	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:	FG2A (Fédération des Garanties et Assurances Affinitaires France)	
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	The FG2A France ("Fédération des garanties et assurances affinitaires France") is a federation bringing together industry players operating on the affinity and add-on insurance and warranty market in France. Our federation comprises leading French and international market participants. Insurance products distributed by our members include, but are not limited to, mobile phone insurance, motor insurance, travel insurance and services and payment insurance.	

	We welcome the opportunity to answer this consultation on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive. Affinity products are "niche" products that are very specific both in terms of the nature of the risks covered, small premiums, and their ancillary nature. These characteristics justify that such products are treated differently than other insurance products. Hence, we would like to **remind that the vast majority of "affinity products" distributed by our members will fall under the exemption regime stated by the Article 1 3) of the Directive and therefore will not have not to comply with its new requirements**, for instance the Product Oversight and Surveillance (POG) provisions. However, the FG2A France believes that, whatever the legal regime to which they are subject to, all the players of an affinity value chain have a common interest in defining more clearly a common vision of their role and responsibilities within the value chain. This is fully aligned with the objectives pursued by the product and oversight surveillance regime as stated by POG in IDD. Only this common and agreed vision can ensure products sustainability and customer trust. Therefore FG2A France is committed to communicating these standards to all our its members in order to promote best practice in our industry. Moreover, in exceptional cases, it may happen that certain affinity products will fall outside the scope of the exemption regime and thus have to comply with the Directive. Our comments provided hereafter relate to these products. Since most of our members distribute or, less often, manufacture non-life insurance products, we have limited our answers to questions 2 to 8 on product oversight and governance arrangements (POG).	
Question 1		
Question 2 : Do you agree that the policy proposals above provide sufficient detail on product oversight and governance	An effective implementation of the requirements defined by the Directive require to strike a balance between, on one hand, high level criteria to ensure a "level playing field" across countries and different lines of products and, on the other hand, overly specific criteria which may not adapted to capture the variety of markets and products and could stifle products innovation.	

arrangements?	The FG2A France believes that the Commission and EIOPA should adopt a high level approach and stick to the best extent principle to the proportionality principle. At the national level, sectoral professional associations might be useful actors in promoting best practices (for instance, through adoption of codes of conduct), in order to provide guidance that can take into consideration the specificities of each market and lines of products. The delegated Acts could better recognize this role.	
Question 3		
Question 4 : What costs will manufacturers and distributors face to meet these requirements? If possible, please estimate the costs through quantitative data.	The FG2A has not yet conducted an impact assessment regarding the costs faced by manufacturers and distributors in the affinity sector to meet the new requirements. However, a first discussion among our members allowed us to identify 3 types of costs that compliance with IDD will entail : - Costs associated with the extension of the time period necessary to negociate and formalize the governance agreements between manufacturers and distributors for their new products. This will also involve consequent legal fees ; - Costs associated with the organised sharing of information within the value chain between the manufacturer(s) and distributor(s). Costs will be significantly higher for market participants working in an open architecture model (involving several manufacturers and distributors). We believe many market participants will need to upgrade their IT systems in order to meet the requirements of the IDD. - Costs associated with the definition of new procedures and process within the organizations for all participants involved in the manufacturing and distribution of insurance products, including controls costs. Regarding the latter, we urge the European Commission to avoid any duplication in the controls performed across the value chain, which would otherwise significantly increase total costs and impair product innovation.	

	With respect to the costs issue, a key parameter that will drive the total costs is the timeframe that will be left to professional to apply the new rules for the different categories of products portfolio : - the new programs (for which it seems reasonable to apply the new rules as soon as the directive become effective in national countries); - the existing products but still sold to customers (for which remediation plan will have to be drafted and implemented); - the existing products managed on a "run-off" mode. Depending on the choice of deployment, total costs could be easily multiplied by a factor of 2 to 3. That's the reason why the FG2A France would be in favour of a grandfathering clause of at least 5 years for the existing products still sold to customers (to the extent such products are included in the scope of the Directive).	
Question 5 : Do you agree with the proposed high level principle in order to assess whether activities of an insurance intermediary should be considered as manufacturing?	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 ». The first step is to clarify the true meaning of "manufacturing". This can be done by reminding that a typical product development process entails the following two phases : Step 1- Development instigation : identification of a new customers need(s) ; business case proposal; preliminary market testing Step 2- Design and Build (deciding the key contract components : target market, coverage, premium etc.; distribution strategy; marketing) FG2A France believes that step 1 has nothing to do with true "manufacturing". At step 1, many development instigations projects can indeed be abandoned for various reasons. Then it would not make sense to consider an insurance intermediary as "manufacturing" if its role is only limited in participating to this first step. Bringing new products ideas or formalizing an expression of customer needs, even through a tender, is very different than building an insurance contract.	

	Only step 2 (design and build) can be considered in our view as true manufacturing. Actually we haven't seen any case in our sector where such role is carried out solely by an intermediary. In our view this is consistent with our reading of article 25 IDD which states that "insurance undertaking, as well as intermediaries", which seems to exclude the situation where the manufacturing role could be carried out only by an intermediary. We would like the Delegated Acts to confirm this point. However, in very few cases, an insurance intermediary may play a key role in step 2 and then be considered as a "manufactor", alongside the insurance undertaking. In such situation, which are again very limited, we think that a collaboration will have to organized between the insurance undertaking and the intermediary to state clearly their respective roles and responsibilities, in order to avoid any legal uncertainty. This collaboration should be organized and detailed in a written agreement highlighting that : - The insurance undertaking remains contractually responsible of the content of the policy sold the client; - It is the responsibility of the distributor to ensure that the product it offers matches the customer's needs. The producer can set guidelines (pension product will not sell to retirees, unemployment insurance not to sell to officials, exclusions that make such a product is not suitable for military, etc ..); but ultimately the distributor's responsibility is to determine what is appropriate for a given client.	
Question 6 : Do you consider that there is sufficient clarity regarding the collaboration between insurance undertakings and insurance intermediaries	Please refer to question 5.	

which are involved in the manufacturing of insurance products? If not, please provide details of how the collaboration should be established.		
Question 7 Do you agree with the proposed high(level principle for the granularity of the target market? If not, please provide details on the level of detail you would prefer.	In the case of affinity and add-on insurance and warranties, the target market is determined by the underlying product or service bought that a client wishes to insure. The product has therefore few chances of being sold outside its target market. The FG2A would rather insists that selling outside the target market should remain possible if the sale is justified by the demands and needs of the customer.	
Question 8 Do you agree with the proposed review obligations for manufacturers and distributors of insurance products? Would you consider it important to introduce	The frequency and nature of the reviews conducted by the manufacturer should be decided between the involved parties on a case by case basis and layed down in a written agreement. For example, both parties could agree on a list of triggering events (ex: sudden and unexplained increase in customer complaints) or, if wanted and in the case of certain risky products, a minimum frequency. This would enable the manufacturer to organise the reviews under a risk-based approach and prioritize reviews for products where a higher risk of exposure to a detrimental impact exists.	

a minimum frequency of reviews which should be undertaken by the product manufacturer e.g. every 3 years?		