



**One Direct (Ireland) Limited, trading as An Post Insurance (“An Post Insurance”)**  
Submission to the Central Banks of Ireland’s Consultation on Proposals to Address  
Differential Pricing – CP143

## Introduction

An Post Insurance welcomes the Central Bank of Ireland's Final Report to its review of Differential Pricing in the Private Car and Home insurance markets and An Post Insurance is grateful for the opportunity to provide feedback on the Central Bank of Ireland's Consultation on proposals to address Differential Pricing within the Insurance Industry. An Post Insurance believes this to be a worthwhile exercise and will contribute in any way the Central Bank of Ireland sees fit. Below, we have set out our responses to the questions posed by the Central Bank of Ireland in its Final Report and Consultation Paper.

Section 6.1 – Pricing Practices		
Question No.	Question (as per the Consultation Paper)	An Post Insurance Comments
1	<i>Do you agree that banning price walking from subsequent renewal is the appropriate solution for the Irish market and its consumers? Please outline the reasons for your view</i>	<p>As An Post Insurance is an Insurance Intermediary, and not an Insurer, it does not control the technical pricing offered to its Customers for its core Insurance Products, and as such sees no required changes to its processes in light of the introduction of any ban in price walking.</p> <p>However, any effect that a ban on pricing walking has on insurers could potentially have a knock-on effect on Intermediaries and their Customers. For example, if a ban on price walking impacted on an Insurer's ability to allow new business discounts to Customers, the negative impact of this on Customers (i.e., the potential for less competition in the Market) would require significant assessment. For that reason, while An Post Insurance is in favour of ensuring the fair treatment of Customers, including long tenure Customers, if a ban on price walking leads to higher prices for customers at new business, because discounts cannot be recouped in subsequent years, the negative impacts of this on both Customers and competition could be substantial and may distort Customer market dynamics.</p> <p>An Post Insurance notes that as an Intermediary, it controls the level of fees and discount it offers to its Customers, as well as having some control over the pricing of some optional add-on products, and from that perspective has no issue with a ban on price walking. Price walking is not a practise An Post Insurance currently engages in for its fees, discounting, or optional add-on products, and will not engage in this in the future.</p>

2	<p><i>We believe there is a basis for banning price walking in the motor and home insurance markets for personal consumers. Do you agree the products in scope of the proposed ban are appropriate? Please outline the reasons for your view.</i></p>	<p>An Post Insurance agrees with the products in scope for the proposed ban on the basis that a minimum level of Car Insurance (third party) is compulsory in Ireland, while Home Insurance is a requirement for Customers taking our mortgages, and as such, the pricing of these products can have the biggest impact on Customers.</p> <p>Car and Home insurance products pricing has been managed by Insurers in a manner that has perhaps been somewhat challenging for Customers and Intermediaries.</p> <p>Customers have been challenged by the differential pricing approach offered to the same Customer at both new business and renewal business stages, without there having been any change in the risk detail of the insurance policy. As such, while An Post Insurance has concerns regarding the future viability of continued use of new business discounting, An Post Insurance nevertheless agrees with the ban on price walking for Car and Home insurance products, as this is in the Customer's interest and will assist in removing or mitigating Customer challenge with the current price walking approach that exists in the market today.</p>
3	<p><i>What do you see as the positive implications, for consumers and the market, if the proposed intervention were introduced?</i></p>	<p>An Post Insurance recognises that price walking can and does negatively impact Customers. An Post Insurance notes a positive implication of a proposed ban on price walking may include fairer Insurer pricing for those longer tenure customers based on the figures outlined in the Central Bank of Ireland Differential Pricing Review Final Report.</p> <p>However as noted above, An Post Insurance has concerns regarding the future viability of continued use of new business discounting and views that while the likely intended outcome of the Central Bank of Ireland's review and recommendations is to ultimately seek fair and reduced premia for both new business and renewal Customers of these products, an unintended consequence of these changes may well be that a) the current and historical nature of competitive discounted new business pricing may no longer be available and b) current renewal pricing may be closer aligned to new business pricing, if no longer discounted and ultimately Customers will experience similar pricing to both new and renewal pricing offers, thereby reducing or eliminating potential competitive new business pricing in the market.</p>

4	<p><i>What do you see as the negative implications, for consumers and the market, if the proposed intervention were introduced?</i></p>	<p>An Post Insurance view that if a ban on price walking reduces Insurer’s appetite or capacity to offer new business discounts, since any recouping of the cost of discounting at new business would have to be completed at year two, rather than being spread over several years for that Customer, it is possible that new business discounts will reduce or be eliminated altogether, which in turn would have a negative impact on competitiveness in the Market. Alternatively, if the cost of new business discounting is all recouped at year 1 renewals, this will have a negative impact on Customers who could see a significant rise in their premium in the year following policy (new business) inception.</p> <p>The introduction of the ban on price walking could also have an unintended impact on the provision of capacity for both Car and Home insurance products in the market. Existing market Insurers may no longer be positioned to attract new business and consequently not meet their business plans and it could also be an inhibitor to new market entrants too.</p>
5	<p><i>Do you have any views on what, if any, unintended consequence, may arise in prohibiting price walking? Please outline the reasons for your view.</i></p>	<p>An Post Insurance relies on Insurers to create and deliver competitively priced products that An Post Insurance can offer to Customers. A ban on price walking does appear to have the potential to cause disruption to the application of new business discounts, owing to the new requirement to return discounted premia to required technical premia at the first policy renewal invitation.</p> <p>This new approach may stifle Customers from searching and shopping the market for competitively priced or discounted products as awareness of the potential lack of such discounts will increase over time.</p>
6	<p><i>Do you have any views on what, if any, unintended consequence, may arise if both dual pricing and price walking were prohibited? Please outline the reasons for your view</i></p>	<p>An Post Insurance view is that the prohibition of dual pricing in addition to price walking has the potential to make it very difficult to attract new business customers, as new business discount levels will become extremely limited or be eliminated altogether, and this in turn could reduce the levels of competitiveness for Customers in the market.</p> <p>An Post Insurance is of the view that rather than prohibiting dual pricing, informing Customers that a new business price is available at new business only is</p>

		<p>a more appropriate way to encourage shopping around and fairer outcomes for Customers.</p> <p>However as noted above, An Post Insurance has concerns regarding the future viability and Insurer appetite of continued use of new business discounting and views that while the likely intended outcome of the Central Bank of Ireland's review and recommendations is to ultimately seek fair and reduced premia for both new business and renewal Customers of these products, an unintended consequence of these changes may well be that a) the current and historical nature of competitive discounted new business pricing may no longer be available and b) current renewal pricing may be closer aligned to new business pricing, if no longer discounted and ultimately Customers will experience similar pricing to both new and renewal pricing offers, thereby reducing or eliminating potential competitive new business pricing in the market.</p>
7	<p><i>Do you foresee any practical difficulties arising as a result of prohibiting price walking? Please set out those practical difficulties in detail.</i></p>	<p>An Post Insurance does not foresee any practical difficulties for its own pricing (e.g., fees, discounting, and costing relating to additional optional products), however we acknowledge that the prohibition may have practical difficulties for Insurers.</p> <p>An Post Insurance will engage with its Insurance providers to ascertain their plans and timelines to meet new requirements.</p>
8	<p><i>Do you foresee any practical difficulties arising if both dual pricing and price walking were prohibited? Please set out those practical difficulties in detail.</i></p>	<p>An Post Insurance is of the view that a ban of both dual pricing and price walking would have a negative impact on the competitiveness of the Market as Customer may not shop around as much if new business discounts are less attractive to Customers.</p> <p>(Please refer response to Question 6 too.)</p>
9	<p><i>Do you have any alternative proposal(s) that would address the concerns arising from differential pricing practices in the Irish private car and home insurance markets?</i></p>	<p>An Post Insurance does not have an alternative proposals at this time as it has no control over Insurer technical pricing and relies on Insurers to provide technical pricing for its core products.</p>
10	<p><i>Do you see dual pricing and/or price walking practices as posing a reputational risk to the insurance industry? Please outline the reasons for your view</i></p>	<p>An Post Insurance's view is that many insurance market Customers are challenged at the current pricing practice and while dual pricing is widely used across industries and is seen as a necessary tool to attract new business (and this can be highlighted to customers through advertisements and website</p>

		information to ensure customer full awareness), price walking does appear to have the ability to specifically negatively impact longer tenure customers, and as such allowing price-walking to continue in its current form could cause reputational damage to the industry.
--	--	--

<b>6.2 Pricing Practices – Annual Review and Record Keeping</b>		
<b>Question No.</b>	<b>Question (as per the Consultation Paper)</b>	<b>An Post Insurance Comments</b>
1	<i>Do you agree with the proposed requirement on insurance providers to carry out an annual review of their pricing policies and practices? Please outline the reasons for your view.</i>	An Post Insurance agrees with this requirement and while many in the industry may complete such reviews on an informal periodic basis, formalising the review is a positive step in ensuring required governance, control, and oversight for all relevant stakeholders to take the necessary time to fully consider and evaluate the firms pricing practises and either be willing to stand over such practises, or raise concerns in an appropriate forum.
2	<i>Do you agree with the focus of the review? In particular, do you see any gaps in the proposed content of the review? Please explain your answer.</i>	Yes, An Post Insurance does not believe there to be gaps since proposed Regulation 9 1 (c) (ii) should assist in ensuring any gaps existing are identified by Insurance Providers themselves. However, it would be useful if the Regulation set out the recommended hierarchical responsibility for governance, oversight, and control.
3	<i>Do you agree with the proposal that, prior to implementing a material decision, insurance providers will be required to retain a record of their consideration of the extent to which that decision is consistent with the new rules? Please outline the reasons for your view</i>	Yes, this will assist Insurance providers in ensuring they have adopted required governance, control and oversight of their responsibilities and they are fully satisfied that they are continually meeting all regulatory and legal requirements. Appropriate records of documentation and discussions will also support response to any enquiries from the Central Bank of Ireland in a timely manner as documentation will be readily available upon request.
4	<i>Do you foresee any practical difficulties arising as a result of the proposed measures? Please explain your answer.</i>	No, An Post Insurance does not foresee any practical difficulties resulting from the proposed measures relating to Annual Review and Record Keeping.
5	<i>Do you have any views on what, if any, unintended consequences, may arise from the introduction of the proposed measures? Please explain your answer.</i>	No, An Post Insurance does not foresee any unintended consequences resulting from the proposed measures relating to Annual Review and Record Keeping.

### 6.3 Automatic Renewal

Question No.	Question (as per the Consultation Paper)	An Post Insurance Comments
1	<p><i>Do you agree that an insurance provider may not renew an insurance policy automatically unless a personal consumer has provided his or her written consent prior to first entering into the automatic renewal arrangement?</i></p> <p><i>Please outline the reasons for your view</i></p>	<p>An Post Insurance is of the view that its Customers who are on an automatic renewal arrangement currently are content with this arrangement and are fully aware of the arrangement. An Post Insurance advises Customers of the automatic rollover of their policy renewal by direct debit both in the Customer’s Renewal Offer, and in an SMS (text message) issued to Customers.</p> <p>An Post Insurance believes that ensuring Customers are aware of the existence of an automatic renewal arrangement is essential, and this should be made very clear to Customers. However, we are of the view that consent should be on an opt-out basis, or at the very least, if an opt-in is required, this should not be required in writing. An Post Insurance now operate and seek to operate further in a Customer friendly and efficient electronic manner and that has been and continues to be well received by our Customers. The suggested approach to introduce required hand signed confirmation, is potentially unworkable and will no doubt cause an administration burden for the Customer and Intermediaries which will increase administration costs. Many financial services providers operate electronic approval, including Banking firms, Revenue commissioners and indeed many utility service providers and so introducing such a requirement will be seen as a backward step in Customer policy administration.</p> <p>In addition, An Post Insurance would have concerns that some Customers may be left without insurance if they forget to provide written opt in consent and not having these insurances in place would have very significant consequences for Customers.</p> <p>The existence of an automatic renewal arrangement could be clearly called out to Customers at Policy Inception, for example when bank details are being obtained, and the ability to opt out of an automatic renewal arrangement can be called out at this stage, and also within Renewal Offers.</p>

		Should an opt-in be required, An Post Insurance is of the view that it would be more appropriate to obtain this consent on a recorded call, or through a Customer tick-box on a website, both of which can then be recorded on documentation issued to the Customer.
2	<p><i>Do you agree with the information to be provided to the personal consumer prior to the automatic renewal of an insurance policy? Please outline the reasons for your view.</i></p> <p><i>Are there any further details that should be included? If yes, please explain your answer.</i></p> <p><i>Are there details that should not be included? If yes, please explain your answer.</i></p>	<p>While An Post Insurance has no issue with providing the information to its Customers, it is important to highlight the increasing risk of information overload occurring for customers, as more and more information is required to be provided in Renewal Documentation.</p> <p>On this basis An Post Insurance suggests Regulation 12(1) (e) and (f) are not necessary.</p>
3	<p><i>Do you agree with the proposed requirements relating to the cancellation of an automatic renewal arrangement?</i></p> <p><i>Please outline the reasons for your view.</i></p>	<p>Yes, An Post Insurance agrees with the proposed requirement to allow Customers to cancel the automatic renewal arrangement on a policy at any time, and free of charge. However, in many cases an automatic renewal arrangement may commence a few days before the renewal date of a policy in order to allow a direct debit payment to be raised, and as such, An Post Insurance is of the view that any proposed new Regulation should allow for this.</p>
4	<p><i>Do you agree that these proposals should apply to the automatic renewal of all personal non-life insurance products?</i></p> <p><i>Please outline the reasons for your view.</i></p>	<p>An Post Insurance agrees with ensuring transparency for Customers in relation to automatic renewals and is agreeable the potential application of proposals relating to all personal non-life insurance products that An Post Insurance distributes but would have concerns for Customers of Health Insurance offerings, if such as approach was to be introduced on Health Insurance policies.</p>
5	<p><i>Do you foresee any practical difficulties with the implementation of the proposed requirements on automatic renewal?</i></p> <p><i>Please set out those practical difficulties in detail.</i></p>	<p>There is an administrative burden placed on both Customers and Insurance Providers in requiring written consent from Customers in order to allow an automatic renewal arrangement. This burden could be overcome by allowing the consent to be received orally over a recorded call or via a tick-box on a website. In addition, there is a risk of Customers not returning the required proposed written consent to Insurance Providers, thus leading to the policy not auto renewing the following year, even if the Customer had required their auto renewal to occur, but</p>



		had for example, forgotten to return the written consent. This in turn may lead to Customers being without insurance and in some cases without knowledge of this.
6	<p><i>Do you have any views on what, if any, unintended consequences, may arise from the introduction of the proposed measures?</i></p> <p><i>Please explain your answer.</i></p>	<p>As noted under response to 5) above, An Post Insurance is of the view that requiring written opt-in consent may lead some Customers to be left without insurance should they forget to return the consent in error.</p> <p>Being without insurance for a period can then raise difficulties for those Customers when trying to obtain insurance elsewhere. There is also an unnecessary administrative burden being placed on both the Customer and the Insurance Provider, should written consent be required.</p>