

Chapter 6

Product Information



6.1 Providing product information to customers: general

6.1.1 [R] [deleted]

6.1.2 [R] [deleted]

6.1.3 [R] [deleted]

6.1.4 [R] [deleted]

Ensuring customers can make an informed decision: the appropriate information rule

- 6.1.5 [R] (1) A *firm* must ensure that a *customer* is given appropriate information about a *policy* in good time and in a comprehensible form so that the *customer* can make an informed decision about the arrangements proposed.
- (2) The information must be provided to the *customer*:
- (a) whether or not a *personal recommendation* is given; and
 - (b) irrespective of whether a *policy* is offered as part of a package with:
 - (i) a non-insurance product or service (see ICOBS 6A.3 (Cross-selling)); or
 - (ii) another *policy*.
- (3) Appropriate information is both objective and relevant information, and includes *IPID information*.
- (4) Where the *firm* is proposing a *policy* (including if appropriate on *renewal*) ‘in good time’ means in good time prior to the conclusion of the *policy*.

[Note: articles 20(1) first paragraph and 20(4) of the *IDD*]

- 6.1.6** G The appropriate information *rule* applies:
- (1) at all of the different stages of a contract and includes pre-conclusion and post-conclusion, and also when mid-term changes and *renewals* are proposed;
 - (2) in the same way to any *policy*, regardless of whether that *policy* is sold on its own, in connection with another *policy*, or in connection with other goods or services; and
 - (3) to the price of the *policy*.

6.1.6A G [deleted]

What level of information needs to be provided?

6.1.6B R A *firm* must ensure that the level of appropriate information provided takes into account the complexity of the *policy* and the type of *customer*.

[Note: article 20(4) of the *IDD*]

- 6.1.7** G The level of information required will vary according to matters such as:
- (1) the knowledge, experience and ability of a typical *customer* for the *policy*;
 - (2) the *policy* terms, including its main benefits, exclusions, limitations, conditions and its duration;
 - (3) the *policy*'s overall complexity;
 - (4) whether the *policy* is bought in connection with other goods and services including another *policy* (also see ■ ICOBS 6A.3 (cross selling));
 - (5) distance communication information requirements (for example, under the distance communication *rules* less information can be given during certain telephone sales than in a sale made purely by written correspondence (see ■ ICOBS 3.1.14 R)); and
 - (6) whether the same information has been provided to the *customer* previously and, if so, when.

Appropriate information regarding medical condition exclusions in travel insurance policies

- 6.1.7-A** G
- (1) This guidance is relevant to a *firm* when it provides a *consumer* with:
 - (a) a quotation for a *travel insurance policy*; or
 - (b) a statement (provided under ■ ICOBS 5.1.3CR(1)) in respect of a *travel insurance policy* included in a *packaged bank account*.
 - (2) At the same time as it provides the information in (1), the *firm* should:
 - (a) disclose to the *consumer* whether any *medical condition exclusion* can be removed from the *policy* (in whole or in part); and

		<p>(b) if so, how, and the terms on which it can be removed.</p> <p>(3) <i>Firms</i> are also reminded of their obligations in ■ ICOBS 5.2.2BR to ensure the <i>policy</i> proposed is consistent with the <i>consumer's</i> insurance demands and needs.</p>
		Appropriate information for commercial customers
6.1.7A	G	<p>A <i>firm</i> dealing with a <i>commercial customer</i>:</p> <p>(1) may choose to provide some of or all of the appropriate information in an <i>IPID</i> (see ■ ICOBS 6.1.10AR), a <i>policy summary</i> or a similar summary if it considers this to be a comprehensible form in which to provide that information; and</p> <p>(2) should include the <i>IPID information</i> (regardless of whether an <i>IPID</i> itself is provided).</p>
6.1.8	G	[deleted]
6.1.9	G	Cancellation rights do not affect what information it is appropriate to give to a <i>customer</i> in order to enable him to make an informed purchasing decision.
6.1.10	G	[deleted]
		How must IPID information be provided?
6.1.10A	R	<p>A <i>firm</i>, when dealing with a <i>consumer</i> must provide the <i>IPID information</i> by way of an <i>IPID</i> for each <i>policy</i> (other than a <i>pure protection contract</i>).</p> <p>[Note: articles 20(4) and 20(5) of the <i>IDD</i>]</p>
6.1.10B	G	<p>The <i>IPID information</i>:</p> <p>(1) needs to be provided on paper or on another <i>durable medium</i>;</p> <p>(2) in the case of telephone selling, a <i>firm</i> may provide the <i>IPID</i> in accordance with the distance communication timing requirements and provide the <i>IPID</i> to the <i>customer</i> immediately after the conclusion of the <i>policy</i>,</p> <p>in accordance with ■ ICOBS 6.6 (Means of communication).</p> <p>[Note: article 23(7) of the <i>IDD</i>]</p>
		How must appropriate information other than IPID information be provided?
6.1.10C	G	<p>(1) Appropriate information other than <i>IPID information</i> includes, among other matters, any other information required by the appropriate information rule (■ ICOBS 6.1.5R), specific price disclosure requirements (■ ICOBS 6.1.13R), <i>Solvency II Directive</i> disclosure requirements</p>

		<p>(■ ICOBS 6.2.2R), renewals (■ ICOBS 6.5) and guaranteed assets protection (GAP) products (■ ICOBS 6A.1.4R).</p> <p>(2) A <i>firm</i> needs to consider the form in which it provides appropriate information (see ■ ICOBS 6.1.5R).</p> <p>(3) A <i>firm</i> can provide the other information in (1) together with the <i>IPID</i> as long as the <i>IPID</i> remains a stand-alone document.</p> <p>[Note: article 20(4) and article 20(7) last paragraph of the <i>IDD</i>]</p>
		<p>Interaction between information provision requirements and the customer’s best interests rule and Principle 7</p>
6.1.11	G	<p>To comply with the <i>customer’s best interest rule</i> and <i>Principle 7</i> (communication with clients) a <i>firm</i> should:</p> <p>(1) include consideration of the information needs of the <i>customers</i> including:</p> <p>(a) what they need to understand the relevance of any information provided by the <i>firm</i>; and</p> <p>(b) at which point in the sales process will the information be most useful to the <i>customer</i> to enable them to make an informed decision;</p> <p>(2) provide evidence of cover promptly after inception of a <i>policy</i>, taking into account the type of <i>customer</i> and the effect of other information requirements, for example, those under the distance communication rules (■ ICOBS 3.1); and</p> <p>(3) in relation to a <i>group policy</i>, provide appropriate information to the customer, telling the <i>customer</i> to pass it on to each <i>policyholder</i>.</p> <p>Under <i>Principle 7</i> a <i>firm</i> should provide evidence of cover promptly after inception of a <i>policy</i>. <i>Firms</i> will need to take into account the type of <i>customer</i> and the effect of other information requirements, for example those under the distance communication <i>rules</i> (■ ICOBS 3.1).</p>
6.1.12	G	<p>[deleted]</p>
		<p>Renewals</p>
6.1.12A	R	<p>[deleted]</p>
6.1.12B	G	<p>[deleted]</p>
		<p>What additional information must be disclosed for packaged products and other relevant requirements?</p>
6.1.13	R	<p>(1) If a <i>policy</i> is bought by a <i>consumer</i> in connection with other goods or services a <i>firm</i> must, before conclusion of the contract, disclose its</p>

- 6.1.13A

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premium separately from any other prices and whether buying the *policy* is compulsory.

(2) In the case of a *distance contract*, disclosure of whether buying the *policy* is compulsory may be made in accordance with the timing requirements under the distance communication *rules* (see ■ ICOBS 3.1.8 R, ■ ICOBS 3.1.14 R and ■ ICOBS 3.1.15 R).

(3) This *rule* does not apply to policies bought in connection with other goods or services provided as part of a *packaged bank account*.

In addition to the requirements in ■ ICOBS 6.1 (Product information) *firms* are reminded that:

(1) when offering a *policy* as part of a *packaged bank account* the *firm* may be subject to the requirements of regulation 13 (payment accounts packages with another product or service) of the *Payment Accounts Regulations*;

(2) ■ ICOBS 6A.3 (Cross-selling) contains *rules* in relation to packages which include both insurance and non-insurance products or services.
- 6.1.14

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