

Chapter 4

Programmes and Tools to Enhance Risk Awareness and Education on Insurance Issues

1. Programmes targeting severe risks and vulnerable populations

Information designed to raise awareness on risks and on the importance of protection against severe risks – including through insurance – is often a matter for governments, at least for catastrophic risk and long-term risks (*e.g.* life insurance for retirement, long-term care and invalidity) that people are generally unable to understand and manage in a sensible and sustainable way. In Mexico, the National Natural Disaster Fund (FONDEN) organises disaster risk prevention and security campaigns. In Israel, some awareness campaigns on prevention measures and coverage against earthquakes and more importantly terrorism risks are encouraged. Recently, the Israeli government appointed a Committee to advise the government and the public on how to better cope with natural disasters. One of the core issues is the importance of appropriate insurance and how to achieve this goal. In Spain, the *Consortio de Compensacion de Seguros* (CCS) is committed to providing compensation for losses incurred as a result of extraordinary risks. In this context, it is currently considering programmes aimed to better prevent and reduce losses. This project would include the launch of preventive measures and campaigns. In the US, especially after the last series of hurricanes and consecutive floods, media campaign and coverage has been intensive notably to enhance population awareness of the needs for an appropriate coverage against catastrophic risks including floods.¹

Associations of insurance companies may also run information and prevention programmes of this type. In Japan, for example, the General Insurance Association of Japan regularly conducts large-scale prevention campaigns to increase consumer awareness of earthquake risks and their need for protection against them. In Germany, the GDV (insurance association) is involved in road safety programmes and has also created a website for children, using games to explain basic safety measures. In France, a specialist association, *Assureurs, Prévention, Santé*, is helping to create health risk prevention programmes and has recently launched a campaign on child obesity. In 2000, after a series of floods and other natural disasters, the FFSA and GEMA (*Groupement des Entreprises Mutuelles d'Assurance*) got together to create an association, *Mission risques naturels*, to raise awareness of natural risks and provide technical input to the prevention policy. In the UK, the ABI website provides general advice on flooding. Moreover, the ABI works in collaboration with the Environment Agency to support the insurance

industry's commitment to continue offering flood risk insurance to the vast majority of homes and businesses in flood risk areas. In the US, the America's Health Insurance Plans, an association of health insurers, has launched a wide strategy and elaborated recommendations seeking to enhance awareness on health risks and on the need for strengthened health literacy of consumers.²

As mentioned earlier, some information campaigns target specific segments of the population or seek to promote certain policies. In Finland, information programmes targeting young adults and immigrants have been introduced in certain regions. In addition, the Finnish consumer agency has created a set of brochures on financial management and protection at key times involving a change of situation, such as buying a first home, retirement or unemployment, death and divorce. In Germany, the family ministry, the consumer association and banking and insurance industry associations have created a website³ designed to help students improve their financial knowledge. The portal includes general information about insurance products. Small businesses and their unique insurance needs are often the target of specific programmes, like the one developed by the FSA in the United Kingdom or the NAIC in the United States.

2. Role of the media, traditional tools and modern communication devices

The various players vie with each other in their creative use of media to effectively circulate information, seek proximity and interact with consumers. Traditional paper media (*i.e.* leaflets, brochures, guides and publications) are complemented by poster campaigns, advertising and prevention campaigns in the media and, increasingly, by the internet, mobile phone, call centres, helpdesks and direct advice centres. Events like lectures, conferences and speeches are also designed to involve consumers more. It is worth stressing that the quantity of information available is probably less important than ensuring that it is in clear language, that the target population can understand it and that access to information is as simple and straightforward as possible. Various means are used or planned to that end.

A range of public bodies, especially supervisory authorities, and private players, issue printed materials such as brochures, guides, periodicals and statistics. The German insurance industry information centre produces a series of guides called "*Zukunft Klipp und Klar*" targeting specific subgroups of the population (*i.e.* families, single people, senior citizens and working people), while the association of insurance companies has published clear and well-illustrated brochures describing situations in which insurance is important, its advantages and contact points where readers can obtain further information before taking out a policy. The Canadian Council of Insurance

Regulators (CCIR) is involved in a project that seeks to promote good practices in the selling of products and services in the financial sector. One key element of the project is the publication of a consumer's guide to financial transactions. In Italy in 2004, a practical guide to insurance was published as a pull-out supplement to a newspaper with extensive nationwide circulation, providing non-technical information in simple language about the most common insurance products (motor insurance, life insurance and pension). In the Netherlands, a leaflet has been available to consumers since 2002, providing objective, comparable and precise information about the main characteristics of complex insurance products. In Poland, the insurance ombudsman publishes an insurance magazine, sent to consumer associations, insurance companies, universities and private individuals. In Japan, the central council for information on financial services published a guide to financial education in March 2005.

Mainstream media (i.e. TV, radio, press and posters) have become natural channels for prevention campaigns targeting certain risks and promotion campaigns for certain types of essential cover (motor, pension and long term care, etc.) or to increase general awareness of the importance of financial education. The Polish insurance chamber's strategy is particularly instructive in this respect, seeking to inform and sensitise journalists to the world of insurance with the aim of raising the overall level of information about insurance within the media as a whole. A set of initiatives has been under-way since 2003, including specific meetings for journalists with major insurance companies (e.g., ING Nationale Nederlanden, TUnZ SA, PZU SA). In Australia, the creation of the Financial Literacy Foundation, the launching of its website and the organisation of a first Financial Literacy Forum held in Canberra in September 2005⁴ has contributed to enhance awareness and media coverage on financial education issues.

The internet has become another channel for information, comparison and specialist advice and is used by frontline public and private bodies in most OECD countries.⁵ Most of the supervisory authorities or ministries directly involved in regulating the insurance sector have a website, and often a subsite⁶ dedicated to consumer information and/or education, providing information about products, providers and regulations (see Table 4.1). Likewise, the insurance industry and consumer associations are making an extensive use of internet possibilities. The chief attraction of the internet is as a means of providing a wide range of information to consumers interactively and comparing products from different providers while adapting to the consumer's profile.

Some authorities and other bodies, especially ombudsmen and consumer associations, also provide call centres and helpdesks.⁷

Box 4.1. Selected websites

In Mexico, CONDUSEF is tasked with promoting financial education, regarded as a means of prevention, enabling consumers to understand unclear contracts or doubtful transactions. Through its website,¹ the commission explains various types of insurance contracts and coverage proposed by the insurance market. It also provides information about insurance agents and approval procedures for intermediaries, together with tables comparing, among other things, motor and health insurance prices, insurable risks and exclusions. The CNSF, the financial services regulator, also has a website² that provides information and data about the situation of insurance companies.

In Italy, part of the ISVAP site³ is dedicated to consumer information, relating to life assurance and compulsory motor TPL insurance. The life assurance subsite includes a guide which gives consumers detailed information about the main features of such contracts in simple and clear language.

In Spain, the DGSFP website⁴ includes comprehensive information on existing insurance regulation relevant for consumers, information about the industry (insurers, intermediaries and distribution channels). Information on the coverage provided by the CCS is provided through its own website.⁵

The Canadian Life and Health Insurance Association has created a subsite on its portal,⁶ offering assistance to consumers and providing both information in the form of a guide and tables and personalised online or phone assistance.

In the US, the NAIC website⁷ hosts a “Get smart about insurance” week, which takes place on an annual basis. It is an opportunity for consumers to test their knowledge about different types of policy (e.g., motor, life, home and health), to review their coverage needs and assess their current policies, to receive advice about cancelling or changing a policy and to obtain comprehensive information about products, insurance terminology, providers, and so on. NAIC comprehensive subsite dedicated to consumers (InsureU⁸) also provides them with key advice/tips (compare/shop around, get information on the company, assess one’s needs once a year), evaluates needs according to life style and offers guides for each type of insurance as well as quizzes and training to enhance consumers’ capacity and knowledge of risk and insurance.

1. www.condusef.gob.mx
2. www.cnsf.gob.mx
3. www.isvap.it
4. www.dgsfp.meh.es
5. www.consortseguros.es
6. www.clhia.ca
7. www.naic.org/consumer_home.htm
8. www.insureuonline.org

3. Evaluation of programmes

Research into the impact of programmes to enhance risk awareness and insurance literacy and capability is considered by most countries as essential to avoid unnecessary expenses and ensure a fine-tuning of any new policy measures put in place. Yet, the survey of OECD experience also suggests that for the time being, little analysis of how such programmes perform is carried out.⁸ The awareness of education needs in insurance is relatively new. Consequently few comprehensive programmes coordinating main stakeholders' initiatives relative to insurance education have been introduced and, when they have, they are often too recent to be evaluated. There are plans in the Netherlands, for example, for an independent research body to measure the effectiveness of a financial information factsheet (including insurance) after two years. The regulation of financial services and their advisory role will also be assessed after a five-year period. Likewise, in the UK the comprehensive programme "Building financial capability" and its impact should be evaluated after four to five years. Regular evaluations of whether the benefits of each element of the programme are being delivered are planned, as well as the publication of regular progress reports so that all stakeholders may take note of the difference that the programme is making.

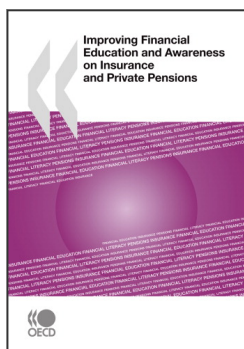
Some types of assessment of the use, if not the impact, of programmes are often provided by the record of the number of users of dedicated websites established by insurance regulatory authorities. For instance, in Israel, the effectiveness of information and media campaigns concerning the creation of the insurance commission website (hosted on the Ministry of Finance website) is monitored through the number of visitors to the website. The results show an increase in the use of the site especially when combined with advertising the site by the media (mainly through radio broadcasting). Similarly in the US, the programme InsureU established by NAIC is being monitored through the number of users of the website and the number of participants to the quizzes proposed on the website.

Notes

1. For further information on media coverage of flood risk in the US, see the Insurance Information Institute website: www.iii.org and notably Robert P. Hartwig, (2006).
2. For more details see the AHIP website: www.ahip.org.
3. www.unterrichtshilfe-finanzkompetenz.de.
4. The Forum was held at the Parliament House on Friday 16 September 2005 and gathered the advisory board of the Foundation, Australian government's representatives, business, education and community sector leaders to be on hand to lend their expertise. The Financial Literacy Forum explored the key elements of

the Government's strategy to ensure a nationally coordinated approach to achieving its commitment to help all Australians increase their financial knowledge, and better understand the options and choices they can make in using and managing their money.

5. It should however be noted that population access to the internet remains limited including in OECD countries; and notably for the most deprived segments of the population.
6. For example in Belgium, France, Germany, Israel, Italy, Mexico, South Korea, Spain, Switzerland, the United Kingdom and the United States.
7. For instance the Public Unit Support established by the DGSFP in Spain.
8. Other examples of assessment of limited scope could be mentioned. In Japan, for example, where the FSA carries out an opinion poll of teachers concerning the manuals distributed to students. Likewise, the Japan Institute of Life Insurance and the General Insurance Association of Japan carried out subsequent assessments of their various programmes. Besides, in the UK, the Department of Work and Pensions has commissioned ECOTEC Research and Consulting Ltd. in order to review the current provision and effectiveness of financial education throughout the UK (details of these works and results may be found at www.dwp.gov.uk/publications, Informed Choices for working and savings). An audit of resources for financial education and *inter alia* of the skills of teaching adults was also carried out by the Basic Skills Agency (see www.money-bsa.uk).



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