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EUROPEAN INSURANCE
AND OCCUPATIONAL PENSIONS AUTHORITY

Update on progress of EIOPA's work on IDD implementation

EIOPA Insurance & Reinsurance Stakeholder Group meeting
Frankfurt, 15 February 2017

- Issues

- Progress report on EIOPA's work on IDD:

- Re-cap on recently published Level 2 measures & consultations
 - **Focus on Draft Guidelines on complex IBIPs**
 - Work for 2017 on IDD

- Action asked from IRSG

- Take note of progress of work – input on consultation on Guidelines

- Follow-up

- Close co-operation with IRSG regarding Guidelines & other IDD deliverables

- Technical Advice on delegated acts submitted to COM on 1 February:
 - COM now drafts delegated act(s)
 - EP & Council scrutiny follows – 3-6 months
 - COM adopts Delegated Act(s) - Q3 2017?
- Draft ITS on Insurance Product Information Document (IPID) submitted to COM on 6 February:
 - COM must endorse draft ITS – can ask EIOPA to make amendments
 - COM drafts Implementing Regulation
 - No formal right of objection for EP/Council on ITS (unlike RTS)
 - COM adopts Implementing Regulation – Q3 2017?
- Draft Guidelines on complex IBIPs published for consultation on 2 February

Draft Guidelines on complex IBIPs - Context



- **“Execution-only”** – Non-complex IBIPs distributed without an assessment of suitability or appropriateness (N.B. the “demands and needs” test still applies)
- N.B. Member state **derogation** in IDD, unlike MiFID
- **Technical Advice** addressed issue of non-complexity
- **Guidelines** address issue of complexity – however, closely interlinked
- Guidelines issued under **Articles 30(7) and (8), IDD**

- **Consumer Protection - limit scope for consumer detriment**
- Appropriate **consistency with MiFID II**
- Possible link to **PRIIPs comprehension alert?**

- **Guidelines:**
 - o Cover **assessment of all types** of IBIPs
 - o Principally address identification of **contractual structures/features** which can make it difficult for the customer to **understand the risks** involved
 - o Specific aspects:
 - **Factors affecting the investment return** (guarantees, thresholds, profit-participation etc.)
 - **Nature of the ongoing charges** paid by the customer; and
 - ability for the customer to **surrender the product before maturity & surrender fees**
- **ESMA Guidelines/MiFID II** were orientation point for work

- **Public consultation** runs until 28 April
- Guidelines to be finalised in July/August – IDD deadline = 23 August 2017
- “**Comply or explain**” process for NCAs follows
- **Necessary interlinkage** between Technical Advice and Guidelines:
 - o May need to **revisit Technical Advice** in light of consultation comments - statement added to Technical Advice to that effect
 - o Suggestion to COM of **separate Delegated Act on execution-only?**

“Coming Soon” on IDD!



- Review of **Professional Indemnity Insurance (PII) amounts** for insurance intermediaries:
 - o To be completed by end of 2017
 - o Draft RTS to be submitted to Commission by June 2018
- Evaluation of the **structure of insurance intermediaries’ markets**
 - o To be completed by 23 February 2018
- **Revision of the Luxembourg Protocol** on co-operation/exchange of information between national authorities – by February 2018
- Setting up **EIOPA website with links to national registers** and registers for passporting intermediaries – by February 2018