

Brokers Ireland's submission on the Central Banks Consultation on the Consumer Protection Code (CP158)

June 2024



Brokers Ireland is Ireland's representative body for insurance and financial brokers, with a combined strength of over 1,215 firms. We believe we represent a substantial number of insurance and financial brokers currently trading in Ireland. As the premier voice for insurance brokers and financial brokers, we advise members, liaise with regulators, government and other insurance industry stakeholders on key insurance issues, in order to raise and maintain industry standards.

Brokers Ireland's mission is to promote, support and protect our members, both collectively and individually, in the areas of education, compliance, lobbying and business development. We underpin this support by providing a forum for dialogue and debate, both within Brokers Ireland and with industry stakeholders.

We welcome the opportunity to make a submission on the Consumer Protection Code consultation, it is timely as the current code has become outdated in parts and because of the many addendums which have been issued since the previous revision, the code has become unwieldy. It is important that going forward the regulations are in a format which allows for future amendments and edits to be made in a way which allows ease of reference for industry to identify the updates and what the previous requirement was. Brokers Ireland has received a lot of feedback from its members in relation to the review of the Consumer Protection Code and a key concern is that the cost of the proposed amendments are balanced with the benefits to both consumers and the sector. Many of the proposed provisions will incur further cost to intermediaries who are predominantly micro/small firms, these regulatory costs ultimately are passed to their clients.

We welcome the proposed sector specific division within the code, however, as a general comment, we note the use of term Financial Services Provider is used throughout much of the proposed regulations, Brokers Ireland believe it is crucial that the revised regulations clearly differentiate the responsibilities of providers/product producers and then separate to this, intermediary/Broker firms. This would provide clarity to all participants in the industry about what is relevant to them and avoid confusion/duplication, for example in respect of the issue of documents to consumers.

This submission outlines Brokers Ireland responses to the questions posed in the consultation paper relevant to the intermediary sector. Please also find attached an appendix which contains a listing of proposed revised regulations and Brokers Irelands feedback on each.

Securing Customers' Interests

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?

Brokers Ireland feel the concept is very subjective and we have concerns about how this will be evaluated in the future in practice – we would like to see additional guidance address these concerns with examples of how firms can demonstrate compliance with the concept in respect of the various size of firms and sectors.

Brokers Irelands believe that its members already strive to act within the customer's best interests and by extension secure customer's interests when offering or providing products and services. Brokers conduct a full analysis of the market and consider suitability and product governance rather than focus on a limited market. This is evidenced by the unique personal relationship between Brokers and their

clients which can span over decades. Complaints to the Financial Services and Pensions Ombudsman are consistently low which is a testament to the positive engagement between consumers and Brokers.

The securing customers' interests will require further enhancement of sales procedures, scripts and templates, proportionality is the key priority here and being mindful of burdening customers with an overload of information or frustrating them with too many requests.

We note on Page 17 of the Guidance the following - *“Sales areas (whether **indirect** or direct sales methods are used) are subject to regular quality assurance monitoring by external functions, e.g. internal audit and compliance;*

Brokers Ireland would have concerns about a requirement for product providers to carry out compliance audits on intermediaries. Brokers are independently regulated by the Central Bank and have their own PII in place. Product providers should ensure that the intermediaries they deal with, hold the correct authorisation and comply with POG requirements but should not be put in a position of a quasi-regulator – this would create a conflict of interest between the product provider and intermediary.

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?

To ensure a level playing field with the financial services industry, the securing customers interests standard should be implemented across the financial industry as a whole.

Digitalisation

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

Brokers Ireland believe that digitalisation is hugely beneficial as it provides choice for the consumer, it makes it easier for regulated entities to broaden their customer base, which presents a significant opportunity to tailor products directly to consumers, allowing real personalisation to meet the consumer’s demands and needs.

We are concerned that some of the proposed requirements under the digitalisation section will have the unintended consequence of causing distrust with consumers due to the increased level of disclosures/warnings such as the proposed pause statement and the additional reminder regarding cooling off notice.

It is worth noting that when a customer is shopping around for personal insurance, e.g., car or home, that customers are looking for speed or efficiency and want to avoid engaging with a person so prefer the autonomy of the online process.

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

We note the proposal to increase the notification period for branch closure from 2 months to 6 months. We acknowledge this proposal stems from the Retail Banking Review, but the proposed draft regulations apply to all Regulated Financial Service Providers, therefore including

Brokers/intermediaries. This is not appropriate to the nature and scale of Brokers, the products they advise on and the nature of customer engagement. The increase in timelines, we, believe would create several unintended consequences for Brokerages and their clients as outlined in the following examples:

- If an investment intermediary firm was to close down or transfer its business to another firm (through death or retirement), the transaction which is subject to CBI approval, would entail a client communication being made prior to the regulatory approval and depending on the CBI's workload and process, the transaction could take more than 6 months, meaning the client's will have received initial communication and then nothing for a long period of time.
- Following on from the above point, the disclosure to clients of a potential acquisition, transfer, or merger (which is still subject to negotiation and sensitive commercial information) would mean communication is going out when a proposed deal has not been fully agreed between the parties or where appropriate the transaction has not been approved by the CBI or the CPCC (where applicable). These communications could be sent to clients leading to their confusion as to what is happening, particularly if there are provisos within the communication saying that it is subject to the commercials being agreed or CBI approval.
- It is important to note that a client of an intermediary/Broker firm always has the option to engage another intermediary, wherein they authorise a change of agency – this allows for client mobility.

We therefore request that the proposed Art 127 is amended to reflect the timeline as set out currently in CPC 3.11 for intermediaries.

Informing Effectively

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

Members advise us that consumers are increasingly frustrated with the amount of documentation that they receive for even the simplest of legally required products such as motor insurance. In January 2022, the European Insurance and Occupational Pensions Authority (EIOPA) published its Report on the application of the Insurance Distribution Directive (IDD)¹ It concluded based on the analysis of legislation adopted at the EU level and input it received from some trade associations, that EU legislation, whilst seeking to promote good consumer outcomes, has also had the effect of 'increasing the quantity and diversity of information that consumers receive when purchasing insurance. This can lead to an overload of communication and confusion of the customer.' We believe a valid question to ask is whether the level of documentation makes things clearer for the customer or does it just confuse the consumer – this is not to the benefit of the consumer. The Central Bank should not increase the volume of regulatory information disclosures and should consider where it may be appropriate to reduce/simplify these disclosures.

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

It is worth pointing out that Brokers/intermediaries are reliant on the information on the products passed to them from product producers. Brokers/intermediaries ensure the information they provide is clear, written in plain and accessible language and avoids unnecessary terms but they are reliant on the

¹ Report on the application of the Insurance Distribution Directive (IDD), EIOPA, January 2022

information that is provided to them by the product producer. Members also indicate that policy documents in circulation change frequently making it extremely challenging for the Broker/intermediary to ensure the terms and conditions supplied to consumers are appropriate.

Mortgage Credit and Switching

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

Brokers Ireland welcome the proposals around introducing additional requirements on the calculation of the mortgage, if possible, a mortgage that contains an incentive should show the cost of credit with and without the inclusion of the incentive and the consumer should have a choice on whether they would like the incentive or not.

Brokers Ireland also welcome the proposal for lenders to show the monetary amount of moving to another product with the same lender. The amount displayed should be the monthly repayment over the same term.

Brokers Ireland recently participated at a meeting and workshop hosted by the Expert Group on Probate and Conveyancing, during these engagements we expressed our concern about the delays at conveyancing stage that could hamper the switching process including consumers missing out on more favourable rates. The cost of conveyancing can also be prohibitive to switching and it would be advantageous for consumers if there was some way of simplifying this process and reducing the costs for consumers who are switching lender.

In the case of the Fair Deal scheme, when assessing assets to determine an individual's contribution towards their nursing home care it is important to note that equity release “lifetime loans” do not qualify to be set off against the gross value of the property. Brokers Ireland believe they should qualify but in the case that this is not possible consumers taking out lifetime loans should be warned about this aspect of the Fair Deal scheme.

Code of Conduct on Mortgage Arrears

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

Under the CCMC MARP process, when an Alternative Repayment Arrangement is put in place, a consumer can seek advice from an accountant and the lender will pay for this advice. Brokers Ireland believe that Personal Insolvency Practitioner (PIP) and Mortgage Brokers would be in a better position to offer consumer advice on the alternative repayment options and also on other options available to them through other providers in the market. Liaising with lenders on this issue can be very daunting for consumers and Mortgage Brokers could also assist the clients in liaising with the lender to negotiate a suitable solution for the client.

Unregulated Activities

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?

Brokers Ireland support the proposals in relation to clear warning statements for unregulated products and services, however, to avoid any possible confusion in relation to the nature of product, we believe that product manufacturers should not be permitted to distribute unregulated products through their regulated firms. This causes confusion for intermediaries who these product manufacturers distribute both regulated and unregulated products through and it is not clear for consumers. We note that the current proposals do not prevent regulated firms from having a separate unregulated entity for unregulated products and services provided the branding/name of the firm is not similar to avoid the “halo” effect.

Brokers Ireland also advocates that legislative change should take place to bring unregulated products such as loan notes within the regulatory scope – this has been highlighted previously to both the Central Bank and the Department of Finance.

Frauds and Scams

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

It would be useful if the Central Bank could share examples of “financial abuse” per sector, this would assist industry bodies in communicating to their relevant sectors areas of concern.

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

Brokers Ireland would like to see further guidance in relation to this concept outlined in the feedback statement.

Protecting Consumers in Vulnerable Circumstances

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?

We note the change in definition from “vulnerable consumer” to “consumer in vulnerable circumstances”, this is a very broad definition and subjective in nature. Dealing with consumers in vulnerable circumstances can be very sensitive, members advise that consumers can be unhappy with the suggestion that they may fall within that category, also, Brokers are faced with the challenge that often consumers in vulnerable circumstances may not themselves acknowledge this. It is also challenging for advisors to determine whether a consumer who was in vulnerable circumstances is no longer in that category. Brokers Ireland is concerned about an onus on brokers to record vulnerability and the nature of it on their systems. The policy admin systems (CRM) would need to be updated to allow a consumer’s vulnerability to be recorded once they have the clients consent and then subsequently where it is established that the consumer is no longer in vulnerable circumstances – this causes additional expense and ongoing maintenance. We are also concerned regarding compliance with GDPR and the implications of retaining this sensitive data. The presumption of capacity is fundamental

to the Assisted Decision-Making Capacity Act, and we remain concerned about how the record of vulnerabilities aligns with the Act. It would be helpful if the Central Bank liaised with the Decision Support Services in the final guidance on Protecting Consumers in Vulnerable Circumstances.

Brokers Ireland would like to see joint guidance contained in the feedback statement from the Central Bank and the Office of the Data Protection Commissioner to ensure there is absolute clarity for the industry.

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

Brokers Ireland believe that the proposals around the Trusted Contact person seem to overlap with the arrangements which are provided for in the ADMCA. We are also concerned about what due diligence would need to be done by an intermediary in respect of Trusted Contacts given the financial abuse definition contained in the consultation paper. The policy admin systems (CRMs) will need to be updated to allow for trusted contact info to be recorded once firms have consumers consent resulting in additional expense and ongoing maintenance. This change is over and above the requirements of the ADMA. In practice, Brokers offer clients the option of having a third-party present where additional assistance is required, this works well at present without the additional requirements as set out in the proposed regulations.

Climate Risk

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

Brokers Ireland agree with the proposed protections. Consumers need to be confident that the literature they receive from product manufacturers is accurate and that greenwashing is avoided. As intermediaries, Brokers need to be able to rely on statements contained in the product literature. It should be enshrined within the regulations that Brokers/intermediaries are able to rely on the product information provided by the product manufacturer in relation to sustainable/green financial products, given that they are the product manufacturer.

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?

Brokers Ireland agree that the sustainability preferences should be included with the existing suitability criteria, this has been industry practice since August 2022 which aligns with the EIOPA guidance. In relation to appropriate level of consideration, we believe it is important that preferences are captured, and recommendations are aligned but that risk profile/long term needs and objectives should still take precedence.

A key issue in respect of getting sustainability buy in from consumers, is the complex terminology used and the misalignment between the article categorisations under the SFDR and the sustainability preferences as outlined under the IDD. This is causing significant issues at the point of sale, coupled

with the fact that there are still limited article 8/9 products available, and these generally are higher risk profile products.

Additional Policy Proposals

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

N/A.

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

N/A.

SME Protections

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

There are no specific elements which we think should be applied to SMEs.

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?

Brokers Ireland would have concerns regarding a situation whereby there is differing turnover threshold levels under the proposed regulations (€5m) and the level contained in the Financial Services and Pensions Ombudsman Act 2017 (€3m) which applies to the Consumer Insurance Contracts Act 2019. If there is to be a change, this should only take place when there is an alignment between the thresholds, to avoid two different threshold levels within the industry when dealing with consumers. We would suggest that the Central Bank engage with the Financial Services and Pensions Ombudsman on this matter.

Insurance

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

As acknowledged by the consultation paper, automatic renewals can provide a valuable benefit to consumers by potentially avoiding the risk of customers not renewing their policy in time, resulting in a lapse in their cover.

We believe there is sufficient protections set down by the Central Banks guidance in relation to Regulations 12-14 of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Insurance Requirements) Regulations 2022 (“Insurance Regulations”) in respect of auto-renewals. Since October 2022, there is a requirement to allow consumers to cancel automatic renewals of non-life insurance policies free of charge, at any time during the duration of the policy. Certain written information must be shared with the consumer about the right to cancel the automatic renewals,

including a statement that the insurance policy will renew automatically if the consumer does not cancel the automatic renewal before a specified date and practical steps for the consumer on how to cancel. We believe that these requirements mitigate the risks identified by the Central Bank.

Brokers Ireland believe that this proposal will lead to many customers who avail of the auto-renewal facility unwittingly have their insurance cover removed, and they may not realise this until a point in time when they need to make a claim. We believe the harm it will cause consumers of certain products (e.g. travel, pet, gadget, etc.) far outweighs any potential benefits.

In terms of travel insurance, a consumer could find themselves abroad already when their annual travel insurance expires and will typically not be able to secure a new policy because their trip has already started or may have set out on their trip believing they had travel insurance and find themselves unexpectedly without cover when suffering an accident or illness abroad. Consumers will not appreciate these serious and potentially life-changing consequences, particularly vulnerable consumers, when making the decision as to whether to consent to auto-renew or not.

In respect of travel, the benefits to the consumer are not confined to potential events during the period of travel, such as lost baggage or medical expenses, but apply from the point of purchase. If circumstances change in the intervening period, for example if the geopolitical situation becomes unstable or a natural disaster occurs at the destination, or the consumer sustains an injury and is unable to travel, he or she would be covered. By auto renewing their policy, the customer would also have continuation of cover for any trips purchased when their previous policy was in force. This would mean that they would not be penalised for any pre-existing medical conditions that they were diagnosed with after they booked their trip. If the policy lapsed in cover, the customer would have to declare these conditions and may be charged an additional premium or be declined cover. Furthermore, non-insurance carries greater risks with respect to travel than many other types of insurance products because its coverage extends across a wide range of risks and jurisdictions and the potential claim, for example as a result of a medical event, can be a significant multiple of the value of the primary product purchased and have devastating financial consequences for consumers. In addition, non-insurance in the context of travel (which will no doubt increase if consent for auto renewal is imposed) has implications for Ireland's consular services overseas who will see increased workloads if more travelers are uninsured.

Pet insurance is comparable in many ways to life insurance, the consequences of not auto renewing can be devastating for the policyholder as failure to renew a policy without a break in cover or switching providers at renewal can unintentionally leave policyholders without on-going cover for their pet's health conditions and potentially causing issues in taking out a new policy due to their pet's age.

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

Brokers Ireland strongly disagrees with this proposal, the current rules requiring the renewal notification of 20 working days for motor insurance and all other relevant non-life insurance classes were part of the November 2019 amendments to the Non-Life Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007 (S.I. No.74) ("the Regulations") which extended the (prior) 15 working days notification period. This development followed the Cost of Insurance Working Group's (CIWG) "Report on the Cost of Motor Insurance" (January 2017). Under Recommendation 3 in its report, the CIWG

stated *“The Working Group believes that extending the current renewal notification from 15 working days to 20 working days could make it easier for motorists to compare pricing when purchasing insurance”*.

We are in agreement that providing consumers with sufficient notice allows consumer to shop around and make informed choices and certainly, the addition of the Regulations’ extra five working days has, we believe, made it easier to compare pricing which has been a positive development. The proposal to require the issue of a “pre-renewal” notification 20 days in advance of the renewal notification, as proposed in CP158 is not supported by research and appears to create a solution to a problem which appears not to have been identified by legislative institutions nor consumer advocacy groups.

The proposed requirement would require notification to be sent to consumers at least 20 working days prior to issuing renewal documents, which would mean that this notification would be issued a minimum of 40 working days prior to the actual renewal date. Most, if not all insurers, will not provide a renewal price quotation this far in advance of the renewal date. Therefore, the customer will be receiving this notification but will not be able to shop around. The issue of this supplementary renewal document may in fact cause confusion for consumers and generate queries which cannot be answered as policy terms are not released that far in advance. Customers will not be able so far in advance of the renewal date be able to shop around and compare alternative price quotations available.

The recurring feedback we receive from members in relation to this proposal is that consumers are already overwhelmed with documentation and that this proposal will only exacerbate this issue. The cost of generating an additional notification will also result in additional operating / administrative / compliance costs which are ultimately passed to policyholders.

Investments and Pensions

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

The Central Bank issued a Dear CEO letter in August 2023 following a Thematic Review on the Ongoing Suitability of Long-Term Life Assurance Products. At the time of writing, engagements are ongoing with Insurance Ireland and the Central Bank in relation to the contents of this letter in respect of a Memorandum of Understanding.

We note the proposed regulations align with the requirements under the IDD in respect of informing the consumer whether the regulated financial service provider will provide the consumer with a periodic assessment of the suitability of the investment product recommended (this can only be completed if the consumer chooses to engage to have the review) and where the firm will not provide the consumer with a periodic assessment of the suitability of the investment product recommended to that consumer, the regulated financial service provider shall, prior to the conclusion of a contract for that investment product, provide the consumer with an explanation why such periodic assessment will not be done.

We believe that there is confusion between the expectations outlined in the Dear CEO letter and the proposed requirements – it needs to be acknowledged that the client may choose to not want to review their product.

Miscellaneous Enhancements

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

We note the following insertion regarding the handling of complaints:

"A regulated financial service provider shall implement a procedure for managing and resolving complaints...

.....(b) in respect of a complaint submitted electronically, the regulated financial service provider shall, instead of providing an acknowledgement in accordance with paragraph (4)(a), provide an immediate or automatic acknowledgement using the same medium, confirming receipt of the complaint;

Brokers Ireland have concerns about this insertion and that is not appropriate for intermediary firms, 80% of whom have less than 10 staff including directors and their complaints procedure clearly outlines who is responsible for complaints within the firm. The proposal would mean that intermediaries would have to have a specific complaints email address with an immediate/automatic acknowledgement but someone will have to assess the content of the email to establish if it is in fact a complaint so it cannot be an automatic process. The setting up and monitoring of an additional email account will incur additional costs for firms, and we do not believe these costs are warranted. We query the rationale for this proposal as we are unaware of feedback from the FSPO regarding the existing complaints procedure requirement of a 5-business day acknowledgement.

Record Keeping by Firms

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

Brokers Ireland believe there should be absolute clarity that the retention period of 6 years applies to Required records - 117. From a GDPR point of view, the legal basis for the retention of records outlined a-m is the requirements of the Consumer Protection Code.

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

Brokers Ireland welcomes the aim of the review to modernise the current code and the fact that the regulations will be accompanied by a range of supports for consumers and firms.

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

We note that the consultation paper emphasizes that costs should be proportional and not impose undue burdens on firms beyond their ability to influence customer outcomes, however to ensure that this is addressed in a practical manner, Brokers Ireland believe that an in-depth cost benefit analyse of all the proposed changes should have been carried out in advance, with the impact calculated per sector within the financial services industry. The majority of our members are micro/small/medium sized firms, and the proposed changes will put additional costs on small businesses who are already. The European Commission estimates that on average, where a big company spends one euro per employee to comply

with a regulatory duty, a medium-sized enterprise might have to spend around four euros and a small business up to ten euro per employee. The regulatory burden is a key factor influencing the high level of consolidations within the Broker market at present. Disproportionate regulation has the ultimate effect of increasing the cost of advice to consumers (as acknowledged by the consultation paper) and excluding many from accessing advice.

The Central Bank should be looking at what the market trends are and whether proposed requirements are likely to have an impact on the market. If they are likely to increase the regulatory/compliance thresholds so that they are beyond the reach of smaller participants, there should be an acknowledgement that the proposed regulations are potentially impacting on the competitiveness of the market and limiting the choice of the consumer.

Implementation

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

The code forms the regulatory backbone for intermediaries, the revised regulations will require all firms to carry out an in-depth review and revision of their policies and procedures. This process will take time and the resulting changes to policies and procedures and adaptation of same along with changes to IT systems is a significant body of work. Staff will also be required to receive training on the revisions, this is all time consuming whilst continuing to operate the brokerage and service their customers. We do not believe that any proposals should be implemented until the final feedback statement has been published. The 12-month implementation period should only commence after the industry has had sufficient time to assess the output from the consultation/feedback document and the final guidance as issued by the Central Bank.

Appendix 1

| Draft Proposal | Brokers Ireland Response |
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| <p><u>Pause statement to be provided prior to providing financial service</u></p> <p>43. (1) Where a consumer requests a financial service from a regulated financial service provider by means of a digital platform, the regulated financial service provider shall, prior to agreeing to provide the financial service, provide the consumer with a warning, displayed prominently, in the following format:</p> <p><i>“You are about to enter into a contract for financial services. Think carefully about whether this financial service is right for you.”</i></p> <p>(2) A regulated financial service provider shall not agree to provide the financial service until the consumer has acknowledged the warning. Notification to be provided of withdrawal of access to systems.</p> | <p>We believe consumers are likely to find this warning statement confusing and/or alarmist. The statement does not provide any help for consumers to assist their decision making and will likely cast doubt in the mind of the consumer as to whether to go ahead with their purchase or not. Whilst it may be appropriate to have this warning in place for certain types of high-risk financial services products, we do not feel it is appropriate for the majority of products such as insurance, life and pensions.</p> <p>Consumers may feel intimidated by this statement, resulting in them being dissuaded from going ahead with the policy and therefore exposing the consumer to substantial risk by not having appropriate insurance in place. This could lead to severe consequences for the consumer such as;</p> <ul style="list-style-type: none"> ○ Experiencing an accident or health issue abroad with no travel insurance in place ○ Breaching the conditions of their mortgage by failing to have appropriate home insurance/life cover in place. ○ Driving illegally due to not having third party car insurance in place. |
| <p><u>Notice of upcoming expiry of cooling off period to be given</u></p> <p>45. A regulated financial service provider that has provided a financial service to a consumer by means of a digital platform, to which a right of withdrawal (a ‘cooling off’) period applies, shall contact a consumer at least 3 working days, but no more than 7 working days, prior to the expiry of the withdrawal period, to remind the consumer of the consumer’s right of withdrawal, the date on which this right expires, and how the consumer can exercise this right</p> | <p>This proposed requirement introduces yet another notification that needs to be sent to a customer. Customers are already very well informed of their rights to cancel and associated cooling off time periods, as this information is provided to customers repeatedly as required by the Consumer Insurance Contracts Act 2019 (CICA). ‘Buyer’s remorse’ is very uncommon for products such as car, home, travel insurance etc. as customers tend to require these policies to be in place (e.g. legal requirements to have third party car insurance, mortgage requirements for home insurance etc.). We feel that many customers will find further additional communication repeating this information, to be condescending and an annoyance, rather than a helpful reminder.</p> <p>As an alternative, it would be better to amend this requirement, to outline that notice of</p> |

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| | cooling off period should be made sufficiently prominent (e.g. in bold text, enclosed in a boarder etc.) in existing documents/correspondence, rather than requiring an additional notification to be sent. |
| <p><u>Revised terms of business to be provided</u></p> <p>64. (1) Where a regulated financial service provider makes a material change to its terms of business, it shall provide each affected consumer with- (a) the revised terms of business, and (b) a notice which sets out particulars of the changes made, together with relevant details of the position prior to such changes, in order that the consumer can compare the position before and after those changes.</p> <p>(2) The information required to be provided pursuant to paragraph (1) shall be provided by the regulated financial service provider on paper or on another durable medium, at least 5 working days prior to the date on which the change takes effect.</p> | <p>Brokers Ireland are of the view that this will create yet another layer of documentation to be issued to consumers - consumers already receive updated Terms of Business at the new business and renewal stage.</p> <p>Terms of Business currently run to 9-12 pages due to regulatory and legislative disclosure requirements, we do not believe that this lends itself to informing effectively. There needs to be clarity as to what is a material change from a Central Bank point of view to warrant such an additional layer of documentation to be issued to consumers, i.e., is it a material change to the firms' businesses which may have no impact on the consumers or just material changes which have an impact on the services provided to those consumers.</p> <p>This will incur an additional financial and climate cost to the firms which ultimately is passed on to customers.</p> |
| <p><u>Instructions to be acknowledged and processed</u></p> <p>"123. (1) A regulated financial service provider shall acknowledge all instructions from a consumer, or from a person acting on behalf of a consumer, within a reasonable timeframe, but no later than 3 working days from the date of receipt of the instruction."</p> | <p>The requirements for acknowledging an instruction (3 days) and the issuance of insurance documents (5 days) could cause potential issues for Brokers. It could lead to situations whereby the Broker may have to communicate to the consumer twice within 48 hours, once to acknowledge a renewal instruction and again to provide the policy documents, with little actual benefit to the consumer.</p> <p>It should also be noted that Brokers are reliant on product provider/Lenders and as such are bound by their timelines.</p> |

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| | <p>The existing requirements under 3.3 of the 2012 Code “A regulated entity must ensure that all instructions from or on behalf of a consumer are processed properly and promptly”, and 11.1 “A regulated entity must ensure that all instructions from or on behalf of a consumer, including the date of both the receipt and transmission of the instruction, are recorded”, provide more flexibility and should be retained.</p> |
| <p><u>Change in notification period.</u></p> <p><i>127 (1) Where a regulated financial service provider intends to cease operating, merge business with another person, or to transfer all or part of its regulated activities to another regulated financial service provider it shall - (a) notify the Bank of its intention without delay, (b) if a decision by the regulated financial service provider is made to proceed, provide at least 6 months’ notice of its decision to consumers to whom it is providing the relevant financial services which it intends to cease operating, or which are the subject of the merger or transfer, to enable them to make alternative arrangements.</i></p> | <p>As outlined above on pages 3 and 4, Brokers Ireland does not believe that the 6-month timeframe is appropriate for the intermediary sector. Having a shorter notice period is more advantageous to consumers of insurance intermediaries and cognisant of the products and services provided by intermediaries.</p> |
| <p><u>Interest rates for mortgages to be published on websites</u></p> <p><i>173 "Where a regulated financial service provider operates a website, it shall publish on its website the interest rates for mortgages which are currently available to consumers from that regulated financial service provider. A regulated financial service provider shall draw up a summary statement of its policy for setting each variable mortgage interest rate that it offers to a personal consumer.</i></p> <p><i>174. (1) A regulated financial service provider shall draw up a summary statement of its policy for setting each variable mortgage interest rate that it offers to a personal consumer.</i></p> | <p>A mortgage intermediary may have various mortgage interest rates displayed on its website from the lenders that they hold appointments with which are available to their consumer, but they would not be responsible for setting interest rates, so these proposed provisions are not relevant to them.</p> |

Consent to be obtained for follow up telephone communication in respect of an insurance quotation provided on a digital platform

340. (1) Notwithstanding Regulations 111 and 112, when an insurance undertaking or insurance intermediary provides an insurance quotation to a consumer on a digital platform or via a website, the insurance undertaking or insurance intermediary shall not make follow up oral communication by means of telephone call for the purposes of discussing the insurance quotation unless the consumer has provided his or her consent to it doing so during the quotation process.

(2) In this Regulation, the term 'insurance quotation' shall be understood to include a renewal notification containing an insurance quotation.

We believe that where the purpose of the outbound telephone call is limited to;

- (a) discussing the consumer's insurance quotation, or
- (b) discussing an existing customer's insurance renewal

the consumer should be provided with the option to "opt-out" of receiving such telephone calls.

A requirement to obtain prior opt in consent from the customer, could give rise to situations where intermediaries are unable to make contact with a consumer to remind of their insurance renewal date, resulting in customers not realising that their policy has lapsed, and they have no insurance in place.

This would be particularly important in the case of customers who were previously set up on an automatic renewal basis for their travel, pet, gadget or dental insurance, and the firm needs to get in touch with these customers to ensure that they are aware of the risk that their insurance policy is due to lapse.

Premium Rebates

348. (1) *Subject to paragraph (3), an insurance undertaking shall provide to a consumer any premium rebate that is due from the insurance undertaking to the consumer within 10 working days of the rebate becoming due.*

(2) *For the purposes of this Regulation, a premium rebate is due from an insurance undertaking as soon as the insurance undertaking becomes aware of the circumstances giving rise to the premium rebate and determines that the premium rebate is due.*

(3) *Where an insurance intermediary acts as agent of an insurance undertaking in respect of a consumer, the insurance undertaking shall either –*

(a) provide to the insurance intermediary a premium rebate due from the insurance undertaking to the consumer within 5 working days of the rebate becoming due, or

(b) notify the insurance intermediary, within 5 working days of the premium rebate becoming due, that the rebate is due and at the same time permit the intermediary to issue the premium rebate from funds held by the insurance intermediary which are due to the insurance undertaking.

We note the removal of the €10 limit and the insertion of the word “any” in respect of premium rebates. The €10 limit was introduced in the 2012 iteration of the CPC, to deal with the matter of small rebate amounts, the administrative transactional costs of which may be equivalent to a larger amount.

An important point associated with 7.2 is the control assigned to the consumer as to how its €10 or less rebate is handled. The proposed change does not reflect the reality of the cost of doing business for firms, but it also removes consumers’ choice in the area of small rebate amounts. Such are the costs in raising / collecting debits for similar (i.e. small) amounts, the practice of firms is often to waive such amounts, to the consumers’ benefit.

Insurers and Brokers save on the considerable cost of transferring multiple small rebates to consumers (€1.40 per letter, bank charges for writing cheques or issuing EFTs) and consumers generally don’t want the hassle of dealing with small rebates provided they have the equivalent savings where an additional premium is concerned. It is particularly an issue for elderly customers unfamiliar with EFTs – A rebate cheque is issued for €1, it costs the Broker an additional €2 to write and post the cheque, and the customer is charged €0.39 by the Bank for lodging it.

