

**Comments Template for  
Discussion paper on a possible EU-single market for personal pension  
products**

**Deadline  
16 August 2013  
18:00 CET**

Name of Company:	<b>Slovak Insurance Association</b>	
Disclosure of comments:	<p>EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.</p> <p><i>Please indicate if your comments on this CP should be treated as confidential, by deleting the word <b>Public</b> in the column to the right and by inserting the word <b>Confidential</b>.</i></p>	<b>Public</b>
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ <u>Do not change the numbering</u> in the column "question"; if you change numbering, your comments cannot be processed by our IT tool.</li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a question, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <ul style="list-style-type: none"> <li>○ If your comment refers to multiple questions, please insert your comment at the first relevant question and mention in your comment to which other questions this also applies.</li> <li>○ If your comment refers to parts of a question, please indicate this in the comment itself.</li> </ul> </li> </ul> <p style="text-align: center;"><b>Please send the completed template, <u>in Word Format</u>, to <a href="mailto:personalpensions@eiopa.europa.eu">personalpensions@eiopa.europa.eu</a>. Our IT tool does not allow processing of any other formats.</b></p>		

**Comments Template for  
Discussion paper on a possible EU-single market for personal pension  
products**

**Deadline  
16 August 2013  
18:00 CET**

Question	Comment
General Comment	<p>Slovak Insurance Association welcomes the opportunity to present its opinions on personal pension products and its possible regulation as shown in EIOPA Discussion Paper.</p> <p>Our general comments should highlight some issues that make insurance sector so different from other financial sectors. One the principal conditions when creating the single market for PPPs is to make the products more unified and easy to transfer (i.e. to sell and buy again). But this is not so straightforward in insurance products. Those are typically long-term, and requiring more stability in predictions of future changes to the clients portfolio. On the other hand, the most important thing in insurance is to assess and evaluate the risk covered by the products and to calculate its price as accurately as possible (moreover, Solvency II regulation is based on this crucial requirement). In this case, there should be no discussion of single / unified mortality tables used across EU (leading to the huge adverse selection process between clients), or of single technical interest rates used in calculation of technical provisions (this would prove impossible outside Eurozone area).</p> <p>Despite the above remarks, we would like to welcome the commencement of the discussion on voluntary pension system – so much underrated and not considered as important in some EU countries – mainly due to the persisting illusion that traditional, obligatory public system will cover all needs of future pensioners.</p>
Q1	<p><b>Do you find the list of common features of PPPs identified by EIOPA complete? Would you add any other features (e.g. periodic income)?</b></p> <p>Re periodic income: Yes, any pension product should provide a regular source of money to the person covered.</p>
Q2	
Q3	<p><b>Do you think that future regulation of PPPs should also include additional prudential requirements in cases where the provider of certain PPPs is already subject to European prudential regulation?</b></p> <p>Most important is to ensure Level playing field for all providers of PPPs. if this means to increase regulation then yes. Questionable is the case where current regulation is going above „possible future regulation of PPPs“.</p>
Q4	<p><b>What advantages do you see in creating/improving a single market for PPPs?</b></p> <p>Rising awareness of third pillar and its important role in providing sustainable financial cover for</p>

<b>Comments Template for Discussion paper on a possible EU-single market for personal pension products</b>		<b>Deadline 16 August 2013 18:00 CET</b>
	future pensioners.	
Q5	<p><b>Do you think that these definitions fully reflect the EU personal pension landscape? If the answer is negative, what changes would you suggest in the wording of the definitions? Which of the definitions is better?</b></p> <p>OECD definition seems to be more appropriate.</p>	
Q6		
Q7		
Q8	<p><b>Do you think that EIOPA should consider developing a framework for transferability of accumulated capital for passported PPPs? What obstacles to transferability can you identify and how can they be overcome? Can you identify the benefits of a transferability framework in the context of PPPs?</b></p> <p>We do not believe that transferability of PPPs is any benefit for the client, considering relatively high „transfer“ costs (sell-out fees, entry fees, possible decrease in value / profit lost during transfer period, etc.). Especially, in insurance area, such transfers in large scale are potentially detrimental for all insured involved (even those not transferring their product) – the overall risk covered is much more difficult to predict and calculate. Eventually, it leads to product price increases in general.</p>	
Q9	<p><b>What are the prudential obstacles for creating a cross-border market for PPPs for different types of providers (banks, insurers, UCITS)?</b></p> <p>The principal problem lies elsewhere: the main reason of non-existence of cross-border market is lack of demand: the people do tend to chose between domestic pension products, rather than purchasing them abroad (in many cases, a problem of different regulation). Pensions are generally considered „domestic issue“ and / or are felt very emotionally. Another thing is hat there are too many discrepancies and inconsistencies in local pension systems in various EU member states (different cultural, historical and economic background).</p>	
Q10		
Q11	<p><b>Have you identified any other tax obstacles in addition to the four identified by EIOPA? Can these obstacles be eliminated in practice?</b></p> <p>Certainly not by promoting any form of tax harmonisation across EU. This agenda (PPP) should not serve as a cover up / start up for any EU-wide regulation of national / local taxes and tax</p>	

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
	systems.	
Q12		
Q13	<p><b>According to your knowledge, how do MSs approach the principle of non-discrimination of foreign PPP providers in their national tax legislation as far as taxation of contributions, investments and benefits is concerned?</b></p> <p>It is already described in part Tax obstacles that biggest obstacle is different scheme of taxation in different MSs, so we would say NO.</p>	
Q14	<p><b>Do you consider that transferability requires harmonisation of the tax treatment of pensions across MSs? In your view, are such changes feasible?</b></p> <p>Tax issues should remain entirely in MSs responsibility.</p>	
Q15		
Q16	<p><b>Do you see the need of the creation of a single market for products 1st pillar bis? What would be the benefits of creating a single market for 1st pillar bis products? How could the challenges posed by existing social and labour law be overcome, in particular in the Member States which have no products 1st bis?</b></p> <p>The differences between various national social and pension systems across EU are too big to make such single market creation work effectively. We do not believe that unanimous consent of all EU MSs is feasible, either now or at any time in future. On the other hand, this consultation should entirely concentrate on personal pensions on voluntary basis, and not to those that are the (obligatory) part of MS's pension system.</p>	
Q17		
Q18	<p><b>Taking into account the fact that the contributions to the 1st pillar bis products, come from diverting part of the contributions of the traditional public 1st pillar PAYG system, would it be feasible to create a passporting regime for providers of 1st pillar bis PPPs?</b></p> <p><b>In particular do you think that EIOPA should consider the possibility to create a framework for cross-border management of 1st pillar bis schemes.</b></p> <p><b>If the answer is positive, do you think that EIOPA should consider the possibility to create a framework for cross-border management of 1st pillar bis schemes based on the principles of UCITS Management Company passport? (Art. 16 to 21 of the Directive 2009/65/EC).</b></p> <p><b>If the answer is positive, how would the UCITS Management Company passport need to be</b></p>	

<b>Comments Template for Discussion paper on a possible EU-single market for personal pension products</b>		<b>Deadline 16 August 2013 18:00 CET</b>
	<b>modified for 1st pillar bis managers to take into account specificities of 1st pillar bis?</b> As 1 <sup>st</sup> pillar bis is somehow part of 1 <sup>st</sup> pillar we would see no space for creation of framework for cross-border management.	
Q19		
Q20	<b>Would passporting alone be sufficient a framework for the cross-border provision of PPPs or should EIOPA work on a 2<sup>nd</sup> regime as well? Which approach do you consider more appropriate to develop a single market in the field of PPPs?</b> From our point of view 2 <sup>nd</sup> regime seems to be more appropriate but we agree that there are some disadvantages (mentioned by you) which can cause displeasure of MSs to implement that.	
Q21		
Q22		
Q23		
Q24		
Q25		
Q26	<b>What information requirements are needed to protect PPP holders? What information should be presented in order to help them make sensible decisions and when and how should this information be presented? What are the differences to be considered with respect to the advice given by EIOPA to COM for the revision of the IORP Directive (occupational pensions)?</b> The best way how to protect a consumer is to inform and educate him/her – ideally in long term. The most important thing about it all is to understand the main principles of financial products and to be educated enough in order to decide which product best suits consumer’s needs. In practice, it is not very effective to provide a client with too much information (really important message is overseen due to the huge ammount of unimportant / irrelevant information). Last, but not least: it is no use to provide consumer with such information documents very shortly before the contract is concluded. We support the principle of layering.	
Q27		
Q28		
Q29		

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
Q30	<b>Will a KII/KID like document be appropriate for personal pensions as has been advised by EIOPA on the review of the IORP Directive? What would be the behavioural purpose?</b> We would say YES.	
Q31		
Q32		
Q33	<b>What information should be provided in respect of costs? Should it be consistent between ex-ante and actually levied costs? Should it include investment transactions costs? What is the best way to present this information?</b> In insurance, this is rather confusing information. The costs must be calculated directly into the premium or benefit. Without comparing the real risk cover of various insurance products, the clients would turn to compare only costs, what might lead them to chose the cheapest one without any connection to his/her needs.	
Q34		
Q35		
Q36	<b>What are the mediums through which pre-contractual information should be presented (paper, other durable medium, internet)? In which cases should the different mediums be used?</b> We would say all mediums and based on distribution channel.	
Q37		
Q38		
Q39		
Q40		
Q41		
Q42		
Q43		
Q44		
Q45		
Q46		

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
Q47		
Q48		
Q49		
Q50		
Q51		
Q52		
Q53		
Q54		
Q55		
Q56		
Q57		
Q58		
Q59		
Q60		
Q61		
Q62		
Q63		
Q64		
Q65		
Q66		
Q67		
Q68	<p><b>What could be the role of product regulation in the context of PPPs?</b></p> <p>It is not clear whether the desired effect of product regulation would be a kind of „dual product system“ in financial institutions, meaning that they would maintain their products in two versions: national / regional and EU (PPP regulated). In that case, the whole administration becomes more complicated and more expensive (at customer’s costs). If the companies would chose to keep only one version – PPP / EU regulated (and unified), it could lead to decrease of any future innovation</p>	

<b>Comments Template for Discussion paper on a possible EU-single market for personal pension products</b>		<b>Deadline 16 August 2013 18:00 CET</b>
	activities and would make those procts more rigid and less able to reflect customers needs.	
Q69		
Q70		
Q71		