

# Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

Telephone: 020 7066 5268

Email: [enquiries@fs-cp.org.uk](mailto:enquiries@fs-cp.org.uk)

EIOPA  
European Insurance and Occupational  
Pensions Authority  
Westhafen Tower, Westhafenplatz 1  
60372 Frankfurt  
Germany

24 October 2016

Dear Sir, Madam,

**EIOPA 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)**

The Financial Services Consumer Panel is an independent statutory body, set up to represent the interests of consumers in the development of policy for the regulation of financial services in the UK.

The Panel welcomes this opportunity to comment on EIOPA's proposed for Technical Standards on a standardised presentation format of the Insurance Product Information Document (IPID).

The Panel is broadly supportive of the proposed draft Implementing Technical Standards. The Panel has answered questions where it has substantial comments, namely on standardisation and the length of the IPID, online distribution and SMEs as a type of customers to consider in the distribution of the IPID.

Sincerely,

Sue Lewis

Chair

Financial Services Consumer Panel

## Consultation Questions

The Panel is responding to sections where it has substantive comments.

### **A standardised presentation format**

#### **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.**

The Panel believes a single IPID will not be sufficient to cover all aspects of insurance products in cases where such products have more than one type of policy. The Panel recommends EIOPA to require additional IPIDs be made available to consumers when offered add on policies. This can be the case with legal insurance attached to home insurance for example. A single IPID will not capture all the terms and conditions of such separate policies and can be misleading to consumers. As such, any separate policy should be subject to a separate IPID.

### **Standardised presentation format: use of visual aids**

#### **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?**

The Panel welcomes standardisation to the extent that it enables comparability of products by consumers and helps avoid regulatory arbitrage by firms. The Panel would challenge the need for standardisation where icons and symbols have different interpretations depending on the Member State. The Panel understands that consumer testing has not been carried out in all Member States. At the risk of increasing consumer confusion, the Panel would argue for further consumer testing to be carried out more extensively to ensure potential differences in interpretation of icons and symbols are duly taken into account whenever relevant.

Under geographic coverage, the Panel believes that the use of a flag will increase consumer confusion. As it stands, it will not be clear if the flag is meant to indicate the scope of the coverage or just the section where consumers can consult coverage in relation to the product they are buying which can be misleading. The Panel suggests using initials of countries to indicate coverage of the product and a location symbol to define the section in the IPID where consumers will be able to find that information.

There is a strong case for same font size in the IPID to be used in all Member States. It is often the case that consumers do not read terms and conditions because they are set out in very small print so this needs to be appropriately addressed through binding regulation.

### **Standardised presentation format: length of the IPID**

#### **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?**

Yes. The Panel believes a single IPID will not be sufficient to cover all aspects of insurance products in cases where such products have more than one type of policy. The Panel recommends EIOPA to require additional IPIDs be made available to consumers when offered add on policies. This can be the case with legal insurance attached to home insurance for example. A single IPID will not capture all the terms and conditions of such separate policies and can be misleading to consumers. As such, any separate policy should be subject to a separate IPID.

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

No. The Panel would argue that font size needs to be set by binding regulation. It is often the case that consumers do not read terms and conditions because they are set out in very small print so this needs to be appropriately addressed.

### **The IPID in digital format**

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

Primarily online companies will opt for a digital version of the IPID. Likewise, consumers are more likely in the future to prefer digital to paper communication. Consumers should at any time be able to choose their preferred communication channel for receiving pre-contractual and contractual documentation, i.e. in digital or paper format.

The way that the IPID in digital format is presented to consumers should be clear and accessible regardless of the channel of communication. It is important that the standards for the digital version of the IPID are equivalent to a paper version, not just in terms of accessing the information but how easy to read and understandable it is. The IPID should also be provided in a format that can be easy to download so as to enable consumers to print it.

The Panel would urge EIOPA to make this clear in its Technical Standards and place the onus on firms to adopt formats that are in accordance with the above requirements.

## **Type of customer covered by the IPID**

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

The Panel would urge EIOPA to include SMEs as part of the focus customers of the Technical Standards. Many small businesses, especially microbusinesses, face similar challenges in the market for financial services as do retail consumers but do not get the same regulatory protection as they are considered to be more financially sophisticated<sup>1</sup>. There appears to be an assumption that a consumer, merely because he or she is engaged in business, is in some way more financially literate or sophisticated and thus less deserving of protection than an individual consumer. The Panel believes that deeming a firm to be 'sophisticated' is not appropriate until a firm is large enough to employ a professional in-house finance officer or accountant.

Thus, the Panel believes that EIOPA should take into account the specificity outlined above and consider as part of their work a separate IPID for SMEs with a summary cover.

---

<sup>1</sup> For more on Panel activities around SMEs please refer to the Panel's March 2016 response to the FCA's Discussion Paper on approach to SMEs as users of financial services.