



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Consumer Protection Code Review

Chill Insurance Limited Response

Response Information

I am completing this form as:

An organisation or representative body

What is the name of your organisation or representative body?

Chill Insurance Limited

Please specify your organisation/representative body type.

Financial service firm or group



Broad Theme A – Availability and Choice

Q.1 What are your views on availability and choice of financial services and products for consumers?

Across all the different insurance sectors there is a good range of products and choice available for consumers to shop around. We agree with the CBI that a balance should be struck between seeking to mitigate the risks to consumers through regulatory requirements and ensuring the measures themselves are fit for purpose and consumer friendly.

Q.2 How important are new providers and new delivery channels to serving consumers' financial needs?

In our view new carriers/providers entering the market are very important in order to ensure the effective functioning of the insurance market, to provide sufficient market capacity and offer choice and value for money to the consumer. New channels, particularly digital ones are also very important so that consumers can access products in a straightforward way.

Q.3 In implementing its consumer protection mandate, how should the Central Bank reflect the importance of competition in its regulatory approach?

Competition is key to a fully functioning insurance market with increased innovation and choice for consumers. While the CBI does not have an explicit competition mandate, it can ensure that consumer regulation is cognisant of both direct and intermediated channels, not acting as a potential barrier to competition and promoting consumer choice.

Broad Theme B – Firms Acting in Consumers' Best Interests

Q.4 Do you agree that the Central Bank should develop guidance on what it means for a firm to act in the best interests of its customers?

Not sure. We believe that it is for individual firms to define what "acting in the best interests of the customer" means for them in the context of existing regulatory obligations and stated Central Bank expectations of firms. That said, it would be helpful if the Central Bank defined some criteria by way of guidelines to help firms navigate decisions in a consistent manner between acting in the best interests of the customer and delivering an appropriate return to its shareholders and other stakeholders.

Q.5 Does the suggested outline of 'customer best interest' guidance capture the essence of the obligation to act in customers'

Not Sure

The approach outlined by the CBI should be helpful in assisting firms in implementing a more consistent approach to demonstrating that they acted in the customers best interests.

Theme 1 – Innovation and Disruption

Q.6 Do you agree with our proposed approach to enhancing our Innovation Hub?

Yes

Q.7 What more should be done to support innovation while ensuring consumers' best interests are protected?

Bite size information sections which are more detailed to everyday queries than a typical FAQ. Again this should have a polished ease of use feel to it. Its referenced in the discussion paper about Big Tech Innovation, while this is good in one way it may not be proportionate to the average consumer.

Q.8 How can regulators ensure that neither firms currently in the market, nor new entrants, have unfair advantages which could be a barrier to fair competition?

In this regard, Regulators should ensure that regulations are applied consistently and fairly to both existing market participants and new entrants alike.

Theme 2 – Digitalisation

Q.9 Do you agree with our analysis of the benefits, challenges and risks around digitalisation in the area of financial services? What are the key issues for you?

Digitalisation facilitates 24 hour access for a significant cohort of consumers to a wider range of insurance products and can result in a better customer experience due to faster processing, access and choice for the consumer as well as providing opportunities for greater efficiencies for insurance distributors.

The risks posed by digitalisation include greater risks of fraud, loss of personal data and cyber risk amongst others leading to a loss of access to the data, as well as the risks digitalisation poses for vulnerable customers.

In terms of key issues, these stem mainly from the evolution of digitalisation since the Consumer Protection Code was last updated particularly around the definition of durable medium which needs to be updated.

Q.10 How do you think the personalisation and individual-targeting of ads can be made compatible with the requirement for firms to act in the best interests of customers?

Marketing campaigns and ad personalisation can be very beneficial to customers if firms have a clear understanding of a customers needs. Such communications must only be undertaken provided appropriate consent is in place for the use of their data in this way.

Theme 3 – Unregulated Activities

Q.11 The Code requires regulated firms to provide a statement indicating that they are ‘regulated by the Central Bank’. Do you think this is useful for consumers?

Yes

Q.12 How can the difference between regulated and unregulated activities be made clearer for consumers?

We are of the view that the distinction is clear through the application of the current requirements

Q.13 Should there be additional obligations on regulated firms when they undertake unregulated activities?

No

Theme 4 – Pricing Matters

Q.14 What can firms do to improve transparency of pricing for consumers?

There as been significant focus on improving price transparency for customers. The introduction of further measures may only serve to confuse customers . The focus now should be on consistent application of current requirements.

Q.15 In relation to pricing, are there examples of firms using unfair practices to take advantage of customer vulnerabilities?

While we are not aware of specific unfair practices taking advantage of vulnerable customers, we would make the broader point that some form of price differentiation should form part of a truly effective and competitive insurance market.

We agree that if the Central Bank's were to provide guidance on what it means to act in the customer best interest this should help mitigate the risk of any unfair practices targeting vulnerable cohorts of customers.

Theme 5 – Informing Effectively

Q.16 How can regulation improve effectiveness of information disclosure to consumers?

We believe that consumers would benefit if the Central Bank saw fit to consolidate some regulations, sometimes they overlap.

A streamlining of insurance information pack requirements and customer disclosures would bring greater clarity as to the requirements for firms and to improve product transparency for customers.

Q.17 How can firms better support consumers' understanding – can technology play a role?

Insurance brokers already play a leading role in helping customers' understanding of insurance products and being there for them when things go wrong. They also play a key role in encouraging and helping customers shop around.

Clearly, the development of the digital channel can play a role here and updating the Consumer Protection Code to reflect the digital world would be a key enabler.

Q.18 Does the way in which firms approach disclosure in respect of mortgage products need enhancing? If so, how? - taking account of the wide variety of features of mortgage products, and borrowers' different circumstances and needs.

N/A

Theme 6 – Vulnerability

Q.19 Given that vulnerability should be considered more as a spectrum of risk than a binary distinction, how should firms' duty to act in their customers' best interests reflect this?

We aim to treat all customers fairly and act in their best interests whether they are vulnerable or not. The GDPR makes it difficult for brokers to record vulnerability unless the customer flags it in the first instance, and then it needs to be maintained and refreshed at each point of contact. Therefore, it would be helpful if the new Consumer Protection Code contained guidance to help firms better understand what it means to act in the best interests of vulnerable customers and treat them in a manner consistent with other customers.

Q.20 What other specific measures might be adopted to protect consumers in vulnerable circumstances while respecting their privacy and autonomy?

It would be helpful if the Central Bank would define expectations where firms might prioritise the digital channel for vulnerable customers and what support

measures would be required. Secondly, clarify interplay between the new Consumer Protection Code when dealing with vulnerable customers and the principles of the GDPR.

Theme 7 – Financial Literacy

Q.21 What can the responsible authorities do to improve financial education?

For insurance products, the main driver is price and therefore it is important to encourage customers to shop around and explain product benefits to customers. Brokers are ideally placed in this regard.

Otherwise the main call out would be to streamline information packs so that customers are only getting the information they need in an easy to understand format.

Q.22 How can consumers be empowered to better protect their own interests when dealing with financial matters?

We believe that it is important that customers can easily access clear, accurate and timely information so that they are sufficiently well informed to make decisions on their insurance needs.

At Chill, in addition to helping the customer to shop around and explaining the differences between products, we also publish useful information and blogs on our website on a variety of insurance topics, a good example being underinsurance. In that way customers can make an informed decision when deciding on product and level of cover.

Theme 8 – Climate Matters

Q.23 How should the financial system best fulfil its role in supporting the transition to a climate neutral economy?

At an overall level, this transition needs to be driven by Government. Insurance brokers have limited ability to meaningfully influence actions to transition to a climate neutral economy. Therefore, any approach cascaded down must take account of the different financial sectors and the impact they have.

Q.24 How will climate change impact on availability, choice and pricing for financial products and services?

We do not believe climate change impact should be catered for in the new Code where general insurance products are concerned.. A more all encompassing approach by the Central Bank/Government would be more appropriate.

Q.25 Does the impact of climate change require additional specific consumer protections?

Not Sure

It is important that insurance brokers are not overburdened with sustainability requirements. Proportionate and sector-specific guidance should be issued that helps insurance brokers to meeting their climate change obligations as well as any obligations we have to the consumer in this regard.



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