

**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:	GDV German Insurance Association	
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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>The German insurance industry welcomes the IDD's goal to provide customers with an insurance product information document (IPID), containing the essential information on an insurance product. The IPID is intended to inform the customer "at a glance" about the core elements of a product and can therefore only contain basic information. The short and clear presentation can however encourage customers to read the information and assist them in their decision when purchasing an insurance product.</p> <p>We welcome the approach of a pre-contractual document, according to which any personalisation of concretely envisaged contracts shall be done via the policy and the terms and conditions (see p. 7, paragraph 1.6 of the consultation document).</p> <p>However, that means that any options offered within a product on which the customer can decide during the course of the sales process can only be presented as options in the IPID. For example, the options available in terms of the duration of the insurance contract can be listed in the IPID. In the German retail business, annual or three-year contracts are common. However, the concrete dates will only be available at the time the contract is concluded. In the pre-contractual IPID, it will therefore only be possible for insurers to provide customers with the various options available in terms of duration and to inform them that they can choose between them. The same applies to the information on the risks covered. Product lines are increasingly diversified. There is also a growing trend towards a modular design of insurance covers, allowing the customer to choose from several coverage modules.</p> <p>IPID design requires more flexibility</p> <p>We strongly believe that the design of the IPID should be more flexible.</p> <ul style="list-style-type: none"> • The proposed high level of standardization leaves no room for non-life insurers operating in a competitive market to make use of their own corporate design.

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Insurers have their own consistent corporate design for all their documents and correspondence with customers. The corporate design shapes the external perception of the insurer.

The stipulation of a specific font as well as the colour specifications (e. g. the blue colour of the box at the beginning of the document) contradicts this perception, has a negative impact on the insurer's recognition value to consumers and therefore interferes with the insurer's business activities.

The objectives of creating familiarity and a recognition effect on the side of customers and to improve comparability of the IPID of different insurers through harmonised design could also be achieved through less restrictive means, e.g. through requirements as to the order and arrangement of the individual information. It could also be required to illustrate the individual information with icons depicting a given symbol while leaving the concrete design of the icons to the insurers. In any case, unavoidable and slight deviations from a stipulated design standard, especially when they are due to technical reasons, must be permitted.

- To prepare the present comments, initial draft IPIDs have been developed. In this process, it has become apparent that the ITS provisions as to headings are not suitable for all insurance segments and products, considering the significant differences between individual non-life insurance products. More flexibility is therefore required, in order to allow insurers to draft IPIDs according to their respective product approach (see our comments on question 1).

IPIDs not appropriate for commercial customers

We expressly welcome EIOPA's decision to put the focus of the draft ITS on consumers. The effort required to draft IPIDs for the variety of different commercial customers and the respective products would be disproportionate to the added value

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that an IPID would have for commercial customers (see our comments on question 8).

Question 1

The non-life insurance market has a wide variety of products and is very heterogeneous, both within the individual branches and also when comparing different branches with each other. The products have significant differences. Rigid and uniform provisions applying across all branches are therefore problematic.

- **Stipulation of specific headings does not take into account existing particularities of individual products**

The headings provided for in the draft ITS are not suitable for all types of coverage offered in the German market. The product landscape in the non-life insurance market is broad and products have specific characteristics that may not be properly described by using the stipulated headings.

This becomes particularly evident with the heading "sum insured", which is not appropriate for all products: For instance, in the German property insurance market there are floor space tariffs where insurance coverage is based on the living space in square metres and a detailed building description. Similarly, the glazing of specific residential buildings may be insured with an all-in-approach without an agreed sum. Moreover, specifying the singular form is not suitable for products that include more than one insurance sum, e.g. in liability insurance there will often be separate insurance sums for personal injury and material damage.

This example alone makes it very clear that the rigid stipulation of a specific heading is unsuitable when considering the large product variety in the market. On the contrary, any discrepancy between the heading and the information given under that heading may lead to misunderstandings on the side of the customers.

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It may also be appropriate to already use the heading to inform customers that they can determine the insured sum during the sales process. In the German private accident insurance market, for instance, customers can choose from several insured sums or they can individually select insured sums according to their wishes and their intermediary's advice.

Insurers must therefore have the flexibility to take into account the specific characteristics of a product when drafting an IPID. That does not mean that the objective of a recognition effect must be lost out of sight. However, the ITS should be reduced to basic requirements such as the stipulation of the order and arrangement of the individual information required under the IDD in the IPID (see above). For the rest, the insurers must be able to take into account the specifications of their product.

- **Phrasing the headings as questions for reasons of orientation and comprehensibility**

Art. 6 of the ITS states that a language shall be used which facilitates the customer's understanding. That means a simple language shall be used which refrains, where possible, from using technical terms or, if that is not possible, explains them. We welcome this provision and encourage EIOPA to stipulate that the headings shall be phrased as a short question instead of - quite technical - terms in the headings. The lessons learned in the German market, both when drafting insurance terms and conditions as well as when drafting the current German product information documents under the national Regulation on information Obligations for Insurance Contracts ("VVG- Informationspflichtenverordnung") have shown that the use of the interrogative form improves comprehensibility and serves customers as a means of orientation. For example, instead of "Main risks covered" the heading in the IPID would then be "What is covered?".

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- **No mandatory use of bullet points used in sample IPID**

As already stated, insurers will need flexibility when drafting IPIDs in order to take various product specifications into account. Yet, the sample IPID includes an enumeration using bullet points in some information sections. However, insurers must be able to decide whether to present the required information using bullet points, a mix of continuous text and enumerations or continuous text only.

This may, for example, be required in order to describe the scope of the insurance coverage or to explain the conditions for the occurrence of an insured event (and thus for the existence of insurance coverage). For example, the occurrence of the insured event is prerequisite for any insurance benefit in the German private accident insurance market.

Question 2(a)

The use of icons can help customers to take note of the relevant information and facilitate their orientation. Icons may invite customers to read the individual information sections. In the selection of icons, however, it needs to be considered that icons can only give the viewer a basic idea of the information they are intended to illustrate.

However, as already stated in our general comment, we hold the view that it would be sufficient to stipulate in the ITS that the individual sections of information need to be illustrated by icons depicting a given symbol. The specific design of icons should however be left to the insurers which can then adjust them to their corporate design.

The use of a flag to illustrate the information on the geographical scope of the insurance is misleading, especially against the background that insurance cover in German policies is usually not limited to a mere country coverage. In addition, the geographical scope within the individual products is often further differentiated. For example, some insurers restrict the extension of the coverage of home contents

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	<p>insurances geographically, for example to the EU. In the area of private liability insurance, it is not uncommon that the insured sums are capped in relation to certain countries (such as the US) in order to limit the risk. To illustrate the geographical coverage, another icon without a specific geographical or national reference (i. e. no map, no flag) must therefore be found. Perhaps it may also be appropriate to refrain from stipulating the use of an icon here.</p> <p>Moreover, the colored design of the icons will result in additional costs for the design, alignment and review of the icons in different formats. Further costs will follow due to the fact that the display of icons must be tested in the print versions for various printer drivers and settings. In order to ensure a correct display in the long run, continuous monitoring is required.</p>	
Question 2(b)	<p>The euro symbol as a means of illustrating information on the offered sums insured may lead to misunderstandings outside of the eurozone. In these countries, the symbol must therefore be changed to the respective national currency symbols or abbreviations. This example underlines the fact that the heterogeneity of European insurance markets with their various branches and the multitude of individual product features require flexibility when drafting IPIDs. In addition, the currency declaration is a company-specific part of the corporate design, so that the specification to use a euro symbol may be in conflict with the declaration selected by the insurer in all other documents (e.g. EUR).</p>	
Question 3(a)	<p>The German insurance industry supports the basic approach that the IPID must be as short as possible. However, this must not be to the detriment of understandability for the consumer. A strict limitation to two A 4-pages may, however, have the effect that only an absolute minimum of information can be presented in the IPID. It carries the risk that the IPID loses in quality and that differences between the products of different insurers cannot be recognized due to a lack of space for a brief description of the various specifications of a product. In this context, it should be noted that products in the German retail market increasingly have a modular design, opening up</p>	

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the opportunity for customers to choose a tailor-made insurance coverage according to their needs. However, the presentation of the various module elements requires sufficient space in the IPID.

We therefore encourage EIOPA to refrain from a strict limitation to two A 4-pages. While many products can be described on two A 4-pages, especially some modular products or multi-risk policies may require more space in order to describe the content and the context of the product, for example when several insurance branches with their respective coverage elements are merged in a single terms and conditions (for example in a cover for house owners combining property, liability and legal expenses insurances). Another example are some travel insurance products combining travel cancellation, luggage, curtailment and travel insurance, potentially with the addition of assistance services. In these cases, customers will rather be interested in a complete and comprehensible information than in a short document. We therefore propose a system which allows for exceeding two A 4-pages in justified exceptional cases and only to the extent required.

Question 3(b)

Initially, we refer to our general comment above. The stipulation of a specific font and font size fundamentally intervenes with the corporate design and this interferes with the business of insurers. By contrast, less far-reaching stipulations that contribute equally to the objectives of the IPID are conceivable. The IPID aims to provide customers with a clearly legible document. In order to achieve this aim, it would be sufficient if the ITS were to stipulate a clearly legible font in an appropriate size. In the European legislation there are examples the ITS could build on, such as Art. 13 para. 3 of Regulation (EU) no. 1169/2011 of 25 October 2011 on the provision of food information to consumers. That provision includes a minimum requirement for the font height to be used (in millimeters).

It should also be noted that the IPID is not an entirely isolated document - it must be considered together with other documents of the individual insurers. These documents will follow the insurer's corporate design and will therefore differ from insurer to

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insurer (which, by the way, is a good thing in the competition-driven non-life insurance market). In our view, it must therefore be ensured that the IPID is perceived as a document of a particular insurer. Only then will the IPID live up to the aim of facilitating a comparison of products. Following the respective corporate designs of insurers would allow for this.

In addition, the stipulation of the font Myriad Pro will result in increased expenses. This font is not part of the pre-installed font types used by most insurers. The font would therefore need to be licensed across the whole insurance company and installed in the systems used by the insurer.

In addition, it will not be possible to use the stipulated non-integral font sizes 9.8 pt and 12.5 pt directly in every system, so that additional expenses can be expected. Further costs result from the fact that additional test runs will be necessary in order to ensure the correct integration of the font in PDF documents or in printed versions of the IPID. Moreover, the bullets used in the sample IPID do not correlate with the standards in text systems. It will therefore be necessary to design and produce graphics files, which is associated with yet more additional costs.

Question 4(a)

In the digital product range, it is important to comply with the customer's wish to underwrite an insurance contract in the (digital) channel chosen by the customer. Media disruptions must be avoided. Insurers must therefore be able to redesign the IPID, using responsive design in a manner that is appropriate to the medium.

EIOPA rightly assumes that not all aspects of standardisation can be considered across all media. Therefore, a presentation that is compatible to the chosen medium requires flexibility for insurers. Otherwise, the high level of standardisation and the tight stipulations (e.g. font) will be in conflict with the responsive design the customer rightly expects, since the ITS stipulations will regularly differ from the corporate design of the digital channels.

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	<p>Art. 23 IDD assumes that the IPID is handed out in paper form, but it also allows for a provision via digital media. If the customer selects the Internet as the access medium, this implies in our view the channel to be used for providing the IPID. However, Art. 23 para. 4 lit. b IDD grants the customer the right to choose, i.e. the customer who wishes to underwrite a contract online must specifically be asked by way of a checkbox or the like if he or she would like to get the IPID in paper form. This requirement is in contrast to the changes and possibilities offered by digitalisation. In particular, it contradicts an interaction with the customer free of media disruptions following the consumers' wishes for information being available promptly, easily and by means of electronic communication.</p> <p>In so far as EIOPA refers to pop-ups in the consultation document, such pop-ups can - especially in the mobile sector - be a partial or supplementary aspect of the IPID. We therefore share the assumption of EIOPA, that they cannot play a role in meeting the IPID requirements.</p>	
Question 4(b)	<p>Essentially, we see two benefits of adapting the IPID to digital formats: media disruptions can be avoided and the consumer's wish for "digital insurance coverage", expressed by the access over a digital channel, can be fulfilled. Moreover, the acceptance of digital documents by consumers may be increased which may lead to a strengthening of digital business.</p> <p>As a consequence, the digital transfer of the IPID may lead to savings in terms of centralized or decentralized printing (e.g. locally through sales agents). Postage costs can also be avoided. The default paper requirements under Art. 23 para. 4 lit. b IDD are, however, opposed to that (see our comments on Question 4 a).</p>	
Question 5	<p>Expenses will accrue in terms of the implementation of the IPID requirements and then continuously when new products are introduced or existing products are revised. Implementation expenses will arise along all business processes of the insurer, both in terms of IT processes (such as application development, testing and deployment of</p>	

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new IPID-technologies) as well as in terms of the processes of quotation and contract management. Further expenses will be caused by establishing compatibility for mobile devices.

- For the German insurance industry, the initial and one-off costs of implementing the IPID-requirements would be app. EUR 200 million.
- The technical implementation effort would amount to app. EUR 130 million : the major cost drivers being staff costs in the IT sector for the integrated implementation of IPID into all processes of the insurer (particularly in larger companies) and the training costs in terms of a smooth integration of the IPID into all business processes.
- The ongoing annual expenses will account for app. EUR 10 million, for example for constant adjustments and for material and printing costs.

The cost calculations of GDV are generally based on the methods used by the German government (standard cost model). They focus on the size of the project and the staff costs for the technical implementation (plan, build & run).

In general, it can be summarised that all standardised format specifications which do not comply with the corporate design and the standards of the text systems of insurers are associated with considerable costs (in terms of the font specification, see our comments on question 3 b).

The ITS are drafted in the assumption of a coloured design. However, the colour specifications will not apply for printed or photocopied versions of the IPID. We understand this requirement to mean that the insurer may produce printed documents in black and white and that intermediaries can also make black and white prints on site, e.g. at the customer's home. Coloured documents or print-outs would entail significantly higher costs. This is particularly relevant in terms of decentralized print-

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outs by intermediaries on site. Also in mass printing colours differing from the colours otherwise used by insurers for their documents will also produce additional costs when further printing inks must be added instead of a mere one- or two-color printing.

In this regard, we would like to point out that the coloured background of the individual sections of information can prove to be problematic in terms of print-outs. In a test print of the IPID sample on a colour printer it was noticed that the background was unrecognizable. From another context, we are aware that such backgrounds can also lead to a complete absorbance on some printers, so that the textual information is no longer recognizable. Therefore, a mere line border should be considered.

Question 6

We welcome the decision of EIOPA to put the focus of the draft ITS on consumers. This is also suggested in Art. 23 para. 1 lit. b IDD, which highlights the understandability for the customer. The IDD also aims at consumer protection (e.g. recital 43).

In the view of the German insurance industry, there is also no apparent need for a protection of commercial customers demanding the issuing of an IPID. This is a clear argument against a standardised format, especially since in some cases there will also be insurance coverage negotiated between the commercial customer and the insurer. Even SMEs and freelancers are entrepreneurs whose day-to-day business involves economic activity, accounting and dealing with a legal framework. The IPID will be of no added value for them.

The various risks of commercial customers on the other hand are taken into account in the market by a large number of products. This becomes particularly evident in liability insurance where there is already a large variety of different products due to the different liability risks of the various commercial customers (e.g. for pharmacies, architects, doctors, builders, construction firms, the liberal professions, restaurants, merchants, car workshops, car dealers, farmers, forestry etc.). It can therefore be

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assumed that a very high number of IPIDs will be required for commercial customers which must be drafted and maintained, involving high efforts. The associated significant costs may lead to increased premiums for commercial insurance providers, which cannot be in the interests of the economy. As a result, the effort would be disproportionate to the added value that an IPID would have for commercial customers.