

ADDRESSING THE UNCLEAR WORDING OF INSURANCE DOCUMENTS: THE NEED FOR PUBLIC POLICIES

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EU legislation against unfair contractual terms

- *Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts:*

“In the case of contracts where all or certain terms offered to the consumer are in writing, these terms must always be drafted in plain, intelligible language.” (Article 5)

- *Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution.*

Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document

Article 3

Length

The insurance product information document shall be set out on two sides of A4-sized paper when printed. Exceptionally, if more space is needed, the insurance product information document may be set out on a maximum of three sides of A4-sized paper when printed. Where a manufacturer uses three sides of A4-sized paper, it shall, upon request by the competent authority, be able to demonstrate that more space was needed.

Article 4

Presentation and order of content

1. The information of the insurance product information document listed in in Article 20(8) of Directive (EU) 2016/97 shall be presented in different sections and in accordance with the structure, lay-out, headings and sequence as set out in the standardised presentation format in the Annex to this Regulation, using a font size with an x-height of at least 1,2 mm.

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Article 5

Plain language

The insurance product information document shall be drafted in plain language, facilitating the customer's understanding of the content of that document, and shall focus on key information which the customer needs to make an informed decision. Jargon shall be avoided.

Article 7

Use of icons

1. Each section shall further be headed by icons that visually represent the content of the respective section heading, as follows:

Xxxxx Insurance

Insurance Product Information Document

Company: <Name> Insurance Company

Product: <Name> Policy

[Statement that complete pre-contractual and contractual information on the product is provided in other documents]

What is this type of insurance?

[Description of Insurance]



What is insured?

- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx
- ✓ Xxxxx



What is not insured?

- ✗ Xxxxx
- ✗ Xxxxx
- ✗ Xxxxx
- ✗ Xxxxx
- ✗ Xxxxx



Are there any restrictions on cover?

- ! Xxxxx
- ! Xxxxx
- ! Xxxxx
- ! Xxxxx
- ! Xxxxx



Where am I covered?

- ✓ Xxxxx



What are my obligations?

- Xxxxxx
- Xxxxxx
- Xxxxxx
- Xxxxxx



When and how do I pay?

- Xxxxx



When does the cover start and end?

- Xxxxx

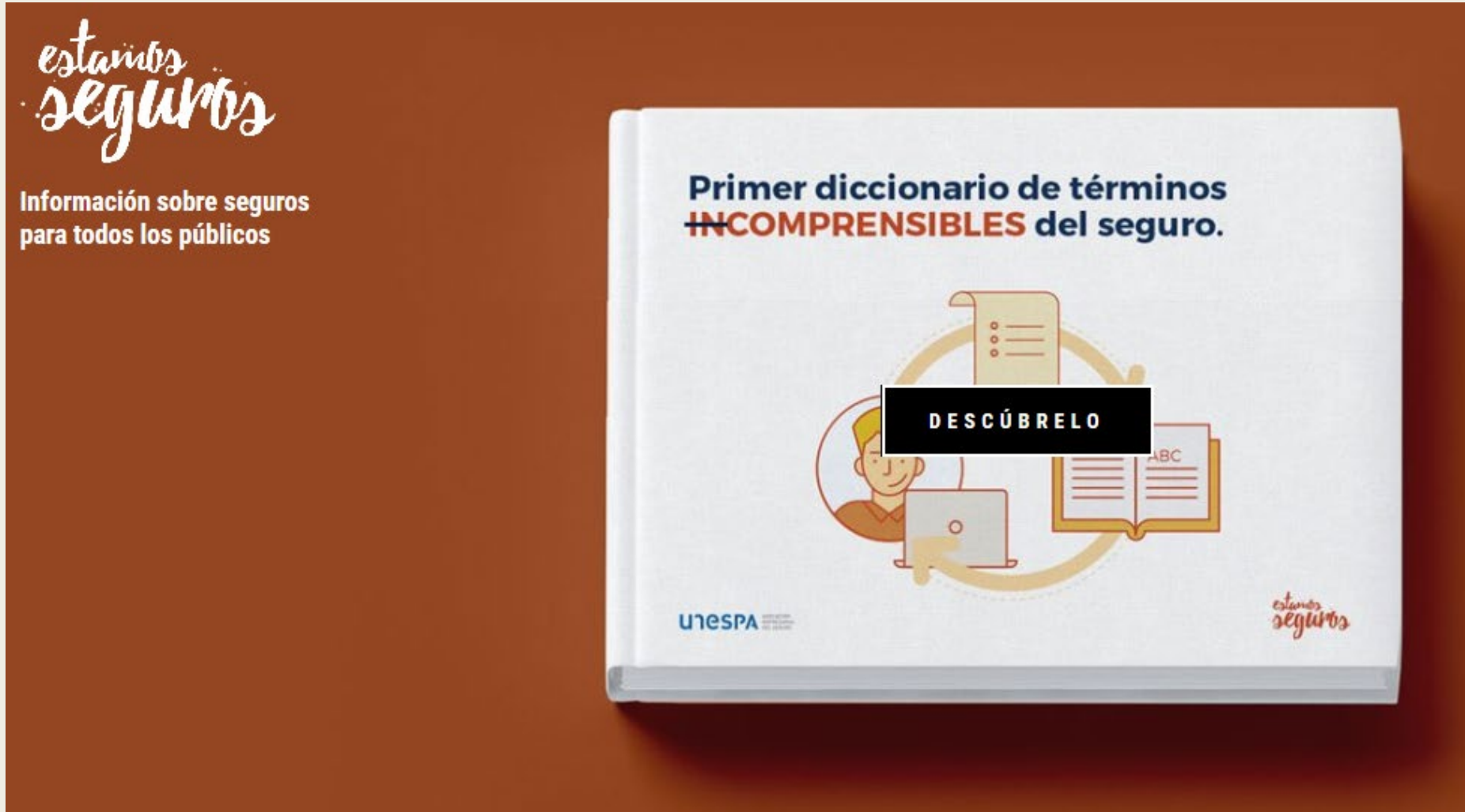


How do I cancel the contract?

- Xxxxx

***Commission
Implementing
Regulation (EU)
2017/1469 of 11
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down a standardised
presentation format
for the insurance
product information
document***

Guide to good terminological practice by Spain's Insurance Business Association



¿Qué le cubre y qué no le cubre cada garantía y cómo solicitar el capital asegurado?

Garantía Principal:

Fallecimiento por cualquier causa

Qué le cubre:

La Entidad Aseguradora garantiza el pago del capital asegurado a los Beneficiarios designados en este contrato en caso de fallecimiento del Asegurado cualquiera que sea la causa, con las exclusiones establecidas a continuación:

No le cubre:

En el caso de que el fallecimiento del Asegurado sea causado dolosamente por su único Beneficiario, la Entidad Aseguradora quedará desligada de sus obligaciones respecto a dicho Beneficiario, integrándose el capital asegurado en el patrimonio del Tomador. En el caso de existir varios Beneficiarios, los no intervinientes en el fallecimiento del Asegurado conservarán su derecho.

Solicitud del capital asegurado:

Para *solicitar el capital asegurado en caso de Fallecimiento*, el/los Beneficiario/s deberán notificarlo por escrito en el plazo máximo de siete días desde su conocimiento.

Tras la notificación, y para una correcta tramitación, deberán aportarse los siguientes documentos:

- Certificado de nacimiento o fotocopia compulsada del D.N.I. y certificado de defunción expedido por el Registro Civil.
 - En caso de fallecimiento por enfermedad: Historial médico completo del Asegurado, que debe contener los siguientes documentos (que recogerán la causa del siniestro, la fecha del diagnóstico de la enfermedad, la evolución seguida y el tratamiento médico impuesto):
-

The language

Main coverage (*garantía principal*): death for any cause

What it covers:

The Insurance Company (*Entidad Aseguradora*) guarantees the payment of the insured capital (*capital asegurado*) to the Beneficiaries (*Beneficiarios*) which are named in this contract in the case of the death of the Insured (*Asegurado*), whatever the cause, with the exclusions (*exclusiones*) which are set forth below:

What it does not cover:

If the death of the Insured were caused with malice (*dolosamente*) by his or her sole Beneficiary, the Insurance Company will be released (*quedará desligada*) from their obligations in respect of said Beneficiary, and the insured capital will be incorporated into (*integrándose*) the property (*patrimonio*) of the Policyholder (*Tomador*). Should there be more than one Beneficiary, the non-intervening parties (*los no intervinientes*) in the death of the Insured will preserve their right.


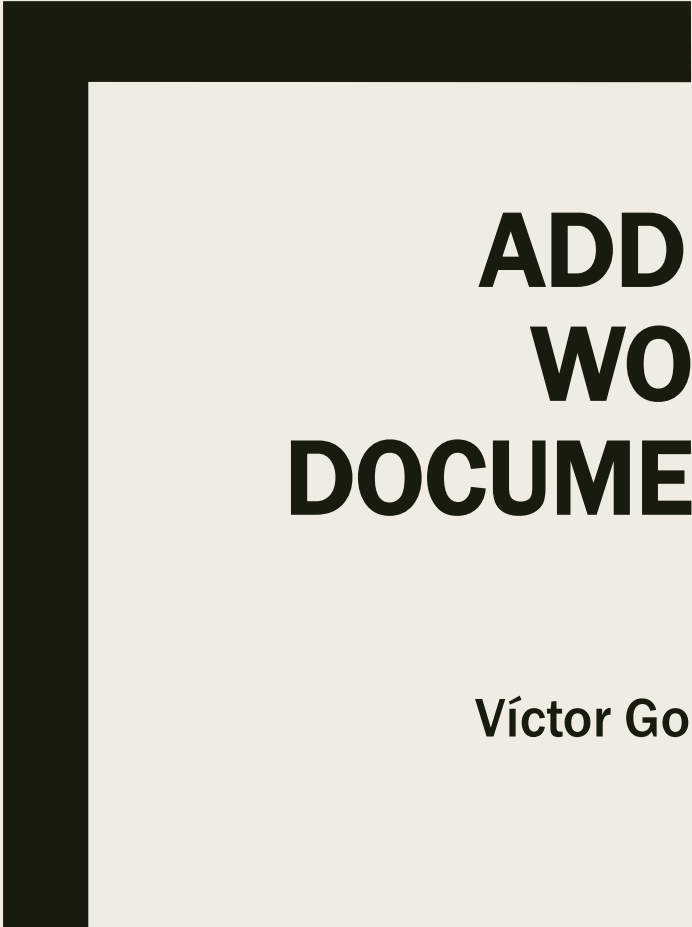
(AXA life insurance policy)

Conclusions

- Real customers of insurance products have a low literacy level (“the ability to understand and use information from written texts in a variety of contexts to achieve goals and develop knowledge and potential”).
- The excessive use of jargon is the main problem in insurance contracts.

Conclusions

- **Most Spanish insurance companies have made an effort to make their texts more comprehensible. But it is more of a whitewash than a serious reform of the way they communicate with customers.**
- **Public policies should establish a standard for comprehensibility, including the testing of contracts with actual users.**



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