

**Comments Template on
 Consultation Paper on draft Implementing Technical Standards (ITS)
 on a standardised presentation format of the Insurance Product
 Information Document (IPID)**

**Deadline
 24 October 2016
 18:00 CET**

| | | |
|-------------------------|--|--------|
| Name of Company: | Direct Line Group | |
| Disclosure of comments: | EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential. | Public |

Please follow the following instructions for filling in the template:

- ⇒ Do not change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool
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Please send the completed template, in Word Format, to CP-16-007@eiopa.europa.eu.

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The numbering of the questions refers to the Consultation Paper on draft Implementing Technical Standards (ITS) on a standardised presentation format of the Insurance Product Information Document (IPID)

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| Reference | Comment | |
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| General Comment | <p>Direct Line Group (DLG) supports the need to ensure product information is accessible to those that purchase insurance and recognises the fundamental role firms play in providing important information that helps buyers to make informed decisions when purchasing products. In addressing the questions being asked via the consultation, DLG feels it is important to highlight potential unintended consequences of having an adaptable icon to represent the 'geographical scope' section of the IPID as it's felt there is a possibility for misunderstandings to be made by using a single country flag in this section. We feel this is avoidable as possible solutions exist that would maintain an appropriate degree of standardisation.</p> <p>In addition, whilst DLG agrees with EIOPA's approach to focus primarily on developing the format of the Insurance Product Information Document (IPID) with retail consumers in mind, we do not agree that testing should have excluded commercial customers. The majority of commercial products in scope of the IPID will relate to Small to Medium-Sized Enterprise business products, the customers for which can be exposed to the same level of poor outcomes at the point of purchase as retail consumers. Commercial products are also inherently more complex than retail products and as such, a risk exists whereby firms will find it extremely difficult, if not impossible, to produce a consistent and meaningful document on the proposed two sides of an A4 page.</p> | |
| Question 1 | | |
| Question 2(a) | <p>DLG welcomes the use of visual aids to distinguish different information requirements in the Insurance Product Information Document (IPID), and agrees they should be highly standardised at European level so as to assist consumers with finding information and in comparing different IPIDs. We believe such use of icons would support the IPID well, both in printed and digital formats.</p> | |

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| Question 2(b) | <p>DLG is reassured by EIOPA acknowledging there may be some instances where it is necessary to allow for differences in icons used between Member States, such as with symbols depicting the currency for the means of payment. We do feel however, that allowing for differences in icons should be kept to a minimum, where it is otherwise possible to use a single standardised approach.</p> <p>Whilst we acknowledge that consumer testing probed for the possibility of any misunderstanding in respect of using a single country flag to depict the “geographical scope” of a product, we are concerned that such use of a particular icon may still lead to some confusion. An example of this is with motor insurance cover, which can vary in range for geographical scope with some cover in the home country, compulsory lower level cover in the EU and potentially higher cover in the EU, EEA or other countries. DLG feels that using a single country flag to depict the “geographical scope” of a product could lead to some consumers believing that cover may extend to a country which isn’t covered by the policy, or be limited by this. The same issue could exist in respect of travel, breakdown or health insurance products.</p> <p>Further, we acknowledge that Article 20 (7) (c), IDD provides that the IPID: <i>“shall be no less comprehensible in the event that, having been originally produced in colour, it is printed or photocopied in black and white”.</i></p> <p>Given this requirement, coupled with the majority of EU member flags being of a triband/tricolour design, we would further question the appropriateness of using a single country flag as an icon anywhere within the IPID as it would be difficult to distinguish between some triband/tricolour single country flags once an IPID is printed in black and white.</p> | |

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A solution to both points could be to use an icon depicting a simple globe with a question mark overlay. We believe that excluding the use of single country flags as icons on the IPID would reduce any misunderstanding, and that by replacing this with an icon such as the one suggested, would maintain an appropriate level of standardisation for the IPID.

An additional matter DLG would like to raise relates to the enclosed Draft Technical Standards within the consultation document. Specifically, Article 6 – language, which states:

"The information of the insurance product information document shall use language which facilitates the customer's understanding of the information being communicated and shall focus on key information which the customer needs to make an informed decision. The insurance product information document shall be drafted in clear and comprehensible language avoiding the use of technical jargon and terms".

DLG recognises that the section headings of the IPID were not the subject of EIOPA's testing on the format and that it may be envisaged that National Competent Authorities would determine the type of language being used. However, given the section headings sit alongside the corresponding icons/symbols, which will be of a prescribed and standardised format, DLG believes that in order to complement this approach, avoid the use of technical jargon and terms, and to maintain consistency across member states, the section headings should also be highly standardised. This, we feel, would ultimately support the structure and uniformity of the IPID format and would also facilitate better understanding of the information being communicated. This approach may also aid firms in displaying any 'add-on' products more clearly for multi-risk policies.

Suggested section headings:

- "Main risks covered" could be "What is covered"
- "Main risks not covered" could be: "What is not covered"

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| | <ul style="list-style-type: none"> • “Insured sum” could be: “How much you’re covered for” • “Geographical scope” could be: “Where you’re covered” • “Main obligations” could be: “What you must do” • “Termination of the contract” could be: “Cancelling the contract” | |
| Question 3(a) | <p>DLG agrees that it is not desirable to have lengthy IPIDs. However, we believe that the majority of commercial, multi-risk and portfolio insurance products are too complex to allow the necessary information requirements for the IPID to be set out on two sides of an A4 page. These types of products offer a vast range of cover types and will often (particularly in the case of commercial products) carry significantly more restrictions and exclusions than a typical retail insurance product.</p> <p>Where it may be possible to include the required information on two sides of A4, there is a concern that the volume of text would make the document less engaging for the reader and difficult to compare with other products.</p> <p>DLG therefore feels an exception should be made to the length of the IPID for more complex products.</p> | |
| Question 3(b) | | |
| Question 4(a) | | |
| Question 4(b) | DLG supports the presentation of an IPID in a digital-friendly format as this enhances accessibility for consumers in an increasingly digital focussed landscape. | |
| Question 5 | | |

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| Question 6 | <p>DLG agrees with EIOPA’s approach to focus primarily on retail consumers in developing the IPID, however, we also believe that more complex/commercial products should have been tested. DLG is of the view that such products will be extremely difficult to create an IPID for due to their complex nature compared to typical retail general insurance products.</p> <p>DLG also believes that commercial customers should have been engaged in testing as whilst “large risks” are excluded from the scope of the IPID/IDD, many commercial customers are Small to Medium-sized Enterprises (SMEs) who are not typically viewed as being as sophisticated as large commercial firms, who tend to be more familiar with the intricacies of complex commercial products.</p> <p>SMEs are generally treated as having greater self-sufficiency and bargaining powers than individual consumers even though their needs, behaviour and expertise are often similar. The work of the UK National Competent Authority, the Financial Conduct Authority, has shown that SMEs can experience poor outcomes in a wide range of situations and can be exposed to risk at the point of purchase due to product complexity.</p> <p>Furthermore, DLG does not agree with the statement made in paragraph 5.3 of the consultation document that states:</p> <p><i>“it will be down to Member States under the IDD to determine which types of customers the IPID should be provided to”.</i></p> <p>This is because Article 20 (5), of the IDD text has already set out that:</p> <p><i>“An insurance product information document should provide standardised information</i></p> | |

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about non-life insurance products”.

Article 22 (1), further states that:

“The information referred to in Articles 18, 19 and 20 need not be provided when the insurance distributor carries out distribution activities in relation to the insurance of large risks”.

Therefore, there is no scope to change this or interpret this differently in respect of which types of customers an IPID will need to be provided to.