

Questions for public consultation on draft Application Paper on how to achieve fair treatment for diverse consumers

Thank you for your interest in the public consultation on draft application paper on how to achieve fair treatment for diverse consumers. The Consultation Tool is available on the IAIS website.

Please do not submit this document to the IAIS. All responses to the Consultation Document must be made via the Consultation Tool to enable those responses to be considered.

Consultation questions

1	General comments on the Application Paper
2	Comments on section 1.1 Context and objective
3	Comments on Box 1: Interpretation of key terms in this paper
4	<p>Comments on section 1.2 Related work by the IAIS</p> <p>Para 8, as the status of the papers will change in the near future, suggest making the wording more evergreen:</p> <p>This paper is part of ongoing IAIS work in service of this. Other work includes:</p> <ul style="list-style-type: none"> • The IAIS Governance Working Group’s (GWG) application paper focused on the supervision of institutional DEI in insurers and the link between DEI within insurers and their governance (ICP 7), risk management (ICP 8) and corporate culture; and • The IAIS Financial Inclusion Forum’s (FIF) updated version of an application paper originally published in 2012 on regulation and supervision supporting inclusive insurance markets.
5	Comments on section 1.3 Proportionality and jurisdictional specificities
6	Comments on section 1.4 Scope of this application paper
7	Comments on section 2.1 Risk-based pricing and DEI
8	Comments on section 2.2 Insurer’s autonomy to decide the scope of its business and DEI
9	Comments on section 3 Risk of unfair treatment of diverse consumers
10	Comments on section 3.1 What we mean by diverse consumers
11	Comments on section 3.2 How unfair treatment arises
12	<p>Comments on Box 2: Examples of diverse consumers excluded from insurance products or encountering difficulties</p> <p>Suggest moving the last paragraph (“These examples highlight...”) to the beginning of the box as it provides a good explanation / context for the rest of the box’s content.</p>
13	<p>Comments on section 4 Implementation of ICP 19 to drive fair treatment of diverse consumers</p> <p>Para 29, it seems a word may be missing or this could be drafted more clearly otherwise:</p> <p>However, while it may be desirable from a societal, reputational and/or trust/confidence perspective, there is no requirement under ICP 19 that ensures every diverse consumer will always find an insurance product that meets all their needs.</p>
14	Comments on section 4.1 Embedding fair treatment of diverse consumers into the business culture

	<p>Para 36, there are likely a number of ways to ensure fair treatment of diverse consumers, so it’s not clear how this particular way was deemed the “most effective”; if this is based on some research, then it should be cited – otherwise, suggest: Active prioritisation of DEI considerations is an effective way to ensure fair treatment of diverse consumers.</p> <p>Para 37, second bullet, it is not clear what a “professional” complaints procedure is. Is this referring to a “formal” procedure? Suggest clarifying.</p>
15	Comments on Box 3: Unconscious biases and stereotypes
16	<p>Comments on section 4.2 Ensuring the fair treatment of diverse consumers in product design</p> <p>Para 39, the statement of products being detrimental to certain consumers may be a bit too strong of a statement. Suggest clarifying.</p>
17	<p>Comments on section 4.2.1 Identifying whether there are diverse consumers within the targeted consumers</p> <p>Recommendations, last bullet, suggest streamlining the wording: ...certain consumers should be excluded from the target group in order to protect diverse consumers from buying ill-suited products.</p> <p>Para 47, since the term “suitability” in the U.S. has a specific meaning, recommend the following change: If considerations of diverse consumers are not part of the product approval or product testing process, there is a risk that the product may not offer value and/or may be unsuitable inappropriate for diverse consumers. For example, a product may not offer reasonably expected benefits and coverage because of the differing needs of diverse consumers.</p>
18	Comments on section 4.2.2 Determining whether the coverage, benefits, disclosures and pricing are aligned to the needs of the diverse consumers amongst the target group
19	Comments on Box 4: Considerations on technology and data
20	Comments on section 4.2.3 Designing appropriate product distribution methods
21	Comments on section 4.3 Securing appropriate sales and distribution to diverse consumers
22	<p>Comments on section 4.3.1 Marketing communications and disclosures that account for diverse consumers</p> <p>Recommendations, last bullet, suggest clarifying the wording: Insurers and intermediaries should examine how their marketing and disclosure communications and techniques are used and the impact they have on diverse consumers. This should include whether certain techniques may lead to diverse consumers feeling pressured to buy a product or being misled or misinformed about a product.</p>
23	Comments on section 4.3.2 Deploying the distribution strategy appropriately
24	Comments on Box 5: The human approach

25	<p>Comments on section 4.3.3 Advice and suitability for diverse consumers</p> <p>Para 57, since the term “suitability” in the U.S. has a specific meaning, recommend the following change:</p> <p>Certain products may not be suitable appropriate for diverse consumers because of their diverse characteristics. Hence, additional care is needed to ensure that the needs of the diverse consumers are duly taken into account when providing advice.</p>
26	<p>Comments on section 4.4 After-sale servicing, product monitoring and review</p>
27	<p>Comments on section 4.4.1 Communication and assistance that account for diverse customers</p> <p>Para 67, there is not a clear distinction made between a ‘vulnerable or otherwise diverse’. Suggest clarifying.</p>
28	<p>Comments on section 4.4.2 Product monitoring and review that detects and addresses unfair treatment of diverse customers</p> <p>Para 69, given this is an application paper, it cannot use wording that suggests a requirement; if this tracks to a standard, then it should be referred to and/or quoted:</p> <p>Existing products must should be reviewed and updated periodically, particularly after changes in laws and regulation or after key performance indicators signal the need to do so, including because of unfair treatment of diverse consumers.</p> <p>Recommendations, first bullet, the last sentence makes a good point, but one that is likely relevant to other parts/recommendations of the paper. Consider moving this point to follow Para 30 (or another suitable place) and expand a bit:</p> <p>To the extent efforts by insurers or intermediaries to monitor and/or address fair treatment of diverse consumers uses personal data, such efforts need to adhere to any applicable personal data protection requirements.</p>
29	<p>Comments on section 4.4.3 Claims procedures that are inclusive</p>
30	<p>Comments on section 4.4.4 Complaints procedures that are inclusive</p>
31	<p>Comments on section 4.5 Working towards greater inclusion of diverse consumers across the insurance sector</p>
32	<p>Comments on section 4.5.1 Shaping the supervisory landscape</p> <p>Are the last two paragraphs supposed to be numbered? Or are they part of the bulleted list?</p>
33	<p>Comments on section 4.5.2 Facilitating market development</p>
34	<p>Comments on section 5 Conclusion</p>