**Chapter 1- Knowing the consumer and suitability**

1. Gathering Information

A1- Considering the consumer’s wants and needs

Consumer’s wants may include a wish to extend or change cover, a desire to reduce the overall cost of insurance or to make a change to their insurance policy.

Consumers needs may relate to their potential exposures (risks) and insurance requirements exist whether they are aware of them or not. The role of the advisor is to identify the needs and blend these with their wants in order to recommend the most suitable solution.

A2- Consider the consumer’s attitude to risk

* Risk appetite- measure of an individual/company’s willingness to accept risk
* Risk-averse- a desire to minimise the risks to which they are exposed, through risk mgmt or insurance
* Risk-seeking- a willingness to accept risk

Advisor needs to identify each consumer’s position on the scale; they must ask how large the excess the consumer is willing to bear to ascertain this.

A3- What information do we need from the consumer?

More detailed coverage on this in next chapters. Consumer, address, occupation, age, etc.

1. Considering insurers and insurance products

B1- Basis for insurer and insurance product recommendations

B1a- Price

This is the most obvious factor for deciding between, and recommending insurance especially motor

B1b- Levels of service and support

* Fact and comprehensive quotations
* Efficient claims handling and prompt payment of claims
* Fair approach to complaint resolution

B2- Advisors experience and judgement

Their knowledge of the market and products available; familiarity with different insurers approaches to types of risk. An advisor should at all times be up-to-date with any new developments or industry trends.

1. Presenting the recommendation to the consumer

C1- Statement of suitability

This must be provided for the following reasons:

* A product or service offered is considered suitable for the consumer
* Each of a selection of product options offered to consumer is suitable
* A recommended product is considered to be the most suitable product for consumer

Principals governing this statement of suitability are as follows:

* The advisor must offer the most suitable option from those available. For intermediaries this will include a fair analysis of the market or a limited analysis of the market
* Advisor must offer a product meeting more of the consumer’s needs than any other product. They can offer their pro opinion
* Genuine reasons for offering options rather than recommending a single product, the adviser must highlight all relevant diff in cover level, terms/conditions etc. So consumer can make an informed decision

C2- The form of the statement of suitability

Statement of suitability (‘Reason Why’) letter can be structured in different ways but must contain:

**Important notice- statement of suitability**

This is an important document that sets out the reasons why the product(s) or service(s) offered or recommended is/are considered suitable, or the most suitable, for your particular needs, objectives and circumstances

Adviser or regulated entity must sign and provide a copy to the consumer and retain a copy, at the time the quotation is being offered.

**Chapter 2- Motor insurances**

1. The compulsory nature of motor insurances

Due to the compulsory nature of motor insurance, Insurance Ireland operates the Declined Cases Agreement. This is to ensure that the insurance market will not refuse to provide insurance to an individual seeking cover. Consumer must try to get insurance from 3 different insurers.

1. The scope of motor insurance policy cover

Motor I tend to be subject to limits of indemnity (insurers max liability for any 1 incident- Set @ high levels). Cover of vehicle is generally based on market value rather than sum insured. Premiums are based on several exposure measures:

* Vehicle(make, model, year, value)
* Driver (age, occupation, licence type previous claims/accidents)
* Location of use
* Cover required
* Use of vehicle

B1- Road Traffic Act cover (RTA)

This is the min level of cover required by law. Applies throughout Ireland and EU and must provide cover indemnity for:

* Bodily injury/death caused to 3rd parties, inc passengers- unlimited amount
* Loss of, or damage to property belonging to 3rd parties min of €1.22m per claim
* 3rd party claimants’ cost and other expenses of handling claims
* Emergency treatment for 3rd party injuries caused by or arising from RTA liability
* Liability arising from trailers attached to or becoming detached

RTA cover is restricted to the use of vehicles ‘in a public place’. It covers the purpose of ensuring that even those considered high rick drivers have the most basic motor insurance cover. It is only recommended and issued in exceptional circumstances e.g. young driver who has never driven, a driver in breach of policy conditions or convicted of motoring offences.

B2- Third party only cover