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The Bank Premium

Tied bancassurance distribution and mortgage-protection pricing in Ireland

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Abstract

Irish pillar lenders distribute mortgage protection through single tied life offices. Whole-of-market quotation suggests typical premium gaps of 20 to 30 per cent. We estimate the cumulative household cost and situate the finding within international evidence on bancassurance distribution.

Keywords

bancassurance; mortgage protection; tied distribution; consumer finance; life assurance; Ireland; Section 126; Consumer Credit Act 1995; EIOPA; deferred sales model

JEL classification

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1 Introduction

Mortgage protection assurance is a statutory pre-condition of residential mortgage lending in Ireland. Section 126 of the [Consumer Credit Act 1995](#) obliges lenders to ensure that a mortgagor effects, and maintains, a life policy sufficient to discharge the mortgage on death, subject to narrow exemptions. The borrower may freely select the insurer; in practice, however, a substantial share of new mortgagors purchase the policy from the lender's tied life office at the point of drawdown.

This pattern is not specific to Ireland. The [European Insurance and Occupational Pensions Authority](#) found in its 2022 thematic review on credit-protection insurance sold via banks that **83 per cent** of European banks tie the policy to the underlying credit product, and that two-thirds sell those policies on a single group-policy basis rather than through individual underwriting. The United Kingdom Competition Commission, the United Kingdom Financial Conduct Authority, the Australian Securities and Investments Commission and the Hayne Royal Commission have each, in turn, identified comparable concerns in adjacent jurisdictions. The academic literature on commission-motivated advice and consumer inertia provides a complementary explanation for the persistence of the pattern in equilibrium.

This paper documents the *bank premium* in Irish mortgage protection: the incremental cost borne by households that effect cover with their lender's tied life office rather than with the cheapest whole-of-market provider. Drawing on a representative-borrower quotation exercise and on aggregate drawdown data published by [Banking & Payments Federation Ireland](#), we estimate the household-level and aggregate cost, and we situate the Irish finding within the international literature on bancassurance, tied distribution and commission-motivated advice. The paper is the second in the Mylife.ie Working Paper Series; it builds on the empirical exercise first reported in the [Mortgage Protection Switching Gap](#) paper (MWP-2026-01).

Three findings emerge. First, on a representative-borrower quotation, the cheapest whole-of-market mortgage-protection premium is approximately 20 to 30 per cent below the headline pillar-bank premium for an otherwise-identical risk. Second, applied to BPF 2025 drawdown volumes and to the Central Bank of Ireland's stock of approximately 698,000 principal-dwelling-house mortgage accounts, on conservative assumptions, the aggregate annual cost of the bank premium to Irish households is in the order of €28 million, with a 30-year vintage cumulative cost of approximately €56 million per drawdown vintage. Third, the pattern is

consistent with the structural mechanism — point-of-sale advantage, default and inertia bias, commission incentives, information asymmetry — identified in successive supervisory and academic studies of bancassurance in Europe, the United Kingdom and Australia. The Irish case is not exceptional; it is a textbook instance of a pattern that international supervisors have repeatedly found and addressed.

The paper proceeds as follows. Section 2 sets out the institutional setting, including the Section 126 obligation, the pillar-lender tied arrangements and the regulatory architecture that surrounds them. Section 3 reviews the international academic and policy literature in five strands: the European Union (EIOPA's 2022 thematic review and the Mortgage Credit and Insurance Distribution Directives), the United Kingdom (the Competition Commission's PPI inquiry and the Financial Conduct Authority's pure-protection and general-insurance pricing-practices work), Australia (ASIC's consumer-credit-insurance reports and the Hayne Royal Commission deferred-sales model), the academic literature on commission-motivated advice and consumer inertia, and the Irish-domestic literature. Section 4 describes the data. Section 5 sets out the methodology. Section 6 presents the results at the household and aggregate levels. Section 7 discusses the four mechanisms that sustain the gap in equilibrium. Section 8 sets out three policy responses, drawn from precedent in adjacent jurisdictions, ordered by intrusiveness. Section 9 notes limitations and Section 10 concludes.

2 Institutional setting

2.1 The Section 126 obligation

Section 126(1) of the Consumer Credit Act 1995 provides that, with prescribed exceptions, a mortgage lender shall arrange, **or shall require the mortgagor to arrange**, a life-assurance policy providing for payment to the lender, on the death of the mortgagor, of an amount equal to the amount required to discharge the mortgage. Section 126(3) expressly preserves the borrower's right to select the insurer. The statutory wording therefore creates a compulsory *demand* for cover but does not specify the *supplier*. The borrower has, in law, full freedom of choice.

The exceptions in Section 126(2) are narrow. Mortgage protection is not required where the property is not the borrower's principal residence; where the borrower is over fifty at the date of mortgage approval; where acceptable cover cannot be obtained or can only be obtained at a significantly higher premium; or where the borrower has otherwise arranged sufficient life assurance for the loan. The first two of these exceptions are mechanical; the third and fourth depend on facts specific to the borrower. The default position for the typical Irish first-time buyer or mover purchasing a principal residence below the age of fifty is therefore that mortgage protection is mandatory, that the lender will require evidence of cover in force on or before drawdown, and that the policy will be assigned to the lender by deed of assignment or noted as the lender's interest by the insurer.

The Section 126 architecture is well-suited to the policy purpose for which it was enacted: to ensure that, in the event of the mortgagor's death, the lender's security position is preserved and the household is not pursued for the outstanding balance. It is, however, agnostic as to which insurer provides the cover. Where the borrower exercises the right under Section 126(3) to source cover from an insurer other than the lender's preferred provider, the policy must still be in force, with the lender's interest noted, on or before mortgage drawdown. The administrative steps — sourcing a quotation, completing underwriting, exchanging policy documents and supplying the deed of assignment to the lender's solicitor — are not technically demanding but they impose a meaningful time and effort cost on the borrower at a stage in the mortgage process when both are scarce. The international literature, reviewed in Section 3, shows that frictions of this kind are reliable drivers of consumer inertia.

2.2 Pillar-bank tied arrangements

Each of the three pillar mortgage lenders maintains an exclusive distribution arrangement with a single life office. AIB and EBS — which is part of AIB Group — distribute Irish Life mortgage protection. Permanent TSB also distributes Irish Life cover. Bank of Ireland distributes the products of its wholly-owned subsidiary, New Ireland Assurance, and markets a loyalty discount for existing Bank of Ireland customers on the headline premium. Table 1 summarises the arrangements.

Table 1. Pillar-lender mortgage-protection tied arrangements (April 2026).

MORTGAGE LENDER	TIED LIFE OFFICE	RELATIONSHIP	BORROWER-FACING PRICING NOTICE
AIB	Irish Life	Distribution agreement	Single quotation at branch / mortgage adviser
EBS (AIB Group)	Irish Life	Distribution agreement	Single quotation at branch / mortgage adviser
Permanent TSB	Irish Life	Distribution agreement	Single quotation at branch / mortgage adviser
Bank of Ireland	New Ireland Assurance	Wholly-owned subsidiary	Single quotation; marketed loyalty discount

Sources: lender websites and product-disclosure statements, April 2026. The relationships are tied within the meaning of [Article 24\(7\) of Directive \(EU\) 2016/97 \(the Insurance Distribution Directive\)](#) to the extent that the bank's mortgage-process intermediary represents only one insurer in respect of mortgage protection.

The salient feature of the arrangements is that the borrower is offered, at the moment of highest information asymmetry and lowest search capacity — the mortgage drawdown — a single quotation from a single insurer, presented inside the lender's own process. The borrower retains the legal right under Section 126(3) to select an alternative insurer, but must do so by interrupting the lender's workflow, sourcing an alternative quotation, completing fresh

underwriting with a different insurer, and supplying a deed of assignment or interest-noting endorsement back to the lender's solicitor. The friction is small in absolute terms but it is salient in the moment, and the alternative — accept the lender's quotation as the path of least resistance — is explicit. The literature on default bias ([Madrian and Shea, 2001](#); [Choi et al., 2003](#)) and on point-of-sale advantage in financial-product distribution ([Competition Commission, 2009](#)) establishes that frictions of this kind are reliable drivers of incumbent-supplier choice.

Two structural features of the Irish market reinforce the pattern. First, the market is concentrated: AIB Group, Bank of Ireland and Permanent TSB together account for the substantial majority of new mortgage drawdowns each year, and each is tied to a single life office, so that the borrower's choice of lender effectively pre-selects the borrower's first-quoted insurer. Second, the second structural feature — the wholly-owned-subsidary relationship between Bank of Ireland and New Ireland Assurance — means that, for one in every three pillar-lender mortgages, the bank's commercial interest in the protection sale extends beyond the commission earned on a single-policy intermediation: New Ireland Assurance's underwriting profit on the policy accrues, ultimately, to the same shareholder. The structural integration is permitted, *prima facie*, by the carve-out for life assurance in Article 12(4) of the [Mortgage Credit Directive](#) (reviewed in Section 3.1.3 below), but it is precisely the configuration that EIOPA's 2022 thematic review identified as a leading driver of poor consumer outcomes in European bancassurance.

2.3 Regulatory architecture

The Irish regulatory architecture for mortgage-protection distribution is layered. The starting point is the Section 126 obligation discussed in Section 2.1. That obligation sits on top of three further regulatory regimes.

The Consumer Protection Code 2012. The [Central Bank of Ireland's Consumer Protection Code 2012](#) (as amended) places general conduct-of-business obligations on regulated firms, including the obligations to act in the best interests of the consumer, to gather sufficient information about a consumer's circumstances before recommending a product, to ensure that any recommendation is suitable, and to disclose any conflicts of interest. The Code does not, however, mandate price comparison: a recommendation that satisfies the suitability obligation is compliant with the Code irrespective of whether an equivalent product is available more cheaply elsewhere. The Code's revision, on which the Central Bank consulted in 2024 and 2025, will incorporate specific provisions on customer-interest standards, but the underlying suitability-without-price-benchmarking architecture is preserved.

The Insurance Distribution Directive. [Directive \(EU\) 2016/97 on insurance distribution \(IDD\)](#), transposed in Ireland by the [European Union \(Insurance Distribution\) Regulations 2018](#) (S.I. No. 229 of 2018), sets out conduct-of-business and product oversight and governance obligations applicable to insurers and intermediaries. Article 17 of the IDD requires insurance distributors to act honestly, fairly and professionally in accordance with the best interests of

their customers. Article 25 requires insurers and intermediaries to design and review products in light of the needs of the target market. Article 17(3) prohibits remuneration arrangements that conflict with the duty to act in the customer's best interests. The IDD framework is the European-level lens through which EIOPA's 2022 thematic review (reviewed in Section 3.1) was conducted.

Commission disclosure. The [Commission Disclosure Regulations](#) (S.I. No. 195 of 2020) require Irish intermediaries, including bank-based intermediaries selling mortgage protection, to disclose the commission earned on the sale of an insurance contract. The disclosure is made at the point of sale — that is, after the consumer has effectively chosen the insurer — rather than ex ante in a standardised form that would permit comparison across providers. The behavioural-economics literature reviewed in Section 3.4 establishes that disclosure of this kind is, by itself, a weak remedy.

Taken together, the three regimes preserve formal consumer freedom (Section 126(3)) and impose conduct standards on distributors (the Code and the IDD) but do not require, at the point of mortgage offer, either standardised disclosure of the lender's tied insurer status or a whole-of-market price comparison. The empirical question — how much that gap costs the borrower in Ireland — is the question this paper addresses.

3 Literature and international evidence

The international literature on tied bancassurance distribution and credit-protection insurance is unusually well-developed. Successive supervisory studies in the United Kingdom, the European Union and Australia have, over a fifteen-year period, identified the same structural pattern, applied a common diagnostic framework, and implemented progressively more intrusive remedies. The academic literature on commission-motivated advice and consumer inertia provides a complementary theoretical and empirical foundation. This section reviews the literature in five strands. Section 3.1 covers the European supervisory literature, with particular attention to EIOPA's 2022 thematic review and the European prudential framework. Section 3.2 covers the United Kingdom, including the Competition Commission's PPI inquiry and the FCA's pure-protection and general-insurance pricing-practices work. Section 3.3 covers Australia, including ASIC's consumer-credit-insurance reports and the Hayne Royal Commission deferred-sales model. Section 3.4 covers the academic literature on commission-motivated advice and consumer inertia. Section 3.5 covers the Irish-domestic literature.

3.1 European Union: EIOPA, the IDD and the Mortgage Credit Directive

3.1.1 EIOPA's 2022 thematic review

The most directly relevant European study is the [EIOPA thematic review on credit-protection insurance sold via banks](#), published in September 2022. The review drew on a sample of more than 200 banks and 90 insurers across 16 Member States, with a specific focus on credit-protection insurance — that is, insurance sold alongside a credit product, including mort-

gages, consumer credit and credit cards, providing for repayment of the credit on the death, disability or unemployment of the borrower. EIOPA's headline finding was that the products in scope, despite the structural protection role they play in the European retail-banking system, frequently fail to deliver value for money to the consumer.

Four findings of first-order relevance to the Irish market emerged from the review. **First**, EIOPA found that **83 per cent** of banks tie the credit-protection product to the underlying credit product — that is, sell it only through the bank's own distribution channel — and that the tying typically arises through exclusive distribution agreements, group relationships or, in the case of credit cards, automatic enrolment with opt-out. **Second**, approximately **66 per cent** of policies in the sample were sold as group policies issued to the bank, with the borrower acquiring rights as an insured third party rather than as a contractual counterparty: a structural feature that complicates switching after origination because the bank, rather than the consumer, is the policyholder. **Third**, EIOPA characterised commissions paid by the insurer to the bank as 'excessively high' in many Member States, frequently exceeding 50 per cent of premium and in some cases approaching 100 per cent — a level inconsistent with the manufacturer-distributor product oversight and governance obligations of the IDD. **Fourth**, EIOPA found that consumers face material barriers to switching after origination, including administrative friction, contractual lock-in periods and the absence of standardised post-origination cancellation procedures.

EIOPA's policy conclusion was that the patterns identified are inconsistent with the IDD's manufacturer-distributor product oversight and governance obligations, and that supervisory intervention is warranted. The review's Annex specifically calls out that '*tied distribution* of credit-protection insurance, in the absence of an effective right of the consumer to compare and select among insurers at the point of credit, materially reduces competition and produces measurable consumer detriment'. Although Irish mortgage protection is almost always written on an *individual* (rather than group) basis and underwriting is medically evidenced — so that two of EIOPA's four findings do not apply directly — the *tied-distribution* and *high-commission* features of the EIOPA characterisation map closely onto the Irish institutional setting documented in Section 2.

3.1.2 The Insurance Distribution Directive

The European-level conduct framework is the IDD. Article 17(1) requires insurance distributors to act honestly, fairly and professionally in accordance with the best interests of their customers. Article 17(3) prohibits any arrangement by way of remuneration, sales target or otherwise that could provide an incentive to recommend a particular insurance product when the distributor could offer a different insurance product that would better meet the customer's needs. Article 25 imposes product oversight and governance obligations on insurers (as manufacturers) and on distributors, requiring that the products be designed for an identified target market, that the distribution strategy be consistent with the target market, and that the products be regularly reviewed in light of customer outcomes.

The IDD's commission-disclosure regime is set out at Article 19: intermediaries must disclose the nature of the remuneration they receive in relation to the insurance contract, and whether the remuneration is a fee paid by the customer, a commission paid by the insurer, or another form of remuneration. Article 19(1)(d) requires the disclosure to be made *in good time before the conclusion of the insurance contract*. The Irish transposition, in S.I. No. 229 of 2018, follows the Article 19 architecture. The EIOPA thematic review found that, in practice, the disclosure is frequently formal rather than effective: the consumer is told, in the policy documentation, that a commission is paid, but is not given a comparable disclosure for any alternative provider.

3.1.3 The Mortgage Credit Directive

The European-level prudential framework that addresses point-of-sale tying in mortgage markets is the [Mortgage Credit Directive](#) (MCD), transposed in Ireland by the [European Union \(Consumer Mortgage Credit Agreements\) Regulations 2016](#) (S.I. No. 142 of 2016). Article 12 of the MCD addresses tying and bundling practices. Article 12(1) prohibits *tying practices* — that is, the bundling of the mortgage with another financial product where the mortgage cannot be obtained separately. Article 12(2) preserves *bundling* — the offer of a package — provided that the components are also available separately.

Article 12(4) creates a specific carve-out for the bundling of life assurance with a mortgage: Member States may permit creditors to require the consumer to take out an insurance policy that covers the credit, provided the consumer is offered the option of a policy from a supplier other than the creditor's preferred supplier. The Irish institutional setting documented in Section 2 — Section 126 creates a compulsory demand for life cover, and Section 126(3) preserves the consumer's choice of supplier — is consistent with the letter of Article 12(4). The carve-out reflects a deliberate policy choice at European level to permit Section-126-style arrangements while requiring consumer choice. The empirical question, addressed in Section 6, is whether the consumer's right of choice operates effectively at the point of mortgage drawdown, or whether the structural and behavioural mechanisms documented in the literature mean that the formal right is only weakly exercised. The Irish data support the latter interpretation.

3.2 United Kingdom: PPI, the FCA pricing-practices remedy and the 2025 pure-protection market study

3.2.1 Payment-protection insurance: the Competition Commission's 2009 inquiry

A note on product scope. Payment-protection insurance (PPI) and Irish mortgage protection are distinct products and the distinction must be preserved. PPI is a short-term, multi-peril general-insurance contract sold alongside consumer credit — personal loans, credit cards, motor finance and, in some cases, mortgages — designed to meet contractual loan repayments in the event of accident, sickness, involuntary unemployment or death during a defined benefit period. Irish mortgage protection, by contrast, is a long-term **decreasing-**

term life-assurance contract that pays a lump-sum death benefit broadly matched to the outstanding mortgage balance over the full mortgage term, and is typically required as a condition of credit under section 126 of the Consumer Credit Act 1995. The two products differ in legal characterisation, in benefit structure, in underwriting and in the risks insured. The PPI evidence is introduced here not as a substitute for evidence on Irish mortgage protection, but as the most extensively documented case in which a regulator has investigated and remedied the *structural* mechanism — point-of-sale tying of an insurance product to a credit transaction by the credit provider — that this paper identifies as operative in the Irish mortgage-protection market. The methodological parallel is therefore with the distribution architecture, not with the underlying insurance contract.

With that disambiguation in place, the most extensively documented case of point-of-sale tying in a credit-related insurance market is PPI in the United Kingdom. The [Competition Commission's 2009 Market Investigation](#) examined the market for PPI sold alongside personal loans, credit cards, mortgages and motor finance. The Commission's central finding was that, although PPI was nominally available from stand-alone insurers as well as from credit providers, more than **95 per cent** of PPI policies were sold by the credit provider at the point of credit sale. The Commission attributed the pattern to what it termed the *point-of-sale advantage*: a structural advantage enjoyed by the credit provider arising from the consumer's high opportunity-cost search time, the consumer's high transaction-friction switching cost and the elevated salience of the credit decision relative to the protection decision.

The point-of-sale advantage, the Commission found, materially weakened competition: in the absence of effective price comparison, credit providers could and did charge prices that bore little relation to the underlying expected claims cost. The Commission computed loss ratios on PPI in the order of 15 to 20 per cent — that is, only 15 to 20 pence of every pound of premium was returned to the consumer in claims — substantially below the loss ratios observed in stand-alone protection markets. The Commission's principal remedy, set out in the [PPI Market Investigation Order 2011](#), was a prohibition on the sale of PPI by the credit provider during the credit-sale process, with a minimum seven-day deferral before the consumer could elect to buy PPI from the credit provider. The Order was a structural intervention: it broke the point-of-sale advantage by preventing the sale rather than by relying on disclosure or conduct standards.

The post-Order regulatory experience is instructive. The Financial Services Authority and the Financial Conduct Authority subsequently found that, notwithstanding the Order, very large numbers of pre-Order PPI policies had been mis-sold. The total redress paid to United Kingdom consumers in respect of mis-sold PPI ultimately exceeded **£38 billion**, the largest consumer-redress programme ever conducted in the United Kingdom. The PPI experience is cautionary on two dimensions. First, even after a structural remedy, the legacy book continues to generate consumer detriment for many years. Second, the cost to the financial sector of discovering and remediating point-of-sale tying *ex post* is very much greater than the cost of preventing it *ex ante*.

3.2.2 FCA general-insurance pricing practices

Although directed at general (rather than life) insurance, the [Financial Conduct Authority's 2018-2020 review of general-insurance pricing practices](#) is methodologically relevant. The FCA found that motor and home insurers in the United Kingdom systematically charged renewing customers higher prices than equivalent new customers — a phenomenon the regulator termed the 'loyalty penalty' — and estimated the aggregate cost to United Kingdom consumers at £1.2 billion per annum at 2018 prices. The FCA's pricing remedy, in force from January 2022, required insurers to offer renewing customers a price no higher than the price offered to an equivalent new customer. The FCA estimated that the remedy would deliver £4.2 billion of consumer benefit over ten years.

The methodological point relevant to the present paper is that the FCA's quantification framework — comparing the price paid by consumers in the incumbent channel to the price available to an equivalent consumer in the open channel, and aggregating the difference across the affected stock — is structurally identical to the framework applied at Section 5 below. The FCA exercise also establishes the order of magnitude of price dispersion in tied or incumbent-advantaged retail-insurance distribution: at the United Kingdom-population scale, dispersion of approximately 20 to 30 per cent at the household level translates into aggregate annual consumer cost in the low single-digit billions of pounds.

3.2.3 The 2025 pure-protection market study

The most directly comparable United Kingdom study is the FCA's [pure-protection market study \(MS24/1\)](#), the interim findings of which were published in 2025. The study examined the market for term assurance, critical illness, income protection and whole-of-life products — products structurally identical to Irish mortgage protection — and identified concerns in respect of distribution incentives, commission disclosure, value for money in unit-linked whole-of-life products and the operation of the secondary intermediary market. Although the FCA's interim findings stop short of recommending a structural remedy of the PPI kind, the regulator put the industry on notice that further work — including, on its terms, possible Article 23 intervention under the Financial Services and Markets Act 2000 — is in contemplation.

Read alongside the EIOPA 2022 thematic review, the FCA pure-protection study confirms that the structural concerns identified in continental Europe extend to a major United Kingdom-based Anglophone protection market. The Irish protection market — which shares product architecture with the United Kingdom market and a regulatory architecture significantly informed by the EU framework — sits at the intersection of the two studies.

3.3 Australia: ASIC, the Hayne Royal Commission and the deferred-sales model

3.3.1 ASIC's consumer-credit-insurance reports

The Australian experience is the closest analogue to the Irish case, both because the Australian retail-banking market is similarly concentrated and because the regulator and legislature

have, over the past fifteen years, conducted the most thorough public-policy engagement with bancassurance distribution of any jurisdiction. The starting point is the [Australian Securities and Investments Commission's Report 256](#), published in 2011, which examined consumer credit insurance sold by Australian authorised deposit-taking institutions alongside credit cards, personal loans and mortgages.

ASIC found that consumer credit insurance was, across the product set, a low-value product. The headline finding — extensively cited in subsequent international supervisory work — was that claims paid amounted to only **19 cents in every dollar of premium** across the product set, a loss ratio so low that ASIC characterised the product as providing 'extremely poor value'. The 2011 report also documented sales practices that ASIC considered inconsistent with the consumer's best interests, including the bundling of consumer credit insurance into credit-card and personal-loan applications without explicit consumer assent.

The follow-up [Report 622](#), published in 2019, found that the patterns identified in 2011 had persisted. ASIC required the eleven authorised deposit-taking institutions in scope to remediate consumer harm: the resulting remediation programme paid in excess of **AUD 160 million** to more than **434,000 consumers** and led to the discontinuance of consumer credit insurance as an add-on product by the major Australian banks. The Australian experience suggests two lessons for the Irish case. First, supervisory studies that document structural patterns of poor value reliably produce remediation programmes of significant scale. Second, the cost of the remediation, both financial and reputational, exceeds the cost of preventive intervention by a substantial margin.

3.3.2 The Hayne Royal Commission and the deferred-sales model

The Australian regulatory response culminated in the [final report](#) of the 2019 Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry — universally known as the Hayne Royal Commission. The Royal Commission, chaired by the Honourable Kenneth Hayne AC QC, examined a wide range of misconduct issues in the Australian financial-services industry and made 76 specific recommendations. Recommendation 4.3 addressed add-on insurance: the Royal Commission recommended that '*a Treasury-led working group should develop an industry-wide deferred sales model for the sale of any add-on insurance products (other than policies of comprehensive motor insurance)*'.

The recommendation was implemented by the [Financial Sector Reform \(Hayne Royal Commission Response\) Act 2020](#), which introduced into Australian law a *deferred sales model* for add-on insurance. Under the model, an add-on insurance product cannot be sold to a consumer for a minimum period — in most cases **four days** — after the underlying credit product. The intervening period is intended to provide the consumer with the opportunity to consider the add-on product separately from the credit decision, to source a competing quotation, and to make an informed choice. The model is a direct response to the point-of-sale advantage identified by the Competition Commission in the United Kingdom PPI inquiry a decade earlier.

Three implementation features of the Australian model are relevant for the Irish policy discussion in Section 8. First, the deferred sales obligation applies to the *seller* (the credit provider or associated insurer), not to the consumer: the consumer is free to buy the add-on product from a non-tied seller during the deferral period. Second, the deferral period begins on the day after the consumer is provided with a 'customer information document' summarising the add-on product, the price, the alternatives and the consumer's right to compare. Third, the obligation is supported by a regulator-enforced civil penalty regime, with penalties for non-compliance set at the higher of fixed amount or a multiple of the benefit derived. Early evidence on the operation of the model — collected by ASIC in subsequent enforcement and review work — indicates that volumes of add-on consumer credit insurance sold at point of credit have fallen materially since the model came into force.

3.4 Academic literature on commission-motivated advice and consumer inertia

3.4.1 Anagol, Cole and Sarkar (2017)

The behaviour documented in supervisory studies has a complementary academic literature. The most directly relevant published study is [Anagol, Cole and Sarkar \(2017\)](#), in the *Review of Economics and Statistics*. The authors used a randomised audit study of life-insurance agents in India, in which trained auditors approached agents with one of two scenarios: a scenario in which the audit customer's economically optimal product was a low-commission term-assurance policy, and a scenario in which the optimal product was a higher-commission unit-linked policy. The audit was double-blind: agents did not know they were being audited.

The headline finding is that, in the scenario where the optimal product was the low-commission term-assurance policy, **between 60 and 90 per cent** of agents recommended a strictly dominated higher-commission product. The dominance was unambiguous: the recommended product was more expensive, less suited to the auditor's stated needs and economically inferior across all dimensions. The result is identification-clean: the audit scenarios were randomised, the agents did not know they were being audited, and the recommendation was the agent's single decision variable. The Anagol *et al.* paper is properly read as general evidence on the susceptibility of commission-remunerated distribution to product-recommendation bias, rather than as evidence specific to a commission *differential* between channels. The Irish channel-level evidence does not, on the available information, suggest that whole-of-market broker remuneration is materially lower than tied bancassurance remuneration on mortgage protection: industry practice indicates broadly comparable commission levels across both channels. The Irish distortion identified in this paper therefore cannot be attributed to a commission gap between channels. The applicable mechanism is instead the structural one: the consumer is presented with a single recommendation by a compensated party at the point of credit, in circumstances of significant information asymmetry, default-option stickiness and administrative friction. The Anagol *et al.* result is relevant to the Irish case to the extent that it documents the general unreliability of com-

pensated-party recommendations as a guide to consumer welfare; it does not require, and this paper does not assert, an inter-channel commission differential.

3.4.2 Inderst and Ottaviani (2012)

The corresponding theoretical contribution is [Inderst and Ottaviani \(2012\)](#), in the *American Economic Review*, who model the equilibrium implications of commission-driven advice in retail-financial-services markets. The authors show that, where intermediaries are remunerated by the product manufacturer rather than the consumer, and where the consumer cannot effectively distinguish between a commission-driven and an unbiased recommendation, the resulting equilibrium features systematic mis-selling. The result is robust to competition between intermediaries — that is, even where many intermediaries compete for the consumer's business, competition does not eliminate the distortion, because all intermediaries face the same incentive structure. The authors recommend that regulatory remedies focus on the structure of the remuneration rather than on disclosure alone, on the basis that disclosure-only remedies are unable to overcome the underlying incentive distortion. Applied to the Irish setting, the relevant lesson is a general one about the limits of disclosure as a remedy where distribution is producer-paid; it is not a claim that any one Irish channel pays a higher commission than any other. As noted in §3.4.1, the available evidence does not suggest a material commission differential between Irish tied-bank and whole-of-market channels on mortgage protection.

3.4.3 Default bias and consumer inertia

The behavioural-economics literature on default bias provides the third relevant strand. [Madrian and Shea \(2001\)](#), in the *Quarterly Journal of Economics*, used a quasi-experimental study of automatic enrolment in an American 401(k) retirement plan to show that the default option drives participation rates by very large margins: enrolment rates rose from 49 per cent (where active enrolment was required) to 86 per cent (where automatic enrolment with opt-out was the default). The result has been replicated extensively in adjacent retail-financial-services settings — see, for representative examples, [Choi et al. \(2003\)](#) and the literature summarised in [Beshears et al. \(2018\)](#).

The default-bias literature establishes two findings of direct relevance to the Irish mortgage-protection setting. First, default options are sticky even when the alternative option is materially superior. Second, the stickiness is reinforced where the alternative option is administratively burdensome to exercise. The Irish mortgage-protection market satisfies both conditions: the lender's tied-insurer policy is the implicit default and the alternative requires active exercise of the Section 126(3) right, including fresh underwriting and a deed of assignment. The behavioural-finance literature predicts, *ex ante*, that consumers will exhibit default bias in this setting. The empirical results in Section 6 are consistent with the prediction.

3.4.4 Synthesis: the OECD framework

The international synthesis of these strands is the [OECD's 2020 report on the regulatory and supervisory framework for insurance intermediation](#). The report observes that tied-agent and single-insurer distribution channels are associated with weaker price competition and higher consumer detriment than independent or whole-of-market intermediation, and recommends that supervisors give particular attention to point-of-sale tying in long-tail protection products. The OECD framework is the lens through which the European, United Kingdom and Australian supervisory responses are best understood, and it provides the policy vocabulary for the discussion in Section 8.

3.5 Irish-domestic literature

The Irish-domestic literature on bancassurance distribution and mortgage protection is more limited than the international literature. The most directly relevant prior work is the [Mylife.ie Mortgage Protection Switching Gap](#) paper (MWP-2026-01), which used a representative-borrower quotation exercise to estimate that the cheapest whole-of-market mortgage-protection premium was approximately 27.5 per cent below the bank-tied premium for an otherwise-identical risk. The companion [Life Insurance Claims in Ireland 2024 Whole-of-Market Report](#) documented claims-acceptance rates by insurer, finding that whole-of-market acceptance rates fall within a narrow band — a finding which is significant for the present paper because it establishes that the price dispersion documented at Section 6 is not associated with material differences in the probability that a claim will be paid. The [Mylife.ie Serious Illness Policy Terms](#) paper, drawing on a 43-source review, documents more material heterogeneity in critical-illness wording across the Irish market, but pure-term mortgage protection — the product addressed in the present paper — is structurally homogeneous across providers.

The Irish public-domain literature on bancassurance distribution of mortgage protection is, to date, comparatively narrow. The Competition and Consumer Protection Commission has, in consumer-facing material, advised consumers of their right under Section 126(3) to source mortgage protection independently of the lender and has noted that 'shopping around' can produce material savings; the CCPC's published material does not, however, quantify the savings at scale. The present paper contributes to the public-domain quantification of the household and aggregate cost.

4 Data

The empirical exercise draws on three sources. The first is a structured quotation exercise conducted in April 2026 across the seven life offices then writing new mortgage-protection business in the Irish market. The exercise specified a representative borrower and, holding all underwriting characteristics constant, recorded the headline annual premium from each insurer's own quotation portal where direct-to-consumer quotation was available, or alternatively through the broker-channel quotation system on which Mylife.ie holds an appoint-

ment. The pillar-bank tied-insurer quotations were obtained as the lender-channel quotation rather than the wholesale broker-channel quotation, on the basis that the former is the quotation a typical drawing-down borrower would in fact be presented with at the point of mortgage drawdown.

The second source is the [BPIFI Mortgage Drawdowns Report Q4 2025](#), the standard official-sector reference for Irish residential-mortgage drawdown volumes. The report records that 43,030 mortgages were drawn down in Ireland in 2024 with a total value of €12.6 billion, that 46,358 mortgages were drawn down in 2025 with a total value of €14.5 billion, and that 9,437 mortgages were drawn down in Q1 2026 with a total value of just over €3 billion. The Q4 2025 report records that the average new-home first-time-buyer mortgage in 2024 was €321,912, the figure used as the representative-borrower sum assured at Table 2.

The third source is the [Central Bank of Ireland's Residential Mortgage Arrears and Repossessions Statistics](#), which records the stock of approximately **698,000** principal-dwelling-house (PDH) mortgage accounts outstanding at end-December 2025. The stock figure is used in the aggregate cost calculation of Section 6.2.

Table 2 sets out the representative-borrower specification. The specification is identical to that used in the Switching Gap paper (MWP-2026-01), which permits direct comparison across the two papers.

Table 2. Representative-borrower specification.

PARAMETER	VALUE
Borrower profile	Joint life, two non-smokers
Age at inception	35 and 35
Sum assured	€321,912 (BPIFI 2024 FTB new-home average)
Term	30 years
Cover basis	Decreasing term, level premium
Indexation	None
Underwriting	Standard rates; no loadings or exclusions
Quotation channel (bank)	Lender mortgage-process channel
Quotation channel (whole-of-market)	Broker channel
Quotation date	April 2026

5 Methodology

We define the *bank premium* for borrower i as the proportional difference between the premium quoted by the borrower's lender's tied life office and the cheapest whole-of-market premium for an otherwise-identical risk:

$$\text{Bank premium}(i) = (*P_{i,\text{bank}} - *P_{i,\text{min}}) / *P_{i,\text{min}}$$

where $*P_{i,\text{bank}}$ is the headline annual premium quoted by the tied life office of borrower i 's lender, and $*P_{i,\text{min}}$ is the lowest annual premium quoted across the seven life offices in our quotation set, for the same sum assured, term, age and underwriting class. The estimator is consistent in spirit with the price-dispersion estimator used in the FCA's general-insurance pricing-practices study (Section 3.2.2).

We then compute the household-level lifetime cost as the difference between $*P_{i,\text{bank}}$ and $*P_{i,\text{min}}$ aggregated across the policy term, ignoring discounting. The choice to ignore discounting is deliberate: the figure is reported in nominal terms and is therefore not sensitive to a discount-rate assumption, and the household-level decision is most usefully framed in nominal monthly-and-annual terms in which the consumer experiences it. The aggregate cost is then computed as the household-level cost, weighted by the share of mortgages estimated to be written on the tied bank channel and scaled by BPFi annual drawdown volumes (for the *flow* estimate) and by the Central Bank PDH stock figure (for the *stock* estimate).

Three conservative assumptions are applied. First, the proportional gap is held constant at the representative-borrower point estimate. In practice the gap widens at older ages and at higher sums assured because, although the premium is approximately linear in the age-and-sum-assured product, the proportional gap is approximately stable; holding the gap constant at the representative-borrower level therefore understates rather than overstates the aggregate. Second, the tied-channel share is taken to be approximately **40 per cent** of new drawdowns, reflecting industry understanding that whole-of-market broker distribution accounts for the majority of Irish mortgage-protection volume — in the order of 60 per cent. The figure remains materially below the EIOPA European average of approximately 70 per cent for credit-protection products and very substantially below the United Kingdom Competition Commission's pre-Order PPI figure of more than 95 per cent; the comparatively higher Irish broker share reflects the long-established role of intermediated whole-of-market distribution in the Irish life market. Third, no allowance is made either for inflation across the policy term (which would materially increase the nominal lifetime cost of the gap) or for the loyalty-discount effect on Bank of Ireland subsidiary business (which would reduce the average gap). Both adjustments work in opposite directions; we make neither and report the simple constant-gap estimate.

Three further methodological choices warrant note. First, the exercise prices the *first-period* gap and abstracts from any subsequent switching. The Mylife.ie Switching Gap paper

(MWP-2026-01) addresses the question of post-origination switching and finds that switching activity is materially below the rate that would be predicted under standard rational-consumer assumptions. The abstraction therefore overstates rather than understates the share of the household-level gap that is in fact realised lifetime cost. Second, we report the cheapest whole-of-market quotation rather than the median: the cheapest quotation is the appropriate counterfactual for the welfare comparison because it is the price the consumer would have obtained had the consumer exercised the Section 126(3) right and used a whole-of-market broker. Third, the methodology does not adjust for differences in policy quality across providers. Mortgage protection is, however, a structurally homogeneous product: cover ceases on death, the sum assured tracks a decreasing-term schedule, and the claims experience across whole-of-market providers is, on the evidence of the Mylife.ie *Life Insurance Claims in Ireland 2024* report, narrowly clustered. Quality adjustment, in this product, is therefore second-order.

6 Results

6.1 Household-level estimates

Table 3 reports the representative-borrower quotations. The cheapest whole-of-market premium is approximately 27.5 per cent below the headline pillar-bank premium for an otherwise-identical risk; the premium gap to the second-cheapest insurer in the quotation set is approximately 21 per cent. The estimated mid-range whole-of-market quotation lies approximately 9.5 per cent above the cheapest whole-of-market quotation, indicating that the bulk of the savings available to a switching consumer is realised on the move from the bank channel to the whole-of-market channel rather than on a subsequent move within the whole-of-market channel.

Table 3. Indicative monthly premium for representative borrower (€).

PROVIDER TYPE	INDICATIVE MONTHLY PREMIUM	ANNUAL PREMIUM	GAP TO CHEAPEST
Pillar-bank tied office (illustrative)	€38.50	€462	+27.5%
Mid-range whole-of-market quote	€33.10	€397	+9.5%
Cheapest whole-of-market quote	€30.20	€362	0%

Source: Mylife.ie quotation exercise, April 2026. Premiums are rounded to the nearest €0.10 and are illustrative of the representative borrower in Table 2; individual quotations vary with age, sum assured, term, smoker status and underwriting outcome. The quotation exercise is consistent in methodology with [Mylife.ie \(2026, MWP-2026-01\)](#).

On the representative borrower, the monthly premium gap of approximately €8.30 implies an annual gap of approximately €100 and a 30-year nominal lifetime gap of approximately **€3,000**. For a borrower with twice the representative sum assured (€644,000), the scale-linearity of term-assurance pricing implies a 30-year nominal lifetime gap of approximately **€6,000**; for a borrower with three times the representative sum assured (€966,000, broadly consistent with a high-value Dublin owner-occupier mortgage), the implied 30-year nominal lifetime gap approaches **€9,000**. The household-level cost therefore scales approximately linearly with the sum assured, and the higher-value borrower segment — which by virtue of the larger sum assured is of higher priority to the tied-insurer's distribution channel — is the segment in which the absolute household-level cost is largest.

The lifetime cost is material relative to other recurring consumer protection-spend comparators. The [Health Insurance Authority's market statistics](#) reported an average adult private-health-insurance premium of approximately €1,685 in 2024, so the €3,000 lifetime mortgage-protection overpayment is of the order of one-and-a-half to two years of typical adult health-insurance cost. The same lifetime figure is several multiples of typical Irish home-insurance pricing, which CSO consumer-price evidence and broker-channel surveys place in the region of **€430 to €865 per annum** for a typical owner-occupier; the lifetime overpayment thus equates to broadly five to seven years of home-insurance premium. It is also of the same order as the first-year monetary savings on mortgage switching documented in the [Central Bank of Ireland's review of switching activity in the Irish mortgage market](#), and a fraction of the over-€10,000 lifetime savings the same research identifies for a substantial share of mortgage-eligible borrowers.

6.2 Aggregate estimate

Applying the methodology of Section 5 to the BPI 2025 drawdown volume of 46,358 mortgages, and a tied-channel share of approximately 40 per cent, the *flow* of bank-premium overpayment on a single drawdown vintage is approximately $€100 \times 18,543 \approx$ **€1.85 million per annum**, which compounds, over the 30-year term, to a cumulative vintage-level overpayment of approximately **€56 million**. Applied to the Central Bank stock figure of approximately 698,000 PDH mortgage accounts, of which an estimated 40 per cent carry tied bank-channel mortgage protection, and assuming a representative annual gap of €100 per affected household, the *stock* of bank-premium overpayment in the Irish mortgage-protection market is in the order of **€28 million per annum**, equivalent to the annual revenue of a mid-size Irish life office.

Table 4. Aggregate bank premium under conservative assumptions.

QUANTITY	VALUE	SOURCE / ASSUMPTION
2024 drawdowns	43,030	BPFI Q4 2025 report
2025 drawdowns	46,358	BPFI Q4 2025 report
Stock of PDH mortgage accounts	≈698,000	Central Bank Mortgage Arrears Statistics, Dec 2025
Tied-channel share (assumption)	≈40%	Industry understanding; broker channel ≈60%
Annual gap per affected household	≈€100	Quotation exercise, Section 6.1
Annual stock-level overpayment	≈€28m	$0.40 \times 698,000 \times €100$
30-year vintage cumulative overpayment	≈€56m	$30 \times 0.40 \times 46,358 \times €100$

Two sensitivities are worth noting. First, if the household-level gap is weighted by the underlying sum-assured distribution — recognising that the absolute gap scales approximately linearly with sum assured and that higher-value borrowers face a correspondingly larger absolute gap — a population-weighted gap in the order of €130 per affected household per annum is plausible. At that gap, the annual stock-level overpayment rises to approximately €36 million and the 30-year vintage cumulative overpayment rises to approximately €72 million. Second, even at the unchanged €100 representative gap, an upward revision in the tied-channel share towards the EIOPA European average of ≈70 per cent would scale the headline figures by a factor of 1.75. The €28-million central figure should therefore be read as a careful estimate under representative assumptions; figures under less conservative gap or share assumptions are in the €35-50 million range at the stock level.

7 Discussion: why the gap persists

Four mechanisms, all extensively documented in the international literature reviewed in Section 3, are jointly sufficient to sustain the bank premium in equilibrium. The mechanisms are not mutually exclusive — indeed they reinforce one another — and the Irish institutional setting provides the conditions under which all four operate simultaneously.

7.1 Point-of-sale advantage

As the United Kingdom Competition Commission established in respect of PPI — a different insurance product, but the same distribution architecture (Section 3.2.1) — the credit provider enjoys a structural advantage at the moment of credit drawdown. The borrower has high opportunity-cost search time — the borrower is, by definition, in the late stages of a property transaction with associated legal, conveyancing and contract-of-sale deadlines. The borrower has high transaction-friction switching cost — exercising the Section 126(3) right requires sourcing an alternative quotation, completing fresh underwriting, exchanging policy

documents and supplying the deed of assignment to the lender's solicitor, all on the lender's drawdown timetable. And the borrower has elevated salience of the credit decision relative to the protection decision — the protection product is a compulsory adjacent purchase rather than the focal economic decision. The deferred-sales model implemented in Australia following the Hayne Royal Commission (Section 3.3.2) is the most explicit international response to the point-of-sale advantage; the United Kingdom Competition Commission's prohibition on point-of-sale PPI is the same response in a more structural form.

7.2 Default and inertia bias

The lender's tied office is presented as the implicit default. [Madrian and Shea \(2001\)](#) and the broader behavioural-finance literature establish that defaults are sticky even when the out-of-default option is materially superior, and that the stickiness is reinforced where the alternative option is administratively burdensome to exercise. The Irish setting satisfies both conditions. The default is the lender's tied-insurer policy. The alternative requires active exercise of the Section 126(3) right, including fresh underwriting and a deed of assignment. The behavioural-finance literature predicts, *ex ante*, that a substantial majority of consumers will accept the default. The empirical evidence, consistent with the prediction, is the EIOPA finding that 83 per cent of European bancassurance distribution is tied to the bank's preferred provider.

7.3 Commission, intermediary incentives and the role of point-of-sale advantage

It is important at this point to draw a careful distinction. [EIOPA \(2022\)](#) found commissions in European bancassurance credit-protection products that 'frequently exceed 50 per cent' of premium, and characterised the levels as inconsistent with the IDD's product oversight and governance obligations. That finding is a European-supervisory observation about the *level* of commission in bancassurance credit-protection more generally, and is not in itself evidence of a commission *differential* between Irish tied-bank and Irish whole-of-market channels.

On the available information, commission levels paid to Irish intermediaries on mortgage protection are broadly comparable across the tied-bank channel and the whole-of-market broker channel. The bank-premium gap documented in this paper therefore cannot be explained by a commission arbitrage between channels. This is, if anything, a strengthening of the paper's central thesis: the gap of 20 to 30 per cent persists *despite* broadly comparable distribution economics. The structural mechanisms that drive the gap are accordingly **point-of-sale advantage, default bias** and **information asymmetry** — not commission arbitrage. These mechanisms operate through the bank's privileged point-of-sale position at the moment of mortgage drawdown, through the implicit framing of the bank's tied-insurer policy as the default option, and through the asymmetry between the borrower's information set and that of the lender.

The associated literature should be read in this light. [Anagol et al. \(2017\)](#) provide direct experimental evidence that commission-motivated agents recommend dominated products in 60

to 90 per cent of audits; [Inderst and Ottaviani \(2012\)](#) establish that competition between intermediaries does not, in general, eliminate the resulting distortion. These results bear on the general unreliability of producer-paid recommendations as a guide to consumer welfare; they do not require an inter-channel commission differential to apply, and the present paper does not invoke one.

In Ireland, the [Commission Disclosure Regulations](#) (S.I. No. 195 of 2020) require the disclosure of intermediary commission, but the disclosure is made at point of sale rather than ex ante in a comparable form: the consumer learns the commission earned on the policy the consumer has just bought, but is not given a comparable disclosure for any alternative provider. The policy implication is that disclosure as currently configured is a weak remedy for a structural distortion that operates principally through point-of-sale advantage and default-option stickiness rather than through commission arbitrage.

7.4 Information asymmetry on price and quality

Mortgage protection is a long-tail product whose claims experience is invisible to the consumer at point of sale. The Mylife.ie [Life Insurance Claims in Ireland 2024](#) report shows that whole-of-market claims-acceptance rates fall within a narrow band: there is no material observable quality differentiation between providers on the dimension that most matters to a beneficiary household. The principal product attribute that *does* vary across providers, on the evidence of Section 6, is **price**. In a market with no observable quality differentiation and material price differentiation, an unbiased consumer-welfare-maximising benchmark would direct consumers to the lowest-priced provider. The Irish data, on the empirical findings of Section 6, show that the actual market outcome is the reverse: a substantial share of consumers transact at the highest-priced point in the distribution. The discrepancy between the welfare-maximising and observed outcomes is the direct measure of the structural distortion in the Irish market.

8 Policy implications

Three policy responses, ordered by intrusiveness, follow from the international literature reviewed in Section 3 and the Irish evidence reported in Section 6. Each response has direct precedent in adjacent jurisdictions, and each could be implemented within the existing Irish regulatory architecture without primary legislative reform of Section 126 itself.

8.1 Disclosure remedies

The least-intrusive response is to require, at the point of mortgage offer, a standardised disclosure of the lender's tied insurer status, the borrower's right under Section 126(3) to select an alternative insurer, and an indicative range of whole-of-market premiums for the borrower's age and sum-assured profile. The disclosure could be implemented within the existing Consumer Protection Code architecture by the Central Bank of Ireland, would not require primary legislation, and would operate at zero direct fiscal cost. Disclosure remedies of this

kind have been tested in the United Kingdom general-insurance market (the 2018 FCA pricing-practices review) and in the United States consumer-credit market (the 2010 Truth in Lending Act amendments) and have produced incremental but bounded effects. The behavioural-economics literature reviewed in Section 3.4 establishes the limits: disclosure does not, by itself, overcome the structural incentive distortion. Disclosure should therefore be regarded as a necessary first step rather than as a sufficient remedy.

8.2 Conduct remedies: a deferred-sales model

A more substantial response is to import elements of the Hayne deferred-sales model (Section 3.3.2) — that is, to require a minimum interval between the issue of the loan offer and the binding of the mortgage-protection policy, with a standardised whole-of-market comparison required during the interval. The Australian implementation provides direct precedent and the specific design choices that an Irish equivalent would face are well documented in the post-2020 ASIC supervisory record. Three implementation features are particularly relevant. First, the deferral period — four days under the Australian model — is calibrated to be long enough to permit the consumer to source an alternative quotation but short enough not to delay the underlying credit transaction unduly. Second, the deferral period begins on the day after the consumer is provided with a standardised customer-information document summarising the add-on product, its price, the alternatives and the consumer's right to compare. Third, the obligation is enforced by a civil-penalty regime, with penalties calibrated to the higher of a fixed amount or a multiple of the benefit derived from the non-compliance.

An Irish deferred-sales model could be implemented within the existing Consumer Protection Code architecture, although primary legislative amendment of the Consumer Credit Act 1995 would provide a more durable footing. The likely conduct cost to lenders is modest — the marginal cost of a four-day deferral on a thirty-year mortgage is small — and the consumer-benefit estimate, on the basis of the Section 6 figures, is in the order of 10 to 25 per cent of the headline annual stock-level overpayment, equivalent to approximately €3 to €7 million per annum at the stock level. The conduct-remedy precedent is therefore both available and well-tested.

8.3 Structural remedies

The most intrusive response is to require structural separation between mortgage origination and mortgage-protection distribution — that is, to prohibit a mortgage lender (or its wholly-owned subsidiary) from selling mortgage protection to the lender's mortgage customer at the point of mortgage drawdown. The remedy is equivalent in spirit — although directed at a different insurance product — to the United Kingdom Competition Commission's prohibition on point-of-sale PPI. The Irish market is, however, smaller and more concentrated than the markets in which structural remedies of this kind have previously been deployed, and the policy case for such a remedy would require evidence beyond that presented in this paper. In particular, a structural remedy would need to be calibrated carefully against the carve-out in Article 12(4) of the Mortgage Credit Directive (Section 3.1.3), which expressly

contemplates lender-arranged life cover provided the consumer's choice of supplier is preserved. A structural remedy is therefore available in principle but the present paper does not advocate for it: the disclosure and conduct remedies in Sections 8.1 and 8.2 are likely to deliver the bulk of the consumer benefit at lower regulatory cost.

8.4 Quantification and the Irish evidence base

A recurring feature of the international experience reviewed in Section 3 is that quantitative work — EIOPA's 2022 thematic review, ASIC's REP 256 and REP 622, the FCA's general-insurance pricing-practices study and pure-protection market study, and the United Kingdom Competition Commission's PPI Market Investigation — has been instrumental in characterising the distribution patterns and consumer outcomes that the literature identifies in the abstract. By comparison, the Irish evidence base on mortgage-protection distribution is presently thinner. The aggregate figures in Section 6 are computed under transparent assumptions and the present paper offers them on that basis. A more comprehensive Irish evidence base — in particular, a granular characterisation of the tied-channel share, of price dispersion across age, sum-assured and term cohorts, and of switching activity at the product level — would refine the empirical picture in this paper and is a natural focus for further research, including by Mylife.ie and by other interested participants in the Irish life market.

9 Limitations

The estimates are subject to four principal limitations, each of which is discussed in turn.

The representative-borrower point estimate. The quotation exercise prices a single representative borrower and the gap varies — generally widening — with age, sum assured and term. The representative borrower is a joint-life couple aged 35 with a €321,912 sum assured over a 30-year term; older borrowers and borrowers with larger sums assured will, on the linearity of term-assurance pricing, face a larger absolute gap. Holding the proportional gap constant across the population, as in Section 5, therefore understates rather than overstates the population-average household-level cost. A fuller specification would price the gap at multiple points on the age-and-sum-assured grid; the added precision is unlikely to alter the headline aggregate figure by more than a small fraction.

The tied-channel share assumption. The tied-channel share is taken at approximately 40 per cent of new drawdowns, on the basis of industry understanding that whole-of-market broker distribution accounts for approximately 60 per cent of Irish mortgage-protection volume. A precise Ireland-specific share is not publicly available in granular form. The 40-per-cent assumption is materially below the EIOPA European average of approximately 70 per cent and very substantially below the United Kingdom Competition Commission's pre-Order PPI figure of more than 95 per cent; the comparatively higher Irish broker share reflects the long-established role of intermediated whole-of-market distribution in the Irish life market. Sensitivity to the assumption is set out in Section 6.2.

Nominal versus present-value reporting. The household-level cost is reported in nominal terms; in present-value terms, at a 5-per-cent discount rate, the 30-year nominal lifetime cost of €3,000 has a present value in the order of €1,500. We report the nominal figure for two reasons. First, the consumer experiences the cost in nominal terms — the monthly premium is paid in nominal euros and the consumer's mental arithmetic is in nominal euros. Second, the nominal figure is robust to assumed-discount-rate disagreement; readers who prefer a present-value framing can substitute their preferred rate and re-compute. Reporting in nominal terms is also consistent with the comparator figures in the FCA general-insurance pricing-practices study and in the Mylife.ie Switching Gap paper.

First-period focus. The analysis prices the *first-period* gap and abstracts from any subsequent switching, which the international literature documents as administratively costly but not impossible. The Mylife.ie Switching Gap paper documents low realised switching activity in the Irish market. The abstraction therefore overstates rather than understates the share of the household-level gap that is in fact realised lifetime cost.

Taken together, the limitations bracket the headline aggregate rather than bias it in a single direction. The €28-million annual stock-level estimate is best regarded as a careful central figure under representative assumptions; figures under less conservative gap or sum-assured-weighted assumptions sit in the €35-50 million range at the stock level, as set out in the Section 6.2 sensitivities.

10 Conclusion

Section 126 of the Consumer Credit Act 1995 creates a compulsory demand for mortgage-protection cover but preserves the borrower's right to choose the supplier. Each of the three pillar Irish mortgage lenders distributes the policies of a single tied life office at the point of drawdown. The international literature — EIOPA's 2022 European thematic review, the United Kingdom Competition Commission's PPI inquiry and the United Kingdom FCA's subsequent pricing-practices and pure-protection work, ASIC's consumer-credit-insurance reports, the Hayne Royal Commission's deferred-sales model, the academic work of Anagol *et al.* and Inderst and Ottaviani, and the OECD's synthesis — establishes that tied bancassurance distribution at the point of credit reliably produces price dispersion to the detriment of consumers, and that the pattern is sustained by four mutually-reinforcing structural mechanisms: point-of-sale advantage, default and inertia bias, commission and intermediary incentives, and information asymmetry on price and quality.

Whole-of-market quotation in the Irish market suggests a typical bank premium of 20 to 30 per cent. The cumulative household-level cost is of the order of **€3,000** over a 30-year term for the representative borrower, scaling approximately linearly with the sum assured to **€6,000-€9,000** for higher-value borrowers. The aggregate annual cost across the Irish mortgage book, on a tied-channel share of approximately 40 per cent and a representative €100 annual gap per affected household, is of the order of **€28 million** per annum, rising to the

€35–50 million range under sum-assured-weighted gap or higher tied-share assumptions. The international experience suggests that the gap is durable in the absence of intervention, and that intervention — in ascending order of intrusiveness — may consist of disclosure, conduct or structural remedies, drawn directly from precedent in adjacent jurisdictions. The international experience also suggests that the cost of preventive intervention is materially lower than the cost of *ex post* remediation, as the United Kingdom's £38 billion PPI redress programme and Australia's AUD 160 million consumer credit insurance remediation programme together demonstrate.

The policy question that follows is not whether the Irish market is exceptional — on the international evidence, it is unambiguously not — but whether the Irish supervisory response should match the response that supervisors in adjacent jurisdictions have already concluded is necessary. The empirical case for action is, on the evidence in this paper, well-established.

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About this paper

This is the second paper in the Mylife.ie Research Working Paper Series. It develops the empirical exercise first presented in the *Mortgage Protection Switching Gap* paper (MWP-2026-01) and situates the Irish evidence within the international academic and policy literature on tied bancassurance distribution. The paper is intended to inform Irish consumers, policymakers and the wider research community, and is available without restriction at mylife.ie/research.

About the author

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