

EUROPEAN GOOD PRACTICE GUIDE FOR INSURANCE BUSINESS ON THE INTERNET

2001



COMITÉ EUROPÉEN DES ASSURANCES

Aims

The European insurers' Good Practice Guide for the sale of products on the Internet outlines the principles which insurance undertakings agree to respect when they make contractual offers to consumers on the Web.

Its aim is therefore to:

- establish high standards of information for consumers both on the insurance undertaking and the products available, in order to develop confidence in this distribution technique and enable them to make their choice in full knowledge of the facts;
- undertake to take all necessary steps for the requisite security of business both with regard to data confidentiality and payment of premiums;

- guarantee compliance with fair commercial practices when using the Internet.

The European insurers' recommendations follow the spirit of the provisions of the directive on Electronic Commerce.

The provisions in this guide apply without prejudice to legislative and administrative requirements imposed on insurance operators at national and community level. They will be updated regularly in order to take into account significant legislative or technological developments in this field.

Content

1. IDENTIFICATION OF THE UNDERTAKING

Any insurance undertaking proposing on-line contracts undertakes to provide potential consumers who visit the site with easy, direct and permanent access to the following information:

- a) name of the undertaking;
- b) Member State in which the authorisation was issued as well as the details of the competent authority via a hypertext link with that authority's site from which it should be possible to access the information listed by it;
- c) name of the Member State in which the head office is established;
- d) details of the head office and, where appropriate the agency or the branch with which the contract is concluded (address, telephone n°, e-mail);
- e) details of the service/person responsible for consumer questions/liaison within the undertaking (name, address/telephone n°/e-mail...);

2. GENERAL INFORMATION ON PRODUCTS

The potential consumer who visits the site should have direct and easy access to a glossary of technical and legal terms appearing on the site, which should at least contain the definitions shown in the list annexed. The following information must also be made available to him/her:

- a) general conditions of the contracts offered;

- b) language(s) in which the contractual relationship can take place, without prejudice to the language in which the contract should be drawn up in application of existing legislative provisions.

- c) territorial scope of the insurance cover offered;

- d) methods of payment; the undertaking must inform the consumer, in accessible language, that the financial data concerning him/her is protected, e.g., by the use of encryption techniques for credit card transactions.

- e) claims notification (service/person to contact, documentation required, timetable) procedures;

- f) services responsible in the undertaking for handling complaints in respect of the contract, including if applicable the existence of a body which is external to the undertaking responsible for the out-of-court settlement of insurance disputes, without prejudice to the policyholder's right to initiate legal proceedings;

- g) the possibility of concluding the contract on-line or the need to call a telephone operator or for written confirmation.

3. CONDITIONS UNDER WHICH THE CONSUMER MAY BE SOLICITED

Any insurance undertaking which sends e-mails to canvas business:

- a) according to the legislative provisions in force in the Member States concerned,

- regularly consults the “opt-out” registers in which natural persons who do not wish to receive unsolicited commercial communications may be registered and respects the wishes of these individuals;

or

- ensures that the potential consumer has specifically agreed to receive such communications;

b) ensures that commercial communications are clearly identifiable as such on receipt and identify the undertaking(s) on whose behalf they are carried out;

c) makes sure that competitions, games and promotional offers, where appropriate, are also identifiable and the conditions for benefiting from them are easily accessible and presented in a precise, unequivocal manner.

4. INFORMATION ON PERSONAL DATA PROTECTION

Any insurance undertaking which in the framework of transactions done on the Internet (contract concluded) collects personal data agrees:

a) to obtain it in a fair manner, for specific purposes;

b) to process it appropriately and responsibly after having informed and, when necessary, received the consent of the person concerned;

c) to retain it in a form which allows identification of the persons concerned for a period not exceeding that necessary to meet the objectives for which it was collected;

d) to provide the person concerned with any information required relating to the processing of the personal data collected and at the end of such processing the means of accessing and rectifying it, as well as its possible future use;

e) to inform the person concerned of his/her right to object, on request and free of charge, to the processing of data concerning him/her for canvassing purposes.

The consumer must be able to access, if he wishes, information on the processing of personal data and its final aim wherever possible before completing the on-line questionnaire intended to collect the nominative data concerning him/her.

Insurance undertakings must also inform consumers, in clear and accessible language, of the use of permanent “cookies” on the hard disk and the reason for their use.

5. PRE-CONTRACTUAL INFORMATION

In order to allow the clear consent of the consumer, made in full knowledge of the facts, all insurance undertakings supply the consumer who intends to take out an insurance policy on the Internet with the following information before the conclusion of the contract, worded clearly, accurately and in an easily understandable manner and on a medium which allows it to be retained and printed:

a) in life insurance

1. *definition of each benefit and each option*
2. *term of the contract*
3. *means of terminating the contract*
4. *means of payment of premiums and duration of premiums*
5. *means of calculating and distribution of bonuses*
6. *indication of surrender and paid-up values and the extent to which they are guaranteed*
7. *information on the premium for each benefit, whether main benefit or supplementary benefit, where appropriate*
8. *for unit-linked policies, definition of the units to which the benefits are linked*
9. *indication of the nature of the underlying assets for unit-linked policies*
10. *arrangements for the application of the cooling-off period*
11. *general information on the tax arrangements applicable to the type of policy*
12. *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 insurer proposes to choose

- b) in non-life insurance
 - 1. *date of entry into effect*
 - 2. *duration of the contract*
 - 3. *how premiums must be paid*
 - 4. *sums declared; sums insured*
 - 5. *premium to be paid, including all taxes, or when an exact premium cannot be indicated, the basis for the calculation of the premium; methods of indexing the premium*
 - 6. *main features of the cover which the insurance contract will provide and main exclusions from this cover*
 - 7. *amounts of excesses*
 - 8. *law applicable to the contract if the parties are not free to choose or, where the parties are free to choose the law applicable, the law which the insurer proposes to choose.*

6. PROCEDURE FOR CONCLUDING THE CONTRACT

Before transacting an on-line insurance contract, all insurance undertakings make available to the consumer the following information, worded in a clear, understandable and unambiguous manner:

- a) the different technical stages necessary for validation of the contract; the consumer must have access to all the contractual clauses which make up his/her commitment, at each stage of the procedure;
- b) the means of identifying and correcting any errors made in data collection which must be accessible during the en-

tire contract subscription procedure and before final conclusion of the contract. For this purpose, the undertaking may, as an example, make available to its consumer a “double click” system to validate the contract:

— *1st click* = agreement on the content of the contract: the undertaking then makes available to its consumer a summary of the terms of the contract and price which should be capable of being reproduced and retained by the consumer.

— *2nd click* = confirmation of the contract: the insurance undertaking must acknowledge receipt of the confirmation of the contract by the consumer and recapitulate all the parts of the agreement as they result from the information given by him/her, without delay and by electronic means.

The insurance undertaking indicates whether it files the concluded contract, and if it maintains it at the disposal of the consumer, for consultation, for example, directly on screen. It takes all measures necessary for the confidentiality of the terms of the transaction.

7. CONDITIONS FOR THE SECURITY OF PAYMENTS

Any insurance undertaking which offers payment of insurance premiums on the Internet uses payment systems which are protected in accordance with the technological means at its disposal and undertakes to take all necessary and appropriate measures for the security and integrity of transactions.

Implementation

The European insurers' Good Practice Guide for the sale of products on the Internet is a CEA recommendation which national associations are invited to "promote" on their respective markets. They should encourage its application by their member companies and ensure its satisfactory implementation.

Insurance undertakings individually declare their decision to comply with the criteria laid down in this Guide and indicate this commitment on the home page of their site by displaying a common label referring to the Guide.

Compliance with the provisions of the Guide is based on procedures and practices in force on each market.

Legal and technical terms whose definition must be made available to web site users

- *General conditions, special conditions*
- *Consumer*
- *Date of entry into force of the contract*
- *Territorial scope*
- *Exclusion*
- *Excess*
- *Guarantee*
- *Compensation*
- *Option*
- *Premium*
- *Cancellation*
- *Claim*
- *“On-line” insurance contract*
- *Commercial communication*
- *Personal data*
- *Hypertext link*
- *“Opt-out” register*
- *“Cookie”*