	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:	**Fédération Française de l'Assurance (FFA)** 26 boulevard Haussmann, 75311 Paris - Cedex 09, FRANCE The French Insurance Federation (FFA) is the federation representing the interests of the insurance industry in France (European Transparency Register No. 5149794935-37). FFA brings together 281 insurance and reinsurance companies operating in France, covering over 99% of the French market.	
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**	

	Comments Template on Consultation Paper on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive	Deadline 3 October 2016 18:00 CET
General Comment	Different distribution models are currently in place in Europe depending on national consumers' protection provisions and local conditions and practices. While Anglo-Saxon model prescribes a ban of commission and allows execution only sales, other models, like in France, favour a general duty of advice, the cost of which is shared by all customers throughout commission based remuneration. These differences were acknowledged by IDD colegislators which allowed Member states to opt for one system or another. As a consequence, EIOPA's technical advice for delegated acts should not place one model above others nor call into question different solution working out well in several markets. In this respect, the FFA considers that : • EIOPA should take better account of existing national rules that pursue the objective of providing the customer with a product which fits its objectives, interests and characteristics. As an example, we hardly see the advantages of a granular definition of the target market where mandatory advice, as in France, requires to ensure that the product will be adapted to the personal situation, needs and demands of a specific customer. On the contrary we do think that a granular definition of a target market at the product design level would reduce customers' choice and even exclude them from having a suitable insurance coverage. • Commission-based remuneration should not in itself be viewed as giving rise to conflicts of interests. From our point of view, Eiopa's choice as to conflicts of interests should not lead to stigmatize one type of remuneration or situation but instead should allow a case by case examination of potential detrimental effect on customers, in consistency with Member states' own regulation and distribution model.	

	Comments Template on Consultation Paper on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive	Deadline 3 October 2016 18:00 CET
Question 1	**A consulting firm did a study on IDD's Implantation costs <u>in the French market</u>:** ***France : Le coût de la mise en conformité des directives distribution.*** **Le coût de la mise en conformité des directives distribution.** Le cabinet de consulting SIA partners évalue **à 365 millions d'euros**, pour le marché français, les dépenses occasionnées par la mise en place des dispositions des directives distribution. Il estime la répartition des coûts par chantier de la manière suivante : Systèmes de rémunération 24% Dispositif de gestion des conflits d'intérêts 16% Formations / professionnalisation 08% Gouvernance Produit 18% Information des clients / transparence 17% Processus de vente / Conseil 14% *Source : SIA Partners* **Please find here below some links as to this study** http://www.argusdelassurance.com/acteurs/directive-distribution-la-mise-en-conformite-coutera-365-m-au-marche-francais-de-l-assurance-sia-partners.108657 http://www.medi-site.fr/index.php/publications/les-breves/179-france-le-cout-de-la-mise-en-conformite-des-directives-distribution http://www.sia-partners.com/ We precise that the study only gives an estimation of the direct administrative costs that professionals will have to face, but not the indirect economic and social costs, difficult to quantify, which will certainly be much higher. In any case, it should be taken into consideration that these costs would notably increase if the position taken by EIOPA leads to the upheaval of the French market system.	

Question 2	As to EIOPA's question on providing sufficient detail on POG, we believe that the policy proposals are too detailed and that such proposal risks being too binding for professionals as for customers. Such principles will create too many obstacles to the introduction of new products, while reducing customers' choice. Please find below our general comment on Product Oversight & Governance (POG): o **Insurance products are not systematically "detrimental" to customers and this should be acknowledged in the final text.** It is essential to underline that customers' needs are already an essential factor in the existing internal product design process. Moreover, Article 25 of the Directive requires to develop procedures and process and to assess "*potential risks to the target market*", which does not mean that all insurance products are *per se* detrimental. o **The granularity of the target market reveals a confusion between the macro approach:** defining the target market through a large categorisation (for example students for health insurance, young couples for home insurance) **and the micro approach** (adaptation of the contract to individual situations on the basis of detailed criteria*)*. This confusion that leads the technical advice to raise up criteria used at the point of sale to the product design level could undermine the current model in France under which advice duty requires to recommend the contract/guarantees that suits individual situation and needs. That's why the examples of criteria proposed by EIOPA for **product testing** (page 17-18) are not appropriate. **Thus, target market should be defined in a more abstract way. A flexible notion of granularity** will allow that the product is adapted to the customer on the individual level. Manufacturers should therefore have sufficient discretion to define the target market on a "macro" basis. o **The target market definition should not restrict the customer's choice** when a product is proving to be consistent and appropriate to him, irrespective of its complexity.	

	As for the example cited that "*you may not need full coverage when you have an old car*", this is more a question to deal at individual level than a problem of target market definition. The owner of an old car may need or request full coverage for its car. "Open architectural" product with several option of insurance coverage would allow to give the customer a product consistent to its needs and demands. o **The 'negative' definition of target customers is not provided by IDD nor requested by the European Commission in its demand for delegated acts**. It would further restrict the offer to the customer and presents multiple risks of a discriminatory classification of clients. It should be recalled that the aim of the product approval process is to ensure that *insurance products meet the needs of the target market* (recital 55) and not restrict customers' access to products. o **Final text should thus expressly provide for a sale outside of the target market if more suitable for the customer.** The principle that the product can be marketed only on exceptional basis outside the target market is not appropriate for the French system where advice is mandatory. o **Control over distribution channels is too far reaching**: The requirement for the manufacturer to regularly review whether the product is distributed to target market would lead to requesting insurance companies to control the marketing of their products by distributors. EIOPA is also asking for a proactive monitoring of compliance with the POG arrangements by distributors. In the case of independent intermediaries, it is not possible for an insurer to monitor actively if (i) the distributor respects the POG arrangements and (ii) the product is sold correctly to the target market. Moreover, overreaching control over distributors risks to reduce their accountability for distribution which goes against IDD objectives. Thus EIOPA should reword its proposals as to monitoring and verification that the product is being distributed to the target market (pages 23 points 22 and 23 or page 39 point 9).	

	o **Proportionality principle should be respected** We would stress that product oversight and governance arrangements need to be proportionate to the level of complexity and the risks related to the products (nature of the product) as well as the nature, scale and complexity of the relevant business of the regulated entity. This requirement is contained in Article 25(1)(2) IDD. It is important to bear in mind the diversity and wide range of insurance products, as a result of which the POG requirements would not be expected to apply in the same way to all products. These differences need to be recalled more visibly, in order to avoid introducing requirements for all insurance products that are more suited to the investment world. O **Product monitoring** Equally, proportionality should be visible as to the product monitoring. EIOPA claims for ***on-going*** product monitoring while Article 25 (1) paragraph 4 of IDD provides for "regularly *understand and* ***regularly review*** *the insurance products it offers or markets*". As a consequence, the wording should be changed (as EIOPA did it in the review section). o **Procedures and Documentation** We are concerned that the introduction of further procedure and documentation requirements will cause increased administrative burdens and thus trigger price-raising. Increased documentation requirements could slow down production and financial innovation and not be in favour of costumers. Hence, the documentation requirements should be proportionate to the nature, scale and complexity of the business of the manufacturer. This should be introduced in an explicit way in the policy proposal.	

	For instance, EIOPA in its final POG guidelines reminded that establishment of POG arrangements does not necessarily mean that new or fully separate arrangements are drafted. We would like to see this explanatory text reintroduced in the technical advice, preferably in the policy proposals. o **Collaboration between manufacturer and distributor** Provisions for distributors **regarding organizational arrangements, documentation and reporting requirements** as proposed by EIOPA **are not required from the level 1** nor by the European Commission. In addition this would cause overly burdening obligations with impracticable and excessive bureaucratic obligations (more bureaucracy, less time for customers!) As to these "collaboration" requirements, Eiopa's propositions on delegated acts should not go beyond what is already proposed by the level 1 IDD text, by imposing obligations that do not exist: IDD only provides that "*reasonable steps"* should be taken as for the exchange of information on the target market, insurance product and process, while taking into account "*the nature of the insurance products sold and the nature of the distributor*". **In any case it should be clarified that tied agents form part of insurance undertakings' POG arrangements**. EIOPA's final advice should also clarify that a manufacturer is not required to share its entire product approval process with a distributor, but only the relevant information on the product and identified target market. Sharing entire product approval process will prove overly burdening and could additionally impair business secrets and plans.	
Question 3	Any further arrangements would not be necessary nor useful. On the contrary, we have concerns that the current level of specification is too far reaching (see our response to Q.2).	
Question 4	See our reply under Q1	

Question 5	Article 25 IDD provides that POG procedures should be put in place "*when insurance undertakings, as well as intermediaries manufacture any insurance product* ***for sale*** *to customers* ». **1. Bespoken contracts:** In some cases, intermediaries design the coverage, the target market, the terms and conditions etc. of an insurance product with/on the behalf of a specific customer (i.e. brokers may be asked by its client i.e. regional or local authorities, hospitals.., in order to cover specific risks). **In the cases above, we are not in the conditions set up in article 25 where the product is manufactured for sale to customers.** **2. Intermediaries as manufacturers:** In other cases, intermediaries can be regarded as manufacturers where they play a key role in product design and development. In these cases, it seems reasonable and logical that only the intermediary is subject to the product oversight and governance requirements as manufacturer of insurance products, while insurance undertaking covering the risk remains fully responsible to the customer for the contractual obligations (clauses in the contract etc.) resulting from the insurance product. **Under any circumstances, insurance undertakings should not be seen as a "co-manufacturer" and assume administrative responsibility for non-compliance of POG procedures** (thus paragraphs 13 and 14 on page 29 should be deleted). Moreover co-manufacturing will lead to **legal uncertainty and misinterpretation**. **On that account, we once more stress taking into account difference between administrative responsibility for POG procedures and contractual obligations and liability to the customer as to the insurance cover.**	
Question 6	See our reply in Q5. It should be upon the intermediary (who is manufacturer) to assume administrative responsibility for POG procedures. No co-manufacturer is welcomed.	

Question 7	As a general comment, where personal recommendation is mandatory like in France there is no need for **granular identification of the target market** whatever the complexity of the insurance product is. Further as to granularity, we have serious concerns for the French model and recall these starting prerequisites: ○ **Accepting specificities of national markets' existing systems** Too much granularity will cause the upheaval of the French market where advice is mandatory. It could be the end of the "open architecture" product design and restricting the customers' choice. Customer will be trapped in a target market product which may not exactly fit its individual situation, needs and demands. On the top of that too narrow a definition of the target market entails the risk of excluding some customers, lead to discrimination or even more to a sale refusal. For this reason, EIOPA's examples of criteria which could be considered to determine the target market" (*age of the customer, financial situation and objectives*… i.e. page 32 point 9) cannot be relevant at conception/category level but only at individual level. That's why the flexible product-specific approach to the determination of the target market is to be welcomed. ○ **'Negative' target market should be deleted as it goes beyond IDD** EIOPA is changing legislators' decision on level 1 where no such definition was required. Negative target market would further **restrict the offer to the customer and increase risks of a discriminatory classification of clients**. ○ **The sale outside of the target market should be explicitly recognized** The possibility of a sale outside of the target market is not clearly (explicitly) indicated in the EIOPA's technical advice, just as a comment in EIOPA's explanations, page 21.	

	As a principle, EIOPA prohibits (a) distribution outside the market and then, exceptionally, permits it (b): - "*In particular, this means that the distribution strategy generally does not allow insurance products to be distributed to customers which are not part of target market identified by the manufacturer*. - *The distribution strategy may also outline circumstances under which the distribution of insurance products to customers outside of the target market is permitted exceptionally*". We would thus insist that it should be clearly indicated in the wording of the delegated acts that this possibility still exists. **An explicit recognition that one could generally sell outside the target market, provided that it is justified in that particular situation, must be contained in the wording of the final text.** o **POG should not lead to preliminary choose a distribution channel** Manufacturers do not necessary know which distribution channel will be selected by customers. In order to provide unlimited access to insurance to the benefit of the customer and competition, distribution channels should not be restrained from certain products or target groups as long as these channels are properly trained and able to recommend or sell one or several categories of products.	
Question 8	o **Flexible review** We support that it is upon insurance undertakings to determine how regularly to review their products. Insurance undertakings should be able to determine their proper criteria based on their activities and the legal and tax environment of products. A "case by case" examination will be thus appropriate. **We do not believe that EIOPA should prescribe any defined intervals for the review process nor for reviewing products.** To keep this review process as effective and efficient as possible, and to ensure that the principle of proportionality is taken into account, there should be a link between the stability of the product and the	

need to conduct a review. The more stable the product is, the less is the need to conduct a review.

Moreover, we do not consider that **any minimum interval** should be determined. In this sense, it would be more easy to change procedures in the case of crucial events (not to wait 3 years but do it promptly and, on the other hand, if nothing happens, there is no need for revision). A review should be left to manufacturer and should only be carried out on a case-by-case basis.

- **Arrangements, documentation, review by distributors**

Provisions for distributors regarding organizational arrangements, documentation, including regular review of products distribution arrangements and reporting requirements **are not required from the level 1 nor by the European Commission**. This would cause overly burdening obligations with impracticable and excessive bureaucratic obligations (more bureaucracy, less time for customers!).

- **Collaboration between manufacturer and intermediary**

With regard to the "*relevant information details (...) on product structure, features and product risks, costs (...implicite)"* between manufacturer and intermediary (p. 40-41), manufacturers and intermediaries should inform each other about relevant results of their reviews. However, additional obligations to coordinate, or how to coordinate, such reviews are neither required nor practicable.

Intermediaries should lay down written agreements with insurance undertakings identifying the information the insurance undertaking should provide them according to article 25 (a) (6). The intermediaries should be responsible to require these written agreements from insurance undertakings and to deliver the information provided by the insurance undertaking to their own employees and, where appropriate, to intermediaries they work with. The insurance undertaking (manufacturer) should be responsible to make available to intermediaries the relevant and updated information.

	We do not agree with the reference to "*information to assess whether the product* ***offers added value or give "implicit costs***". This requirement goes beyond IDD. Moreover it remains unclear which information is to be specified here. As for "fair value" it is a subjective notion. The industry supports the development of good products that bring value to customers. If the reference is made about price, we do not think that EIOPA can interfere in internal pricing mechanism, as to do so would be contrary to the Article 21 Solvency II, which do not allow to Member States nor supervisors to intervene to the pricing mechanism (nor prior approval nor notification) and will inevitably hamper competition.	
Question 9	As to EIOPA's question, we do not consider that any additional elements are necessary nor appropriate in order to specify the regulatory requirements on conflicts of interest. **However, we have serious doubts with the propositions and we plead their amendment, and where relevant, their withdrawal (see our arguments below).** **Notably, commission-based remuneration should not be interpreted as a conflict of interests *per se* as IDD provides that organizational arrangements should be put in place in order to avoid it.** **1. Consistency with level 1 requirements (IDD wordings)** **As to conflicts of interest, EIOPA firstly must recognize that the presumption (*at least be assumed*) that any remuneration by commission is a source of conflicts of interest or at the expense of the customer is beyond level 1:** o According to Article 27 IDD, intermediaries shall take **steps** preventing conflicts of interest from adversely affecting the interests of customers. This is to be welcomed. Even more, it should be noted that Article 27 IDD also requires such arrangements to be proportionate to the activities performed, the products sold and the type of the distributor. o IDD expressly leaves the issue of a (possible) ban on commissions as an option for	

Member States which is undermined with EIOPA's assumption.

o European Commission in its demand asks for "***measures*** *in respect of the conflict of interests rules*" , "***steps*** *that (industry) might* ***reasonably*** *be expected to take*" and "***criteria*** *for determining the* ***types*** *of conflicts of interests whose existence may damage the interests of customers*" (Article 28 d) IDD).

o Recital 57 of the IDD provides that in order to ensure that any inducement does not have a detrimental impact, the insurance distributor should develop arrangements and procedures relating to conflict of interest. **In other words, under the IDD, where these procedures properly identify, prevent and manage conflicts of interest including those resulting from inducements, the latter should be presumed as not having a detrimental impact on the quality of the service.**

2. Consistency with national system

Where advice (personal recommendation) is made mandatory for the distributor and for the client, like in France, commission based remuneration should not be "assumed" as data source of conflict of interests. Indeed, commission system allows a **"mutualisation"** of advice costs to the benefit of all clients.

As a recent study by EFAMA has showed, in the UK where no retribution is allowed to be paid to the independent advisor (IA) by the promoter as a result of the Retail Distribution Review (RDR), a new business model has emerged, whereby the IA charges the client.

"The experience of the first years of this new regulation show that only clients with a larger asset basis will receive adequate advice as they will pay a sufficient fee to the IA. Conversely, clients with less than 100 000 £ suffer a lack of advice and are pushed towards trading through electronic execution platforms. One can extrapolate that this rising of electronic platform will coincide with a shift towards less risky investments from these categories of investors that cannot afford to pay for the advice. Indeed, as they will have less tailored recommendations, they are likely to become more risk-

advert and therefore concentrate their investments in low return investments such as saving products. This will have a detrimental effect on their prospect of future income for when they retire but this will also have an significant impact on the amount of funding for the real economy that these investors could have generated, provided that a proper advice adjusting the level of risk of the products they could invest in had been given to them".

That's why we believe that regulation should be business model neutral and would therefore call on the EIOPA to refrain from trying to adopt a one-size-fits-all approach and rather allow for different business models based on different investment cultures to develop in the EU.

3. Type and extent of a possible damage

There are a range of different types of potential conflicts of interest and not all of them can be dealt with in the same way. Not all conflicts of interest have the potential of causing detriment directly to consumers, and where there are some, which may be detrimental, EIOPA should focus on the extent of potential damage (low damage could be managed by proper procedures).

As for us, detrimental impact should not be assessed on the basis of "one fit all" criteria. A case by case examination is necessary.

o For example, higher remuneration for unit linked contract can be explained by more time and work passed on explanation, information and suitable advice.

o Equally, it is not understandable that for EIOPA, involving the persons responsible for the distribution in development of IBIPs should be considered conflicting (point 2 d) on page 45). On the contrary, these persons are best placed to appreciate the needs of the target market and to collect information about the necessity to adapt or even review the target market.

4. Proportionality

The proportionality principle is to be recalled: Article 27 IDD "*Those arrangements shall be proportionate to the activities performed, the insurance products sold and the type of the distributor".*

o **Conflicts of interest do not arise to the same extent between these different distribution channels** (e.g. the exclusive agent is representative of the insurance company while the broker is of principle, the representative of his client). As the European Commission said formally, different products as well as different distribution channels might present different risk of conflicts of interest. Indeed, issues are different according to whether the client addresses an exclusive agent or the company directly or chooses to be in touch with independent broker. The expectations of the client are not the same in either cases.

EIOPA must thus take into account the **type of distributor** when proposing solutions for conflicts of interests.

o **Even more distributors have a right to be properly remunerated for their services.** Commission-based remuneration should not be interpreted as a source of conflict of interests *per se* where advice is mandatory. In these cases, if costs will no longer be shared via commission based system, the customer will directly pay for mandatory advice at the higher price, as the distributor cannot work for free.

For these reasons, we do not agree with a list of situations that always generate conflicts of interest nor with EIOPA's systematic presumption of conflict of interests for any kind of remuneration or advantage "receives or will receive from a person other than the customer".

5. Organisational "policy"

The organisational provisions on the documentation of conflicts of interest under paragraph 9(b) on page 47 require distributors to record an exaggerated amount of detail, resulting in disproportionate efforts.

	Distributors are not able to predict all potential conflicts of interest that might arise following the multitude of – often unpredictable – customer decisions, taking into account every conceivable element of their personal situation. Moreover, it is unclear who would benefit from such a list. Customers would not have any advantage from receiving a list of potential conflicts of interest that might possibly arise in the future, but which have no basis so far. On the contrary, where a new problem appears, it could not be a part of list.	
Question 10	We would welcome greater recognition of the need to take into account the principle of proportionality in the draft technical advice (see above answer to question Q.9). We would also wish to point out that the mandate which EIOPA has received from the European Commission is quite clear in asking from EIOPA to give particular attention to the **practical implementation** of the proportionality requirement under its technical advice. This should therefore be done in the technical advice and does not require EIOPA to develop separate policy instruments to elaborate the principle of proportionality in the field of conflicts of interest.	
Question 11	**1. Definition** Firstly, FFA highly agrees with EIOPA's definition of an inducement ("*does not comprise internal payments*") but will appreciate that this definition should be contained in the final text of the delegated acts. o **Internal payments Vs. third party payments** FFA considers that "internal payments" should also cover commission paid to tied agents. These commissions are part of the contractual link between tied agents and insurance undertakings which they represent. Furthermore, related to the remuneration policy requirements, EBA and ESMA consider tied agents as „staff**". In France 13 500 tied agents are concerned.** We would welcome explicit clarification that employees and tied agents are not considered as third parties for the purposes of these provisions.	

	2. Detrimental by nature o Article 29 (2) of IDD concerns any fee or commission or non-monetary benefit paid or to pay "**in connection with the distribution of an insurance based investment product**". This means that the detrimental effect on the client should be assessed with respect to the remuneration paid or to pay **for the contract sold.** This should be recalled in the final text of the technical advice. o **We also consider there are no detrimental fee, commission or non-monetary benefit by nature**, **notably if a product is sold with advice** providing as a result a suitable product to a costumer. We also do consider that where advice (personal recommendation) is made mandatory for the distributor and the client, inducements should not be presumed as detrimental as they allow a **"mutualisation"** of advice costs to the benefit of all clients. o We would newly recall that recital 57 of the IDD provides that in order to ensure that any inducement does not have a detrimental impact, **the insurance distributor should develop arrangements and procedures relating to conflict of interest**. In other words, under IDD, where these procedures properly identify, prevent and manage conflicts of interest including those resulting from inducements, the latter should be presumed as not having a detrimental impact on the quality of the service. **3. Blacklist** Even if EIOPA says providing a list of inducements "*considered to have a high risk*", we do not really see this high level principle to determine whether inducement has a detrimental impact. Rather, for us, it seems that these types of "*inducement or structure of inducement scheme"*, would be not allowed as Eiopa says that "*it will be no longer possible (…) to pay or receive certain inducements which entail high risk of detrimental impact"* (page 132).	

	Rather than the option of a black list at European level (identify inducements that are considered to be high risk of having a detrimental impact) FFA prefers enabling national authorities to take into account the specificities of national markets and existing business models when managing inducements (page 136-137). A black list will indeed, as EIOPA acknowledged, "*have negative consequences for existing business models, in particular those which may mainly rely on commissions (…) as well as small intermediaries, leading to a reduced competition and choice" (…) which are entirely financed by commissions … they have to change the structure of their income, training costs for employees*". **One more time, technical advice should not stigmatize one remuneration model and recognise that intermediaries can receive commission for their work.** As for variable /conditional remuneration only principles should be set up in order to avoid pre-settled list of situations which even more could be too far reaching and contrary to the business making principles. For example, 4 a) is not feasible because it implies that an insurance undertaking knows the amount of the commission received by a broker from other undertakings. We agree to introduce and promote in 4b) the use of appropriate qualitative criteria in determining the inducement in order to reduce the risk of detrimental impact on the quality of the service to the customer. However, it should be up to professionals to balance the use of qualitative and quantitative criteria. Equally 4 f) is too far reaching because it leads to ban any form of variable or contingent threshold or any accelerator for sale target. Variable or contingent threshold together with qualitative criteria (i.e. quality of services provided to customers) should be accepted.	

Question 12	We do not believe that further types of inducements need to be added to those listed in the draft technical advice, which, as mentioned in our response to Q.11, already runs the risk of undermining existing commission-based distribution models.	
Question 13	We do not believe that a detrimental impact on the quality of service can be determined solely on the basis of a particular model for calculating benefits or payment methods, but rather a holistic approach is necessary that takes into account the context of the overall situation, including the long-term customer relationship.	
Question 14	With regard to the proposed organisational requirements, we would question the wording of paragraph 8 on page 55 which refers to documenting the assessment of **each** inducement in a durable medium. We believe this to be a too heavy administrative requirement and that it would be better dealt at the level of the inducement scheme (rather than each individual inducement).	
Question 15	We agree with the high-level principle approach regarding the specification of suitability and appropriateness test. Advice and assessment of suitability require individual consideration of each customer by the distributor. We agree that the information set by Article 30 (1) IDD could be provided by means of a clear and understandable questionnaire about the customer's knowledge and experience, his financial situation including ability to bear losses (*where relevant*, information on the source of his regular income, his assets and real property) and his risk tolerance or and his objectives (where relevant, preferences regarding risk and the purposes). Information required from the customer should be appropriate, proportionate and should focus on factual data concerning existing personal situation of the customer upon information given by the customer (as EIOPA said in its proposition, distributor "*should rely on the information provided by the customer*" (page 66)). However, some precisions will be welcomed as to:	

	1. Suitability assessment (advice): EIOPA must provide clarification that in cases where **customers deliberately withhold information under Art. 30(1) IDD, distributors may continue with the sales process after providing and documenting a risk warning to the customer (Art. 30(2) IDD)**. This clarification is needed because in some member states, as in France, intermediaries are not allowed to sell insurance products without giving prior advice (page 65, point 10 and 11). Suitability assessment cannot be done at individual level in case of occupational contract. Thus paragraph 8 about collective contracts (page 64) is not understandable and is in need for clarification. **2. Advice that involves switching embedded investments** The requirement set up in Paragraph 12 of the draft advice (p.65) concerning the "analysis of the cost and benefits of the switch of embedded investments" is too far reaching and puts too much emphasis on costs. Market fluctuation due to certain events (recent Brexit for example) could trigger a switch of embedded investments. Moreover requiring the distributor to **quantify** the benefit of a switch may prove very dangerous **as it is impossible to say in advance the future performance of the embedded investments** (past performance is not a guide to future performance). As a consequence, there is a risk that distributors will no longer propose a switch even if it could be of benefit for the customer.	
Question 16		
Question 17	No further information than those already provided by Article 30(1) of IDD is needed. Customers are often complaining that too intrusive questions are asked about their personal life.	
Question 18	As in France suitability test (advice) is mandatory, we do not see a need for EIOPA to introduce further specification and guidance in a separate policy instrument on the	

	relationship between the demands and needs test and the suitability/appropriateness assessment. In any way, this would go beyond the provisions of IDD and the relevant EC mandate for technical advice (Article 30-6)).	
Question 19	Because of insurance specificities, we believe the definition of complex/non-complex products in IDD should not be aligned to MiFID II. **Complexity should be judged on the the difficulty to understand the risk linked to investment exposure to the financial instruments.** For example, IBIP's with an unconditional underlying **guarantee to the capital** that has been invested for the duration of the contract should be considered non-complex, even if the instruments or structures used to produce such guarantees are non-trivial. **As for us with-profit participation product should be considered as non-complex because it is not a risky product but one with a guaranteed capital offering a high level of protection to consumers.** We do not agree with criterion (h) of the draft technical advice about beneficiary clauses. They do not influence the performance or return of the product **and thus the understanding of the financial risk**. This is a right of a customer to alter a product to his particular needs and these clauses are in the interests of customers as they enable them to keep control over the beneficiary of their investments.	
Question 20		
Question 21		
Question 22	The proposed high level criteria seem to be acceptable in general. However we have some remarks : - IDD does not require for detention of records about "**business and internal organisation"** - Paragraph 17(a) should be clarified to explain that any **periodic recording** of the changes in the suitability assessment is only necessary in cases where the	

	distributor **has explicitly informed** the customer that it will carry out this periodic suitability assessment, in line with Article 30(5) subparagraph 4 of the IDD.	
Question 23		
Question 24	1. **Periodic Suitability assessment** (page 85, point 2 and 5)**:** EIOPA requires that the distributor who provides advice shall **include in the suitability statement** information to the customer about the need for a periodic assessment of the suitability of provided recommendations. This goes beyond the requirement set out in art 30 (5) IDD which only requires a **periodic** suitability **if distributor announced it so initially**. We thus call upon EIOPA to clarify in the final advice that the distributor involved can decide if he provides periodic assessments of suitability or not. Eiopa also requires that the periodic suitability assessment should be given at least annually. As for us, **no predetermined period could be welcomed** but rather a review could be done in case of significant changes (market evolution, Brexit), depending to customer's profile and only if customer is willing to cooperate and give information. **One year could be relevant for short life Mifid investement products, but it will not be for long-term life insurance.** **2. Periodic communication** (page 86 point 7,8,9) We believe that the information set out in paragraph 8 of the draft technical advice on page 86 will result in a duplication of the information that is already required under Article 185(5) of the Solvency II Directive. In addition, many of the newly added requirements are extremely unclear and seem to be copied across from fund concepts, without careful adaption to the features of insurance-based investment products. **As a consequence, this chapter should be deleted**	

Question 25	See question 24 above	
Question 26	No further criteria is needed	