

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:	Federation of Finnish Financial Services	
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
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-16-006@eiopa.europa.eu.</p> <p>Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the questions refers to the Consultation Paper on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive</p>		
Reference	Comment	
General Comment	We welcome that EIOPA has taken proportionality as a starting point in the product governance rules. This is important as intermediaries acting as distributors are normally very small undertakings or actors. As many intermediaries usually distribute several insurance products from several several insurance companies, there should not be	

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overlapping or accumulating duties for the intermediaries. In addition, tied agents will be mostly covered already by insurance company’s POG principles, as they are tightly connected to the insurance company’s business and distribution structure. In addition, proportionality is important as the Guidelines deal with all kinds of insurance products (simple and complex products, risk insurance and investment related insurance).

We also welcome EIOPA’s approach to place Preliminary Guidelines on product governance as a basis for product governance rules on IDD level 2 measures. As the insurance undertakings and intermediaries are already implementing these preliminary rules, any unnecessary changes to these rules should be avoided as much as possible. However, we are concerned by potential retroactive application of the proposed POG requirements. The POG requirements should apply only to newly designed products and products that will “significantly change” after the implementation date of such provisions. This also ensures consistency with Article 25 of the IDD.

Rules on product governance should also leave room for product innovation and create a suitable environment for recent and future digital development in the ways products are developed and distributed.

We also find it very important that EIOPA will stick to the mandate given at level 1 IDD directive. This concerns both EIOPA proposals on product governance and other parts of conduct of business rules in the consultation.

We welcome the high level principle approach in the other parts of EIOPA proposals.

Question 1		
Question 2		
Question 3		

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Question 4		
Question 5		
Question 6	Yes, there is sufficient clarity regarding the main elements of cooperation between insurance undertakings and intermediaries.	
Question 7	<p>Concerning the target market specificities, defining target market decisively in advance for all possible products and cases and all possible client groups is not possible in practice. The product variety is huge in both life and non-life products, and so does vary the clients themselves. We fear that too tight and prescriptive criteria for target market definition would interfere with product innovation as well.</p> <p>With these reasons we feel it is necessary to allow for appropriate flexibility in the criteria defining the target market and leave the definition to the product manufacturer itself. We welcome EIOPA's approach in point 14. regarding the granularity of the target market.</p> <p>Client's possibility to choose from wide range of products should not be restricted either. Principles of anti-discrimination will set the limits to product provider's possibilities to restrict the marketing and offering of products to clients.</p> <p>We stress that selling products outside the pre-defined target market should be allowed. Selling insurance products will however be regulated by strict selling rules in IDD, which include defining the demands and needs of the client and in case of insurance related investment products, conducting the suitability or appropriateness test. Allowing the selling of products outside the target market should not be considered possible only in exceptional cases. We would also refer to the EBA Guidelines on product governance, which explicitly states that selling outside the target market is allowed if this can be justified.</p>	

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	<p>We do not think it is possible or necessary to define groups of customers for whom the product is typically not compatible and thus it should not be assumed that customers not covered by the pre-defined target market of a specific product are automatically part of a negative target market.</p>	
Question 8	<p>We are in favor of creating certain general responsibilities for intermediaries to inform the manufacturer about cases where the product is not aligned with the target market or there are other risks to customer detriment. This responsibility goes in hand with the product manufacturers' responsibility to follow the life cycle of the product. However, proportionality principle should be taken into account in this responsibility for smaller intermediaries. The same proportionality principle should be stressed in the processes to coordinate the reviews of product distribution arrangements by product manufacturers and intermediaries.</p> <p>Regarding the last question in Q.8, we feel the frequency of reviews should be set flexibly: review should be taken « when necessary » .</p>	
Question 9	<p>We do not consider that other elements are necessary to specify the requirements on conflict of interest.</p>	
Question 10	<p>We agree that the policy proposals do not need any additional specification of the principle of proportionality. The situations differ very much in different providers and this requires flexibility in the regulation. Specifying too detailed examples or lists of situations containing risks to conflicts of interest would seem artificial and would not catch all risks.</p>	
Question 11	<p>We welcome the EIOPA approach to issue high level principles on inducements. The criteria for inducements containing a high risk of detrimental impact should be seen as examples and not setting definite prohibitions on certain operations.</p>	

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	We would also comment EIOPA's question in point 22. whether additional specification and guidance on inducements in a separate document would be needed. We're not in favor in such additional documents and further specifications.	
Question 12		
Question 13		
Question 14		
Question 15		
Question 16		
Question 17		
Question 18	We feel further guidance from EIOPA on the relationship between demands and needs and suitability/appropriateness is not needed.	
Question 19	We do not agree with the definition 1. h) of the criteria defining non-complex products. Contractual features allowing alteration of material consequences with regards to benefits and gains in the pay-out profile should not be included in the list of complex features. These elements often work in the favor of the customer and on the contrary what EIOPA suggests, it might be a risk for the client not to have these elements in the contract.	
Question 20		
Question 21		
Question 22	We would comment on the EIOPA's list in point 13. on instruments considered as durable medium: CD-ROMs, DVDs and hard drives. These arrangements are hardly used anymore and should not be listed as preferable or common types of instruments. The question of what instruments are durable medium should be looked at more horizontally in the financial services area and the criteria should be flexible towards new innovations.	
Question 23		
Question 24	According to paragraph 9, distributors have to provide customers with a periodic	

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	statement on the services provided and transactions undertaken. This statement can be provided by means of an online platform. NLH supports that digital platforms are considered by EIOPA, but regret that distributors need to have evidence that the customer has actually accessed the information at least once during the relevant reporting period. This is not required under the IDD, as the Directive only contains an information obligation for the distributors and does not oblige them to check if their customers read / access the information.	
Question 25	We welcome EIOPA's efforts to take account of the specific nature of insurance-based investment products. However, point 8(d), (h) and (j) of the draft technical advice are requirements that are only suitable for pure fund concepts. They should not be applied for insurance-based investment products.	
Question 26		