

CONSULTATION RESPONSE FROM ALLIANZ PLC, CBI REGISTER NUMBER 143108, TO THE CENTRAL BANK OF IRELAND RE SECOND CONSULTATION ON AMENDMENTS TO STATUTORY INSTRUMENT NO 74. OF 2017

Allianz plc welcomes the opportunity to respond to the above referenced Consultation Paper. As noted in our response to Consultation Paper 114 Allianz plc supports the efforts of the Central Bank of Ireland (CBI) and the Cost of Insurance Working Group (CIWG) in protecting the consumer and providing greater transparency to motor insurance policyholders. It is important that the potential benefits offered by the proposed solutions are phased in over a proportionate timeline and take into account the IT / systems changes that these proposals would require.

Allianz plc representatives welcome the opportunity to discuss this submission with the CBI and to clarify or expand on any of our responses.

Allianz plc responses:

Question 1: Do you agree that insurers should include the premium paid by the motor policyholder for the previous year in renewal documentation for comparison purposes? Please outline the reasons for your view.

Yes, we agree with this proposal which is already operating successfully in the UK. However, it is important that there is an agreed format / layout for display of this information to ensure a consistent approach across the market and to make it easy for personal consumers to review this information. Given the complexity of the change and the number of business channels where a change would be required a significant lead in time for implementation would be required.

Question 2: Do you agree that last year's premium should also be provided in renewal documentation for other classes of non-life insurance that fall within the scope of S.I. No 74. Please outline the reasons for your view.

Yes, we agree with this approach but for personal lines products only. A phased approach, prioritising the motor product may be appropriate for implementation.

Due to the complexity of commercial products we feel that these products should be excluded. We do not consider it appropriate to introduce this change for commercial products, given the more complex nature of those products, and the fact that there is greater engagement between intermediaries and customers prior to renewal.

Question 3: With regard to mid-term adjustments, do you consider that insurers should provide a policyholder with the premium paid at the inception of the policy and the amount of any mid-term adjustment, as set out at Option 1 above, or the provision of an annualised premium on renewal, as set out in Option 2 above? Please outline the reasons for your view.

Having reviewed both options we believe that Option 2 would be more meaningful to consumers. Provision of the information as presented in Option 2 should come with appropriate clarification for example: pricing changes may affect this annualised premium at next renewal.

Question 4: Is there any other appropriate manner of disclosing last year's premium where a mid-term adjustment occurred that would provide consumers with an accurate comparison? Please outline the reasons for your view.

There are other methods which would achieve option 2 but we feel this would confuse customers. Option 2 is the simplest and most customer-centric approach.

What do you consider to be an appropriate lead-in time for any necessary system changes in order to provide last year's premium? Please outline the reasons for your view.

Given the complexity of internal system changes, the number of business channels where an update would be required and existing mandatory programmes of work, we feel that we would require a minimum of 24 months to implement from when the legislation is transposed. This is on the basis that Option 2 is agreed in relation to the provision of last year's premium.

Section 3: Feedback on measures proposed in CP114 / Response to 3.1.3. Response

In relation to the Feedback on measures proposed in CP114 and included in CP124 we would respond as follows:

We believe that the revised proposal to provide the total premium option suitable for the consumer, ie (i) comprehensive cover, (ii) third party, fire and theft cover, and, (iii) third party only cover, if offered by the insurer without a breakdown of the components would be both confusing and meaningless for consumers.

The availability of optional benefits differs depending on the covers selected. Some optional benefits are common to all cover levels and some are not. The requirement to remove unavailable cover options would also require significant system development and IT work.

We reiterate our recommendation outlined in our response to Question 1 in Consultation Paper 114 (see below) in relation to the display of premium information. We feel that this is the clearest and most meaningful way of providing customers with the information that they require to make an informed decision. It is also the solution that is most straightforward and cost effective to implement.

Allianz plc Responses:

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.

Yes we agree with these proposals for Private Motor/ Personal Consumers, which not only ensure firms act in the best interests of personal consumers but which will allow personal consumers to have confidence in the financial decisions they are making. However it is important that there is an agreed template to ensure consistency across the market and ease of comparison for personal

consumers, much like the new Insurance Product Information Document (IPID) as prescribed under the Insurance Distribution Directive and Regulation 2017/1469.

In order to break-down the mandatory vs. non-mandatory elements of cost for personal consumers it is necessary to also breakdown the word 'Comprehensive'. The word 'Comprehensive', in the context of motor insurance, includes *both* mandatory and non-mandatory elements. Consequently we recommend that the premium breakdown refer to 'Third party', 'Fire & Theft' and 'Accidental Damage'.

Claire Topping
Compliance Manager

Daniel Sandmann
Head of Compliance

Allianz plc
Allianz House, Elmpark, Merrion Road, Dublin 4, Ireland
Email: compliance@allianz.ie