

**Comments Template on  
 Consultation Paper on the proposal for Guidelines under the Insurance  
 Distribution Directive on insurance-based investment products that  
 incorporate a structure which makes it difficult for the customer to  
 understand the risks involved**

**Deadline  
 28 April 2017  
 18:00 CET**

Name of Company:	EUROPEAN FINANCIAL PLANNING ASSOACIATION (EFPA)	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments (should/to) 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
<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 "reference"; if you change (the) numbering, your comment cannot be processed by our IT tool</li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ Please fill in your comment(s) in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow (the) processing of comments which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, in Word Format, to <a href="mailto:CP-17-001@eiopa.europa.eu">CP-17-001@eiopa.europa.eu</a>.</b></p> <p><b>Our IT tool does not allow (the) processing of any other formats.</b></p> <p>The numbering of the questions refers to the Consultation Paper on the proposal for Guidelines under the Insurance Distribution Directive on insurance-based investment products that incorporate a structure which makes it difficult for the customer to understand the risks involved</p>		
<b>Reference</b>	<b>Comment</b>	
General Comments	EFPA welcomes EIOPA'S consultation paper on the proposal Guidelines under the IDD	

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	<p>and mostly endorses and shares the criteria and analysis of the paper.</p> <p>We are responding this consultation based on the need to contribute to the informed choice and decisions to be made by customers of insurance and financial industry.</p> <p>EFPA, as a professional standards setting and certification organization for financial services' professionals in Europe, is convinced that face-to-face and personalized advice is what is needed to protect policyholders. The need for financial advice is greater than ever as we observe several key challenges to individuals' financial security around the world. EU's challenges such as the zero interest rate scenario, the longevity (...) increase, the retirement income gap, the customers' lack of confidence, and the lack of financial literacy, require better access to advice.</p>	
Question 1	<p>EFPA agrees with the impact assessment described in the consultation paper, particularly regarding the assessment of complexity of certain insurance-based investment products, with the risk of different supervision implementation in Member States and thus, to end up with an inadequate level of consumer protection and risk of misselling.</p> <p>EFPA also agrees with EIOPA on the need to issue guidelines and to take the intermediate policy option of using ESMA guidelines as (a) starting point. We believe this approach to be the most appropriate for policyholders, industry (including professionals) and NCA's. At a time of customers' lack of confidence, when the main challenge is to boost it, consumer's vulnerability is not an option.</p>	
Question 2	<p>Execution-only sales of insurance-based investment products will necessarily have a residual role. Moreover, it will be a high compliance risk within this residual scope.</p>	
Question 3	<p>Insurance-based investment products falling within the scope of Article 30(3)(a)(i) should mainly be those exposed to financial instruments deemed non-complex under MiFID II.</p> <p>Reference made to 'other non-complex insurance-based investment products' in Article 30(3)(a)(ii), constitutes a mere closing clause which aim is to allow financial</p>	

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	engineering and flexibility under the NCA's supervision on a 'case-by-case' basis. Nevertheless, it is important to avoid the policyholder be put at risk by means of this closing clause. For instance, under this closing clause it would be possible to end up in a situation where distributors may choose the selling of the insurance-based investment products with capital not guaranteed at 100% at the maturity invested in equities or bonds on regulated markets, instead of investment funds with the same underlying investment assets.	
Question 4	EFPA agrees with the content of Guideline 1, without prejudice to the necessary revision of this Guideline once the referenced Commission Delegated Regulation is approved.	
Question 5		
Question 6		
Question 7		
Question 8	We would like to point out that the decision trees are useful and clarifying. Moreover, it would be valuable to include the decision trees in staff's training programs and in financial literacy plans.	
Question 9	<p>As we have stated above, policyholders have a scarce capacity to understand insurance-based investment products. In this light, exceptions made on their protection should be limited.</p> <p>EFPA would like to propose an alternative solution that would guarantee policyholders' access to all the products available in the market that might meet the customer's needs, including complex insurance-based investment products. This solution entails to count with a financial advisor. We can compare financial advisors with family doctors. Some medicines are subject to medical consultation before their consumption, and patients need medical prescription for taking them. In the same way, policyholders need the expert advice of financial advisors before concluding a contract on insurance-based investment products.</p>	

