

## **BROKERS IRELAND RESPONSE TO CP 114**

Non-Life Insurance Amendments to the Non-Life Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007

---



## Introduction

Brokers Ireland (BI) is the sole representative body for insurance, investment, mortgage and financial intermediaries in Ireland. With more than 1300 members spread throughout the length and breadth of Ireland. BI members are by far the largest distributors of insurance, investment and financial products and services in Ireland. Members of Brokers Ireland range in size, from subsidiaries or branches of multi-national firms to national firms, micro enterprises such as local and specialist broker firms to sole traders. We welcome the opportunity to respond to the CP114, consultation on the proposed amendments to S.I.No.74 of 2007, the Non-Life Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007

## Question 1:

Do you agree that motor insurers should provide additional information to consumers on the breakdown of premiums (when a person first gets a quote for a policy as well as at renewal notice stage), setting out the element of the premium related to the mandatory motor insurance (third party) in addition to the non-mandatory element (e.g., comprehensive)? Please outline the reasons for your view.

## Comment

- Prior to responding with our views it is worth commenting on the question above that while motor insurance is mandatory there is a difference between Road Traffic Act only cover and Third Party cover under a general motor Policy. RTA only cover is granted only in very risk averse circumstances.
- We also believe that the term Comprehensive should be removed and replaced with the words Accidental Damage as it is often misleading to a consumer. Accordingly the wording of SI 74 should be amended.

## Response

Brokers Ireland believes that there is value in the proposition that there should be some additional information advised to consumers on the breakdown of premiums.

When broker customers receive their initial quotation or their renewal notice they are already aware that the broker has prepared a *fair analysis*<sup>1</sup> of the market in terms of the

---

[CPC Chapter 12](#) "fair analysis of the market" means providing services on the basis of a sufficiently large number of contracts and product producers available on the market to enable the intermediary to make a recommendation, in accordance with professional criteria, regarding which contract would be adequate to meet the consumer's needs;

appropriate product that suits their needs and also the best price for that product. Brokers can also ascertain and offer the choice to the Policyholder of RTA only cover (very rare) ,Third Party only cover (rare) ,Third Party Fire and Theft cover, Third Party Fire and Theft and Accidental Damage cover, both at inception and at renewal and provide this service to the consumer as a normal business activity.

We believe that for the consumer who does not enjoy the benefits of advice *and fair analysis* from an intermediary, Direct and Online Insurers should clarify and explain at quotation stage and at renewal the breakdown of premium between Third Party, Fire and Theft and Accidental Damage cover.

Brokers Ireland also believes that once the required regulated content is agreed there should be an identical market standardised format across all channels of distribution for all motor renewals. We believe that the format of the quotation/renewal premium breakdown should be capable of being read in conjunction with the IPID document under the IDD to enable the client understand the cover being provided and thus make an informed choice.

### **Question 2:**

Is there any other formulation of the premium breakdown proposal, outlined in Question 1 that would better inform consumers on their level of cover and its cost? Please outline the reasons for your view.

Other charges for example, No Claim Bonus (NCB) protection, Additional Benefits such as PA/ Medical Expenses/Personal Effects, Breakdown Cover and Legal Expenses should also be separately itemised if providers apply additional premiums for these extra covers.

Where the provider charges additional premiums to include these options a breakdown to include each option will make it easier for consumers to decide what covers they wish to have and the cost attributable to each additional benefit.

### **Question 3:**

What do you consider to be an appropriate lead-in time for any necessary system changes for motor insurers to reflect the requirements for the additional breakdown in the premium make up? Please outline the reasons for your view.

There will be a significant IT work load for all parties (Insurers, Software houses and brokers) due to requirements arising from the Cost of Motor Insurance Working Group (Driving Licence and Penalty points projects). These projects along with the IT and systems workloads involved with GDPR will determine lead-in times during 2018.

Brokers alone would most likely need a six month lead in to adjust their systems.

#### **Question 4:**

Do you agree that the current renewal notification of a policy of motor insurance should be extended from 15 working days to 20 working days to allow motorists to compare pricing when purchasing motor insurance? Please outline the reasons for your view.

Brokers Ireland believes that the extension of the notification period for broker clients will not materially benefit their customers. As brokers will be preparing a *fair analysis* of the market anyway, prior to the issue of the notice to clients, this will save their customers time that they would otherwise need if they were dealing with an Insurer directly.

The broker client is not therefore disadvantaged by the current notice period as they would be at a much more informed stage on receipt of a renewal notice from the broker should they wish to check other channels of distribution.

As Motor Insurance is a compulsory insurance we have concerns that 'extra time' to consider may lead to consumers putting the important task of Motor Insurance renewal 'on the long finger'. It is possible such delays may give rise to gaps in cover and the resultant absence of insurance protection.

#### **Question 5:**

What do you consider to be an appropriate lead-in time for any necessary system changes for the application of this increased timeframe? Please outline the reasons for your view.

The answer to this question very much depends on the workloads for Insurers and Software house systems as outlined in Question 3 above.

#### **Question 6:**

Please provide your views on extending the current renewal notification from 15 working days to 20 working days for all other classes of non-life insurance that fall within scope of S.I. No. 74. Please outline the reasons for your view.

Brokers Ireland does not see any advantage to the policyholder by extending the notification period on other non-life renewals.

This is particularly the case with medium to large commercial risks where the information required to formulate the final renewal price depends very much on how quickly the policy holder reverts with the up to date risk information. We feel the current notification period is sufficient.

There may be some value in extending the period on small retail package policies, however, once again the broker will have done a *fair analysis* of the market.

#### Question 7:

Do you believe that the lead-in time for any necessary system changes for the application of this increased timeframe should differ to any views expressed in Question 5?

Please outline the reasons for your view.

Again the lead in period very much depends on Insurers and Software houses as per our response to Question 3 above.

Brian McNelis ACII  
Director of General Services

Brokers Ireland  
87 Merrion Square  
Dublin 2

Tel: 01 6613067  
Mobile: 086 230 4671  
Email: [brian@brokersireland.ie](mailto:brian@brokersireland.ie)  
Web: [www.brokersireland.ie](http://www.brokersireland.ie)