

**Comments Template on
Consultation Paper on draft Implementing Technical Standards (ITS)
on a standardised presentation format of the Insurance Product
Information Document (IPID)**

**Deadline
24 October 2016
18:00 CET**

Name of Company:	BBA	
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The numbering of the questions refers to the Consultation Paper on draft Implementing Technical Standards (ITS) on a standardised presentation format of the Insurance Product Information Document (IPID)

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Reference	Comment
General Comment	<p>For packaged bank accounts, providers will need to issue a separate IPID for each insurance in the package, in addition to the two standardised insurance documents currently required of the sales process for insurance products in the UK (the initial disclosure document (under ICOBS 4.5.1) and the policy summary (under ICOBS 6.1.10 and 6.4.4), in addition to the full terms and conditions of each product (plus documentation relating to the payment account). The insurance disclosure document template is being removed as of 1 February 2017, but providers will still need to provide the content covered by this document, although there will be more flexibility about how to do this.</p> <p>This is likely to result in information overload for customers, especially given the overlap between some of the above documents, and there is a risk that the effectiveness of the documents may be reduced.</p> <p>In addition to the specific questions answered below, BBA would like to raise the following issues:</p> <ul style="list-style-type: none"> • IDD Article 20(8) (f) and (g) stipulates that the IPID must include details of the obligations at the start of the contract and during the term of the contract, which are to be included in the 'Main Obligations' box on the IPID. It is not clear, however, from the Directive or the Consultation whether the obligations in question are the obligations of the insurer, or of the customer. <p>RTS Article 11 says that the RTS enter into force on the twentieth day following publication in the official journal of the EU. We would welcome clarification that the RTS will not be published in a way that required firms comply with it prior to the implementation date for the Directive (23 February 2018)?</p>

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Furthermore, under IDD Article 20(9) the EBA must submit the RTS to the Commission by 23 February 2017, but we have no certainty as to when the RTS will be published. If this happened late in the IDD implementation window, e.g. a month or two before 23 February 2018, it would be very challenging for firms to compile and print the IPID by the deadline (especially where this requires co-operation with a third party insurance manufacturer).

We would welcome clarification on the planned timeline for implementation, in line with the concerns raised above.

- RTS Article 3 states that the name of the insurance manufacturer must appear at the top of the IPID, but the name of the distributor does not appear anywhere on the IPID and there is no opportunity for distributors to include their own branding.
- RTS Article 7 includes information that must be presented on the IPID in a box headed 'Obligations in case of claim', however there is no such box on the sample IPID in Annex 1.
- RTS Article 7 states that the information indicated in IDD Article 20 (8)(b) – '*a summary of the insurance cover, including the main risks insured, the insured sum and, where applicable, the geographical scope and a summary of the excluded risks*' – shall be included under the heading 'Main risks not covered'; and that the information indicated in IDD Article 20 (8)(d) – '*main exclusions where claims cannot be made*' – should be included under the heading 'Main restrictions and exclusions'. There appears to be some duplication, or at least a lack of clarity, in the content of these sections.
- There is some confusion due to the reference to 'main restrictions', which does not appear in the language used in Article 20(8)(b) or (d) – does this mean

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that the heading 'Main restrictions and exclusions' is intended to cover limitations related to the customer that are distinct to the excluded risks covered in the 'main risks not covered' section? If there are restrictions e.g. the customer has a waiting period before they can make a claim, they need to be under a particular age, or they need to live in a particular location in order to be eligible to claim, is that the purpose of the 'main restrictions and exclusions' section, or is that sort of content meant to be covered by the 'Main Obligations' box? We would welcome further clarification of this point.

- RTS Article 9 states that the IPID 'shall not exceed two pages of A4-sized paper when printed', which seems to contradict paragraph 2.3.3 of the consultation which refers to the IPID being 'no more than two sides of a page'.

Q1 What barriers, if any, do you see to utilising a single standardised presentation format for all non-life insurance products? If you believe barriers to a standardised presentation format exist, please describe how they could be overcome.

We do not see any absolute barriers, in principle, to utilising a single standardised presentation format for all non-life insurance products, although it is challenging to provide an answer without knowing the full range of different types of insurance that are available across all member states that may not fit easily into one standardised format.

However, the approach as currently set out in the consultation paper in terms of how it might be effected, raises a number of potential problems that require further consideration, particularly with regard to the distribution of insurance products via bank account packs and packaged accounts.

Question 1

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'Packs' vs Multi-risk policies

A 'pack' is defined as a packaged account that offers a range of benefits in exchange for a monthly fee, they may include both insurance and non-insurance elements. The benefits vary by account, but could include travel insurance, car breakdown cover, Airport Lounge access and/or a discounted – or interest free – overdraft.

It is our view that these packs should not themselves be considered multi-risk policies. Therefore each insurance element within the pack should have a separate IPID, especially if the insurance is provided by different manufacturers. The draft IPID does not make provision for including two different manufacturers. Contractual arrangements between separate insurers and the distributor would likely prevent manufacturers working together to prepare an IPID that covers both products.

Although EIOPA seem to have considered that several categories across multiple IPIDs may have the same information (1.19), there seems to have been no consideration of the outcome on the customer where different elements of the cover are very different and therefore have different information e.g. restrictions and exclusions or geographical scope. While we agree that keeping duplication to a minimum is important for customers, we think it would be very difficult in this scenario to distinguish which information related to each element of cover on the single IPID and is likely to be very confusing for customers.

The consultation paper includes the definition that "A multi-risk policy in this case refers to a policy providing coverage to several risks which could be covered separately by different insurance policies." (p.8) In our view, this requires a *single* policy, that covers a number of risks which could be separated out into different policies.

The examples below demonstrate how we believe a multi-risk policy differs from a

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'pack'.

- An example of a multi-risk policy might be a policy, which is provided by one underwriter but provides for a number of risks, that **could** be separated out as separate policies.
- In comparison, a Pack would make it clear that there are separate policies for (for example) the travel insurance and the breakdown cover (provided by different insurers), and the policy documents are therefore separate, albeit contained in one brochure. It is our view, therefore, that such a pack does not come under the definition in the footnote as it **is** covered separately by different insurance policies, rather than it **could** be.

We believe, therefore, that packs do not (and should not) fall within the multi-risk policy definition and should therefore have separate IPIDs for each component of insurance coverage.

Multi-risk Policies

While in principle supporting the aim to reduce confusion and information clutter faced by consumers, on reflection we believe that it would be difficult and more confusing for customers to fit multi risk policies on a single IPID. Given that IPIDs are provided prior to the conclusion of contract and are not to be personalised it is our view that it would be more appropriate for each element of risk to have a separate IPID e.g. one IPID for building cover and one IPID for contents cover within a Home Insurance Policy.

Multi-risk policies allow the customer to elect which elements they would like to have. We are concerned that having to fit all of the risks covered by a multi risk policy into one IPID would be confusing for the customer. EIOPA have considered that separate IPIDs could confuse customers into thinking that it is possible to cancel parts of a

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	<p>policy (1.18). However, we don't think EIOPA have considered how having all of the information on a single IPID may lead customers to assume that the policy covers all of the risks listed rather than just the ones they have elected.</p> <p>We also reference our point above that an IPID containing very different information for different products could lead to more confusion for the customer which goes against one of the IPID objectives.</p> <p><i>We therefore disagree with EIOPAs conclusion that multi-risk policies should be presented in a single IPID.</i></p>	
Question 2(a)	<p>Q2 a) Do you agree that visual aids such as icons and symbols used to distinguish different information requirements in the IPID should be highly standardised at a European level?</p> <p>To the extent to which it reduces the potential for confusion amongst customers, yes. However there are some issues to raise concerning certain icons and symbols as currently set out in the consultation. For these some amendment, or national flexibility may be required in order to avoid a potential lack of clarity for the consumer, and these are detailed in our answer to Q2(b) below.</p>	
Question 2(b)	<p>Q2 b) Are there any circumstances in which it is necessary to allow for differences in any such icons between Member States? If so please explain the circumstances.</p> <p>We consider that it is necessary to amend or allow national differences in the following icons:</p> <p>'Geographical scope' – The icon used on the sample IPID in Annex 1 is the German flag, which may cause a customer to think that their insurance cover applies only</p>	

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	<p>within Germany, or that they must be a German resident to be eligible for the cover. In our view, the same potential for misunderstanding might arise if each country used its own national flag or the flag of the European Union. Furthermore, if the IPID is reproduced in black and white, the icon may not be easily understood, which is not in accordance with IDD Article 20 (7)(c). We therefore believe that a more universal icon would be more appropriate and could be used across all member states.</p> <p>'Insured sum' and 'Payment' – Both of these icons currently depict the euro currency. To avoid confusion among consumers, we believe that under both of these headings it is important that insurance manufacturers in member states that do not use the euro are able to use alternative symbols that depict the relevant national currency. Paragraph 2.2.5 of the consultation suggests that member states outside the euro can use a different icon for 'insured sum', but this is not included in the draft RTS, and no mention is made of alternative icons for the 'Payment' section in either the consultation or the RTS.</p>	
Question 3(a)	<p>Q3 a) Are there any circumstances in which it will not be possible to include the information required under the IPID on two sides of an A4 page?</p> <p>Insurance manufacturers may be best placed to answer this question. Nonetheless it is likely that more complex products, like travel insurance, will have more content for inclusion in the IPID than, for example, product warranty insurance.</p> <p>If provided in an alternative format for those who are sight impaired.</p>	
Question 3(b)	<p>Q3 b) Do you foresee any difficulties with prescribing a font type and font size?</p>	

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	<p>It is possible that a prescribed font type and size could cause issues for insurance manufacturers when drawing up the document, or for insurance distributors when printing or electronically providing the IPID, however we believe such issues are surmountable through dialogue with the industry.</p>	
Question 4(a)	<p>Q4 a) What challenges do you think a manufacturer would face, and how would these be overcome, in adapting the IPID to be compatible with provision via digital media such as websites, tablets or smartphones, including with preserving the fundamental aspects of the standardised presentation format?</p> <p>Question 4 is addressed to manufacturers but we consider that the views of insurance distributors should also be taken into consideration as they will issue the IPID to consumers.</p> <p>The UK's Financial Conduct Authority conducted a consultation exercise in late 2015 looking at the issue of smarter communications, to which BBA contributed, and we would recommend EIOPA review the FCA's Feedback Statement which incorporates a number of points salient to the question. It is available here : https://www.fca.org.uk/publication/discussion/dp15-05-smarter-consumer-communications.pdf</p>	
Question 4(b)	<p>Q4 b) What benefits do you see for the manufacturer in making the IPID compatible with provision via digital media?</p> <p>This is primarily a question for insurance manufacturers, however there are likely to be benefits to the customer if the IPID can be provided in a user-friendly digital format.</p>	

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<p>Question 5</p>	<p>Q5 What do you consider are the main cost drivers for the standardised presentation format (not including the efforts associated with the collection, identification and assimilation of the information itself) and at what point will they occur?</p> <p>The IPID is different to the policy summary that UK banks acting as distributors provide under ICOBS 6, although there is some significant overlap. Therefore insurance distributors will incur costs as a result of producing and distributing a brand new colour document, including carrying out the development work necessary in order to provide the IPID to customers in digital channels.</p>	
<p>Question 6</p>	<p>Q6 Do you agree with EIOPA approach's to focus primarily on consumers (i.e. retail customers) in developing the IPID?</p> <p>Yes, we agree that the IPID should focus on consumers.</p>	