	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:	Zurich Insurance Company, CH 8045 Zurich	
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		
Question 1		
Question 2	Finally, we suggest that the Paragraph #2 of the draft technical advice should elaborate further to make clear that product oversight and governance	

	arrangements are to be proportionate to the nature, scale and sophistication of the intended market. For example, the Directive exempts "large risks" from the scope of POG arrangements through Article 25(4). While the exemption of "large risks" encompasses unique, large and sophisticated insurance buyers when purchasing most products, there are certain products (such as employer provided Accident, Sickness and Assistance insurance) that similarly would benefit little from the product oversight and governance arrangements but fall outside of the Solvency II definition of "large risks." Accordingly, we propose that the paragraph 2 be amended to provide: 1. The product oversight and governance arrangement needs to be proportionate to the level of complexity and the risks related to the product, the nature and sophistication of the target market, as well as the nature, scale and complexity of the relevant business of the manufacturer.	
Question 3		
Question 4		
Question 5	**Acting as a Manufacturer** We agree that the technical advice should include additional detail with respect to the practical definition of "manufacturing" for the purpose of determining when an intermediary is acting as both a manufacturer and a distributor. While the proposed Technical Advice provides some assistance in doing so, we are concerned that it: • Does not adequately differentiate between the design of insurance products "for the market" and the development of an insurance product	

for a particular customer;

- Discourages constructive interactions between the distributor and insurer as otherwise promoted in Paragraph 36 of the draft technical advice; and
- Creates a level of contractual formality and supposed regulatory interjection that appears impractical and ill-suited.

Confusing the Market and Individual Customer Perspectives

The draft technical advice provides that an intermediary acts as a manufacturer when it "plays a key role in designing and developing an insurance product for the market." The draft then explains that manufacturing does not include personalization or adaption of existing products to an individual customer (particularly where the intermediary is involved in the selection of options or variables defined by the insurer).

While we agree with the principles set out in paragraph 3 of the draft technical advice, we believe the text as worded could cause confusion without a clear explanation that an intermediary is not a manufacturer where it is engaged in negotiating, proposing or even supplying contractual terms or other main elements of the product for an individual customer or limited number of customers. That is, the intermediary can only be considered a manufacturer if its activities in product development or design are "for the market" – not for individual customers, or even for a limited number of customers that together could not be considered "the market."

It is clear that the IDD itself and EIOPA in its draft technical advice intend the POG provisions relating to manufacturers to take a market perspective, rather than the perspective of an individual or small number of customers. For example, it would seem absurd to develop a "target market" description for a

product that was tailor-made for a specific customer; in such a case, the target market could only be described by the name of the customer itself! As a practical matter, many such manuscript or custom policy configurations would be excluded from the POG requirements as "large risks", although not all would be.

Accordingly, we feel it essential that the technical advice explain at the same level of detail as the explanation in paragraph 3 that an intermediary is not engaged in manufacturing where it is involved in personalization or adaptation of a new or existing insurance product intended to be provided to a single or to a limited number of customers. To do so, paragraphs 2 and 3 could be reformed to provide:

2. A key role shall be assumed, in particular, if the insurance intermediary is substantially involved in one of the following activities and provides substantial input into the following:
    - Defining for a market the main elements of a new insurance product, such as the coverage, premium, costs, risks, target market or compensation and guarantee rights of the insurance product, or
    - Changing for a market such elements of an existing product.

3. Activities which relate to the personalization and adaptation of ~~existing~~ insurance products in the course of insurance distribution activities to the individual customer shall not be considered as activities of manufacturing, in particular cases such as:
    - The mere opportunity to choose between different lines of products, contractual clauses and options, individual premium discounts, recommendation of asset, with regard to a product already designed by the insurance undertaking.
    - The design or development of a unique or tailored insurance product for an individual customer or a limited number of

customers.

Further, we do see paragraph 9 of Section 4.2.1 of the consultation to be at odds with the proposed technical advice itself. While the elements set out in (i) and (ii) of that paragraph may be considered "design" elements, the descriptions themselves erroneously imply that such activities fall within manufacturing where the design activity is undertaken for a specific customer or a limited number of customers (i.e., for a customer or collection of customers that is less than "the market"). This inconsistency could be remedied by making the following changes:

9. On the other hand, EIOPA is of the view that an incisive role of the insurance intermediary can be exercised through one of the following practices:

(i) Design of a new product: the following situations can be included in the notion of "design" if the insurance intermediary plays a key role:

a) The insurance intermediary takes the initiative to design and define the main elements of a specific insurance product for the market ~~in view of or not a customer request~~;
b) The insurance intermediary describes a certain kind of coverage not already existing in the market for a particular type of customer and asks the undertaking to provide it; or
c) The undertaking provides the coverage and establishes the premium for the market under the mandate of the insurance intermediary.

(ii) A change of significant elements of an existing product: this

| | condition occurs when the coverage, premium, costs, risks, target market or benefits of a type of contract are modified for the market. In all these cases, as the undertaking still provides the coverage, any change should be made under the mandate/authorization of the undertaking and subject to its approval. | |
| Question 6 | *Impeding the Constructive Flow of Information*

The technical advice provides that an intermediary is considered a manufacturer if it plays a "key role" in designing and developing an insurance product. The draft technical advice further defines the parameters of a "key role" as "substantial involvement." However, the concept of "substantial involvement" is left open potentially threatening other aspects of EIOPA's draft technical advice.

In paragraph 36 of the technical advice, EIOPA recommends that the distributor be required to inform the manufacturer if the distributor "becomes aware that the product is not aligned with the interests, objectives or characteristics of the target market, or if he becomes aware of other product related circumstances increasing the risk of customer detriment." In other words, EIOPA sees value in an open line of communication between the distributor and the manufacturer about the design and performance of the product. When engaging in such a communication, one could reasonably expect the distributor to be cautious that he or she does not trip into becoming a co-manufacturer by being too helpful, suggestive or constructive.

Accordingly, on the one hand EIOPA's technical advice requires the intermediary to advise the manufacturer of potential shortcomings of the | |

	product, but on the other hand discourages the intermediary from becoming "substantially involved" in the design or development of the product. It would be counterproductive if an intermediary became reluctant to share its observations about the performance of the product or make recommendations for mitigation of perceived shortcomings out of concern that the intermediary may inadvertently play a "key role" in any design change to the product (or its target market), based on the information it provides or a recommendation it has made to improve product performance. The IDD should seek to open the lines of communication and exchange between the intermediary and insurer as they both seek to best serve their mutual customers. Indeed, the IDD structures deliberate interactions between the manufacturer and distributor and, ideally, should encourage an ongoing informal dialogue about customer needs, opportunities and product performance. However, there appears a real danger that an overly open, helpful or thoughtful intermediary could be seen to have provided a critical suggestion or observation that drives a product change, thereby earning itself a "key role" through "substantial involvement." The technical advice could remedy this inadvertent chilling of communications by replacing the term "substantial involvement" with the term "decision-making role." Decision making is a far more identifiable and tangible event than "substantial involvement", thereby allowing the insurer and intermediary a level of clarity in the conduct of their interactions. As an illustration, the manufacturer designs a product with a declared target market. A major distributor of the product observes that with the removal of a minor exclusion from the product a larger market would benefit from the product. The distributor suggests to the manufacturer that the exclusion be removed and that the target market be broadened. After consideration, the	

manufacturer makes this change.

Did the distributor play a "key role" in the development or design of this modified product? As a policy matter, one would certainly not expect that the distributor has morphed into a co-manufacturer by providing practical, meaningful feedback about the product. However, under a "substantial involvement" test one could not be so sure. It could be said that since that proposal for the product change and the new target market came from the distributor, the distributor has been substantially involved. A better approach would be to ask whether the distributor decided the product and target market changes, which here the distributor clearly did not.

Written Agreement

The draft technical advice provides that when the intermediary acts as a manufacturer, the insurer and intermediary must enter into a written agreement defining "their collaboration and their respective roles." EIOPA explains that such a written agreement is necessary "so that competent authorities are in a position to control collaboration arrangements."

We suggest the purpose and degree of formality sought are misplaced. In the case of co-manufacturers, obligations to the customer under the contract remain wholly with the insurer. In other words, the customer continues to look to the insurer for fulfillment of the terms of the contract. No "side agreement" allocating POG responsibilities can or should change that basic concept of contract law.

Accordingly, the only proposed reason for a formal allocation of POG responsibilities is supervisory. Specifically, EIOPA bases its requirement of a written agreement allocating the manufacturer's POG responsibilities on the

supervisory authority’s purported interest to “control the collaboration” between the intermediary and insurer. It is not at all clear how a supervisory authority would seek to intervene into interactions between co-manufacturers or how the formality of a written agreement on the allocation of joint regulatory responsibilities facilitates the supervisory authority’s control over the collaboration between the two.

This challenge is particularly acute should the technical advice maintain the proposed low threshold of “substantial involvement” in determining whether an intermediary has crossed the line into “co-manufacturing.” To the extent the insurer delegates its underwriting authority, System of Governance Guideline 61 already requires a written agreement which would appear sufficient for the purposes of POG. Alternatively, a requirement relating to a written agreement with the co-manufacturer should be linked to draft technical advice #25 which encompasses the circumstances where the insurer “designates a third party to design products on its behalf.” Without such a limitation, according to the draft technical advice, a written agreement would be required when “the intermediary describes a certain kind of coverage not already existing in the market . . . and asks the [insurer] to provide it.” To reduce such a request to a written allocation of responsibilities seems to exceed reasonableness and proportionality.

Absent a clear objective grounded in practical illustrations, we suggest that the formality of a written agreement should be stricken. EIOPA may do so as follows:

4. Where an insurance intermediary is considered as a manufacturer, the insurance intermediary and insurance undertaking issuing the insurance product shall define ~~their~~ the terms of their collaboration ~~and their respective roles in a written agreement (e.g. the task to~~

	~~identify the target market)~~. The insurance undertaking remains fully responsible to the customer for the coverage provided. <u>or</u> 4. Where an insurance intermediary is considered as a manufacturer, the ~~insurance intermediary and insurance undertaking issuing the insurance product shall define their collaboration and their respective roles in a written agreement (e.g. the task to identify the target market). The~~ insurance undertaking remains fully responsible to the customer for the coverage provided.	
Question 7	**Granularity of the Target Market** While EIOPA correctly assumes that there would be value in providing greater guidance around the granularity of an appropriate target market description, its proposed technical advice is unhelpful in that regard. Fundamentally, the draft technical advice is internally inconsistent. The draft technical advice comes in two broad allotments. The first allotment is a restatement of EIOPA's final guidelines. In that section, the draft technical advice states that a product should be "aligned" with the "interests, objectives and characteristics" of the target market. The second allotment of draft technical advice is "new." Within that second allotment, the advice states that the product should be "compatible with" the "needs, characteristics, objectives and demands" of the target market.	

In sum, the internal inconsistencies arise between:

2. "alignment" vs. "compatibility"
3. "interests" vs. "needs" and "demands"

With respect to the first internal inconsistency, it appears that EIOPA has moved from the formulation in its guidelines ("alignment") in order to achieve consistency with the draft MiFID delegated act ("compatibility"). It is not clear there is a material distinction between the terms. In order to achieve consistency with MiFID, "compatibility" is probably the preferred term. However, EIOPA must then conform its technical advice to use the term consistently within its own document.

With respect to the second internal inconsistency, the challenge is more complex. The draft MiFID delegated act uses the phrase "needs, characteristics and objectives" whereas the EIOPA guidelines used the phrase "interests, objectives and characteristics." In the allotment of new draft technical advice, EIOPA would adopt the MiFID approach (swapping "needs" for "interests" and switching the order of objectives and characteristics). EIOPA would then, without explanation, add the word "demands." In short, EIOPA makes an effort to conform with MiFID, but then deviates afresh with the addition (all the while creating an internal inconsistency with the initial allotment of technical advice based on its own guidelines).

After having added "demands and needs" into the consideration of the target market, the draft technical advice then (correctly) explains how a demands and needs analysis is not part of the target market consideration but an individual customer consideration. Specifically, the draft technical advice observes:

As the target market describes a group of consumers at a broader and

more abstract level, it differs from the individual assessment as to whether an insurance product corresponds with the demands and needs of a specific customer, and where applicable, whether the insurance product is suitable or appropriate for a specific customer.

This is a very helpful statement and should be retained in the technical advice. More importantly, the statement should be observed and adhered to within the technical advice.

The confusion appears to arise from an inappropriate amalgamation of Article 20 and Article 25 of the Directive. Article 20 relates to an individual transaction during which the "insurance distributor shall specify, on the basis of information provided by the customer, the demands and needs of that customer." Article 25 provides that before a product is marketed or distributed to customers, the manufacturer must "specify an identified target market" for that product. In other words:

- The target market is set before a product is launched and based on the presumed objectives and characteristics of a broad range of potential customers.
- Demands and needs are assessed at the point of sale with respect to a single customer.

The draft technical advice blends the two concepts to confounding result as illustrated by EIOPA's explanations. For example, in paragraph 12 of its explanation, EIOPA suggests that the target market description could be appropriately set based on the term of an individual customer's employment contract or the specific age of a customer.

It is clear that the target market should speak broadly in terms of group

characteristics while the demands and needs should be assessed based on individual characteristics. For example, to use the comprehensive motor insurance illustration partially explored in paragraph 4 of EIOPA's explanation:

Comprehensive Motor Vehicle Insurance

Target Market Statement: The target market consists of individual motor vehicle owners who would find it difficult, disruptive or inconvenient to fund the repair or replacement of the insured vehicle through assets or income other than the proceeds of insurance.

Demands and Needs: Sally states that she would find it difficult to afford a one-time expense of €12,000 to replace the insured motor vehicle.

Such an example illustrates there is a clear difference between the broad statement of target market and the specific statement of a customer's demands and needs.

Accordingly, we submit that it is confusing to include a reference to "demands" and "needs" within a discussion of target markets. While related, the target market and demands and needs analyses are based on different considerations, are performed by different actors in the insurance value chain, and occur at different times in the product life cycle. Therefore, the terms "demands" and "needs" must be stricken from the technical advice.

The technical advice should instead focus on the target market's "objectives and characteristics." We would suggest that the technical advice drop the reference to "interests" which is confusing (i.e., does it mean hobbies? legal interests?) and likely does not differ as a practical matter from the term

	"objectives". Paragraph 4 of the this section of the draft technical advice appears duplicative of the second clause of paragraph 3. Accordingly, the second clause of paragraph 3 should be deleted as unnecessary: 3. The target market shall be identified at a sufficiently granular level depending on the characteristics, risk profile and complexity of the product~~, avoiding groups of customers/consumers for whose needs, characteristics, objectives and demands the product is generally not compatible~~. Note that both paragraphs 3 and 4 are generally duplicative of the draft technical advice based on the guidance found at paragraph 10 of the first installment of technical advice. It is also worth observing that the first allotment of technical advice speaks of non-target market in terms of "likely", while the second allotment of technical advice uses the term "typically." Typically seems the more practical word choice and should be used consistently in the technical advice.	
Question 8	**Review of the POG Arrangements and Products** The reviews described in the "new" draft technical advice seem largely duplicative of those set out in the first allotment of draft technical advice based on the guidelines. Specifically, the draft technical advice based on the guidelines already would require the manufacturer to conduct: • A regular review of its POG arrangements (para. 6) • Ongoing monitoring of the product (para. 15) • Monitoring of distribution (para. 22 and 23)	

| | By reference to paragraph number as set out in the second allotment of draft technical advice for manufacturers, the following can be observed:

• Paragraph 1 of the second allotment duplicates paragraph 6 of the first allotment of technical advice.
• Paragraph 3 of the second allotment combines paragraphs 15 and 23 of the first allotment of technical advice.
Paragraphs 2 and 4 at first appear to introduce some kind of a new review. On considered contemplation of this "new" review, it is not at all clear how this review is (a) practically different from what is set out in paragraph 3; or (b) whether paragraph 2 and paragraph 4 involve a different review or state the same review twice.

Specifically, paragraph 2 states that the review of a product should "take into account any event that could materially affect the risk coverage and guarantees offered to the identified target market." Paragraph 4 then states that the product review should consider "crucial events that would affect the main features and coverages of the product." The review in paragraph 2 is conducted on a frequency established by the insurer (considering various factors) while the review in para 4 is "continuous." Moreover, it is not at all clear how these purportedly separate but overlapping reviews align with the product review described in paragraph 3 which inquires whether the product remains consistent with the characteristics and objectives of the target market. EIOPA's explanatory text offers little to untangle this knot of intersecting reviews.

We suggest that the technical advice should look to the comparatively clear approach of Article 25, which links the product review into the continued appropriateness of the product for the target market. The technical advice's | |

| | newly formulated "event-based" reviews purport to ask a different question than whether the product continues to be appropriate for the target market but, in fact, do not. That is, if certain events would render the product inappropriate for the target market this fact would be picked up in the paragraph 3 review thereby rendering the paragraph 2 and paragraph 4 reviews (if they are meant to be separate) superfluous and confusing.

As evidence of this pervasive confusion of reviews, the draft technical guidance (para. 2) would require the insurer and distributor to "have appropriate written agreements in order to coordinate their reviews." This requirement is associated with a paragraph discussing the manufacturer's product reviews (which distributors do not undertake). Moreover, a similar provision requiring a written agreement coordinating reviews imposed on distributors (para. 6) references the distributor's review of its own product distribution arrangements (i.e., its own internal policies and procedures) which appear to have no relation to the insurer. In other words, these crisscrossing reviews of products, events and arrangements across the manufacturer and distributor have left coordination and alignment in disarray.

In short, the draft technical advice relating to "new" review obligations seems to confuse and undermine what had been an understandable set of reviews originally and plainly described in EIOPA's guidelines. Accordingly, we strongly suggest that this provision be eliminated as confusing and duplicative of the reviews set out in the guidelines. If these provisions are to be retained in some form, then an exercise should be undertaken to specifically identify what additional elements should be added to the manufacturer's three reviews set out in the original guidelines. We suggest that such an exercise would reveal that no "new" reviews need be introduced. | |

Written Agreements

The draft technical advice requires the manufacturer and distributor to enter into a written agreement in three instances:

1. To define the collaboration between the insurer and a distributor that is considered a co-manufacturer
2. To coordinate their respective policy and/or product reviews
3. To specify product-related information the manufacturer will make available to the distributor

In none of these instances does EIOPA explain the rationale for this level of formality – other than to suggest that supervisory authorities may wish to control the collaboration between manufacturer and distributor. Even if supervisory authorities desire to intervene in those interactions (a suspect proposition), it is never explained how formal written agreements enable the supervisory authority to do so in a manner not currently available to the supervisory authority.

The insurer and its distributors have already decided enter into a commercial relationship with each other. As licensed and regulated organizations and professionals, they should be expected to make commercially reasonable arrangements that are memorialized in a commercially reasonable manner. It seems paternalistic that Level 2 text from the European Union would seek to dictate the manner through which two professional parties specify and document a commercial relationship. Rather, the parties should be accountable to (a) understand the expectations relating to product oversight and governance; and (b) make appropriate arrangements themselves to fulfill those expectations including interacting with each other in a commercially reasonably manner.

| | As a practical matter, insurers and their distributors already have agreements in place between them that address the terms of their relationships. Those agreements typically contain provisions relating to regulatory compliance, information flows and the like. As new requirements emerge, insurers and distributors rely on those agreements and their course of dealing to determine how best to manage the change. EIOPA has offered no suggestion this system would be ineffective in the case of product oversight and governance.

By intervening into these commercial relations with such formality, the draft technical advice promises to launch an extensive paper-pushing exercise as insurers and distributors renegotiate perfectly functional agreements supplemented by custom and course of dealing (not to mention independent professional and regulatory obligations) in order to comply with the proposed Level 2 mandate from the European Union.

Absent a compelling reason to intervene in the commercial dealings between two regulated, licensed and professional actors with existing agreements subject to extensive custom and practice (such a compelling reason having not yet been made evident), the technical advice would do no service for customers, distributors, insurers or supervisors by requiring a paper exercise to specially memorialize back-office interactions over product oversight and governance. | |
| Question 9 | EIOPA's draft technical advice raises a serious issue with respect to the scope of Chapter VI of the Insurance Distribution Directive. Specifically, it appears that EIOPA plans to advise the Commission to apply the delegated acts authorized under Chapter VI to all insurance undertakings that manufacturer insurance-based investment products (IBIPs). In doing so, EIOPA would | |

vastly expand the scope of the request from the Commission and purport to redefine the parameters of the Directive itself.

Chapter VI (consisting of Articles 26-30) operates under two essential limitations set out in Article 26. First, this chapter only concerns itself with insurance-based investment products (IBIPs). To this fact, there seems no dispute. Second, Chapter VI only applies to an insurance undertaking if and to the extent the insurance undertaking carries out the distribution of such products. On this second point, EIOPA's draft radically departs from the Directive and the Commission's request for advice.

Conflicts of Interest

Article 27 is clear that the obligation to maintain and operate effective organizational and administrative arrangements in relation to any conflicts of interest with the customer reside with "an insurance intermediary or an insurance undertaking carrying on the distribution of insurance-based investment products." In other words, the insurer is responsible to establish such organizational and administrative arrangements only where the insurer acts as the distributor. Recital 57 emphasizes the point by observing "the insurance distributor should put in place appropriate and proportionate arrangements [relating to conflicts of interest]." Accordingly, an insurer that does not carry out the distribution has no obligation to establish such arrangements.

As one would therefore expect, the Commission's request for technical advice asks of EIOPA to advise with respect to "the different steps that insurance intermediaries and insurance undertakings distributing insurance-based investment products might reasonably be expected to take" in connection with conflicts of interest. The Commission, of course, drew this charge from Article 28(4)(a) which allows the Commission to adopt delegated acts in order to "define the steps that insurance intermediaries and insurance undertakings might reasonably be expected to take … when carrying out insurance distribution activities."

| | Despite the clear scope of the request from the Commission and the explicit parameters of the Directive, EIOPA's analysis fails to recognize that the responsibility for putting in place organizational and administrative arrangements for conflicts of interest falls solely to the distributor (whether the personal acting as the distributor is an intermediary or the insurer). Most troublingly, the draft technical advice repeatedly refers to "insurance intermediaries and insurance undertakings" without the imperative qualification that any such insurance undertaking must be carrying out the distribution to fall within the ambit of Chapter VI and any delegated act adopted under Chapter VI.
By simple reference to the Commission's request for advice and the text of its authorization to adopt a delegated act, EIOPA is compelled to make clear that the responsibilities set forth in its draft technical advice in the Conflicts of Interest section are directed to the insurance intermediary or the insurance undertaking but only if that insurance undertaking is carrying out the distribution.
Not only does the plain wording of the Directive and the Commission's request for advice compel this reformation of the draft, any such expansion of the Directive as proposed in the draft would undermine the very foundations of the IDD.
First, the fundamental theme throughout the Insurance Distribution Directive is that there are three roles within each insurance transaction:
• The customer which is easily identified and on whom few (if any) obligations are imposed by the Directive.
• The manufacturer which makes its first appearance in Article 20 in the context of the PID and then again in Article 25 relating to the POG.
• The distributor which consumes the overwhelming volume of obligations | |

	created by the aptly named Insurance Distribution Directive. As explained in Article 1(2), the Directive applies to persons who "take up and pursue the distribution of insurance and reinsurance products." Consistent with that remit, the Directive recognizes that an insurer may act in both the role of manufacturer and distributor and, when it does so, the provisions applicable to the distributor attach to the insurer's distribution activities. Indeed, Recital 11 provides that "[t]his Directive should apply only to persons whose activities consists of providing insurance or reinsurance distribution services to third parties." More specifically, Recital 7 explains "[i]nsurance undertakings which sell insurance products directly should be brought within the scope of this Directive on a similar basis to insurance agents and brokers." The draft technical advice leads one to conclude that these three roles - so carefully managed throughout the Directive – are to be haphazardly merged into two. Under such a distortion of the Directive, the insurance transaction is seen as a bilateral affair with the customer on one side and the undifferentiated role of manufacturer/distributor on the other. If such an abuse of the text were permitted, much of the coherency and certainty of accountability intended by the Insurance Distribution Directive would be lost not only for insurance-based investment products, but by extension to all insurance products through the destruction of the tripartite relationship upon which the entirety of the IDD has been constructed. Second, should the manufacturer and distributor be deemed equivalent roles as proposed by the draft technical advice, the provisions of the advice itself would lose any practical utility. For example, the draft would require "insurance undertakings [to] assess whether they … have an interest related to the insurance distribution activities which is distinct from the customer's interest and which has the potential to influence the outcomes of the services to the detriment of the customer." Of course, the manufacturer has an interest that is distinct from the customer – it is a counter-party to the insurance	

	transaction with the customer. To illustrate, a manufacturer would have a distinct financial interest that the distribution process is designed to facilitate a determination whether the life insured is terminally ill, suicidal or engaged in extraordinarily hazardous activities while the customer may have a "conflicting" interest that the distribution process be conducted in such a manner as to not facilitate such a determination. While this normal business circumstance would seem to qualify as a "conflict" under the draft technical advice (considering the presumption set out in Conflicts of Interest para. 2a), the manufacturer is hardly to be discouraged from protecting its interest in a complete understanding of relevant characteristics of the life insured or prevailed upon to engage in some form of "mitigation" to blunt the effectiveness of legitimate underwriting procedures and controls. Even the draft technical advice admits that when an insurer acts as both manufacturer and distributor there are two sides of the house, one of which has a duty to avoid the conflicts of interest as described in the Directive and the other which does not. In the draft technical advice at Conflicts of Interest paragraph 2d, EIOPA flags a presumptive conflict where the insurer's distribution personnel are also responsible for manufacturing and product management. Such a conflict could only arise if the distribution personnel are subject to Chapter VI's anti-conflicts provisions while the manufacturing and product management personnel are not. Otherwise, if both the manufacturing and distribution arms of the insurer owed equal obligations to avoid or mitigate conflict under Chapter VI there could be no conflict arising from managing both elements together. As this example illustrates, Chapter VI cannot possibly apply to the insurer - other than to the extent the insurer carries out the distribution. In summary, there is no room for doubt that Chapter VI applies only to insurance undertakings carrying out the distribution of insurance-based investment products. Insurance undertakings that do not carry out distribution activities are wholly outside the scope of Chapter VI and therefore outside of	

the delegated act the Commission is empowered to enact. The Directive says so. The Commission says so. Logic says so.

It is incumbent upon EIOPA to conform its technical advice so that it is within the lawful bounds of the delegated acts on which it has been requested to advise. The draft technical advice relating to Conflicts of Interest must be amended to leave no doubt that the reference to insurance undertakings means insurance undertakings carrying on the distribution of insurance-based investment products. EIOPA may do so through the following additions to its text:

Identification of conflicts of interests

1. For the purpose of identifying the types of conflicts of interest that arise in the course of carrying out any insurance distribution activities related to insurance-based investment products and which entail the risk of damage to the interests of a customer, insurance intermediaries and insurance undertakings carrying out the distribution shall assess whether they, including their managers, employees or any person directly or indirectly linked to them by control, have an interest related to the insurance distribution activities which is distinct from the customer's interest and which has the potential to influence the outcome of the services to the detriment of the customer. Insurance intermediaries and undertakings carrying out the distribution shall also identify conflicts of interest between one customer and another.
2. Conflicts of interest referred to above shall at least be assumed in situations including the following:
    a. the insurance intermediary, insurance undertaking carrying out the distribution or linked person is likely to make a financial gain, or avoid a financial loss, at the expense of the customer;
    b. the insurance intermediary, insurance undertaking carrying out the distribution or linked person has a financial or other

| | incentive to favour the interest of another customer or group of customers over the interests of the customer;
c. the insurance intermediary, insurance undertaking carrying out the distribution or linked person receives or will receive from a person other than the customer a monetary or non-monetary benefit in relation to the insurance distribution activities provided to the customer;
d. the insurance intermediary, persons working in an insurance undertaking responsible for the distribution of insurance-based investment products or linked person are involved in the management or development of the insurance based-investment products.
Conflicts of interest policy
3. Insurance intermediaries and insurance undertakings carrying out the distribution shall establish, implement and maintain an effective conflicts of interest policy set out in writing and appropriate to their size and organization and the nature, scale and complexity of their business. Where the insurance intermediary or insurance undertaking carrying out the distribution is a member of a group, the policy must also take into account any circumstances, of which the insurance intermediary or insurance undertaking carrying out the distribution is or should be aware, which may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the group.
4. The conflicts of interest policy established in accordance with paragraph 3 shall include the following content:
(a) it must identify, with reference to the specific insurance distribution activities carried out, the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more customers; | |

	(b) it must specify procedures to be followed and measures to be adopted in order to manage and prevent such conflicts from damaging the interests of the customer of the insurance intermediary or insurance undertaking carrying out the distribution, appropriate to the size and activities of the insurance intermediaries or insurance undertaking carrying out the distribution and of the group to which they belong, and to the risk of damage to the interests of the customer. 5. For the purpose of paragraph 4(b), the procedures to be followed and measures to be adopted shall include, where appropriate, in order to ensure that the distribution activities are carried out in accordance with the best interest of the customer and are not biased by conflicting interests of the insurance undertaking carrying out the distribution, the insurance intermediary or another customer, the following: (a) effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may damage the interests of one or more customers; (b) the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, customers whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the insurance intermediary or insurance undertaking carrying out the distribution; € the removal of any direct link between payments, including remuneration, to relevant persons principally engaged in one activity and payments, including remuneration to different relevant persons principally engaged in another activity, where a	

	conflict of interest may arise in relation to those activities; (d) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out insurance distribution activities; € measures to prevent or control the simultaneous or sequential involvement of a relevant person in insurance distribution activities where such involvement may impair the proper management of conflicts of interest. 6. If insurance intermediaries and insurance undertakings carrying out the distribution demonstrate that those measures and procedures are not appropriate to ensure that the distribution activities are carried out in accordance with the best interest of the customers and are not biased by conflicting interests of the insurance undertakings carrying out the distribution, the insurance intermediaries or another customer, insurance intermediaries and insurance undertakings carrying out the distribution must adopt adequate alternative measures and procedures for that purpose. 7. Insurance intermediaries and insurance undertakings carrying out the distribution shall avoid over reliance on disclosure and shall ensure that disclosure, pursuant to Article 28(2) of Directive 2016/97/EC, is a step of last resort that can be used only where the effective o26organizational and administrative measures established by insurance intermediaries and insurance undertakings carrying out the distribution to prevent or manage conflicts of interests in accordance with Article 27 thereof are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the customer will be prevented. 8. Insurance intermediaries and insurance undertakings carrying out the distribution shall make that disclosure to customers, pursuant to Article 28(3) of Directive 2016/97/EC, in a durable medium. The	

	disclosure shall: (a) include a specific description of the conflict of interest, including the general nature and sources of the conflict of interest, as well as the risks to the customer that arise as a result of the conflict of interest and the steps undertaken to mitigate these risks, (b) clearly state that the organizational and administrative arrangements established by the insurance intermediary or insurance undertaking carrying out the distribution are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the customers will be prevented, in order to enable the customer to take an informed decision with respect to the insurance distribution activities in the context of which the conflict of interest arises. 9. Insurance intermediaries and insurance undertakings carrying out the distribution shall: (a) assess and periodically review – at least annually – the conflicts of interest policy established in accordance with this article and to take all appropriate measures to address any deficiencies; and (b) keep and regularly update a record of the situations in which a conflict of interest entailing a risk of damage to the interests of the one or more customers has arisen or, in the case of an ongoing service or activity, may arise. 10. Where established, senior management shall receive on a frequent basis, and at least	
Question 10		
Question 11	**Inducements** The draft technical advice makes a similar overreach in the section relating to inducements. In its analysis at paragraph 20, EIOPA offers the view that "[i]nsurance undertakings . . . who pay inducements should have	

| | organizational measures in place to assess the design and structure of any inducement scheme which they pay to insurance distributors…."
An inflation of the scope of Inducements section is no more appropriate than an inflation of the scope of the Conflicts section. Here, too, the draft technical advice goes far afield from the scope of the Directive by transplanting the obligations of the distributor to the manufacturer.
Recital 57 provides that "[i]n order to ensure that any fee or commission . . . does not have a detrimental impact on the quality of the relevant service to the customer, the insurance distributor should put in place appropriate and proportionate arrangements…." Yet, the draft technical advice would require "insurance undertakings . . . [to] maintain and operate appropriate organizational arrangements and procedures in order to assess . . . inducements and the structure of inducement schemes." Plainly, the Directive commands that the distributor be charged to establish appropriate arrangements in connection with inducements while the draft technical advice takes it upon itself to expand the obligation to all manufacturers.
Again, in its efforts to expand the scope of the Directive beyond its lawful limits, the draft technical guidance runs afoul of logic and common sense. The draft would have the manufacturer conduct this assessment of inducements by reference to obligations which are only applicable to the distributors themselves. Specifically, the draft technical standards references the criteria set out in Article 29(2). In turn, Article 29(2) is based on the obligations of an intermediary or insurance undertaking that arise under Articles 17(1), Article 27 and Article 28 – each one of which only applies to an insurance undertaking carrying out distribution activities:
• Article 17(1) provides that "when carrying out insurance distribution, insurance distributors always act honestly, fairly and professionally in accordance of the best interest of their customers." | |

- Article 27 likewise applies only to "an insurance intermediary or an insurance undertaking carrying on the distribution of insurance-based investment products."

- Article 28 similarly applies only to the "insurance undertaking . . . in the course of carrying out insurance distribution activities."

Here again, the draft technical advice would conflate the distributor and manufacturer – two roles meticulously positioned as separate in the Directive – by extending the obligations of the distributor to the insurer who undertakes no distribution activities. As it does so, the draft creates standards of assessment impossible for the manufacturer to apply. In order to correct the technical advice, EIOPA must make the following changes:

Inducement and Inducement Scheme

1. An inducement is any fee, commission or non-monetary benefit which is paid or provided in connection with the distribution of an insurance-based investment product or an ancillary service to or by any party except the customer or a person on behalf of the customer.
2. An inducement scheme is a set of rules that govern the payment of inducements. It generally includes the criteria under which inducements are paid.

Detrimental Impact

3. Detrimental impact occurs when an inducement or structure of an inducement scheme provides an incentive to carry out the insurance distribution activities in a way which is not in accordance with the best interests of the customer.
4. The following types of inducements are considered to have a high risk of leading to a detrimental impact on the quality of the relevant service to the customer:

a) the inducement encourages the insurance intermediary or insurance undertaking carrying out distribution activities to offer or recommend a product or service to a customer when from the outset a different product or service exists which would better meet the customer's needs;
b) the inducement is solely or predominantly based on quantitative commercial criteria and does not take into account appropriate qualitative criteria, reflecting compliance with the applicable regulations, fair treatment of customers and the quality of services provided to customers;
c) the value of the inducement is disproportionate or excessive when considered against the value of the product and the services provided in relation to the product;
d) the inducement is entirely or mainly paid upfront when the product is sold;
e) the inducement scheme does not provide for the refunding of any inducements deducted from the customer's initial investment to the customer if the product lapses or is surrendered at an early stage;
f) if the inducement scheme entails any form of variable or contingent threshold or any other kind of value accelerator which is unlocked by attaining a sales target based on volume or value of sales.

5. The list of instances as laid down in paragraph 4 is non-exhaustive.

Organisational requirements

6. Insurance undertakings carrying out the distribution and insurance intermediaries shall maintain and operate appropriate organizational arrangements and procedures in order to assess at the outset and ensure that inducements and the structure of inducement schemes which they pay to or receive from a third party:

	a. do not lead to a detrimental impact on the quality of the service provided to customers; and b. do not prevent the insurance intermediary or insurance undertaking carrying out the distribution from complying with their obligation to act honestly, fairly and in accordance with the best interests of their customers. 7. Insurance undertakings carrying out the distribution and insurance intermediaries as referred to in paragraph 6 shall ensure that any inducement scheme is approved by the insurance undertaking or insurance intermediary's senior management. 8. Insurance intermediaries and insurance undertakings carrying out the distribution as referred to in paragraph 6 shall document the assessment of each inducement in a durable medium. 9. As part of the conflicts of interest policy (as outlined under …) insurance intermediaries and insurance undertakings carrying out the distribution should set up a gifts and benefits policy that stipulates what benefits are acceptable and what should happen where limits are breached.	
Question 12		
Question 13		
Question 14		
Question 15	**Assessment of Suitability** The draft presents the very same objectionable expansion of obligations and muddling of roles in the context of the assessment of suitability. Similar to its authority over Conflicts of Interest and Inducements, the Commission's authority here is to adopt delegated acts "to further specify how insurance intermediaries and insurance undertakings are to comply with the principles set out in this Article when carrying out insurance distribution activities with	

their customers." Article 30(6). Further, the suitability assessment itself is only an obligation of the insurer "when providing advice" or "when carrying out insurance distribution activities [other than providing advice]." Article 30(1) and (2). Accordingly, EIOPA must revise the technical advice so that it only reaches the insurance undertaking when the insurance undertaking is carrying out distribution. EIOPA can do as with the following changes:

Assessment of suitability

1. The insurance intermediary or insurance undertaking carrying out the distribution shall determine the extent of the information to be collected from customers in light of all the features of the advice to be provided to those customers.
2. Without prejudice to the fact that any contract of insurance proposed shall be consistent with the customer's insurance demands and needs under Article 20(1), IDD, an insurance intermediary or insurance undertaking carrying out the distribution shall obtain from customers or potential customers such information as is necessary for the insurance intermediary or the insurance undertaking to understand the essential facts about the customer and to have a reasonable basis for determining that the personal recommendation satisfies the following criteria:
   (a) it meets the customer's investment objectives, including that person's risk tolerance;
   (b) it meets the customer's financial situation, including that person's ability to bear losses;
   © it is such that the customer has the necessary knowledge and experience in the investment field relevant to the specific type of product or service.
3. It can be the case that the information to obtain for the suitability assessment is covered already by other requirements of Chapter V of Directive 2016/97/EU.

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	4. The insurance intermediary or the insurance undertaking carrying out the distribution shall not create any ambiguity or confusion about their responsibilities in the process when assessing the suitability in accordance with Article 30(1) of Directive 2016/97/EU. The insurance intermediary or insurance undertaking carrying out the distribution shall inform customers, clearly and simply, that the reason for assessing suitability is to enable them to act in the customer's best interest. 5. When advice on insurance-based investment products is provided in whole or in part through an automated or semi-automated system, the responsibility to undertake the suitability assessment shall lie with the insurance intermediary or insurance undertaking carrying out the distribution ~~providing the service~~ and shall not be reduced by the use of an electronic system in making the personal recommendation. 6. The necessary information regarding the customer's or potential customer's financial situation including that person's ability to bear losses, includes, where relevant, the following to the extent appropriate to the specific type of product or service information on the source and extent of his regular income, his assets, including liquid assets, investments and real property, and his regular financial commitments. 7. The necessary information regarding the customer's or potential customer's investment objectives, including that person's risk tolerance, includes, where relevant, the following to the extent appropriate to the specific type of product or service information on the length of time for which the customer wishes to hold the investment, his preferences regarding risk taking, his risk profile, and the purposes of the investment. 8. With reference to collective contracts where more than one person is insured or participating as contractual party, the insurance	

	intermediary or insurance undertaking carrying out the distribution shall establish and implement policy as to who shall be subject to the suitability assessment and how this assessment will be done in practice, including from whom the information about knowledge and experience, financial situation and investment objectives shall be collected. The insurance intermediary or the insurance undertaking carrying out the distribution shall record this policy. 9. The insurance intermediary or insurance undertaking carrying out the distribution shall take reasonable steps to ensure that the information collected about the customer is reliable. This shall include, but shall not be limited to, the following: (a) ensuring customers are aware of the importance of providing accurate and up- to-date information; (b) ensuring all tools, such as risk assessment profiling tools or tools to assess a customer's knowledge and experience, employed in the suitability assessment process are fit(for(purpose and appropriately designed for use with their customers, with any limitations identified and actively mitigated through the suitability assessment process; © ensuring questions used in the process are likely to be understood by the customer, capture an accurate reflection of the customer's objectives and needs, and the information necessary to undertake the suitability assessment; and (d) taking steps, as appropriate, to ensure the consistency of customer information, such as considering whether there are obvious inaccuracies in the information provided by the customer. 10. Where, when providing the advice, the insurance intermediary or insurance undertaking carrying out the distribution does not obtain the information required under Article 30(1) of Directive	

	2016/97/EU, the insurance intermediary or the insurance undertaking carrying out the distribution shall not recommend insurance(based investment products to the customer or potential customer. 11. When providing the advice, an insurance intermediary or the insurance undertaking carrying out the distribution shall not recommend where none of the products are suitable for the customer. 12. When providing advice that involves switching embedded investments, either by selling an embedded element and buying another or by exercising a right to make a change in regard to an existing embedded element, the insurance intermediary or insurance undertaking carrying out the distribution shall collect the necessary information on the customer's existing investments and the recommended new investments and shall undertake an analysis of the costs and benefits of the switch, such that they are reasonably able to demonstrate that the benefits of switching are greater than the costs. Provisions common to the assessment of suitability or appropriateness 13. The necessary information regarding the customer's or potential customer's knowledge and experience in the investment field, includes, where relevant the following to the extent appropriate to the specific type of product or service: (a) the types of service, transaction, insurance(based investment product or financial instrument with which the customer is familiar; (b) the nature, volume, and frequency of the customer's transactions in insurance-based investment products or financial instruments and the period over which they have been carried out;	

	(c) the level of education, and profession or relevant former profession of the customer or potential customer. 14. An insurance intermediary or the insurance undertaking carrying out the distribution shall not discourage a customer or potential customer from providing information required for the purposes of Article 30(1) and (2) of Directive 2016/97/EU. 15. An insurance intermediary or the insurance undertaking shall be entitled to rely on the information provided by its customers or potential customers unless it is aware or ought to be aware that the information is manifestly out of date, inaccurate or incomplete. Assessment of appropriateness 16. Without prejudice to the fact that any contract of insurance proposed shall be consistent with the customer's insurance demands and needs under Article 20(1), IDD, the insurance intermediary or insurance undertaking carrying out the distribution shall determine whether that customer has the necessary experience and knowledge in order to understand the risks involved in relation to the product proposed when carrying out insurance distribution activities other than those referred to in Article 30(1) of Directive 2016/97/EU, in relation to assessing the appropriateness of sales where no advice is given.	
Question 16		
Question 17		
Question 18		
Question 19		
Question 20		
Question 21		
Question 22	**Retention of Records**	

	The same correction of the draft technical advice should be applied to avoid confusion with respect to the obligation to retain records: **Retention of records** 15. The insurance intermediary or insurance undertaking carrying out the distribution shall keep orderly records of its business and internal organisation including all services provided by it. These records may be expected to include the customer information obtained where the insurance intermediary or the insurance undertaking carrying out the distribution is required to produce a suitability statement or the customer information obtained to assess appropriateness. Record-keeping obligations for the assessment of suitability 16. The insurance intermediary or the insurance undertaking carrying out the distribution shall at least: (a) maintain adequate recording and retention arrangements to ensure orderly and transparent record(keeping regarding the suitability assessment, including any advice provided, the result of the suitability assessment and all changes to investments embedded in the insurance-based investment product made; (b) ensure that record-keeping arrangements are designed to enable the detection of failures regarding the suitability assessment (such as mis-selling); (c) ensure that records kept are accessible for the relevant persons within the insurance intermediary or insurance undertaking carrying out the distribution, and for competent authorities; (d) have adequate processes to mitigate any shortcomings or limitations of the record-keeping arrangements. 17. The insurance intermediary or the insurance undertaking carrying out the distribution shall record all relevant information about the	

suitability assessment, such as information about the customer, and information about insurance-based investment products recommended to the customer or purchased on the customer's behalf. Those records shall include:

(a) any changes made by the insurance intermediary or the insurance undertaking carrying out the distribution regarding the suitability assessment, in particular any change to the customer's investment risk profile;

(b) the types of insurance-based investment product that fit that profile and the rationale for such an assessment, as well as any changes and the reasons for them.

Record-keeping obligations for the assessment of appropriateness

18. Insurance intermediary or insurance undertaking carrying out the distribution shall maintain records of the appropriateness assessments undertaken which shall include the following:

(a) the result of the appropriateness assessment

(b) any warning given to the customer where the product was assessed as potentially inappropriate for the customer, whether the customer asked to proceed with concluding the contract despite the warning and, where applicable, whether the insurance undertaking carrying out the distribution or the insurance intermediary accepted the customer's request to proceed with concluding the contract;

(c) any warning given to the customer where the customer did not provide sufficient information to enable the insurance undertaking carrying out distribution or the insurance intermediary to undertake an appropriateness assessment, whether the customer asked to proceed with concluding the contract despite this warning and, where applicable, whether the insurance

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	undertaking carrying out distribution or the insurance intermediary accepted the customer's request to proceed with concluding the contract. Format 19. With reference to the format, the document or documents agreed between the insurance intermediary or insurance undertaking carrying out the distribution and the customer that set out the rights and obligations of the parties, shall be kept and provided: a) in an official language of the Member State in which the risk is situated or of the Member State of the commitment or in any other language agreed upon by the parties; b) in a clear and accurate manner, comprehensible to the customer; c) in the format as defined by Article 2(1)(18) of Directive 2016/97/EU.	
Question 23		
Question 24	**Suitability Assessment** The same challenge exists in the suitability assessment portion of the draft technical advice. The technical advice must be corrected as follows: Suitability statement 1. When providing advice, the insurance intermediary or insurance undertaking carrying out the distribution shall provide a statement to the customer that includes an outline of the advice given and how the recommendation provided is suitable for the customer, including how it meets the customer's investment objectives, including that person's risk tolerance; the customer's financial situation, including that person's ability to bear losses; and the customer's knowledge and experience. 2. The insurance intermediary or insurance undertaking carrying out the	

distribution shall draw the customer's attention to, and shall include in the suitability statement, information on whether the recommendation is likely to require the customer to seek a periodic review of their arrangements.

3. Where an insurance intermediary or insurance undertaking carrying out the distribution has informed the customer that it will carry out a periodic assessment of suitability, the subsequent reports after the initial service is established, may only cover changes in the services or investments embedded in the insurance-based investment product and/or the circumstances of the customer and may not need to repeat all the details of the first report.
4. Insurance intermediary or insurance undertaking carrying out the distribution providing a periodic suitability assessment shall review, in accordance with the best interests of their customers, the suitability of the recommendations given at least annually.
5. The frequency of this assessment shall be increased depending on the characteristics of the customer, such as the risk profile of the customer, and the insurance-based investment product recommended.
6. The insurance intermediary or insurance undertaking carrying out the distribution providing a periodic suitability assessment pursuant to paragraph 1, shall disclose all of the following:
   (a) the frequency and extent of the periodic suitability assessment and where relevant, the conditions that trigger that assessment;
   (b) the extent to which the information previously collected will be subject to reassessment; and
   (c) the way in which an updated recommendation will be communicated to the customer.

Periodic communications to customers

	7. The insurance intermediary or insurance undertaking carrying out the distribution shall provide the customer with a periodic statement in a durable medium of the services provided to and transactions undertaken on behalf of that customer. 8. The periodic statement required under paragraph 7, shall provide a fair and balanced review of the services provided to and transactions undertaken on behalf of that customer and shall include, where relevant, the following information: (a) Amount of the premium during the reporting period; (b) Other cost associated with the services provided to and transactions undertaken on behalf of the customer during the reporting period; (c) Any potential reduction to the contract during the reporting period; (d) Guaranteed return; (e) Surrender value; (f) Information on the state of bonuses; (g) Amount of profit participation; (h) Annual rate of return on the asset value; (i) Amount of guaranteed investment; (j)Value of each investment element embedded in the insurance-based investment product, global trend since subscription and significant changes affecting the investments embedded in the insurance(based investment product; (k) Information on surrender, transfer, and reduction practicalities; (l) Date of maturity. 9. The periodic statement referred to in paragraph 7 shall be provided annually, except where the insurance intermediary or insurance undertaking provides its customers with access to an online system, which qualifies as a durable medium, where up-to-date information	

	can be accessed and the insurance intermediary or the insurance undertaking has evidence that the customer has accessed the information at least once during the relevant reporting period.	
Question 25		
Question 26		