EN
P-003081/2024
Answer given by Ms Albuquerque
on behalf of the European Commission
(19.3.2025)

Article 12(4) of Directive 2014/17/EU[1] provides that Member States may allow creditors to require the consumer to hold a relevant insurance policy related to the credit agreement. In such cases Member States shall ensure that the creditor accepts the insurance policy from a supplier different to his preferred supplier where such policy has a level of guarantee equivalent to the one the creditor has proposed.

This requirement is typically met through a credit protection insurance policy, which covers the debtor against the risk of being unable to repay credit, in particular in the form of a mortgage.

Article 11(4) of that Directive provides that where the conclusion of a contract regarding an ancillary service, such as insurance, is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed, and the cost of that service cannot be determined in advance, the obligation to enter into that contract shall be stated in a clear, concise and prominent way, along with the annual percentage rate of charge.

In addition, Article 20 of Directive (EU) 2016/97[2] requires banks and insurance distributors to provide borrowers with clear information on insurance products to help them make informed decisions.

The terms of credit protection insurance policies are subject to applicable national laws. EU law does not regulate the specific content or exclusions of such policies. However, any exclusions must comply with EU rules protecting consumers against unfair commercial practices[3] and unfair and non-transparent contract terms[4].

The remedies for non-performance of a contractual obligation under an insurance contract are governed by national rules, and enforcement falls within the remit of national competent authorities and courts.

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[1] Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010, OJ L 60, 28.2.2014, p. 34–85.
[2] Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, OJ L 26, 2.2.2016, p. 19–59.
[3] Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive'), OJ L 149, 11.6.2005, p. 22-39.
[4] Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, OJ L 95, 21.4.1993, p. 29-34.