

## EIOPA Considerations on Comments Received

EIOPA would like to thank its Insurance and Reinsurance Stakeholder Group (IRSG) and all participants to the public consultation for their comments on the draft Report on Good Practices for Disclosure and Selling of Variable Annuities. EIOPA has received 17 responses for publication, of which 4 have been submitted by consumer organisations.

Overall comments were supportive of the good practices identified in the Report. EIOPA has considered all the comments made. The purpose of this document is to summarize EIOPA's considerations on some of the key topics:

- **Advised sales only:** Diverging views have been expressed as to whether variable annuities should be sold on an advised basis only.<sup>i</sup> Some variable annuities contracts have the potential to achieve a range of outcomes that may not be easy for the consumer to understand. Sales arrangements should ensure that the products offered meet customers' needs and demands and that consumers are aware of the potential range of outcomes. EIOPA therefore considers it a good practice for variable annuities to be sold *exclusively* based on advice. Salespersons should be suitably qualified.
- **References to risk and complexity:** The Report focuses on risks and complexity from a consumer perspective. As stated already, these arise from the fact that the outcomes of some variable annuities may not be easy for the customer to understand. The disclosure practices described in the Report consequently focus on what this complexity means for consumers. EIOPA considers it good practice that salespersons make customers aware of the risks and the complexity arising from these contracts.
- **Clarity:** Pursuant to Article 29 (2) EIOPA Regulation EIOPA may, as appropriate, develop new practical instruments and convergence tools to promote common supervisory approaches and practices. In response to the IRSG Feedback Statement the Report has been amended to reflect the role of best practice and the legal basis for it more explicitly.

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<sup>i</sup> There are different national regimes on the sale of insurance products, notably, as regards advised sales.