



Consultation Paper on Consumer Protection Code - CP 158

Response from One Direct (Ireland) Limited, trading as An Post Insurance

Introduction

An Post Insurance welcomes the Central Bank of Ireland's review of the existing Consumer Protection Code and is grateful for the opportunity to provide feedback on the Paper.

The following outlines our responses to the questions posed by the CBI on its proposed packages to update and modernise the existing Consumer Protection Code with securing customers interests being front and centre.

Submission

Securing Customers' Interests

1. Do you have any comments on the Securing Customers' Interests Standard for Business, Supporting Standards for Business or the draft Guidance on Securing Customers' Interests set out in Annex 5?

Response:

No comment.

2. Do you have any comments on our expectation that firms offering MiFID services and firms offering crowdfunding services should consider and apply the Guidance on Securing Customers' Interests?

Response:

No comment.

Digitalisation

3. Do you have any comments on the proposed Code enhancements with regard to digitalisation?

Response:

While we understand that the proposed requirement to "*slow the digital transaction process to ensure review of key information by customers before decisions are executed*" is aimed at supporting

decision making, we believe that it could also have a negative impact on customers in some instances, for example, resulting in delays in time-sensitive or urgent transactions.

Other legislation such as the Distance Marketing Directive requires that customers are provided with certain key information prior to being bound by a distance contract (including contracts entered into online), providing customers with key information before decisions are executed. The Directive, along with the Consumer Insurance Contracts Act also provides for a cooling off period, where a customer can withdraw from the contract within a certain timeframe without penalty. We believe that those requirements are sufficient (along with upcoming changes in that regard under the Consumer Rights Directive), to allow customers to review key information and to make informed decisions before entering a contract, and providing them with the option to cancel thereafter, if they change their mind about the product.

We do agree however, that customers be provided with an option to save information that they are provided with online, so that they can refer back to it at a later stage should they require.

We don't believe it is necessary to provide customers with reminders of their cooling off options. As is, all customers receive notice of their cooling off options at least twice i.e., all customers receive a terms of business document, and the cooling off period is explained within that document. In addition, customers are advised of their cooling off options within their quote document/policy issue. As mentioned above, we feel that there is potential to overwhelm customers with all of the information that is required under the Consumer Protection Code as well as numerous other legislation and feel that the amount of information issued shouldn't be added to unless absolutely necessary.

We welcome the guidance the CBI has committed to on digitalisation. We would suggest that included in the guidance, should be clarifications around the testing requirements of Chapter 4 Regulation 38, and what this would look like, in particular for an intermediary who wouldn't have control over insurer rating algorithms for example.

In relation to Chapter 4 Regulation 42 (Consumer Filtering), we would appreciate clarification from the Central Bank on what this should look like for less complex products, and whether this can be applied on a proportionate basis.

4. What are your views on the proposed requirements on banks where they are changing or ceasing branch services?

Response:

No comment.

Informing Effectively

5. Do you have any comments on the 'informing effectively' proposals?

Response:

The informing effectively obligations appear reasonable. We would suggest some clarification from the Central Bank regarding the meaning of 'average consumer' and whether it is up to firms to determine what the average consumers of their products and/or services are.

6. Are there any specific challenges regarding implementation of the new Informing Effectively Standard for Business?

Response:

No comment.

Mortgage Credit and Switching

7. Do you have any comments on the proposed enhanced disclosure requirements for mortgages?

Response:

No comment.

8. Do you have any comments on the proposed enhancements, or any further suggestions on the CCMA?

Response:

No comment.

Unregulated Activities

9. Are there other actions that firms could take to ensure that customers understand the status of unregulated products and services and the potential impact for consumers?

Response:

No comment.

Fraud and Scams

10. What other initiatives might the Central Bank and other State agencies consider to collectively protect consumers from financial abuse including frauds and scams?

Response:

No comment.

11. Are there any other circumstances that we should consider within the proposed definition of financial abuse?

Response:

No comment.

Protecting Consumers in Vulnerable Circumstances

12. What are your views on the proposed amendments to the Consumer Protection Code in relation to consumers in vulnerable circumstances? Do you have any comments on the draft Guidance on Protecting Consumers in Vulnerable Circumstances?

Response:

No comment.

13. Is the role of the trusted contact person clear? What more could a Trusted Contact Person do?

Response:

While the Central Bank has provided helpful distinction in its Guidance on Protecting Consumers in Vulnerable Circumstances between the Consumer Protection Code and the Assisted Decision Making (Capacity) Act, our view is that in practise there will be confusion over the two roles and whether there is any material difference.

Climate Risk

14. Recognising the role of EU consumer protections concerning climate and sustainability, do you have any comments on the proposed Code protections relating to climate?

Response:

No comment.

15. Do you agree with our approach to including sustainability preferences with existing suitability criteria? Have you any suggestions on how we can ensure all suitability criteria, including those relating to financial circumstances and sustainability preferences, are given an appropriate level of consideration?

Response:

No comment.

Consumer Credit

16. Are there specific elements of the revised Code that should be tailored to BNPL, PCP, HP and consumer hire providers?

Response:

No comment.

17. Are there other protections within the General Requirements under the revised Code that we should apply to High-Cost Credit Providers?

Response:

No comment.

SME Protections

18. Are there elements of the revised Code that you think should be applied to SMEs?

Response:

No comment.

19. Do you have any comments on the change to the definition of “consumer” under the revised Code to include incorporated bodies of less than €5m in annual turnover?

Response:

No comment.

Insurance

20. Do you have any comments on the proposals to apply an explicit opt-in requirement for gadget, travel, dental and pet insurance only?

Response:

While the explicit opt in requirement is reasonable given the Central Bank’s rationale as detailed in the Consultation Paper, we would suggest that the draft wording of the regulation requires clarification as Part 4, Chapter 5, Section 328 suggests that the opt-in can only be provided prior to the entry into the Insurance Policy, whereas our view is that a consumer should be able to, at their choice, provide this at any time. (For example, at a subsequent renewal of the policy when a direct debit is being set up).

21. Do you have any comments on the proposals to introduce an additional renewal notification for non-life insurance products?

Response:

While we understand the sentiment underlying this requirement, An Post Insurance do not believe the advance notice of renewals to customers would be beneficial to customers.

Firstly, customers likely will not be able to obtain quotations for their renewal date at this stage since most insurance quotes have a validity period of up to 30 days (with some insurers offering a much shorter validity period). Therefore, even if customers do start shopping around at this stage, the quotes they obtain will not be valid for their renewal date and will require them to shop around again closer to their renewal.

In addition, in some instances Intermediaries and Insurers may need to contact certain customers well in advance of their renewal date in order to seek information to allow the Insurer to generate a renewal quotation for customers within the required timeframes, and this additional communication being issued in the midst of this process could lead to confusion for that cohort of customers.

Investment and Pensions

22. Do you have any comments on the proposed enhanced disclosures for long-term investment products and pensions?

Response:

No comment.

Miscellaneous Enhancements

23. Do you have any comments on the proposed revised requirements for handling of errors or complaints?

Response:

No comment.

24. Do you have any comments on the proposed changes to the record keeping requirements?

Response:

No comment.

Benefits and Costs

25. Do you have any views on our analysis of the overall benefits associated with the proposals set out in this consultation paper?

Response:

No comment.

26. Do you have any views on our analysis of the costs associated with the implementation of the proposals set out in this consultation paper?

Response:

No comment.

Responding to the Consultation and Next Steps

27. What are your views on the proposal for a 12-month implementation period? Should some proposals be implemented sooner?

Response:

We agree with the proposed 12-month implementation period.