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## Unit-linked life insurance in view of the new Act on insurance and reinsurance activities

*Unit-linked life insurance is an essential financial product in a group of products aiming to secure retirement. Demographic determinants in Poland may importantly influence development of this market, which already may be considered quite developed, seeing as life insurance companies offering unit-linked life insurance manage assets worth almost 50 billion PLN. The number of complaints received by the Insurance Ombudsman (Financial Ombudsman from 2016.01.01) regarding unit-linked life insurance is worrying. They are caused by the numerous defects of these products. Changes to regulations are therefore necessary, to tailor unit-linked life insurance to the needs of consumers and to improve the quality of exchanging information between the customer and insurance company.*

*The purpose of this paper is to indicate the essence of the unit-linked life insurance market and to discuss regulation requirements in view of a new Act. These issues are presented in particular chapters of the paper.*

**Keywords:** insurance, unit-linked, investment funds, act on insurance and reinsurance activities

### Introduction

Unit-linked life insurance is offered by most life insurance companies around the world. All life insurance companies operating in the Polish market conduct business activities in the third group of section 1 comprising these products (Annual Bulletin of the Polish Financial Supervision Authority, 2013). It should be emphasised that unit-linked life insurance constitutes a significant item in the range of products aiming to secure retirement. It is offered to individual customers as well as in form of collective insurance. The latter results from, for example, the fact that a natural person has joined an Employee Pension Scheme (EPS). Unit-linked life insurance may be bought as an insurance product for an Individual Retirement Account (IRA) or an Individual Pension Insurance Account (IPIA), both offered on the basis of a written agreement concluded inter alia by

an insurance company operating in the third group<sup>1</sup>. As of 31st December 2014, IRAs were kept by 12 life insurance companies and the value of assets gathered from unit-linked life insurance contracts amounted to PLN 1 903 628 thousand. IPIAs were kept by 7 life insurance companies and the value of collected assets amounted to PLN 167 737 thousand<sup>2</sup>. Additionally, at the end of 2014 there were 702 EPSes in the form of collective unit-linked life insurance whose assets were worth PLN 2 761 million<sup>3</sup>.

Considering demographic determinants in Poland, it is assumed that the interest in unit-linked life insurance should grow.

A low fertility rate, a negative migration balance and a longer life expectancy make Poles seek various ways of securing retirement. However, to offer such security, unit-linked life insurance products should respond to the needs of people seeking long-term solutions and saving regularly. In the Polish market, legal determinants for these products are indicated in the Act on Insurance Activity. Unfortunately, the market practice shows that today these determinants are insufficient to guarantee correct functioning of these products. The insurance market responded with „The recommendation of good information practices concerning unit-linked life insurance” accepted by the Polish Insurance Chamber on 28<sup>th</sup> August 2013. It includes, inter alia, requirements comprised by the so-called product card, which should be handed to customers at the purchase of a policy. Nevertheless, this solution has turned out to be insufficient, and the legislator has therefore decided to make other consumer-friendly changes. They have been included in Act of insurance and reinsurance activities, which is to replace the previous Act on insurance activity dated 22<sup>nd</sup> May 2003.

The purpose of this paper is to indicate the essence of the unit-linked life insurance market and to discuss regulation requirements in view of a new Act. These issues are presented by particular chapters of the paper.

## 1. Situation in the unit-linked life insurance market

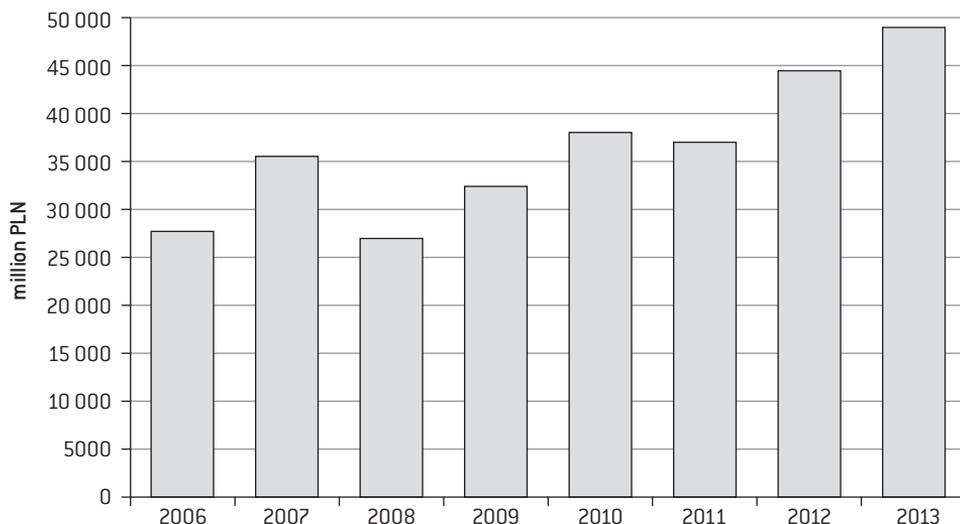
Development in the unit-linked life insurance market has been observed for years. It is also reflected by the product offer of life insurance companies, by the value of net assets for life assurance where the investment risk is borne by the policyholder, the number of active individual and collective policies, as well as a gross written premium. Last but not least, there is growing awareness of the Polish society reflected by the number of claims received by the Insurance Ombudsman.<sup>4</sup>

Life insurance companies offering unit-linked life insurance manage assets that amount to almost PLN 50 billion. Over the analysed years, 2006–2013, a growth in these assets has been noticed amounting to 25 billion. But for the 2008 financial crisis affecting the value of assets significantly, the growth would be even greater. Assets management where the investment risk is borne by the policyholder does not directly depend on insurance companies. The value of assets is affected by investment decisions of the insured people making a choice of capital units. For these

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1. More: Art. 8 Act dated 20th April 2004 concerning individual retirement accounts and individual pension insurance accounts.
  2. *Individual Retirement Accounts and Individual Pension Insurance Accounts in 2014*, UKNF, Warsaw, 2015.
  3. *Employee Pension Schemes in 2014*, UKNF, Warsaw, June 2015.
  4. Financial Ombudsman under the new Act.

reasons it is important for a portfolio of capital units to have the kind of funds that reflect the investment profile of a person/entity concluding an insurance contract with an insurance company.

**Figure 1. Net assets for life assurance where the investment risk is borne by the policyholders in the period 2006–2013 (in million PLN)**

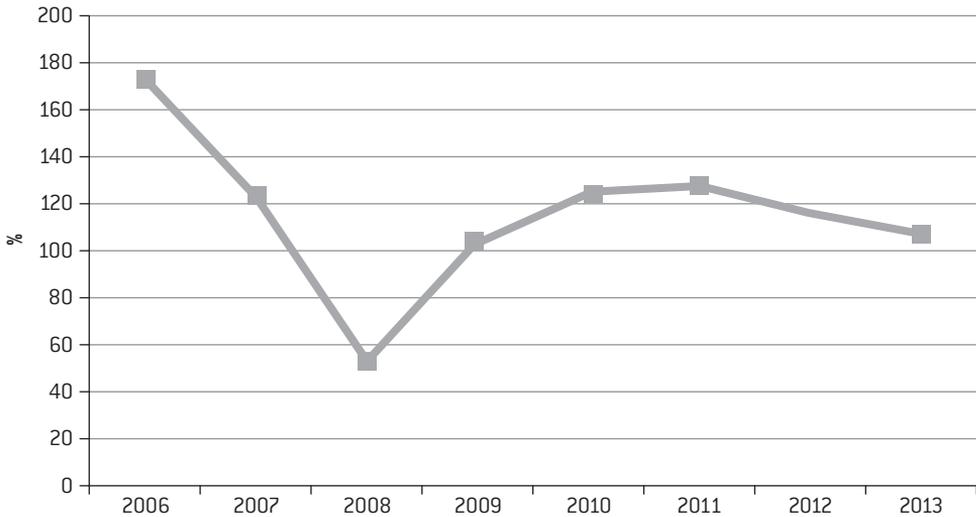


Source: own work based on The Polish Financial Supervision Authority data

In case of each insurance product, dynamics of gross written premium is a very important indicator<sup>5</sup>. Figure 2 shows values of this indicator over the years 2006–2013. A decline in 2008 can be noticed, which was caused by an economic slow-down in the world market leading to a situation where a group of the insured decided to withdraw from the unit-linked life insurance. Over the remaining years, the dynamics of the gross written premium was over 100%, denoting growth in the gross written premium at the end of the year as compared to its beginning. Over the years 2011–2013 a drop of the indicator was observed, resulting from development of other forms of pension security and long-term saving. The number of complaints about unit-linked life insurance received by the Insurance Ombudsman that increased over the period (table 1) is not without importance.

5. Dynamics of gross written premiums = (Gross written premiums as of the end of the reporting period/ gross written premiums as of the beginning of the reporting period) \* 100%.

Figure 2. Dynamics of gross written premiums in class 3, branch I, (life insurance) in the 2006–2013 period (in %)



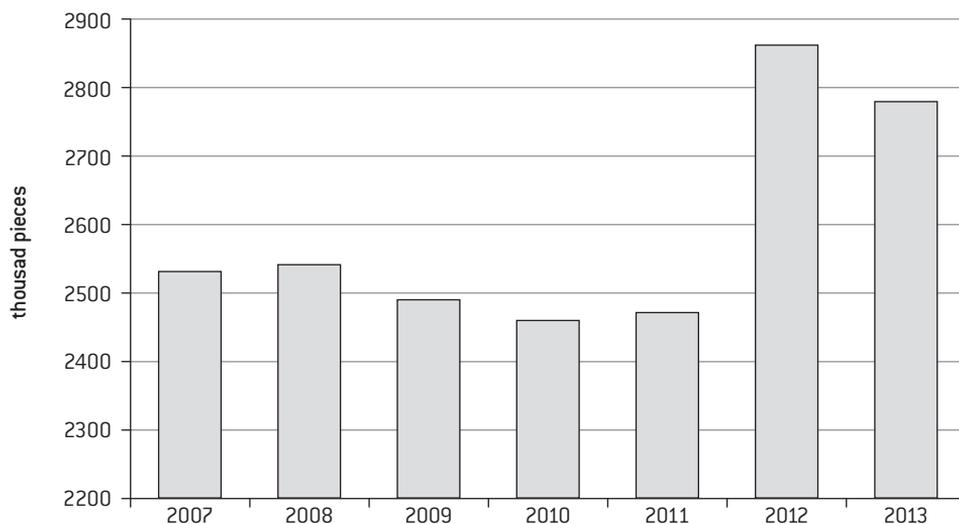
Source: own work based on The Polish Financial Supervision Authority data

As already mentioned, unit-linked life insurance contracts are concluded in the form of an individual or collective insurance policy. In figures 3 and 4, the number of active insurance policies has been presented for individual and collective policies respectively, at the end of each year, over the period of 2007–2013<sup>6</sup> More individual policies were taken out than collective ones. It should be remembered that within one collective policy several or even a few hundred may be insured<sup>7</sup>. A growth in the number of active unit-linked life insurance policies can be noticed over the years 2012–2013 as compared to previous years. Comparing it with the dynamics of the gross written premium, we may say that values of paid premiums are lower, which will unfortunately affect profits generated in the future.

6. Only for this period the data is available on [www.knf.gov.pl](http://www.knf.gov.pl).

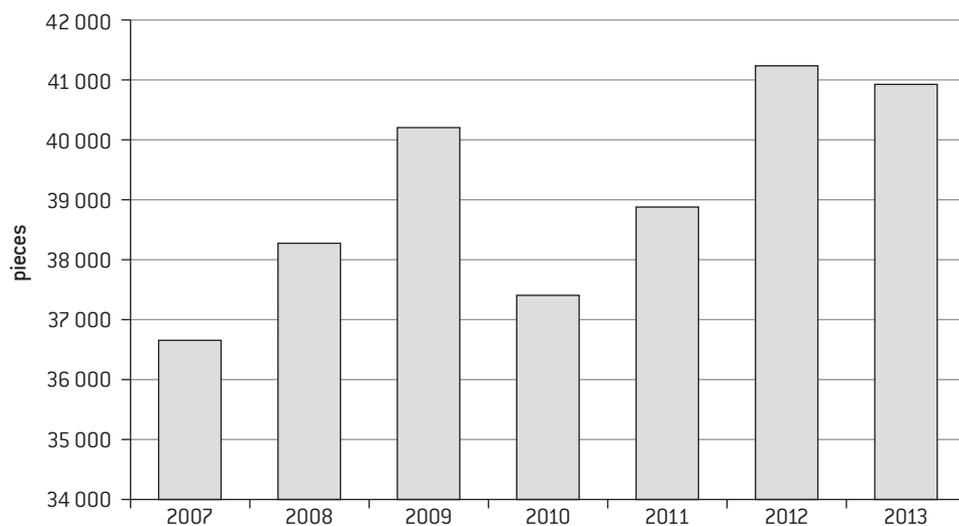
7. Unfortunately The Polish Financial Supervision Authority does not quote the number of the insured broken down into the way of concluding an insurance contract.

Figure 3. Number of individual policies of unit-linked life insurance at the end of each year in the period 2007–2013 (in thous. pieces)



Source: own work based on The Polish Financial Supervision Authority data

Figure 4. Number of collective policies of unit-linked life insurance at the end of each year in the period 2007–2013 (in thous. pieces)



Source: own work based on The Polish Financial Supervision Authority data

As already mentioned, awareness of the Polish society raised over the recent years, as reflected by the number of claims received by the Insurance Ombudsman. Table 1 presents data concerning the number of claims submitted to the Insurance Ombudsman regarding unit-linked life insurance. A significant growth in the claims was observed between 2011–2014. Additionally, only in the 1<sup>st</sup> quarter of 2015, 369 claims were made. If the trend continues in the next quarters,

the number of claims in 2015 will outnumber the claims in 2014. This growing number indicates that insurance products have a lot of defects, often well hidden and not visible to an average policyholder/insured person when signing an insurance contract.

**Table 1. The number of complaints about unit-linked life insurance received by the Insurance Ombudsman over the period 2008 – 1<sup>st</sup> quarter of 2015**

year	2008	2009	2010	2011	2012	2013	2014	1 <sup>st</sup> Q 2015
Number of complains	51	107	103	146	516	1216	1422	369

Source: Elaboration of self-established data based on Reports of the Insurance Ombudsman on complaints in a particular calendar year (access on: [www.rzu.gov.pl](http://www.rzu.gov.pl))

Penalties imposed by the Office of Competition and Consumer Protection confirm imperfections of these products. The biggest penalty was recently imposed on four financial institutions: one insurer (Aegon TU na Życie) and three intermediaries (Idea Bank, Open Finance and Raiffeisen Bank Polska), all involved in selling unit-linked life insurance policies that amounted to PLN 50 m<sup>8</sup>. According to the Office of Competition and Consumer Protection, the four financial institutions unreliably informed about those sophisticated financial products, the rights and duties of contractual parties. They did not inform about the risk related to the offered product or high costs of withdrawing from such a contract before its termination<sup>9</sup>.

It should be noted that the Office of Competition and Consumer Protection is much more engaged in the unit-linked life insurance market than the Polish Financial Supervision Authority which approaches the subject of imperfections of these products quite liberally<sup>10</sup>.

These considerations indicate that changes to regulations are necessary as far as unit-linked life insurance is concerned. A growing value of assets and a bigger number of active insurance policies are a positive phenomenon, although a declining value of the dynamics indicator and a growing number of complaints are worrying.

## 2. Characteristics of the Act on Insurance and Reinsurance Activities

The Act on Insurance and Reinsurance Activities analysed in this paper is to replace the previous Act on Insurance Activities dated 22<sup>nd</sup> May 2003 (Journal of Laws 2013 item 950 as amended), introducing a number of solutions favouring the consumer concerning solvency of insurance companies (Solvency II) etc.

We must emphasize that this new law implements decisions and standards binding in the European Union which are included in the following directives:

8. Polisolokata is a common name for unit-linked life insurance policies.

9. More on: [www.rzu.gov.pl](http://www.rzu.gov.pl)

10. Consumer protection in the insurance market is under consideration of numerous economic papers and discussions (eg.: Monkiewicz M., Monkiewicz J., *Tendencje rozwoju ochrony konsumenta na rynku ubezpieczeniowym*, Conference PIDiPO, Warsaw 2015; Łańcucki J., *Ochrona konsumentów w sektorze ubezpieczeń w regulacjach unijnych. Determinanty skuteczności przyjętych rozwiązań*, "Prawo Asekuracyjne" 4/2015 [85]).

- 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Journal of Laws UE L 335 dated 17.12.2009, p. 1) (Solvency II);
- Partially (Art.4) Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the supplementary supervision of financial entities in a financial conglomerate (Official Journal of EU L 326 dated 08.12.2011, page 113);
- 2012/23/EU of the European Parliament and of the Council of 12 September 2012 amending Directive 2009/138/EC (Solvency II) as regards the date for its transposition and the date of its application, and the date of repeal of certain Directives;
- Partially (Art. 1) 2013/14/EU of the European Parliament and of the Council of 21 May 2013 amending Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision, Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) and Directive 2011/61/EU on Alternative Investment Funds Managers in respect of over-reliance on credit ratings (Official Journal EU L 145 dated 31.05.2013, page 1);
- 2013/58/EU of the European Parliament and of the Council of 11 December 2013 amending Directive 2009/138/EC (Solvency II) as regards the date for its transposition and the date of its application, and the date of repeal of certain Directives (Solvency I); Partially 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority<sup>11</sup>).

This indicates a broad range of changes of significant importance which the new law is going to implement. As already mentioned, the new Act is going to introduce inter alia expected solutions protecting consumers such as:

- specifying a new range of information duties to be fulfilled before concluding a unit-linked life insurance;
- obliging insurance companies to analyse needs of the insured or the insurer before concluding an investment-like insurance contract;
- offering a possibility of out-of-court settlements for disputes between customers and insurance companies by the Insurance Ombudsman as regards unit-linked insurance contracts<sup>12</sup>.

The Act will change numerous legal deeds, as exemplified by planned amendments to the Act on personal income tax, dated 26<sup>th</sup> July 1991 (Journal of Laws 2012 item 361 as amended 15), where the Art. 24 para. 15 is amended as follows:

„The income on insurance premium investment in relations to an insurance contract concluded pursuant to regulations on insurance and reinsurance activities, in case of unit-linked insurance,

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11. Justification for the Act on insurance and reinsurance activities – dated 27<sup>th</sup> May 2015, Ministry of Finance, Warsaw 2015, page 167.

12. Justification for the Act on insurance and reinsurance activities – dated 27<sup>th</sup> May 2015, Ministry of Finance, Warsaw 2015, page 167.

is constituted by a difference between the paid out benefit and the total of premiums paid into an insurance company which were allocated into the capital fund<sup>13</sup>.

The paper will further focus on selected issues concerning unit-linked life insurance contracts.

### 3. New requirements for unit-linked life insurance

This chapter will discuss selected elements of the Act that were analysed according to binding wording of the Act on insurance activity.

As an example, the definition of the product class included in section 1 group 3 of the Act on insurance activities is going to be amended, as it has never been changed. The new Act defines it as follows:

*„Life insurance is linked to capital funds and life insurance where benefits of an insurance company are established on the basis of specific indexes or other base values”<sup>14</sup>.*

The former range of financial products is re-defined, expanding it, among others, by structured products based on insurance products.

However, the Act does not amend the definition of an insurance capital fund: *„in insurance as discussed in Section 1 group 3 of the Act, separate fund of assets being a reserve established from insurance premium, invested in the manner defined by an insurance contract”<sup>15</sup>.*

In specific issues, the Act precises obligations of insurance companies as regards contractual patterns, which is supposed to significantly improve safety and consumers' awareness of the product. The discussed issues are also reflected in the requirement of revealing all costs related to the analysed products:

*„An insurance company is obliged to include in its contract templates, in particular in the general insurance terms, information defined as: [ ... ] costs and all other burdens deducted from insurance premiums, assets of insurance capital funds or by amortising participation units of insurance capital funds”<sup>16</sup>.*

As opposed to the old Act, the new one obliges insurance companies to provide a person interested in concluding a contract with basic information about the contract, including the ways of obtaining additional information about insurance capital funds: in writing or, if agreed, through a different medium. Additionally, all information should be written in a clear and comprehensible language, transparent and not misleading; which will be more difficult in practice, considering relativity of evaluation. It is supposed to correspond to provisions of Art. 385 § 2 of the Civil Code, concerning the formulation of a contract template. Basically, in case of disputes, the interpretation shall be in favour of the customer. This provision will concern general insurance terms as well as rules of insurance capital funds. In practice, provisions of these documents are very difficult and not transparent for customers, and

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13. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 443 point 3), [Journal of Laws 2015 item 1844].

14. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 443 point 3), [Journal of Laws 2015 item 1844].

15. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 443 point 3), [Journal of Laws 2015 item 1844].

16. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 17. para. 1 point. 3) [Journal of Laws 2015 item 1844 ].

their complicated content is sometimes difficult to interpret even by people involved in the insurance industry. Some insurance brokers provide the insured with incomplete and insufficient information about the product upon sale, due to the lack of their own knowledge. That is why the new Act will be a challenge for domestic insurers and departments in charge of creating new products. Another new element is the obligation to reveal information about products to all insured with collective insurance<sup>17</sup>. This information will have to contain the following elements:

- the objective and the nature of the contract,
- a list of benefits offered and a list of unit-linked insurance funds under the contract,
- the grounds and fees collected by insurance companies,
- defining a risk profile of unit-linked insurance,
- recommended minimal duration of a contract justifying the recommendation accounting for an investment horizon of unit-linked insurance,
- information about investment risk of the insured and the insurer if such risk occurs<sup>18</sup>.

An entirely new approach to consumer protection can be seen, which is supposed to diminish the likelihood of purchasing inappropriate units, unsuitable to individual customer's needs. It should result in avoiding all types of claims and court cases in the long-term, which recently have become more widespread in the financial market.

Another fragment of the Act constitutes a revision and supplementation of the previous provisions regarding the inclusion of specific elements in unit-linked insurance contracts.

It concerns the scope of information about products allowing customers to assess whether they meet their expectations. The Act does not change the obligation about revealing the list of unit-linked insurance funds (the Act 2015, Art. 23, para. 1 point 1) vs. Act 2003, Art. 13 par.4.point1):

*„[...] an insurance company is obliged to define or include in the insurance contract:*

*1) the list of unit-linked insurance funds offered”*

The analysed products offer a possibility of shaping a part of savings by the insured, choosing appropriate investment options (funds) as well. Insurers compete with each other in offering funds with various risk exposure, currencies, territories, sectors etc. Their offer very often comprises tens of varying funds. This is a problem for the customers inexperienced in the financial market, or even for intermediaries operating in the financial market. That is why a statutory obligation of enumerating them is justified.

Another element of the Act has been slightly changed as compared to the previous wording:

*„[...] an insurance company is obliged to define or include in the insurance contracts as follows:*

*2) principles of establishing the value of benefits and the surrender value as well as amortisation of unit-linked life insurance and deadlines for exchanging them into money and payments of benefits<sup>19</sup>”*

vs.

*2) principles of establishing the value of benefits from an insurance contract concerning at least:*

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17. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 17. para. 1 point. 3) [Journal of Laws 2015 item 1844 ].

18. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015, Art. 22. para. 2 [Journal of Laws 2015 item 1844].

19. Act on insurance activity dated 22<sup>nd</sup> May 2003 [Journal of Laws 2013 item 950 as amended.], Art. 13 para 4 point. 2].

- a) *benefits related to death of the insured,*
- b) *benefits related to survival of the insured till the end of the insurance period,*
- c) *benefits related to the total or partial insurance redemption.*<sup>20</sup>

A basic element deciding about transparency of products is the requirement of indicating clearly the principles of establishing the value of benefits or the surrender value<sup>21</sup>. They are the main criteria for evaluating products. The legislator wants to change the emphasis of this provision by making death grants and endowment policies precise as well as a partial surrender value. The existing provision deals with the element in general terms.

Subsequent requirements of the previous Act and the current Act relate to regulations used in the beginning of the domestic capital market. In particular they refer to activities of investment funds<sup>22</sup> (formerly trust funds)<sup>23</sup>. The current wording concerning unit-linked life insurance products is as follows:

„[...] *an insurance company is obliged to define or include in the insurance contracts as follows:*

3) *rules of allocating unit-linked funds comprising the characteristics of assets included in the fund, criteria of selecting assets and their diversification and other investment limitations*<sup>24</sup>..

The Act makes the rules more precise in a separate point:

„2. The rules of allocating unit-linked funds define:

- 1) an investment goal of unit-linked insurance,
- 2) types and kinds of securities and other property rights subject to unit-linked insurance,
- 3) characteristics of assets being the part of the unit-linked insurance, criteria of selecting assets and principles of their diversification and other investment limitations,
- 4) information about investment risk of the insurer and the insured.<sup>25</sup>”

As mentioned earlier, in case of unit-linked insurance the legislator dealt more strictly with all issues related to transparency. Pursuant to the first Act regulating the insurance sector, there were no obligations concerning publishing rules of insurance investment funds (as they used to be called according to the law). In practice, most insurers prepared documents describing principles of unit-linked insurance products functioning in the form of so called “rules”. Most of them related to the contents and standards valid for investment funds. This was a favourable situation for insurance companies. Not only did they not have to share information about principles of managing funds with customers and competitors, but they also did not incur costs related to requirements of informing, reporting to a supervision authority, employing a depository etc.

Pursuant to new regulations, customers will find out about principles of functioning of unit-linked insurance, which define key elements of the activities, such as investment goal, class and type of assets, criteria for their selection and diversification, investment limits, etc.

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20. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 23. para. 1 point. 2), [Journal of Laws 2015 item 1844].

21. Szczepańska M., *Ubezpieczenie na życie z ubezpieczeniowym funduszem kapitałowym*, Lex a Wolters Kluwer business, Warsaw, 2011, p. 46.

22. Act on investment funds dated 27<sup>th</sup> May 2004, Journal of Laws 2004 no 146 item 1546 as amended.

23. Law on Public Trading of Securities and Trust Funds dated 22<sup>nd</sup> March 1991. [Journal of Law No. 35 item. 105 amended Journal of Law No. 103 item. 447].

24. Act on insurance activity dated 22<sup>nd</sup> May 2003 [Journal of Laws 2013 item 950 as amended.], Art. 13 para 4. point. 3).

25. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 23. para. 2, [Journal of Laws 2015 item 1844].

As for the differences in legal regulations mentioned above, pursuant to the new Act it will be still necessary to prepare prospectuses and registration of statutes in the Polish Financial Supervision Authority for investment and pension funds.

The requirement of principles and deadlines for evaluation of a unit-linked insurance fund is to remain unchanged<sup>26</sup>. However, wording changed in the section on the subject of principles of defining the rights and amounts of insurance premiums collected from assets of unit-linked insurance funds, or amortisation of unit-linked insurance shares<sup>27</sup>.

The situation is similar in case of defining principles of allocating resources from insurance premiums to unit-linked insurance, deadlines for changing insurance premiums into participation units as well as amortization of unit-linked insurance capital and conversion into money<sup>28</sup>.

An obligation of submitting periodic financial reports on unit-linked insurance will be sustained. At present it is regulated by a *Directive of the Minister of Finance concerning annual and midyear reports of unit-linked insurance dated 23<sup>rd</sup> May 2011*, which defines the scope, the form and the way of drawing up reports on funds. The Act delegates the Minister for Financial Institutions to issue a relevant directive, although it is not clear whether it will be amended as compared to the present provisions<sup>29</sup>.

Proposals of new provisions concerning insurance commissions are in line with the new Act. The first one is as follows:

*„In a life insurance contract, if connected with unit-linked insurance and concluded for not less than 5 years, when calculating a commission of an insurance intermediary an insurance company should be guided by the principle of spreading a commission of an insurance intermediary over a period of time within the duration of insurance specified by an insurance contract”.*

The second one is as follows:

*„In a life insurance contract if connected with unit-linked insurance and concluded for over 5 years or for an unlimited period of time, when calculating a commission of an insurance intermediary an insurance company should be guided by the principle of spreading a commission of an insurance intermediary over a period of time not less than 5 years”<sup>30</sup>.*

These are the essential changes originating from the almost corresponding Guidelines of the Polish Financial Supervision Authority concerning insurance distribution, where this issue was dealt with for the first time<sup>31</sup>. It was thoroughly discussed at the stage of implementing the Guidelines, when the Authority was accused of interfering too much with relations between insurers and intermediaries over the recent two decades. Here we can observe the national authority take care

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26. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 23. para. 1 pkt. 4), [Journal of Laws 2015 item 1844].

27. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 23. para. 1 pkt. 5), [Journal of Laws 2015 item 1844].

28. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 23. para. 1 pkt. 6), [Journal of Laws 2015 item 1844 ].

29. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 23. para. 8, [Journal of Laws 2015 item 1844 as amended.].

30. Act on insurance and reinsurance activities – dated 11<sup>th</sup> September 2015., Art. 23. para. 5–6, [Journal of Laws 2015 item 1844 as amended.].

31. *Guidelines for insurance companies concerning insurance distribution*, Financial Supervision Authority, Warsaw 2014, p. 6.

of unification of standards, transparency of products and the entire market. It is worthwhile to emphasise that the above elements may at least theoretically enhance consumer protection and transparency of the group of the financial products.

## Summary

The situation in the unit-linked insurance market discussed briefly above shows how important these products are in pension security. The analysed Act on insurance and reinsurance activities constitutes a very important step towards development of domestic insurance sector, leading to a series of key changes to its functioning. It concerns both financial issues of insurance companies through implementation of Solvency II directives, as well as issues related to market transparency and consumer-friendly provisions. Experience over the recent decades has shown that customers lost the battle with sophisticated structures of insurance products or insurance and investment products, including unit-linked insurance. It resulted, in many cases, in purchasing unsuitable products, not fulfilling customers' expectations and even being harmful. Increased number of court disputes resulted in activities of the Office of Competition and Consumer Protection and the Polish Financial Supervision Authority, leading to the Act containing suggested elements favouring the consumer. Very complex products, such as unit-linked insurance, are supposed to become more transparent and comprehensible to customers. The selected issues discussed in this paper show that the planned changes go in the right direction. However, we must remember that objection to over-interference with some issues should not be avoided. Although the final wording of the Act is not yet known, it is likely that most provisions concerning the analysed group of products will remain unchanged. Hopefully, incoming changes will contribute to stable market development, improvement of the image of domestic insurers, and adjustment of insurers' offers to individual customers' needs.

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## Ubezpieczenia na życie z ubezpieczeniowym funduszem kapitałowym w kontekście Ustawy o działalności ubezpieczeniowej i reasekuracyjnej

*Ubezpieczenia na życie z ubezpieczeniowym funduszem kapitałowym są istotnym produktem finansowym w grupie produktów służących zabezpieczeniu emerytalnemu. Uwarunkowania demograficzne w Polsce mogą być ważną determinantą rozwoju rynku tych produktów, który już i tak można uznać za dość rozwinięty, bowiem zakłady ubezpieczeń na życie oferujące ubezpieczenia na życie z ubezpieczeniowym funduszem kapitałowym zarządzają aktywami o łącznej wartości prawie 50 miliardów złotych. Niepokojący jest jednak fakt, iż w ostatnich latach wyraźnie rośnie liczba skarg wnoszonych do Rzecznika Ubezpieczonych z tytułu ubezpieczeń na życie z ubezpieczeniowym funduszem kapitałowym. Są one konsekwencją licznych wad, które te produkty posiadają. Dlatego też konieczne są zmiany regulacyjne, które pozwolą na lepsze dopasowanie ubezpieczeń na życie z funduszem kapitałowym do potrzeb konsumentów oraz poprawią jakość wymiany informacji pomiędzy klientem a zakładem ubezpieczeń.*

*Celem niniejszego opracowania jest wskazanie istoty rynku ubezpieczeń na życie z ubezpieczeniowym funduszem kapitałowym oraz omówienie wymogów regulacyjnych w kontekście nowej ustawy. Zagadnienia te znalazły swoje odzwierciedlenie w poszczególnych podrozdziałach opracowania.*

**Słowa kluczowe:** ubezpieczenia, ubezpieczenia z ubezpieczeniowym funduszem kapitałowym, fundusz inwestycyjny, ustawa o działalności ubezpieczeniowej i reasekuracyjnej

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