters of 2017* (45 p.). (Office of the Polish Financial Supervision Authority). Warsaw.

16. Grmanová, E., & Strunz, H. (2017). Efficiency of insurance companies: Application of DEA and Tobit analyses. *Journal of International Studies*, 10(3), 250-263. <https://www.doi.org/10.14254/2071-8330.2017/10-3/18>
17. Helleiner, W. (2010). A Bretton Woods Moment? The 2007–2008 crisis and the future of global finance. *International Affairs*, 86(3), 619-636. <https://doi.org/10.1111/j.1468-2346.2010.00901.x>
18. Kawiński, M. (2015). Ochrona konsumenta w agencji Europejskiego Nadzoru Ubezpieczeń i Funduszy Emerytalnych. Kierunki zmian. In J. Monkiewicz & M. Orlicki (Eds.), *Ochrona konsumentów na rynku ubezpieczeniowym w Polsce* (pp. 187-209). Poltext. Warszawa.
19. Kościelniak, M. (2016). Ubezpieczenia na życie z ubezpieczeniowym funduszem kapitałowym – doświadczenia wybranych państw europejskich. *Rozprawy Ubezpieczeniowe*, 20(1), 33-52. Retrieved from <http://yadda.icm.edu.pl/yadda/element/bwmeta1.element.ekon-element-000171443838>
20. Łańcucki, J. (2017). Interwencja produktowa jako instrument ochrony konsumentów w sektorze ubezpieczeń. In I. Kwiecień (Ed.), *Ubezpieczenia we współczesnym świecie. Problemy i tendencje, Uniwersytet Ekonomiczny we Wrocławiu* (pp. 128-136). Wydawnictwo UE we Wrocławiu, Wrocław.
21. Malyovanyi, M., Nepochatenko, O., & Nesterchuk, Y. (2018). Conceptual Approaches to Improving the Functioning of Non-state Social Insurance Institutions in Ukraine. *Economics and Sociology*, 11(2), 289-304. <https://www.doi.org/10.14254/2071-789X.2018/11-2/20>
22. Monkiewicz, J., & Monkiewicz, M. (2015). Tendencje rozwoju ochrony konsumentów na rynku ubezpieczeniowym. Nowe koncepcje i rozwiązania. *Rozprawy Ubezpieczeniowe*, 18(1), 5-18. Retrieved from <http://bazekon.icm.edu.pl/bazekon/element/bwmeta1.element.ekon-element-000171441282>
23. Ngo, V., & Pavelková, D. (2017). Moderating and mediating effects of switching costs on the relationship between service value, customer satisfaction and customer loyalty: investigation of retail banking in Vietnam. *Journal of International Studies*, 10(1), 9-33. <https://www.doi.org/10.14254/2071-8330.2017/10-1/1>
24. Nichols, R. (2009). Principles for Financial Supervision Reform, In P. Subacchi, A. Monsarrat, *New Ideas for the London Summit: Recommendations to the G20 Leaders* (pp. 19-21). A Chatham House and Atlantic Council Report, Atlantic Council of The United States.
25. Orłowski, C. (2013). Klauzule abuzywne występujące w warunkach umów ubezpieczenia na życie z ubezpieczeniowym funduszem kapitałowym. *Monitor Ubezpieczeniowy*, 52, 40-45. Retrieved from [https://rf.gov.pl/publikacje/artykuly-pracownikow-i-wspolpracownikow/Cezary\\_Orlowski\\_\\_\\_Klauzule\\_abuzywne\\_wystepujace\\_w\\_warunkach\\_umow\\_ubezpieczenia\\_na\\_zycie\\_z\\_ubezpieczeniowym\\_funduszem\\_kap\\_\\_21484](https://rf.gov.pl/publikacje/artykuly-pracownikow-i-wspolpracownikow/Cezary_Orlowski___Klauzule_abuzywne_wystepujace_w_warunkach_umow_ubezpieczenia_na_zycie_z_ubezpieczeniowym_funduszem_kap__21484)
26. Ostrowska-Dankiewicz, A. (2018). Information and protection policy in the context of consumer advocacy solutions in the Polish life insurance market. *Economics, Entrepreneurship, Management*, 5(1), 9-14. Retrieved from [http://www.irbis-nbu.gov.ua/cgi-bin/irbis\\_nbu/cgiirbis\\_64.exe?I21DBN=LINK&P21DBN=UJRN&Z21ID=&S21REF=10&S21CNR=20&S21STN=1&S21FMT=ASP\\_meta&C21COM=S&2\\_S21P03=FILE=&2\\_S21STR=EEM\\_2018\\_5\\_1\\_4](http://www.irbis-nbu.gov.ua/cgi-bin/irbis_nbu/cgiirbis_64.exe?I21DBN=LINK&P21DBN=UJRN&Z21ID=&S21REF=10&S21CNR=20&S21STN=1&S21FMT=ASP_meta&C21COM=S&2_S21P03=FILE=&2_S21STR=EEM_2018_5_1_4)
27. Ostrowska-Dankiewicz, A. (2016). Efektywność i ryzyko związane z długoterminowym oszczędzaniem w ubezpieczeniowych funduszach kapitałowych akcji polskich. In J. Rutecka-Góra (Ed.), *Długoterminowe oszczędzanie. Postawy, strategie i wyzwania* (pp. 193-208). Oficyna Wydawnicza SGH, Warszawa.
28. Ostrowska-Dankiewicz, A. (2017). The Polish life insurance market in view of consumer protection issues. *Journal of Insurance, Financial Markets and Consumer Protection*, 25(3), 87-99. Retrieved from [https://rf.gov.pl/ru/wp-content/uploads/2017/10/JoIN25\\_6.pdf](https://rf.gov.pl/ru/wp-content/uploads/2017/10/JoIN25_6.pdf)
29. Regulation of the European Parliament and of the Council 2016/1904 of 14 July 2016 on supplementing Regulation 2014/1286 with regard to product intervention, JOL UE L295 of 29/10/2016. Retrieved from [http://data.europa.eu/eli/reg\\_del/2016/1904/oj](http://data.europa.eu/eli/reg_del/2016/1904/oj)
30. Regulation of the European Parliament and of the Council of the European Union 2014/1286 of 26 November 2014 on documents containing key information on retail investment products (PRIIP), JOL UE L352 of 9/12/2014. Retrieved from <http://data.europa.eu/eli/reg/2014/1286/oj>
31. Regulation of the European Parliament and the Council of the European Union 2010/1094 of 24 November 2010 on the establishment of the European Insurance and Occupational Pensions Authority, JOL UE L331 of 15/12/2010. Retrieved from <http://data.europa.eu/eli/reg/2010/1094/oj>
32. Report of the Financial Ombudsman (2016). *Life Insurance with an insurance capital fund* (pp. 6-8). Warszawa.
33. The Act 2015, item 1844 – The Act on insurance and reinsurance activity, JOL 2015, item 1384 of 10/11/2015 (Ustawa o działalności ubezpieczeniowej i reasekuracyjnej, Dz. U. 2015, poz. 1844 z 10.11.2015 r.). Retrieved from <http://prawo.sejm.gov.pl/isap.nsf/download.xsp/WDU20150001844/U/D20151844Lj.pdf>
34. The Act, 2015, item 1384 – The Act on dealing with complaints by financial market entities and on the Financial Ombudsman, JOL 2015, item 1348 of 5/8/2015, (Ustawa o rozpatrywaniu reklamacji przez podmioty rynku finansowego i o Rzeczniku Finansowym, Dz. U. 2015, poz. 1348 z 5 sierpnia 2015 r.). Retrieved from <http://>

- [prawo.sejm.gov.pl/isap.nsf/download.xsp/WDU20150001348/U/D20151348Lj.pdf](http://prawo.sejm.gov.pl/isap.nsf/download.xsp/WDU20150001348/U/D20151348Lj.pdf)
35. The Act, 2015, item 1634 – The Act on the Amendment of the Act on Competition and Consumer Protection and Certain Other Acts, JOL 2015, item 1634 of 5/8/2015 (Ustawa o zmianie ustawy o ochronie konkurencji i konsumentów oraz niektórych innych ustaw, Dz.U. 2015, poz. 1634 z dnia 5 sierpnia 2015 r.). Retrieved from <http://prawo.sejm.gov.pl/isap.nsf/download.xsp/WDU20150001634/O/D20151634.pdf>
36. The Act, 2017, item 2486 – The Act of insurance distribution, JOL 2017, item 2486 of 15/12/2017 (Ustawa o dystrybucji ubezpieczeń, Dz. U. 2017, poz. 2486 z 15.12.2017 r.). Retrieved from <http://prawo.sejm.gov.pl/isap.nsf/download.xsp/WDU20170002486/U/D20172486Lj.pdf>
37. Wierzbicka, E. (2016). Misselling barierą rozwoju ubezpieczeń w Polsce, Zeszyty Naukowe Wyższej Szkoły Humanitas. *Zarządzanie*, 2, 315-327. Retrieved from <http://yadda.icm.edu.pl/yadda/element/bwmeta1.element.ekon-element-000171433176>
38. Wytyczne dotyczące dystrybucji ubezpieczeń, stanowiące załącznik do uchwały No. 184/2014 Komisji Nadzoru Finansowego z dnia 24 czerwca 2014 r. (Dz. Urz. KNF poz. 13), *Guidelines on insurance distribution, attached to the Resolution No. 184/2014 of the Polish Financial Supervision Authority of 24 June 2014* (Journal of Laws of the Polish Financial Supervision Authority item 13). Retrieved from <https://dziennikurzedowy.knf.gov.pl/Compatible/Details?Oid=122>