

Eurofinas Response to the EIOPA Consultation Paper on the proposal for the Implementing Technical Standards on a standardized presentation format of the Insurance Product Information Document (IPID) under the Insurance Distribution Directive

Eurofinas, the voice of consumer credit providers at European level welcomes the opportunity to respond to the Consultation Paper on the Insurance Product Information Document (IPID).

Eurofinas supports the work of the European Insurance and Occupational Pensions Authority (EIOPA) in promoting transparency, simplicity and fairness in the market for insurance products and services across Europe. We are keen to help the EIOPA develop a practical and workable IPID which can be easily implemented across all sectors.

Who we are and why we are concerned

As a Federation, Eurofinas brings together associations throughout Europe that represent finance houses, universal banks, specialised banks and captive finance companies of car or equipment manufacturers.

The products sold by Eurofinas members include all forms of consumer credit products such as personal loans, linked credit, credit cards and store cards. Consumer credit facilitates access to assets and services as diverse as cars, furniture, electronic appliances, education etc. It is estimated that together the Eurofinas members financed over 423 billion Euros worth of new loans during 2015 with outstandings reaching 981 billion Euros at the end of the year.

In addition to the provision of consumer loans, companies represented by Eurofinas distribute insurance products on an ancillary basis. Insurance products distributed include, among others, asset protection insurance, loan protection insurance and liability insurance. These insurance products are distributed either directly by consumer credit firms or by partners (retailers, dealers, etc.) that are part of their supply chain.

Pre-contractual information requirements are of key importance for the Eurofinas constituency as it may impact our partnerships with retailers and insurance undertakings alike. Eurofinas represents a specific part of the insurance mediation sector that is very different from traditional brokerage. Eurofinas members, as well as their partners, play a crucial role in the distribution of insurance products across Europe. They are in direct contact with both insurance undertakings and policy holders.

Introductory observations

We understand the background of the EIOPA's work on the IPID and we support the overall objective to ensure that customers can make well-informed choices and comparisons before purchasing non-life insurance products.



In order to fully enable consumers to make such well-informed choices, it is important to use a template that is clear and straightforward for all parties involved i.e. easy-to-complete for all non-life insurance manufacturers, easy-to-use by intermediaries within all sales channels and easy-to-understand for all customers.

Flexibility

We believe that the draft IPID template, as proposed by the EIOPA, is a very good starting point but would benefit from several adjustments. For example, the template should allow for corporate identification and provide more space for the required information.

Interpretation

In addition, we think that the headings, as currently phrased, leave room for interpretation. For example, as an insurance manufacturer, how do you determine what *main* risks – covered or not covered – you are required to list for your product. It would be helpful if the EIOPA could provide indications on how exhaustive this information should be and what benchmarks should be used.

Objective

As clearly indicated in the Insurance Distribution Directive (IDD) and acknowledged by the EIOPA, the IPID is a pre-contractual document designed to give customers an overview of a product's characteristics. Yet, it does not replace policy terms and conditions. Customers must be made fully aware of the limited function of this document. It must be very clear to customers that the information provided is not exhaustive, and that complete pre-contractual and contractual information on the product is provided in the full policy documentation. We urge the EIOPA to make this clearer with a more visible disclaimer, to avoid liability claims.

Implementation

Timing is also key. Following the Commission's adoption of the Implementing Technical Standards, insurance manufacturers must be given sufficient time to design and complete IPIDs for all their products. Distributors should also be provided with sufficient time (we believe at least six months) to implement the IPIDs within their distribution systems. In all cases, it is crucial to ensure that customer-facing staff/intermediaries are provided with sufficient time to familiarize themselves with the IPIDs, be ready to answer questions and incorporate in their respective sale processes and documentation packages.

In the consumer credit sector, the provision of pre contractual information is strictly regulated. Article 5 European Consumer Credit Directive (CCD) requires pre-contractual information for consumer credit agreements to be provided by means of the Standard European Consumer Credit Information (SECCI) sheet¹. Any additional information which the creditor may provide to the consumer shall be given in a separate document annexed to the SECCI². We therefore expect the IPID to be annexed to the SECCI. Against this background, we think the IPID should be consistent with the documentation that is already required. The IPID and all other pre-contractual documents form one unit. If one document significantly differs from the other documents, it will give the impression that it does not form part of the entire information package.

In the recent *CA Consumer Finance v. Ingrid Bakkaus*, the European Court of Justice ruled that, in the context of the CCD implementation, distributors must be able to prove they have given consumers the necessary pre-contractual information³. Given the pre-contractual nature of the IPID, distributors will

¹ Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC (The Consumer Credit Directive) 22.5.2008, L 133, 66-92, article 5.

² Op.cit., article 5(1).

³ Case C-449/13 Judgment of the Court (Fourth Chamber) of 18 December 2014 (request for a preliminary ruling from the Tribunal d'instance d'Orléans — France) — *CA Consumer Finance v Ingrid Bakkaus*, Charline Bonato, née Savary, Florian Bonato,



need to make sure that appropriate systems are in place to prove the transmission of the information. This will necessarily take different forms depending on sale channels.

We think the European legislator did not sufficiently think this through and did not anticipate either the implications of a pre-contractual nature of the IPID or the diversity of sectors within which the document needs to be implemented.

Though we appreciate it is not EIOPA's responsibility, it would be helpful if the Authority could recall the objectives of the IPID to facilitate the understanding and comparing of product offers and that this should not be compromised by excessive formalism.

Lastly, we would welcome a clarification on the application of the IPID to multi-risk products with life and non-life components.

Answers to the consultation questions

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.

Eurofinas would like to stress that it is absolutely essential that the final IPID template is sufficiently flexible to be used for all non-life insurance products, by all different providers and corresponding business models, via all distribution channels. It must not get in the way of distinctive corporate branding, for example, in terms of colour and font type. The template must also be able to adapt to the Greek, Latin and Cyrillic alphabets across Europe.

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 standardized 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

It is important that any form of standardisation will take note of the different players, products, business models and geographies concerned. More specifically, we do not think that the flag icon is practical, especially in case of wide geographical coverage, or where the document is printed in black and white. In our opinion, a list of countries would be a more effective approach to show geographical coverage.

Q3 a) Are there any circumstances in which it will not be possible to include the information required under the IPID on two sides of an A4 page? (b) Do you foresee any difficulties with prescribing a font type and font size?

We stress that where the IPID will be annexed to the SECCI - any format standards are consistent with SECCI requirements. However, should prescription of font type and size be considered indispensable by the EIOPA, we ask that the font is a standard type in Microsoft Word, and does not have to be purchased, such as the font "Myriad Pro" that is currently proposed by the EIOPA.

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?

At this stage, we do not foresee any challenges to adapt the IPID to be compatible with provision via digital media. However, Eurofinas stresses that manufacturers should be able to deviate from the standard PDF format as proposed by the EIOPA, as long as the contents is respected.



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

In addition to advantages related to increased efficiency, environmental friendliness and the increasing demand of customers for online products, a digital IPID also responds to the EIOPA's concerns with regard to IPIDs potentially being less clear when printed in black and white.

We draw the EIOPA's attention to the fact that an increasing number of insurance products are being distributed at a distance, and that many new players operate solely online. These firms would not consider a digital IPID as simply something complementary, but as *absolutely essential* to their business model. We therefore urge the EIOPA to give insurance distributors the option to either provide a paper copy or digital copy of the document. This is not only necessary to avoid disrupting the ongoing digitalisation of the retail financial services sector, but would also be consistent with the European Commission's efforts to adapt to this new reality. In accordance with article 23(2) and (3) Insurance Distribution Directive (IDD), in the case where customers are provided with a durable medium other than a paper version of the IPID, a paper copy will be provided to the customer upon request and free of charge.

Concluding remarks

We reiterate our support for the EIOPA's efforts to ensure that customers can make well-informed choices and comparisons before purchasing non-life insurance products. Against this background, we believe the following elements should be taken into account:

- The IPID, as a pre-contractual tool, should be consistent with existing sectoral pre-contractual information requirements such as the SECCI
- The IPID should allow for space for corporate identity
- The benchmarks used to identify main risks covered/not covered as well as restrictions and exclusions should be clarified
- Consumers should be made aware of the purpose of the IPID, in particular that it does not replace policy terms and conditions
- The legal disclaimer should be reinforced
- It should be recalled that the objectives of the IPID is to facilitate the understanding and comparing of product offers and that this should not be compromised by excessive formalism.
- Timing of implementation should be sufficient for both manufacturers to complete IPIDs for their products, as well as for distributors to implement them into their sales channels
- Manufacturers and distributors should be given the option to either provide a digital or paper copy of the IPID
- Icons should be consistent with printing conditions

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