

Insurance: Conduct of Business

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

(b) if so, how, and the terms on which it can be removed.

(3) *Firms* are also reminded of their obligations in ■ ICOBS 5.2.2BR to ensure the *policy* proposed is consistent with the *consumer's* insurance demands and needs.

Appropriate information for commercial customers

6.1.7A **G** A *firm* dealing with a *commercial customer*:

(1) may choose to provide some of or all of the appropriate information in an *IPID* (see ■ ICOBS 6.1.10AR), a *policy summary* or a similar summary if it considers this to be a comprehensible form in which to provide that information; and

(2) should include the *IPID information* (regardless of whether an *IPID* itself is provided).

6.1.8 **G** [deleted]

6.1.9 **G** Cancellation rights do not affect what information it is appropriate to give to a *customer* 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** A *firm*, when dealing with a *consumer* must provide the *IPID information* by way of an *IPID* for each *policy* (other than a *pure protection contract*).

[Note: articles 20(4) and 20(5) of the *IDD*]

6.1.10B **G** The *IPID information*:

(1) needs to be provided on paper or on another *durable medium*;

(2) in the case of telephone selling, a *firm* may provide the *IPID* in accordance with the distance communication timing requirements and provide the *IPID* to the *customer* immediately after the conclusion of the *policy*,

in accordance with ■ ICOBS 6.6 (Means of communication).

[Note: article 23(7) of the *IDD*]

How must appropriate information other than IPID information be provided?

6.1.10C **G** (1) Appropriate information other than *IPID information* 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), *Solvency II Directive* disclosure requirements

(■ ICOBS 6.2.2R), renewals (■ ICOBS 6.5) and guaranteed assets protection (GAP) products (■ ICOBS 6A.1.4R).

- (2) A *firm* needs to consider the form in which it provides appropriate information (see ■ ICOBS 6.1.5R).
- (3) A *firm* can provide the other information in (1) together with the *IPID* as long as the *IPID* remains a stand-alone document.

[Note: article 20(4) and article 20(7) last paragraph of the *IDD*]

Interaction between information provision requirements and the customer’s best interests rule and Principle 7

6.1.11

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To comply with the *customer’s best interest rule* and *Principle 7* (communication with clients) a *firm* should:

- (1) include consideration of the information needs of the *customers* including:
 - (a) what they need to understand the relevance of any information provided by the *firm*; and
 - (b) at which point in the sales process will the information be most useful to the *customer* to enable them to make an informed decision;
- (2) provide evidence of cover promptly after inception of a *policy*,

taking into account the type of *customer* and the effect of other information requirements, for example, those under the distance communication rules (■ ICOBS 3.1); and

- (3) in relation to a *group policy*, provide appropriate information to the customer, telling the *customer* to pass it on to each *policyholder*.

Under *Principle 7* a *firm* should provide evidence of cover promptly after inception of a *policy*. *Firms* will need to take into account the type of *customer* and the effect of other information requirements, for example those under the distance communication *rules* (■ ICOBS 3.1).

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Renewals

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6.1.12B

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What additional information must be disclosed for packaged products and other relevant requirements?

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- (1) If a *policy* is bought by a *consumer* in connection with other goods or services a *firm* must, before conclusion of the contract, disclose its

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*.

6.1.13A

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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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