

Recommendation regarding pre-purchase information

Purpose

This recommendation lays down the general principles for the provision by the insurance companies of pre-purchase information to consumers regarding consumer insurance and individual personal insurance purchased by consumers, including life insurance with a savings element and optional group insurance. *Pre-purchase information* means information that is to be provided according to law and regulation prior to purchase, both when the insurance company contacts the consumer for the purpose of inducing the consumer to enter into an insurance contract as well as when the consumer initiates such contact. The recommendation covers pre-purchase information in accordance with the Swedish Insurance Contracts Act (Swedish Code of Statutes 2005:104), the Swedish Insurance Business Act (Swedish Code of Statutes 2010:2043) and pursuant to general guidelines and regulations issued in accordance therewith.¹ The purpose of the recommendation is to supplement and specify the provisions of these acts and rules pertaining to pre-purchase information and make it possible for the consumer to make his or her decision with access to important facts. The recommendation is an expression of what constitutes good practices for the phrasing, layout and provision of pre-purchase information.

A recommendation concerning the separate information sheet for life insurance with a savings element has been separately adopted by the board of directors of Insurance Sweden.

Content of the pre-purchase information

The pre-purchase information is to be presented in a pedagogical and easily accessible manner in order to function as a decision-making basis for the consumer. The starting point is ordinary, simple language which is pleasant to read. Written information should be clear and comprehensible for the intended recipients. In the area of pensions, the companies should take into account the *Pension Terms for Consumers* glossary in the preparation of pre-purchase information. The glossary has been prepared under the auspices of the Swedish Institute for Standards and may be downloaded from the following link:

<https://www.sis.se/produkter/terminologi-och-dokumentation/ordlistor/allmant/ss400002014/>

The phrasing, layout and content of the information is to be adapted to the product and target group for whom the information is intended. The information is also to be adapted to the situation in which the customer is offered the opportunity to purchase insurance.

¹ At the time of the entry into force of the recommendation, the Regulations and General Guidelines of the Swedish Financial Supervisory Authority (FFFS 2011:39) regarding information about insurance and occupational pensions.

The purpose of the pre-purchase information is to provide the consumer with the possibility of assessing how the insurance meets his or her needs. A balancing is to be carried out between the need for information and the need for the information to be easy to understand. The balancing, however, must be carried out in light of the type and complexity of the product. A text quantity which is too brief or too extensive may not be said to satisfy these requirements. For example, complete insurance terms and conditions do not meet the requirement of being pedagogical and easy to understand, while a mere reference to where the terms and conditions are available is too brief.

Information in written form

The heading for the pre-purchase information is to be "Pre-Purchase Information". Initially, it should be stated that information is being provided here which the insurance company must provide according to law prior to purchase. An example of the manner in which this may be expressed is: "You are entitled to receive this information before you purchase the insurance. It is important that you read it."

Pre-purchase information is to be kept separate from marketing information. The information appearing in the *Pre-Purchase Information* section shall contain facts only. Set forth below are examples of information which Insurance Sweden believes should be included in the pre-purchase information over and above the information required by law and regulation.

- By way of introduction, it is to be stated that the information is a brief summary of the insurance and that it does not constitute complete insurance terms and conditions.
- Information regarding the possibilities available to the consumer himself or herself to choose the scope of the insurance.
- Information regarding the respects in which the consumer himself or herself may influence the premium, e.g. through the choice of excess level.
- Information that advice and assistance in conjunction with a purchase may be obtained via the Swedish Consumer Agency², from the municipal consumer guides and the Swedish Consumers' Insurance Bureau (also provide contact information).

The sections in the pre-purchase information which pertain to **important limitations** are to be highlighted specifically by, among other things, a proper heading placement. In the event that important limitations are compiled in one location, a clear reference is to be found initially in the pre-purchase information. The following type of notice should always be included in the pre-purchase information: "In the event that any cover is particularly important to you, ensure that it is covered by the insurance by contacting us/the responsible broker/advisor." In summary, important limitations are to be highlighted as clearly as information regarding what is covered by the insurance.

In the event that the product is marketed under a trademark other than the insurer's, this is to be made clear in the pre-purchase information.

Pre-purchase information provided in conjunction with a purchase of goods must contain information regarding the extent to which the insurance may provide the same protection that is available according to law and any warranties. It is also to be stated that home insurance or other insurance may provide the same cover as the product insurance.

² The web-based consumer information, Hallå Konsument (www.hallåkonsument.se).

The form of the pre-purchase information provided

Pre-purchase information is to be provided in a form which is adapted to the distribution form in use. According to applicable law, pre-purchase information is to be provided in "durable form". Modern technology often involves the provision of information by making it available by electronic means. In these situations, the consumer shall be afforded the possibility to save the pre-purchase information, and the insurance company should, in immediate connection with the pre-purchase information, encourage the consumer to read and save the same. For example, the pre-purchase information may be made available in a pdf-file for downloading.

The pre-purchase information is to be easily found by the consumer on, for example, a website. The pre-purchase information is to be searchable if it appears on the company's website. In conjunction with purchases on the Internet, the information is to be provided at an early stage in connection with the digital purchasing process. The choice of technology must at all times allow for the information to be saved by the consumer.

Information regarding insurance terms and conditions

In the event that the insurance company does not provide or send complete insurance terms and conditions prior to entering into the contract, the consumer is to receive information regarding how the terms and conditions may be obtained. Terms and conditions may be made available, for example, on a website provided that they can be sent to the consumer upon request.

Entry into force

This revised recommendation was adopted by the board of directors of Insurance Sweden at a meeting of the board of directors on 9 October 2018 and entered into force at such time. By virtue of this recommendation, the recommendation regarding pre-purchase information adopted by the board of directors of Insurance Sweden at a meeting of the board of directors on 9 October 2014 is repealed.