



EIOPA-CP-16/007
1 August 2016

Consultation Paper
on
the proposal for
Implementing Technical Standards
on a standardised presentation format
of the Insurance Product Information
Document (IPID)
under the Insurance Distribution
Directive (IDD)

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Responding to this paper

EIOPA welcomes comments on the Consultation Paper on the proposal for Implementing Technical Standards on a standardised presentation format of the insurance product information document.

In particular, EIOPA would like stakeholders to focus on the questions indicated in the different sections below.

Comments are most helpful if they:

- respond to the question stated;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

Please send your comments to EIOPA in the provided Template for Comments, by email CP-16-007@eiopa.europa.eu, by 18h00 on 24 October 2016.

Contributions not provided in the template for comments, or sent to a different email address, or after the deadline will not be processed.

Publication of responses

Contributions received will be published on EIOPA's public website unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 regarding public access to documents and EIOPA's rules on public access to documents¹.

Contributions will be made available at the end of the public consultation period.

Data protection

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. They will only be used to request clarifications if necessary on the information supplied.

EIOPA, as a European Authority, will process any personal data in line with Regulation (EC) No 45/2001 on the protection of the individuals with regards to the processing of personal data by the Community institutions and bodies and on the free movement of such data. More information on data protection can be found at <https://eiopa.europa.eu/> under the heading 'Legal notice'.

¹ [Public Access to Documents](#)

Consultation Paper Overview & Next Steps

EIOPA carries out consultations in the case of drafting Technical Standards in accordance with Articles 10 and 15 of the EIOPA Regulation.

This Consultation Paper presents the draft Technical Standards, explanatory text and a technical annex where relevant.

The analysis of the expected impact from the proposed policy is covered under Annex I (Impact Assessment).

Next steps

EIOPA will consider the feedback received and expects to publish a Final Report on the consultation and to submit the Consultation Paper for adoption by the Board of Supervisors.

Following consideration of the feedback received in this Consultation Paper, EIOPA will finalise the development of Draft Implementing Technical Standards and, following approval by EIOPA's Board of Supervisors, submit those draft ITS to the European Commission for endorsement.

1 Background

1.1 The Insurance Product Information Document (IPID) is a significant project within the overall work of EIOPA on the Insurance Distribution Directive² (IDD). Its objective is to ensure that the customer has the relevant information about a non-life insurance product to allow him to easily compare between different product offers and to make an informed decision about whether or not to purchase the product. This also closely reflects one of EIOPA's own strategic objectives in its policy work on consumer protection, namely *"to assist consumers of insurance products with making informed choices based on their rights and obligations"*.

Legal Framework

1.2 Under Article 20(9), IDD, EIOPA is required to develop draft Implementing Technical Standards (ITS) regarding a standardised presentation format of the IPID, specifying the details of the information in Article 20(8), IDD (see below). The IPID is to be drawn up by the manufacturer of a non-life insurance product and provided to customers prior to the sale of a non-life insurance product. EIOPA must submit those draft ITS to the European Commission by 23 February 2017, after consulting national authorities and after consumer testing. EIOPA is also conducting this public consultation to provide input in drafting the ITS.

1.3 **The content of the IPID is already determined by Article 20(8) of the IDD text.** Indeed, Article 20(8), IDD provides that the IPID "shall contain the following information:

- a) information about the type of insurance;
- 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;
- c) the means of payment of premiums and the duration of payments;
- d) main exclusions where claims cannot be made;
- e) obligations at the start of the contract;
- f) obligations during the term of the contract;
- g) obligations in the event that a claim is made;
- h) the term of the contract including the start and end dates of the contract;
- i) the means of terminating the contract".

1.4 In addition, Article 20(7), IDD provides that the IPID "shall:

² Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, OJ L 26, 2.2.2016, p. 19–59: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32016L0097>

- a) be a short and stand-alone document;
- b) be presented and laid out in a way that is clear and easy to read, using characters of a readable size;
- c) be no less comprehensible in the event that, having been originally produced in colour, it is printed or photocopied in black and white;
- d) be written in the official languages, or in one of the official languages, used in the part of the Member State where the insurance product is offered or, if agreed by the consumer and the distributor, in another language;
- e) be accurate and not misleading;
- f) contain the title 'insurance product information document' at the top of the first page;
- g) include a statement that complete pre-contractual and contractual information on the product is provided in other documents".

1.5 Article 20(4) IDD explicitly recognises that the provision of the IPID is "without prejudice to the [information disclosure requirements under] Articles 183 and 184 of the Solvency II Directive"³, meaning that the provisions under Solvency II would continue to co-exist with the proposed ITS setting down the standardised presentation format for the IPID. In particular, Article 184(1) provides that:

"Where non-life insurance is offered under the right of establishment or the freedom to provide services, the policyholder shall, before any commitment is entered into, be informed of the Member State in which the head office or, where appropriate, the branch with which the contract is to be concluded is situated" and "any documents issued to the policyholder shall convey [this information]".

EIOPA recognises that a reference to the "head office" of the manufacturer may be a relevant issue in terms of home/host competences in a cross-border sale of a non-life insurance product. However, as the legal empowerment for EIOPA to develop draft implementing technical standards under the IDD is limited to EIOPA developing a "standardised presentation format", based on a specified content already set down in the IDD, this is the reason why there is no explicit reference to the "head office" of the manufacturer in the draft ITS.

³ Directive 2009/138: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009L0138>

- 1.6 **The IPID is a pre-contractual document and does not replace policy terms and conditions, which will be provided to customers in addition to the IPID. Any customer personalisation will be done via the policy terms and conditions, not the IPID.** Article 20(7), IDD also provides that "*Member States may stipulate that the insurance product information document is to be provided together with information required pursuant to other relevant Union legislative acts or national law on the condition that all the requirements set out in the first subparagraph are met.*"
- 1.7 EIOPA recognises that different distribution channels (direct, intermediary, telephone, online, comparison websites etc.) exist in different markets. However the IDD is clear that the IPID must be provided to consumers in advance of the conclusion of a sale irrespective of the channel used for distribution.

Summary of consumer testing process

- 1.8 Earlier this year, EIOPA completed a procurement process to select an external specialist supplier to provide design work and consumer testing on the IPID. LE Europe, the firm that also provided consumer testing for the work on the draft RTS on the KID (Key Information Document) for PRIIPs, was the chosen lead supplier for the IPID work. LE Europe collaborated with Ipsos MORI Belgium and Academy Design Partners to undertake the consumer testing and design work.
- 1.9 Consumer testing was carried out in two phases:
- In Phase 1, **testing sought views and preferences of consumers on five different designs in focus groups held in four countries (DE, ES, RO and UK)**, ensuring a varied geographical representation of the EU. The testing was limited to four EU countries due to budgetary constraints EIOPA faced in procuring the consumer testing. There were two focus groups, consisting of eight people per focus group, in each country. The focus groups contained a mix of age, gender, and financial literacy/education levels. This phase was completed in May. Lessons learnt from phase 1 were applied to the designs of the IPID; and
 - In Phase 2, **three designs** (two slightly adapted designs from Phase 1 and one design combining positive aspects from other phase 1 designs) **were tested among a large number of consumers in the same four countries using an online questionnaire**. 800 people in each country representing a mix of age, gender, and financial literacy/education levels participated in this phase. This testing, which sought reasons for their preferences between designs and also tested how designs affected their ability to compare the information provided, was completed at the end of June.

1.10 For both phases of consumer testing, sample IPIDs for three different non-life insurance products were used. **The three products chosen were: motor insurance, household insurance and health insurance.** Each participant only considered one type of insurance, but the three product types were covered in testing. Motor insurance was chosen because motor third party liability insurance is mandatory across the EU and is therefore a widely-offered product. Household insurance and health insurance were chosen because they are relatively common products.

1.11 The results of the consumer testing:

- Indicate that **sample IPIDs used in testing were generally seen as impartial documents;**
- Confirm that the **order of importance** used in the sample IPIDs **was consistent with the ranking given to each section** by respondents;
- Strongly support: **(i) the use of two columns** for the presentation of text, and **(ii) breaking the document into sections** using boxes or lines between sections; and
- Show **a clear preference for the use of icons and coloured bullets and symbols** in the IPID.

1.12 **More detailed information on the results of the consumer testing can be found in LE Europe’s final report, which is published together with this Consultation Paper on the “Consultations” section of EIOPA’s website:**
<https://eiopa.europa.eu/Pages/Consultations/Overview.aspx>

Multi-risk policies

1.13 One issue which EIOPA considered during the course of its policy work was how to incorporate multi-risk policies⁴ into a standardised presentation format.

1.14 Two options were considered:

(i) Proceed based on a strict interpretation of the wording contained in the empowerment given to EIOPA in Article 20(9), IDD, **namely a single IPID for all products**, irrespective of whether they cover multiple risks; or

(ii) Consider the possibility of providing **an IPID for each of the different types of insurance coverage provided within a multi-risk policy**. The part(s) of the insurance that could be bought separately could be shown in a separate IPID(s).

1.15 **Provision of more than one IPID in these situations would appear to be against the spirit and objectives of the IPID.**

⁴ 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.

- 1.16 On the one hand, more comprehensive product information through providing separate IPIDs for such cover can appear to assist the consumer with their decision.
- 1.17 On the other hand, the objective of the IPID is to provide information on the main features of the product offered and incorporating this into one IPID provides a discipline on providers to only include the main features.
- 1.18 Furthermore, it could lead to confusion on the part of consumers e.g. they may believe that it is possible to cancel parts of a policy and it would make it more difficult to compare different product offerings.
- 1.19 As it is common for many insurance policies to incorporate cover for multiple risks, there is a danger that many products would be the subject of multiple IPIDs if this approach is considered acceptable. In any event, if separate IPIDs were provided for these products, several of the categories would contain the same information e.g. common policy start/end dates, payment and cancellation terms etc.
- 1.20 **It might be argued that if a product requires several IPIDs, then it is in fact too complex for consumers to readily understand, especially when we consider that the breadth and complexity of retail investment products will be presented in one document, the PRIIPs KID.**
- 1.21 **Considering all the elements, EIOPA** concluded⁵ that multi-risk policies should be presented in a single IPID.

⁵ See also Impact Assessment below for more information on how EIOPA reached its policy conclusion.

2 Discussion topics for the public consultation

In this section, EIOPA sets out a non-exhaustive list of relevant discussion topics for the elaboration of the draft ITS on the standardised presentation format. The objective is for EIOPA to obtain targeted feedback on these points to facilitate the process of finalising the development of the draft ITS.

2.1 A standardised presentation format

2.1.1 Notwithstanding the legal classification of non-life insurance provided for by Annex I of the Solvency II Directive, there is a wide variety of non-life insurance products available in the markets across Europe. This raises some questions and challenges in the context of developing a standardised presentation format.

2.1.2 **One challenge is to develop a standardised presentation format that will cover all of the available non-life insurance products. This has raised questions as to whether or not this is feasible, or whether there should be somewhat different formats for different products or groups of products, while respecting the overall information requirements.**

2.1.3 **There are benefits for consumers in terms of familiarity and simplicity if the same format can be used for all non-life products. EIOPA believes that the information requirements as set out in the IDD are such that it will be possible to provide a meaningful product information document using only one presentation format.**

2.1.4 The proposed standardised presentation format is set out in a template in Annex 1.

Question 1:

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.

2.2 Standardised presentation format: use of visual aids

- 2.2.1 Icons and symbols are commonly used to draw attention to particular information. They have been used for many years on signage and can be particularly helpful in multi-lingual situations e.g. road signs, railway stations, airports. They are also commonly used in retail situations such as food packaging and clothing care labels.
- 2.2.2 The results of the consumer testing, which EIOPA was required to carry out, has shown strong support for the use of icons and symbols to assist consumers with finding information on an IPID and in comparing different IPIDs.
- 2.2.3 Icons can help the reader to quickly identify and easily find particular parts of a set of information. They can assist consumers with becoming more familiar with information and this will help them feel more confident of understanding it and also make it easier to compare products.
- 2.2.4 The higher the level of standardisation of these icons, the easier it will be to identify and compare specific characteristics. Icons would be used in addition to a descriptive heading for each of the main characteristics of the product for which it is required to present information in Article 20(8), IDD.
- 2.2.5 In devising the standardised presentation format, EIOPA has used the “€” symbol for the icon associated with the insured sum as many of the Member States are Eurozone countries. However, for countries outside of the Eurozone it is understood that a common symbol representing the local currency will be used as the icon. In addition, EIOPA has used a single country flag to depict the “geographical scope” of the product. This was the approach used for the consumer testing, where the possibility of misunderstandings was probed. The use of a flag was not intended to communicate the actual range of geographic scope, but simply the concept of geographic scope in general. The testing did not show issues with this. However, it is recognised that a single flag might be viewed as implying coverage in only one Member State, where for some products coverage is wider, for instance liability or travel insurance.
- 2.2.6 Icons can also be used to assist with recognition by consumers where an IPID is reproduced in black and white print. Although EIOPA anticipates that the IPID will be mostly printed in colour with coloured icons and symbols, the Directive requires that it should be capable of being printed or photocopied in black and white⁶. While it is difficult to differentiate between colours reproduced in grayscale, **EIOPA believes that the presence of icons and symbols in the IPID will assist the user in locating and understanding different parts of an IPID reproduced in black and white.**

⁶ Article 20(7)(c), IDD.

- 2.2.7 **EIOPA believes that the use of icons in the IPID represents best practice.** The level of standardisation needs to be considered in this context. A high level of standardisation is particularly important to support comparability between products and to assist consumers in making informed decisions.
- 2.2.8 EIOPA considered whether icons depicting common aspects could differ across borders and whether different icons might be needed in different Member States, in view of cultural, linguistic and other differences. In that respect, **EIOPA considered whether the development of representative icons might be done at the level of national markets rather than at the EU level.** However, this approach would not appear to best fulfil the fundamental objective of the IDD which is to provide a high level of standardisation in order to promote comparability between products and cross-border business in the context of the EU Single Market.
- 2.2.9 In conclusion, EIOPA believes that situations where icons are not universally recognisable across the EU are likely to be limited in practice and that users could adapt quickly to standardised icons, such that the benefits of standardised icons could quickly and greatly outweigh the drawbacks. **EIOPA is therefore proposing that the icons contained in the draft ITS (in the standardised presentation format template in Annex 1) should be used in preparing IPIDs.**

Question 2:

- (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?**
- (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.**

2.3 Standardised presentation format: length of the IPID

- 2.3.1 The IDD states that the IPID must be a "short and stand-alone document"⁷. In consumer testing, people liked that it is short and they favoured a one-sided document. EIOPA recognise that it will not always be possible to fit all the required information on one side of a page.
- 2.3.2 On the other hand, it is generally understood that consumers do not like long documents as they need to absorb more information and they find them less engaging, so it should not be, for example, four sides (both sides of two pages). Also, longer documents will make it more difficult for consumers to compare different products.
- 2.3.3 **EIOPA believes that it should be possible to clearly set out the main features of a non-life product in an IPID on no more than two sides of a page.**
- 2.3.4 To ensure that IPIDs meet the requirements in the Directive of being a short and stand-alone document, but also being clear and easy to read, **EIOPA is proposing that the font type and size should also be standardised.** The proposed font type and size are set out in the template annexed to the draft ITS.

Question 3:

(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?

(b) Do you foresee any difficulties with prescribing a font type and font size?

⁷ Article 20(7)(a), IDD

3 The IPID in digital format

- 3.1 The IDD envisages that the IPID can be provided in both paper and digital formats ("durable medium")⁸. However, the default approach under Article 23, IDD, for "information [including the IPID] to be provided in accordance with Article 20, IDD and communicated to the customer", is provision of that information on paper⁹, unless the customer has chosen a different means of provision such as a durable medium or a website.
- 3.2 In addition, where the information is provided using a durable medium other than paper or by means of a website, the customer always has to be provided with a paper copy, free of charge if he/she requests it¹⁰. Furthermore, as already mentioned above, the IPID has to be capable of being printed or photocopied in black and white¹¹.
- 3.3 Provision of the IPID in digital format can potentially be *simple* (e.g. a pdf of the paper version in an e-mail attachment) *or complex* (e.g. designed specifically for display in the required format on a website). Depending on which approach the manufacturer chooses, there will be resource and cost implications.
- 3.4 Because of the variety of different computer systems in manufacturers and distributors of non-life insurance products across the EU, it is difficult to estimate the impact of the different solutions that could be implemented. Accordingly, EIOPA would like **to receive, for the purposes of Impact Assessment, feedback on the challenges that arise and how to address them.**
- 3.5 In addition, website delivery of information enables a variety of techniques to be used to make the information more dynamic and responsive, for instance, to take one example, the use of so-called 'pop ups' to provide the opportunity to access further information on a particular topic. As set out above, the emphasis in the IDD tends to be on a paper-based IPID with the result that it is silent on the use of such techniques as pop-ups where digital solutions are provided.
- 3.6 In a digital context, pop-ups could be used to provide additional information not included in a paper IPID or they could just alert the reader about where further detail can be obtained. Pop-ups providing additional information can lead to a divergence between the paper and digital content of the IPID, but it would be difficult to justify denying customers the opportunity of obtaining more information just for the sake of preventing that divergence of content. Clearly, any information contained in pop-ups, must be complementary to rather than detrimental to the information in the IPID itself. Furthermore use of pop-ups must not infringe the integrity of the IPID by e.g. weakening the information in the IPID or contradicting that information.

⁸ Article 20(5), IDD

⁹ Article 23(1)(a), IDD

¹⁰ Article 23(3), IDD

¹¹ Article 20(7)(c), IDD

- 3.7 Another consideration in determining the format for the IPID is how it may be prescribed for use on other media such as computers, tablets and smartphones. It is clear that the standardised presentation format cannot be devised for only one medium and this implies that a very rigid approach cannot be taken to how it will be displayed on all media.
- 3.8 EIOPA recognises that there may be benefits associated with digital delivery of the IPID. It is possible that the standardised presentation format will not always offer the best means to deliver information in a digital context. EIOPA welcomes feedback on situations where the benefits associated with digital delivery could be curtailed by the standardised presentation format and such situations should be reflected in answers to Question 1.
- 3.9 It is not unusual for businesses generally to provide information to consumers in different formats depending on the medium used to provide the information. Accordingly, EIOPA believes that consumers do not generally expect items displayed in different media to look **exactly** the same. Having considered the matter, **EIOPA believes that many elements of the standardised presentation format can be applied across different media, but that there are some aspects in which it might not be possible to match the default version, which is the printed version.** An example of this might be where the full length or width of text as shown on the printed version cannot be displayed legibly on a smartphone.
- 3.10 In these circumstances, **EIOPA believes that it will be acceptable to display the IPID in a “medium-friendly” format provided the fundamental aspects of the standardised presentation format are observed.** This would mean for example that icons, colours, order of presentation, etc. would be preserved as well as their relative size and weighting as set out in the default printed version.

Question 4:

- (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?**
- (b) **What benefits do you see for the manufacturer in making the IPID compatible with provision via digital media?**

4 Anticipated impact on industry of the standardised presentation format

- 4.1 EIOPA believes that the impact on industry will, in the main, take the form of one-off costs related to the initial changeover to using the standardised format for the IPID.
- 4.2 **In this regard, it is worth pointing out that in this consultation, EIOPA is dealing only with the question of a standardised presentation format and the costs, benefits and work associated with the content of the IPID are not relevant for our considerations.** Because of this, the Impact Assessment does not consider the impact including costs of having to provide a printed version of the requirements set out in Article 20(7) and (8), IDD as these are requirements set down in the Level 1 text rather than being a function of the standardised presentation format.

Question 5:

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?

5 Type of customer covered by the IPID

- 5.1 Article 20(4), IDD states that when providing "*relevant information about the insurance product in a comprehensible form to the customer*", the insurance distributor needs to take into account the "*type of customer*" which the product is being sold to.
- 5.2 It is worth noting, in this respect, that the IPID would not need to be provided in relation to the distribution of "large risks" (as defined under Solvency II Article 13(27)¹²) (Article 22(1), IDD). Other than this qualification, there is no further guidance as to what "customer" would mean in this context.
- 5.3 Ultimately, it will be down to Member States under IDD to determine which types of "customers" the IPID should be provided to. In reality, however, it is difficult to envisage the benefits of the IPID being provided to commercial customers and EIOPA was asked to carry out "*consumer*" testing, meaning that retail customers are the more obvious target of this work. In addition, there is a reference in Article 20(7)(d), IDD to the "consumer".
- 5.4 **For these reasons, EIOPA decided to focus primarily on consumers in the retail market when developing the standardised presentation format for the IPID.** Although EIOPA's legal empowerment is limited to determining the standardised presentation format of the IPID and not to the type of customers to whom the IPID should be provided, this issue is still of particular relevance to market participants and plays a role in EIOPA's thinking on how to develop the format for the IPID e.g. as regards the sophistication of format used.

Question 6:

Do you agree with EIOPA approach's to focus primarily on consumers (i.e. retail customers) in developing the IPID?

¹² Article 13(27) defines large risks comprehensively, as Railway rolling stock, Aircraft, Ships, Goods in transit, Aircraft liability, and Liability for ships. Furthermore, large risks can be Credit and Suretyship where the policyholder is engaged professionally in industrial or commercial activity or in a liberal profession. Finally, large risks can be Land vehicles (other than railway rolling stock), Fire and natural forces, Other damage to property, Motor vehicle liability, General liability, Miscellaneous financial loss where the insured is a large company (as defined in the annex)

2 Draft Technical Standards



Brussels, **XXX**
[...] (2016) **XXX** draft

COMMISSION IMPLEMENTING REGULATION (EU) No .../..

of **XXX**

on **[...]**

**COMMISSION IMPLEMENTING REGULATION (EU) No .../... laying down
implementing technical standards with regard to standardised presentation format of the
insurance information document specifying the details of presentation of the information in
accordance with Directive (EU) 2016/97 of the European Parliament and of the Council
of XXX
on [...]**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive (EU) 2016/97 of 20 January 2016 of the European Parliament and of the Council on insurance distribution, and in particular Article 20 (9) thereof,

Whereas:

- (1) Directive (EU) 2016/97 introduces an standardised insurance product information document which aims to provide customers with information about non-life insurance products as listed in Annex I of Directive 2009/138/EC to allow customers to make an informed decision,
- (2) Whereas Directive (EU) 2016/97 specifies the information details which the insurance product information document shall contain, it empowers the Commission to adopt implementing technical standards regarding a standardised presentation format of the insurance product information document specifying the details of the presentation of the information, The presentation of the information on the insurance product serves the same purpose as the insurance product information document referred to in Article 20 of Directive 2016/97, which is to present the relevant information on the insurance product in a comprehensible, clear and easy to read format to allow customers to make an informed decision. Technical jargon and terms should be avoided to the widest extent possible.
- (3) For the purpose of comprehensibility and comparability it is important that the insurance product information document is given a predefined standardised structure with allocated information details. Furthermore it is important that the understanding of the product's related information is facilitated by the use of icons or symbols. In order to provide customers with product information which is easy to read, understand and compare, a common template is introduced which shall be used for drawing up the insurance product information document. The length of the insurance product information document has to be short and not exceed two A4 pages when printed, for the purpose of providing a short and stand-alone document with all relevant product related information to the customer.
- (4) This Regulation is based on the draft implementing technical standards submitted by the European Insurance and Occupational Pensions Authority to the Commission. The European Insurance and Occupational Pensions Authority has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Insurance and Reinsurance Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1094/2010 of the European Parliament and of the Council¹³.

¹³ Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331, 15.12.2010, p. 48).

HAS ADOPTED THIS REGULATION:

Article 1 – Subject Matter

This Regulation lays down the detailed rules for the implementation of Article 20 (8) of Directive (EU) 2016/97 and specifies the standardised presentation format of the insurance product information document as referred to in Article 20(5) of Directive (EU) 2016/97.

Article 2 – General principles

Requirements laid down in the Regulation shall apply to any insurance product information document as referred to in Article 20(5) of Directive (EU) 2016/97.

Article 3 – Title and Name of manufacturer

The insurance product information document shall contain the title “insurance product information document” at the top of the first page followed by the name of the manufacturer of the non-life insurance product.

Article 4 – Reference to complete pre-contractual and contractual information

The insurance product information document shall prominently state that complete pre-contractual and contractual information on the product is provided in other documents.

Article 5 – Presentation and order of content

The relevant information of the insurance product information document as specified in Article 20 (8) letter (a) to (i) of Directive (EU) 2016/97 shall be presented in different sections and presented in the order as set out in Article 20 (8) of Directive (EU) 2016/97.

Article 6 – Language

The information of the insurance product information document shall use language which facilitates the customer’s understanding of the information being communicated and shall focus on key information which the customer needs to make an informed decision. The insurance product information document shall be drafted in clear and comprehensible language avoiding the use of technical jargon and terms.

Article 7 – Headings

Each different section of the standardised insurance product information document as referred to in Article 5 shall be introduced by the following headings:

- The information indicated in Article 20 (8)(a) of Directive 2016/97 shall be included in the blue box at the start of the document.
- The information indicated in Article 20 (8)(b) of Directive 2016/97 shall be included under the heading “Main risks covered”.
- The information indicated in Article 20 (8)(b) of Directive 2016/97 shall be included under the heading “Insured sum”.
- The information indicated in Article 20 (8)(b) of Directive 2016/97 shall be included under the heading “Geographical scope”.
- The information indicated in Article 20 (8)(b) of Directive 2016/97 shall be included under the heading “Main risks not covered”.
- The information indicated in Article 20 (8)(d) of Directive 2016/97 shall be included under the heading “Main restrictions and exclusions”.
- The information indicated in Article 20 (8)(e) of Directive 2016/97 shall be included under the heading “Main obligations”.

- The information indicated in Article 20 (8)(f) of Directive 2016/97 shall be included under the heading “Main obligations”.
- The information indicated in Article 20 (8)(g) of Directive 2016/97 shall be included under the heading “Obligations in case of claim”.
- The information indicated in Article 20 (8)(c) of Directive 2016/97 shall be included under the heading “Payment”.
- The information indicated in Article 20 (8)(h) of Directive 2016/97 shall be included under the heading “Duration of the contract”.
- The information indicated in Article 20 (8)(i) of Directive 2016/97 shall be included under the heading “Termination of the contract”.
-

Article 8 - Use of icons

Each section shall further be headed by icons or symbols visually representing the content of the respective section. The relevant icons or symbols for the different sections are the following:

- The information indicated in Article 20 (8)(b) of Directive 2016/97 with regard to the main risks insured shall be headed by an icon of an umbrella which shall be green, or on green background.
- The information indicated in Article 20 (8)(b) of Directive 2016/97 with regard to insured sum shall be headed by the currency symbol.
- The information indicated in Article 20 (8)(b) of Directive 2016/97 with regard to geographical scope shall be headed by an icon of a flag.
- The information indicated in Article 20 (8)(b) of Directive 2016/97 with regard to the excluded risks shall be headed by an icon of a cross (x) which shall be red or on red background.
- The information indicated in Article 20 (8)(d) of Directive 2016/97 with regard to main exclusions where claims cannot be made shall be headed by an exclamation mark (!) which shall be orange, or on orange background.
- The information indicated in Article 20 (8)(e) of Directive 2016/97 with regard to obligations at the start of the contract and in Article 20(8)(f) with regard to obligations during the contract and Article 20(8)(g) with regard to obligations in the event of a claim shall be headed by an icon of a Handshake, which shall be green or on green background.
- The information indicated in Article 20 (8)(c) of Directive 2016/97 with regard to means and duration of payments shall be headed by an icon of coins which shall be yellow or on yellow background.
- The information indicated in Article 20 (8)(h) of Directive 2016/97 with regard to the term of the contract shall be headed by an icon of an hourglass which shall be blue or on blue background.
- The information indicated in Article 20 (8)(i) of Directive 2016/97 with regard to termination of the contract shall be headed by an icon of a hand with an open palm which shall be black or on black background.

The icons shall be depicted as set out in the template in Annex I.

The obligation to use coloured icons as specified in this article does not apply if the Insurance Product Information Document is printed or photocopied in black and white.

The presentation of the information indicated in Article 20 (8) shall have a font size as specified in the template in Annex I.

Article 9 – Length

The insurance product information document shall not exceed two pages of A4-sized paper when printed.

Article 10 – Insurance product information document template

Manufacturers shall use the sample as laid down in Annex I as the template for drafting insurance product information documents. The template shall be completed in accordance with the requirements set out in this Regulation and in Directive (EU) 2016/97.

Article 11- Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission

The President

[...]

[Choose between the two options, depending on the person who signs.]

On behalf of the President

[...]

[Position]

ANNEX 1

Xxxxx Insurance

Insurance Product Information Document

Company: XYZ Insurance Product: Policy X

This document provides a summary of the key information relating to this household insurance policy. Complete pre-contractual and contractual information on the product is provided in the full policy documentation.



Main risks covered:

Sub head:

- ✓ Myriad Pro : Regular : 9.8pt / 12.5pt. Letter spacing -15
- ✓ Xxxxxx
- ✓ Xxxxxx
- ✓ Xxxxxx
- ✓ Xxxxxx
- ✓ Xxxxxx



Insured sum:

- ✓ Myriad Pro : Regular : 9.8pt / 12.5pt. Letter spacing -15
- ✓ Xxxxxx



Main risks not covered:

- ✗ Myriad Pro : Regular : 9.8pt / 12.5pt. Letter spacing -15
- ✗ Xxxxxx
- ✗ Xxxxxx
- ✗ Xxxxxx



Main restrictions and exclusions:

- ! Myriad Pro : Regular : 9.8pt / 12.5pt. Letter spacing -15
- ! Xxxxxx
- ! Xxxxxx
- ! Xxxxxx
- ! Xxxxxx



Geographical scope:

- ✓ Myriad Pro : Regular : 9.8pt / 12.5pt. Letter spacing -15



Main obligations:

- Myriad Pro : Regular : 9.8pt / 12.5pt. Letter spacing -15
- Xxxxxx
- Xxxxxx
- Xxxxxx



Payment:

Myriad Pro : Regular : 9.8pt / 12.5pt. Letter spacing -15



Duration of the contract:

Myriad Pro : Regular : 9.8pt / 12.5pt. Letter spacing -15



Termination of the contract:

Myriad Pro : Regular : 9.8pt / 12.5pt. Letter spacing -15

6 Annex I: Impact Assessment

Section 1. Procedural issues and consultation of interested parties

Article 20(9) of the Insurance Distribution Directive (hereinafter, IDD) requires EIOPA to draft Implementing Technical Standards (ITS) regarding a standardised presentation format of the insurance product information document.

In accordance with Article 15(2) of the EIOPA Regulation, EIOPA shall analyse the potential related costs and benefits before submitting draft implementing technical standards to the Commission. The analysis of costs and benefits is undertaken according to an Impact Assessment methodology.

The draft ITS and its impact assessment are envisaged to be subject to public consultation. Stakeholders' responses to public consultation will serve as a valuable input in order to revise the draft ITS.

Section 2. Problem definition

Customers are presented with a lot of documentation when they consider purchasing an insurance product. It is common for people to read only a small part of this documentation. Apart from the sheer volume of material, they frequently find it difficult to engage with the material provided and difficult to understand.

The Directive specifies that prior to the conclusion of a contract, including in the case of non-advised sales, the customer should be given "relevant information about the insurance product" to allow the customer to make "an informed decision" and the insurance product information document should provide "standardised information about non-life insurance products" (Recital 48). The Directive further specifies that this standardised information is to be provided to potential customers in a standardised presentation format.

Research¹⁴ in the area of behavioural economics indicates that people tend to behave in sub-optimal ways for a variety of reasons, often related to time, information or cognitive constraints. This behaviour is sometimes referred to as bounded rationality.

In consumer protection terms, the term information asymmetry is often referred to, namely that consumers do not often obtain information in a way that makes it easy for them to assimilate and understand and are at an informational disadvantage vis-à-vis insurance undertakings or insurance intermediaries. The insurer or intermediary typically has more or better quality information at his/her disposal, compared to the consumer. This information asymmetry can allow an insurer or an intermediary to provide advice or push a sale that meets their demands and needs, rather than those of the consumer.

The Directive seeks to ensure that the consumer can benefit from comparable standards, in particular, in the area of the disclosure of product-related information, and provides that, to this end, a level playing field between distributors is essential. Presenting prescribed information in a standardised format could help consumers to

¹⁴ Kahneman (2002) "Maps of Bounded Rationality: A Perspective on Intuitive Judgement and Choice", Nobel Prize Lecture, 8 Dec 2002, available at: www.nobelprize.org/nobel_prizes/economic-sciences/laureates/2002/kahnemannlecture.pdf.

Tversky & Kahneman (1974) "Judgment Under Uncertainty: Heuristics and Biases" Science, 185(4157), pp1124- 1131. Thaler & Sunstein (2003) "Libertarian Paternalism", American Economic Review, 93(2), pp 175-179.

EIOPA (2013) "Report on Good Practices related to the provision of information for Defined Contribution schemes"; EIOPA (2015) " Report on investment options for occupational DC scheme members"

better understand the information, but importantly also to compare between different product offerings and assist in making more informed decisions.

Article 20(9), IDD requires that EIOPA, after consulting national authorities and after consumer testing, shall develop draft implementing technical standards regarding a standardised presentation format of the insurance product information document specifying the details of the presentation of the information referred to in paragraph 8.

In line with the objective and the spirit of the Directive, EIOPA arrived at a view that there is a problem of ensuring that consumers engage with non-life insurance documentation, of consumers being able to identify the most important pieces of policy information within the large volume of such documentation, of comparability between products, and of consumers being over-reliant on price as a means for making decisions on the most suitable policy for them.

When analysing the impact from proposed policies, the Impact Assessment methodology is anchored to a baseline scenario as the basis for comparing policy options. This helps to identify the incremental impact of each policy option that was considered during the development of the policies. The aim of the baseline scenario is to explain how the current situation would evolve without additional regulatory intervention.

For the analysis of the potential related costs and benefits of the proposed draft ITS, EIOPA has applied as a baseline scenario the effect from the application of the requirements of the Insurance Distribution Directive (IDD).

Article 20(9) IDD requires EIOPA to draft Implementing Technical Standards (ITS) regarding a standardised presentation format of the insurance product information document. The contents to be included in the draft ITS are set down in Article 20(8), IDD and the characteristics of the information to be presented are set down in Article 20(7), IDD. The scope of the draft ITS relates to the distribution of non-life insurance products as listed in Annex I to the Solvency II Directive (Article 20(5), IDD).

Essentially, therefore, the Impact Assessment is based on the standardised presentation only and does not include the impact of providing the information itself as this requirement is already laid down in the Level 1 text.

Accordingly, the baseline for this Impact Assessment should be the requirements to provide information to customers as set down in the IDD, but based on a scenario where manufacturers of the IPID would have been free to provide this information in a format of their own choosing.

Section 3. Objective pursued

The operational objective of the draft Implementing Technical Standards is to propose a standardised presentation format for the IPID to allow customers to make an informed decision. Consequently, the following related objectives have been considered:

- to provide customers with product information which is easy to read and understand (comprehensibility)
- to provide customers with product information which is easy to compare (comparability)

A standardised presentation format will quickly help customers to become familiar with non-life insurance products and should facilitate easier understanding of the different main characteristics. The standardised presentation format will help

customers to quickly find and identify characteristics that they consider most important.

Most importantly, a standardised presentation format will greatly assist customers in comparing products offered by different manufacturers and increase the scope for customers to make more informed decisions. Furthermore, the standardised presentation format seeks to raise the level of engagement of consumers with the insurance products they are considering.

These objectives are consistent with the IDD aim of providing general policyholder protection. In particular, the main objective and subject matter of the IDD is stated in the recitals is to "make the regulatory treatment of the distribution of insurance products more uniform in order to ensure an adequate level of customer protection across the Union" (recital 10).

Section 4. Policy Options

With the aim of meeting the objective set out in the previous section, EIOPA has analysed different policy options throughout the policy development process. Consumer testing explored a range of presentation styles from simple text only documents through different types of more graphical presentation of the required information characteristics. Use of colours, icons, boxes and shading were explored. Alongside and related to these considerations, EIOPA has also looked at the overall level of standardisation that would be appropriate to address the objectives outlined earlier.

The section below reflects the most relevant policy options that have been considered in relation to the standardised presentation format. EIOPA has also listed relevant options which have been discarded in the policy development process.

Policy issue 1: Level of standardisation to be applied

Policy option 1.1: use of an icon for the product A requirement to use an easily-recognisable icon to identify the product being offered could assist customers in easily identifying different classes of products.

Policy option 1.2: use of icons for each of the specified characteristics required to be disclosed under Article 20. Icons can help the reader to quickly identify and easily find particular parts of a set of information.

Policy option 1.3: No requirement to use icons

An alternative to the use of icons is to only use headings to identify the different characteristics of the insurance product.

Policy issue 2: Requirement to present information in a specified order

Policy option 2.1: requirement to present information in a specified order

If the contents of the IPID follow a specified order, it will be easier for customers to find specific pieces of information that are of interest to them and also to make comparisons between products.

Policy option 2.2: no requirement to present in a specific order

Manufacturers would be free to present the information required in Article 20 in whatever order they decide.

Policy issue 3: Standardised format for all classes of insurance

Policy option 3.1: Standardised format for all classes of non-life insurance

The objective is to develop one standardised template for all non-life insurance products, with sufficient flexibility to encompass the different needs of different kinds of non-life insurance products.

However, it can be argued that one standardised presentation format cannot cover the breadth of non-life insurance products in the market. For example, it might be argued that travel insurance, funeral insurance and motor insurance are so different that they require different presentation formats for each type of insurance.

Policy option 3.2: Standardised format tailored to the different classes of insurance

It would be possible to develop a standardised presentation format for each type of insurance or for particular classes of insurance.

Policy issue 4: Multi-risk cover provided within one insurance policy

Policy option 4.1: Additional cover offered with the primary cover included in the IPID of the primary product

It is common in some insurance markets for non-life insurance policies to offer cover for risks that may also be purchased in a stand-alone policy e.g. cover for legal expenses in a motor or home contents policy. Such cover could be incorporated in the IPID of the primary insurance offering or separate IPIDs could be produced for such situations.

Policy option 4.2: Any additional cover has its own IPID

The part(s) of the insurance that could be bought separately could be shown in a separate IPID(s).

Section 5. Analysis of impacts

Preliminary Impact Assessment

In a small number of Member States¹⁵, there are already national requirements to produce a document similar to the IPID and in some of these Member States, the IPID may replace the national document. However, in many more, there is no equivalent or similar requirement to produce a document like the IPID.

EIOPA believes that the impact of the IPID should largely take the form of one-off costs for providers of non-life insurance products. For markets where the IPID replaces an existing IPID-like document, there will be costs associated with discontinuing the use of existing stocks of national information documents.

These costs, however, will be somewhat ameliorated by avoiding the proportionately high costs associated with the design of new stationery due to the fact that the design will already be determined in a standardised template.

Furthermore, given the fact that manufacturers now know that the IPID will be introduced on 23 February 2018 at the latest there should be scope within procurement management systems to further minimise these additional costs by

¹⁵ Croatia, Sweden, Slovakia, Italy, Ireland

running down stocks of existing equivalent documents as the IPID introduction date approaches. In markets where there is not already an existing IPID requirement there will be some cost for the new requirement but the element of this that relates to the standardised template alone should be negligible.

There are likely to be one-off IT costs for the incorporation of the IPID into the web-based applications of insurance undertakings and some intermediaries. However, the IDD does not specify how this is to be realised or indeed that it must be done. In its simplest form and to observe the standardised presentation format, such integration into web-based applications could be achieved by linking to a pdf file of the document in the required format.

Accordingly, the anticipated IT costs could vary significantly from one insurance distributor to the next, not least because factors such as size and spread of products and age of IT systems can have a significant bearing on costs. Some element of one-off staff training costs for the introduction of the IPID can be envisaged, although this is not considered to be significant. Negligible ongoing costs are envisaged in this regard as the IPID can be easily incorporated into training programmes.

For the moment, the assumption is that there will be one standardised template for all non-life insurance products. Clearly there is a broad and diverse set of products that fall to be classified as non-life insurance products. However, EIOPA analysis suggests that the information requirements laid down in Article 20(8), IDD are such that they will be applicable across the main types of non-life insurance products. In this regard, EIOPA notes that there are exemptions within the IDD whereby insurance distributors need not comply with Article 20 in relation to the insurance of large risks.

While the preliminary view is that the impact on industry is largely expected to be one-off in nature, it is conceivable that, for customers, the beneficial impact will be long-lasting. This can be expected as they become familiar with the standardised presentation format, thus aiding comparability between different products and understanding of key differences between them.

At this stage, EIOPA is only setting out its first impressions of the impact and costs of introducing a standardised presentation format for the IPID. The objective of this approach is to set the scene in a relatively high-level way and seek, through this consultation paper, to stimulate further input from stakeholders with a view to providing a more comprehensive impact assessment. In this way we encourage industry to provide data on their estimates of the costs that the standardised presentation format proposed by EIOPA will generate; costs of providing the information that will populate the IPID are not relevant and should not be included.

Clearly, a major cost for manufacturers will be deciding which policy characteristics or features need to be disclosed, as set down in Article 20(8). **However, these costs are not directly relevant to this Impact Assessment, as those information content requirements themselves are set down in the Level 1 text. This impact assessment is only concerned with the level 2 requirement to use a "standardised presentation format".**

Policy issue 1: Level of standardisation to be applied

Policy option 1.1: use of an icon for the product type

Use of an easily-recognisable icon to show the product covered by the IPID could benefit customers. However, such an approach presents difficulties with the breadth of products offered in each of the markets as each one would have to be identified and an icon allocated to each. Importantly adopting this approach could be an impediment to product innovation as new products that did not fall into an existing product category (e.g. motor, travel, health, accident,..) could not be introduced without potentially breaching the Directive as no icon would have already been allocated to the type of product.

The anticipated impact of this is that it would, if implemented, provide limited benefit to customers who can easily distinguish the product from the required prominent product name without the need for an icon as well. Consumer testing indicated that the product icon was not a design feature that was strongly liked by respondents. There would be no cost to customers. For regulators, there is the difficulty of identifying all the non-life insurance products across the different national markets, and the risk of not capturing all of these. This would be a costly exercise and take some time and effort to complete. For regulators, manufacturers and costumers alike there is concern that product innovation could be stifled as it would not be permissible to create a new product if no icon had been designated for it. There is no mechanism within the IDD to handle such a situation.

Policy option 1.2: use of icons for each of the specified characteristics required to be disclosed under Article 20.

Icons can help the reader to quickly identify and easily find particular parts of a set of information. They can assist customers with becoming more familiar with information and this will help them feel more confident of understanding it and also make it easier to compare products. The higher the level of standardisation, the easier it will be to identify and compare specific characteristics. Icons would be used in addition to a descriptive heading for each of the main characteristics of the product for which it is required to present information in Article 20, IDD.

The expected impact of a requirement to include icons to identify different product characteristics is expected to be very positive and continuing for customers, particularly in terms of familiarity and comparability, and there would be no cost implications for them. Consumer testing respondents ranked highly the use of colourful bullets and icons as attractive elements in the sample IPIDs. For non-life insurance manufacturers, there would be some one-off design and IT costs and minimal ongoing printing costs associated with incorporating icons into the design of the IPID.

Policy option 1.3: no requirement to distinguish different sections using icons

It would be possible to develop a standardised presentation format without using icons to distinguish different pieces of information. This would be a simpler document and, confusingly for customers, may seem like a contractual document as it would look like contractual documents provided by the insurer.

Bearing in mind the earlier baseline assumption for the Impact Assessment that it relates to the standardised presentation format only and not the information requirements set out in the Directive, the impact should be minimal on manufacturers if there were to be no requirement for icons. Customers on the other hand could be

confused by an additional document that does not look much different to other documents (contractual documents, terms & conditions,...) that will be provided to them.

Policy issue 2: Requirement to present information in a specified order

Policy option 2.1: Requirement to present information in a specified order

If manufacturers were required to present the required IPID content in a specified order, it would assist customers with becoming more familiar with the content of IPIDs and make it easier for them to find and identify particular pieces of information. It appears that the different product characteristics required to be addressed in the IPID are such that all types of non-life insurance products can be described within the required descriptions.

There would be minimal impact on industry with only one-off effort and costs associated with applying the standardised presentation order to the required information. For customers, there should be significant benefit to be derived from the familiar layout and presentation of information and this will aid comparison between products and support good decision-making. Consumer testing showed that respondents considered the order of presentation in sample IPIDs reflected the importance to them of the different product characteristics. Respondents also liked clear divisions between sections in the sample IPIDs which EIOPA considers to be complementary to use of a specified order. For Regulators there would be minimal cost as this requirement would be checked as required through normal supervision techniques.

Policy option 2.2: no requirement to present in a specific order

If manufacturers were given the freedom to choose their own layout, it would undermine the whole concept of a standardised presentation format and lead to confusion for customers. This confusion would be lessened if there were only a small number of variants permitted, but it is difficult to determine criteria that might be used to decide which products should be handled differently.

Freedom for manufacturers to choose the order of presentation would be confusing for customers and would make it more difficult for them to find key information particularly when trying to compare product offerings from rival manufacturers. Industry would be free to use their experience to develop layouts that best suit their products which suggests that there would be little or no cost for implementing the format. In situations where Regulators conduct normal supervision on this topic they would require somewhat more time to check compliance with the information requirements of the Directive if it is not presented in a specific order.

Policy issue 3: Standardised format for all classes of insurance

Policy option 3.1: Standardised format for all classes of non-life insurance

There are likely to be considerable benefits in confidence and comprehension for customers, where they are faced with a familiar format when they are considering different types of non-life insurance. If more than one presentation format was developed it would raise doubts in the minds of customers such as what type of document it is, whether it meets the regulatory requirements, etc.

The IDD requires EIOPA to develop a standardised presentation format and does not mention the possibility of more than one format. EIOPA believes

that the categories of information set down in Article 20(8), IDD can be accommodated in one standardised format.

The impact on customers is expected to be significant as they would have a document that has a familiar format, irrespective of the type of insurance under consideration. This familiarity should boost confidence and assist in making informed decisions. For industry there would be minimal one-off effort and costs, but possible benefits too from applying standardised formats across their non-life product ranges.

Policy option 3.2: Standardised format tailored to the different classes of insurance

There is a broad spectrum of non-life insurance available in the market and it can be assumed that the number and type of products will only grow as society evolves. Accordingly, there may be difficulty in devising one presentation format to cover this broad spectrum.

On the other hand, the IDD is clear on the categories of information that must be included in the IPID for each product so that it is difficult to see how developing different products would add value to the situation.

The impact of different formats depending on type of insurance on customers is likely to be a somewhat increased level of confusion as IPIDs would be less familiar looking. For industry, as well as once-off cost associated with setting up several formats, there may be additional ongoing effort and cost in ensuring different products conform to required formats. Regulators could also anticipate some additional supervision costs if this approach is chosen.

Policy issue 4: Multi-risk cover provided within one insurance policy

Policy option 4.1: Additional cover offered with the primary cover included in the IPID of the primary product

It is common, in some insurance markets, for non-life insurance policies to offer cover for risks that may also be purchased in a stand-alone policy e.g. cover for legal expenses in a motor or home contents policy. Such cover could be incorporated in the IPID of the primary insurance offering or separate IPIDs could be produced for such situations. Indeed, it might be argued that providing main features in one IPID gives customers a better understanding of the relative importance of policy features. In addition, behavioural economics research shows that this approach is more aligned with consumer needs and that consumers are much more likely to engage with a single IPID.

It is expected that a single IPID will greatly assist customers in their understanding of products and greatly assist comparison between products. For industry, there may be some additional effort and cost in applying the standardised format in these situations but benefits too can be expected in simplicity for staff handling these products and in lower stationery costs. For Regulators supervision of the IPID would be more straightforward and accordingly less costly although the costs would not be expected to be significant.

Policy option 4.2: Additional cover has its own IPID

The part(s) of the insurance that could be bought separately could be shown in a separate IPID(s). Provision of more than one IPID in these situations would appear to be against the spirit and objectives of the IPID.

On the one hand, more comprehensive product information through providing separate IPIDs for such cover can appear to assist the customer with their decision.

On the other hand, the objective of the IPID is to provide information on the main features of the product offered and incorporating this into one IPID provides a discipline on providers to only include the main features.

If separate IPIDs were provided for these products, several categories would contain the same information e.g. policy start/end dates, payment and cancellation terms etc. It might be argued that if a product requires several IPIDs, then it is in fact too complex for customers to readily understand, especially when we consider that the breadth and complexity of retail investment products will be presented in one document, the PRIIPs KID.

The expected impact for customers would be increased levels of confusion as they have to interpret several different IPIDs at once, while there would also be confusion and distraction in dealing with redundant repetitious information. This could lead to sub-optimal choices. For industry, there would be increased stationery and management/control issues associated with multiple IPIDs in these circumstances. Regulators could anticipate higher supervision costs if there were additional IPIDs in use.

Section 6: Comparison of options

Policy issue 1

The preferred policy option for this policy issue is policy option 1.2 (use of icons to distinguish the different sections of the IPID) because the benefits for customers will be considerable on an ongoing basis while there will be minimal one-off impact on industry. This policy option can contribute significantly to the objectives of enhancing comprehension and comparability. Respondents in consumer testing strongly liked the inclusion of icons and colourful bullets in the sample IPIDs.

EIOPA considers that policy option 1.1 would prove to be impractical because it would lead to problems where manufacturers wish to introduce new products for which icons have not been determined under the ITS.

Policy issue 2

The preferred policy option for this policy issue is policy option 2.1 (a requirement to present information in a specified order) because it represents the best outcome for customers who will find it easier to identify key pieces of information while there will be a minimal impact on industry as they will have only a once-off requirement to set out information in a particular format. Requiring presentation in a specified order will meet the objectives outlined above as it will assist customers in identifying policy information and in making comparisons between products. Consumer testing indicated that consumers distinguish between the importance of different categories of information presented in the sample IPIDs suggesting that presentation in the order of importance will be useful and important for them.

Policy issue 3

The preferred policy option is policy option 3.1 (use of the same standardised presentation format for all types of non-life insurance) because it will minimise confusion for customers while having minimal effect on industry.

Policy issue 4

The preferred policy option is policy option 4.1 (all information in the case of multi-risk policies to be presented in a single IPID) because it will be clear and avoid confusion for customers and will be easier for all parties to manage. For manufacturers it will obviate the need to assess which risk would need to be covered in separate IPIDs while at the same time curtailing IT and printing costs. Furthermore, this option is consistent with a strict interpretation of the wording in the Directive. This policy option best meets the objectives outlined above because it strongly supports ease of understanding for consumers as well as the ability to compare different products.

7 Annex II: Overview of Questions for Consultation (where applicable)

[The questions outlined below are also included in the Template for Comments]

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.

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?

(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.

Q3. (a) In what circumstances do you consider that it will not be possible to include the information required under the IPID on two sides of an A4 page?

(b) Do you foresee any difficulties with prescribing a font type and font size?

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?

(b) What benefits do you see for the manufacturer in making the IPID compatible with the provision via digital media?

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?

Q6. Do you agree with EIOPA's approach to focus primarily on consumers (i.e. retail customers) in developing the IPID?