

CESR's template for the Key Investor Information document

The ABI's response to Consultation Paper CESR/10-794

About the ABI

The ABI is the voice of the UK's insurance, investment and long-term savings industry. It has over 300 members, which together account for around 90% of premiums in the UK domestic market.

The UK insurance industry is the third largest in the world and the largest in Europe, helping individuals and businesses protect themselves against the everyday risks they face. It pays out over £230 million per day in pension and life insurance benefits and over £50 million per day in general insurance claims. The industry is an important contributor to the UK's economy: it manages investments of £1.5 trillion, over 20% of the UK's total net worth; employs more than 300,000 people in the UK alone; is the fourth highest contributor of corporation tax; and is a major exporter, with one-fifth of its net premium income coming from overseas business.

1. Do you find the attached template useful?

No. The template, as currently set out, is little more than a list of information for inclusion. ABI members remain concerned that it will be extremely difficult to fit all of the information required by the regulation into two sides of A4. As such, the template would be far more instructive if it were set out as an example, demonstrating to firms how they might do this.

The ABI is concerned about the apparent lack of balance in the information given under the risk and reward section since it focuses purely on the risks of the investment and makes no mention of reward. Furthermore, we feel the document ought to prioritise risks so that the most significant risks are at the top of the list and are, therefore, more likely to be read by the consumer.

Under the Practical Information section, we query whether the use of language runs contrary to advice on the use of plain language. For example, the statement "[Name of management company]" may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus for the fund". We believe this is needlessly legalistic and confusing.

2. Do you have any other suggestions?

No.