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## MFSA to address gaps in home insurance uptake and understanding following study

Nearly a quarter (24%) of respondents in a recent study carried out by the Malta Financial Services Authority, have never purchased a home insurance policy. However, the majority of those who have bought a home insurance policy for home loan purposes intend to keep it active after the loan is paid up. These findings emerged from a consumer study carried out by the Malta Financial Services Authority (MFSA) entitled "[Home Insurance: Consumer Research on Attitudes and Behaviour](#)".

The study also revealed gaps in consumer understanding of what is generally included under a standard Buildings Cover policy as opposed to a Home Contents insurance policy. In fact, one third of respondents were not sure of what is included under standard Buildings Cover and what is covered by a Home Contents insurance policy. Items such as "freezer contents following power outage" or "theft following an imposter knocking at the door, being allowed to enter, and stealing valuables" were wrongly indicated as covered by a Buildings insurance policy. Items such as bicycles, mobile phones and wedding rings were also often wrongly indicated as covered by a Contents Insurance policy.

The research also broadly addressed the factors which affected policyholders when deciding what type of home insurance to purchase, as well as information on consumer satisfaction with the service received.

The fieldwork, which was carried out in the last quarter of 2020, consisted of telephone interviews and online surveys with 700 respondents, who either own the house they live in (with or without a mortgage), do not own the house they live in but have purchased a property (with or without a mortgage) with the intent that it will be their home in the near future or are renting the house they live in.

Emily Benson, Head of Conduct Supervision at the MFSA stated that, "This study was one of the deliverables tied to the MFSA's Conduct Supervision priorities set out in the Authority's three-year Strategic Plan 2019-2021. The protection of consumer interests through education and awareness remains at the heart of the Authority's operations. The Authority seeks to identify and address information gaps within various groups of the community, to enable them to make informed decisions and enhancing their trust in the financial services system."

The MFSA will now be further examining and considering the results of this survey in order to address the deficiencies indicated by the findings. In particular, it plans to embark on a number of further consumer education initiatives with respect to insurance products and also to carry out further reviews of the current regulatory framework to assess whether any changes are necessary to address certain shortcomings which resulted from this survey.

A detailed analysis of responses is published on the [MFSA website](#).

Appendix:

Other key findings revealed the following: (Please refer to accompanying infographic)

- The sum insured for Buildings is mainly connected to the bank loan requirement.
  - Over 50% of respondents insured their Buildings for the sum stipulated by their bank.
  - On the other hand, for their Contents sum insured, over 50% of the respondents opted to choose a more accurate sum so that their claims could be paid in full.
  - About 54% of the respondents have never updated their sums insured. The tendency not to update the sums insured is higher in younger respondents.
- Consumer knowledge of the identity of their home insurer was mixed.
  - 70% of respondents who purchased a home insurance policy stated the name of an insurance undertaking when asked who the provider of their home insurance policy was.
  - 12% did not know who the provider of their home insurance policy was.
  - 18% stated the name of an insurance intermediary rather than of an insurance undertaking authorised to provide home cover, showing a lack of knowledge as to who the ultimate risk carrier is.
- Satisfaction with the handling of home insurance claims was high. Respondents who have made at least one claim were generally satisfied. The main reasons for dissatisfaction quoted were the fact that claims were rejected, or the claimants did not get the amount of compensation they expected.

## About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. In 2018, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Vision 2021, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. Over 2,200 entities are licensed by the MFSA to operate in the financial services sector, which directly account for 6% of the economy total.



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