

Comments Template for Joint Consultation Paper concerning amendments to the PRIIPs KID (JC 2018 60)

**Deadline
6 December 2018
23:55 CET**

Name of Company:	Austrian Insurance Association (VVO)	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ 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 <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a question or a cell, leave 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-18-005@eiopa.europa.eu</p> <p>Our IT tool does not allow processing of any other formats.</p>		
Reference	Comment	
General Comments	<p>The Austrian Insurance Association VVO welcomes the opportunity to comment on the changes to the RTS proposed in the consultation document.</p> <p>However, the VVO has serious concerns with the "quick-fix" approach to change the RTS taken in the current consultation. A proper and formal review would be appreciated instead of a "quick-fix" that does not address the insurance industries' issues.</p> <p>It seems that the proposed solutions for performance scenarios set out in this consultation are only an interim measure and that the performance scenarios will need</p>	

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to be fully revised as part of the full review of the PRIIPs Regulation. However, an interim measure which would incur additional compliance cost without achieving any added value for consumers is an entirely unsatisfactory approach. The proposed changes to the RTS would mean insurers face significant costs in altering PRIIPs KIDs by 2020 and will face costs again implementing changes that result from the PRIIPs review.

We understand that the proposed “quick-fix” is mainly due to the potential end of the UCITS exemption in 2019. However, as an end to the UCITS exemption looks increasingly unlikely, there seems to be no reason to rush-through these measures. On the contrary, if the UCITS exemption is going to be extended there is no need to change the RTS with regard to performance scenarios as proposed in the consultation.

Q1

Do you agree that information on past performance should be included in the KID where it is available?

The use of past performance data alongside forward-looking performance scenarios is potentially confusing to consumers and is not a solution to the current problems with the PRIIPs KID. The VVO is concerned that simply adding more information while not addressing the underlying problems with the performance scenarios will overload consumers with information.

Q2

Are there challenges to include past performance information for certain types of PRIIPs?

Yes. There will be problems with providing past performance data for certain insurance-based investment products in particular products with a non-negligible mandatory biometric element (such as death cover) and products with guarantees in cases where past performance is not relevant or could mislead consumers. The

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	<p>performance of these products is driven by the promised future guarantee (which does not depend on the past) and biometric performance respectively rather than the market performance of the underlying assets. The use of historical data or simulated past performance data for some of these products is potentially very misleading. This kind of simulated data cannot reflect other factors influencing the performance of the product, the volatility of the product, or the overall features of the product. It can also not be used to compare IBIPs with other investment products which don't offer the same features.</p> <p>In addition, as for traditional life insurance in Austria, the profit participation mechanism serves as a long-term smoothing mechanism. Hence, also from this point of view, picturing the past performance would be ineffectual and would not provide comparable and useful information for the consumers.</p>	
Q3		
Q4		
Q5		
Q6		
Q7		
Q8		
Q9		
Q10	<p>Do you have any comments on the proposed approaches in relation to the analysis and proposals in this section?</p> <p>As an end to the UCITS exemption looks increasingly unlikely, we do not see any need</p>	

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	<p>to introduce corresponding changes to the PRIIPs RTS at this time with the exception of Article 18.</p> <p>If the UCITS exemption does not expire the possibility for insurance companies to produce a generic KID and to provide the information for each of the underlying option through the existing KIIDs must be extended until UCITS funds are obliged to apply the PRIIP regulation. Therefore, Article 12 (2), Article 13 (2) + (3) and Article 14 (2) have to be maintained and a change of the date in Article 18 of the PRIIPs RTS would be urgently need in case the UCITS exemption will be extended.</p>	
Q11		
Q12		
Q13	<p>Are there significant benefits or costs you are aware of that have not been addressed?</p> <p>If the PRIIPs methodology is changed too often, consumers may lose trust in the information contained in the PRIIPs KID. We urge the ESAs not to introduce any interim solutions and encourage the ESAs to conduct an in-depth review at a later stage that is preceded by a consumer testing and thorough consultations with expert groups and stakeholders. A more comprehensive review would be to the benefit of all – to the consumers and to the insurance industry.</p>	