

Annex L

Amendments to the Insurance: Conduct of Business sourcebook (ICOBS)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

1 Application

1.1 The general application rule

The general application rule

1.1.1 R This sourcebook applies to a *firm* with respect to the following activities carried on in relation to a *non-investment insurance contract* from an establishment maintained by it, or its *appointed representative*, in the *United Kingdom*:

- (1) an ~~*insurance mediation activity*~~ *insurance distribution activity*;
- (2) *effecting and carrying out contracts of insurance*;
- (3) *managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's*;
- (4) *communicating or approving a financial promotion*;

and activities connected with them.

...

1 Annex Application (see ICOBS 1.1.2R)

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Part 1: Who?			
Modifications to the general application rule according to type of firm			
1	Third party processors		
1.1	R	(1)	This <i>rule</i> applies where a <i>firm</i> (or its <i>appointed representative</i>) (“A”) has outsourced <i>insurance mediation activities</i> <u><i>insurance distribution activities</i></u> to a <i>third party processor</i> .
		...	
<u>1.2</u>	<u>G</u>	(1)	<u>The disclosure required of the <i>third party processor</i> under <i>ICOBS 4.3-7R</i> can be made without having to disclose the identity of the</u>

			<u>third party processor</u> to the <i>customer</i> and therefore without breaching paragraph 1.1R(2) above.
2	Managing agents		
2.1	R	(1)	References to an <i>insurer</i> (including within the reference to <u>insurance distributor</u>) apply equally to a <i>managing agent</i> unless the context requires otherwise.
		...	
3	Authorised professional firms		
3.1	R	This sourcebook (except for <i>ICOBS</i> 4.6) does not apply to an <i>authorised professional firm</i> with respect to its <i>non-mainstream regulated activities</i> except for:	
		(1)	the provisions on communications to <i>clients</i> and <i>financial promotions</i> (see <i>ICOBS</i> 2.2);
		(2)	the e-commerce provisions (<i>ICOBS</i> 3.2);
		(3)	status <u>general information</u> disclosure requirements in relation to the complaints procedures (see <i>ICOBS</i> 4.1); and
		(4)	provisions implementing articles 12 and 13 <u>1(4), 17, 18, 19, 20, 23, and 24</u> of the <i>Insurance Mediation Directive IDD</i> (see <i>ICOBS</i> <u>2.2.2R</u> (communication to customers and financial promotions), <i>ICOBS</i> <u>2.2.2AR</u> (marketing communications), <i>ICOBS</i> <u>2.5.-1R</u> (the customer's best interests rule), <i>ICOBS</i> 2.6 (Distribution of connected contracts through exempt persons), <i>ICOBS</i> 4.1 (Information about the firm, its services and remuneration), <i>ICOBS</i> 4.1A (Means of communicating to customers), <i>ICOBS</i> 4.3 (remuneration disclosure), <i>ICOBS</i> 5.2 (Demands and needs) and, <i>ICOBS</i> 5.3.3R (Advice on the basis of a fair analysis), <i>ICOBS</i> 5.3.4R (Personalised explanation), <i>ICOBS</i> 6A.1.4R (Ensuring the customer can make an informed decision) and <i>ICOBS</i> 6A.3 (Cross-selling)), except to the extent that the <i>firm</i> is subject to equivalent rules of its <i>designated professional body</i> approved by the <i>FCA</i> .
...			
4	Appointed representatives		
4.1	R	(1)	An <i>insurer</i> must ensure that its <i>appointed representative</i> complies with this sourcebook as it applies to an <i>insurance intermediary</i> .
		(2)	However, if the <i>appointed representative</i> is acting as the <i>insurer's third party processor</i> then:

		(a)	this <i>rule</i> is subject to the <i>third party processors rule</i> (see paragraph 1.1R); and
		(b)	the <i>insurer</i> is not required to ensure that the <i>appointed representative</i> complies with the <i>rules</i> in this sourcebook on commission disclosure (see <i>ICOBS 4.4</i>) or, unless they apply to an insurer, the rules on statements of demands and needs (see <i>ICOBS 5.2</i>).
4.2	G	The cancellation requirements in chapter 7 do not apply to a <i>distance contract</i> entered into by an <i>appointed representative</i> to provide mediation <i>distribution</i> services. Regulations 9 (Right to cancel) to 13 (Payment for services provided before cancellation) of the <i>Distance Marketing Regulations</i> apply instead.	
...			
Part 2: What?			
Modifications to the general application rule according to activities			
1	Reinsurance		
1.1	R	This sourcebook does not apply to activities carried on in relation to a <i>reinsurance contract</i> .	
		[Note: article 12(4) of the Insurance Mediation Directive recital 51 to the <i>IDD</i>]	
2	Contracts of large risks		
2.1	R	Subject to Part 3 of this Annex;	
		(1)	this sourcebook does not apply to an insurance intermediary mediating a firm <i>distributing a contract of large risks</i> ;
		(4)	where the risk is located outside the <i>European Economic Area</i> ; or
		(2)	<u>only <i>ICOBS 2</i> (General matters) and <i>ICOBS 6A.3</i> (Cross-selling) apply to a <i>firm</i> distributing a <i>contract of large risks</i> for a <i>commercial customer</i> where the risk is located within the <i>European Economic Area</i>; ; <u>and</u></u>
		(3)	<u>the <i>IPID</i> requirement in <i>ICOBS 6.1.10AR</i> (How must <i>IPID</i> information be provided?) and <i>ICOBS 6 Annex 3R</i> (Providing product information by way of a standardised insurance information document) do not apply to a <i>firm</i> distributing a <i>contract of large risks</i>.</u>

		[Note: article 12(4) of the <i>Insurance Mediation Directive</i> 22(1) of the <i>IDD</i>]
2.2	G	<i>Principle 7</i> continues to apply so a <i>firm</i> should provide evidence of cover promptly after inception of a <i>policy</i> to its <i>customer</i> . In respect of a <i>group policy</i> , a <i>firm</i> should provide information to its <i>customer</i> to pass on to other <i>policyholders</i> and should tell the <i>customer</i> that he should give the information <u>should be given</u> to each <i>policyholder</i> .
2.3	R	<i>ICOBS</i> 6.2.3R does not apply to <i>contracts of large risk risks</i> .
		[Note: article 184(1) of the <i>Solvency II Directive</i>]
...		
4		Chains of insurance intermediaries
4.1	R	Where there is a chain of <i>insurance intermediaries</i> between the <i>insurer</i> and the <i>customer</i> , this sourcebook, <u>except <i>ICOBS</i> 2</u> , applies only to the <u>any <i>insurance intermediary</i></u> in contact with the <i>customer</i> .
4.2	G	<i>ICOBS</i> 2 applies to all <i>insurance intermediaries</i> , including those within a <u>chain who are not in contact with the <i>customer</i></u> .
...		
Part 4: Guidance		
1		The main extensions and restrictions to the general application rule
...		
3		Insurance Mediation Directive <u>Insurance Distribution Directive</u> : effect on territorial scope
3.1	G	The <i>Insurance Mediation Directive's</i> <i>IDD's</i> scope covers most <i>firms</i> carrying on most types of <i>insurance mediation</i> <i>insurance distribution</i> . The rules in this sourcebook within the Directive's scope are those that require the provision of pre-contract information or the provision of advice on the basis of a fair analysis (see <i>ICOBS</i> 4 (Information about the firm, its services and remuneration), <i>ICOBS</i> 5.2 (Statement of demands and needs), <i>ICOBS</i> 5.3.3R (Advice on the basis of a fair analysis), <i>ICOBS</i> 6 (Product information) and <i>ICOBS</i> 6A.1.4R (Ensuring the customer can make an informed decision)).
3.2	G	The <u>rules in this sourcebook within the Directive's scope are those implementing the minimum information and other requirements in articles 12 and 13 1(4), 17, 18, 19, 20, 23 and 24(1) to (3) and (6) of the Directive <i>IDD</i> are set out in:</u>

		<p>(1) <u>ICOB</u>S 2.2.2R (communication to customers and financial promotions), <u>ICOB</u>S 2.2.2AR (marketing communications), <u>ICOB</u>S 2.5.-1R (the customer's best interests rule), <u>ICOB</u>S 2.6 (Distribution of connected contracts through exempt persons);</p> <p>(2) <u>ICOB</u>S 4.1 (General requirements for insurance intermediaries and insurers), <u>ICOB</u>S 4.1A (Means of communicating to customers), <u>ICOB</u>S 4.3 (Remuneration disclosure);</p> <p>(3) <u>ICOB</u>S 5.2 (Statement of demands <u>Demands</u> and needs), <u>ICOB</u>S 5.3.4R (Personalised explanation), and <u>ICOB</u>S 5.3.3R (Advice on the basis of a fair analysis); and</p> <p>(4) <u>ICOB</u>S 6.1 (Providing product information to customers: general) and <u>ICOB</u>S 6 Annex 3R (Providing product information by way of a standardised insurance information document); and</p> <p>(5) <u>ICOB</u>S 6A.1.4R (Ensuring the customer can make an informed decision) and <u>ICOB</u>S 6A.3 (Cross-selling).</p>
3.2A	G	A Member State is entitled to impose additional requirements within the Directive's scope in the 'general good'. (See recital 52 to, and article 22 of, the <i>IDD</i>).
3.2B	G	<p>The additional requirements within the scope of the <i>IDD</i> and found in this sourcebook are those that:</p> <p>(1) <u>deal with communication to customers and financial promotions, the customer's best interests rule and additional responsibilities of insurance distributors (see ICOB</u>S 2.2.2R, <u>ICOB</u>S 2.2.2AR, <u>ICOB</u>S 2.5.-1R and <u>ICOB</u>S 2.6); and</p> <p>(2) <u>require the provision of pre-contract information or the provision of advice on the basis of a fair and personal analysis (see ICOB</u>S 4 (Information about the firm, its services and remuneration), <u>ICOB</u>S 5.2 (Demands and needs), <u>ICOB</u>S 5.3.3R (Advice on the basis of a fair analysis), <u>ICOB</u>S 6.1A.5R (Responsibility for producing the standardised insurance product information document), <u>ICOB</u>S 6.1 (Providing product information to customers: general); <u>ICOB</u>S 6A.1.4R (Ensuring the customer can make an informed decision) and <u>ICOB</u>S 6A.3 (Cross-selling)).</p>
3.3	G	<p>In the <i>FCA's</i> view, the responsibility for these minimum requirements rests with the <i>Home State</i>, but a <i>Host State</i> is entitled to impose additional requirements within the Directive's scope in the 'general good'. (See recital 19 to and article 12(5) of the <i>Insurance Mediation Directive</i>.</p> <p>The <i>IDD</i> places responsibility for requirements in this sourcebook within the Directive's scope (both minimum and additional requirements) on the <i>Home State</i>, except in relation to business conducted through a <i>branch</i>, in</p>

		<p>which case the responsibility rests with the <i>EEA State</i> in which the <i>branch</i> is located (this is sometimes referred to as a ‘country of origin’ or ‘country of establishment’ basis) (see recital 22 to, and article 7(2) of, the <i>IDD</i>). Accordingly the general <i>rules</i> on territorial scope are <u>not</u> modified so that by the <i>IDD</i> except:</p>
	(1)	<p>for a <i>UK firm</i> providing <i>passport</i>ed activities through a <i>branch</i> in another <i>EEA State</i> under the Directive, the <i>rules</i> implementing the Directive’s minimum requirements apply, but the territorial scope of the additional <i>rules</i> within the Directive’s scope is not modified;</p>
	(2)	<p>for an <i>EEA firm</i> providing <i>passport</i>ed activities under the Directive in the <i>United Kingdom</i>, the <i>rules</i> implementing the Directive’s minimum requirements do not apply, but additional <i>rules</i> within the Directive’s scope have their unmodified territorial scope unless the <i>Home State</i> imposes measures of like effect; and</p>
	(2)	<p><u>for insurance distribution business carried on by insurers:</u></p>
	(a)	<p><u>minimum and additional requirements apply to a <i>UK firm</i> unless responsibility for any matter it covers is reserved by the <i>Solvency II Directive</i> to the <i>firm’s Host State regulator</i>; and</u></p>
	(b)	<p><u>paragraph (1), and 3.3AG, below, apply in the same way unless the responsibility for any matter it covers is reserved by the <i>Solvency II Directive</i> to the <i>firm’s Home State regulator</i>.</u></p>
	(3)	<p>an <i>EEA firm</i> acting as the principal of an <i>appointed representative</i> is required to ensure that its <i>appointed representative</i> complies with this sourcebook as it applies to a <i>UK firm</i> that is an <i>authorised person</i>.</p>
3.3A	G	<p><u>An <i>EEA firm</i> acting as the principal of an <i>appointed representative</i> carrying on <i>insurance distribution activities</i> from an establishment in the <i>United Kingdom</i> is required to ensure that its <i>appointed representative</i> complies with this sourcebook.</u></p>
4		Solvency II Directive non-life business: effect on territorial scope
4.1	G	The <i>Solvency II Directive’s</i> scope covers <i>insurers</i> authorised under that Directive conducting <i>general insurance business</i> .
4.2	G	The <i>rules</i> in this sourcebook within the Directive’s <i>Solvency II Directive’s</i> scope are those requiring the provision of pre-contract information or information during the term of the contract concerning the <i>insurer</i> or the insurance contract (see <i>ICOBS</i> 2.2 (Communications to clients and financial promotions), <i>ICOBS</i> 4 (Information about the firm, its services and remuneration) , <i>ICOBS</i> 6 (Product information), <i>ICOBS</i> 6A.1.4R (Ensuring the customer can make an informed decision) and

		<i>ICOBS 8 (Claims handling) except those parts of ICOBS 8.2 (Motor vehicle liability insurers) implementing the Consolidated Motor Insurance Directive.</i>
4.3	G	The Directive <i>Solvency II Directive</i> specifies minimum information requirements and permits <i>EEA States</i> to adopt additional mandatory rules. (See articles 178, 180, 183, 184 of the <i>Solvency II Directive</i> .)
4.4	G	If the <i>State of the risk</i> is an <i>EEA State</i> , the Directive <i>Solvency II Directive</i> provides that the applicable information rules shall be determined by that state. Accordingly, if the <i>State of the risk</i> is the <i>United Kingdom</i> , the relevant <i>rules</i> in this sourcebook apply. Those <i>rules</i> do not apply if the <i>State of the risk</i> is another <i>EEA State</i> . The territorial scope of other <i>rules</i> , in particular the <i>financial promotion rules</i> , is not affected since the Directive <i>Solvency II Directive</i> explicitly permits <i>EEA States</i> to apply rules, including advertising rules, in the ‘general good’. (See articles 156 and 180 of the <i>Solvency II Directive</i> .)
5	Solvency II Directive life business: effect on territorial scope	
5.1	G	The <i>Solvency II Directive</i> ’s scope covers <i>long-term insurers</i> which are <i>Solvency II firms</i> conducting <i>long-term insurance business</i> .
5.2	G	The <i>rules</i> in this sourcebook within the Directive’s scope are the cancellation <i>rules</i> (see <i>ICOBS 7</i>) and those <i>rules</i> requiring the provision of pre-contract information or information during the term of the contract concerning the <i>insurer</i> or the <i>contract of insurance</i> (see <i>ICOBS 2.2 (Communications to clients and financial promotions)</i> , <i>ICOBS 4 (Information about the firm, its services and remuneration)</i> , <i>ICOBS 6 (Product information)</i> and <i>ICOBS 8 (Claims handling) except ICOBS 8.2 (Motor vehicle liability insurers)</i>).
...		
5.4	G	If the <i>State of the commitment</i> is an <i>EEA State</i> , the Directive provides that the applicable information rules and cancellation rules shall be laid down by that state. Accordingly, if the <i>State of the commitment</i> is the <i>United Kingdom</i> , the relevant <i>rules</i> in this sourcebook apply. Those <i>rules</i> do not apply if the <i>State of the commitment</i> is another <i>EEA State</i> . The territorial scope of other <i>rules</i> , in particular the <i>financial promotion rules</i> , is not affected since the Directive explicitly permits <i>EEA States</i> to apply rules, including advertising rules, in the ‘general good’. (See articles 156, 180, 185 and 186 of the <i>Solvency II Directive</i> .)
...		
7	Distance Marketing Directive: effect on territorial scope	
7.1	G	In broad terms, a <i>firm</i> is within the <i>Distance Marketing Directive</i> ’s scope when conducting an activity relating to a <i>distance contract</i> with a

		<i>consumer</i> . The <i>rules</i> in this sourcebook within the Directive’s scope are those requiring the provision of pre-contract information (see <i>ICOBS 2.2</i> (Communications to clients and financial promotions), <i>ICOBS 4</i> (Information about the firm, its services and remuneration), <i>ICOBS 6</i> (Product information), and <i>ICOBS 6A.1.4R</i> (Ensuring the customer can make an informed decision)), the cancellation <i>rules</i> (see <i>ICOBS 7</i>) and the other specific <i>rules</i> implementing the Directive (see <i>ICOBS 3.1</i>).
7.2	G	In the <i>FCA’s</i> view, the Directive places responsibility for requirements within the Directive’s scope on the <i>Home State</i> except in relation to business conducted through a <i>branch</i> , in which case the responsibility rests with the <i>EEA State</i> in which the <i>branch</i> is located (this is sometimes referred to as a ‘country of origin’ or ‘country of establishment’ basis). (See article 16 of the <i>Distance Marketing Directive</i> .)
...		
7.5	G	In the <i>FCA’s</i> view:
	(1)	the ‘country of origin’ basis of the Directive is in line with that of the <i>E-Commerce Directive</i> and the <i>IDD</i> ; (see <u>See</u> recital 6 to the <i>Distance Marketing Directive</i> .)
	(2)	for business within the scope of both the <i>Distance Marketing Directive</i> and the <i>Solvency II Directive</i> , the territorial application of the <i>Distance Marketing Directive</i> takes precedence; in other words, the <i>rules</i> requiring pre-contract information and cancellation rules derived from the <i>Solvency II Directive</i> apply on a ‘country of origin’ basis rather than being based on the <i>State of the commitment</i> ; (see <u>See</u> articles 4(1) and 16 of the <i>Distance Marketing Directive</i> .)
	(3)	for business within the scope of both the <i>Distance Marketing Directive</i> and the <i>Insurance Mediation Directive</i>, the minimum requirements in the <i>Insurance Mediation Directive</i> continue to be those applied by the <i>Home State</i>, but the minimum requirements in the <i>Distance Marketing Directive</i> and any additional pre-contract information requirements are applied on a ‘country of origin’ basis. (The basis for this is that the <i>Insurance Mediation Directive</i> was adopted after the <i>Distance Marketing Directive</i> and is not expressed to be subject to it.)
8		Electronic Commerce Directive: effect on territorial scope
...		
8.3	G	Conversely, a <i>firm</i> that is a national of the <i>United Kingdom</i> or another <i>EEA State</i> , carrying on an <i>electronic commerce activity</i> from an <i>establishment</i> in another <i>EEA State</i> with or for a <i>person</i> in the <i>United</i>

		<i>Kingdom</i> , need not comply with the <i>rules</i> in this sourcebook. (See article 3(1) and (2) of the <i>E-Commerce Directive</i> .)
...		
8.5	G	Where the derogation applies, the <i>rules on financial promotion</i> continue to apply for incoming <i>electronic commerce activities</i> (unless the <i>firm's</i> 'country of origin' applies rules of like effect), but do not apply for outgoing <i>electronic commerce activities</i> . (See article 3(3) and Annex, fourth indent of the <i>E-Commerce Directive</i> ; Annex to European Commission Discussion Paper MARKT/2541/03.)
8.6	G	In the <i>FCA's</i> view, the Directive's effect on the territorial scope of this sourcebook (including the use of the 'insurance derogation'):
		(1) is in line with the <i>Distance Marketing Directive</i> and the <i>IDD</i> ;
		(2) overrides that of any other Directive discussed in this Annex to the extent that it is incompatible.
8.7	G	The 'derogations' in the Directive may enable other <i>EEA States</i> to adopt a different approach to the <i>United Kingdom</i> in certain fields. (See recital 19 52 to the <i>Insurance Mediation Directive</i> <i>IDD</i> , recital 6 to the <i>Distance Marketing Directive</i> , article 3 of, and the Annex to, the <i>E-Commerce Directive</i> .)

2 General matters

...

2.2 Communication to clients and financial promotions

...

Clear, fair and not misleading rule

- 2.2.2 R When a *firm* communicates information, including a *financial promotion*, to a *customer* ~~or other policyholder~~, it must ~~take reasonable steps to communicate~~ ensure that it in a way that is clear, fair and not misleading.

[Note: article 17(2) of the *IDD*]

Marketing communications

- 2.2.2A R A *firm* must ensure that, in relation to *insurance distribution*, marketing communications are always clearly identifiable as such.

[Note: article 17(2) of the *IDD*]

...

The reasonable steps defence

- 2.2.5 R If, in relation to a particular communication or *financial promotion*, a *firm* takes reasonable steps to ensure it is fair, clear and not misleading then:
- (1) the *firm* will not contravene *ICOBS 2.2.2R* where:
- (a) the recipient is a *customer* that does not make the arrangements preparatory to the conclusion of the *contract of insurance*; or
- (b) the communication is made in relation to activities other than *insurance distribution*; and
- (2) a contravention of the clear, fair and not misleading rule (*ICOBS 2.2.2R*) does not give rise to a right of action under section 138D of the *Act*.

2.3 Inducements

- 2.3.1 G (1) *Principle 8* requires a *firm* to manage conflicts of interest fairly, both between itself and its *customers* and between a *customer* and another *client*. This principle extends to soliciting or accepting inducements where this would conflict with a *firm's* duties to its *customers*. A *firm* that offers such inducements should consider whether doing so conflicts with its obligations under:
- (a) *Principles 1* and 6 to act with integrity and treat customers fairly; and
- (b) the *customer's best interests rule*.

...

...

2.5 Acting honestly, fairly and professionally, ~~Exclusion~~ exclusion of liability, conditions, and warranties, and reliance on othersThe customer's best interests rule

- 2.5.-1 R A *firm* must act honestly, fairly and professionally in accordance with the best interests of its *customer*.

[Note: article 17(1) of the *IDD*]

Exclusion of liability and conditions

...

Reliance on others

- 2.5.3 G (1) Where it is compatible with the nature of the obligation imposed by a particular *rule*, including the *customer's best interests rule*, and with the *Principles*, in particular *Principles 1 (Integrity)*, *2 (Skill, care and diligence)* and *3 (Management and control)*, *firms* may rely on third parties in order to comply with the *rules* in this sourcebook.

...

Other requirements

- 2.5.4 G *Firms* are reminded of their obligations in SYSC 19F.2 to ensure remuneration arrangements do not conflict with their duty to act in the *customer's best interests*.

After ICOBS 2.5 (Acting honestly, fairly and professionally, exclusion of liability, conditions and warranties) insert the following new section ICOBS 2.6. The text is not underlined.

2.6 Distribution of connected contracts through exempt persons

- 2.6.1 R (1) Where an *insurance distributor* is distributing through a *person* relying on the connected contracts exemption in article 72B of the *Regulated Activities Order*, the *insurance distributor* must ensure that the requirements in (2) are met.
- (2) The requirements referred to in (1) are:
- (a) SYSC 19F.2 (Remuneration and insurance distribution activities);
 - (b) *ICOBS 2.2.2R* and *ICOBS 2.2.2AR* (Clear, fair and not misleading rule and marketing communications);
 - (c) *ICOBS 2.5.-1R* (Customer's best interests);
 - (d) *ICOBS 4.1.2R(1)(a)* and (c) (Status disclosure: general information provided by insurance intermediaries or insurers);
 - (e) *ICOBS 5.2* (Demands and needs);
 - (f) *ICOBS 6.1.5R(4)* (Ensuring customers can make an informed

decision: the appropriate information rule);

- (g) *ICOBS* 6.1.10AR (How must IPID information be provided?) (see also *ICOBS* 6.1.10BG); and
- (h) *ICOBS* 6A.3 (Cross-selling).

[**Note:** article 1(4) of the *IDD*]

- 2.6.2 G To comply with the relevant chapter of *SYSC* or *Principle 3*, an *insurance distributor* will need to have appropriate arrangements in place to ensure compliance with *ICOBS* 2.6.1R.

Amend the following as shown.

3 Distance communications

3.1 Distance marketing

...

Guidance on the Distance Marketing Directive

- 3.1.2 G *Guidance* on expressions derived from the *Distance Marketing Directive* and on the Directive's application in the context of ~~*insurance mediation activity*~~ *insurance distribution activity* can be found in *ICOBS* 3 Annex 1G.

...

- 3.1.4 G The *rules* setting out the responsibilities of *insurers* and *insurance intermediaries* for producing and providing information apply to requirements in this section to provide information (see ~~*ICOBS* 6.1.1R~~ *ICOBS* 6.-1.1R).

...

3 Annex 1G Guidance on the Distance Marketing Directive

This Annex belongs to *ICOBS* 3.1.2G

...

Q7. How does the Directive apply to insurance intermediaries services?

The FCA expects the *Distance Marketing Directive* to apply to *insurance intermediaries'* services only in the small minority of cases where:

- the *firm* concludes a *distance contract* with a *consumer* covering its ~~*insurance mediation activities*~~ *insurance distribution activities* which is additional to any insurance contract which it is marketing; and
- ...

Q8. Can you give examples of when the Directive would and would not apply to insurance intermediaries services?

The *rules* implementing the *Distance Marketing Directive* will not apply in the typical case where an *insurance intermediary* sells an insurance contract to a *consumer* on a one-off basis, even if the *insurance intermediary* is involved in the *renewal* of that contract and handling claims under it.

Nor will the Directive apply if an *insurance intermediary*, in its terms of business, makes clear that it does not, in conducting ~~*insurance mediation activities*~~ *insurance distribution activities*, act contractually on behalf of, or for, the *consumer*.

...

...

...

4 Information about the firm, its services, and remuneration

4.1 General requirements for insurance intermediaries and insurers

Application: who?

- 4.1.1 R This ~~section~~ chapter applies to an *insurance intermediary* and to an insurer carrying on insurance distribution activities.

Interaction with the customer's best interests rule and Principle 7

- 4.1.1A G To comply with the customer's best interests rule and Principle 7 (Communications with clients) a firm should include consideration of the information needs of the customer including:

- (1) what a customer needs in order to understand the relevance of any information provided by the firm; and
- (2) at which point in the sales process will the information be most useful to the customer to enable them to make an informed decision.

Status disclosure: general information provided by insurance intermediaries or insurers

- 4.1.2 R ~~Prior to~~ In good time before the conclusion of an initial *contract of insurance* and, if necessary, on its amendment or *renewal*; :
- (1) a *firm* must provide the *customer* with at least the following information:
- (1) its ~~name and~~ identity, address and whether it is an *insurance intermediary* or an *insurance undertaking*;
- (a) whether it provides a personal recommendation about the insurance products offered;
- (b) the procedures allowing *customers* and other interested parties to register *complaints* about the *firm* with the *firm* and the *Financial Ombudsman Service* or, if the *Financial Ombudsman Service* does not apply, information about the out-of-court complaint and redress procedures available for the settlement of disputes between the *firm* and its *customers*; and
- (c) the settlement of disputes between the firm and its customers; and
- (2) an *insurance intermediary* must also provide the *customer* with the following information:
- (2) the fact that it is included in the *Financial Services Register* (or if it is not on the *Financial Services Register*, the register in which it has been included) and the means for verifying this;
- (a) whether it has a direct or indirect holding representing ~~more than~~ 10% or more of the voting rights or capital in a given *insurance undertaking* (that is not a *pure reinsurer*);
- (b) whether a given *insurance undertaking* (that is not a *pure reinsurer*) or its *parent undertaking* has a direct or indirect holding representing ~~more than~~ 10% or more of the voting rights or capital in the *firm*; and
- (c) the procedures allowing *customers* and other interested parties to register *complaints* about the *firm* with the *firm* and the *Financial Ombudsman Service* or, if the *Financial Ombudsman Service* does not apply, information about the out-of-court complaint and redress procedures available for the settlement of disputes between the *firm* and its *customers*
- (d) whether it is representing the customer or is acting for and on behalf of the insurer; and
- (3) paragraph (2) does not apply in relation to a connected travel insurance contract.

[~~Note: article 12(1) of the *Insurance Mediation Directive* articles 18 and 19(1)(a) and (b) of the *IDD*~~]

Status disclosure exemption: introducers

- 4.1.3 R A *firm* whose contact with a *customer* is limited to effecting introductions (see *PERG* 5.6) need only provide its ~~name and~~ identity, address and whether it is a member of the same *group* as the *firm* to which it makes the introduction.
- 4.1.4 G If a *firm* goes further than putting a *customer* in contact with another *person* (for example, by *advising* ~~him~~ the customer on a particular *policy* available from the *firm*) the full status disclosure requirements will apply.

~~Status disclosure exemption: connected travel insurance~~

- 4.1.5 R ~~In relation to a *connected travel insurance contract*, a *firm* need only provide the procedures allowing customers and other interested parties to register *complaints* about the *firm* with the *firm* and the *Financial Ombudsman Service* or, if the *Financial Ombudsman Service* does not apply, information about the out of court *complaint* and redress procedures available for the settlement of disputes between the *firm* and its *customers*.
[deleted]~~

Scope of service: insurance intermediaries

- 4.1.6 R (1) ~~Prior to~~ Where an *insurance intermediary* proposes or advises on a *contract of insurance* then in good time before the conclusion of an initial *contract of insurance* (other than a *connected travel insurance contract*) and, if necessary, on its amendment or *renewal*, a *firm* an *insurance intermediary* must ~~tell~~ provide the customer with at least information on whether the *firm*:
- (a) ~~it gives advice~~ a *personal recommendation*, on the basis of a fair and personal analysis ~~of the market~~; or
 - (b) ~~it is under a contractual obligation to conduct *insurance mediation business*~~ *insurance distribution* exclusively with one or more *insurance undertakings*, in which case it must provide the names of those *insurance undertakings*; or
 - (c) (i) ~~it is not under a contractual obligation to conduct *insurance mediation business*~~ *insurance distribution* exclusively with one or more *insurance undertakings*; and
 - (ii) ~~does not give advice~~ a *personal recommendation* on the basis of a fair and personal analysis of the market;
- in which case it must provide its *customer* with the name of those *insurance undertakings* with which the *insurance*

intermediary may and does conduct business.

- (2) ~~A firm that does not advise on the basis of a fair analysis of the market must inform its customer that they have the right to request the name of each insurance undertaking with which the firm may and does conduct business. A firm must comply with such a request. [deleted]~~

[Note: ~~article 12(1) of the Insurance Mediation Directive~~ article 19(1)(c) of the IDD]

4.1.7 R ~~Prior to~~ Where the firm has given information in ICOBS 4.1.6R(1)(b) and (c), then in good time before the conclusion of an initial contract of insurance with a consumer a firm must also state whether it is giving:

- (1) a personal recommendation but not on the basis of a fair and personal analysis;
- (2) other advice on the basis of a fair analysis of the market; ~~or~~
- (3) other advice not on the basis of a fair analysis of the market; or
- (4) just information.

Guidance on using panels to advise on the basis of a fair analysis

- 4.1.8 G (1) One way a firm may give advice on a fair analysis basis is by using ‘panels’ of *insurance undertakings* which are sufficient to enable the firm to give advice on a fair analysis basis and are reviewed regularly.
- (2) A firm which provides a service based on a fair analysis of the market (or from a sector of the market) should ensure that its analysis of the market and the available contracts is kept adequately up-to-date. For example, a firm should update its selection of contracts if aware that a contract has generally become available offering an improved product feature, or a better *premium*, compared with its current selection. The update frequency will depend on the extent to which new contracts are made available on the market. A firm is also required to ensure that the analysis is of a sufficiently large number of contracts of insurance available on the market (see ICOBS 5.3.3R).
- (3) The panel selection criteria will be important in determining whether the panel is sufficient to meet the ‘fair analysis’ criteria. Selection should be based on product features, *premiums* and services offered to *customers*, not solely on the benefit offered to the *firm*.
- (4) Where a firm also provides personal recommendations based on a fair and personal analysis, paragraphs (1) to (3) may also be relevant to that part of the service which involves a fair analysis of

the market.

~~Means of communication to customers~~

- 4.1.9 R ~~(1) All information to be provided to a *customer* in accordance with this chapter must be communicated: [deleted]~~
- ~~(a) on paper or on any other *durable medium* available and accessible to the *customer*;~~
 - ~~(b) in a clear and accurate manner, comprehensible to the *customer*; and~~
 - ~~(c) in an official language of the *State of the commitment* or in any other language agreed by the parties.~~
- ~~(2) The information may be provided orally where the *customer* requests it, or where immediate cover is necessary.~~
- ~~(3) In the case of telephone selling, the information may be given in accordance with the distance marketing disclosure *rules* (see *ICOBS 3.1.14R*).~~
- ~~(4) If the information is provided orally, it must be provided to the *customer* in accordance with (1) immediately after the conclusion of the *contract of insurance*.~~

~~[Note: article 13 of the *Insurance Mediation Directive*]~~

After ICOBS 4.1 (General requirements for insurance intermediaries and insurers) insert the following new section ICOBS 4.1A. This new section amends the text formerly in ICOBS 4.1.9R and also adds new provisions. All the text is re-stated in this position or is new and not underlined.

4.1A Means of communication to customers

Application

- 4.1A.1 R This section applies to all information required to be provided to a *customer* in this chapter and in other chapters or sections where stated.

Means of communication to customers; non-telephone sales

- 4.1A.2 R (1) A *firm* must communicate information to a *customer* using any of the following:
- (a) paper; or
 - (b) a *durable medium* other than paper; or

- (c) a website (where it does not constitute a *durable medium*) where the *website conditions* are satisfied.
- (2) The *firm* must communicate the information in (1):
- (a) in a clear and accurate manner, comprehensible to the *customer*;
 - (b) in an official language of the *State of the risk* or in any other language agreed by the parties; and
 - (c) free of charge.

[**Note:** article 23(1), (2), (4) and (5) of the *IDD*]

- 4.1A.3 R Where the information is communicated using a *durable medium* other than paper or by means of a website, the *firm* must, upon request and free of charge, also send the *customer* a paper copy.

[**Note:** article 23(3) of the *IDD*]

- 4.1A.4 R A *firm* must ensure that a *customer's* choice or consent to receive the information by means of a website (whether a *durable medium* or where the *website conditions* are satisfied) is an active and informed choice or consent.

- 4.1A.5 G (1) For the purposes of *ICOBS* 4.1A.4R for example an option to allow a change to the e-mail address to be used or an option to allow information to be provided by means of a website should be presented in a way that is clear, fair and not misleading.
- (2) The following are examples of circumstances not evidencing active or informed choice or consent:
- (a) a pre-ticked box (suggesting that option has been selected) which appears in a more prominent place than an un-ticked box allowing another option to be selected; and
 - (b) the *customer* electing to be informed by a website without being first given other options.

- 4.1A.6 R On *renewal* of a *policy* a *firm* may rely on a *customer's* previous choice or consent as appropriate where:

- (1) there is evidence that the *customer* has regular access to the internet;
- (2) the provision of information in that medium is appropriate in the context in which the business between the *firm* and the *customer* is carried on; and
- (3) the *customer* is made aware, for example in the renewal documentation, of the option to receive the information on paper in a way that is clear, fair and not misleading.

Means of communications to customers: telephone sales

- 4.1A.7 R In the case of telephone selling:
- (1) the information must be given in accordance with the distance marketing disclosure *rules* (see *ICOBS* 3.1.14R); and
 - (2) if prior to the conclusion of the contract the information is provided:
 - (a) orally; or
 - (b) on a *durable medium* other than paper;

the *firm* must also provide the information to the *customer* in accordance with *ICOBS* 4.1A.2R immediately after the conclusion of the *contract of insurance*.

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

Amend the following as shown.

4.2 Additional requirements for protection policies for insurance intermediaries and insurers

...

Ensuring customers can make an informed decision

- 4.2.2 G ~~In considering a *customer's* information needs for the purposes of *Principle 7*, a *firm* should have regard to the importance of information for a *customer's* purchasing decision when deciding when and how to give it. [deleted]~~
- 4.2.3 G ~~If a *firm* provides elements of status disclosure information orally as part of an interactive dialogue, it should do so for all elements of the information. In the case of telephone selling, the information may be given in accordance with the distance marketing disclosure *rules* (see *ICOBS* 3.1.14R). [deleted]~~

Disclosing the limits of the service provided

- 4.2.4 R (1) In a sale that does not involve a *personal recommendation*, a *firm* must take reasonable steps to ensure a *customer* (C) understands ~~he is that C~~ is responsible for deciding whether a *policy* meets ~~his C's~~ C's demands and needs.
- (2) ~~If this is done orally, the information must be provided to the *customer* in writing or any other *durable medium* no later than immediately after the conclusion of the contract. [deleted]~~

...

Status disclosure for insurers

- 4.2.5 R (1) Prior to the conclusion of an initial contract and, if necessary, on its amendment or *renewal*, an *insurer* must disclose to the *customer* at least:
- (a) the statutory status disclosure statement (see *GEN* 4);
 - (b) whose *policies* it offers; and
 - (c) whether it is providing a *personal recommendation* or information.
- (2) ~~If this is done orally, the disclosure must be provided in writing or any other durable medium no later than immediately after the conclusion of the contract. [deleted]~~
- 4.2.6 G ~~*Insurers cannot carry on an insurance mediation activity in respect of a third party's products unless they can show a natural fit or necessary connection between their insurance business and the third party's products*~~ *Insurers are reminded that they are not permitted to carry out business which does not directly arise from their insurance business* (see the restriction of business in *INSPRU* 1.5.13R and rule 9 of the ~~PRA Rulebook~~ *PRA Rulebook*: Solvency II firms: Conditions Governing Business).

4.3 Fee Remuneration disclosure

Remuneration disclosure: insurance intermediaries

- 4.3.-7 R In good time before the conclusion of the initial contract of insurance and, if necessary, on its amendment or renewal an insurance intermediary must provide the customer with information:
- (1) on the nature of the remuneration received in relation to the contract of insurance:
 - (a) a fee, that is remuneration paid directly by the customer; or
 - (b) a commission of any kind, that is the remuneration included in the premium; or
 - (c) any other type of remuneration, including an economic benefit of any kind offered or given in connection with the contract; or
 - (d) on the basis of a combination of any type of remuneration set out

above in (a), (b) and (c).

[Note: article 19(1)(d) and (e) of the *IDD*]

Remuneration disclosure: insurers

4.3.-6 **R** In good time before the conclusion of a *contract of insurance*, an *insurance undertaking* must provide its *customer* with information on the nature of the *remuneration* received by its *employees* in relation to the *contract of insurance*.

[Note: article 19(4) of the *IDD*]

Remuneration disclosure: general

4.3.-5 **R** The *remuneration* referred to in this section includes *remuneration* that is not guaranteed or which is contingent on meeting certain targets.

4.3.-4 **G** The information required to be disclosed by *ICOBS 4.3.-7R* and *ICOBS 4.3.-6R* includes the type of *remuneration* and, taking into account the clear, fair and not misleading rule (*ICOBS 2.2.2R*), should also include the source of the *remuneration*.

4.3.-3 **G** When considering what information to provide about the *remuneration*, a *firm* should include all *remuneration* which the *insurance intermediary* or the *employee* of an *insurance undertaking* receives, or may receive in relation to the distribution of the *contract of insurance*. This includes *remuneration*:

- (1) provided indirectly by the *insurer* or another *firm* within the distribution chain; or
- (2) provided by way of a bonus (whether financial or non-financial) paid to the *firm* by the *insurer* or another *firm*, or provided by the *firm* to its *employees*, where this bonus is contingent on the achievement of a target to which the distribution of the particular *contract of insurance* could contribute. For example, this can include cash bonuses paid for achieving a sales target and additional annual leave for achieving a high customer service score on sales calls, profit share arrangements, overrides or other enhanced commissions.

4.3.-2 **R** If any payments, other than ongoing *premiums* and scheduled payments, are made by the *customer* under the *contract of insurance* after its conclusion, a *firm* must make the disclosures under this section, for each such payment.

[Note: articles 19(3) and (5) of the *IDD*]

4.3.-1 **G** Examples of the type of payments made are those for mid-term adjustments, administration fees and cancellation fees.

Fee disclosure: additional requirements

4.3.1 **R** (1) ~~A~~ Where a *fee* is payable, the *firm* must provide inform its *customer* with

~~details of the amount of any fees other than premium monies for an insurance mediation activity~~ the fee.

- (2) The ~~details~~ information in (1) must be given before the *customer* incurs liability to pay the *fee*, or before conclusion of the ~~contract~~ contract of insurance, whichever is earlier.
- (3) To the extent that ~~an actual fee cannot~~ it is not possible for an amount to be given, a *firm* must give the basis for its calculation.

[**Note:** articles 19(2) and (5) of the *IDD*]

- 4.3.2 G The *fee* disclosure requirement extends to all such *fees* that may be charged
 R during the life of a *policy*.

[**Note:** article 19(3) of the *IDD*]

...

5 Identifying client needs and advising

...

5.2 ~~Statement of demands~~ Demands and needs

Application: who? what?

- 5.2.1 R This section applies to: an insurance distributor when carrying on insurance distribution activities.
- (1) ~~an insurance intermediary in relation to any policy (other than a connected travel insurance contract); and~~
 - (2) ~~an insurer when it has given a personal recommendation to a consumer on a payment protection contract or a pure protection contract.~~

~~Statement of demands~~ Demands and needs

- 5.2.2 R (1) Prior to the conclusion of a ~~contract~~ contract of insurance, a *firm* must specify, ~~in particular~~ on the basis of information ~~provided by~~ obtained from the *customer*, the demands and the needs of that *customer* ~~as well as the underlying reasons for any advice given to the customer on that policy.~~
- (2) The details must be modulated according to the complexity of the ~~policy~~ contract of insurance proposed and the type of customer.
 - (3) A statement of the demands and needs must be communicated to the customer prior to the conclusion of a contract of insurance.

[**Note:** ~~article 12(3) of the Insurance Mediation Directive~~ articles 20(1) and

20(2) of the IDD]

5.2.2A G A firm may obtain information from the customer in a number of ways including, for example, by asking the customer questions in person or by way of a questionnaire prior to any contract of insurance being proposed.

5.2.2B R When proposing a contract of insurance a firm must ensure it is consistent with the customer's insurance demands and needs.

[Note: recital 44 to, and article 20(1) of, the IDD]

5.5.2C G ICOBS 5.2.2BR applies whether or not advice is given and in the same way regardless of whether that contract is sold on its own, in connection with another contract of insurance, or in connection with other goods or services.

5.2.2D R The sale of a contract of insurance must always be accompanied by a demands and needs test on the basis of information obtained from the customer.

[Note: recital 44 to, and article 20(1) of, the IDD]

Means of communication to customers

- 5.2.3 R ~~(1) A statement of demands and needs must be communicated:~~
- ~~(a) on paper or on any other durable medium available and accessible to the customer;~~
 - ~~(b) in a clear and accurate manner, comprehensible to the customer; and~~
 - ~~(c) in an official language of the State of the commitment or in any other language agreed by the parties.~~
- ~~(2) The information may be provided orally where the customer requests it, or where immediate cover is necessary.~~
- ~~(3) In the case of telephone selling, the information may be given in accordance with the distance marketing disclosure rules (see ICOBS 3.1.14R).~~
- ~~(4) If the information is provided orally, it must be provided to the customer in accordance with (1) immediately after the conclusion of the contract of insurance. [deleted]~~

[Note: article 13 of the Insurance Mediation Directive]

~~Statement~~ Format of the statement of demands and needs: non-advised sales

5.2.4 G The Once the firm has obtained information from the customer and ensured the contract of insurance is consistent with the demands and needs, the format of a statement of demands and needs is flexible. Examples of

approaches that may be appropriate where a *personal recommendation* has not been given include:

...

- (2) producing a demands and needs statement in product documentation that will be appropriate for anyone ~~wishing to buy the product, for whose demands and needs the contract is consistent.~~ For example, “This product meets the demands and needs of those who wish to ensure that the veterinary needs of their pet are met now and in the future”; and
- (3) giving a *customer* a record of all ~~his~~ the customer’s demands and needs that have been discussed; ~~and~~
- (4) ~~providing a key features document.~~

Means of communication to customers

- 5.2.5 R The information to be provided to *customers* in *ICOBS 5.2* must be given in accordance with *ICOBS 4.1A* (Means of communication to customers).

[Note: article 23(1) of the *IDD*]

5.3 **Advised sales**

Suitability

- 5.3.1 R A *firm* must take reasonable care to ensure the suitability of its advice for any *customer* who is entitled to rely upon its ~~judgment~~ judgement.

Suitability guidance for protection policies

- 5.3.2 G (1) In taking reasonable care to ensure the suitability of advice on a *payment protection contract* or a *pure protection contract* a *firm* should:
- (a) establish the *customer’s* demands and needs. ~~It should do this by~~ using information readily available ~~and accessible~~ to the *firm* and by obtaining further relevant information from the *customer*, including details of existing insurance cover; it need not consider alternatives to ~~policies~~ policies nor *customer* needs that are not relevant to the type of ~~policy~~ policy in which the *customer* is interested;

...

...

...

Advice on the basis of a fair analysis

- 5.3.3 R If an *insurance intermediary* informs a *customer* that it gives:
- (1) advice on the basis of a fair analysis, it must give that advice on the basis of an analysis of a sufficiently large number of *contracts of insurance* available on the market to enable it to make a recommendation; or
 - (2) a personal recommendation on the basis of a fair and personal analysis, it must give that personal recommendation on the basis of an analysis of a sufficiently large number of insurance contracts available on the market to enable it to make a personal recommendation;
- and in each case, it must be in accordance with professional criteria, regarding which *contract of insurance* would be adequate to meet the *customer's* needs.

[**Note:** ~~article 12(2) of the *Insurance Mediation Directive*~~ article 20(3) of the *IDD*]

Personalised explanation

- 5.3.4 R Where a *firm* provides a *personal recommendation* (other than in relation to a *connected travel insurance contract*) the *firm* must, in addition to the statement of demands and needs, provide the *customer* with a personalised explanation of why a particular *contract of insurance* would best meet the *customer's* demands and needs.

[**Note:** article 20(1) third paragraph of the *IDD*]

Means of communication

- 5.3.5 R A *firm* must provide the information in this section in accordance with *ICOBS* 4.1A (Means of communication to customers).

[**Note:** article 23(1) of the *IDD*]

...

Insert, as the first section of Chapter 6 (Product Information), the following new section *ICOBS* 6.-1. The new section amends the text formerly in *ICOBS* 6.1.1R to *ICOBS* 6.1.4R. The text is not underlined.

6 Product Information

6.-1 Producing and providing product information

Responsibilities for producing and providing information as between insurers and

insurance intermediaries: general

- 6.-1.1 R An *insurer* is responsible for producing, and an *insurance intermediary* for providing to a *customer*, the information required by this chapter and by the distance communication *rules* (see *ICOBS* 3.1). However, an *insurer* is responsible for providing information required on mid-term changes, and an *insurance intermediary* is responsible for producing price information if it agrees this with an *insurer*.
- 6.-1.2 R If there is no *insurance intermediary*, the *insurer* is responsible for producing and providing the information.
- 6.-1.3 R An *insurer* must produce information in good time to enable the *insurance intermediary* to comply with the *rules* in this chapter, or promptly on an *insurance intermediary's* request.
- 6.-1.4 R These general *rules* on the responsibilities of *insurers* and *insurance intermediaries* are modified by *ICOBS* 6 Annex 1 if one of the *firms* is not based in the *United Kingdom*, and in certain other situations.

Responsibility for producing the standardised insurance product information document

- 6.-1.5 R The *IPID* must be drawn up by the *manufacturer* of the *policy*.

[Note: article 20(6) of the *IDD*]

Amend the following as shown.

6.1 **General Providing product information to customers: general**

Responsibilities of insurers and insurance intermediaries

- 6.1.1 R ~~An insurer is responsible for producing, and an insurance intermediary for providing to a customer, the information required by this chapter and by the distance communication rules (see *ICOBS* 3.1). However, an insurer is responsible for providing information required on mid-term changes, and an insurance intermediary is responsible for producing price information if it agrees this with an insurer. [deleted]~~
- 6.1.2 R ~~If there is no insurance intermediary, the insurer is responsible for producing and providing the information. [deleted]~~
- 6.1.3 R ~~An insurer must produce information in good time to enable the insurance intermediary to comply with the rules in this chapter, or promptly on an insurance intermediary's request. [deleted]~~

- 6.1.4 R ~~These general *rules* on the responsibilities of *insurers* and *insurance intermediaries* are modified by *ICOBS 6 Annex 1* if one of the *firms* is not based in the *United Kingdom*, and in certain other situations. [deleted]~~

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

- 6.1.5 R (1) ~~A *firm* must take reasonable steps to 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 so includes matters such as and also when mid-term changes and *renewals* are proposed. It also applies to the price of the *policy*;
- (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 ~~The appropriate information *rule* applies 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. [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 sales made purely by written correspondence (see *ICOBS* 3.1.14R); and
- (6) whether the same information has been provided to the *customer* previously and, if so, when.

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 ~~In determining what is “in good time”, a *firm* should consider the importance of the information to the *customer*'s decision-making process and at the point at which the information may be most useful. Distance communication timing requirements are also relevant (for example the distance communication *rules* enable certain information to be provided post-conclusion in telephone and certain other sales (see *ICOBS* 3.1.14R and *ICOBS* 3.1.15R)). [deleted]~~

...

- 6.1.10 G ~~A firm dealing with a consumer may wish to provide information in a policy summary or as a key features document (see ICOBS 6 Annex 2). [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]

Providing evidence of cover Interaction between information provision requirements and the customer's best interests rule and Principle 7

- 6.1.11 G 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) 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).

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.

Group policies

6.1.12 G ~~Under Principle 7, a firm that sells a group policy should provide appropriate information to the customer to pass on to other policyholders. It should tell the customer that he should give the information to each policyholder.~~
[deleted]

[Editor's note: The renewal provisions in ICOBS 6.1.12AR and ICOBS 6.1.12BG are moved to a new section, ICOBS 6.5.]

Renewals

6.1.12A R ~~(1) This rule applies when a firm proposes to a consumer the renewal of a general insurance contract, which is not a group policy, and which has a duration of 10 months or more. [deleted]~~

~~(2) In this rule, 'renewal' means carrying forward a policy, at the point of expiry and as a successive or separate operation of the same nature and duration as the policy, with the same insurance intermediary or the same insurer.~~

~~(3) The firm must provide to the consumer the following information in good time before the renewal:~~

~~(a) the premium to be paid by the consumer on renewal;~~

~~(b) in a way that is consistent with the presentation of (a) so that they can be easily compared;~~

- (i) ~~except where (ii) applies, the *premium* for the *policy* which the *firm* proposes to renew, as set out at the inception of that *policy*;~~
 - (ii) ~~where one or more mid-term changes were made to the *policy* which the *firm* proposes to renew, an amount calculated by annualising (or otherwise adjusting as appropriate to the duration of the proposed *policy*) the *premium* in effect following the most recent mid-term change, excluding all fees or charges associated with those mid-term changes;~~
 - (c) ~~a statement alongside (a) and (b) indicating that the *consumer*:~~
 - (i) ~~should check that the level of cover offered by the renewal is appropriate for their needs; and~~
 - (ii) ~~is able, if they so wish, to compare the prices and levels of cover offered by alternative providers.~~
 - (4) ~~Where the proposed renewal will be the fourth or subsequent renewal the *consumer* has entered into in respect of the *policy*, the *firm* must include the following statement, to appear alongside the matters required by (3)(a), (b) and (c)(i) (but omitting (c)(ii)): “You have been with us a number of years. You may be able to get the insurance cover you want at a better price if you shop around.”~~
 - (5) ~~The *firm* must communicate the information in (3) and (4):~~
 - (a) ~~clearly and accurately;~~
 - (b) ~~in writing or another *durable medium*; and~~
 - (c) ~~in a way that is accessible and which draws the *consumer’s* attention to it as key information.~~
- 6.1.12B G ~~A *firm* should have regard to the record-keeping obligations referred to in IC OBS 2.4.1G and ensure that it has appropriate systems and controls in place with respect to: [deleted]~~
- (a) ~~the adequacy of its records so it may fulfil its regulatory and statutory obligations; and~~
 - (b) ~~the sufficiency of its records to enable the *FCA* to monitor the *firm’s* compliance with the requirements under the *regulatory system*.~~

Price disclosure: connected goods and services What additional information must be disclosed for packaged products and other relevant requirements?

- 6.1.13 R (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 requirement under the distance communication *rules* (see *ICOBS* 3.1.8R, *ICOBS* 3.1.14R and *ICOBS* 3.1.15R).
- (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 G *Firms* 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.

~~Exception to the timing rules: distance contracts and voice telephony communications~~

- 6.1.14 R ~~Where a *rule* in this chapter requires information to be provided in writing or another durable medium before the conclusion of a contract, a *firm* may instead provide that information in accordance with the distance communication timing requirements (see *ICOBS* 3.1.14R and *ICOBS* 3.1.15R). [deleted]~~

...

6.4 Pre- and post-contract information: protection policies

...

Policy summary

- 6.4.4 R A *firm* must provide a *consumer* with a *policy summary* in good time before the conclusion of a ~~contract~~ *pure protection contract*.

Complaints and compensation information

- 6.4.4A R In relation to a *payment protection contract*, a *firm* must provide a *consumer* with information about:
- (1) how the *consumer* can complain to the *insurance undertaking* and that complaints may subsequently be referred to the *Financial Ombudsman*

Service (or other applicable named complaints scheme); and

- (2) the consumer's entitlement to compensation from the compensation scheme (or other applicable compensation scheme), or that there is no compensation scheme, in the event where the insurance undertaking is unable to meet its liabilities;

in good time before the conclusion of the policy.

...

After *ICOBS* 6.4 (Pre-and post-contract information: protection policies) insert the following new section *ICOBS* 6.5. The new section amends the text formerly in *ICOBS* 6.1.12AR and *ICOBS* 6.1.12BG.

6.5 Renewals

Renewals

- 6.5.1 R (1) This section applies when a *firm* proposes to a *consumer* the renewal of a *general insurance contract*, which is not a *group policy*, and which has a duration of 10 months or more.
- (2) In this section, 'renewal' means carrying forward a *policy*, at the point of expiry and as a successive or separate operation of the same nature and duration as the *policy*, with the same *insurance intermediary* or the same *insurer*.
- (3) The *firm* must provide to the *consumer* the following information in good time before the renewal:
- (a) the *premium* to be paid by the *consumer* on renewal;
 - (b) in a way that is consistent with the presentation of (a) so that they can be easily compared:
 - (i) except where (ii) applies, the *premium* for the *policy* which the *firm* proposes to renew, as set out at the inception of that *policy*;
 - (ii) where one or more mid-term changes were made to the *policy* which the *firm* proposes to renew, an amount calculated by annualising (or otherwise adjusting as appropriate to the duration of the proposed *policy*) the *premium* in effect following the most recent mid-term change, excluding all fees or charges associated with those mid-term changes;

- (c) a statement alongside (a) and (b) indicating that the *consumer*:
 - (i) should check that the level of cover offered by the renewal is appropriate for their needs; and
 - (ii) is able, if they so wish, to compare the prices and levels of cover offered by alternative providers.
 - (4) Where the proposed renewal will be the fourth or subsequent renewal the *consumer* has entered into in respect of the policy, the *firm* must include the following statement, to appear alongside the matters required by (3)(a), (b) and (c)(i) (but omitting (c)(ii)): “You have been with us a number of years. You may be able to get the insurance cover you want at a better price if you shop around.”
 - (5) The *firm* must communicate the information in (3) and (4):
 - (a) clearly and accurately;
 - (b) in writing or another *durable medium*; and
 - (c) in a way that is accessible and which draws the *consumer’s* attention to it as key information.
- 6.5.2 G A *firm* should have regard to the record-keeping obligations referred to in *ICOBS* 2.4.1G and ensure that it has appropriate systems and controls in place with respect to:
- (1) the adequacy of its records so it may fulfil its regulatory and statutory obligations; and
 - (2) the sufficiency of its records to enable the *FCA* to monitor the *firm’s* compliance with the requirements under the *regulatory system*.
- 6.5.3 G A *firm* should ensure it complies with the other requirements in *ICOBS* that are relevant, such as providing product information to *customers* (see *ICOBS* 6.1), including the requirement to provide an *IPID* (see *ICOBS* 6.1.10AR).

After *ICOBS* 6.5 (Renewals) insert the following new section *ICOBS* 6.6. The text is not underlined.

6.6 Means of communication

Means of communication

- 6.6.1 R The information in *ICOBS* 6, unless modified in this chapter, must be given in accordance with *ICOBS* 4.1A (Means of communication to customers).

[Note: article 23(1) of the *IDD*]

Amend the following as shown.

6 Annex 1R Responsibilities of insurers and insurance intermediaries in certain situations

This annex belongs to ~~ICOBS 6.1.4R~~ ICOBS 6.-1.4R

The table in this annex modifies the general rule on the responsibilities of *insurers* and *intermediaries* for producing and providing to a *customer* the information required by this chapter. The table does not include the responsibilities of *insurers* and *intermediaries* for producing the *IPID* (ICOBS 6.-1.5R).

	Situation	<i>Insurance intermediary's</i> responsibility	<i>Insurer's</i> responsibility
(1)	...		
(2)	<p><i>Insurance intermediary</i> does not operate from <i>UK</i> establishment, is not <i>authorised</i>, is selling <i>connected contracts</i> or is <i>authorised professional firm</i> carrying on <i>non-mainstream regulated activities</i></p> <p><i>Insurer</i> operates from <i>UK</i> establishment</p> <p><i>Customer</i> habitually resident in the <i>EEA</i></p>	None	Production and providing (but for <u>pure protection contracts</u> no <i>policy summary</i> is required unless the <i>insurance intermediary</i> does not operate from a <i>UK</i> establishment)
...			
(6)	Where ICOBS 6.1.12AR <u>ICOBS 6.5.1R</u> applies

6 Annex 2R Policy summary for consumers (pure protection contracts and / or commercial customers)

This annex belongs to ~~ICOB~~ ICOB 6.1.10G ICOB 6.1.7AG and ICOB 6.4.4R

1	Format		
1.1	R	(1)	...
		(2)	A <i>policy summary</i> must be in a separate document, or within a prominent separate section of another document clearly identifiable as containing key information that the <i>consumer</i> should read.
1.2	G	...	
1.3	G	<u>A reference to <i>consumer</i> has the meaning <i>commercial customer</i> if a <i>policy summary</i> is used for the purposes set out in <u>ICOB</u> 6.1.7AG (appropriate information for commercial customers).</u>	
...			

After ICOB 6 Annex 2 (Policy summary (pure protection contracts and / or commercial customers)) insert the following new Annex. The text is not underlined.

6 Annex 3R Providing product information by way of a standardised insurance information document:

[**Note:** the *IDD IPID Regulation* is directly applicable to *IDD insurance intermediaries*, *IDD insurance undertakings* and *IDD ancillary insurance intermediaries*.]

This annex belongs to ICOB 6.1.10AR.

1 Effect of provisions marked ‘EU’

- 1.1 R (1) Provisions in this section marked “EU” apply in relation to a *firm* to which the *IPID Regulation* is not directly applicable, as if they were *rules*.
- (2) In this annex, a word or phrase found in a provision marked “EU” and referred to in column (1) of the table below has the meaning indicated in the corresponding row of column (2) of the table.

(1)	(2)
“Directive (EU) 2016/97”	<i>IDD</i>
“durable medium”	<i>durable medium</i>

“insurance product”	<i>a policy (other than a pure protection contract)</i>
“manufacturer”	<i>manufacturer</i>
“non-life insurance product”	<i>a policy (other than a pure protection contract)</i>
“shall”	must

2 What information needs to be contained in the IPID?

2.1 R The *IPID* must contain the following information:

- (1) information about the type of insurance;
- (2) a summary of the insurance cover, including the main risks insured, the insured sum and, where applicable, the geographical scope and summary of excluded risks;
- (3) the means of payment of premium and the duration of payments;
- (4) main exclusions where claims cannot be made;
- (5) obligations at the start of the contract;
- (6) obligations during the term of the contract;
- (7) obligations in the event that a claim is made;
- (8) the term of the contract including the start and end dates of the contract;
- (9) the means of terminating the contract.

[**Note:** article 20(8) of the *IDD*]

2.2 G A *firm*, when providing the information in the *IPID*, should consider:

- (1) the *rules* and *guidance* on providing appropriate information to *customers* in *ICOBS* 6.1;
- (2) the order of the information and priority of the information to be provided; and
- (3) the information needs of the *firm's* typical *customer* for the *policy*.

- 2.3 G A *firm* that manufactures the *policy* should, when drawing up the *IPID*, have regard to the target market and intended distribution strategy.

Name and company logo of the manufacturer

- 2.4 EU 1(1) The name of the manufacturer of the non-life insurance product, the Member State where that manufacturer is registered, its regulatory status, and, where relevant, its authorisation number shall immediately follow the title ‘insurance product information document’ at the top of the first page.
- 2.5 EU 1(2) The manufacturer may insert its company logo to the right of the title.

[**Note:** article 1 of the *IDD IPID Regulation*]

Reference to complete pre-contractual and contractual information

- 2.6 EU 2 The insurance product information document shall state prominently that complete pre-contractual and contractual information about the non-life insurance product is provided to the customer in other documents. That statement shall be placed immediately below the name of the manufacturer of the non-life insurance product.

[**Note:** article 2 of the *IDD IPID Regulation*]

- 3 How must the *IPID* be presented and formatted?

- 3.1 R The *IPID* must:
- (1) be a short and stand-alone document;
 - (2) be presented and laid out in a way that is clear and easy to read, using characters of a readable size;
 - (3) be no less comprehensible in the event that, having been originally produced in colour, it is printed or photocopied in black and white;
 - (4) be written in the official languages, or in one of the official languages, used in the part of the Member State where the *policy* is offered or, if agreed by the *consumer* and the *insurance distributor*, in another language;
 - (5) be accurate and not misleading;
 - (6) contain the title ‘insurance product information document’ at the top of the first page;

- (7) include a statement that complete pre-contractual and contractual information on the product is provided in other documents.

[**Note:** article 20(7)(a) to (g) of the *IDD*]

Length

- | | | | |
|-----|----|---|---|
| 3.2 | EU | 3 | The insurance product information document shall be set out on two sides of A4-sized paper when printed. Exceptionally, if more space is needed, the insurance product information document may be set out on a maximum of three sides of A4-sized paper when printed. Where a manufacturer uses three sides of A4-sized paper, it shall, upon request by the competent authority, be able to demonstrate that more space was needed. |
|-----|----|---|---|

[**Note:** article 3 of the *IDD IPID Regulation*]

Presentation and order of content

- | | | | |
|-----|----|------|---|
| 3.3 | EU | 4(1) | The information of the insurance product information document listed in in Article 20(8) of Directive (EU) 2016/97 shall be presented in different sections and in accordance with the structure, lay-out, headings and sequence as set out in the standardised presentation format in the Annex to this Regulation, using a font size with an x-height of at least 1,2 mm. |
| 3.4 | EU | 4(2) | The length of the sections may vary, depending on the amount of information that is to be included in each section. Information about add-ons and optional covers shall not be preceded by ticks, crosses or exclamation marks. |
| 3.5 | EU | 4(3) | Where the insurance product information document is presented using a durable medium other than paper, the size of the components in the layout may be changed, provided that the layout, headings and sequence of the standardised presentation format, as well as the relative prominence and size of the different elements, are retained. |
| 3.6 | EU | 4(4) | Where the dimensions of the durable medium other than paper are such that a layout using two columns is not feasible, a presentation using a single column may be used, provided that the sequence of the sections is as follows: <ul style="list-style-type: none"> (a) ‘What is this type of insurance?’ (b) ‘What is insured?’ (c) ‘What is not insured?’ (d) ‘Are there any restrictions on cover?’ |

- (e) ‘Where am I covered?’
- (f) ‘What are my obligations?’
- (g) ‘When and how do I pay?’
- (h) ‘When does the cover start and end?’
- (i) ‘How do I cancel the contract?’.

- 3.7 EU 4(5) The use of digital tools, including layering and pop-ups shall be permitted, provided that all the information referred to in Article 20(8) of Directive (EU) 2016/97 is provided in the main body of the insurance product information document and that the use of such tools does not distract the customer’s attention from the content of the main document.
- Information provided through layering and pop-ups shall not include marketing or advertising material.

[**Note:** article 4 of the *IDD IPID Regulation*]

Plain language

- 3.8 EU 5 The insurance product information document shall be drafted in plain language, facilitating the customer’s understanding of the content of that document, and shall focus on key information which the customer needs to make an informed decision. Jargon shall be avoided.

[**Note:** article 5 of the *IDD IPID Regulation*]

Headings and information thereunder

- 3.9 EU 6(1) The sections of the insurance product information document shall have the following headings and the following information thereunder:
- (a) the information on the type of insurance referred to in Article 20(8)(a) of Directive (EU) 2016/97 shall be included under the heading ‘What is this type of insurance?’, at the top of the document;
 - (b) the information on the main risks insured referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be included under the heading ‘What is insured?’. Each piece of information listed in this section shall be preceded by a green ‘tick’ symbol;
 - (c) the information on the insured sum referred to in Article

20(8)(b) of Directive (EU) 2016/97 shall be included under the heading ‘What is insured?’;

- (d) the information on geographical scope, where applicable, referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be included under the heading ‘Where am I covered?’. Each piece of information listed in this section shall be preceded by a blue ‘tick’ symbol;
- (e) the information on a summary of the excluded risks referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be included under the heading ‘What is not insured?’. Each piece of information in this section shall be preceded by a red ‘X’ symbol;
- (f) the information on the main exclusions referred to in Article 20(8)(d) of Directive (EU) 2016/97 shall be included under the heading ‘Are there any restrictions on cover?’. Each piece of information listed in this section shall be preceded by an orange exclamation mark symbol;
- (g) the information on the relevant obligations referred to in points (e), (f) and (g) of Article 20(8) of Directive (EU) 2016/97 shall be included under the heading ‘What are my obligations?’;
- (h) the information on the means and duration of payment of premiums referred to in Article 20(8)(c) of Directive (EU) 2016/97 shall be included under the heading ‘When and how do I pay?’;
- (i) the information on the term of the contract referred to in Article 20(8)(h) of Directive (EU) 2016/97 shall be included under the heading ‘When does the cover start and end?’;
- (j) the information on the means of terminating the contract referred to in Article 20(8)(i) of Directive (EU) 2016/97 shall be included under the heading ‘How do I cancel the contract?’.

6(2) The use of sub-headings is permitted, where necessary .

[**Note:** article 6 of the *IDD IPID Regulation*]

Use of icons

- | | | |
|------|----|--|
| 3.10 | EU | <p>7(1) Each section shall further be headed by icons that visually represent the content of the respective section heading, as follows:</p> <ul style="list-style-type: none"> (a) the information on the main risks insured referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be headed |
|------|----|--|

		by an icon of an umbrella, which shall be white on a green background or green on a white background;
		(b) the information on the geographical scope of the insurance cover referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be headed by an icon of a globe, which shall be white on a blue background or blue on a white background;
		(c) the information on excluded risks referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be headed by an icon of an X symbol within a triangle, which shall be white on a red background or red on a white background;
		(d) the information on the main exclusions referred to in Article 20(8)(d) of Directive (EU) 2016/97 shall be headed by an exclamation mark ('!') within a triangle, which shall be white on an orange background or orange on a white background;
		(e) the information on the obligations at the start of the contract, during the term of the contract and in the event that a claim is made, referred to in points (e), (f) and (g) of 20(8) of Directive (EU) 2016/97, respectively, shall be headed by an icon of a handshake, which shall be white on a green background or green on a white background;
		(f) the information on the means and duration of payments referred to in Article 20(8)(c) of Directive (EU) 2016/97 shall be headed by an icon of coins, which shall be white on a yellow background or yellow on a white background;
		(g) the information on the term of the contract referred to in Article 20(8)(h) of Directive (EU) 2016/97 shall be headed by an icon of an hourglass, which shall be white on a blue background or blue on a white background;
		(h) the information on the means of terminating the contract referred to in Article 20(8)(i) of Directive (EU) 2016/97 shall be headed by an icon of a hand with an open palm on a shield, which shall be white on a black background, or black on a white background.
3.11	EU	7(2) All icons shall be displayed in a manner consistent with the standardised presentation format in the Annex.
3.12	EU	7(3) The icons referred to in paragraphs 1 and 2 may be presented in black and white where the insurance product information document is printed or photocopied in black and white.

[**Note:** article 7 of the *IDD IPID Regulation*]

Template for the standardised presentation format

3.13

EU

ANNEX

Xxxxxx Insurance**Insurance Product Information Document**

Company: <Name> Insurance Company

Product: <Name> Policy

[Statement that complete pre-contractual and contractual information on the product is provided in other documents]

What is this type of insurance?

[Description of Insurance]

**What is insured?**

- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx

**What is not insured?**

- ✗ Xxxxx
- ✗ Xxxxx
- ✗ Xxxxx
- ✗ Xxxxx
- ✗ Xxxxx

**Are there any restrictions on cover?**

- ! Xxxxx
- ! Xxxxx
- ! Xxxxx
- ! Xxxxx
- ! Xxxxx

**Where am I covered?**

- ✓ Xxxxxx

**What are my obligations?**

- Xxxxxx
- Xxxxxx
- Xxxxxx
- Xxxxxx

**When and how do I pay?**

Xxxxxx

**When does the cover start and end?**

Xxxxxx

**How do I cancel the contract?**

Xxxxxx

[Note: Annex to the *IDD IPID Regulation*]

6A Product specific rules**6A.1 Guaranteed asset protection (GAP) contracts**

...

Ensuring the customer can make an informed decision

6A.1.4 R (1) ...

- (2) This information must be communicated in a clear and accurate manner and ~~in writing on paper~~ or another *durable medium*, ~~and made available and accessible to the customer~~ in accordance with ICOBS 4.1A.

...

...

After ICOBS 6A.2 (Optional additional products) insert the following new section ICOBS 6A.3. The text is not underlined.

6A.3 Cross-selling

Requirements where insurance is the primary product

6A.3.1 R When offering a non-insurance ancillary product or service as part of a package or the same agreement with an insurance product, a *firm* must:

- (1) inform the *customer* whether it is possible to buy the different components separately and, if so must provide the *customer* with an adequate description of:
- (a) the different components;
 - (b) where applicable, any way in which the risk or insurance coverage resulting from the agreement or package differs from that associated with the components taken separately; and
- (2) provide the *customer* with separate evidence of the costs and charges of each component.

[**Note:** articles 24(1) and (2) of the *IDD*]

Requirements where insurance is the ancillary product

6A.3.2 R When offering an insurance product ancillary to and as part of a package or in the same agreement with a non-insurance product or service, a *firm* must

offer the *customer* the option of buying the non-insurance goods or services separately.

6A.3.3 R *ICOBS* 6A.3.2R does not apply where the non-insurance product or service is any of the following:

- (1) *investment services or activities*;
- (2) a credit agreement as defined in point 3 of article 4 of the *MCD* which is:
 - (i) an *MCD credit agreement*; or
 - (ii) an *exempt MCD credit agreement*; or
 - (iii) a *CBTL credit agreement*; or
 - (iv) a credit agreement referred to in articles 72G(3B) and (4) of the *Regulated Activities Order*;
- (3) a payment account as defined in regulation 2(1) of the *Payment Accounts Regulations*.

[**Note:** article 24(3) of the *IDD*]

General

6A.3.4 R This section does not prevent the distribution of insurance products which provide coverage for various types of risks (multi-risk insurance policies).

[**Note:** article 24(5) of the *IDD*]

6A.3.5 G In addition to the *rules* in *ICOBS* 6A.3 *firms* should still comply with the other *rules* in *ICOBS* relating to the offer and sale of insurance products that form part of the package or agreement, such as those applying to price disclosure (*ICOBS* 6.1.13R), optional additional products (*ICOBS* 6A.2) and specifying the demands and needs of the *customer* (*ICOBS* 5.2.1R).

[**Note:** article 24(6) of the *IDD*]