

Making the IPID work for consumers



Document should be straightforward and future proof

The insurance product information document (IPID) is an important part of the Insurance Distribution Directive (IDD). However, it will only be a useful tool in helping consumers to make informed decisions if it addresses their real, rather than perceived, needs.

Europe's insurers are committed to making the IPID a success. Therefore, Insurance Europe has put together its own proposal to feed into the work of the European Insurance and Occupational Pensions Authority (EIOPA) as it consults on rules for how the IPID is formatted. Insurance Europe's proposal (see box overleaf) is based on our industry's experience of how best to meet consumers' preferences and needs: ie, it is clear, simple and digital friendly.

Easy to understand

The IPID should also be easy to navigate. This can be achieved through the use of easily understood icons and text, which help to draw the consumer's attention to relevant sections and to quickly identify important information.

So that these icons can be adapted to local needs, the rules for



Icons help to draw the consumer's attention to relevant sections and to quickly identify important information

the IPID design should give a basic description of what each icon should represent.

The wording of the headings should also be easy for consumers to understand. However, some of the headings suggested by EIOPA are too complicated and may confuse consumers. For example, they may not know what "geographical scope" means, or what the difference is between "main risks not covered" and "main restrictions and exclusions".

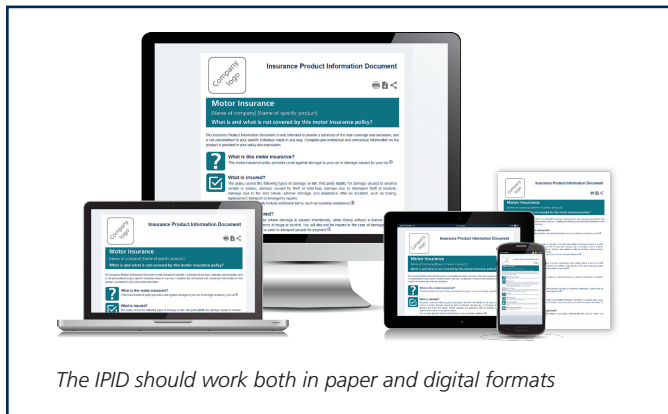
Insurance Europe believes that using questions rather than complicated headings would be easier for consumers to understand and would increase consumer engagement.

Consumers also need to be able to tell one IPID from another. Therefore, a way to help them to keep track of the different IPIDs is to allow insurers to include their corporate identities in the design of the IPID.

A standard IPID that works for all non-life products

While the IPID's design needs to be standardised to a certain degree, it also needs to work for a wide range of different non-life insurance products, and to take account of the needs of consumers in different EU countries.

However, EIOPA has suggested some headings that would not work for all non-life products, and so these need to be reworked or removed. For example, the heading "insured sum" would not be suitable for products that provide more than one sum or that provide for insurance benefits in the form of services or assistance.



A digital-friendly IPID

European consumers increasingly buy and compare financial products online, and this is only expected to increase. The IPID must, therefore, be designed to work not only in paper, but also in a digital format.

However, the format proposed by EIOPA is designed to be first and foremost used as a paper document, and would limit consumers' ability to take full advantage of using the IPID online.

For example, in digital IPIDs, insurers should be able to use icons or symbols, such as the ⓘ symbol at the end of a section, to allow consumers to access further information through a pop-up or webpage. Insurers should also be able to include icons for consumers to print, download or share the IPID by email or social media.

Also, EIOPA's proposal to use two-columns is not compatible with smartphones and similar mobile devices. However, a single

column, as in Insurance Europe's proposal, would make it easier for consumers to view the IPID in a consistent way in both paper and digital formats, including devices with smaller screens.

Implementation problems

Enough time must also be left for insurers to properly prepare IPIDs for the many different types of non-life insurance products and to ensure that they are available to consumers by the IDD transposition date of 23 February 2018. This is because the introduction of a standardised format requires significant work, particularly on IT-systems.

Insurers will need 12 months following the adoption of the final implementing technical standards (ITS) by the European Commission. However, given that EIOPA is expected to submit the final draft ITS to the Commission on 23 February 2017 — and that it could then take several months for the ITS to be adopted by the Commission — insurers will have less than 12 months to implement the IPID.

Therefore, insurers will face a very short implementation period. As such, it is very important for EIOPA not to introduce complicated formatting rules that will take more time to implement, where simpler solutions can achieve the same result for consumers. The priority must be to deliver a workable, understandable IPID for consumers on time.

For additional information, please contact Rosa Armesto, head of public affairs and communications at Insurance Europe (armesto@insuranceeurope.eu, tel: +32 2 894 30 62).

A proposal for a consumer- and digital-friendly IPID

Insurance Europe has developed its own proposed format for the standardised IPID for non-life insurance products, to support work by EIOPA and the European Commission in developing such a document.

Insurance Europe's proposal intends to achieve a solution that is both consumer-friendly and that works in both paper and digital formats.

The proposal meets all of the necessary information requirements set out under the directive and ensures a digital-friendly approach that complements the growing trend of digitalisation in financial services.

For more information: <http://insuranceeurope.eu/insurance-product-information-document-mock-ups>

