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Consultation on POG Guidelines

IRSG meeting
Frankfurt, 28 April 2015

Product Oversight and Governance Arrangements



- Organisational requirements for manufacturers re the design, **internal approval** and periodic review of products
- Goal: to design products in the interest of the consumers and to **prevent consumer detriment** already during product development
- So far, regulation focused upon the **point of sale**, only
- Cross-sectorial approach: **Joint Committee** principles for banking, securities and insurance sectors
- Some essential elements:
 - Identification of target market
 - Product Testing
 - Product Monitoring
 - Remedial action
- But: POG is **NOT** about regulatory **pre-approval**

Consultation period ended on 23 January

24 responses were received

General support

Concerns re timing/IMD2 and legal instrument/basis

- GL 4 – Management of conflicts of interest
 - Already addressed under IMD 1.5
 - No added value
- GL 5 – Target Market
 - Can products be distributed to consumers outside of the TM?
 - Term “of benefit” is unclear without further specification
 - Claim ratio only one indicator

- GL 7 – Product Testing
 - Unclear re non-life products (especially scenario analyses)
 - “Overlapping” as part of competition
- GL 8 – Product Monitoring
 - Distributors should be informed about the results

- GL 9 – Remedial action
 - No retroactive application
 - Term “problem” is unclear
- GL 10 – Distribution channel
 - Incompatible with the status of independent brokers



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Thank you

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