

(only the Italian version is authentic)



CONSUMER PROTECTION DIRECTORATE

<i>Ref. to</i>	<i>of</i>	To the insurance undertakings whose head offices are located in Italy
		To the insurance undertakings whose head offices are located in another Member State of the European Economic Area or in a third State carrying on business in Italy under the right of establishment or the freedom to provide services
<i>Classificati</i>	III. 2 1	
<i>Encl.</i>		To the banks, financial intermediaries and other entities registered, as insurance intermediaries, in Section D of the Single Register of Insurance Intermediaries kept by IVASS or in the enclosed List
		TO THEIR PREMISES
<i>RE:</i>	Policies linked to loans (PPI) - refund of the premium not enjoyed in case of early partial repayment of the loan	

IVASS, in the performance of its supervisory activity on policies linked to loans (PPI), has found out that in case of early partial repayment of the loan not all the undertakings have implemented the procedures, including the IT procedures, for the reimbursement of the part of premium not yet enjoyed.

The examination of the contract terms for some insurance products currently marketed has shown that the case of the early partial repayment of the loan is either not regulated or it is envisaged that the cover remains in force at the conditions initially laid down without any refund of the premium.

It is our opinion that the customer should be refunded not only in case of early repayment of the loan but also in case of early partial repayment of the loan considering that, given

(only the Italian version is authentic)



the link between the main contract and the ancillary insurance contract, the reimbursement of a part of the loan automatically reduces risk exposure by the same amount.

Therefore IVASS – in accordance with art. 183 of the Insurance Code on fairness and transparency in the supply and execution of insurance contracts – expects that the undertakings and the intermediaries, which have not yet implemented adequate procedures for the reimbursement of the premium not enjoyed in the case at issue, do so within 90 days of receiving this letter.

However we expect that, pending the adjustment of the procedures, any appropriate measure is immediately taken for refunding the part of the premium not enjoyed in case of partial early repayment of the loan.

It is understood that the premium can also be refunded through direct reimbursement to the policyholder.

Within the above-mentioned deadline insurance undertakings are required to integrate the policy conditions of the new contracts, by expressly providing for the case of early partial repayment of the loan and the right of the policyholder to the reimbursement of the premium in accordance with clearly defined arrangements.

by delegation of the
Joint Directorate
