

**Comments Template on
 Consultation Paper on the proposal for Guidelines under the Insurance
 Distribution Directive on insurance-based investment products that
 incorporate a structure which makes it difficult for the customer to
 understand the risks involved**

**Deadline
 28 April 2017
 18:00 CET**

Name of Company:	OP Financial Group	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-17-001@eiopa.europa.eu.</p> <p>Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the questions refers to the Consultation Paper on the proposal for Guidelines under the Insurance Distribution Directive on insurance-based investment products that incorporate a structure which makes it difficult for the customer to understand the risks involved</p>		
Reference	Comment	
General Comments	The unit-linked insurance are similar to other financial instruments deemed non-complex under MiFID II (especially UCITS-funds) and they should be treated under the	

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	<p>same rules. However, because of the differences in IDD and MiFID II, the state of affairs is that insurance-based investment products will not be treated under the same rules than other investment products; hence, the level playing field cannot be reached in this connection. We see that the additional requirements applied on insurance-based investment products is a restriction that can have a negative impact on the business development. This could be especially negative on the development of digital channels.</p>	
Question 1	<p>We welcome the Impact Assessment in EIOPA's consultation paper on draft guidelines. EIOPA has thoroughly analysed the key policy questions and policy options in the Impact Assessment. The costs and benefits have also been assessed carefully. However, because of the differences in IDD and MiFID II, the state of affairs is that insurance-based investment products will not be treated under the same rules than other investment products; hence, the level playing field cannot be reached in this connection.</p>	
Question 2	<p>In our view, the unit-linked insurance are similar to other financial instruments deemed non-complex under MiFID II (especially UCITS-funds) and they should be treated under the same rules. However, even if a Member State chooses to allow the execution-only sale of insurance-based investment products, still the additional requirements under IDD has to be taken into account which makes it impossible to treat those similar products in the same way.</p> <p>The contracts in accordance with Article 30(a)(i) of IDD, i.e. contracts which provide investment exposure to the financial instruments deemed non-complex under MiFID II could easily be distributed via execution-only. We do not see that there would be high risk that this kind of product was not suitable or appropriate for certain customers. However, we see that the additional IDD Article 20(1) requirement applied on investment products is a restriction that can have a negative impact on the business development. This could be especially negative on the development of digital channels.</p>	

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	Consequently, taking into account the very restrictive criteria, we consider that the execution-only sales of insurance-based investment products will not play a big role in comparison to other similar packaged investment products.	
Question 3	<p>We have available a wide range of various investment products of which some of them fall within the scope of Article 30(a)(i) of IDD. Some of these unit-linked insurance products are now very popular. These contracts provide investment exposure to the financial instruments deemed non-complex under MiFID II and they do not incorporate a structure, which could make it difficult for the customer to understand the risks involved. We see that the unit-linked insurance are broadly similar to those investment products under MiFID II and they should not be considered more complex than other financial instruments.</p> <p>The cumulative criteria of EIOPA's technical advice on other insurance-based investment products makes it difficult to find a product that would pass the non-complexity test under Article 30(a)(ii) of IDD.</p>	
Question 4	We agree with Guideline 1 concerning investment exposure to the financial instruments deemed non-complex under MiFID II.	
Question 5	We mainly agree with Guideline 2 on insurance-based investments products that incorporate a structure, which makes it difficult for the customer to understand the risks involved. These kind of products could be available in the future, although now it is difficult find a suitable product to the criteria.	
Question 6		
Question 7		
Question 8	The decision trees are illustrative examples of the distribution processes. We do not have any comments or proposals to the examples.	

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Question 9	<p>We welcome the EIOPA proposal to issue Guidelines on “other non-complex insurance-based investments” using ESMA’s Guidelines for MiFID II as a starting point. However, as mentioned in the answer for Q1, the level playing field with MiFID II non-complex financial instruments cannot be reached.</p> <p>As EIOPA mentions in the consultation paper, there is a risk that if the criteria proposed will result in less products being available for sale via execution-only, it can be expected that the costs of distributing those products may increase. This is undesirable development for the customers, who seek easy ways to buy low-cost simple investment products. The consumer trend is increasingly moving to the direction that there is a growing demand for execution-only products. We see that the proposed restrictive criteria and the possibility that Member States will not allow execution-only will unduly restrict these sales. This will limit especially the development of digitally available products. Further, we see that there is a need to encourage customers to make personal long-term savings and any further legislative restrictions are not welcomed.</p>	