

Insurance: Conduct of Business

Chapter 6

Product Information

6.2 Pre-contract information: general insurance contracts

Application: what?

6.2.1 **R** This section applies in relation to a *general insurance contract*.

Solvency II Directive derived disclosure requirements

6.2.2 **R** Before a *general insurance contract* is concluded, a *firm* must inform a *customer* who is a natural person of:

- (1) the law applicable to the contract where the parties do not have a free choice, or the fact that the parties are free to choose the law applicable and, in the latter case, the law the *firm* proposes to choose; and
- (2) the arrangements for handling *policyholders'* complaints concerning contracts including, where appropriate, the existence of a complaints body (usually the *Financial Ombudsman Service*), without prejudice to the *policyholders'* right to take legal proceedings.

[Note: article 183(1) to (2) of the *Solvency II Directive*]

6.2.3 **R** (1) A *firm* which has its head office in the *European Economic Area* must inform a *customer*, before any commitment is entered into, of the state in which the head office or, where appropriate, the branch with which the contract is to be concluded, is situated.

- (2) Any documents issued to the *customer* must convey the information required by this *rule*.

[Note: article 184(1) of the *Solvency II Directive*]

6.2.4 **R** A *firm* which has its head office in the *European Economic Area* must ensure that the contract or any other document granting cover, together with the insurance proposal where it is binding upon the *customer*, states the address of the head office, or, where appropriate, of the branch of the *firm* which grants the cover.

[Note: article 184(2) of the *Solvency II Directive*]

Disclosure of cancellation right

6.2.5

R

- (1) A *firm* must provide a *consumer* with information on the right to cancel a *policy*.
- (2) The information to be provided on the right to cancel is:
 - (a) its existence;
 - (b) its duration;
 - (c) the conditions for exercising it;
 - (d) information on the amount which the *consumer* may be required to pay if he exercises it;
 - (e) the consequences of not exercising it; and
 - (f) the practical instructions for exercising it.
- (3) The information must be provided in good time before conclusion of the contract and in writing or another *durable medium*.

Auto-renewal

6.2.6

R

- (1) A *firm* must:
 - (a) inform a *consumer* whether the terms and conditions of their *policy* provide for the *policy* to automatically *renew* at the end of the term;
 - (b) provide the *consumer* with an explanation of the effect of automatic *renewal* for them; and
 - (c) provide the *consumer* with information on the right to cancel the automatic *renewal* element of the *policy* at any time.
- (2) The information on the right to cancel the automatic *renewal* element must include:
 - (a) the existence of the right;
 - (b) the conditions for exercising it;
 - (c) the consequences of exercising it; and
 - (d) the practical instructions for exercising it.
- (3) The information in (1) and (2) must be provided:
 - (a) in good time before conclusion of the contract; and
 - (b) in writing or in another durable medium.
- (4) Paragraphs (1) to (3) do not apply in the case of a contract for private health or medical insurance, or pet insurance.

6.2.7

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In the case of a *packaged bank account* ■ ICOBS 5.1.3CR(1A) provides that the information required by ■ ICOBS 6.2.6R should be provided in the eligibility statement.