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Update on the work on the Insurance Distribution Directive (IDD)

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Presentation to Insurance & Reinsurance Stakeholder Group, 16 February 2016

- Entry into force - **23 February 2016**
- Transposition deadline - 24 months (**i.e. 23 February 2018**)
- Key imminent deliverables for EIOPA:
 - o **Technical advice** on four Delegated acts:
 - **Product Oversight & Governance** (Article 25) - **ALL products**
 - **Conflicts of Interest** (Articles 27 & 28) - **only IBIPs**
 - **Inducements** (Article 29) - **only IBIPs**
 - **Suitability, Appropriateness and Reporting to customers** (Article 30) - **only IBIPs**
 - o **Formal Call for Advice** from COM expected soon

- **Implementing Technical Standards** on the “Product Information Document (PID)” for non-life products (Article 20(9))
 - o Regarding “standardised presentation format”
 - o Consumer testing required
 - o Submit 12 months after entry into force i.e. **23 February 2017**
- **Guidelines** on the assessment of IBIPs not suitable for execution-only business (Article 30(7)):
 - o See MiFID II Guidelines on complex debt instruments and structured deposits
 - o Issue Guidelines 18 months after entry into force i.e. **23 August 2017**

- **Consistency with MiFID II?**

- o What if the wording in IDD is fundamentally different?
- o Regulatory scrutiny of MiFID II delegated acts – ongoing – “moving target”

- **Cumulative effect of Chapters V and VI**

- o Some delegated acts may only concern IBIPs, but there are cumulative conduct of business requirements for all products in Chapter V
 - How does this interplay work?

- **Minimum harmonisation L1 vs. Delegated Acts**

- o Interplay between minimum harmonisation & delegated act - does it mean delegated acts must be in the form of Directives?

- **Proportionality** - diversity of products/distribution channels

Key Issues to consider:

- **Responsibilities of manufacturer & distributor**
- **Sharing of information between manufacturer & distributor – consequences of lack of information?**
- **Defining the target market – level of granularity – IBIPs vs. Non-IBIPs**
- **Proportionality**
- **Application to new or existing products?**

Conflicts of Interest & Inducements

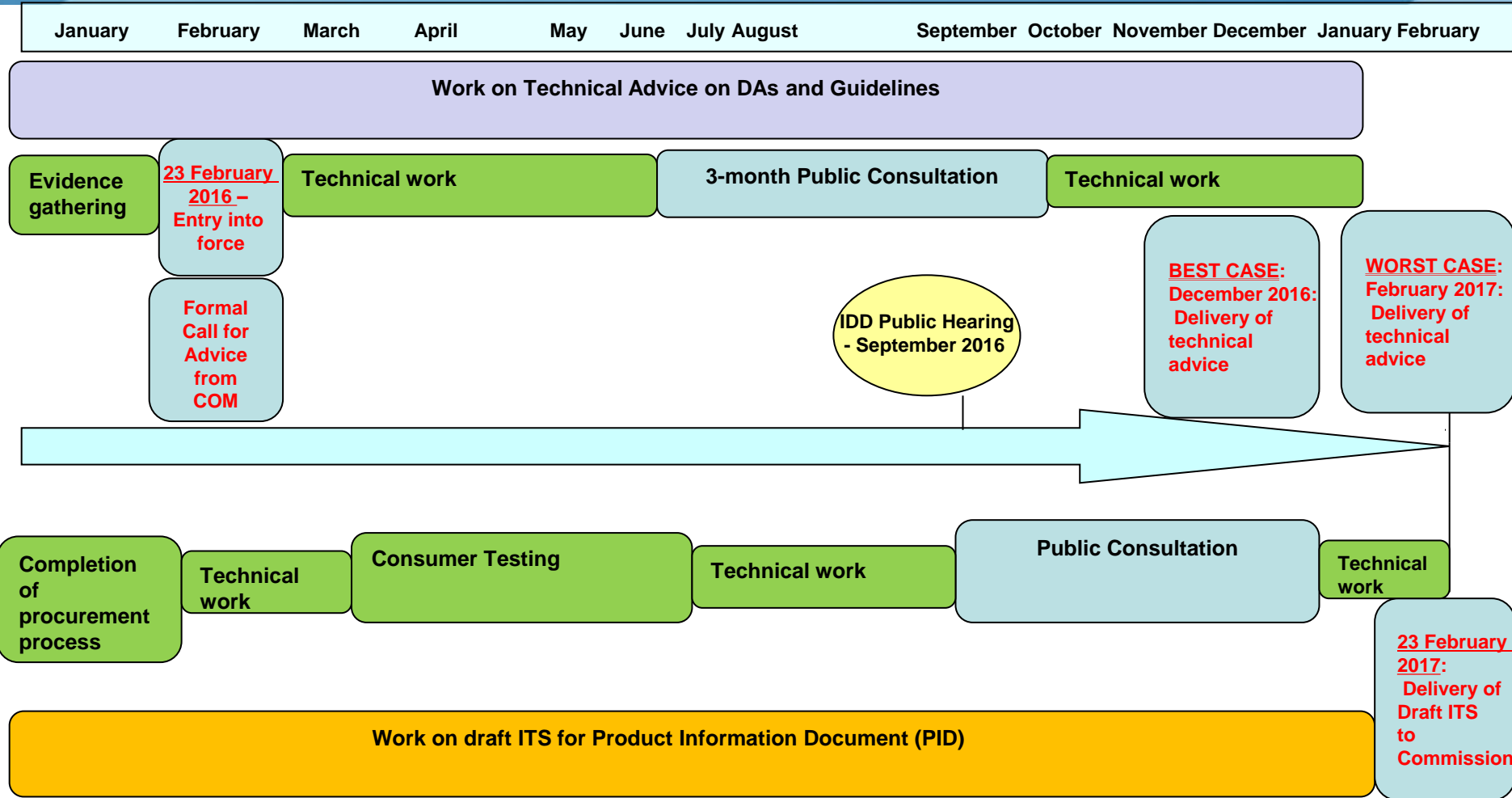
Key Issues to consider:

- **Technical advice on “IMD 1.5” as a baseline**
- **Interaction between conflicts of interest & inducement provisions**
- **“No detrimental impact” vs. “Quality enhancement”?**
- **COM may want methodology for “no detrimental impact” - Blacklists/Whitelists?**

Key Issues to consider:

- **Very new for some Member States – “MiFID-isation”**
- **Interaction with overarching “demands and needs” requirement**
- **Which IBIPs could classify as “other non-complex”?**
- **Professional customers in life insurance?**

IDD timeline (2016-2017)





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Opportunities for Stakeholder Input

- **Online survey for technical input – end of January 2016**
- **Regular IRSG updates**
- **3 month public consultation from end of June 2016**
- **September 2016 – IDD Public Hearing (tbc)**



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Questions?

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