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| 16 October 2019 |

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| Response form for the Joint Consultation Paper concerning amendments to the PRIIPs KID |
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| Date: 16 October 2019ESMA 30-201-535 |

Responding to this paper

The European Supervisory Authorities (ESAs) welcome comments on this consultation paper setting out proposed amendments to Commission Delegated Regulation (EU) 2017/653 of 8 March 2017[[1]](#footnote-2) (hereinafter “PRIIPs Delegated Regulation”).

The consultation package includes:

• The consultation paper

• Template for comments

The ESAs invite comments on any aspect of this paper. Comments are most helpful if they:

• contain a clear rationale; and

• describe any alternatives the ESAs should consider.

When describing alternative approaches the ESAs encourage stakeholders to consider how the approach would achieve the aims of Regulation (EU) No 1286/2014[[2]](#footnote-3) (hereinafter “PRIIPs Regulation”).

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Please do not remove tags of the type <ESA\_QUESTION\_PKID\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
3. If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
4. When you have drafted your response, name your response form according to the following convention: ESA\_PKID\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESA\_PKID\_ABCD\_RESPONSEFORM.
5. The consultation paper is available on the websites of the three ESAs and the Joint Committee. Comments on this consultation paper can be sent using the response form, via the [ESMA website](https://www.esma.europa.eu/press-news/consultations) under the heading ‘Your input - Consultations’ by 13 January 2020.
6. Contributions not provided in the template for comments, or after the deadline will not be processed.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESAs rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESAs Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the ESAs is based on Regulation (EU) 2018/1725[[3]](#footnote-4). Further information on data protection can be found under the [Legal notice](http://www.eba.europa.eu/legal-notice) section of the EBA website and under the [Legal notice](https://eiopa.europa.eu/Pages/Links/Legal-notice.aspx) section of the EIOPA website and under the [Legal notice](https://www.esma.europa.eu/legal-notice) section of the ESMA website.

# General information about respondent

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| --- | --- |
| Name of the company / organisation | Assuralia, the representative body for mutual, co-operative and joint-stockinsurance companies in Belgium since 1920 and represents more than 98% of theBelgian life insurance market (de Meeûssquare 29, 1000 Brussels, EuropeanTransparency Register nr. 0026376672-48)  |
| Activity | Insurance and Pension |
| Are you representing an association? |[x]
| Country/Region | Belgium |

# Introduction

Please make your introductory comments below, if any:

<ESA\_COMMENT\_PKID\_1>

As a general remark Assuralia would like to point out that he PRIIPs KID is meant to apply the same very prescriptive disclosure standard to a wide variety of very different products. Due to the high level of prescriptiveness, the standard fails to capture the key features of insurance products and thus misrepresents certain information that is important to retail investors. This can only be addressed if one lets go of the strive for absolute comparability. Assuralia calls upon the legislator to examine whether this can be solved in a general review of the legislation.

Moreover, Assuralia would like to underline that the intermediate review of limited parts of the PRIIPs KID does not seem to provide a substantive improvement for the consumer, but will mean yet again serious IT, compliance and education costs for insurers. Consecutive changes could also undermine the trust of consumers in the document. Assuralia implores the ESAs to impose any perceived necessary changes in one go, notably together with the general review.

Content wise, Assuralia regrets that we seem to have landed in a discussion on how more sophisticated and complex return calculations can be made, knowing that consumers already don’t understand the current methodology and in any case no perfect predictive formula for returns exist. Moreover, we are worried that we are creating the impression with the customer that returns can be predicted by taking on board future performance scenarios. A similar discussion holds true for the cost section, where the focus lies on more, in stead of more valuable information.

The customer needs to receive fair, correct and not misleading information. Historic returns together with a disclaimer that they are not a predictor of future performance is factual, non-manipulated information, which has generally been accepted in the UCITs-legislation. Moreover, we would like to point out that adding extensive tables and graphs on future performance scenarios is at the expense of other meaningful and practical information the customer requires. For Belgian IBIPs crucial information already lacks in the current KID, which is supposed to provide the customer with the key information regarding the product. Our experience is that customers do not understand the information that is provided in the KID. They do not understand what exactly the costs are they need to pay for the product as they do not understand how to interpret RIY and how to link it to what is really deduced from the premium they pay. They request information on the different possibilities of premium payment, how the product performed in the past and the fiscal treatment of the product. This information is not provided in the KID.

Part of the solution could be to either accept that the section ‘Other relevant information’ does not count with respect to the maximum number of 3 pages, or to accept the use of an addendum in which additional information can be disclosed. This would already help insurers in their struggle to reconcile other precontractual information requirements with the PRIIPs information requirements, give them some additional space to explain certain information in the KID and what this means in practice for the IBIP, and will help avoid having to overload the customer with different information documents.

The proposal for MOPs not only complexifies the information for a customer. It also creates an important liability risk for the manufacturer.

As a final remark, Assuralia regrets that the PRIIPs KID is driving customers away from IBIPs, due to the incomprehensive, complex and negative information. These IBIPs actually provide more protection to a retail customer as they give access to a more diversified investment portfolio than when a consumer invests directly into an individual asset. A customer that buys a share directly does not receive standardised precontractual information nor other mandatory pre-contractual information. A customer that buys a product that gives him the possibility to diversify his investments, without needing to dispose of a huge investable amount, is confronted with a great amount of complex, incoherent and sometimes redundant or incomprehensible information. This scares a customer away from these products, whereas the purpose of these products is to provide more safety and protection by giving access to a more diversified investment portfolio.

<ESA\_COMMENT\_PKID\_1>

* : Are there provisions in the PRIIPs Regulation or Delegated Regulation that hinder the use of digital solutions for the KID?

<ESA\_QUESTION\_PKID\_1>

It is unclear to Assuralia what the ESAs intend with digital solutions? KIDs are now published in pdf-format and we haven’t encountered any major problems with regard to their digital use. We would like to underline that the other documents with precontractual information are also in pdf-format. Having to apply several different format-requirements for precontractual documents will create an extra cost and burden for the insurer.

The real obstacle for the digital use of the KID is the rule that the KID needs to be provided on paper by default. This rule should be changed first, to allow the digital provision of the KID to be the default with a possibility for the consumer to request a paper copy, before other measures are taken to ease the digital use of the KID.

<ESA\_QUESTION\_PKID\_1>

* : Do you agree that it would be helpful if KIDs were published in a form that would allow for the information to be readily extracted using an IT tool?

<ESA\_QUESTION\_PKID\_2>

Assuralia does not see the added value of this suggestion. The fundamental problem behind the PRIIPs KID is that we try to compare products that are not comparable, based on artificially created aggregated data. This problem should be solved before examining whether the current form hinders extraction by an IT tool for comparison purposes.

<ESA\_QUESTION\_PKID\_2>

* : Do you think that the amendments proposed in the consultation paper should be implemented for existing PRIIPs as soon as possible before the end of 2021, or only at the beginning of 2022?

<ESA\_QUESTION\_PKID\_3>

Implementing changes for existing PRIIPs before the end of 2021 will entail two problems:

1. For IBIPs there’s a risk that the KID needs to be changed twice in a short timeframe. Once when the modifications of this review come into force and once if due to the entry into force of PRIIPs for UCITs supplementary changes will be made to the PRIIPs KID;

2. Unit-linked insurance products can use a generic KID for the insurance product and the UCITs KIID for the information on the underlying investment funds the consumer can choose. If a gradual entry into force is chosen the generic insurance KID will need to be changed before the end of 2021 and the information documents of the underlying at the beginning of 2022. Apart from the extra implementation costs this will entail for insurers, imagine the confusion this will create in the distribution channels and with consumers.

.<ESA\_QUESTION\_PKID\_3>

* : Do you think that a graduated approach should be considered, whereby some of the requirements would be applied in a first step, followed by a second step at the beginning of 2022?

<ESA\_QUESTION\_PKID\_4>

Such an approach would only increase implementation costs and create more confusion with consumers. It could also create a liability risk for insurers as different versions would circulate in the distribution channels which increases the risk that the customer ends up with a wrong version of his KID. It would also confuse customers that the PRIIPs KID for a product he purchases changes within a short time span. This could, for example, give the impression that the product itself has changed. Moreover, a customer might draw the wrong conclusions if he starts comparing different versions of the KID for the same product, without realising he is comparing different versions that use different calculation methodologies.

<ESA\_QUESTION\_PKID\_4>

* : Are there material issues that are not addressed in this consultation paper that you think should be part of this review of the PRIIPs Delegated Regulation? If so, please explain the issue and how it should be addressed.

<ESA\_QUESTION\_PKID\_5>

Assuralia would like to highlight that for long term products such as insurance-PRIIPs it is not representative and on the contrary even confusing to shown the performance and costs after 1 year. It confuses the customer as to the long term nature of the product, it duplicates and adds to the amount of information he needs to process. It should be noted that the customer already receives a clear warning about the consequences of exiting early in the section ‘How long should I hold it and can I take money out early?’. Moreover, the section ‘What is this product?’ will clearly mention the long term nature of the product.

Another issue with the KID concerns the risk label. Most IBIPs fall within the same risk class due to the fact that so many different products needed to be covered and thus the range of each risk class is rather large. Customers therefor cannot distinguish between IBIPs based on this risk class even though the risks associated with these products can be different. It would be useful to rethink the risk classification to distinguish better between all PRIIPs.

With regard to the amount of information Assuralia would like to highlight two issues:

* insurers have to fulfil several precontractual information requirements. This leads to a situation where the customer receives several different documents before purchasing an IBIP as insurers are not allowed to add this information in the PRIIPs KID. However, some of this information overlaps or is directly linked to the information in the PRIIPs KID;
* the information in the PRIIPs KID does not always reflect the characteristics of an IBIP, nor does it provide certain information a customer wants to receive concerning an IBIP before purchasing it. This requires the insurer to create a document to fill the information gap for the customer.

It would be in the interest of the consumer to add certain information in the PRIIPs KID or to add an annex to the PRIIPs KID to avoid an information overload with the customer. However, this will probably require an ease on the 3 page restriction.

In addition, it is not clear how consumers will be informed about the regulatory changes between PRIIPs KIDs issued before and after the review(s): the costs and performance methodologies might not remain coherent over the years, potentially confusing and raising concerns among insurance clients trying to compare or read PRIIPs KIDs issued before the review(s) in conjunction with those issued after the review(s).

<ESA\_QUESTION\_PKID\_5>

* : Do you have comments on the modifications to the presentation of future performance scenarios being considered? Should other factors or changes be considered?

<ESA\_QUESTION\_PKID\_6>

Changes to the PRIIPs KID should be made only if there is solid evidence that they improve consumer understanding and are workable for all the IBIPs in the different markets. However, Assuralia understands that the EC consumer testing on the presentation of performance scenarios will cover only 1 type of insurance-based investment product (IBIP) in 5 markets, and therefor is not representative of the diversity of IBIPs across the EU. On the contrary, the EC consumer testing of 2015 was run on more products and in 10 plus 6 markets, and still it resulted in today’s flawed KID. Consumers should be tested on a wider variety of IBIPs (unit-linked, with-profits, hybrid products, annuities and funeral insurance) and in more than just five markets, in order to capture all products in the Regulation’s scope and national differences.

Also in terms of timing, the fact that the EC consumer testing is run in parallel to the ESAs public consultation did not allow to factor-in the outcomes of the consumer testing in the proposals included in the public consultation. Stakeholders are being consulted on options and methodologies that are still incomplete or in-progress. Moreover, the ESAs will have very limited time to analyse all the responses to the public consultation, the findings of the EC consumer testing and then elaborate appropriate new rules accordingly.

Furthermore, Assuralia fears that adding the probability of each scenario on the KID does not aid consumer understanding of the scenarios, but would create even more the impression that the return of the products can be predicted.

<ESA\_QUESTION\_PKID\_6>

* : If intermediate scenarios are to be included, how should they be calculated for Category 3 PRIIPs (e.g. structured products)? If intermediate scenarios are not shown in the performance section, which performance assumption should be used for the ‘What are the costs?’ section?

<ESA\_QUESTION\_PKID\_7>

There is a general issue of information overload, not only for category 3 PRIIPs. For Belgian guaranteed products 3 out of 4 scenarios give the same information, as the amount saved through the product benefits of the guarantee at all times during the life of the product, no matter what the market conditions are. However, there is no space available to explain this to the customer. There are even IBIPs, such as annuities for which these scenarios make no sense at all, but do have to show them, without any explanation. For IBIPs it is not so much the number of scenarios that poses problems, but the lack of clarification of these scenarios. This being said, any reduction of the information overload, such as deleting the intermediate scenarios is welcomed by Assuralia.

The fact that these scenarios are used for the cost calculation is another problem. Consumers do not understand the meaning of RIY. If RIY is to be kept then at least the terminology should be changed, as the cost section does not show costs, but by how much the costs can potentially reduce a simulated return. However, customers do not receive information on how much costs will be levied on their premium or reserves. Even though very relevant for consumers this information cannot be included in the KID, but has to be presented to a customer through other documents. If future performance scenarios would be replaced by historic returns it should be examined whether there are other methods to communicate the costs that could be more appropriate and coherent with the information on historic returns than the RIY.

<ESA\_QUESTION\_PKID\_7>

* : If a stress scenario is included in the presentation of future performance scenarios, should the methodology be modified? If so, how?

<ESA\_QUESTION\_PKID\_8>

Assuralia does not see any benefit in including a stress scenario in the performance scenarios table, as it is already sufficient to provide consumers with an illustration of possible unfavourable, moderate and favourable scenarios.

In terms of number of figures provided to consumers, the carve out of the stress scenario would represent an important simplification, and would reduce the overall complexity.

Also in terms of appropriateness of the information provided, the stress scenario would not be counter balanced by an extremely positive scenario and thus it would be misleading.

Instead of a stress scenario, Assuralia may see benefits in including a row on the “minimum guaranteed return”, as proposed in the performance scenarios table at page 67 of the consultation paper. This would be meaningful information for consumers, and would help them understand the benefits of products that offer a guarantee.

As to the overall dividend yield methodology that is proposed in the consultation paper, this approach is considerably more complex than the current one and is not straightforward to implement for all PRIIPs. As stated on page 26 of the consultation paper, the “ESAs also acknowledge that such a methodology is relatively complex and may present challenges, both in terms of implementation by the industry, and explanation to consumers. This would be particularly relevant for multi-asset portfolios, where the underlying investments are based in several different countries”.

The new proposed methodology will add additional burdens to product manufactures, who would need to look through and model each single underling asset of the product; product manufactures would also the need to keep monitoring the developments of government bonds and underlying assets and possibly update the KID accordingly more frequently. This could be particularly burdensome for the complete information to be provided on MOPs most commonly selected options, which would need to include performance scenarios.

As to the specific elements of the new methodology:

* the dividend yield may not be the best basis to project the return of a product and the dividend yield policy of a fund can change over time. It reflects the strategy of that company at a certain point in time.
* For other asset classes that have no dividend yield it is not clear whether the proposed asset specific risk premium has been tested for its outcome.
* the country specific reference rate might imply challenges (e.g. in case of funds investing in more countries) and might lead to bias, as the government bond curve of a country is not meaningful for the performance of a product. It could even create a bias towards taking up assets from a certain country in a portfolio.
* There are only a small selection of data providers on the market for the data necessary to apply this methodology. This puts insurers in a very dependent position.
* for certain parameters (e.g . variance), the ESAs are still proposing to use the last 5 years historical data, in contradiction with the rest of the new methodology.

It is also even more complicated to explain to a customer. It raises questions whether it should not also be tested what outcomes a consumer understands better. Assuralia would like to point out that any forward looking methodology will have its advantages and disadvantages, but none of them can actually predict the future return of the product. Therefor Assuralia is in favour of simply communication factual historic returns together with a warning that they are no indicator of future returns. For structured products where no historic data exists a simple illustrative example could show the functioning of the different return mechanisms included in the product.

<ESA\_QUESTION\_PKID\_8>

* : Do you agree with how the reference rate is specified? If not, how should it be specified?

<ESA\_QUESTION\_PKID\_9>

It is not straightforward to understand exactly all the details of the proposed new methodology, which makes it difficult to make concrete proposals concerning the calculation elements such as the reference rate.

<ESA\_QUESTION\_PKID\_9>

* : The revised methodology specifies that the risk premium is determined by future expected yields. The methodology further specifies that future expected yields should be determined by the composition of the PRIIP decomposed by asset class, country and sector or rating. Do you agree with this approach? If not, what approach would you favour?

<ESA\_QUESTION\_PKID\_10>

It is not straightforward to understand exactly all the details of the proposed new methodology, which makes it difficult to make concrete proposals concerning the calculation elements such as the risk premium.

<ESA\_QUESTION\_PKID\_10>

* : The ESAs are aware that historical dividend rates can be averaged over different time spans or that expected dividend rates can be read from market data providers or obtained from analyst reports. How should the expected dividend rates be determined?

<ESA\_QUESTION\_PKID\_11>

It is not straightforward to understand exactly all the details of the proposed new methodology, which makes it difficult to make concrete proposals concerning the calculation elements such as the dividend rates.

<ESA\_QUESTION\_PKID\_11>

* : How should share buyback rates be estimated?

<ESA\_QUESTION\_PKID\_12>

It is not straightforward to understand exactly all the details of the proposed new methodology, which makes it difficult to make concrete proposals concerning the calculation.

<ESA\_QUESTION\_PKID\_12>

* : Do you agree with the approach for money-market funds? Are there other assets which may require a similar specific provisions?

<ESA\_QUESTION\_PKID\_13>

It is not straightforward to understand exactly all the details of the proposed new methodology, which makes it difficult to make concrete proposals concerning the calculation.

<ESA\_QUESTION\_PKID\_13>

* : The methodology proposes that the future variance be estimated from the 5-year history of daily returns. Should the volatility implied by option prices be used instead? If so, what estimate should be used if option prices are not available for a particular asset (equities namely)?

<ESA\_QUESTION\_PKID\_14>

It is not straightforward to understand exactly all the details of the proposed new methodology, which makes it difficult to make concrete proposals concerning the calculation elements such as the variance to be used.

<ESA\_QUESTION\_PKID\_14>

* : Do you think compensatory mechanisms for unforeseen methodological faults are needed? If yes, please explain why.

<ESA\_QUESTION\_PKID\_15>

Assuralia wonders why a new calculation method for performance scenarios is being proposed if the ESAs already sense the need to add a compensatory mechanism to this new methodology. Why then not simply apply this compensatory mechanism to the actual calculation method. Or better even, why not replace forward looking performance scenarios with historic returns. These returns are factual, non-manipulated return information that do not require any compensatory mechanisms. These historic returns can be used for all IBIPs, except for structured products as for these products there are no historic returns available. For structured products illustrative examples can illustrate the functioning of the pay-out formula.

<ESA\_QUESTION\_PKID\_15>

* : Do you favour any of the options above? If so, which ones? How would you ensure that the information in the KID remains comparable for all products?

<ESA\_QUESTION\_PKID\_16>

The options for a compensatory mechanism either use historic data which could reintroduce the problem of procyclicality, or a subjective decision from the manufacturer or supervisor/legislator to cap results.

<ESA\_QUESTION\_PKID\_16>

* : Are there any other compensatory mechanisms that could address unforeseen methodological faults? If yes, please explain the mechanism; explain how it ensures that scenario information in the KID allows investors to compare PRIIPs, and explain how the information for similar products from different manufacturers remains sufficiently consistent.

<ESA\_QUESTION\_PKID\_17>

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<ESA\_QUESTION\_PKID\_17>

* : What are your views on the use of a simplified approach such as the one detailed above, instead of the use of probabilistic methodologies with more granular asset specific requirements?

<ESA\_QUESTION\_PKID\_18>

Assuralia is of the opinion that it is better not to change the current methodology if there is not enough convincing proof that a new methodology gives better outcomes. Moreover, if several other methodologies have not yet been examined in detail, it seems too early to already make a choice for a new methodology as it creates a risk that the same exercise needs to be redone within a short time period. Consecutive changes of the future performance of products will only confuse the customer, does not enhance his understanding of the products on offer, will make him lose his trust in the KID and increases the costs for the industry to modify their IT-systems, update and distribute new versions of the KID, and explain these modifications to their distribution channels and customers.

On the proposal to use a prescribed maximum growth rate per asset class it is not clear what level of distinction will be made between asset classes, ex. will there be made a distinction between different kinds of equity or is all equity treated the same way? In any case it seems to Assuralia that you might end up with all products that have the same asset classes showing the same return and thus removing a level of differentiation between products.

.<ESA\_QUESTION\_PKID\_18>

* : Do you consider the use of a single table of growth rates appropriate? If no, how should the methodology be amended?

<ESA\_QUESTION\_PKID\_19>

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<ESA\_QUESTION\_PKID\_19>

* : More generally, do your views about the use of a probabilistic methodology vary depending on the type of product (e.g. structured products vs non-structured products, short-term vs long-term products)? For which type of products do you see more challenges to define a probabilistic methodology and to present the results to investors?

<ESA\_QUESTION\_PKID\_20>

For most IBIPs historic returns can be used, except for structured products as for these products there are no historic returns available. For structured products illustrative examples can illustrate the functioning of the pay-out formula.

<ESA\_QUESTION\_PKID\_20>

* : Do you think these alternative approaches should be further assessed? If yes, what evidence can you provide to support these approaches or aspects of them?

<ESA\_QUESTION\_PKID\_21>

We would like to point out that the current proposed method of dividend yield itself still needs a thorough assessment. For example, on what the potential impact of the use of government bonds as reference rate is on the return of a product and what a correct equivalent yield measure is for assets other than equity.

<ESA\_QUESTION\_PKID\_21>

* : Are there any other approaches that should be considered? What evidence are you able to provide to support these other approaches?

<ESA\_QUESTION\_PKID\_22>

We would like to point out that the current proposed method of dividend yield itself still needs a thorough assessment. For example, on what the potential impact of the use of government bonds as reference rate is on the return of a product and what a correct equivalent yield measure is for assets other than equity.

<ESA\_QUESTION\_PKID\_22>

* : Do you think illustrative scenarios should be included in the KID as well as probabilistic scenarios for structured products?

<ESA\_QUESTION\_PKID\_23>

Illustrative scenarios are already being used by structured UCITs where they seem to work well. Assuralia sees an advantage in using such illustrative scenarios for all structured products, including structured IBIPs, as they can illustrate to the customer how the pay-out formula works. In that case all mechanisms should be illustrated to help the customer to understand the differences.

Including both probabilistic and illustrative scenarios will be confusing for a customer. Moreover it risks giving the customer the idea that the future performance can be predicted.

For all other products Assuralia is in favour of showing only past performance as this is the only factual information a customer can receive.

<ESA\_QUESTION\_PKID\_23>

* : If not, do you think illustrative scenarios should replace probabilistic scenarios for structured products?

<ESA\_QUESTION\_PKID\_24>

Illustrative scenarios are already being used by structured UCITs where they seem to work well. Assuralia sees an advantage in using such illustrative scenarios for all structured products, including structured IBIPs, as they can illustrate to the customer how the pay-out formula works. In that case all mechanisms should be illustrated to help the customer to understand the differences.

Including both probabilistic and illustrative scenarios will be confusing for a customer. Moreover it risks giving the customer the idea that the future performance can be predicted.

For all other products Assuralia is in favour of showing only past performance as this is the only factual information a customer can receive.

<ESA\_QUESTION\_PKID\_24>

* : Do you agree with this approach to define PRIIPs which would show illustrative performance scenarios using the existing definition of Category 3 PRIIPs? If not, why not? Where relevant, please explain why this approach would not be appropriate for certain types of Category 3 PRIIPs?

<ESA\_QUESTION\_PKID\_25>

Illustrative scenarios are already being used by structured UCITs where they seem to work well. Assuralia sees an advantage in using such illustrative scenarios for all structured products, including structured IBIPs, as they can illustrate to the customer how the pay-out formula works. In that case all mechanisms should be illustrated to help the customer to understand the differences.

Including both probabilistic and illustrative scenarios will be confusing for a customer. Moreover it risks giving the customer the idea that the future performance can be predicted.

For all other products Assuralia is in favour of showing only past performance as this is the only factual information a customer can receive.

<ESA\_QUESTION\_PKID\_25>

* : Would you be in favour of including information on past performance in the KID?

<ESA\_QUESTION\_PKID\_26>

Information on past performance is objective, factual information that is frequently requested by customers. They do not require complex calculation methods.

Whatever decision will be taken, it should take into account a level playing field between those groups of products within the PRIIPs scope for which it does make sense to compare them (i.e. between Unit-linked IBIPs and PRIPs that can also be used as underlying investment options of a unit-linked IBIP).

If future performance scenarios would be replaced by historic returns it should also be examined whether there are other methods to communicate the costs that could be more appropriate and coherent with the information on historic returns than the RIY.

<ESA\_QUESTION\_PKID\_26>

* : Would your answer to the previous question be different if it were possible to amend Article 6(4) of the PRIIPs Regulation?

<ESA\_QUESTION\_PKID\_27>

A necessary condition to include past performance is to dispose of more space to add information. Assuralia would like to highlight that insurers struggle already now to add all necessary and useful information in the KID. Different solutions could be to either accept that the section ‘Other relevant information’ does not count with respect to the maximum number of 3 pages or to accept the use of an addendum in which additional information can be disclosed. This would also help insurers in their struggle to reconcile other precontractual information requirements with the PRIIPs information requirements and to avoid having to overload the customer with different information documents.

.<ESA\_QUESTION\_PKID\_27>

* : Do you think that it can be more appropriate to show past performance in the form of an average (as shown in the ESA proposal for consumer testing) for certain types of PRIIPs? If so, for exactly which types of PRIIPs?

<ESA\_QUESTION\_PKID\_28>

No, Assuralia does not see the point of such an average. The idea would be to give objective and factual information, not information that is corrected for volatility by using an average.

<ESA\_QUESTION\_PKID\_28>

* : Do you have any comments on the statement that would supplement the display of past performance (e.g. with regard to the presentation of costs which are not included in the net asset value (NAV))?

<ESA\_QUESTION\_PKID\_29>

It seems logical to Assuralia that the consumer is informed whether the past performance data includes all of the costs.

<ESA\_QUESTION\_PKID\_29>

* : Are you of the opinion that an additional narrative is required to explain the relationship between past performance and future performance scenarios?

<ESA\_QUESTION\_PKID\_30>

The relationship between past performance and future performance scenarios should be clear to customers. This can be achieved in different ways and will depend strongly on the method of presentation that will be decided for the performance information. If performance information is to be presented visually (by means of graphs for example), then the relationship between past performance and future performance scenarios should also be made clear through a visual presentation. If not, it should be done through a narrative.

<ESA\_QUESTION\_PKID\_30>

* : Do you see merit in further specifying the cases where the UCITS/AIF should be considered as being managed in reference to a benchmark, taking into account the provisions of the ESMA Questions and Answers on the application of the UCITS Directive[[4]](#footnote-5)?

<ESA\_QUESTION\_PKID\_31>

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<ESA\_QUESTION\_PKID\_31>

* : Do you see the need to add additional provisions for linear unit-linked insurance-based investment products or linear internal funds?

<ESA\_QUESTION\_PKID\_32>

Assuralia doesn’t see any reason to treat unit-linked IBIPs differently than UCITs. It is also not clear from the consultation paper what additional provisions the ESAs would have in mind.

<ESA\_QUESTION\_PKID\_32>

* : Do you agree that a fixed intermediate time period / exit point should be used instead of the current half the recommended holding period to better facilitate comparability?

<ESA\_QUESTION\_PKID\_33>

Assuralia does not see any benefit in including intermediate time periods for presenting costs. We commend the ESA’s efforts to introduce much needed simplicity by removing the intermediate time periods from the section on performance. This simplicity should also be reflected in the costs section to ensure coherence across the KID.

The structure and the long-term nature of IBIPs makes it inappropriate to present costs after one year, 5 years or at any other fixed time period. An estimation of costs at a fixed time will never be comparable between products with a different recommended holding period as it captures the costs at a different point in the evolution of the product. Even between products with the same recommended holding period, the structure of costs can differ, meaning that an estimation of costs early in the life cycle of the product could artificially present higher costs.

Where a product is intended to be held to the recommended holding period the most relevant information for consumers are the costs over the whole life time of the product. As with performance, there is a risk that presenting information on costs before the recommended holding period of a product will create the impression that earlier redemption is advisable. However, there is already specific, more tailored information on the risks of early redemption provided in the separate section on “How long should I hold it and can I take money out early?”. This section allows PRIIPs manufacturers to give fuller details of any fees or penalties incurred for divestments prior to maturity of the product.

However, if an intermediate time period is to be included we ask to remove the 1 year period that has no added value at all, and to keep the time period that corresponds to half of the recommended holding period.

<ESA\_QUESTION\_PKID\_33>

* : In this case (of a fixed intermediate time period), do you agree to show costs if the investor would exit after 5 years for all PRIIPs with a recommended holding period of at least 8 years? Or do you prefer a different approach such as:

<ESA\_QUESTION\_PKID\_34>

Assuralia does not see any benefit in including intermediate time periods for presenting costs. We commend the ESA’s efforts to introduce much needed simplicity by removing the intermediate time periods from the section on performance. This simplicity should also be reflected in the costs section to ensure coherence across the KID.

The structure and the long-term nature of IBIPs makes it inappropriate to present costs after one year, 5 years or at any other fixed time period. An estimation of costs at a fixed time will never be comparable between products with a different recommended holding period as it captures the costs at a different point in the evolution of the product. Even between products with the same recommended holding period the structure of costs can differ, meaning that an estimation of costs early in the life cycle of the product could artificially present higher costs.

Where a product is intended to be held to the recommended holding period the most relevant information for consumers are the costs over the whole life time of the product. As with performance, there is a risk that presenting information on costs before the recommended holding period of a product will create the impression that earlier redemption is advisable. However, there is already specific, more tailored information on the risks of early redemption provided in the separate section on “How long should I hold it and can I take money out early?”. This enables PRIIPs manufacturers to give fuller details of any fees or penalties incurred for divestments prior to maturity of the product.

However, if an intermediate time period is to be included we ask to remove the 1 year period that has no added value at all, and to keep the time period that corresponds to half of the recommended holding period.

<ESA\_QUESTION\_PKID\_34>

* : Do you think it would be relevant to either (i) use an annual average cost figure at the recommended holding period, or (ii) to present both an annual average cost figure and a total (accumulated) costs figure?

<ESA\_QUESTION\_PKID\_35>

Assuralia would like to underline that products with different recommended holding periods serve different investment purposes and it is therefore not very useful to compare them as such. This being said, the RIY was introduced to try to provide consumers with an indicator that could be compared, regardless of the difference in holding periods. The costs are currently already expressed in percentages and monetary values. Assuralia therefor does not see any added value for the customer to add yet another aggregate cost figure.

<ESA\_QUESTION\_PKID\_35>

* : Do you think that it would be helpful, in particular for MiFID products, to also include the total costs as a percentage of the investment amount?

<ESA\_QUESTION\_PKID\_36>

Assuralia does not think it is helpful to add the total cost as a percentage of the investment amount. You will be plotting the costs against an artificial initial investment, that does not always correspond to the real investment the product gives access to (for example a higher minimum investment amount).

Moreover, using different cost indicators in the cost section makes the section even harder to understand for consumers and adding cost indicators is just creating an information overload.

<ESA\_QUESTION\_PKID\_36>

* : In this context, are there PRIIPs for which both performance fees and carried interests are applied?

<ESA\_QUESTION\_PKID\_37>

TYPE YOUR TEXT HERE

<ESA\_QUESTION\_PKID\_37>

* : Do you agree with this analysis from the ESAs? If yes, what are your views on the extent to which fees related to the management of the underlying real estate assets, i.e. the properties themselves, should be taken into account in the calculation of the cost indicators?

<ESA\_QUESTION\_PKID\_38>

The calculations are already very complicated. This will only complicate things further. Questions rise as to the ease of availability of such information and the relevance and added value for the consumer.

<ESA\_QUESTION\_PKID\_38>

* : Do you agree with the ESAs’ preferred option 3 to revise the cost tables?

<ESA\_QUESTION\_PKID\_39>

No, table 2 of option 3 is much too elaborate and complicated to understand. It will be difficult for the customer to understand all the different information elements contained in this table. Assuralia also sees a serious risk of misinterpretation of the information by the customer as several methodologies seem to be used together in the same table.

<ESA\_QUESTION\_PKID\_39>

* : If not, which option do you prefer, and why?

<ESA\_QUESTION\_PKID\_40>

If changes need to be made Assuralia is in favour of using table 1 from option 3 and table 2 from option 2, but adapted to be able to include correct cost information. Fixed costs should be noted as such and not as an artificial percentage of a fictitious invested amount.

<ESA\_QUESTION\_PKID\_40>

* : In particular, do you think that the proposed changes to the presentation of the impact of costs on the return in percentage terms (i.e. including reduction in return before and after costs) is an improvement on the current presentation?

<ESA\_QUESTION\_PKID\_41>

Yes, it is.

<ESA\_QUESTION\_PKID\_41>

* : Do you have other comments on the proposed changes to the cost tables?

<ESA\_QUESTION\_PKID\_42>

When determining the cost information to be taken on board in the PRIIPs KID one should keep in mind not only the 3 page limit, but also the extent to which customers request and understand a certain level of detail. Adding more detailed information on the current way costs are expressed in the KID instead of replacing it with information that consumers currently lack in the KID (such as what percentage of cost is concretely levied on his premium or reserve, instead of a RIY-percentage) could result in customers not paying attention to any of the information anymore.

Furthermore, Assuralia would like to point out that the terminology gives rise to confusion. The tables mention ‘costs’, but in reality it is not the actual costs levied in the product that are shown, but the percentage by which these costs reduce the potential return of the product. Customers do not grasp this nuance.

Assuralia also sees a danger that customers have difficulties understanding the ‘evolution’ of individual costs over time, as several methodologies seem to be used together in the same table.

If at some point in time the future performance scenarios in the KID would be replaced by historic returns it should be examined whether there are other methods to communicate the costs that could be more appropriate and coherent with the information on historic returns than the RIY.

<ESA\_QUESTION\_PKID\_42>

* : What are your views on the appropriate levels of these thresholds? Please provide a justification for your response.

<ESA\_QUESTION\_PKID\_43>

We welcome the ESAs acknowledgement that a degree of proportionality will be necessary to finding a workable methodology for transactions costs and the introduction of the option to use a simplified methodology is welcome. We would suggest that there may be additional aspects of the PRIIPs KID where this kind of approach is needed. For insurers, transaction costs are usually minimal, as a result of a ‘buy and hold’ investment strategy. It is not proportionate to apply the complex arrival price methodology to the few transactions which do take place.

However, we do not believe that the levels of the thresholds proposed are appropriate. The threshold of 250 transactions over a three-year period is too low to be of use the vast majority of insurers. In particular in markets with a collective investment vehicle is used as there is no clear way of identifying which transactions should be considered as relating to the PRIIP. There is also a significant risk that these low thresholds will create a disincentive to trade even when to do so would be in the best interests of the client. The 25% threshold will not be practically useful for insurers, who in practice will need to implement both methodologies as it will not be clear in advance if the threshold will be breached.

In addition to the specific question posed in the consultation paper, we would like to make some more general remarks regarding the proposed amendments to the transaction costs methodology.

We believe that both the options proposed by the ESAs will be an improvement on the current methodology and will result in more realistic levels of transaction costs addressing some of the current issues with slippage. It is vital that these costs are captured accurately and that implicit costs continue to be included in the PRIIPs KID. However the current proposals lack detail and are not prescriptive enough to provide manufacturers with legal certainty as to how to calculate transaction costs. The current methodology creates the illusion of specificity (as it results in a precise numerical figure) but in reality is an estimation. This is not made clear to consumers.

In any case, Assuralia does not see the point of communicating transaction costs separately. It’s not really a cost in the sense of the other costs, as it is not a manufacturing or production cost, nor a profit for the manufacturer.

<ESA\_QUESTION\_PKID\_43>

* : If UCITS would fall in the scope of the PRIIPs Regulation, do you agree that the coexistence of the UCITS KII (provided to professional investors under the UCITS Directive) and the PRIIPs KID (provided to retail investors under the PRIIPs Regulation) would be a negative outcome in terms of overall clarity and understandability of the EU disclosure requirements? Are you of the view that the co-legislators should therefore reconsider the need for professional investors to receive a UCITS KII, as the coexistence of a PRIIPs KID together with a UCITS KII (even if not targeted to the same types of investors) would indeed be confusing, given the differences in the way information on costs, risks and performance are presented in the documents? Alternatively, are you of the view that professional investors under the UCITS Directive should receive a PRIIPs KID (if UCITS would fall in the scope of the PRIIPs Regulation)?

<ESA\_QUESTION\_PKID\_44>

It does not seem necessary to maintain both the UCITS KII and the PRIIPs KIID. The UCITS KII is not very useful for professional investors, as it was not specifically designed for the professional but for the retail investors. Professional investors need more complex and extensive information.

It should also be noted that, in cases where professional share classes are also open to retail investors, a situation would again arise where, for the same fund, there are two different key information documents available. This will cause significant confusion for investors.

<ESA\_QUESTION\_PKID\_44>

* : What are your views on the issue mentioned above for regular savings plans and the potential ways to address this issue?

<ESA\_QUESTION\_PKID\_45>

TYPE YOUR TEXT HERE

<ESA\_QUESTION\_PKID\_45>

* : Do you agree that these requirements from Article 4 should be extended to all types of PRIIPs, or would you consider that it should be restricted to Management Company of UCITS or AIFs?

<ESA\_QUESTION\_PKID\_46>

Assuralia does not quite understand this analysis. The information in these articles is already foreseen in different sections of the PRIIPs KID (though they might require some adjustments with regard to the terminology used or the principles put forward, such as using fixed narrative warnings about risk versus an obligation to describe the risk). The only information that needs to be added as it is not yet foreseen in the PRIIPs KID is the information on past performance.

<ESA\_QUESTION\_PKID\_46>

* : Do you agree that this requirement should be extended to all types of PRIIPs, or would you consider that it should be restricted to Management Company of UCITS or AIF?

<ESA\_QUESTION\_PKID\_47>

Amendments of the Q&A should be made following an in-depth analysis of the compatibility of the PRIIPs and the UCITS regimes. Amending the Q&A without having assessed this in more detail will cause significant confusion within the market, especially if these elements are transposed into the PRIIPs regime simply because they used to apply to UCITS.

<ESA\_QUESTION\_PKID\_47>

* : Do you agree that these requirements should be extended to all types of PRIIPs, or would you consider that they should be restricted to the Management Company of the UCITS or AIF?

<ESA\_QUESTION\_PKID\_48>

Assuralia does not quite understand this analysis. The information in these articles is already foreseen in different sections of the PRIIPs KID (though they might require some adjustments with regard to the terminology used or the principles put forward, such as using fixed narrative warnings about risk versus an obligation to describe the risk). The only information that clearly needs to be added as it is not yet foreseen in the PRIIPs KID is the information on past performance.

<ESA\_QUESTION\_PKID\_48>

* : Do you have any comments on the proposed approaches in relation to the analysis and proposals in this Section, and in particular on the extent to which some of the abovementioned requirements should be extended to other types of PRIIPs?

<ESA\_QUESTION\_PKID\_49>

Amendments of the Q&A should be made following an in-depth analysis of the compatibility of the PRIIPs and the UCITS regimes. Amending the Q&A without having assessed this in more detail will cause significant confusion within the market, especially if these elements are transposed into the PRIIPs regime simply because they used to apply to UCITS.

<ESA\_QUESTION\_PKID\_49>

* : Do you think this proposal would be an improvement on the current approach?

<ESA\_QUESTION\_PKID\_50>

No, this would create a risk of mis-selling, it raises liability issues and questions how this proposal would work in practice and there is no evidence that this would effectively aid consumer’s understanding as it has not been tested.

Concerning the risk of mis-selling and possible liability issues we refer to our answer to question 52 below.

Concerning the complexity of the implementation:

* The assumptions to be used to identify the most commonly selected options are not clear and in any case consumers’ preferences can change over time (e.g. based on market developments and new trends). The most commonly selected options may even differ from distribution channel to distribution channel, so product manufacturers might be obliged to produce different complete information documents for each distribution channel. In general, this would not help comparability of information.
* It is also not clear how the most commonly selected options should at the same time reflect the diversity of investment objectives or risks exposure (or costs, as mentioned at the ESAs public hearing of 29 November) that the MOPs may offer. This might oblige product manufacturers to produce in any case more than 4 complete information documents, to be able to present the most commonly selected options for each type of investment objective, risk exposure or cost range.
* In case consumers’ preferences are equally distributed among all different options of a MOPs - or all options are relevant to reflect the diversity of the MOPs objectives, risk exposure or cost range – the product manufacturer would need to produce complete information for all of them. In the absence of legal certainty (and of a mandatory disclaimer on the purpose, scope and limitations of the complete information on the most commonly selected options), product manufacturers might also decide to produce complete information for all options only to avoid liability risks.
* Considering the above, product manufacturers would be obliged to keep monitoring and updating the extensive information on the most commonly selected options, with an unclear frequency. This kind of market monitoring is not prescribed by the Level 1 and not even by IDD POG requirements.
* In any case, the assumptions used to identify the most commonly selected options would be arbitrary and product manufacturers would be exposed to legal uncertainty and liability risks in case of Authorities’ controls or consumers’ complaints.
* The overall requirements and consultation papers’ wording are not fully clear. The format to be used to provide the complete information is not defined by the ESA and the methodologies for the calculations of combinations of options are not specified.
* Furthermore, it should be noted that an investment option can be part of the total investment of the PRIIP (e.g. for hybrid products). Therefore, it would be inconsistent to include the information on the overall product in the information document on a particular investment option.

If the ESAs do think this approach is viable it should be noted that due to Belgian legislation on costs for unit-linked IBIPs all costs communicated with regard to an underlying investment option include any product cost. The exception foreseen should therefor also include products where the customer does have a view on the total cost of the investment option.

<ESA\_QUESTION\_PKID\_50>

* : Do you envisage significant practical challenges to apply this approach, for example for products which allow the investor to choose between a wide range or large number of options?

<ESA\_QUESTION\_PKID\_51>

TYPE YOUR TEXT HERE

<ESA\_QUESTION\_PKID\_51>

* : Do you see any risks or issues arising from this approach in relation to consumer understanding, for instance whether the consumer will understand that other combinations of investment options are also possible?

<ESA\_QUESTION\_PKID\_52>

Yes, such an approach will mislead the customer, is at odds with IDD-obligations and creates an unequal treatment between customers. This will ultimately also lead to important liability risks for the manufacturer.

1. **Misleading the customer**

The proposal to create a more detailed ‘supplementary information document’ (SID) for at least ‘*four commonly selected underlying investment options or combinations of options*’ in the case of multi-option products for which a general KID has been created, conflicts with the basic principle inserted in the PRIIPs Regulation that states that information has to be accurate, fair, clear and **not misleading** (art. 6.1) and with the similar principle inserted in the IDD that states that all information has to be fair, clear and not misleading (art. 17.2).

The more detailed SIDs for certain underlying investment options or combinations of options create the impression that these options or combinations are better/more appropriate than the other (combinations of) options. That is however not correct. The product oversight and governance rules (POG) stipulate that manufacturers shall only design and market insurance products that are compatible with the needs, characteristics and objectives of the customers belonging to the target market[[5]](#footnote-6). Moreover, they shall test their insurance products and in doing so assess whether these products over their lifetime meet the identified needs, objectives and characteristics of the target market[[6]](#footnote-7). Even after the products have been brought to the market, their manufacturers shall continuously monitor and review them in order to assess whether the insurance products remain consistent with the needs, characteristics and objectives of the identified target market[[7]](#footnote-8). These rules guarantee that all underlying investment options or combinations of options aimed at a particular target market meet the needs/demands of this target market. To explicitly put one option or combination of options in the spotlight however, creates the impression that this option or combination meets the needs of the target market more adequately than the other options or combinations do. That is however not correct, and therefore misleading for the customers belonging to the target market.

The PRIIP manufacturer may incur civil liability if the KID is misleading (art. 11.1 PRIIPs Regulation). Likewise, the IDD provides for sanctions in the case of misleading information (art. 33).

When creating the impression that certain options or combinations are better/more appropriate than the other (combinations of) options by having more detailed SIDs for these underlying investment options or combinations of options will also push all customers towards these options and create herding behaviour, thereby further reinforcing the selection of these options as most commonly selected options.

1. **The obligation is at odds with the suitability assessment that is performed when providing advice**

When a distributor provides advice, he is obliged to verify at the time of sale whether the product/investment option is suitable for the consumer. To this end, the distributor has to obtain information about the customer’s knowledge and experience, his financial situation and his investment objectives, including that person’s risk tolerance. The distributor shall only recommend a product/investment option that meets the customer’s investment objectives and financial situation, and with regard to which the customer has the necessary knowledge and experience[[8]](#footnote-9).

This means that the distributor has to verify which product/investment option is suitable for each specific customer, based on the information collected. The suitable investment option for a particular customer may not be the one that was put forward by the product manufacturer by means of a more detailed SID. This may cause the customer - especially if he has only limited investment experience - to question the advice of the distributor and may prompt him to choose the option or combination of options put forward by the manufacturer, all the more so because he will receive more detailed information about this option or combination. This is not in the customer’s best interest and is at odds with the objective of the rules concerning the suitability assessment. The most frequently subscribed option or combination of options is indeed not necessarily the most suitable one for each customer.

1. **Unequal treatment of customers**

Customers investing in an option or a combination of options for which no detailed SID has been created, will have less information available about the PRIIP and about the option or combination of options than customers investing in an option or combination of options for which such a detailed SID does exist. This results in an unequal treatment of customers, which cannot be justified. Moreover, customers who receive only a limited SID could argue that the information received conflicts with article 6 of the PRIIPs Regulation for lack of accuracy, as the information provided to them is more limited than it would be for the other investment options.

<ESA\_QUESTION\_PKID\_52>

* : Do you think this proposal would be an improvement on the current approach?

<ESA\_QUESTION\_PKID\_53>

Assuralia does not see any added value of this proposal as a customer could still be presented with a broad range, from which he cannot conclude the cost of the investment option he chooses. Currently most IBIPs fall within the same risk class due to the fact that so many different products needed to be covered and thus the range of each risk class is rather large. Customers therefor cannot distinguish between IBIPs based on this risk class even though the risks associated with these products can be different. It would be useful to rethink the risk classification to distinguish better between all PRIIPs.

Assuralia would also like to point out that there is not necessarily a link between risks and costs, but with this approach the customer might get the impression there is.

If the ESAs do think this approach is viable it should be noted that due to Belgian legislation on costs for unit-linked IBIPs all costs communicated with regard to an underlying investment option include any product cost. The exception foreseen should therefor also include products where the customer does have a view on the total cost of the investment option.

However, Assuralia is in favour of the proposal of the ESAs to include a short narrative to inform the customer whether the costs shown in the SID include all of the costs.

<ESA\_QUESTION\_PKID\_53>

* : Are there other approaches or revisions to the requirements for MOPs that should be considered?

<ESA\_QUESTION\_PKID\_54>

We propose to delete the cost range in the generic KID as it has no added value for the customer: not only do the ranges give no indication to the customer with regard to his investment option and these costs are recalculated based on a generic recommended holding period, which is not necessarily the recommended holding period of the underlying investment option. The customer will receive the total cost in the SID.

<ESA\_QUESTION\_PKID\_54>

* : Do you have any comments on the preliminary assessment of costs and benefits?

<ESA\_QUESTION\_PKID\_55>

Assuralia is of the opinion that the costs of implementation are disproportionate in comparison to the benefits. Assuralia sees little added value for the customer. On the contrary, certain proposals might mislead the customer even further. However, implementation will require extensive resources. Assuralia advocates for a more thorough analysis of the different issues with the PRIIPs KID and one single, comprehensive review of the whole PRIIPs-legislation, instead of a rushed amendment of the RTS that is not backed by decisive proof of its added value for the customer.

<ESA\_QUESTION\_PKID\_55>

* : Are you able to provide information on the implementation costs of the proposed changes, in particular regarding, (1) the proposed revised methodology for performance scenarios (using a reference rate and asset specific risk premia), and (2) the overall changes to the KID template?

<ESA\_QUESTION\_PKID\_56>

Assuralia is of the opinion that the costs of implementation are disproportionate in comparison to the benefits. Assuralia sees little added value for the customer. On the contrary, certain proposals might mislead the customer even further. However, implementation will require extensive resources. Assuralia advocates for a more thorough analysis of the different issues with the PRIIPs KID and one single, comprehensive review of the whole PRIIPs-legislation, instead of a rushed amendment of the RTS that is not backed by decisive proof of its added value.

Moreover, the proposed changes are currently not sufficiently clear. This could lead to problems of interpretation, which adds to the cost of implementation of these changes.

<ESA\_QUESTION\_PKID\_56>

* : Are there significant benefits or costs you are aware of that have not been addressed?

<ESA\_QUESTION\_PKID\_57>

Assuralia is of the opinion that the costs of implementation are disproportionate in comparison to the benefits. Assuralia sees little added value for the customer. On the contrary, certain proposals might mislead the customer even further. However, implementation will require extensive resources. Assuralia advocates for a more thorough analysis of the different issues with the PRIIPs KID and one single, comprehensive review of the whole PRIIPs-legislation, instead of a rushed amendment of the RTS that is not backed by decisive proof of its added value for the customer.

Moreover, the proposed changes are currently not sufficiently clear. This could lead to problems of interpretation, which adds to the cost of implementation of these changes.

<ESA\_QUESTION\_PKID\_57>

1. COMMISSION DELEGATED REGULATION (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) by laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents [↑](#footnote-ref-2)
2. Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), OJ L 352, 9.12.2014, p. 1. [↑](#footnote-ref-3)
3. Regulation (EU) 2018/1725 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC, OJ L 295, 21.11.2018, p. 39. [↑](#footnote-ref-4)
4. See “Section II – Key Investor Information Document (KIID) for UCITS” (in particular, Q&A 8) of the Q&A document available at: https://www.esma.europa.eu/sites/default/files/library/esma34-43-392\_qa\_ucits\_directive.pdf [↑](#footnote-ref-5)
5. Art. 5.3, Commission Delegated Regulation (EU) 2017/2358 of 21 September 2017 supplementing Directive (EU) 2016/97 of the European Parliament and of the Council with regard to product oversight and governance requirements for insurance undertakings and insurance distributors. [↑](#footnote-ref-6)
6. Art. 6, Delegated Regulation 2017/2358. [↑](#footnote-ref-7)
7. Art. 7.1, Delegated Regulation 2017/2358. [↑](#footnote-ref-8)
8. Art. 30.1, IDD and art. 9, Commission Delegated Regulation (EU) 2017/2359 of 21 September 2017 supplementing Directive (EU) 2016/97 of the European Parliament and of the Council with regard to information requirements and conduct of business rules applicable to the distribution of insurance-based investment products. [↑](#footnote-ref-9)