

**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: | <p>Fédération Française de l'Assurance (FFA) 26 boulevard Haussmann, 75311 Paris - Cedex 09, FRANCE</p> <p>The French Insurance Federation (FFA) is the federation representing the interests of the insurance industry in France (European Transparency Register No. 5149794935-37). FFA brings together 281 insurance and reinsurance companies operating in France, covering over 99% of the French market.</p> | |
| Disclosure of comments: | <p>EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.</p> <p>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.</p> | Public |
| <p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in <u>Word Format</u>, to CP-16-007@eiopa.europa.eu.</p> <p>Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the questions refers to the Consultation Paper on draft Implementing Technical Standards (ITS) on a standardised presentation format of the</p> | | |

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Insurance Product Information Document (IPID)

| Reference | Comment |
|------------------|---|
| General Comment | <p>The Insurance Distribution Directive sets out the content of the IPID and calls on EIOPA to settle its format, so that IPID could benefit consumers. EIOPA has developed its proposed format for all non-life insurance products that FFA compliments.</p> <p>Firstly, we are pleased that EIOPA takes into account that the content of the IPID is already defined by the Article 20(8) IDD <i>"The insurance product information document shall contain the following information"</i>.</p> <p>Secondly, we are thankful that the disclaimer provided by Article 20 (7): <i>"(g) include a statement that complete pre-contractual and contractual information on the product is provided in other documents"</i> is on the top of the IPID.</p> <p>Finally, we welcome that EIOPA intends to find a solution that could be workable both on paper and digital formats.</p> <p>That's way, FFA would like to highlight and compliment the following key policy options that EIOPA has adopted, namely:</p> <ul style="list-style-type: none"> - Disclaimer: standardised and on the top of the IPID - Format: one standardised format for all non-life insurance products - Icons: use of icons in the IPID represents best practice |

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- Standardisation as to icons is preferred (even if we do ask for some flexibility by adapting the chosen icons to national or manufacturers' specificities; see below our reply Q2)
- The order of the icons, the titles (even if sometimes a flexibility is welcomed; see below our reply Q1 et Q2), the column approach, the boxes used with bullet points are acceptable (but sometimes may need some adjustments; see below our reply Q4 (a))
- Length: maximum two pages (even if for multi-risk insurance policies we recommend 3 pages; see below our reply Q3 (a))
- Digital: many elements of the standardised format can be applied across different media, but some aspects may need further examination.

All this being said, we propose to adjust and/or diversify the following key policy options that EIOPA proposes, and suggest the following, in order to find the appropriate balance between standardised elements and flexibility needed as to IPID could be workable in practice:

- Amending the disclaimer
- Ensuring a good use of IPID (identification of the company, contact information, version and date of the document)
- Allowing adapting IPID to the digital environment

**Comments Template on
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Question 1

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.

The objective is to develop one standardised template for all non-life insurance products, with sufficient flexibility to encompass the different needs of different kinds of non-life insurance products.

FFA supports this EIOPA's approach to have a single standardised presentation format, for all non-life products. This way consumers would receive the appropriate information, and so, not in a too long document, in a comprehensive form as required by IDD, while there would be a lower risk of confusion and less litigation.

The requirements provided by IDD: in a comprehensible form, as a short and stand-alone document, clear and easy to read, would be fulfilled.

In order to better achieve these goals, we still believe that a certain level of flexibility allowing insurers to adapt the IPID to their corporate identity and the digital environment should be necessary (see below our reply Q4 as to digital).

- Amending the Disclaimer:

As IPID is only intended to provide a summary of the main coverage and exclusions associated with the product, warning consumers to read their pre-contractual and contractual documentation in order to be fully informed is of the most importance.

That is why we propose another disclaimer, established in a more explicit and prominent manner, while being at the same time more didactic for consumers and diminishing the risks of misunderstanding:

"This Insurance Product Information Document is only intended to provide a

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summary of the main coverage and exclusions, and is not personalised to your specific individual needs and demands in any way. Pre-contractual and contractual information on the product is provided in your policy documentation”.

In this way, the consumer will be aware that the document is not personalised nor tailored to its individual demands and needs and that he may choose/ask for some additional cover or options.

Because of the importance of this disclaimer for the consumer as well as for the professional, **we would also prefer putting it in a bigger font size / height improving likeness and recognition.**

- Amending sections:

The text of the headings (sections) should be made simpler and more understandable to consumers. The wording of some of the headings currently proposed by EIOPA is too complicated and may confuse consumers, who, for instance, may not be able to understand the difference between “main risks not covered” and “main restrictions and exclusions”.

The information to be given in those sections could be seen as duplicative as both sections seem strongly interlinked, therefore one section would be preferable than two. **Having two sections will cause ambiguity for the consumers** who will not be able to immediately see nor understand the difference between them.

In any case, exclusions is a generic term and must be therefore put in the first place, alongside the main risks covered. In fact, when one presents the covered risks it would be preferable to have exclusions immediately counterposed.

**Comments Template on
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For these reasons we would like to propose that sections 'main risks not covered' and 'main restrictions and exclusions' should be merged into one single section and called "**main exclusions and restrictions**".

- **Ensuring a good use of IPID** (identification of the company, contact information, version and date of the document):

Firstly, we consider that **the identification of the manufacturer is a key element** to insure that the document corresponds to a product issued by an authorised undertaking. Consequently, following input fields should be provided in the IPID :

- At the top of the document the logo of the company. This will help consumers to quickly identify which company is behind the product considering that this identification is an important element of the information to be given to them.
- At the bottom, the IPID should include obligatory legal mentions relative to the company. National laws indeed do require that all documents from insurance company to public must include special mentions.

Secondly, in accordance with the disclaimer about receiving further information, input fields should be included at the bottom of the IPID **related to the contact information** (to know to whom address).

Finally, there should be input field at the bottom of the format to insert **the date on which the IPID was developed by the manufacturer**. This will allow to check that updated correct version is provided to the consumer.

**Comments Template on
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**Deadline
24 October 2016
18:00 CET**

- Allowing adapting IPID to the digital environment:

We recognize that the IPID should be available on paper, but stress the importance of digital mediums and the world of technology, that some of our members work with. Digitalisation is addressed and welcomed in many recent EU initiatives, and it seems that Insurance Unit of the European Commission is supportive of this.

For further information and comments see below our comments in Q4.

Question 2(a)

Do you agree that visual aids such as icons and symbols used to distinguish different information requirements in the IPID should be highly standardised at a European level?

We agree that the use of icons will help to draw consumers' attention to correctly identify relevant information and make document simple to read. Standardises icons will provide product comparability to consumers.

But we would call EIOPA to take into consideration that sometimes a two-coloured approach could be better. Using only two coloured icons will also bring less costs (see below our reply Q4).

Also, as to "geographical scope", a flag may generate confusion because some guarantees may extend beyond a given territory, as EIOPA itself concluded. Instead of a flag, we propose to design one (identical) icon for all geographical cover, as a concept in general, by putting a symbol of a globe containing a question mark on it.

As a question apart, we wonder about the fair use of EIOPA's proposed icons. Copyrights or other IP rights are retained by the authors, creators, publishers and/or owners of a trademark (i.e. a logo could be protected as a trademark) and companies should not infringe them.

**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**

In order to avoid possible litigation, it must be endorsed that EIOPA have obtained all possible intellectual property rights on icons (copyright and other IP rights: patent, trademark, rights in designs, database rights, and so on) and that EIOPA would be able to pass it on for free to the companies.

In addition, if EIOPA wants that all companies across Europe should have exactly the same icons, it is necessary to give to these companies the source files.

However, as a fallback position, if EIOPA decides a less rigid approach, the good use of IPID could be achieved with a prescription of the icons (i.e. an umbrella) and the order of the information provided, but the decision should be left up to the insurers to adapt the umbrella icon to their corporate design framework. For instance, we could have an umbrella as a standardised icon at the European level and then make it thinner, or in a round instead of a square....

Question 2(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.

A certain level of flexibility should be taken into consideration, in cases where icons may serve the purpose better if adapted.

For instance, the icon for the "insured sum" with a currency symbol is not suitable. Pictogram of currency (i.e. "€") is implying something to pay and may mislead consumers. Thus, for us, this pictogram is more suitable for the icon "payment". In any case, the currency symbol should be adapted to match the local currency of a Member State.

As for insured sum, reasonable solution would be to put the amount guaranteed in regard with the "main insurance risks" as it is suggested by article 20 (8) (b) of IDD.

**Comments Template on
Consultation Paper on draft Implementing Technical Standards (ITS)
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Information Document (IPID)**

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

| | | |
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| Question 3(a) | <p><i>In what circumstances do you consider that it will not be possible to include the information required under the IPID on two sides of an A4 page?</i></p> <p>As regards the overall length of the PID, we would support a document of maximum 2 pages or of a recto-verso A4 document. For consumers it will be best solution to have an IPID which is not too long.</p> <p>However, obliging insurers to follow a rigid, inflexible 2 pages format with a predetermined length for each section would restrict the possibility to adapt the IPID to the different types of non-life product.</p> <p>While we agree with EIOPA that the IPID should not be too elaborate and should not result in a <i>de facto</i> duplication of the policy terms and conditions, we consider that some multi-risks covers may require 3 pages in order to be accurate and non-misleading. For example, companies should be free to present multi-risk products' optional covers in <u>bullet point's manner or throughout explanation example sentence(s)</u>, in order not to disturb the length. In this way we could still present one IPID for multi-risks policies and not give to the consumer a bundle of different IPIDs, which in fact would be costly for companies and confusing for consumers.</p> <p>In any case, we duly conclude from EIOPA's explanation that the synthetic nature of the IPID is in line with the reference to other documents to read to obtain for detailed information on the contents and limits of guarantees and exclusions.</p> | |
| Question 3(b) | <p><i>Do you foresee any difficulties with prescribing a <u>font</u> type and font size?</i></p> <p>Article 20 (7) IDD, asks for a document "easy to read, using characters of a readable size" and this could be achieved by using standardized fonts.</p> | |

**Comments Template on
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**Deadline
24 October 2016
18:00 CET**

Question 4(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?

Some improvements could be welcomed so as to better fit to the constantly changing digital environment. For instance the use of two-columns is not the most appropriate approach to use on smartphones and similar devices (it is readable on tablets, but on smartphones, consumers could not completely see information presented in two columns). Some flexibility must be left to manufacturers.

However, a predefined solution must not impede manufacturers **to adapt the IPID to the digital world** or, on the contrary, **must not question the paper-based document**.

Companies should have the possibility to choose, as EIOPA also said on page 29, if they want an *“integration into web-based applications [could be achieved by] or” linking to a pdf file of the document in the required format*”.

As for the costs, they would indeed vary depending on the solution chosen.

“Accordingly, the anticipated IT costs could vary significantly from one insurance distributor to the next, not least because factors such as size and spread of products and age of IT systems can have a significant bearing on costs.”

In case of a digital document, however, proposing to add too many digital complex tools could make this document too “heavy” to read and make it lose its original purpose.

**Comments Template on
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 24 October 2016
 18:00 CET**

Question 4(b)

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

New technologies facilitate interactivity between professionals and consumers. Digital media could be used for standardized documents, ensuring a consistent level of quality, ease of control and traceability/proof of the information collected online.

Use of digital tools will progressively grow in all markets. The traditional process will thus have to adapt to this digitalization which could only be possible if European and national legislators take into account the growing digitalisation.

EIOPA is acknowledging that and we praise its additional questions as how to take it into account.

As to us, even with this growing digitalization, paper documents should remain an option as, in France, some consumers only feel comfortable with paper documents (and these consumers should not be left behind), others may simply prefer it.

Digital media and tools (click on links that will take them to the insurance companies' website, or open a pdf file, or use another layer approach like via tool-tip caption or ⓘ) must be just an option to manufacturers accordingly to the national specificities of the market and to the distribution channel preferred and used by a manufacturer (EIOPA's analysis in paragraphs 3.9 and 3.10, page 15 of the consultation rightly states that it is up to the manufacturer to decide on the approach taken).

This solution should not be exclusive and downloading the IPID in pdf must still remain possible.

Question 5

What do you consider are the main cost drivers for the standardised presentation

**Comments Template on
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**Deadline
24 October 2016
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format (not including the efforts associated with the collection, identification and assimilation of the information itself) at what point will they occur?

Firstly, the introduction of a standardised format requires significant modifications to, amongst others, manufacturers' IT-systems. Initial costs are to be foreseen to prepare and develop the IPID format and afterwards, additional ones, to update them.

We could quote: preparatory costs, developing costs, printing costs, inventory costs, operating, transmission and diffusion costs, postal costs, providing local printers with the correct equipment for intermediaries and agencies with the colours and fonts required...

Secondly, to ensure your "blue colours don't turn purple", you need more money and more sophisticated printers.

Using just a two coloured document may help to lower the costs because there are technical difficulties in printing for instance the "grey" zones that turn out completely black or white; also, black that turns into "dark grey".. Red to orange...

Lastly, to be consistent with Article 20 (7) c) IDD, the IPID must "be no less comprehensible in the event that, having been originally produced in colour, it is printed or photocopied in black and white;". Printed or copied versions of the IPID do not need to be in colour but must remain comprehensible. We understand this requirement so that the insurer can print in black and white. In contrast coloured plungers or print-outs would entail significant additional costs.

In any case, the more sophisticated tools are used, the more up-front financial costs would be involved in creating and implementing sophisticated tools and documents (chipper to do a pdf than a web application with responsive design).

**Comments Template on
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Question 6

Do you agree with EIOPA approach to focus primarily on consumers (i.e. retail consumers) in developing the IPID?

We completely support EIOPA's conclusion on **giving IPID only to consumers**. The approach to exclude, from the IPID scope, professional risks and professional customers is a result of the text of the Directive and a good sense, given the generally customised and bespoke nature of commercial contracts.

Firstly, in general, all commercial or occupational contracts are **tailored-made** to the company's needs and risks to be covered, making it thus very difficult and complex to establish a standardized document. Hence, as for bespoke nature of these contracts, it seems appropriate to limit the obligation to provide IPID only to consumers.

EIOPA should also clarify that IPID is furthermore not to be required for **collective occupational insurances negotiated between social partners or between an employer and a trade union.**

For these contracts, providing a pre-contractual IPID, with the aim of comparison of products, makes no sense and will just represent a supplementary burden for manufacturers.

Moreover we draw your attention that some products are **regulated by law** which defines minimum guarantees and even limits of the amount to be paid to the insured (i.e. in France health insurance contracts). For these contracts, FFA wonders what is the interest of receiving an IPID, as it will not provide a useful comparison.

Secondly, as to the Directive itself:

- there is a reference in Article 20(7)(d), IDD to the "consumer"
- Recitals 43 and 51, Article 20(9) IDD provide that some rules are only applicable in "*business to consumer*" relationships, which is the case of IPID,

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Consultation Paper on draft Implementing Technical Standards (ITS)
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Information Document (IPID)**

**Deadline
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and Eiopa was asked to do the *consumers testing*.

We thus fully agree with EIOPA approach's to focus primarily on consumers in developing the IPID while we consider this question should be dealt at European level to avoid distortion between Member States.