

Chapter 6

Product Information

6.1 General

Responsibilities of insurers and insurance intermediaries

- 6.1.1** **R** An *insurer* is responsible for producing, and an *insurance intermediary* for providing to a *customer*, the information required by this chapter and by the distance communication rules (see ■ ICOBS 3.1). However, an *insurer* is responsible for providing information required on mid-term changes, and an *insurance intermediary* is responsible for producing price information if it agrees this with an *insurer*.
- 6.1.2** **R** If there is no *insurance intermediary*, the *insurer* is responsible for producing and providing the information.
- 6.1.3** **R** An *insurer* must produce information in good time to enable the *insurance intermediary* to comply with the rules in this chapter, or promptly on an *insurance intermediary's* request.
- 6.1.4** **R** These general rules on the responsibilities of *insurers* and *insurance intermediaries* are modified by ■ ICOBS 6 Annex 1 if one of the *firms* is not based in the *United Kingdom*, and in certain other situations.

Ensuring customers can make an informed decision

- 6.1.5** **R** A *firm* must take reasonable steps to ensure a *customer* is given appropriate information about a *policy* in good time and in a comprehensible form so that the *customer* can make an informed decision about the arrangements proposed.
- 6.1.6** **G** The appropriate information rule applies pre-conclusion and post-conclusion, and so includes matters such as mid-term changes and *renewals*. It also applies to the price of the *policy*.
- 6.1.6A** **G** The appropriate information rule applies in the same way to any *policy*, regardless of whether that *policy* is sold on its own, in connection with another *policy*, or in connection with other goods or services.
- 6.1.7** **G** The level of information required will vary according to matters such as:
- (1) the knowledge, experience and ability of a typical *customer* for the *policy*;

- (2) the *policy* terms, including its main benefits, exclusions, limitations, conditions and its duration;
- (3) the *policy's* overall complexity;
- (4) whether the *policy* is bought in connection with other goods and services;
- (5) distance communication information requirements (for example, under the distance communication *rules* less information can be given during certain telephone sales than in a sale made purely by written correspondence (see ■ ICOBS 3.1.14 R)); and
- (6) whether the same information has been provided to the *customer* previously and, if so, when.

6.1.8 G In determining what is "in good time", a *firm* should consider the importance of the information to the *customer's* decision-making process and the point at which the information may be most useful. Distance communication timing requirements are also relevant (for example, the distance communication *rules* enable certain information to be provided post-conclusion in telephone and certain other sales (see ■ ICOBS 3.1.14 R and ■ ICOBS 3.1.15 R)).

6.1.9 G Cancellation rights do not affect what information it is appropriate to give to a *customer* in order to enable him to make an informed purchasing decision.

6.1.10 G A *firm* dealing with a *consumer* may wish to provide information in a *policy summary* or as a *key features document* (see ■ ICOBS 6 Annex 2).

Providing evidence of cover

6.1.11 G Under *Principle 7* a *firm* should provide evidence of cover promptly after inception of a *policy*. *Firms* will need to take into account the type of *customer* and the effect of other information requirements, for example those under the distance communication *rules* (■ ICOBS 3.1).

Group policies

6.1.12 G Under *Principle 7*, a *firm* that sells a *group policy* should provide appropriate information to the *customer* to pass on to other *policyholders*. It should tell the *customer* that he should give the information to each *policyholder*.

Renewals

6.1.12A R

- (1) This *rule* applies when a *firm* proposes to a *consumer* the renewal of a *general insurance contract*, which is not a *group policy*, and which has a duration of 10 months or more.
- (2) In this *rule*, 'renewal' means carrying forward a *policy*, at the point of expiry and as a successive or separate operation of the same nature

and duration as the *policy*, with the same *insurance intermediary* or the same *insurer*.

- (3) The *firm* must provide to the *consumer* the following information in good time before the renewal:
 - (a) the *premium* to be paid by the *consumer* on renewal;
 - (b) in a way that is consistent with the presentation of (a) so that they can be easily compared:
 - (i) except where (ii) applies, the *premium* for the *policy* which the *firm* proposes to renew, as set out at the inception of that *policy*;
 - (ii) where one or more mid-term changes were made to the *policy* which the *firm* proposes to renew, an amount calculated by annualising (or otherwise adjusting as appropriate to the duration of the proposed *policy*) the *premium* in effect following the most recent mid-term change, excluding all fees or charges associated with those mid-term changes;
 - (c) a statement alongside (a) and (b) indicating that the *consumer*:
 - (i) should check that the level of cover offered by the renewal is appropriate for their needs; and
 - (ii) is able, if they so wish, to compare the prices and levels of cover offered by alternative providers.
- (4) Where the proposed renewal will be the fourth or subsequent renewal the *consumer* has entered into in respect of the *policy*, the *firm* must include the following statement, to appear alongside the matters required by (3)(a), (b) and (c)(i) (but omitting (c)(ii)): "You have been with us a number of years. You may be able to get the insurance cover you want at a better price if you shop around."
- (5) The *firm* must communicate the information in (3) and (4):
 - (a) clearly and accurately;
 - (b) in writing or another *durable medium*; and
 - (c) in a way that is accessible and which draws the *consumer's* attention to it as key information.

6.1.12B



A *firm* should have regard to the record-keeping obligations referred to in ■ ICOBS 2.4.1G and ensure that it has appropriate systems and controls in place with respect to:

- (a) the adequacy of its records so it may fulfil its regulatory and statutory obligations; and
- (b) the sufficiency of its records to enable the *FCA* to monitor the *firm's* compliance with the requirements under the *regulatory system*.

Price disclosure: connected goods or services

6.1.13



- (1) If a *policy* is bought by a *consumer* in connection with other goods or services a *firm* must, before conclusion of the contract, disclose its

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premium separately from any other prices and whether buying the *policy* is compulsory.

(2) In the case of a *distance contract*, disclosure of whether buying the *policy* is compulsory may be made in accordance with the timing requirements under the distance communication *rules* (see ■ ICOBS 3.1.8 R, ■ ICOBS 3.1.14 R and ■ ICOBS 3.1.15 R).

(3) This *rule* does not apply to policies bought in connection with other goods or services provided as part of a *packaged bank account*.

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Firms are reminded that when offering a *policy* as part of a *packaged bank account* the *firm* may be subject to the requirements of regulation 13 (payment accounts packaged with another product or service) of the *Payment Accounts Regulations*.

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Exception to the timing rules: distance contracts and voice telephony communications

Where a *rule* in this chapter requires information to be provided in writing or another *durable medium* before conclusion of a contract, a *firm* may instead provide that information in accordance with the distance communication timing requirements (see ■ ICOBS 3.1.14 R and ■ ICOBS 3.1.15 R).

6.2 Pre-contract information: general insurance contracts

Application: what?

- 6.2.1 **R** This section applies in relation to a *general insurance contract*.

Solvency II Directive disclosure requirements

- 6.2.2 **R** Before a *general insurance contract* is concluded, a *firm* must inform a *customer* who is a natural person of:

- (1) the law applicable to the contract where the parties do not have a free choice, or the fact that the parties are free to choose the law applicable and, in the latter case, the law the *firm* proposes to choose; and
- (2) the arrangements for handling *policyholders'* complaints concerning contracts including, where appropriate, the existence of a complaints body (usually the *Financial Ombudsman Service*), without prejudice to the *policyholders'* right to take legal proceedings.

[Note: article 183(1) to (2) of the *Solvency II Directive*]

- 6.2.3 **R**
- (1) An *EEA firm* must inform a *customer*, before any commitment is entered into, of the *EEA State* in which the head office or, where appropriate, the branch with which the contract is to be concluded, is situated.
 - (2) Any documents issued to the *customer* must convey the information required by this *rule*.

[Note: article 184(1) of the *Solvency II Directive*]

- 6.2.4 **R** An *EEA firm* must ensure that the contract or any other document granting cover, together with the insurance proposal where it is binding upon the *customer*, states the address of the head office, or, where appropriate, of the branch of the *firm* which grants the cover.

[Note: article 184(2) of the *Solvency II Directive*]

Disclosure of cancellation right

- 6.2.5 **R** (1) A *firm* must provide a *consumer* with information on the right to cancel a *policy*.

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- (2) The information to be provided on the right to cancel is:
 - (a) its existence;
 - (b) its duration;
 - (c) the conditions for exercising it;
 - (d) information on the amount which the *consumer* may be required to pay if he exercises it;
 - (e) the consequences of not exercising it; and
 - (f) the practical instructions for exercising it.
 - (3) The information must be provided in good time before conclusion of the contract and in writing or another *durable medium*.

6.3 Pre- and post-contract information: pure protection contracts

Solvency II Directive disclosure requirements

- (1) Before a *pure protection contract* is concluded, a *firm* must communicate, at least, the information in the table below to the customer.
- (2) The information must be provided in a clear and accurate manner, in writing, and in an official language of the *State of the commitment* or in another language if the *policyholder* so requests and the law of the *State of the commitment* so permits or the *policyholder* is free to choose the applicable law.

Information to be communicated before conclusion

- (1) The name of the *insurance undertaking* and its legal form.
- (2) The name of the *EEA State* in which the head office and, where appropriate, the agency or branch concluding the contract is situated.
- (3) The address of the head office and, where appropriate, of the agency or *branch* concluding the contract.
- (3a) A concrete reference to the *firm's SFCR* allowing the *policyholder* easy access to this information.
- (4)* Definition of each benefit and each option.
- (5)* Term of the contract.
- (6)* Means of terminating the contract.
- (7)* Means of payment of *premiums* and duration of payments.
- (8)* Information on the *premiums* for each benefit, both main benefits and supplementary benefits, where appropriate.
- (9)* Arrangements for application of the cancellation period.
- (10) General information on the tax arrangements applicable to the type of *policy*.
- (11) The arrangements for handling complaints concerning contracts by *policyholders*, lives assured or *beneficiaries* under contracts including, where appropriate, the existence of a complaints body (usually the *Financial Ombudsman Service*), without prejudice to the right to take legal proceedings.
- (12) The law applicable to the contract where the parties do not have a free choice or, where the parties are free to choose the law applicable, the law the *firm* proposes to choose.

Note: The *rule* on mid-term changes applies to items marked with an asterisk (see ICOBS 6.3.3 R).

[Note: article 185 of the *Solvency II Directive*]

- 6.3.2 **G** If the contract is concluded with a *commercial customer* by telephone, the information in this section may be provided immediately after conclusion.

Mid-term changes

- 6.3.3 **R** A *firm* must keep a *customer* informed throughout the term of a *pure protection contract* of any change concerning the *policy* conditions, both general and special, and any change in the following information:

- (1) the name of the *firm*, its legal form or the address of its head office and, where appropriate, of the agency or branch which concluded the contract; and
- (2) all the information marked '*' in the table of information to be communicated before conclusion, in the event of a change in the *policy* conditions or amendment of the law applicable to the contract.

[Note: article 185(3) and (5) of the *Solvency II Directive*]

- 6.3.4 **R** When a *firm* provides a *customer* with information in accordance with **ICOBS 6.3.3 R**, it must provide it in a clear and accurate manner, in writing, in an official language of the *State of the commitment*, or in another language if the *policyholder* so requests and the law of the *State of the commitment* so permits or the *policyholder* is free to choose the law applicable.

[Note: article 185(3), (5) and (6) of the *Solvency II Directive*]

6.4 Pre- and post-contract information: protection policies

Application: what?

- 6.4.1 **R** This section applies in relation to a *payment protection contract* or a *pure protection contract* except as otherwise stated.

Oral sales: ensuring customers can make an informed decision

- 6.4.2 **R**
- (1) If a *firm* provides information orally during a sales dialogue with a *customer* on a main characteristic of a *policy*, it must do so for all the *policy's* main characteristics.
 - (2) A *firm* must take reasonable steps to ensure that the information provided orally is sufficient to enable the *customer* to take an informed decision on the basis of that information, without overloading the *customer* or obscuring other parts of the information.

- 6.4.3 **G**
- (1) A *policy's* main characteristics include its significant benefits, its significant exclusions and limitations, its duration and price information.
 - (2) A significant exclusion or limitation is one that would tend to affect the decision of *customers* generally to buy. In determining what exclusions or limitations are significant, a *firm* should particularly consider the exclusions or limitations that relate to the significant features and benefits of a *policy* and factors which may have an adverse effect on the benefit payable under it. Another type of significant limitation might be that the contract only operates through certain means of communication, e.g. telephone or internet.

Policy summary

- 6.4.4 **R** A *firm* must provide a *consumer* with a *policy summary* in good time before the conclusion of a contract.

Payment protection contracts: importance of reading documentation

- 6.4.5 **R**
- (1) A *firm* must draw a *consumer's* attention to the importance of reading *payment protection contract* documentation before the end of the cancellation period to check that the *policy* is suitable for the *consumer*.

- (2) This must be done orally if a *firm* provides information orally on any main characteristic of a *policy*.

Price information: general

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A *firm* must provide price information in a way calculated to enable the *customer* to relate it to a regular budget.

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Price information is likely also to include at least the total *premium* (or the basis for calculating it so that the *customer* can verify it) and, where relevant:

- (1) for *policies* of over one year with reviewable *premiums*, the period for which the quoted *premium* is valid, and the timing of reviews;
- (2) other *fees*, administrative charges and taxes payable by the *customer* through the *firm*; and
- (3) a statement identifying separately the possibility of any taxes not payable through the *firm*.

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Price information should be given in writing or another *durable medium* in good time before conclusion of the contract. This is in addition to any requirement or decision to provide the information orally. In the case of a *distance contract* concluded over the telephone, it may be provided in writing or another *durable medium* no later than immediately after conclusion.

Price information: premiums paid using a non-revolving credit agreement

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- (1) This *rule* applies when a *premium* will be paid using a credit agreement other than a revolving credit agreement.
- (2) A *firm* must provide price information in a way calculated to enable the *customer* to understand the additional repayments that relate to the purchase of the *policy*, and the total cost of the *policy*.
- (3) Price information must reflect any difference between the duration of the *policy* and that of the credit agreement.
- (4) A *firm* must explain to a *customer*, as applicable, that the *premium* will be added to the amount provided under the credit agreement and that interest will be payable on it.

Price information: policies sold in connection with revolving credit arrangements

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- (1) This *guidance* applies to *policies* bought as secondary products to revolving credit agreements (such as store cards or credit cards).
- (2) Price information should be given in a way calculated to enable a typical *customer* to understand the typical cumulative cost of taking out the *policy*. This does not require oral disclosure where there is a

sales dialogue with a *customer*. However, consistent with *Principle 7*, a *firm* should ensure that this element of price information is not undermined by any information given orally.

Mid-term changes

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- (1) Throughout the term of a *policy*, a *firm* must provide a *customer* with information about any change to:
 - (a) the *premium*, unless the change conforms to a previously disclosed formula; and
 - (b) any term of the *policy*, together with an explanation of any implications of the change where necessary.
- (2) This information must be provided in writing or another *durable medium* in good time before the change takes effect or, if the change is at the *customer's* request, as soon as is practicable provided the *firm* explains the implications of the change before it takes effect.

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- (1) When explaining the implications of a change, a *firm* should explain any changes to the benefits and significant or unusual exclusions arising from the change.
- (2) *Firms* will need to consider whether mid-term changes are compatible with the original *policy*, in particular whether it reserves the right to vary *premiums*, charges or other terms. *Firms* also need to ensure that any terms which reserve the right to make variations are not themselves unfair under the *Unfair Terms Regulations* (for contracts entered into before 1 October 2015) or the *CRA*.

Responsibilities of insurers and insurance intermediaries in certain situations

This annex belongs to ■ ICOBS 6.1.4 R

The table in this annex modifies the general *rules* on the responsibilities of *insurers* and *insurance intermediaries* for producing and providing to a *customer* the information required by this chapter.

Situation		Insurance inter- mediary's re- sponsibility	Insurer's re- sponsibility
(1)	<i>Insurance intermediary operates from UK establishment</i> <i>Insurer does not operate from UK establishment</i>	Production and providing	None
(2)	<i>Insurance intermediary does not operate from UK establishment, is not authorised, is selling connected contracts or is authorised professional firm carrying on non-mainstream regulated activities</i> <i>Insurer operates from UK establishment</i> <i>Customer habitually resident in the EEA</i>	None	Production and providing (but no <i>policy summary</i> is required unless the <i>insurance intermediary</i> does not operate from a <i>UK establishment</i>)
(3)	<i>As (2) but customer habitually resident outside the EEA and insurer not in contact with the customer</i>	None	None
(4)	<i>As (2) but customer habitually resident outside the EEA and insurer in contact with the customer</i>	None	Production and providing
(5)	<i>Insurance intermediary does not operate from UK establishment</i> <i>Insurer does not operate from UK establishment</i>	None	Production and providing
(6)	Where ICOBS 6.1.12AR applies	Production and providing, as appropriate, where dealing with a <i>consumer</i> on renewal	Production and providing, as appropriate, where dealing with a <i>consumer</i> on renewal

Policy summary for consumers

This annex belongs to ■ ICOBS 6.1.10 G and ■ ICOBS 6.4.4 R

1	Format		
1.1	R	(1)	A <i>policy summary</i> must be in writing or another <i>durable medium</i> .
		(2)	A <i>policy summary</i> must be in a separate document, or within a prominent separate section of another document clearly identifiable as containing key information that the <i>consumer</i> should read.
1.2	G		The quality and presentation standard of a <i>policy summary</i> should be consistent with that used for other <i>policy</i> documents.
2	Content		
2.1	R		A <i>policy summary</i> must contain the information in the table below and no other information.
			Policy summary content
			<ul style="list-style-type: none"> • Key facts logo in a prominent position at the top of the <i>policy summary</i>. Further requirements regarding the use of the logo and the location of specimens are set out in GEN 5.1 and GEN 5 Annex 1 G. • Statement that the <i>policy summary</i> does not contain the full terms of the <i>policy</i>, which can be found in the policy document. • Name of the <i>insurance undertaking</i>. • Type of insurance and cover. • Significant features and benefits. • Significant or unusual exclusions or limitations, and cross-references to the relevant policy document provisions. • Duration of the <i>policy</i>. • A statement, where relevant, that the <i>consumer</i> may need to review and update the cover periodically to ensure it remains adequate. • Price information (optional). • Existence and duration of the right of cancellation (other details may be included). • Contact details for notifying a claim. • How to complain to the <i>insurance undertaking</i> and that complaints may subsequently be referred to the <i>Financial Ombudsman Service</i> (or other applicable named complaints scheme). • That, should the <i>insurance undertaking</i> be unable to meet its liabilities, the consumer may be entitled to compensation from the <i>compensation scheme</i> (or other applicable compensation scheme), or that there is no compensation scheme. Information on the extent and level of cover and how further information can be obtained is optional.
2.2	G		A <i>policy summary</i> should properly describe the <i>policy</i> but, in line with <i>Principle 7</i> , should not overload the <i>consumer</i> with detail.
3	Significant or unusual exclusions or limitations		
3.1	G	(1)	A significant exclusion or limitation is one that would tend to affect the decision of <i>consumers</i> generally to buy. An unusual exclusion or limitation is one that is not normally found in comparable contracts.

		<p>(2) In determining what exclusions or limitations are significant, a <i>firm</i> should, in particular, consider the exclusions or limitations that relate to the significant features and benefits of a <i>policy</i> and factors which may have an adverse effect on the benefit payable under it.</p> <p>(3) Another type of significant limitation might be that the contract only operates through certain means of communication, e.g. telephone or internet.</p> <p>Examples of significant or unusual exclusions or limitations</p> <ul style="list-style-type: none"> • Deferred payment periods • Exclusion of certain conditions, diseases or pre-existing medical conditions • Moratorium periods • Limits on the amounts of cover • Limits on the period for which benefits will be paid • Restrictions on eligibility to claim such as age, residence or employment status • Excesses
4		Key features document as an alternative to a policy summary
4.1	R	A <i>firm</i> may provide a document that has the contents of a <i>key features document</i> instead of a <i>policy summary</i> . The document must include contact details for notifying a claim but need not include the title 'key features of the [name of product]'.