Chambre Nationale des Conseillers en Investissements Financiers

	Comments Template on Consultation Paper on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive	**Deadline 3 October 2016 18:00 CET**
Name of Company:	**CNCIF - Chambre Nationale des Conseillers en Investissements Financiers**	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.	Public
	Please follow the following instructions for filling in the template: ⇨ Do **not** change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇨ Leave the last column empty. ⇨ Please fill in your comment in the relevant row. If you have no comment on a paragraph or a cell, keep the row empty. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. **Please send the completed template, in Word Format, to CP-16-006@eiopa.europa.eu.** **Our IT tool does not allow processing of any other formats.** The numbering of the questions refers to the Consultation Paper on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive	
Reference	**Comment**	
General Comment		
Question 1	The costs entailed by the proposed changes might be significant. However, such costs are difficult to quantify.	

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Question 2	Yes. We generally agree that the proposals provide sufficient details on product oversight and governance arrangements. We believe that product oversight and governance play a positive role in consumer protection. However, we estimate that the proposals are too far-reaching in some aspects while other aspects require further specification. First of all, it would be helpful to have more detailed information about the objectives of the arrangements: EIOPA indicates that "*the product oversight and governance arrangements should aim to prevent or mitigate customer detriment, support proper management of conflicts of interest and should ensure that the objectives, interests and characteristics are duly taken into account*". However, the IDD do not provide for a definition of the concept of" *customer detriment*". We suggest clarifying this concept to ensure its consistent application. Furthermore, we think that the requirements proposed for distributors are more "ambitious" than the provisions under article 25 IDD ("*Where an insurance distributor advises on, or proposes, insurance products which it does not manufacture, it shall have in place adequate arrangements to obtain the information referred to in the fifth subparagraph and to understand the characteristics and identified target market of each insurance product*"). For example, requiring the distributor to obtain "***detailed*** *knowledge about the approval process of the manufacturer, in particular the target market of the individual insurance product*" is not appropriate/feasible. Finally, we suggest taking into account the specific status of the distributor (broker, tied agent…) and its relationship with the manufacturer to implement product	

	oversight and governance arrangements.	
Question 3	We have no comment.	
Question 4	The costs entailed by the proposed changes might be significant. However, such costs are difficult to quantify.	
Question 5	Yes. We agree with the proposed high-level principle in order to assess whether activities of an insurance intermediary should be considered as manufacturing. We generally consider that the involvement of an intermediary in the design of an insurance product he distributes thereafter has the potential to generate positive benefits for customers by creating a product closer to their needs, if an appropriate regulation to ensure that intermediaries comply the duty of acting in their customers' best interest is enacted.	
Question 6	Yes.	
Question 7	We share the view that insurance products are heterogeneous and therefore "*can differ depending on the complexity and nature of the product and the risk of consumer detriment*". However, we believe that the requirements proposed for the pre-defined "negative target market" ("*If an insurance product is not compatible with the needs,*	

| | *characteristics, objectives and demands of a specific group of customers, the manufacturer shall also identify the target market to which the insurance product should not be distributed"*) should be avoided or clarified if it to be maintained, for the following reasons :

- The requirements under IDD (e.g article 25 IDD) do not provide for a definition of the "negative" target market.

- Furthermore, this concept is unclear. For example, we doesn't know if customers not covered by the "positive" target market should be automatically covered by the "negative"target market.

Finally, we also believe that a clarification is needed considering the concept of "*risk of consumer detriment*". | |
| Question 8 | Yes.

We agree with the proposed principles. However, we estimate that the proposals are too far-reaching in some aspects while other aspects require further specification:

First of all, it would be necessary to indicate if existing contracts need to be amended to comply with new requirements.

Furthermore, we should also stress that it would be difficult or even impossible to have " *appropriate written agreements in place in order to coordinate*" the review between manufacturers/distributors. Indeed, according to the principles of better regulation, requiring distributors to make arrangements with a lot of manufacturers in order to coordinate the review of the products (with various review timetables…) appears to be a very excessive administrative burden.

Finally, we consider that a minimum interval for reviewing the product is not | |

	necessary.	
Question 9	No. There no additional elements which we would consider appropriate in order to specify the regulatory requirements on conflicts of interest. However, we consider that it would be more relevant to (i) take into account the specific structure/size of the distributor, to (ii) follow the route of a "light" simplified regime for small intermediaries managing with conflicts of interest and to (iii) introduce a number of exemptions and exclusions.	
Question 10	Yes. We agree that the policy proposals don't need further specification of the principle of proportionality. We consider that the procedural provisions for the different types of distributors should be proportionate to their types of activities, sizes and structures.	
Question 11	Yes, we agree with the proposed high level principle to determine whether an inducement has a detrimental impact on the relevant service to the customer.	
Question 12	No further inducements need to be added to the list in paragraph 4 of the draft technical advice. We share the view that the objective of this list is not to introduce a *de facto* prohibition on the receipt/payment of inducements. Indeed, we think that the	

	type/form/structure of remuneration is *per se* insufficient to demonstrate a detrimental impact on the quality of the service provided to customers.	
Question 13	We have no comment.	
Question 14	No, there are no further organisational measures or procedural arrangements which we would consider important to monitor. The organisational specifications under this Draft technical advice already constitute an important (or even excessive) burden for distributors.	
Question 15	Yes, we agree with the high level criteria used to specify the assessment of suitability and appropriateness.	
Question 16	Yes, we agree with them.	
Question 17	We have no comment.	
Question 18	We have no comment.	
Question 19	We agree that the insurance products can be considered non-complex if they do not incorporate a structure with makes difficult for the consumer to understand the risk involved (customer's perspective).	

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Question 20	We have no comment.	
Question 21	We have no comment.	
Question 22	Yes, we agree with the high level criteria used.	
Question 23	Yes.	
Question 24	We have no comment.	
Question 25	Yes.	
Question 26	No. We consider that EIOPA does not need to specify further criteria with regard to the periodic communication to customers. Introducing additional criteria would excessively complicate the IDD requirements.	