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Update on the work on the Insurance Distribution Directive (IDD)

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Issue

- **Progress report** on EIOPA's work on the Insurance Distribution Directive (IDD)

Actions asked from IRSG

- **No specific action required** at this stage as EIOPA work is still "in progress"
- **Ad hoc oral/written feedback** on any issues raised in the presentation, **much appreciated** however

Follow up

- **Further update** at next IRSG meeting on 9 June 2016
- Potential for sharing elements of draft technical advice with IRSG

- Entry into force - **23 February 2016**
- Transposition deadline - 24 months (**i.e. 23 February 2018**)
- Key imminent deliverables for EIOPA:
 - o **Technical advice** on four Delegated acts:
 - **Product Oversight & Governance** (Article 25) - ALL products
 - **Conflicts of Interest** (Articles 27 & 28) - only IBIPs
 - **Inducements** (Article 29) - only IBIPs
 - **Suitability, Appropriateness and Reporting to customers** (Article 30) - only IBIPs
 - o **Formal Call for Advice** from COM received on **24 February 2016**
 - o Submit technical advice to COM **by 1 February 2017**

- **Implementing Technical Standards** on the “Product Information Document (PID)” for non-life products (Article 20(9))
 - o Regarding “standardised presentation format”
 - o Consumer testing required
 - o Submit 12 months after entry into force i.e. **23 February 2017**
- **Guidelines** on the assessment of IBIPs not fit for execution-only business (Article 30(7)):
 - o See MiFID II Guidelines on complex debt instruments and structured products
 - o Issue Guidelines 18 months after entry into force i.e. **23 August 2017**



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Delegated Acts

- **Consistency with MiFID II?**

- o What if the wording in IDD is fundamentally different?
- o Regulatory scrutiny of MiFID II delegated acts – ongoing – “moving target”

- **Cumulative effect of Chapters V and VI**

- o Level 1 - General conduct of business requirements & IBIPs requirements apply cumulatively – also at Level 2?

- **Minimum harmonisation L1 vs. Delegated Acts**

- o Interplay between minimum harmonisation & delegated act - does it mean delegated acts must be in the form of Directives?

- **Proportionality** - diversity of products/distribution channels

Key Issues to consider:

- **Responsibilities of manufacturer & distributor**
- **Sharing of information between manufacturer & distributor – consequences of lack of information?**
- **Defining the target market – level of granularity – IBIPs vs. Non-IBIPs**
- **Proportionality**

Conflicts of Interest & Inducements

Key Issues to consider:

- **Technical advice on “IMD 1.5” as a baseline**
- **Interaction between conflicts of interest & inducement provisions**
- **“No detrimental impact” vs. “Quality enhancement”?**
- **COM wants methodology for “no detrimental impact” - Blacklists/Whitelists?**

Suitability, Appropriateness & Reporting to customers



Key Issues to consider:

- **Very new for some Member States – “MiFID-isation”**
- **Interaction with overarching “demands and needs” requirement in General Chapter**
- **Which IBIPs could classify as “other non-complex”?**
- **Professional customers in life insurance?**



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IPID

What is IPID trying to fix?



- Consumer **level of engagement** with disclosures
 - Difficulty in **comparison** between products
 - **Expectations v actual cover** e.g. policy exclusions
 - Too much **focus on price**
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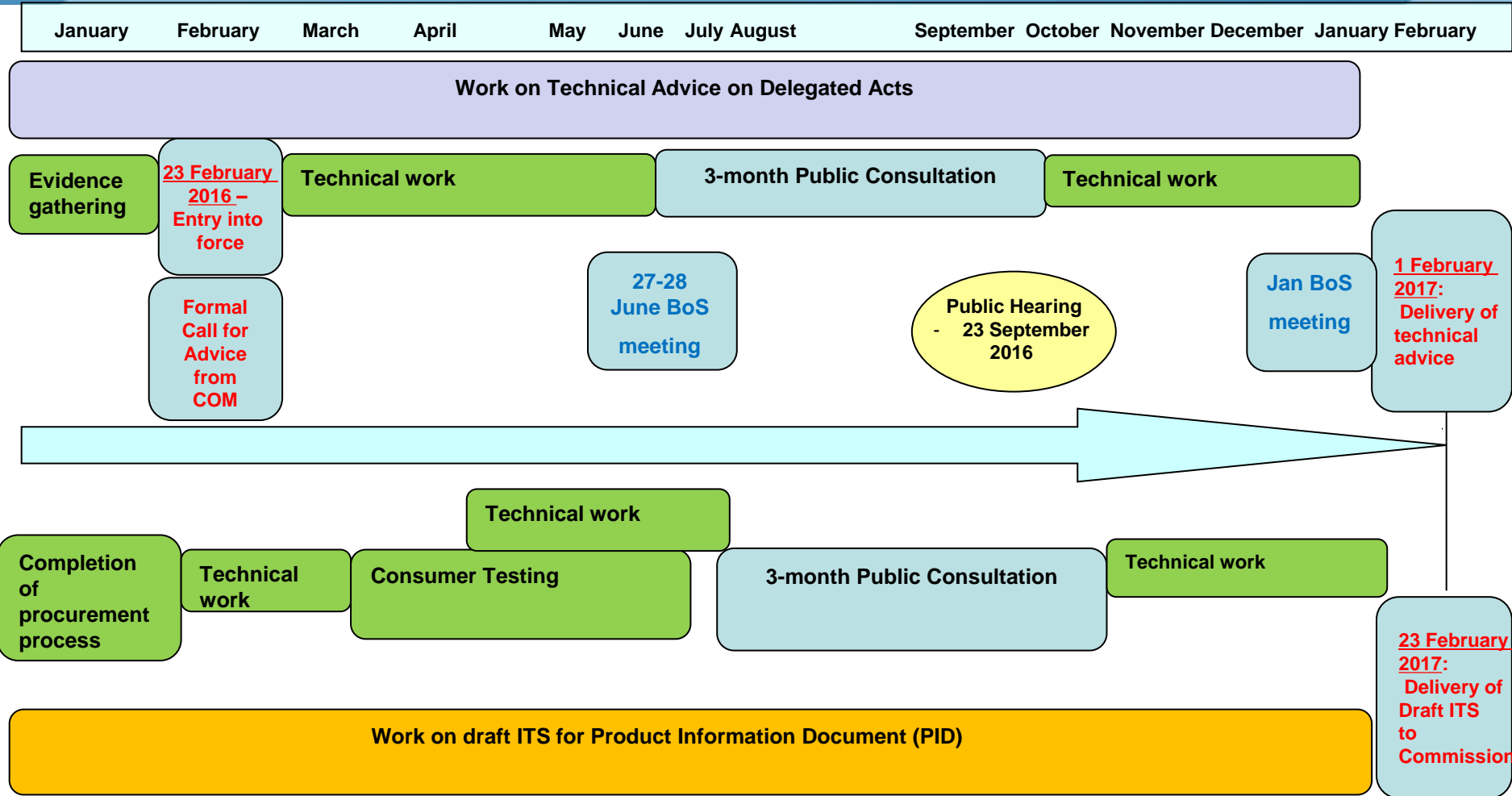
- **Procurement contract** signed with London Economics for **design work** and **consumer testing**
 - Two rounds of consumer testing in four countries
 - 1st round: qualitative testing of 5 designs in focus groups
 - 2nd round : quantitative testing of 3 designs using online questionnaires
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Timetable for consumer testing and BoS (end dates)



- Consumer testing phase 1 6 May
 - Consumer testing phase 2 24 June
 - Report finalised 19 August
 - Consultation paper BoS (written procedure) end July
 - Consultation (12 weeks) 31 Oct
 - ITS BoS January 2017
 - Deliver to Commission 23 Feb 2017
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IDD timeline (2016-2017)





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Opportunities for Stakeholder Input

- **Online survey for technical input – end of January 2016**
- **Regular IRSG updates**
- **3 month public consultation from end of June 2016**
- **23 September 2016 – IDD Public Hearing**



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Questions?

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