



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Non-Life Insurance

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

Consultation Paper CP 114

November 2017

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Section 1: Introduction

In July 2016, the Government established the Cost of Insurance Working Group (CIWG). The objective of the CIWG was to identify and examine the drivers of the cost of motor insurance and to recommend short-, medium- and longer-term measures to address these issues. In January 2017, the Report produced by the CIWG on the Cost of Motor Insurance¹ (the Report) was published by the Department of Finance, which included an Action Plan to implement the identified recommendations (the Action Plan).

The Central Bank of Ireland (the Central Bank) was represented on the CIWG, along with the Departments of Finance, Jobs, Enterprise and Innovation, Justice and Equality, and Transport, Tourism and Sport, the State Claims Agency and the Personal Injuries Assessment Board. Protecting the consumer and providing greater transparency to motor insurance policyholders are key themes of the Report and the accompanying recommendations. The implementation of the recommendations in the Report aims to lead to greater stability in the pricing of motor insurance and to help prevent the volatility seen in the market in the past².

The purpose of this Consultation Paper is to seek views from interested stakeholders on two recommendations from the Action Plan directed to the Central Bank³ relating to proposed amendments to the Non-Life Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007 (S.I. No. 74) (Schedule 1). These proposals can be summarised as follows:

- Insurers to provide additional information on the premium breakdown to consumers (Recommendation 2); and
- Insurers to extend the current renewal notification period from 15 working days to 20 working days to make it easier for motorists to compare pricing when purchasing insurance (Recommendation 3).

The Central Bank is also seeking views on whether this extended notification period should also apply in the case of other classes of non-life insurance that fall within the scope of S.I. No. 74.

¹ [Report on the Cost of Motor Insurance](#)

² Page 7, [Report on the Cost of Motor Insurance](#)

³ The Central Bank is also engaging with the Department of Finance to establish a national claims information database (Recommendation 11), in order to address existing data shortfalls and to provide transparency in claims trends. This recommendation is outside the scope of this Consultation Paper.

The Consultation Paper is structured as follows:

- Section 2 provides details on the proposals and seeks views on specific questions;
- Section 3 sets out how to make submissions to the Central Bank;
- Schedule 1 sets out S.I. No. 74; and
- Schedule 2 sets out the proposed Amendment Regulations to S.I. No. 74.

Section 2: Potential amendments to Statutory Instrument No. 74 of 2007

2.1 Background

In Ireland, motor insurance premiums have risen significantly over the past number of years and in particular since 2014⁴. The objective of the CIWG was to identify measures that could address such increasing costs, while bearing in mind the need to maintain a stable motor insurance sector. The Central Bank has highlighted that a multi-faceted approach involving all stakeholders to address the rising costs of motor insurance is required, which has been recognised in the Report.

S.I. No. 74, introduced in 2007, specifies the minimum level of information that must be included in motor insurance renewal notices. It also requires insurers to issue renewal notices for non-life insurance policies within a specified timeframe.

2.2 Proposals

Arising from the recommendations in the Report, this part outlines the proposed amendments to S.I. No. 74. These proposed amendments are included in the draft Amendment Regulations attached at Schedule 2.

2.2.1 Premium breakdown for motor insurance

Regulation 6 of S.I. No. 74 provides that the notification of motor insurance renewal must contain the following information to allow an insured person to decide whether, or not, to accept a renewal of the policy:

- the registration number of each vehicle;
- the name of the drivers insured under the policy or a statement of the classes of drivers that are insured under the policy;
- whether the policy is;
 - comprehensive
 - third party, fire and theft
 - third party only or
 - a combination of the above;

⁴ Page 26, [Report on the Cost of Motor Insurance](#)

- if applicable, the monetary amount of any portion of the premium which has been calculated on the basis of previous claims by the client or prior convictions of the client;
- the cost of any optional ancillary cover;
- any fees or charges applied other than premium;
- changes to the terms of the policy including any restrictions or limitations;
- payment options; and
- any discount to be applied.

In Recommendation 2 of the Report, the CIWG recommends that insurers be required to provide a further breakdown of the premium cost, setting out the element of the cost related to the mandatory motor insurance (third party), in addition to the non-mandatory element (e.g., comprehensive)⁵. It is proposed that insurers will also be required to provide this additional information on the premium breakdown when a person first gets a quote for a policy as well as at renewal notice stage⁶, together with the other information referred to in Regulation 6.

Table 1⁷ Extract from Action Plan

Rec No.	Recommendation	Action Point No.	Action Point	Deadline	Relevant Bodies	Lead/ Owner
2	Insurers to provide additional information on the premium breakdown to consumers	3	Central Bank of Ireland to undertake consultation	Q4 2017	Central Bank of Ireland	Central Bank of Ireland
		4	Central Bank of Ireland to amend legislation	Q2 2018		

It is anticipated that this additional information would provide a greater level of information to a policyholder or a potential policyholder and enable them to shop around for a better price with a more complete understanding of the cost of the product they

⁵ Page 69, [Report on the Cost of Motor Insurance](#)

⁶ Reference from Page 54, [Report on the Cost of Motor Insurance](#)

⁷ Page 15, [Report on the Cost of Motor Insurance](#)

are buying⁸. The introduction of this proposed change will result in a title change to S.I. No. 74 to remove the reference to 'Renewal of' (which is included in the proposed Amendment Regulations attached at Schedule 2).

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.

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.

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.

2.2.2 Extension of renewal notification period for motor insurance

Regulation 5 of S.I. No. 74 requires that an insurer must issue a notification of renewal of the policy of insurance at least 15 working days prior to the date of expiry of a policy of insurance.

In Recommendation 3 of the Report, the CIWG states that extending the current renewal notification from 15 working days to 20 working days, in respect of a motor insurance policy, could make it easier for motorists to compare pricing when purchasing insurance.

⁸ Page 54, [Report on the Cost of Motor Insurance](#)

Table 2⁹ Extract from Action Plan

Rec No.	Recommendation	Action Point No.	Action Point	Deadline	Relevant Bodies	Lead/ Owner
3	Extend the current renewal notification period from 15 working days to 20 working days to make it easier for motorists to compare pricing when purchasing insurance	5	Central Bank of Ireland to undertake consultation	Q4 2017	Central Bank of Ireland	Central Bank of Ireland
		6	Central Bank of Ireland to amend legislation	Q2 2018		

It is proposed that the notification period in Regulation 5 in respect of a motor insurance policy be extended to 20 working days to allow consumers more time to shop around. While recognising that there is already a high degree of switching by consumers in the motor insurance sector¹⁰, the CIWG noted that it is beneficial to consumers to shop around with regard to insurance and extending the timeframe may better facilitate switching behaviour.

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.

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.

⁹ Page 15, [Report on the Cost of Motor Insurance](#)

¹⁰ Page 54, [Report on the Cost of Motor Insurance](#)

2.2.3 Extension of renewal notification period for other non-life insurance classes

The following classes of non-life insurance are also within scope of S.I. No. 74:

- accident and health insurance;
- insurance against fire and other damage to property; and
- general liability.

As indicated above, under Regulation 5 of S.I. No. 74, an insurer must issue a notification of renewal of the policy of insurance at least 15 working days prior to the date of expiry of a policy of insurance. While the specific recommendation in the CIWG Report relates to motor insurance, there is no apparent reason why this recommendation should not equally apply to the other classes of non-life insurance covered by S.I. No. 74.

Consequently, and in order to provide consistency for consumers, it is proposed that the renewal notification period for other non-life insurance classes, listed above, also be extended to 20 working days.

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.

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.

Section 3: Making submissions

Please make your submission in writing, if possible electronically as a word document or a pdf document by email, on or before 9 February 2018.

When addressing the questions raised in this Consultation Paper, please identify the question number you are referring to and clearly set out the basis for your views.

The Central Bank intends to make all submissions received available on the Central Bank website. Information deemed to be potentially libellous or defamatory will not be published. The Central Bank will accept no liability in respect of any information provided which is subsequently released, or in respect of any consequential damage suffered as a result.

Submissions should be marked "Consultation on amendments to Statutory Instrument No. 74 of 2007" and sent by email to consumerprotectionpolicy@centralbank.ie.

In the event that you are unable to send your response electronically, please forward it by post before 9 February 2018 to:

Consumer Protection: Policy and Authorisations

"Consultation on amendments to Statutory Instrument No. 74 of 2007"

Central Bank of Ireland

PO Box 559

New Wapping Street

North Wall Quay

Dublin 1

Schedule 1

S.I. No. 74 of 2007

S.I. No.74 of 2007

REGULATIONS

entitled

**NON-LIFE INSURANCE (PROVISION OF
INFORMATION)(RENEWAL OF POLICY OF INSURANCE)
REGULATIONS 2007**

S.I. No.74 of 2007**Non-Life Insurance (Provision of Information)(Renewal of Policy of Insurance)
Regulations 2007**

I, Mary O’Dea, Consumer Director of the Irish Financial Services Regulatory Authority, in exercise of the powers conferred on me by sections 43D and 43F of the Insurance Act 1989 (No.3 of 1989) by virtue of Section 33S of the Central Bank Act 1942 (No. 22 of 1942), in the name, and with the approval of the other members, of the Irish Financial Services Regulatory Authority, hereby make the following regulations:

1. These Regulations may be cited as the Non- Life Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007.
2. These Regulations shall come into operation on 1 July 2007.
3. (1) In these Regulations, unless the context otherwise requires –

“electronic” includes electrical, digital, magnetic, optical, electromagnetic, biometric, photonic and any form of related technology;

“insurance” means an insurance of one or more of classes 1, 2, 3, 7, 8, 9, 10 and 13 specified in Part A of Annex I to the European Communities (Non-Life Insurance) Framework Regulations 1994 (S.I. 359 of 1994);

“motor insurance” means insurance of classes 3 (excluding land vehicles other than motor vehicles), and 10 (excluding carrier’s liability) as specified in Part A of Annex I to the European Communities (Non-Life Insurance) Framework Regulations of 1994;

“policy” has the meaning assigned to it by the Insurance Act 1936 (No.45 of 1936);

“premium” has the meaning assigned to it by the Insurance Act 1936;

“private motor insurance” means a policy of motor insurance taken out by an individual alone or with another person, outside of that individual’s business, trade or profession;

“terms” includes-

- (a) the risks to be covered in the policy of motor insurance,
- (b) the restrictions, if any, that are different, in the policy of motor insurance that is to be renewed, to those that apply to the policy of motor insurance that is in operation,
- (c) any change to the policy of motor insurance, and
- (d) the premium for the policy of motor insurance to be renewed;

“writing” shall be construed as including electronic modes of representing or reproducing words in visible form.

(2) In these Regulations-

- (a) a reference to a Regulation is a reference to a Regulation of these Regulations, unless it is indicated that reference to some other provision is intended, and
- (b) a reference to a paragraph or subparagraph is a reference to a paragraph or subparagraph of the provision in which the reference occurs, unless it is indicated that reference to some other provision is intended.

4. These Regulations apply to the renewal of a policy of insurance that occurs on or after the commencement of these Regulations (including a renewal in a case

where the policy of insurance concerned was concluded before such commencement).

5. (1) An insurer shall, not less than 15 working days prior to the date of expiry of a policy of insurance:
 - (a) where the insurer wishes to invite a renewal, issue to the client in writing a notification of renewal of the policy of insurance, or
 - (b) issue to the client in writing a notification that it does not wish to invite a renewal, unless in the case of this sub-paragraph (b) the insurer has reason to believe that the client would not wish to renew the policy.

- (2) The information specified in a notification referred to in paragraph (1) shall, subject to being construed as having been issued on the basis that the insurer has been informed by, or on behalf of, the client of any matter that concerns such information, be presumed to be correct as at the date of the issue of the notification.

- (3) Where an insurer is advised by, or on behalf of, the client of:
 - (a) a change to the information stated in a notification referred to in paragraph (1), or
 - (b) information which may have a bearing on the premium stated in a notification referred to in paragraph (1), the insurer shall issue a revised notification if requested to do so by, or on behalf of, the client.

6. (1) An insurer shall, in respect of a policy of motor insurance, notify a client in writing and within the time period specified in Regulation 5(1) of information concerning –
- a) the registration number of each vehicle insured under the policy where the policy includes private motor insurance,
 - b) the name of the drivers insured under the policy or a statement of the classes of drivers that are insured under the policy,
 - c) whether the policy is
 - (i) comprehensive,
 - (ii) third party, fire and theft,
 - (iii) third party only, or
 - (iv) a combination of the above,
 - d) where applicable, the monetary amount of any portion of the premium which has been calculated on the basis of previous claims by the client or prior convictions of the client,
 - e) the cost of any optional cover ancillary to the level of motor cover selected,
 - f) any fees or charges applied other than the premium,
 - g) changes to the terms of the policy including any restrictions or limitations,
 - h) details of the various payment options available, and

- i) in accordance with paragraph (2), any discount to be applied in respect of such policy.

(2) For the purposes of complying with paragraph (1)(i), the insurer shall specify-

- (a) the percentage and monetary value of the discount, if any,
- (b) the point on the discount scale, if any, and
- (c) the number of years, if any, in respect of which no claim has been made against the policy of insurance concerned,

in a separate or separable document and shall specify the date of issue of such document.

7. An insurer is deemed to have complied with paragraphs 5 and 6 when-
 - (a) the information is provided to an insurance intermediary with whom the insurer has an arrangement for onward transmission to the client, and
 - (b) the information is provided to such insurance intermediary in sufficient time to be forwarded to the client within the applicable time period referred to in Regulation 5(1).
8. An insurance intermediary shall provide to the client without delay and without amendment any notification referred to in these Regulations which is received by such insurance intermediary.
9. An insurance intermediary is deemed to have complied with its obligation under Regulation 8 to provide a notification without delay where such

notification is issued to the client within the applicable time period referred to in Regulation 5(1).

10. The period of a policy of motor insurance shall not be extended solely by reason of the failure of an insurer or an insurance intermediary to comply with these Regulations.
11. In accordance with Section 43D(3) of the Insurance Act 1989, the Bank is authorised to obtain from insurers and insurance intermediaries such information as it may reasonably require for the purpose of ensuring compliance with these Regulations.
12. The Motor Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2002 (S.I. No 389 of 2002) are repealed.

SIGNED on this the 22nd day of February, 2007

CONSUMER DIRECTOR
of the
IRISH FINANCIAL SERVICES
REGULATORY AUTHORITY

EXPLANATORY NOTE

(This note is not part of the Instrument and does not purport to be a legal interpretation)

These Regulations require insurers to give clients:

- (a) 15 working days notice in writing of a renewal of the policy and the terms of the renewal; and
- (b) a No Claims Bonus Certificate, as a separate document in addition to the renewal notification.

Schedule 2

Proposed Amendment Regulations to S.I. No. 74 of 2007

STATUTORY INSTRUMENTS.

S.I. No. [] of 2018

NON-LIFE INSURANCE (PROVISION OF INFORMATION) (POLICY OF
INSURANCE) (AMENDMENT) REGULATIONS 2018

S.I. No. [] of 2018

NON-LIFE INSURANCE (PROVISION OF INFORMATION) (POLICY OF
INSURANCE) (AMENDMENT) REGULATIONS 2018

In exercise of the powers conferred on the Central Bank of Ireland (the “Bank”) by sections 43D and 43F of the Insurance Act 1989 (No.3 of 1989), the Bank hereby makes the following regulations:

1. These Regulations may be cited as the Non-Life Insurance (Provision of Information) (Policy of Insurance) (Amendment) Regulations 2018.
2. In these Regulations “Principal Regulations” means the Non-Life Insurance (Provision of Information) (Policy of Insurance) Regulations 2007 (S.I. No. 74 of 2007).
3. (1) The Principal Regulations are amended by deleting the words “RENEWAL OF” from the title of the Principal Regulations.

(2) Regulation 1 of the Principal Regulations is amended by deleting the words “Renewal of” from the citation of the Principal Regulations.
4. Regulation 4 of the Principal Regulations is amended by renumbering the existing provision as paragraph (1) and inserting the following after that paragraph:

“(2) Without prejudice to paragraph (1), Regulation 6(3) applies to a policy of motor insurance that is not the renewal of an existing policy and which is entered into between an insurer and a client on or after [insert date of commencement of the amending Regulations].”

5. Regulation 5(1) of the Principal Regulations is amended by the substitution of “20 working days” for “15 working days”.
6. Regulation 6(1) of the Principal Regulations is amended as follows:
 - (a) by inserting “the renewal of” after “in respect of”;
 - (b) by inserting after Regulation 6(1)(c) the following:

“(d) the breakdown of the premium cost, setting out the element of the cost related to each applicable aspect of the policy referred to in paragraph (1)(c),”;
 - (c) by the retitling of the existing Regulations 6(1)(d) to (i) as Regulations 6(1)(e) to (j).
7. Regulation 6(2) of the Principal Regulations is amended by the substitution of “paragraph 1(j)” for “paragraph 1(i)”.
8. Regulation 6 of the Principal Regulations is amended by inserting after Regulation 6(2) the following:

“(3)(a) An insurer shall, in respect of a policy of motor insurance that is not the renewal of an existing policy, notify a potential client or a client in writing of all information referred to in Regulations 6(1)(a) to (j) as soon as is practicable to do so and, in any event, prior to entering into a policy of motor insurance.

(b) For the purposes of paragraph (a), Regulation 6(1)(h) shall be construed as referring to the terms on which the insurer is willing to offer motor insurance to the client, including the risks to be covered, the premium and any restrictions and limitations.”.

9. Regulation 7(b) of the Principal Regulations is amended by deleting the word “applicable” and by inserting “,where such time period is applicable” after “Regulation 5(1)”.

10. Regulation 9 of the Principal Regulations is amended by deleting the word “applicable” and by inserting “,where such time period is applicable” after “Regulation 5(1)”.

EXPLANATORY NOTE

(This note is not part of the Instrument and does not purport to be a legal interpretation)

The purpose of these Regulations is to amend the Non-Life Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007 (S.I. No. 74 of 2007) to require insurers to: (i) give clients 20 working days' notice in writing of a renewal of a policy of insurance, (ii) provide a breakdown of the premium cost in respect of a policy of motor insurance and (iii) provide clients with certain information relating to a policy of motor insurance that is not the renewal of an existing policy.