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Update on PRIIPs work

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- Consumer testing continues
 - General preference for tables over graphs
- First **Discussion Paper** closed 17 February 2015
 - Over 85 replies
 - Still analysing results
- Working on second **Technical Discussion Paper**
 - Specific focus on risk, performance and cost methodologies
 - Explores options in more detail, taking first discussion paper responses into account

- Differences of opinion on the treatment of premiums for biometric risk cover:
 - Are these costs? Should they be included in a proposed total cost figure or presented apart from investment costs?
- Cost figure: Reduction in Yield vs Total Cost Ratio.
 - RIY seems to fit insurance products better, funds are better off with a TCR. Can they be combined?
- Solutions for Multiple Option Products:
 - one discrete KID per investment option or a 'wrapper'-KID with underlying investment information?

- Probabilistic models for Risk and Performance:
 - o Differences in appetite for the use of stochastic modelling
 - o How to standardise?
- CRAs for measuring credit risk:
 - o In general, use of credit ratings appears to be the best and most practical proxy for credit risk ...
 - o **but** is this consistent with horizontal policy on over-reliance on CRAs?

Next steps overall

Technical
Discussion
Paper **June
2015**

Deadline for
draft RTS
**end March
2016**

Consultation
Paper
**November
2015**

New KID
used from **1
January
2017**



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Questions?