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EUROPEAN INSURANCE
AND OCCUPATIONAL PENSIONS AUTHORITY

Insurance Distribution Directive: Questions and Answers

EIOPA Insurance and Reinsurance Stakeholder Group meeting
Frankfurt, 4 April 2018

- **Why is the topic on the agenda?**
 - EIOPA is working on a first batch of Q&As on the IDD which it aims to publish before the summer break
 - Although there is no formal public consultation on Q&As, informal views/input from IRSG on the work would be much appreciated

- **What is expected from the IRSG?**
 - Comments/views on the full list of questions to be circulated by written procedure (N.B. some examples are included in these slides) – in particular, any specific technical aspects which EIOPA should take into consideration

- **Next steps**
 - IRSG feedback to EIOPA by 2 May 2018 would be much appreciated
 - Current objective is to publish Q&As by beginning of July 2018
 - Follow-up discussion at IRSG meeting on 6 June

- Q&As are a **practical convergence tool** to support “common supervisory approaches and practices” (Article 29(2), EIOPA Regulation)
- Q&A process = a means for EIOPA to:
 - **publicly address questions from stakeholders on regulation;** and
 - **promote consistent understanding** and **convergent application of regulation within its scope of activity**
- **Answers are non-binding** – no “comply or explain” - do not constitute legal advice
- Q&As on Guidelines are **without prejudice to discretion of NCAs to decide how to implement legislation**

- Online survey run in October 2017 – responses published on EIOPA’s website + informal survey also run amongst NCAs
- **Focus mainly on Level 2:** POG, Conflicts of Interest, Inducements, Suitability & Appropriateness – IPID may follow
- Primary focus: issues of practical implementation with practical examples – where difficult issues of legal interpretation, EIOPA is closely liaising with COM
- **COM has been addressing questions from Member States as part of transposition process – more on Level 1 issues**
- **1st batch of EIOPA Q&As currently projected for July 2018**

Sample questions on Product Oversight & Governance (POG) requirements



- Scope
 1. How could the POG requirements apply in the context of group insurance contracts?
 2. What could constitute a “significant adaptation” of an existing insurance product (Article 4(1), Delegated Regulation (DR))?

Sample questions on POG requirements (cont.)

- Target market
 3. Would the identification of the target market be required where the insurance product is targeted to a legal person (as opposed to a natural person)?
 4. How could the target market be identified if the insurance product is required by law?

Sample questions on POG requirements (cont.)

- Testing, Review and Monitoring
 5. What could be appropriate intervals for product review?
 6. Can a manufacturer be held responsible for consumer detriment if the POG arrangements were adequate?

Sample questions on Conflicts of Interest



7. Would tied agents need to develop their own Conflicts of Interest policy?

8. Would an insurance intermediary be exempted from managing a Conflict of Interest if it discloses the Conflict of Interest to the customer?

Sample questions on Inducements



9. How should the assessment of detrimental impact be recorded and retained and how frequently should it be undertaken?

10. Can an on-going inducement be permitted if it corresponds to an ongoing customer benefit (Article 8(2)(d), DR)?

Sample questions on Suitability & Appropriateness



11. Would the use of profiling or similar tools by the insurance distributor be considered reasonable evidence of suitability?

12. For the purposes of Article 17(4), DR, what constitutes “manifestly out of date” in terms of information which intermediary or insurers can rely on?