

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

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.

While The AA agree with the stance that more information is beneficial to the client, our concern is that the disclosure of this information could lead to a higher proportion of consumers opting to remove the non-compulsory elements of cover in order to make a saving. This could effectively lead to the consumer taking on additional risk (ADF&T) themselves, thus self-insuring, with the possibility that the consumer is not fully aware of the risks. These risks may only become apparent at the point of claim, and the consumer becomes aware that they are not adequately covered. Road Traffic Act Cover is the mandatory level of cover which is not readily available on the Irish market, the proposal is to introduce 3 additional price points Third Party Only, Third Party Fire and Theft and Comprehensive, which could lead to more confusion for the consumer.

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.

While we are not in favour of the above, if the proposal is being introduced, we would suggest that the potential risks of removing non mandatory elements of cover are clearly outlined to the consumer to allow them to make an informed decision.

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.

In light of the significant documentation and system updates required for this proposal, a lead in time of 9-12 months is suggested intermediaries, as they are dependent on insurers making the relevant changes.

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.

Currently, insurers only guarantee new business quotes for a maximum of 30 days. Based on the current renewal notification period, this gives intermediaries an 8-10 day window (dependant on bank holidays) to check available quotes on the consumer's behalf and issue renewal notices. This current timeframe allows the intermediary sufficient time to recover from staffing and system issues without risk of being in breach. Our concern is the 20 working day proposal will reduce this timeframe to 1-2 days. This would put undue pressure on intermediaries who will continually be at risk of being in breach with little or no benefit to the consumer. The current window of 8-10 days allows intermediaries to conduct a fair analysis of the market for the consumer. Reducing this timeframe to 1-2 days does not allow sufficient time for this, and puts the intermediary at a disadvantage and in turn results in the consumer being affected negatively.

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Based on consumer behaviour, 13% make a decision on their renewal within 10 days of receiving their renewal notice and 60% make a decision within 10 days of their renewal date. This proposal will elongate the middle period where only 24% of consumers do business. Based on the 15 day notification period only 3% of consumers pass their renewal date and have to seek a new policy. Increasing the notification period would also lead to an increased range of dates within the renewal cycle where claims could occur, causing inaccurate pricing and potential distress and cover issues to affected consumers.

If the above proposal is implemented, we suggest that insurers guarantee their rates for 45 days, rather than 30, to mitigate against the above.

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.

This proposal ensures that no matter the lead in time to perfect the invite process, the lack of contingency would put intermediaries in constant breach or ensure that intermediaries do not have sufficient time to conduct a fair analysis of the market on their behalf.

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.

As per question 4

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.

As per question 5